



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor, City of Urbana

FROM: Elizabeth H. Tyler, FAICP, Community Development Services Director

DATE: August 11, 2016

SUBJECT: A RESOLUTION APPROVING HOME LOAN DOCUMENTS BETWEEN THE URBANA HOME CONSORTIUM AND HIGHLAND GREEN, LLC.

A RESOLUTION APPROVING A CDBG INFRASTRUCTURE AGREEMENT BETWEEN THE CITY OF URBANA AND HIGHLAND GREEN, LLC.

Description

Changes were made to several the agreements originally presented under the above Resolutions:

- Additional language was added to both the HOME and CDBG Mortgage documents, including language defining the Senior Lenders in this development.
- Minor changes specifying the titles of various entities involved in this development are noted on both of the associated Notes.
- Changes to the CDBG Infrastructure Agreement specifying the titles of various entities involved in this development were also made.

No changes were made to the HOME Land Use Restriction Agreement.

Memorandum Prepared By:

Matthew Rejc

Matthew Rejc
Community Development Coordinator
Grants Management Division

RESOLUTION NO. 2016-08-038R

A RESOLUTION APPROVING CERTAIN LOAN DOCUMENTS BETWEEN THE URBANA HOME CONSORTIUM AND HIGHLAND GREEN, LLC.

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

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

WHEREAS, Highland Green, LLC (hereinafter the "BORROWER") desires to serve as an owner, BORROWER and developer of an affordable rental housing development within the City of Urbana; and

WHEREAS, the Urbana HOME Consortium (hereinafter the "LENDER") as a member of the Urbana HOME Consortium has authority under the provisions of the HOME Investment Partnerships Program (the "HOME Program") to provide financial assistance for the development of a mixed-income, affordable residential rental development; and

WHEREAS, the BORROWER has submitted a proposal to the LENDER for assistance to construct a number of affordable rental dwelling units (hereafter the "PROJECT") on a property, hereafter the "PROPERTY") commonly known as Highland Green; and

WHEREAS, the LENDER has reviewed said proposal, and has conducted an evaluation of said PROJECT , including a comprehensive review of the site and

building plans that will achieve the minimum property standard, as established by the LENDER, as part of said PROJECT and an estimated total cost of said PROJECT; and

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

WHEREAS, the BORROWER has been fully informed regarding any and all requirements, and, obligations that must be met by the PROJECT in order to utilize HOME Program funds, including but not limited to the requirement that after construction, the dwelling unit(s) must remain affordable to low-income households (80% of Area Median Income as established by HUD) for a period of 20 years from the date the PROJECT has achieved full initial occupancy, in accordance with 24 CFR Part 92, Sections 203, 251-253; and

WHEREAS, the BORROWER, after said evaluation and assessment of the PROJECT by the LENDER, and having been fully informed regarding the requirements of the HOME Program, is committed to commencing said PROJECT with the assistance of HOME Program funds on or before June 1, 2017 and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROJECT; and

WHEREAS, the BORROWER and the Urbana HOME Consortium have entered into a *Rental Housing Agreement between the Urbana HOME Consortium and Highland Green LLC.*, as described in Resolution 2016-06-043R, which was approved on July 5, 2016; and

WHEREAS, the BORROWER requires the HOME funds to be conveyed in the form of a loan.

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

Section 1. That the loan documents, i.e. Regulatory and Land Use Restriction Agreement, Mortgage and Promissory Note, related to the *Rental Housing Agreement between the Urbana HOME Consortium and Highland Green LLC.*, in substantially the form as attached hereto and incorporated herein by reference, are hereby approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois be and the same is hereby authorized to attest to said execution of the following loan documents as so authorized and approved for and on behalf of the City of Urbana, Illinois: Regulatory and Land Use Restriction Agreement, Mortgage and Promissory Note.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor

This instrument was prepared by:
City of Urbana, Grants Management Division
400 S. Vine Street
Urbana, IL 61801

After recording, return to:
City of Urbana, Grants Management Division
400 S. Vine Street
Urbana, IL 61801
Attn: Kelly H. Mierkowski, Manager

MORTGAGE

This Mortgage made as of _____, 2016 is between **Highland Green, LLC**, an Illinois limited liability company ("Mortgagor"), having a principal place of business at 666 Dundee Road, Suite 1102, Northbrook, Illinois 60062, and the **City of Urbana**, an Illinois municipal corporation ("Mortgagee"), having its principal offices at 400 S. Vine Street, Urbana, Illinois 61801.

WHEREAS the Mortgagor is justly indebted to the Mortgagee upon the Promissory Note ("Note") of even date herewith, in the principal sum of Two Hundred Ninety-One Thousand Five Hundred Eighty and No/100ths Dollars (\$291,580), with simple interest thereon accruing at 5.0% per annum, and with a maturity date of thirty-two (32) years from the date hereof (the "Maturity Date"), payable to the order of and delivered to the Mortgagee (the "Loan").

NOW, THEREFORE, to secure the payment of the said principal sum of money and said equity in accordance with the terms, provisions, and limitations of this Mortgage, and the performance of the Mortgagor's covenants and agreements herein contained, the Mortgagor does by these presents CONVEY AND WARRANT unto the Mortgagee, and the Mortgagee's successors and assigns, the real estate, legally described on Exhibit A attached hereto (the "Real Estate"), and all of the estate, right, title, and interest therein, situated, lying and being in the City of Urbana, County of Champaign, and State of Illinois.

TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said Real Estate and not secondarily) and all apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing), screens, window shades, storm doors and windows, floor coverings, awnings, stoves, and water heaters. All the foregoing are declared to be a part of said Real Estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed on the Real Estate by Mortgagor or its successors or assigns shall be considered as constituting part of the Real Estate.

TO HAVE AND TO HOLD the Real Estate unto the Mortgagee, and the Mortgagee's successors and assigns, forever, for the purposes, and upon the uses herein set forth, free from any and all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, if applicable, which said rights and benefits the Mortgagor does hereby expressly release and waive.

The name of the record owner is: Highland Green, LLC, an Illinois limited liability company.

COVENANTS, CONDITIONS, AND PROVISIONS

1. Definitions:

“Loan Agreement” means that certain Rental Housing Agreement between the City of Urbana and Mortgagor dated July 18, 2016.

“Project” means the Real Estate and the improvements to be constructed thereon primarily consisting of a 33-unit affordable housing development known commonly as Highland Green.

“Senior Lender” means collectively:

- (a) JP Morgan Chase Bank, N.A. (“JPMC”), which is providing an approximately \$4,800,000 construction loan to the Mortgagor (the “JPMC Construction Loan”); and
- (a) IFF (“IFF”), which is providing an approximately \$925,000 permanent loan to the Mortgagor and is the assignee of an approximately \$_____ loan to affordable housing program grant funds to the Mortgagor (collectively referred to herein as the “IFF Loans”).

“Senior Loans” means collectively the JPMC Construction Loan and the IFF Loans.

“Senior Loan Documents” means any and all of those certain Mortgages, Security Agreements and Fixture Filings by and between Mortgagor and Senior Lender, and all other documents evidencing, securing or governing the Senior Loans.

2. Mortgagor shall (a) in accordance with paragraph 7 hereof, promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Real Estate which may become damaged or be destroyed; (b) keep said Real Estate in good condition and repair in accordance with the Mortgagee’s building codes without waste, and free from mechanic's or other liens or claims for lien not expressly subordinated to the lien thereof; (c) pay when due any indebtedness which may be secured by a lien or charge on the Real Estate superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to the Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Real Estate; (e) comply with all requirements of law or municipal ordinances with respect to the Real Estate and the use thereof; (f) make no material alterations in said Real Estate except for the improvements to be constructed in connection with the Loan and except as

required by law or municipal ordinance.

3. Mortgagor shall pay before any penalty attaches all general taxes and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Real Estate when due, and shall, upon written request, furnish to the Mortgagee duplicate receipts therefor. To prevent default hereunder Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagor may desire to contest.

4. In the event of the enactment after this date of any law of Illinois deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the mortgagee's interest in the property, or the manner of collection of taxes, so as to affect this mortgage or the debt secured hereby or the holder thereof, then and in any such event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it will be unlawful to require Mortgagor to make such payment or (b) the making of such payment will result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

5. If, by the laws of the United States of America or of any state having jurisdiction in the Real Estate, any tax is due or becomes due in respect of the issuance of the Note hereby secured, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to hold harmless and agrees to indemnify the Mortgagee, and the Mortgagee's successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Note secured hereby.

6. At such time as the Mortgagor is not in default either under the terms of the Note secured hereby or under the terms of this Mortgage, the Mortgagor shall have such privilege of making prepayments on the principal of said Note.

7. Mortgagor shall keep all buildings and improvements now or hereafter situated on said Real Estate insured against loss or damage by fire, lightning, and windstorm under policies providing for payment by the insurance companies of moneys sufficient either to pay the cost of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to the Mortgagee, under insurance policies payable, in case of loss or damage, to Mortgagee (subject to the rights of Senior Lender as set forth in the Senior Loan Documents), such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to the Mortgagee, and in case of insurance about to expire, shall deliver renewal policies not less than ten days prior to the respective dates of expiration. Subject to the rights of Senior Lender and notwithstanding any provision to the contrary in this Mortgage, in the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Mortgagor shall have the right to rebuild the Project and to use all available insurance or

condemnation proceeds therefore, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Mortgagee for repayment of the Loan or if such proceeds are insufficient, then Mortgagor shall have funded any deficiency; (b) Mortgagor shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement provided that in the event of a disagreement, the decision of the Senior Lender shall control; and (c) no material default then exists under this Mortgage or the Note and Loan Agreement. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding, subject to the rights of the Senior Lender, and partial repayment of the Loan in a manner that provides adequate security to Mortgagee for repayment of the remaining balance of the Loan.

8. In case of default therein, Mortgagee may, but need not, make any payment or perform any act hereinbefore required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Real Estate or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other moneys advanced by Mortgagee to protect the Real Estate and the lien hereof, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the highest rate now permitted by Illinois law. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to the Mortgagee on account of any default hereunder on the part of the Mortgagor.

9. The Mortgagee making any payment hereby authorized relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement, or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title, or claim thereof.

10. Mortgagor shall pay each item of indebtedness herein mentioned, both principal and interest, when due according to the terms of the Note or, as applicable, this Mortgage. At the option of the Mortgagee and without notice to Mortgagor, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Note or in this Mortgage to the contrary, become due and payable (a) immediately in the case of default in making payment of any required payment of principal or interest on the Note; provided, however, that Mortgagor shall have seven (7) business days after receipt of notice of nonpayment to cure said default before Mortgagee can exercise any remedy hereunder; or (b) when default shall occur and continue for thirty (30) days in the performance of any other agreement of the Mortgagor herein contained, which 30-day period shall be extended by an additional ninety (90) days in the event cure of such default is commenced but cannot by its nature be completed within such 30-day period.

11. When the indebtedness hereby secured shall become due whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof, subject to the rights of Senior Lender under Senior Loan Documents. In any suit to foreclose the lien hereof, there shall be

allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches, and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Real Estate. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the highest rate now permitted by Illinois law, when paid or incurred by Mortgagee in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which the Mortgagee shall be a party, either as plaintiff, claimant, or defendant, by reason of this Mortgage or any indebtedness hereby secured; or (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any actual or threatened suit or proceeding which might affect the Real Estate or the security hereof.

12. Subject to rights of Senior Lender under the Senior Loan Documents, the remaining proceeds of any foreclosure sale of the Real Estate shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; fourth, any remainder to Mortgagor, its successors, legal representatives, or assigns, as their rights may appear.

13. Subject to rights of Senior Lender under the Senior Loan Documents, upon or at any time after the filing of a complaint to foreclose this Mortgage the court in which such complaint is filed may appoint a receiver of said Real Estate. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Real Estate or whether the same shall be then occupied as a homestead or not, and the Mortgagee may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said Real Estate during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management, and operation of the Real Estate during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his or her hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by an decree foreclosing this Mortgage, or any tax, special assessment, or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

14. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

15. If the payment of said indebtedness or any part thereof be extended or varied or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in said Real Estate, shall be held to assent to such extension, variation or release, and their liability and the lien and all provision hereof shall continue in full force. The Loan is a nonrecourse obligation of Mortgagor. Neither Mortgagor nor any of its general and limited partners, or their respective successors and assigns, nor any other party shall have any personal liability for repayment of the Loan. The sole recourse of Mortgagee under the Note and this Mortgage for repayment of the Loan shall be the exercise of its right against the Project and any related security thereunder.

16. Mortgagee shall release this Mortgage and lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby and payment of a reasonable fee to Mortgagee for the execution of such release.

17. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein and the holder or holders, from time to time, of the Note secured hereby.

18. If all or any part of the Real Estate or any interest in it is sold or transferred without Mortgagee's prior written consent, Mortgagee may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if exercise is prohibited by federal law as of the date of this Mortgage. Notwithstanding the foregoing, the limited partner of Mortgagor may transfer or assign its limited partner interest without Mortgagee's prior consent. Further, neither the withdrawal, removal, replacement, and/or addition of a general partner of the Mortgagor pursuant to the terms of the Mortgagor's limited partnership agreement, nor the withdrawal, replacement, and/or addition of any of its limited partners or its limited partner's general partners or members, shall constitute a default under this Mortgage or the Loan, and any such actions shall not accelerate the maturing of the Loan.

19. Unless the Mortgagor is in default either under the terms of the Note secured hereby or under the terms of this Mortgage, the Mortgagee shall forgive and waive payment of the outstanding balance of all loans made under the Loan Agreement upon its expiration and shall release this Mortgage. The Mortgagor shall pay any recordation costs. If, however, the Mortgagor is in default and fails to cure such default within the time provided in paragraph 10 of this Mortgage, the outstanding balance of all loans made under the Loan Agreement, if not sooner paid, will be immediately due and payable. This paragraph will survive the termination of this agreement. The Mortgage is and shall be subject and subordinate in all respects to the Senior Loans and the Senior Loan Documents. That certain Rental Housing Developer Agreement by and

between Mortgagor and Mortgagee dated _____, 2016 is and shall be subject and subordinate in all respects to the Senior Loans and the Senior Loan Documents.

20. Any notice required or permitted to be given under this Mortgage shall be deemed given (i) when personally delivered, or (ii) three (3) business days after the date deposited in the United States mail, by certified or registered mail, postage prepaid, or (iii) the next business day following the date deposited, with all delivery charges prepaid, with a national delivery service for overnight delivery. Any recipient of notices under this provision may change its address for receipt of copies of notices by giving notice in writing stating its new address to all notice recipients hereunder. Notices shall be addressed as follows:

If to Mortgagor: Highland Green LLC
c/o Brinshore Development, L.L.C.
666 Dundee Rd., Suite 1102
Northbrook, IL 60062
Attn: Richard J. Sciortino

With copy to: Applegate & Thorne-Thomsen, P.C.
440 S. LaSalle Street, Suite 1900
Chicago, IL 60605
Attn: Bennett P. Applegate

With a copy to: USA Highland Green LLC
340 Pemberwick Road
Greenwich, CT 06831
Attn: Joanne D. Flanagan, Esq.

If to Mortgagee: City of Urbana, Grants Management Division
400 S. Vine Street
Urbana, IL 61801
Attn: Kelly H. Mierkowski, Manager

21. As set forth in the Mortgage, the Loan is a nonrecourse obligation of the Mortgagor. The foregoing provision shall not relieve Mortgagor or any managing member of Mortgagor of liability for fraud or willful misrepresentation; the retention of any rental income or other income arising with respect to the Project collected by Mortgagor after the holder of the Note has given any notice that Mortgagor is in default and not applied such income to indebtedness secured by a prior lien on the Project or to expenses of ordinary operation or maintenance of the Project, to the full extent of the rental income or other income so collected and retained by Mortgagor; the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; commission of waste with respect to the Project; and breach of any environmental covenant or representation made by the Mortgagor relating to the Project.

(Signature page follows)

The Mortgagor is signing this Mortgage on the date indicated below.

Highland Green, LLC

an Illinois limited liability company

By: Highland Green Manager, LLC,
an Illinois limited liability company,
its managing member

By: Brinshore Development, LLC,
an Illinois limited liability company,
a member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
a member

By: _____
Richard J. Sciortino
President

_____ Dated

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid do hereby certify that Richard John Sciortino, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument in his capacity as the duly authorized President of RJS Real Estate Services, Inc. (D5766-626-9), the said RJS Real Estate Services, Inc. (D5766-626-9) being a Manager of Brinshore Development, LLC, the said Brinshore Development, LLC being the Manager of Highland Green Manager, LLC, the said Highland Green Manager, LLC being the Manager of Highland Green, LLC, as his free and voluntary act, and the free and voluntary acts of RJS Real Estate Services, Inc. (D5766-626-9), Brinshore Development, LLC, Highland Green Manager, LLC, and Highland Green, LLC for the uses and purposes therein set forth.

Given under my hand and official seal, this _____ day of _____, 2016.

Notary Public

EXHIBIT A
Legal Description

A PART OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 19 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 1 OF MACKEY SUBDIVISION, AS SHOWN ON A PLAT RECORDED JUNE 19, 1968 AS DOCUMENT NUMBER 778353 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT OF WAY LINE OF KERR AVENUE; THENCE, SOUTHERLY, ALONG THE EAST LINE OF LOTS 1 THROUGH 4 INCLUSIVE OF SAID MACKEY SUBDIVISION, 245.30 FEET, TO THE SOUTHEAST CORNER OF SAID LOT 4, SAID POINT ALSO BEING ON THE NORTHERLY LINE OF CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, AS SHOWN ON A PLAT RECORDED MARCH 24, 2009 AS DOCUMENT NUMBER 2009R07821 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS; THENCE, EASTERLY, ALONG SAID NORTHERLY LINE OF CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, 30.41 FEET, TO A NORTHEASTERLY CORNER OF SAID CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION; THENCE, SOUTHERLY, ALONG AN EASTERLY LINE OF SAID CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, 234.32 FEET, TO THE NORTHWESTERLY CORNER OF LOT 7 OF ANDREW BARR'S SUBDIVISION AS SHOWN ON A PLAT RECORDED OCTOBER 5, 1894 IN PLAT BOOK A AT PAGE 257 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS; THENCE, EASTERLY, ALONG THE NORTH LINE OF SAID ANDREW BARR'S SUBDIVISION, 274.26 FEET, TO THE WESTERLY LINE OF THE EAST 205 FEET 4 INCHES OF THE NORTH 30 RODS OF LOT 30 OF A SUBDIVISION OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 19 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, AS PER PLAT RECORDED IN PLAT BOOK "R" AT PAGE 238; THENCE, NORTHERLY, ALONG SAID WESTERLY LINE OF THE EAST 205 FEET 4 INCHES OF LOT 30, 475 FEET, TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY LINE OF KERR AVENUE; THENCE, WESTERLY, ALONG SAID SOUTHERLY RIGHT OF WAY LINE, 304.67 FEET, TO THE POINT OF BEGINNING.

SAID TRACT CONTAINING 3.17 ACRES, ALL SITUATED IN THE CITY OF URBANA, CHAMPAIGN COUNTY AND BEING COMMONLY KNOWN AS 401 AND 403 EAST KERR AVENUE.

PERMANENT INDEX NUMBERS: 91-21-08-280-035 AND 91-21-08-280-009.

PROMISSORY NOTE

Secured by Mortgage

\$291,580.00
Urbana, Illinois

[_____, 2016]

FOR VALUE RECEIVED, **Highland Green, LLC**, an Illinois limited liability company (“Maker”), promises to pay on or before the “Maturity Date” as defined in the Mortgage (defined below), to the **City of Urbana, Illinois**, a body politic and corporate, or its successors in interest (“Holder”), the total principal sum of Two Hundred Ninety-One Thousand Five Hundred Eighty and No/100ths Dollars (\$291,580.00) or so much thereof as shall from time to time be advanced, with simple interest thereon accruing at 5.0% per annum.

1. The Maker’s obligation hereunder is secured by a Mortgage, bearing even date herewith, from Maker on a certain parcel of real property situated in the City of Urbana, Champaign County, Illinois (the “Mortgage”). Maker’s obligation hereunder is due on Holder’s demand upon the occurrence of an uncured default after the expiration of all applicable cure periods as set forth in the Mortgage.

2. Unless otherwise specified by the Holder hereof, any payment under this Note may be made by check subject to collection, in United States dollars, delivered to Holder at City of Urbana, Grants Management Division, 400 S. Vine Street, Urbana, Illinois 61801, or at such other address as the Holder of this Note shall specify to Maker.

3. If the Holder files suit to recover on this Note, the Maker shall pay all costs of such collection, including reasonable attorneys’ fees and court costs.

4. The Maker shall INDEMNIFY and DEFEND the Holder, its agents, employees, officers, and elected officials against all losses, damage, claims or liability whatsoever, including attorney’s fees and costs, directly or indirectly resulting from the failure or alleged failure of the Maker to strictly and timely perform its obligations under this Note and the Mortgage referenced in Section 1 herein.

5. This Note is a nonrecourse obligation of the Maker. Neither the Maker nor any of its general and limited partners, or their respective successors and assigns, nor any other party shall have any personal liability for repayment of this Note. The sole recourse of the Holder under this Note for repayment of the loan shall be the exercise of its rights against the project and any related security thereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Maker has executed this Note on the date above written.

Highland Green, LLC,
an Illinois limited liability company

By: Highland Green Manager, LLC,
an Illinois limited liability company,
its managing member

By: Brinshore Development, L.L.C.,
an Illinois limited liability company,
a member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
a member

By: _____
Richard J. Sciortino
President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid do hereby certify that Richard John Sciortino, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument in his capacity as the duly authorized President of RJS Real Estate Services, Inc. (D5766-626-9), the said RJS Real Estate Services, Inc. (D5766-626-9) being a Manager of Brinshore Development, L.L.C., the said Brinshore Development, LLC being the Manager of Highland Green Manager, LLC, the said Highland Green Manager, L.L.C. being the Manager of Highland Green, LLC, as his free and voluntary act, and the free and voluntary acts of RJS Real Estate Services, Inc. (D5766-626-9), Brinshore Development, L.L.C., Highland Green Manager, LLC, and Highland Green, LLC for the uses and purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2016.

Notary Public

RESOLUTION NO. 2016-08-044R

A RESOLUTION APPROVING A CITY OF URBANA COMMUNITY DEVELOPMENT BLOCK GRANT INFRASTRUCTURE AGREEMENT BETWEEN THE CITY OF URBANA AND HIGHLAND GREEN, LLC.

WHEREAS, the City has been designated as an entitlement community by the U. S. Department of Housing and Urban Development (hereinafter "HUD") under provisions of the Housing and Community Development Act of 1974, as amended, and, as an entitlement community, the City has received an entitlement of Community Development Block Grant (hereinafter "CDBG") funds for the period beginning July 1, 2014 and ending June 30, 2015, as well as the period beginning July 1, 2015 and ending June 30, 2016, pursuant to the CDBG Program; and,

WHEREAS, the Urbana City Council has adopted an Annual Action Plan for the year beginning July 1, 2014 and ending June 30, 2015, and for the year beginning July 1, 2015 and ending June 30, 2016 which allocates a CDBG budget and authorizes allocation of CDBG funds for the development of the Highland Green development (hereinafter "PROJECT"); and

Whereas, the PROJECT is an affordable, mixed-income Low Income Housing Tax Credit development, which PROJECT includes construction of certain infrastructure improvements that will become public-right-of-way upon PROJECT completion; and

WHEREAS, the City has the right and authority under said CDBG Program to allocate a portion of its funds to the Subgrantee for purposes of undertaking and completing said activities; and,

WHEREAS, the City, as a condition of its assistance to the Subgrantee, requires the Subgrantee to file with the City certain attachments which are hereby incorporated and made a part hereof.

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

Section 1. That the *City of Urbana Community Development Block Grant Infrastructure Agreement, Mortgage and Promissory Note* between the City of Urbana and Highland Green LLC., in substantially the form as attached hereto and incorporated herein by reference, is hereby approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of the following documents as so authorized and approved for and on behalf of the City of Urbana, Illinois: City of Urbana Community Development Block Grant Infrastructure Agreement, Mortgage and Promissory Note.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor

CITY OF URBANA
COMMUNITY DEVELOPMENT BLOCK GRANT

INFRASTRUCTURE AGREEMENT

SUBGRANTEE NAME: Highland Green, LLC
PROJECT NO/NAME **FY 2015-2016 Highland Green CDBG**
PROJECT ADDRESS 401 and 403 E. Kerr Avenue, Urbana, IL
CFDA No. 14.218

THIS AGREEMENT, made and entered into by and between the City of Urbana, an Illinois municipal corporation (the "City"), and Highland Green, LLC, an Illinois limited liability company (the "Subgrantee").

Background

The City has been designated as an entitlement community by the U. S. Department of Housing and Urban Development ("HUD") under provisions of the Housing and Community Development Act of 1974 (the "Housing Act"), as amended, and, as an entitlement community, the City will receive an entitlement of Community Development Block Grant ("CDBG") funds for the period beginning July 1, 2014 and ending June 30, 2015, as well as the period beginning July 1, 2015, and ending June 30, 2016, pursuant to the CDBG Program.

The Urbana City Council has adopted an Annual Action Plan for the year beginning July 1, 2014 and ending June 30, 2015, and for the year beginning July 1, 2015 and ending June 30, 2016, which allocates a CDBG budget and authorizes allocation of CDBG funds for the development of Subgrantee Project No. FY 2015-2016 Highland Green CDBG (the "PROJECT").

The PROJECT is an affordable, mixed-income Low Income Housing Tax Credit development, which PROJECT includes construction of certain infrastructure improvements.

The City has the right and authority under said CDBG Program to allocate a portion of its funds to the Subgrantee for purposes of undertaking and completing said activities.

The purpose of this agreement is to pledge FY 2014-2015 and FY 2015-2016 CDBG program funds to the Subgrantee for only the development of infrastructure on and adjacent to the site of the PROJECT known commonly as Highland Green in accordance with all City standards and requirements.

The City, as a condition of its assistance to the Subgrantee, requires the Subgrantee to file with the City certain documents which are attached to this agreement.

Therefore, the parties agree as follows.

1. The City hereby grants to the Subgrantee the sum of two hundred and eight thousand four hundred and twenty dollars and 0/100 Cents (\$208,420). The Subgrantee shall abide by the CDBG Program rules and regulations and use said funds for the purpose of carrying out the PROJECT.

2. The Subgrantee shall not make a request for disbursement of CDBG funds pursuant to this agreement until such funds are needed to pay eligible costs related to the PROJECT. The Subgrantee acknowledges that funding in the full amount of this agreement is contingent upon the City receiving said CDBG funds, and should the entitlement funds be discontinued or reduced for any reason, the Subgrantee acknowledges that funding under this agreement could cease or be reduced without advance notice.
3. No modification of this agreement is effective unless in writing and executed by both the City and the Subgrantee.
4. The City and HUD are permitted to conduct on-site reviews, examine personnel records and to conduct any other procedures and practices to assure compliance with this agreement. The Subgrantee shall execute and abide by the terms of Attachment A, Equal Employment Opportunity Certification, and all City Affirmative Action requirements.
5. The Subgrantee shall complete and adhere to Attachment B, Assurances, and shall submit said Attachment B to the City as a condition of final execution of this agreement.
6. The Subgrantee shall complete and adhere to Attachment C, Statement of Special Conditions, and shall submit said Attachment C to the City as a condition of final execution of this agreement.
7. The Subgrantee shall at all times observe and comply with all laws, ordinances, or regulations of the federal, state, county, and local governments which may in any manner affect the performance of the Subgrantee with respect to this agreement.
8. The Subgrantee represents to the City that construction of the PROJECT will begin on or before September 30, 2016, be completed by September 1, 2017, and that the PROJECT will be completely leased-up by March 1, 2018, unless otherwise agreed to by the City and the Subgrantee in writing.
9. The Subgrantee shall not assign this agreement, or any part thereof, and the Subgrantee shall not transfer or assign any funds or claims due hereunder without the prior written approval of the City. Any transfer or assignment of funds pursuant to the agreement, either in whole or in part, or any interest therein, without prior written consent of the City will be of no force or effect.
10. The allocation of these funds will not obligate the City for any financial responsibility incurred by the PROJECT in excess of the stipulated allocation. The allocation of these funds will not obligate the City to bear responsibilities for the maintenance of any project under the provision of the Housing Act.
11. This agreement neither obligates nor precludes the City from further accepting or distributing funds entitled to the City nor restricts nor limits the powers of the City to use such funds pursuant to the provisions of the Housing Act.
12. This agreement neither obligates nor precludes the Subgrantee from further accepting funds or assistance pursuant to the Housing Act.
13. The Subgrantee shall indemnify and defend the City against any and all claims, costs, causes,

actions and expenses, including but not limited to attorneys' fees incurred by reason of a lawsuit or claim for compensation arising in favor of any person, including the employees or officers or independent contractors or subcontractors or agents of the Subgrantee, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting under the PROJECT, whether such loss, damage, injury or liability is contributed to by the negligence of the City or its officers, employees or agents, or by the premises themselves or any equipment thereon whether latent or patent, or from other causes whatsoever, except that Subgrantee will have no liability for damages or the costs incident thereto caused by the sole negligence or intentional misconduct of the City, or its officers, employees or agents.

14. The Subgrantee shall have full control of the ways and means of performing the services referred to herein, subject to all applicable federal regulations and the guidelines established in Attachment C, and the Subgrantee or its employees, representatives, subcontractors, or agents are in no sense employees of the City.
15. The following conflict of interest provisions apply to the procurement of supplies, equipment, construction, and services.
 - A. No persons who exercise or have exercised any functions or responsibilities with respect to activities assisted under this agreement, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, either for themselves or those with whom they have business or family ties, during their tenure or for one year thereafter.
 - B. This conflict of interest provision applies to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Subgrantee or the City.
 - C. Upon written request, exceptions to the conflict of interest provisions may be granted jointly by the City and HUD on a case-by-case basis but only after the Subgrantee has disclosed the full nature of the conflict, submitted proof that the disclosure has been made public, and provided a legal opinion that there would be no violation of state or local law if the exception were granted.
16. Upon execution of this agreement, including the submission of all required attachments, the City and the Subgrantee shall adhere to the following:
 - A. The City and Subgrantee shall adhere to all special conditions described in Attachments A, B, and C of this agreement;
 - B. To the greatest extent feasible, all expenditures made under this PROJECT shall be made to Champaign County firms and individuals;
 - C. Financial records and payments will comply with all federal regulations;

- D. The Subgrantee shall allow any and all audits of its records as may be required and shall permit inspection of PROJECT records by representatives of the City's Grants Management Division and HUD;
 - E. The Subgrantee shall retain all records pertinent to expenditures incurred under this agreement for a period of three (3) years after the termination of all activities funded under this agreement;
 - F. The Subgrantee shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Subgrantee agrees that client information collected pursuant to this agreement is confidential, and the use or disclosure of such information, when not directly connected with the administration of the PROJECT, is prohibited unless prior written consent is obtained from such person receiving service, and in the case of a minor, that of a responsible parent/guardian.
17. The City may suspend or terminate this agreement, in whole or in part, if Subgrantee materially fails to comply with any term of the agreement, or with any of the rules, regulations or provisions referred to herein; and the City may declare the Subgrantee ineligible for any further participation in the CDBG program, in addition to other remedies as provided by law.
 18. If the City determines that the Subgrantee has not complied with or is not complying with the provisions of the agreement and so notifies the Subgrantee by written notice of said violations, and the Subgrantee fails to correct said violations within thirty (30) days from receipt of said notice, the City may terminate this agreement by written notice and may take other action as may be permitted by this agreement.
 19. The Subgrantee shall submit regular Progress Reports to the City in the form, content, and frequency as required by the City. Requirements for said Progress Reports are specified in Attachment C hereto.
 20. This agreement, together with its attachments, constitutes the entire agreement between the Subgrantee and the City concerning the subject matter and supersedes all prior agreements or understandings pertaining to the matter of this agreement. All attachments to this agreement are incorporated into this agreement and are made a part of this agreement by this reference
 21. Except where the terms of this agreement expressly provide otherwise, the Subgrantee and the City shall give all notices required or permitted by this agreement in writing, addressed as set forth below, unless another address is provided in writing. Notices will be deemed given when personally delivered; deposited in the U.S. mail, postage prepaid, first class; or delivered to a commercial courier.

TO THE CITY:

Kelly H. Mierkowski, Manager
Grants Management Division
Dept. of Community Development Services
400 South Vine Street
Urbana, Illinois 61801

TO THE SUBGRANTEE: Highland Green, LLC:
666 Dundee Road
Suite 1102
Northbrook, IL 60062
Attn: Richard Sciortino

WITH A COPY TO: USA Highland Green LLC
340 Pemberwick Road
Greenwich, CT 06831
Attn: Joanne D. Flanagan, Esq.

22. The Subgrantee's or the City's failure to enforce any provision of this agreement will not be deemed a waiver of future enforcement of that or any other provision. A waiver of any provision of this agreement is valid only if in writing and signed by the parties.
23. This agreement will be valid only after the Urbana City Council approves it by resolution or ordinance.
24. The parties are permitted to sign this agreement in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

This agreement is effective as of the date executed by the City.

CITY

By: _____
Laurel Lunt Prussing
Mayor

_____ Dated

ATTEST:

Phyllis Clark
City Clerk

Highland Green, LLC,
an Illinois limited liability company

By: Highland Green Manager, LLC, an Illinois limited liability company, its managing member

By: Brinshore Development, L.L.C., an Illinois limited liability company, a member

By: RJS Real Estate Services, Inc., an Illinois corporation, a member

By: _____ Dated _____
Richard John Sciortino
President
Highland Green, LLC

STATE OF ILLINOIS)
)
COUNTY OF _____) ss.

I, the undersigned, a notary public in and for the said County, in the State aforesaid do hereby certify that Richard John Sciortino, President of RJS Real Estate Services, Inc., member of Brinshore Development, L.L.C., managing member of Highland Green Manager, LLC, managing member of Highland Green, LLC, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument in his capacity as the duly authorized President of Highland Green, LLC.

GIVEN under my hand and official seal, this _____ day of _____ 2016.

Notary Public
D A T E

ATTACHMENT A
EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION

The undersigned understands and agrees that it is a Subgrantee of the Urbana CDBG Program and agrees that there shall be no discrimination against any employee who is employed in carrying out work receiving assistance from the City and HUD, or against any applicant for such employment, because of race, color, religion, sex, age, or national origin, including but not limited to employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

The Subgrantee further agrees to the following:

- (1) It will be bound by said equal opportunity clause with respect to its own employment practices during the duration of its participation with the City and HUD;
- (2) It will furnish the City and HUD such information as they may require for the supervision of such compliance and will otherwise assist the City and HUD in the discharge of primary responsibility for securing compliance;
- (3) It will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the Secretary of Labor, the City or HUD;
- (4) It shall abide by the Urbana Human Rights Ordinance regarding equal employment.
- (5) In the event that it fails or refuses to comply with the undertaking, the City or HUD may cancel, terminate or suspend in whole or in part any contractual agreements the City or HUD may have with the Subgrantee; may refrain from extending any further assistance to the Subgrantee under any program until satisfactory assurance of future compliance has been received from such Subgrantee; or may refer the case to HUD for appropriate legal proceedings.

Name (Please Print): _____

Signature: _____

Title: _____

Date: _____

ATTACHMENT B
ASSURANCES

The Subgrantee hereby assures and certifies with respect to the grant that:

1. It possesses legal authority to receive CDBG Program funds from the City and to execute the proposed project.
2. Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing execution of this agreement, including all understandings and assurances contained herein, and directing and designating the authorized representative of the Subgrantee to act in connection with the agreement and to provide such additional information as may be required.
3. Given that the City's CDBG Program has been developed to give maximum feasible priority to activities which will benefit very low-income families, the Subgrantee agrees to give maximum feasible priority to very low-income families when administering the PROJECT described herein.
4. It will comply with the regulations, policies, guidelines, and requirements of OMB Circular A-122 as they relate to the acceptance and use of Federal funds for this federally-assisted project.
5. It will comply with all requirements imposed by HUD concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with OMB Circular A-110.
6. It will comply with all regulations, policies, guidelines, and requirements of OMB Circular A-133 as they relate to audits of non-profit organizations.
7. It will comply with:
 - A. Title VI of the Civil Rights Act of 1964 (P.L. 88-352), as amended, and the regulations issued pursuant thereto (24 CFR Part 100, as amended), which provide that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Subgrantee received federal financial assistance and will immediately take any measure necessary to effectuate this assurance.
 - B. Section 109 of the Housing Act and the regulations issued pursuant thereto (24 CFR 570.601), as amended, which provide that no person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Title I funds.
 - C. Executive Order 11246, and all regulations issued pursuant thereto (24 CFR 100.130), as amended, which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal or federally-assisted contracts.

- D. Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of Champaign County and contracts for work in connection with the PROJECT be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in Champaign County.
 - E. Labor Standards. The requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, Sections 103 & 107 of Contract Work Hours and Safety Standards Act (40 U.S.C. 3701, *et seq.*), as amended, and all other applicable federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this agreement. The Subgrantee agrees to comply with the Copeland Anti-Kickback Act (18 U.S.C. 874 *et seq.*), as amended, and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5, as amended. The Subgrantee shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the City for review upon request.
 - F. Guidelines for Energy Management / Energy Star. Guidelines have been established regarding energy management using Energy Star and are recommended by both HUD and the Illinois Department of Commerce and Economic Opportunity; and subgrantees are encouraged to follow these guidelines.
 - G. Clean Air/Clean Water. The Subgrantee agrees to comply with the following requirements insofar as they apply to the performance of this agreement:
 - a. Clean Air Act, 42 U.S.C. 7401, *et seq.* as amended;
 - b. Federal Water Pollution Control Act, 33 U.S.C., 1251, *et seq.*, as amended, including Section 308 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 308, and all regulations and guidelines issued thereunder;
 - c. Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.
8. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
9. It will comply with the provisions of the Hatch Act (5 U.S.C. 7324), as amended, which limit the political activity of employees. No federally appropriated funds have been paid or will be paid, by or on behalf of Subgrantee, to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of

any federal contract, grant, loan, or cooperative agreement.

10. If any funds other than federally appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the Subgrantee will complete and submit Standard Form LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
11. It will give HUD and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the grant.
12. Copyrights. If this agreement results in any copyrightable material or inventions, the City reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.
13. Patent Rights. Agencies shall use standard patent rights clause specified in "rights to Inventions made by Non-Profit Organizations and Small Business Firms" (37 CFR Part 401), as amended, when providing support for research and development.
14. Such contractors and subcontractors shall take affirmative action to ensure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.
15. Debarment & Suspension. The Subgrantee certifies that it is not debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. The Subgrantee shall establish procedures to ensure that any award made to contractors or subcontractors at any tier is not in violation of the non-procurement debarment and suspension common. The Subgrantee shall verify and document that none of its contractors or subcontractors are debarred, suspended, or otherwise excluded from participation through the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs ("List"). The Subgrantee may request assistance from the City to access the List and document results to the file, or verify by using the following website (www.epls.gov) or any other approved method.

These assurances are signed with regard to Subgrantee Project No. FY 2015-2016 Highland Green CDBG of the Urbana CDBG Program.

Highland Green, LLC,
an Illinois limited liability company

By: Highland Green Manager, LLC,
an Illinois limited liability company
its managing member

By: Brinshore Development, L.L.C.,
an Illinois limited liability company,
a member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
a member

Name: Richard J. Sciortino
Title: President

RJS

Attest

Date

ATTACHMENT C
STATEMENT OF SPECIAL CONDITIONS

The Subgrantee understands and agrees that it is a Subgrantee of the City of Urbana CDBG Program and is eligible to receive funds for Subgrantee Project No. FY 2015-2016 Highland Green CDBG pursuant to this agreement.

The following conditions, in addition to those established in the agreement itself, and other attachments thereto, and federal, state, county and city laws, regulations, and procedures pertinent to this PROJECT, have been set forth and must also be complied with in order for Subgrantee to receive CDBG Program Assistance for Subgrantee Project No. FY 2015-2016 Highland Green CDBG.

This agreement is contingent upon Subgrantee operating the Scope of Work herein outlined.

SCOPE OF WORK

1. As part of its services, the Subgrantee shall construct all infrastructure pursuant to the approved construction documents and associated subdivision plat for Highland Green including construction of a private drive south of Kerr Avenue, as well as necessary sewer systems associated with the Highland Green residential development.
2. The Subgrantee shall be responsible for completing the PROJECT herein described, utilizing funds from the CDBG Program in a manner satisfactory to the City and consistent with any standards required as a condition of providing these funds. Such program shall include the following activities eligible under the CDBG Program.
3. The Subgrantee certifies that activities carried out with funds provided under this agreement shall meet one of the CDBG Program's National Objectives which is to benefit low-income persons as defined in 24 CFR Part 570.208. Therefore, the Subgrantee understands and agrees that activities funded under this agreement shall be considered "Low-Mod Area Benefit" and, as such the infrastructure constructed pursuant to this agreement is located in Census Tract 54-5, an area in the City of Urbana where 58.12% of the households have low-moderate household income as defined by HUD.
4. It is expressly agreed and understood that the total amount to be reimbursed to the Subgrantee by the City under this agreement shall not exceed \$ 208,420. Drawdowns for the payment of eligible expenses will be made against the appropriate line item indicated in the City budget. The City shall make payments to the Subgrantee as reimbursement of expenses related to the expenses of the project activities. The City shall make payment to reimburse the Subgrantee within 30 calendar days of receipt of an acceptable billing from Subgrantee. Acceptable billing shall include such documentation as follows:

The Subgrantee shall submit a copy of the Contractor's Verified Statement and Certified Payrolls as required to comply with Davis Bacon regulations, an Architect's Inspection report that indicates percentage of project completion, and other supporting documents as required by the City.

5. The Subgrantee agrees that funds received from the City pursuant to this agreement shall be used to cover project costs. The Subgrantee shall report semi-annually for periods ending December 31st and June 30th all program income generated by activities carried out with CDBG funds made available under this agreement. The Subgrantee shall return program income during the agreement period for activities permitted under this agreement and shall reduce requests for funds by the amount of any such program income balances. The Subgrantee shall return to the City any and all program income (including investments thereof) on hand when this agreement expires, or received after the agreement's expiration. The Subgrantee shall follow the program income requirements as outlined in Section 200.307 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule ("Omni Circular").
6. The Subgrantee agrees to submit semi-annual Progress Reports to the City in an agreed upon format. Progress Reports shall be due December 31st and June 30th. The City shall not process final billing requests for payment until a final Progress Report upon project completion is submitted.
7. The Subgrantee agrees to maintain financial records in accordance with the applicable federal OMB Circulars A-110 and A-122 and to separately and accurately identify use of CDBG Program funds pursuant to this agreement.
8. The Subgrantee acknowledges and affirms that it has the organizational capacity to adhere to collection and reporting requirements, regarding performance measures, as required by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule Subpart D, Sections 200.300-200.303. Such performance measures will be decided upon by the Subgrantee and the City's Housing and Grants Administrator, based on the requirements outlined by HUD for the category of eligible activities that the Subgrantee's program engages in. These categories have been described within HUD's "Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for Entitlement Communities," and the Guide, as amended, shall be incorporated hereto by reference. The Subgrantee is permitted to demonstrate organizational capacity by various methods, including but not limited to:
 - Use of OMB-approved standard information collections when providing financial and performance information;
 - Providing financial data showing performance accomplishments of the Grant award;
 - Cost information shall be distributed to the City to demonstrate cost effective practices;
 - Subgrantee shall provide the City with the same information required by the Federal awarding agency under sections 200.301 and 200.210; and
 - All expenditures shall be accounted for, in compliance with requirements under section 200.302, as interpreted by the City.
9. The Subgrantee agrees to follow either the procurement guidelines set forth in Section 200.320 of the Omni Circular, or the procurement guidelines/standards which the Subgrantee uses during its normal course of business; whichever of the two guidelines is more restrictive. If the procurement methods that the Subgrantee uses during its normal course of business are more restrictive, those guidelines shall be used, and a copy of those guidelines will be attached to this agreement as Attachment D and will be incorporated into this agreement by reference. If the procurement

guidelines set forth in Section 200.320 of the Omni Circular are more restrictive, then the program procurement methods shall be limited to procurement by (a) small purchase procedures; (b) sealed bids; (c) competitive proposals; or (d) noncompetitive proposals, as directed by and outlined in Section 200.320.

10. The Subgrantee agrees to provide the City's Community Development Services Department with regular reports, and any other reports which the Department may require for compliance under this agreement, including reports on performance measures, as outlined in Section 200.301 of the Omni Circular. The Subgrantee and the City shall decide upon such performance measures based on the requirements outlined by HUD for the category of eligible activities that the Subgrantee's program engages in. These categories have been described within HUD's "Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for Entitlement Communities." The Subgrantee shall use OMB-approved information collection standards, when providing financial and performance information. The Subgrantee shall provide financial data, and its relation to performance accomplishments, of the federal award. The Subgrantee agrees to provide the City with (a) documents pertaining to procedures; (b) copies of all contracts and subcontracts for work financed in whole or in part with assistance provided under this agreement; and (c) (if applicable) regularly updated schedules of program activities.
11. The Subgrantee shall obtain written permission from the Grants Management Division Manager or Community Development Director prior to any change in the approved budget or program plans following Omni Circular Section 200.308(C) (increase or decrease) of ten percent (10%) of the line item's budget or \$500, whichever is less, to any account under the Subgrantee's line item budget. In order for the City to approve such a request, the Subgrantee's written request must contain, at a minimum: (a) the reason and justification for the change; (b) the amounts to be changed; and (c) a description of which line items are affected. Changes made without the City's prior approval may result in non-reimbursement of expenditures from those affected line items.
12. The Subgrantee shall carry sufficient insurance coverage to protect agreement assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to any CDBG cash advances. The Subgrantee shall comply with the bonding and insurance requirements of the Omni Circular 200.310 and 200.325, Insurance and Bonding requirements.
13. The Subgrantee further agrees to maintain written standards of conduct covering conflicts of interest, as outlined in the Omni Circular Sections 200.318(c)(1) & (2). These standards of conduct will include language stating that no employee, officer, or agent will participate in the selection, award or administration of a contract supported by CDBG funds, if that employee, officer or agent has a real or apparent conflict of interest. Conflicts of interest arise if the employee, officer, agent, the immediate family member of such a person, the partner of such a person, or an organization which employs such a person or is about to employ such a person, has any financial or other interest in or may gain a tangible personal benefit from a firm considered for a contract. Such officers, employees or agents of the Subgrantee may not solicit or accept anything of monetary value from contractors or subcontractors, unless it is an unsolicited gift of nominal value which would in no way influence the recipient to engage in conduct which would amount to a conflict of interests. The written standards must also include standards of conduct covering organizational conflicts of interest, in which the Subgrantee may be unable or appears to be unable to be impartial in conducting procurement actions due to relationships between the Subgrantee and relationships with a parent company, affiliate, or subsidiary organization. The written standards provided by the

Subgrantee will include disciplinary actions to be applied for violations of such standards.

14. As a non-governmental entity, the Subgrantee shall comply with the regulations, policies, guidelines, requirements and standards of federal OMB 2 CFR Chapter I, Chapter II, Part 200, *et al*, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule" Omni Circular, as specified in this paragraph:
- Subpart B - "General Provisions";
 - Subpart C - "Pre-Federal Award Requirements and Contents of Federal Awards," except for Section 200.203, "Notices of funding opportunities," 200.204, "Federal awarding agency review of merit of proposals," 200.205, "Federal awarding agency review of risk posed by applicants," and 200.207, "Specific conditions," which are required only for competitive federal awards;
 - Subpart D - "Post Federal Award Requirements Standards for Financial and Program Management," except for:
 - a. Section 200.305, "Payment." The City shall follow the standards contained in 24 CFR 85.20(b)(7) and 85.21 in making payments to the Subgrantee;
 - b. Section 200.306, "Cost Sharing or Matching";
 - c. Section 200.307, "Program Income." In lieu of paragraph 200.307, the Subgrantee shall follow CDBG program regulations contained in 24 CFR 570.504, as amended, regarding Program Income;
 - d. Section 200.308, "Revision of Budget and Program Plans";
 - e. Section 200.311, "Real property." In lieu of 200.311, the Subgrantee shall follow CDBG program regulations contained in 24 CFR 570.505, Use of real property;
 - f. 24 CFR 84.34(g) "Equipment." In lieu of the disposition provisions of paragraph 84.34(g), the following applies:
 - i. In all cases in which equipment is sold, the proceeds shall be program income (prorated to reflect the extent to which CDBG funds were used to acquire the equipment); and
 - ii. Equipment not needed by the Subgrantee for CDBG activities shall be transferred to the City for the CDBG program or shall be retained after compensating the recipient;
 - g. 24 CFR 84.51(b), (c), (d), (e), (f), (g), and (h), "Monitoring the Reporting Program Performance";
 - h. 24 CFR 84.52, "Financial Reporting";
 - i. 24 CFR 84.53(b), "Retention and Access Requirements for Records," applies with the following exceptions:
 - i. The retention period referenced in paragraph 84.53(b) pertaining to individual CDBG activities shall be five years following grant close out; and
 - ii. The retention period starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR 91.520 in which the specific activity is reported on for the final time rather than from the date of

submission of the final expenditure report for the award;

j. 24 CFR 84.61 "Termination". In lieu of the provision of 84.61, the Subgrantee shall comply with 24 CFR 570.503(b)(7) Suspension and Termination; and

- Subpart D - "After-the Award Requirements," except for 24 CFR 84.71, "Closeout Procedures."

15. Records maintained by the Subgrantee pursuant to this agreement shall be available for inspection upon request by the City and HUD.

Name of Subgrantee: _____

Address: _____

Signed by: _____

Title: _____

Date: _____

REF

This instrument was prepared by:
City of Urbana, Grants Management Division
400 S. Vine Street
Urbana, IL 61801

After recording, return to:
City of Urbana, Grants Management Division
400 S. Vine Street
Urbana, IL 61801
Attn: Kelly H. Mierkowski, Manager

MORTGAGE

This Mortgage made as of _____, 2016 is between **Highland Green, LLC**, an Illinois limited liability company ("Mortgagor"), having a principal place of business at 666 Dundee Road, Suite 1102, Northbrook, Illinois 60062, and the **City of Urbana**, an Illinois municipal corporation ("Mortgagee"), having its principal offices at 400 S. Vine Street, Urbana, Illinois 61801.

WHEREAS the Mortgagor is justly indebted to the Mortgagee upon the Promissory Note ("Note") of even date herewith, in the principal sum of Two Hundred Eight Thousand Four Hundred Twenty and No/100ths Dollars (\$208,420), with simple interest thereon at 5.0% per annum, and with a maturity date of thirty-two (32) years from the date hereof (the "Maturity Date"), payable to the order of and delivered to the Mortgagee (the "Loan").

NOW, THEREFORE, to secure the payment of the said principal sum of money and said equity in accordance with the terms, provisions, and limitations of this Mortgage, and the performance of the Mortgagor's covenants and agreements herein contained, the Mortgagor does by these presents CONVEY AND WARRANT unto the Mortgagee, and the Mortgagee's successors and assigns, the real estate, legally described on Exhibit A attached hereto (the "Real Estate"), and all of the estate, right, title, and interest therein, situated, lying and being in the City of Urbana, County of Champaign, and State of Illinois.

TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said Real Estate and not secondarily) and all apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing), screens, window shades, storm doors and windows, floor coverings, awnings, stoves, and water heaters. All the foregoing are declared to be a part of said Real Estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed on the Real Estate by Mortgagor or its successors or assigns shall be considered as constituting part of the Real Estate.

TO HAVE AND TO HOLD the Real Estate unto the Mortgagee, and the Mortgagee's successors and assigns, forever, for the purposes, and upon the uses herein set forth, free from any and all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, if applicable, which said rights and benefits the Mortgagor does hereby expressly release and waive.

The name of the record owner is: Highland Green, LLC, an Illinois limited liability company.

COVENANTS, CONDITIONS, AND PROVISIONS

1. Definitions:

“Loan Agreement” means that certain Infrastructure Agreement between the City of Urbana and Mortgagor dated _____, 2016.

“Project” means the Real Estate and the improvements to be constructed thereon primarily consisting of a 33-unit affordable housing development known commonly as Highland Green.

“Senior Lender” means collectively:

- (a) JP Morgan Chase Bank, N.A. (“JPMC”), which is providing an approximately \$4,800,000 construction loan to the Mortgagor (the “JPMC Construction Loan”); and
- (b) IFF (“IFF”), which is providing an approximately \$925,000 permanent loan to the Mortgagor and is the assignee of an approximately \$_____ loan to affordable housing program grant funds to the Mortgagor (collectively referred to herein as the “IFF Loans”).

“Senior Loans” means collectively the JPMC Construction Loan and the IFF Loans.

“Senior Loan Documents” means any and all of those certain Mortgages, Security Agreements and Fixture Filings by and between Mortgagor and Senior Lender, and all other documents evidencing, securing or governing the Senior Loans.

2. Mortgagor shall (a) in accordance with paragraph 7 hereof, promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Real Estate which may become damaged or be destroyed; (b) keep said Real Estate in good condition and repair in accordance with the Mortgagee’s building codes without waste, and free from mechanic's or other liens or claims for lien not expressly subordinated to the lien thereof; (c) pay when due any indebtedness which may be secured by a lien or charge on the Real Estate superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to the Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Real Estate; (e) comply with all requirements of law or municipal ordinances with respect to the Real Estate and the use thereof; (f) make no material alterations in said Real Estate except for the improvements to be constructed in connection with the Loan and except as

required by law or municipal ordinance.

3. Mortgagor shall pay before any penalty attaches all general taxes and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Real Estate when due, and shall, upon written request, furnish to the Mortgagee duplicate receipts therefor. To prevent default hereunder Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagor may desire to contest.

4. In the event of the enactment after this date of any law of Illinois deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the mortgagee's interest in the property, or the manner of collection of taxes, so as to affect this mortgage or the debt secured hereby or the holder thereof, then and in any such event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it will be unlawful to require Mortgagor to make such payment or (b) the making of such payment will result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

5. If, by the laws of the United States of America or of any state having jurisdiction in the Real Estate, any tax is due or becomes due in respect of the issuance of the Note hereby secured, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to hold harmless and agrees to indemnify the Mortgagee, and the Mortgagee's successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Note secured hereby.

6. At such time as the Mortgagor is not in default either under the terms of the Note secured hereby or under the terms of this Mortgage, the Mortgagor shall have such privilege of making prepayments on the principal of said Note.

7. Mortgagor shall keep all buildings and improvements now or hereafter situated on said Real Estate insured against loss or damage by fire, lightning, and windstorm under policies providing for payment by the insurance companies of moneys sufficient either to pay the cost of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to the Mortgagee, under insurance policies payable, in case of loss or damage, to Mortgagee (subject to the rights of Senior Lender as set forth in the Senior Loan Documents), such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to the Mortgagee, and in case of insurance about to expire, shall deliver renewal policies not less than ten days prior to the respective dates of expiration. Subject to the rights of Senior Lender and notwithstanding any provision to the contrary in this Mortgage, in the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Mortgagor shall have the right to rebuild the Project and to use all available insurance or

condemnation proceeds therefore, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Mortgagee for repayment of the Loan or if such proceeds are insufficient, then Mortgagor shall have funded any deficiency; (b) Mortgagor shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement provided that in the event of a disagreement, the decision of the Senior Lender shall control; and (c) no material default then exists under this Mortgage or the Note and Loan Agreement. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding, subject to the rights of the Senior Lender, and partial repayment of the Loan in a manner that provides adequate security to Mortgagee for repayment of the remaining balance of the Loan.

8. In case of default therein, Mortgagee may, but need not, make any payment or perform any act hereinbefore required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Real Estate or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other moneys advanced by Mortgagee to protect the Real Estate and the lien hereof, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the highest rate now permitted by Illinois law. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to the Mortgagee on account of any default hereunder on the part of the Mortgagor.

9. The Mortgagee making any payment hereby authorized relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement, or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title, or claim thereof.

10. Mortgagor shall pay each item of indebtedness herein mentioned, both principal and interest, when due according to the terms of the Note or, as applicable, this Mortgage. At the option of the Mortgagee and without notice to Mortgagor, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Note or in this Mortgage to the contrary, become due and payable (a) immediately in the case of default in making payment of any required payment of principal or interest on the Note; provided, however, that Mortgagor shall have seven (7) business days after receipt of notice of nonpayment to cure said default before Mortgagee can exercise any remedy hereunder; or (b) when default shall occur and continue for thirty (30) days in the performance of any other agreement of the Mortgagor herein contained, which 30-day period shall be extended by an additional ninety (90) days in the event cure of such default is commenced but cannot by its nature be completed within such 30-day period.

11. When the indebtedness hereby secured shall become due whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof, subject to the rights of Senior Lender under Senior Loan Documents. In any suit to foreclose the lien hereof, there shall be

allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches, and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Real Estate. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the highest rate now permitted by Illinois law, when paid or incurred by Mortgagee in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which the Mortgagee shall be a party, either as plaintiff, claimant, or defendant, by reason of this Mortgage or any indebtedness hereby secured; or (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any actual or threatened suit or proceeding which might affect the Real Estate or the security hereof.

12. Subject to rights of Senior Lender under the Senior Loan Documents, the remaining proceeds of any foreclosure sale of the Real Estate shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; fourth, any remainder to Mortgagor, its successors, legal representatives, or assigns, as their rights may appear.

13. Subject to rights of Senior Lender under the Senior Loan Documents, upon or at any time after the filing of a complaint to foreclose this Mortgage the court in which such complaint is filed may appoint a receiver of said Real Estate. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Real Estate or whether the same shall be then occupied as a homestead or not, and the Mortgagee may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said Real Estate during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management, and operation of the Real Estate during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his or her hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by an decree foreclosing this Mortgage, or any tax, special assessment, or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

14. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

15. If the payment of said indebtedness or any part thereof be extended or varied or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in said Real Estate, shall be held to assent to such extension, variation or release, and their liability and the lien and all provision hereof shall continue in full force. The Loan is a nonrecourse obligation of Mortgagor. Neither Mortgagor nor any of its general and limited partners, or their respective successors and assigns, nor any other party shall have any personal liability for repayment of the Loan. The sole recourse of Mortgagee under the Note and this Mortgage for repayment of the Loan shall be the exercise of its right against the Project and any related security thereunder.

16. Mortgagee shall release this Mortgage and lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby and payment of a reasonable fee to Mortgagee for the execution of such release.

17. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein and the holder or holders, from time to time, of the Note secured hereby.

18. If all or any part of the Real Estate or any interest in it is sold or transferred without Mortgagee's prior written consent, Mortgagee may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if exercise is prohibited by federal law as of the date of this Mortgage. Notwithstanding the foregoing, the limited partner of Mortgagor may transfer or assign its limited partner interest without Mortgagee's prior consent. Further, neither the withdrawal, removal, replacement, and/or addition of a general partner of the Mortgagor pursuant to the terms of the Mortgagor's limited partnership agreement, nor the withdrawal, replacement, and/or addition of any of its limited partners or its limited partner's general partners or members, shall constitute a default under this Mortgage or the Loan, and any such actions shall not accelerate the maturing of the Loan.

19. Unless the Mortgagor is in default either under the terms of the Note secured hereby or under the terms of this Mortgage, the Mortgagee shall forgive and waive payment of the outstanding balance of all loans made under the Loan Agreement upon its expiration and shall release this Mortgage. The Mortgagor shall pay any recordation costs. If, however, the Mortgagor is in default and fails to cure such default within the time provided in paragraph 10 of this Mortgage, the outstanding balance of all loans made under the Loan Agreement, if not sooner paid, will be immediately due and payable. This paragraph will survive the termination of this

agreement. The Mortgage is and shall be subject and subordinate in all respects to the Senior Loans and the Senior Loan Documents.

20. Any notice required or permitted to be given under this Mortgage shall be deemed given (i) when personally delivered, or (ii) three (3) business days after the date deposited in the United States mail, by certified or registered mail, postage prepaid, or (iii) the next business day following the date deposited, with all delivery charges prepaid, with a national delivery service for overnight delivery. Any recipient of notices under this provision may change its address for receipt of copies of notices by giving notice in writing stating its new address to all notice recipients hereunder. Notices shall be addressed as follows:

If to Mortgagor: Highland Green LLC
c/o Brinshore Development, L.L.C.
666 Dundee Rd., Suite 1102
Northbrook, IL 60062
Attn: Richard J. Sciortino

With copy to: Applegate & Thorne-Thomsen, P.C.
440 S. LaSalle Street, Suite 1900
Chicago, IL 60605
Attn: Bennett P. Applegate

With a copy to: USA Highland Green LLC
340 Pemberwick Road
Greenwich, CT 06831
Attn: Joanne D. Flanagan, Esq.

If to Mortgagee: City of Urbana, Grants Management Division
400 S. Vine Street
Urbana, IL 61801
Attn: Kelly H. Mierkowski, Manager

21. As set forth in the Mortgage, the Loan is a nonrecourse obligation of the Mortgagor. The foregoing provision shall not relieve Mortgagor or any managing member of Mortgagor of liability for fraud or willful misrepresentation; the retention of any rental income or other income arising with respect to the Project collected by Mortgagor after the holder of the Note has given any notice that Mortgagor is in default and not applied such income to indebtedness secured by a prior lien on the Project or to expenses of ordinary operation or maintenance of the Project, to the full extent of the rental income or other income so collected and retained by Mortgagor; the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; commission of waste with respect to the Project; and breach of any environmental covenant or representation made by the Mortgagor relating to the Project.

(Signature page follows)

The Mortgagor is signing this Mortgage on the date indicated below.

Highland Green, LLC

an Illinois limited liability company

By: Highland Green Manager, LLC,
an Illinois limited liability company,
its managing member

By: Brinshore Development, LLC,
an Illinois limited liability company,
a member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
a member

By: _____
Richard J. Sciortino
President

_____ Dated

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid do hereby certify that Richard John Sciortino, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument in his capacity as the duly authorized President of RJS Real Estate Services, Inc. (D5766-626-9), the said RJS Real Estate Services, Inc. (D5766-626-9) being a Manager of Brinshore Development, LLC, the said Brinshore Development, LLC being the Manager of Highland Green Manager, LLC, the said Highland Green Manager, LLC being the Manager of Highland Green, LLC, as his free and voluntary act, and the free and voluntary acts of RJS Real Estate Services, Inc. (D5766-626-9), Brinshore Development, LLC, Highland Green Manager, LLC, and Highland Green, LLC for the uses and purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2016.

Notary Public

EXHIBIT A
Legal Description

A PART OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 19 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 1 OF MACKEY SUBDIVISION, AS SHOWN ON A PLAT RECORDED JUNE 19, 1968 AS DOCUMENT NUMBER 778353 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT OF WAY LINE OF KERR AVENUE; THENCE, SOUTHERLY, ALONG THE EAST LINE OF LOTS 1 THROUGH 4 INCLUSIVE OF SAID MACKEY SUBDIVISION, 245.30 FEET, TO THE SOUTHEAST CORNER OF SAID LOT 4, SAID POINT ALSO BEING ON THE NORTHERLY LINE OF CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, AS SHOWN ON A PLAT RECORDED MARCH 24, 2009 AS DOCUMENT NUMBER 2009R07821 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS; THENCE, EASTERLY, ALONG SAID NORTHERLY LINE OF CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, 30.41 FEET, TO A NORTHEASTERLY CORNER OF SAID CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION; THENCE, SOUTHERLY, ALONG AN EASTERLY LINE OF SAID CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, 234.32 FEET, TO THE NORTHWESTERLY CORNER OF LOT 7 OF ANDREW BARR'S SUBDIVISION AS SHOWN ON A PLAT RECORDED OCTOBER 5, 1894 IN PLAT BOOK A AT PAGE 257 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS; THENCE, EASTERLY, ALONG THE NORTH LINE OF SAID ANDREW BARR'S SUBDIVISION, 274.26 FEET, TO THE WESTERLY LINE OF THE EAST 205 FEET 4 INCHES OF THE NORTH 30 RODS OF LOT 30 OF A SUBDIVISION OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 19 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, AS PER PLAT RECORDED IN PLAT BOOK "R" AT PAGE 238; THENCE, NORTHERLY, ALONG SAID WESTERLY LINE OF THE EAST 205 FEET 4 INCHES OF LOT 30, 475 FEET, TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY LINE OF KERR AVENUE; THENCE, WESTERLY, ALONG SAID SOUTHERLY RIGHT OF WAY LINE, 304.67 FEET, TO THE POINT OF BEGINNING.

SAID TRACT CONTAINING 3.17 ACRES, ALL SITUATED IN THE CITY OF URBANA, CHAMPAIGN COUNTY AND BEING COMMONLY KNOWN AS 401 AND 403 EAST KERR AVENUE.

PERMANENT INDEX NUMBERS: 91-21-08-280-035 AND 91-21-08-280-009.

PROMISSORY NOTE
Secured by Mortgage

\$208,420.00
Urbana, Illinois

[_____, 2016]

FOR VALUE RECEIVED, Highland Green, LLC, an Illinois limited liability company (“Maker”), promises to pay on or before the “Maturity Date” as defined in the Mortgage (defined below) to the **City of Urbana, Illinois**, a body politic and corporate, or its successors in interest (“Holder”), the total principal sum of Two Hundred Eight Thousand Four Hundred Twenty and No/100ths Dollars (\$208,420.00) or so much thereof as shall from time to time be advanced, with simple interest thereon accruing at 5.0% per annum.

1. The Maker’s obligation hereunder is secured by a Mortgage, bearing even date herewith, from Maker on a certain parcel of real property situated in the City of Urbana, Champaign County, Illinois (the “Mortgage”). Maker’s obligation hereunder is due on Holder’s demand upon the occurrence of an uncured default after the expiration of all applicable cure periods as set forth in the Mortgage.

2. Unless otherwise specified by the Holder hereof, any payment under this Note may be made by check subject to collection, in United States dollars, delivered to Holder at City of Urbana, Grants Management Division, 400 S. Vine Street, Urbana, Illinois 61801, or at such other address as the Holder of this Note shall specify to Maker.

3. If the Holder files suit to recover on this Note, the Maker shall pay all costs of such collection, including reasonable attorneys’ fees and court costs.

4. The Maker shall INDEMNIFY and DEFEND the Holder, its agents, employees, officers, and elected officials against all losses, damage, claims or liability whatsoever, including attorney’s fees and costs, directly or indirectly resulting from the failure or alleged failure of the Maker to strictly and timely perform its obligations under this Note and the Mortgage referenced in Section 1 herein.

5. This Note is a nonrecourse obligation of the Maker. Neither the Maker nor any of its general and limited partners, or their respective successors and assigns, nor any other party shall have any personal liability for repayment of this Note. The sole recourse of the Holder under this Note for repayment of the loan shall be the exercise of its rights against the project and any related security thereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Maker has executed this Note on the date above written.

Highland Green, LLC,
an Illinois limited liability company

By: Highland Green Manager, LLC,
an Illinois limited liability company,
its managing member

By: Brinshore Development, L.L.C.,
an Illinois limited liability company,
a member

By: RJS Real Estate Services, Inc.,
an Illinois corporation,
a member

By: _____
Richard J. Sciortino
President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid do hereby certify that Richard John Sciortino, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument in his capacity as the duly authorized President of RJS Real Estate Services, Inc. (D5766-626-9), the said RJS Real Estate Services, Inc. (D5766-626-9) being a Manager of Brinshore Development, L.L.C., the said Brinshore Development, L.L.C. being the Manager of Highland Green Manager, LLC, the said Highland Green Manager, LLC being the Manager of Highland Green, LLC, as his free and voluntary act, and the free and voluntary acts of RJS Real Estate Services, Inc. (D5766-626-9), Brinshore Development, L.L.C., Highland Green Manager, LLC, and Highland Green, LLC for the uses and purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2016.

Notary Public