



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 Director
DATE: September 1, 2016
SUBJECT: **A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG JPMORGAN CHASE BANK, N.A., THE CITY OF URBANA, AND HIGHLAND GREEN, LLC.**

A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG THE ILLINOIS FACILITIES FUND, THE CITY OF URBANA, AND HIGHLAND GREEN, LLC.

A RESOLUTION APPROVING A CONSENT TO LICENSING AGREEMENT BETWEEN THE CITY OF URBANA AND CRYSTAL VIEW TOWNHOMES, L.P.

Description

The attached documents were submitted by the legal counsel for Highland Green, LLC to City Staff for review on August 3, 2016 as a part of the real estate closing wherein the property will be transferred from the City of Urbana to the Homestead Corporation of Champaign-Urbana. The first document, a Subordination Agreement, was requested to subordinate the Urbana HOME Consortium and City of Urbana's contribution of Federal HOME Investment Partnerships (HOME) funding and Community Development Block Grant (CDBG) funding to a construction loan of \$4,950,000 to be committed by JPMorgan Chase Bank to Highland Green, LLC, which is the development team for this project. This document is required to secure funding from JP Morgan Chase Bank, which is a critical component of the construction financing for Highland Green.

The second document is a similar subordination agreement, which also subordinates the City's contribution of HOME and CDBG funding to a \$925,000 loan provided to the project for permanent financing by the Illinois Facilities Fund (IFF), which is a Chicago-based community development financial institution. This loan from IFF represents a key funding mechanism to ensure the development's successful completion and operation.

The third document is a Consent to Licensing Agreement between the City of Urbana and Crystal View Townhomes, L.P., which is the development entity for the Crystal View

Townhomes development. Crystal View Townhomes was completed in 2009, and its development entity is also a partnership between Brinshore Development, the Homestead Corporation of Champaign-Urbana, and the Housing Authority of Champaign County. The Consent to Licensing Agreement formally allows the Highland Green, LLC management team to have access to the management office and some of the maintenance facilities at the neighboring Crystal View Townhomes.

The ability to use facilities at Crystal View Townhomes is an important component of the Highland Green project, and would help to keep the development costs at Highland Green down by reducing the duplication of resources and facilities which already exist in close proximity to the development site. The City is required to provide consent to this action because the City acted as a lender in connection with the development of Crystal View Townhomes. As a lender, the City entered into grant and loan documents similar to the ones recently approved for Highland Green. In keeping with those documents, Crystal View Townhomes, L.P. requires the City of Urbana's consent before entering into a License Agreement with Highland Green, LLC.

Background

The City of Urbana released a request for proposals (RFP) in December of 2011 for “a sustainable neighborhood consisting of energy-efficient, affordable, owner-occupied homes on City-owned property located at 401-403 East Kerr Avenue.” Brinshore Development, based in Northbrook, IL, as well as the Urbana-based Homestead Corporation of Champaign-Urbana, was selected to implement a development proposal. These firms were also responsible for developing the Crystal View Townhomes, which was a redevelopment of the former Lakeside Terrace public housing site adjacent to the subject property. The proposed Highland Green development involves 33 units, consisting of the following types of single-family homes and duplexes:

- 9 – 1-bedroom Single Family (1-story, approximately 840 sf) (1 accessible, 1 adaptable, 1 HVI)
- 6 – 2-bedroom Single Family (1-story, approximately 990 sf) (2 accessible, 1 adaptable)
- 6 – 2-bedroom Duplex (2-story, approximately 1216 sf)
- 6 – 3-bedroom Single Family (2-story, approximately 1483 sf) (1 accessible if lift installed, 1 adaptable)
- 6 – 3-bedroom Duplex (2-story, approximately 1483 sf)

The project includes a community garden with a pedestrian pathway linking Highland Green to Crystal View Townhomes. Brinshore Development and the Homestead Corporation are working with the Housing Authority of Champaign County, which has dedicated nine Veterans Affairs Supportive Housing (VASH) vouchers to the development. VASH vouchers are used to subsidize supportive housing for homeless veterans, which includes case management and clinical services. The three development organizations (Brinshore Development, the Housing Authority of Champaign County, and the Homestead Corporation of Champaign-Urbana) have formed Highland Green, LLC to act as the official development entity for this project.

Highland Green was approved for Low-Income Housing Tax Credits (LIHTC) by the Illinois Housing Development Authority (IHDA) on October 20, 2015, providing a critical financing

mechanism for the project. After falling short in accessing these highly competitive funds in previous years, this approval was an important breakthrough that has allowed this development to proceed financially. According to the developers' pro forma, the LIHTC provide almost three-quarters of the permanent financing needed to complete Highland Green.

To fill part of the remaining funding gap to accomplish the project, Brinshore Development submitted an application for HOME Investment Partnerships (HOME) funds to the City of Urbana on September 22, 2015. City Staff consulted with the City's Consortium partners at the City of Champaign and the Champaign County Regional Planning Commission, who agreed to a division of funds with the Consortium partners to provide \$291,580 in HOME funds to the Highland Green development. These funds were approved by the City Council on July 5, 2016 via Resolution No. 2016-06-043R, and were critically important to allowing the Urbana HOME Consortium to meet its most recent HOME commitment deadline.

The City of Urbana also determined that CDBG funds may be used to meet a number of different infrastructural needs that will be required at the Highland Green site to enable the construction of housing units. The developer estimates that site utilities will cost \$915,409, which are eligible expenses under the CDBG program. CDBG funding in the amount of \$208,420 will be awarded to Highland Green, LLC. This amount was approved on August 15, 2016 via Resolution No. 2016-08-044R.

The remaining financing for the project is provided through a construction loan, a private mortgage, an IHDA program separate from the LIHTC, funds from the Federal Home Loan Bank of Chicago's Affordable Housing Program, and donation tax credits. Highland Green's proximity to Crystal View Townhomes, which was also developed in part by Brinshore Development through HOME funds, allows for the sharing of amenities such as common areas and community rooms between the two developments.

At its August 23, 2016 meeting, the Community Development Commission (CDC) forwarded the proposed Resolutions to the Urbana City Council with a unanimous recommendation for approval.

Discussion

The two subordination agreements are required to secure funding from JPMorgan Chase Bank and IFF. Although the process of subordination does impact the City's rights in the development, those two sources of funding are essential to the construction and successful operation of Highland Green. A similar subordination process of the City's financial contribution was also undertaken prior to the development of the neighboring Crystal View Townhomes to secure other funding sources.

By allowing Highland Green staff to use certain facilities at Crystal View Townhomes, the Consent to Licensing Agreement between the City of Urbana and Crystal View Townhomes, L.P. is an important cost-reduction component of the Highland Green project. The City, along with other lenders from the Crystal View Townhomes project, is required to provide consent prior to the undertaking of this action. The actual Licensing Agreement will be executed in a separate document only between the Highland Green and Crystal View Townhomes

development entities, which will formally approve the sharing of certain facilities and resources between the two developments.

Goals and Objectives

The parcels that are now 401 and 403 E. Kerr Avenue were originally purchased by the City in 2004. This property acquisition was made using CDBG funds for the intended purpose of affordable housing. Since that time, the construction of affordable housing on that site has been a long-standing goal, which has been expressed through numerous documents and plans.

Highland Green is referred to in the 2015-2019 City of Urbana and Urbana HOME Consortium Consolidated Plan as an anticipated project. The Plan specifically mentions residential development on the Kerr Avenue site as a strategy for overcoming barriers to affordable housing, especially for veterans. This residential development was also referred to as a potential use of City of Urbana HOME Neighborhood Revitalization Funds in the project summary section of the Consolidated Plan. The use of these funds for the project will help to fulfill this goal of the Consolidated Plan.

The development of Highland Green will also help the City to progress with regards to the Urbana City Council and Mayor Goal below:

Goal 7: Quality of Life

Objective 2: Continue to promote affordable housing opportunities and work to eliminate homelessness.

Action/tactic a: Work with developers to provide affordable housing opportunities.

Action/tactic c: Continue to work with Community Housing Development Organizations to create new housing affordable housing opportunities, including those on vacant infill properties where homes have been removed.

Fiscal Impacts

There will be no direct fiscal impact on the City General Fund through the actions contained in the attached Resolutions, since they would permit the subordination of the City's contribution of Federal funding to the project and allow for the sharing of resources between Highland Green and Crystal View Townhomes.

The Urbana HOME Consortium committed \$291,580 in HOME funds to the Highland Green development, which was a critical action to ensure that the Consortium met its July 31, 2016 commitment deadline. The City of Urbana also committed \$208,420 in CDBG funding to Highland Green at the time of the developer's financial closing, which is currently anticipated to occur in early September.

Programmatic Impacts

Construction of affordable housing at the Highland Green site has been a goal of the Mayor and City Council for several years and that goal has been expressed in various City documents, including the Urbana City Mayor and Council Goals, the findings of the 2007 Kerr Avenue Sustainable Neighborhood Design Charette, the 2005 Urbana Comprehensive Plan, the 2010-2014 City of Urbana and Urbana HOME Consortium Consolidated Plan, and the 2015-2019 City of Urbana and Urbana HOME Consortium Consolidated Plan.

Options

The Urbana City Council can:

1. Approve one or more of the Resolutions.
2. Approve one or more of the Resolutions with suggested changes.
3. Do not approve one or more of the Resolutions and provide further direction to Staff.

Recommendations

Staff and the Community Development Commission recommend that the Urbana City Council approve the Resolutions approving the Subordination Agreements and the Consent to Licensing Agreement.

Prepared by:



Matthew Rejc
Community Development Coordinator
Grants Management Division

Attachments:

1. A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG JPMORGAN CHASE BANK, N.A., THE CITY OF URBANA, AND HIGHLAND GREEN, LLC.
2. A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG THE ILLINOIS FACILITIES FUND, THE CITY OF URBANA, AND HIGHLAND GREEN, LLC.
3. A RESOLUTION APPROVING A CONSENT TO LICENSING AGREEMENT BETWEEN THE CITY OF URBANA AND CRYSTAL VIEW TOWNHOMES, L.P.

4. A Subordination Agreement between and among JPMorgan Chase Bank, N.A., the City of Urbana, and Highland Green, LLC.
5. A Subordination Agreement between and among IFF, the City of Urbana, and Highland Green, LLC.
6. A Consent to Licensing Agreement Between the City of Urbana and Crystal View Townhomes, L.P.

RESOLUTION NO. _____

A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG JPMORGAN CHASE BANK, N.A., 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 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 Investment Partnership (hereinafter "HOME") funds in the name of Urbana HOME Consortium under provisions of Title II of Cranston-Gonzales National Affordable Housing Act of 1990 as amended (42 U.S.C. 12701, et seq.) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, the Urbana City Council has adopted an Annual Action Plan for the years beginning July 1, 2013 and ending June 30, 2014, beginning July 1, 2014 and ending June 30, 2015, and beginning July 1, 2015 and ending June 30, 2016, which allocates HOME and CDBG budgets and authorizes allocation of HOME and CDBG funds for the development of the Highland Green development (hereinafter "PROJECT"); and

WHEREAS, the PROJECT is a 33-unit affordable, mixed-income Low Income Housing Tax Credit development; and

WHEREAS, the PROJECT requires that the City of Urbana and Urbana HOME Consortium funding committed to the PROJECT must be subordinated to the

larger loan being provided by JPMorgan Chase Bank to ensure the completion of the project.

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

Section 1. That the *Subordination Agreement* between and among JPMORGAN CHASE BANK, N.A., 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 is hereby designated as the authorized representative of the City of Urbana to take any action necessary to execute the *Subordination Agreement*.

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

RESOLUTION NO. _____

A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG THE ILLINOIS FACILITIES FUND, 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 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 Investment Partnership (hereinafter "HOME") funds in the name of Urbana HOME Consortium under provisions of Title II of Cranston-Gonzales National Affordable Housing Act of 1990 as amended (42 U.S.C. 12701, et seq.) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, the Urbana City Council has adopted an Annual Action Plan for the years beginning July 1, 2013 and ending June 30, 2014, beginning July 1, 2014 and ending June 30, 2015, and beginning July 1, 2015 and ending June 30, 2016, which allocates HOME and CDBG budgets and authorizes allocation of HOME and CDBG funds for the development of the Highland Green development (hereinafter "PROJECT"); and

WHEREAS, the PROJECT is a 33-unit affordable, mixed-income Low Income Housing Tax Credit development; and

WHEREAS, the PROJECT requires that the City of Urbana and Urbana HOME Consortium funding committed to the PROJECT must be subordinated to the

larger loan being provided by the Illinois Facilities Fund (hereinafter "IFF") to ensure the completion of the project.

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

Section 1. That the *Subordination Agreement* between and among IFF, 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 is hereby designated as the authorized representative of the City of Urbana to take any action necessary to execute the *Subordination Agreement*.

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

RESOLUTION NO. _____

A RESOLUTION APPROVING A CONSENT TO LICENSING AGREEMENT BETWEEN THE CITY OF URBANA AND CRYSTAL VIEW TOWNHOMES, L.P.

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 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 Investment Partnership (hereinafter "HOME") funds in the name of Urbana HOME Consortium under provisions of Title II of Cranston-Gonzales National Affordable Housing Act of 1990 as amended (42 U.S.C. 12701, et seq.) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, the Urbana City Council has adopted an Annual Action Plan for the years beginning July 1, 2013 and ending June 30, 2014, beginning July 1, 2014 and ending June 30, 2015, and beginning July 1, 2015 and ending June 30, 2016, which allocates HOME and CDBG budgets and authorizes allocation of HOME and 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 upon PROJECT completion; and

WHEREAS, the City of Urbana and Urbana HOME Consortium executed grant and loan documents on April 7, 2009, which contributed funding to the creation of the Crystal View Townhomes development; and

WHEREAS, the entities developing the PROJECT would like to use certain facilities at the Crystal View Townhomes development to avoid the duplication of resources; and

WHEREAS, the grant and loan documents that the City of Urbana and Urbana HOME Consortium executed to provide funding to the Crystal View Townhomes development require that the City's consent be given such that the PROJECT is able to leverage the available resources at Crystal View Townhomes.

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

Section 1. That the *Consent to Licensing Agreement* between the City of Urbana and Crystal View Townhomes, L.P., in substantially the form as attached hereto and incorporated herein by reference, is hereby approved.

Section 2. That the Mayor is hereby designated as the authorized representative of the City of Urbana to take any action necessary in to execute the *Consent to Licensing Agreement* and to provide such additional information as may be required.

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 AND AFTER RECORDING
RETURN TO:**

ALBERT, WHITEHEAD, P.C.
10 North Dearborn Street
Suite 600
Chicago, Illinois 60602
Attn: Gregory C. Whitehead

**Permanent Tax Index
Identification No.:**

See Attached Exhibit A

Property Address:

See Attached Exhibit A

**SUBORDINATION AGREEMENT
(CITY OF URBANA)**

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into this ____ day of _____, 2016 by and among (i) JPMORGAN CHASE BANK, N.A., a national banking association (the "Senior Lender"), (ii) City of Urbana, an Illinois municipal corporation (the "Subordinate Lender"), and (iii) Highland Green, LLC, an Illinois limited liability company (the "Borrower").

Recitals

A. The Senior Lender has made or is making a loan (the "First Mortgage Loan") to the Borrower in the original principal amount of \$4,950,000. The First Mortgage Loan is or will be secured by a first mortgage lien (the "First Mortgage") on a multifamily housing project located in Urbana, Illinois (the "Property"). The Property is more fully described in Exhibit A attached hereto. The Borrower's obligation to repay the First Mortgage Loan is evidenced by a Promissory Note dated _____ (the "First Mortgage Note"), and is due in full on _____, subject to extension as set forth in such First Mortgage Note.

B. The Borrower is obligated to the Subordinate Lender pursuant to that (i) certain note, dated _____ in the amount of \$291,580, which is or will be secured by a mortgage on the Property in favor of Subordinate Lender (the "HOME Loan") and (ii) that certain Note, dated _____ in the amount of \$208,420 which is or will be secured by a mortgage on the Property in favor of Subordinate Lender (the "CDBG Loan" and together with the HOME Loan, collectively the "Subordinate Loan").

C. The Senior Lender has agreed to allow the Subordinate Lender to make the Subordinate Loan and to place or continue a subordinate mortgage lien against the Property subject to all of the conditions contained in this Agreement.

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Lender to make or continue the Subordinate Loan to the Borrower and to place or continue a subordinate mortgage lien against the Property, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

"Borrower" means the Person named as such in the first paragraph of this Agreement and any other Person (other than the Senior Lender) who acquires title to the Property after the date of this Agreement.

"Business Day" means any day other than Saturday, Sunday or a day on which the Senior Lender is not open for business.

"Default Notice" means: (a) a copy of the written notice from the Senior Lender to the Borrower stating that a First Mortgage Loan Default has occurred under the First Mortgage Loan; or (b) a copy of the written notice from the Subordinate Lender to the Borrower stating that a Subordinate Loan Default has occurred under the Subordinate Loan.

Each Default Notice shall specify the default upon which such Default Notice is based.

"First Mortgage Loan Default" means the occurrence of a default by the Borrower in performing or observing any of the terms, covenants or conditions in the First Mortgage Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the First Mortgage Loan Documents for curing the default.

"First Mortgage Loan Documents" means the First Mortgage Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the First Mortgage Loan.

"Person" means an individual, estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Lender" means the Person named as such in the first paragraph on page 1 of this Agreement. When any other Person becomes the legal holder of the First Mortgage Note, such other Person shall automatically become the Senior Lender.

"Subordinate Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who becomes the legal holder of the Subordinate Note after the date of this Agreement.

"Subordinate Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Loan Documents" means the Subordinate Note, the Subordinate Mortgage, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loan.

"Subordinate Mortgage" means, individually and collectively, mortgages encumbering the Property as security for the Subordinate Loan, which the Subordinate Lender will cause to be recorded among the applicable land records immediately before this Agreement.

"Subordinate Note" means, individually and collectively, promissory notes of even date herewith issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate Loan.

2. Permission to Place Mortgage Lien Against Property.

The Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Property contained in the First Mortgage Loan Documents and subject to the provisions of this Agreement, to permit the Subordinate Lender to record the Subordinate Mortgage and other recordable Subordinate Loan Documents against the Property (which are subordinate in all respects to the lien of the First Mortgage) to secure the Borrower's obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of the Borrower to the Subordinate Lender under and in connection with the Subordinate Loan. Such permission is subject to the condition that each of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is true and correct on the date of this Agreement and on the date on which the proceeds of the Subordinate Loan are disbursed to the Borrower. If any of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is not true and correct on both of those dates, the provisions of the First Mortgage Loan Documents applicable to unpermitted liens on the Property shall apply.

3. Borrower's and Subordinate Lender's Representations and Warranties.

The Borrower and the Subordinate Lender each make the following representations and warranties to the Senior Lender:

(a) Relationship of Borrower to Subordinate Lender and Senior Lender.

The Subordinate Lender is not an Affiliate of the Borrower and is not in possession of any facts which would lead it to believe that the Senior Lender is an Affiliate of the Borrower.

(b) Term. The term of the Subordinate Note does not end before the term of the First Mortgage Note.

(c) Subordinate Loan Documents. The executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the Subordinate Loan Documents, Borrower shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.

(d) Senior Loan Documents. The executed Senior Loan Documents are substantially in the same forms as, when applicable, those submitted to, and approved by, Subordinate Lender prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. **Terms of Subordination.**

(a) Agreement to Subordinate. The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement to the prior payment in full of the indebtedness evidenced by the First Mortgage Loan Documents, and (ii) the Subordinate Mortgage and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and the other First Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage and the other First Mortgage Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property).

(b) Payments Before First Mortgage Loan Default. Until the Subordinate Lender receives a Default Notice of a First Mortgage Loan Default from the Senior Lender, the Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents.

(c) Payments After First Mortgage Loan Default. The Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a First Mortgage Loan Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without the Senior Lender's prior written consent. The Subordinate Lender agrees that, after it receives a Default Notice from the Senior Lender with written instructions directing the Subordinate Lender not to accept payments from the Borrower on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without the Senior Lender's prior written consent. If the Subordinate Lender receives written notice from the Senior Lender that the First Mortgage Loan Default which gave rise to the Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by the Senior Lender, the restrictions on payment to the Subordinate Lender in this Section 4 shall terminate, and the Senior Lender shall have no right to any subsequent payments made to the Subordinate Lender by the Borrower prior to the Subordinate Lender's receipt of a new Default Notice from the Senior Lender in accordance with the provisions of this Section 4(d).

(d) Remitting Subordinate Loan Payments to Senior Lender. If, after the Subordinate Lender receives a Default Notice from the Senior Lender in accordance with

subsection (d) above, the Subordinate Lender receives any payments under the Subordinate Loan Documents, the Subordinate Lender agrees that such payment or other distribution will be received and held in trust for the Senior Lender and unless the Senior Lender otherwise notifies the Subordinate Lender in writing, will be promptly remitted, in kind to the Senior Lender, properly endorsed to the Senior Lender, to be applied to the principal of, interest on and other amounts due under the First Mortgage Loan Documents in accordance with the provisions of the First Mortgage Loan Documents. By executing this Agreement, the Borrower specifically authorizes the Subordinate Lender to endorse and remit any such payments to the Senior Lender, and specifically waives any and all rights to have such payments returned to the Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by the Subordinate Lender, and remitted to the Senior Lender under this Section 4, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to the Senior Lender waive any Subordinate Loan Default which may arise from the inability of the Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

(e) **Agreement Not to Commence Bankruptcy Proceeding.** The Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Borrower, without the Senior Lender's prior written consent.

5. Default Under Subordinate Loan Documents.

(a) **Notice of Default and Cure Rights.** The Subordinate Lender shall deliver to the Senior Lender a Default Notice within five Business Days in each case where the Subordinate Lender has given a Default Notice to the Borrower. Failure of the Subordinate Lender to send a Default Notice to the Senior Lender shall not prevent the exercise of the Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. The Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within 60 days following the date of such notice; provided, however that the Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents. All amounts paid by the Senior Lender in accordance with the First Mortgage Loan Documents to cure a Subordinate Loan Default shall be deemed to have been advanced by the Senior Lender pursuant to, and shall be secured by the lien of, the First Mortgage.

(b) **Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.** If a Subordinate Loan Default occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written consent, which consent shall not be unreasonably withheld, it will not commence foreclosure proceedings with respect to the

Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder unless and until it has given the Senior Lender at least 60 days' prior written notice; during such 60 day period, however, the Subordinate Lender shall be entitled to exercise and enforce all other rights and remedies available to the Subordinate Lender under the Subordinate Loan Documents and/or under applicable laws, including without limitation, rights to enforce covenants and agreements of the Borrower relating to income, rent, or affordability restrictions contained in the Land Use Restriction Agreement.

(c) **Cross Default.** The Borrower and the Subordinate Lender agree that a Subordinate Loan Default shall constitute a First Mortgage Loan Default under the First Mortgage Loan Documents and the Senior Lender shall have the right to exercise all rights or remedies under the First Mortgage Loan Documents in the same manner as in the case of any other First Mortgage Loan Default. If the Subordinate Lender notifies the Senior Lender in writing that any Subordinate Loan Default of which the Senior Lender has received a Default Notice has been cured or waived, as determined by the Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Property pursuant to its rights under the First Mortgage Loan Documents, any First Mortgage Loan Default under the First Mortgage Loan Documents arising solely from such Subordinate Loan Default shall be deemed cured, and the First Mortgage Loan shall be reinstated, provided, however, that the Senior Lender shall not be required to return or otherwise credit for the benefit of the Borrower any default rate interest or other default related charges or payments received by the Senior Lender during such First Mortgage Loan Default.

6. **Default Under First Mortgage Loan Documents.**

(a) **Notice of Default and Cure Rights.** The Senior Lender shall deliver to the Subordinate Lender a Default Notice within five Business Days in each case where the Senior Lender has given a Default Notice to the Borrower. Failure of the Senior Lender to send a Default Notice to the Subordinate Lender shall not prevent the exercise of the Senior Lender's rights and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. The Subordinate Lender shall have the right, but not the obligation, to cure any such First Mortgage Loan Default within 60 days following the date of such notice; provided, however, that the Senior Lender shall be entitled during such 60-day period to continue to pursue its remedies under the First Mortgage Loan Documents. Subordinate Lender may have up to 90 days from the date of the Default Notice to cure a non-monetary default if during such 90-day period Subordinate Lender keeps current all payments required by the First Mortgage Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Property, or Senior Lender's secured position relative to the Property, as determined by Senior Lender in its sole

discretion, then Senior Lender may exercise during such 90-day period all available rights and remedies to protect and preserve the Property and the rents, revenues and other proceeds from the Property. All amounts paid by the Subordinate Lender to the Senior Lender to cure a First Mortgage Loan Default shall be deemed to have been advanced by the Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Mortgage.

(b) Cross Default. The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a First Mortgage Loan Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents until either (i) the Senior Lender has accelerated the maturity of the First Mortgage Loan, or (ii) the Senior Lender has taken affirmative action to exercise its rights under the First Mortgage to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the First Mortgage. At any time after a First Mortgage Loan Default is determined to constitute a default under the Subordinate Loan Documents, the Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time the Borrower cures any First Mortgage Loan Default to the satisfaction of the Senior Lender, as evidenced by written notice from the Senior lender to the Subordinate Lender, any default under the Subordinate Loan Documents arising from such First Mortgage Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such First Mortgage Loan Default had never occurred.

7. Conflict.

The Borrower, the Senior Lender and the Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the First Mortgage Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of the Senior Lender and the Subordinate Lender in the Property; (b) the timing of the exercise of remedies by the Senior Lender and the Subordinate Lender under the First Mortgage and the Subordinate Mortgage, respectively; and (c) solely as between the Senior Lender and the Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which the Senior Lender and the Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any First Mortgage Loan Default or Subordinate Loan Default, as the case may be; give the Borrower the right to notice of any First Mortgage Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the First Mortgage Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

8. Rights and Obligations of the Subordinate Lender Under the Subordinate Loan Documents and of the Senior Lender under the First Mortgage Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Protection of Security Interest. The Subordinate Lender shall not, without the prior written consent of the Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that the Subordinate Lender shall have the right to advance funds to cure First Mortgage Loan Defaults pursuant to Section 6(a) above and advance funds pursuant to the Subordinate Mortgage for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Property and curing other defaults by the Borrower under the Subordinate Loan Documents.

(b) Condemnation or Casualty. In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the First Mortgage remains a lien on the Property the following provisions shall apply:

(1) The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the First Mortgage Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; provided, however, this subsection and/or anything contained in this Agreement shall not limit the rights of the Subordinate Lender to file any pleadings, documents, claims or notices with the appropriate court with jurisdiction over the proposed Taking and/or Casualty; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the First Mortgage Loan) in the manner determined by the Senior Lender in its sole discretion; provided, however, that if the Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the First Mortgage Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the First Mortgage Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents, provided however, the Senior Lender agrees to

consult with the Subordinate Lender in determining the application of Casualty proceeds, provided further however that in the event of any disagreement between the Senior Lender and the Subordinate Lender over the application of Casualty proceeds, the decision of the Senior Lender, in its sole discretion, shall prevail.

(c) **No Modification of Subordinate Loan Documents.** The Borrower and the Subordinate Lender each agree that, until the principal of, interest on and all other amounts payable under the First Mortgage Loan Documents have been paid in full, they will not, without the prior written consent of the Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon the Senior Lender under the First Mortgage Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in the Subordinate Loan without the Senior Lender's consent shall be void ab initio and of no effect whatsoever.

9. Modification or Refinancing of First Mortgage Loan.

The Subordinate Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the First Mortgage Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the First Mortgage Loan (including reasonable and necessary costs associated with the closing and/or the refinancing); and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the First Mortgage Loan, the First Mortgage Note, the First Mortgage, the First Mortgage Loan Documents and Senior Lender shall mean, respectively, the refinance loan, the refinance note, the mortgage securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

10. Default by the Subordinate Lender or Senior Lender.

If the Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.

11. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which the Senior Lender or the Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:

JPMorgan Chase Bank, N.A.
Community Development Banking
10 South Dearborn, 19th Floor
Mail Stop IL1-0953
Chicago, Illinois
Attention: Dell McCoy

SUBORDINATE LENDER:

City of Urbana, Illinois
400 South Vine Street
Urbana, Illinois 61801
Attention: _____

BORROWER:

Highland Green, LLC
c/o Brinshore Development, L.L.C.
666 Dundee Road, Suite 1102
Northbrook, Illinois 60062
Attention: Richard Sciortino

With copies to:

Applegate Thorne-Thomsen, P.C.
440 South LaSalle Street, Suite 1900
Chicago, Illinois 60605
Attention: Daniel Klaff

[Richman Group Entity]
340 Pemberwick Road
Greenwich, Connecticut 06831
Attn: _____

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

13. General.

(a) Assignment/Successors. This Agreement shall be binding upon the Borrower, the Senior Lender and the Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of the Senior Lender and the Subordinate Lender.

(b) No Partnership or Joint Venture. The Senior Lender's permission for the placement of the Subordinate Loan Documents does not constitute the Senior Lender as a joint venturer or partner of the Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of the other party hereto.

(c) Senior Lender's and Subordinate Lender's Consent. Wherever the Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever the Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) **Further Assurances.** The Subordinate Lender, the Senior Lender and the Borrower each agree, at the Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Mortgage is subordinate to the lien, covenants and conditions of the First Mortgage, or to further evidence the intent of this Agreement.

(e) **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) **Governing Law.** This Agreement shall be governed by the laws of the State in which the Property is located.

(g) **Severable Provisions.** If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the First Mortgage Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which the Subordinate Lender is obligated to remit to the Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the First Mortgage; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement.

(i) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SENIOR LENDER:

JPMORGAN CHASE BANK, N.A.

By: _____

Name: _____

Title: _____

SUBORDINATE LENDER:

CITY OF URBANA, ILLINOIS,
an Illinois municipal corporation

By: _____

Name: _____

Title: _____

BORROWER:

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: _____
Name: Richard J. Sciortino
Title: President

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The undersigned, a Notary Public in and for said County in the State aforesaid, does hereby certify that _____, the Authorized Officer, of JPMorgan Chase Bank, N.A., a national banking association, (the "Lender"), personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered such instrument as his own free and voluntary act, and as the free and voluntary act of the Lender, all for the uses and purposes set forth therein.

Given under my hand and notarial seal on _____, 2016.

Notary Public

My Commission Expires: _____

[SEAL]

EXHIBIT A
LEGAL DESCRIPTION

THIS INSTRUMENT PREPARED
BY, AND WHEN RECORDED
MAIL TO:

Brandon R. Calvert, Esq.
Charity & Associates, P.C.
20 North Clark Street
Suite 1150
Chicago, Illinois 60602

(SPACE ABOVE FOR RECORDER'S USE)

**SUBORDINATION AGREEMENT
(URBANA)**

THIS SUBORDINATION AGREEMENT (this "Agreement") is made as of _____, 2016, by and among **HIGHLAND GREEN, LLC**, an Illinois limited liability company, with a mailing address at 666 Dundee Road, Suite 1102, Northbrook, Illinois 60062 (the "Borrower"), the **CITY OF URBANA**, an Illinois municipal corporation, with a mailing address of 400 S. Vine Street, Urbana, Illinois 61801 (the "Junior Lender"), **HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA**, an Illinois not-for-profit corporation, with a mailing address at 306 W. Griggs Street, Urbana, Illinois 61801 (the "Sponsor"), and **IFF**, an Illinois not for profit corporation, with a mailing address of 333 S. Wabash Ave., Chicago, Illinois 60604 ("IFF").

RECITALS

A. Borrower is the owner of land (the "Land") situated at 401-403 E. Kerr Avenue, Urbana, Illinois, legally described on Exhibit A attached hereto.

B. Borrower intends to construct and operate on the Land a 33-unit affordable housing development in accordance with the Plans (the "Project").

C. At Borrower's and Sponsor's request, IFF submitted an application to the Federal Home Loan Bank of Chicago ("FHLBC") to receive a Four Hundred Ninety-Five Thousand and No/100 Dollars (\$495,000.00) Affordable Housing Program Grant (the "Grant") to finance in part the Project. FHLBC has approved the Grant and IFF has made the Grant to Sponsor. Sponsor has loaned the proceeds of the Grant to the Borrower (the "AHP Loan"). The Grant and the AHP Loan are referred to herein collectively as the "Subsidy".

D. The Grant is evidenced by a Promissory Note (AHP Rental Project) (the "Subsidy Note") dated as of an even date herewith executed by Sponsor to the order of IFF, and the AHP Loan is evidenced by a Promissory Note (the "AHP Loan Note") dated as of an even date herewith executed by

Borrower to the order of Sponsor. The Subsidy is governed by a certain Affordable Housing Program Repayment Agreement (the "Repayment Agreement") dated as of an even date herewith among Borrower, Sponsor and IFF. The Subsidy Note and the AHP Loan Note are secured by a Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement (the "AHP Loan Mortgage") dated as of an even date herewith executed by Borrower in favor of Sponsor. The AHP Loan Note and AHP Loan Mortgage have been assigned by Sponsor to IFF pursuant to that certain Collateral Assignment of Note and Mortgage dated as of an even date herewith among Borrower, Sponsor and IFF (the "AHP Loan Assignment"). The Subsidy Note, AHP Loan Note, Repayment Agreement, AHP Loan Mortgage, AHP Loan Assignment and all other documents evidencing and securing the Subsidy are referred herein as the "Subsidy Documents".

E. Borrower has applied to IFF for a Nine Hundred Twenty-Five Thousand and No/100 Dollars (\$925,000.00) permanent loan (the "Permanent Loan") for the purpose of refinancing the Project's construction loan.

F. IFF has committed to make the Permanent Loan to Borrower pursuant to the terms and conditions of a loan commitment letter dated August __, 2016 and accepted by Borrower on August __, 2016 (the "Commitment Letter"). Pursuant to the Commitment Letter, if all terms and conditions contained therein, including, without limitation, timely completion of the Project's construction and stabilization, are satisfied the Permanent Loan will close and fund at the time that the Project converts from its construction phase to its permanent loan phase.

G. The Permanent Loan will be governed by a Loan Agreement ("Permanent Loan Agreement") to be entered into by Borrower and IFF and will be evidenced by a Promissory Note ("Permanent Loan Note") executed by Borrower in the original principal amount of the Permanent Loan and payable to IFF. Borrower's obligations to IFF under the Permanent Loan Note will be secured by, among other things, a Mortgage, Personal Property Security Agreement, Assignment of Leases and Rentals and Financing Statement ("Permanent Loan Mortgage") to be executed by the Borrower for the benefit of IFF, and other loan documents described in the Commitment Letter. The Permanent Loan Mortgage, Permanent Loan Note, the Permanent Loan Agreement, the Commitment Letter and the other loan documents that will evidence and secure the Permanent Loan are hereinafter collectively referred to as the "Permanent Loan Documents".

H. Junior Lender has made (i) a \$291,580.00 loan (the "HOME Loan") to Borrower using proceeds allocated in accordance with the HOME Investment Partnerships Act, and (ii) a \$208,420.00 loan (the "CDBG Loan") to Borrower using proceeds from an Illinois Community Development Block Grant. The HOME Loan and CDBG Loan are referred to herein collectively as the "Junior Loans."

I. Each of the documents listed on Exhibit B together with all other documents, agreements, and materials entered into with the Junior Lender with respect to the Project shall be referred to collectively as the "Junior Loan Documents".

J. As used herein, the term "Junior Obligations" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Junior Lender pertaining to the Junior Loans under the Junior Loan Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

K. The Subsidy Documents and the Permanent Loan Documents are hereinafter collectively referred to as the "Senior Loan Documents". As used herein, the term "Senior Indebtedness" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Sponsor or IFF under

the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

L. It is a condition precedent to IFF to entering into the Senior Loan Documents that the Senior Loan Documents shall be and remain at all times a lien or charge upon the Project, prior and superior to the liens or charges of the Junior Loan Documents.

M. Junior Lender is willing to agree that the Senior Loan Documents shall constitute a lien or charge upon the Project which is prior and superior to the liens or charges of the Junior Loan Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce IFF to make the Grant and the Permanent Loan, it is hereby declared, understood, and agreed as follows:

1. Subordination. The AHP Loan Mortgage, the Permanent Loan Mortgage and other Senior Loan Documents in favor of IFF, and all amendments, modifications, extensions, refinancings and renewals thereof shall unconditionally be and remain at all times a lien or charge on the Project prior and superior to the lien or charge of the Junior Loan Documents. Junior Lender intentionally and unconditionally subordinates the lien or charge of the Junior Loan Documents in favor of the lien or charge on the Project of the AHP Loan Mortgage, Permanent Loan Mortgage and other Senior Loan Documents, and understands that in reliance upon and in consideration of this subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this subordination.

2. Only Agreement Regarding Subordination. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Loan Documents to the lien or charge of the Senior Loan Documents and shall supersede and cancel, but only insofar as would affect the priority between said mortgages and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Loan Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

3. Loan Disbursements. In making disbursements pursuant to any of the Senior Loan Documents, IFF is under no obligation or duty to, nor has IFF represented that it will, see to the application of such proceeds by the person or persons to whom IFF disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such Senior Loan Documents shall not defeat the subordination herein made in whole or in part.

4. Consent and Approval. Junior Lender has received and consents to and approves the Senior Loan Documents, including but not limited to any extension, modification and/or amendment of said agreements. No decision by Junior Lender to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. Junior Lender and Borrower declare, agree, and acknowledge that:

5.1 Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Senior Indebtedness, as set forth herein.

5.2 Permitted Payments. Borrower may make payments under the Junior Loan Documents, if required, as long as all payments under the Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no default or event of default exists under the Senior Loan Documents and no event exists which, with the lapse of time or the giving of notice or both, would be a default or event of default under the Senior Indebtedness of which Junior Lender has received notice; and (ii) the payment would not result in a violation of any of Borrower's financial covenants set forth in any of the Senior Loan Documents ("Permitted Payments").

5.3 Payment Subordination. Except for any Permitted Payments, (a) all of the Senior Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Senior Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to IFF the full amount of the Senior Indebtedness before making any payments to Junior Lender due under the Junior Obligations.

5.4 Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if Junior Lender shall receive any payments or other rights in any property of Borrower in connection with the Junior Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to IFF after notice to Junior Lender.

5.5 Repayment of Senior Indebtedness. This Agreement shall remain in full force and effect until all amounts due under the Senior Loan Documents are fully repaid in accordance with their terms and all of the terms of this Agreement have been complied with.

5.6 Enforcement. Junior Lender agrees that without the IFF's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Project, collect rents, or institute any other collection or enforcement action.

6. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

7. Casualty Insurance Proceeds; Condemnation Proceeds. In the event IFF shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Junior Lender shall simultaneously release (and hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of Junior Lender's right, title and interest, if any, in and to all such insurance proceeds, awards

or compensation. Junior Lender agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event IFF elects, in accordance with Illinois law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Loan Documents. If IFF holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Junior Lender agrees that IFF may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which Junior Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require IFF, in any way whatsoever, to act for or on behalf of Junior Lender or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Junior Lender, and all or any of such sums so held or monitored may be commingled with any funds of IFF.

8. Effect of Other Agreements. The relationship between Borrower, Sponsor and IFF under the Senior Loan Documents is, and shall at all times remain, solely that of borrower and lender. Based thereon, Junior Lender acknowledges and agrees that IFF neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or Junior Lender to guarantee or assist in Borrower's or Junior Lender's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Loan Documents.

9. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of Illinois. In the event of action, suit, proceeding or arbitration to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, as determined by the court or arbitrator, all of the prevailing party's costs and expenses, including without limitation reasonable attorneys' fees and expert witness fees, incurred by the prevailing party in connection therewith. The Agreement shall inure to the benefit of, and the binding upon, the parties hereto and the respective successors and assigns.

(remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement (URBANA) as of the date and year first above written.

"Junior Lender"

CITY OF URBANA,
an Illinois municipal corporation

By: _____
Name: Laurel Lunt Prussing
Title: Mayor

ATTEST:

By: _____
Name: Phyllis D. Clark
Title: City Clerk

"Sponsor"

HOMESTEAD CORPORATION OF
CHAMPAIGN-URBANA,
an Illinois not-for-profit corporation

By: _____
Name: Aaron P. Smith
Title: Executive Director

"Borrower"

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: _____
Name: Richard J. Sciortino
Title: President

"IFF"

IFF,
an Illinois not for profit corporation

By: _____
Name: Craig D. Mizushima
Title: Senior Vice President, Capital Solutions

STATE OF ILLINOIS)
)
COUNTY OF CHAMPAIGN) SS

IN WITNESSETH, said Grantor has caused its corporate seal to be affixed, and has caused its name to be signed to these presents by Laurel Lunt Prussing, its Mayor, and attested by Phyllis D. Clark, its City Clerk, this ____ day of _____ 2016.

Given under my hand and notarial seal this ____ day of _____, 20__.

Notary Public

(SEAL)

My Commission Expires:

EXHIBIT "A"

Legal Description

EXHIBIT "B"

Junior Loan Documents

HOME Loan:

1. Promissory Note in the original principal amount of \$291,580.00 dated _____ and executed by Borrower in favor of the Junior Lender.
2. Mortgage dated _____ by Borrower, which secures the HOME Loan.
3. Regulatory and Land Use Restriction Agreement dated _____, between Borrower and Junior Lender.
4. Rental Housing Developer Agreement dated _____, between Borrower and Junior Lender.

CDBG Loan:

1. Promissory Note in the original principal amount of \$208,420.00 dated _____ and executed by Borrower in favor of the Junior Lender.
2. Mortgage dated _____ by Borrower, which secures the CDBG Loan.
3. Infrastructure Agreement dated _____ between Borrower and the Junior Lender.

CONSENT AGREEMENT

THIS CONSENT AGREEMENT (this “**Agreement**”) is made as of _____, 2016, by and between CRYSTAL VIEW TOWNHOMES, L.P., an Illinois limited partnership (“**Crystal View**”), and the City of Urbana (the “**City**”).

RECITALS

WHEREAS, Crystal View owns (i) certain real property, commonly known as 810 North Broadway Avenue, Urbana, IL 61801 and 102 E. Stebbins Drive, Urbana, Illinois 61801 (the “**Crystal View Property**”), and (ii) the residential building constructed thereon (the “**Building**”);

WHEREAS, Crystal View and the City entered into that certain Community Development Block Grant Agreement dated as of April 7, 2009 (the “**Grant Agreement**”);

WHEREAS, Crystal View and the City entered into that certain Rental Housing Agreement dated as of April 7, 2009 (the “**Loan Agreement**”);

WHEREAS, in connection with the Grant Agreement and Loan Agreement, Crystal View and the City entered into that certain Regulatory and Land Use Restriction Agreement dated as of April 7, 2009 (the “**Crystal View-City Regulatory Agreement**”), and that certain Regulatory and Land Use Restriction Agreement dated as of April 7, 2009 by and among Crystal View, the City and Homestead Corporation of Champaign-Urbana (the “**Crystal View-City-Homestead Regulatory Agreement**”, collectively with the Grant Agreement and Loan Agreement, referred to herein as the “**City Documents**”);

WHEREAS, in accordance with the City Documents, Crystal View is required to obtain written consent from the City to permit any conveyance, transfer or encumbrance of the Crystal View Property;

WHEREAS, Highland Green, LLC, an Illinois limited liability company (the “**Licensee**”), plans to construct 33 units for low-income families on the property located at 401 and 403 East Kerr Avenue, Urbana, IL 61801 (the “**Licensee Project**”);

WHEREAS, Crystal View desires to grant Licensee a license to use of the management office (the “**Management Office**”) and the additional facilities in the Building for maintenance (collectively, the “**Maintenance Facilities**”) for use in connection to Licensee Project in the form attached hereon as Exhibit A (the “**License Agreement**”);

WHEREAS, Crystal View also desires to grant Licensee an access license for (i) pedestrian and vehicular ingress and egress on the Crystal View Property, (ii) parking spaces located on the Crystal View Property and (iii) use of the lobby of the Building, for the purposes set forth herein and under the terms and conditions stated herein (collectively, with the grant of a license to use the Management Office and Maintenance Facilities, the “**License**”); and

WHEREAS, Crystal View has requested that the City consent to Licensing Agreement and grant of the License to the Licensee.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Crystal View and the City hereby agree as follows:

Section 1. Consent. The City hereby consents to Crystal View entering into the Licensing Agreement with the Licensee and granting the License to the Licensee.

Section 2. Effect of Agreement. Except as expressly set forth herein, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the City under the City Documents, or constitute a waiver of any provision of the City Documents and Crystal View hereby fully ratifies and affirms the City Documents to which it is a party.

Section 3. Counterpart Originals. This Agreement may be executed in counterpart originals, each of which shall constitute an original, and all of which together shall constitute one and the same agreement.

Section 4. Legal Construction. In all respects, including, without limitation, matters of construction and performance of this Agreement and the obligations arising hereunder, this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, without regard to conflicts of law principles.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Crystal View and the City have executed this Agreement as of the date and year first set forth above.

Crystal View Townhomes L.P.,
an Illinois limited partnership

By: Crystal View LLC,
an Illinois limited liability company,
its General Partner

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

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

By: _____
Richard J. Sciortino
President

City of Urbana

By: _____

Name: _____

Title: _____

Exhibit A

Licensing Agreement

[See attached]