

Housing Commission Meeting
City Hall - Pre-Session Conference Room
April 6, 2026
6:30 PM
Agenda

PUBLIC NOTICE

In accordance with the Statutes of the State of Illinois and the Ordinances of the City of Highland Park, the next regular meeting of the City of Highland Park Housing Commission, the Peers Housing Association, Ravinia Housing Association, and Sunset Woods Association is scheduled to be held at the hour of 6:30 PM on Monday, April 6, 2026 and will take place at City Hall, Pres-Session Conference Room, 1707 St Johns Avenue, Highland Park, Illinois. Individuals with questions or feedback about an agenda item can address the Commission in the following ways:

1. **Emails for the Record.** [Email Planner Zubin Coleman](#), the Housing Commission staff liaison. If you wish to have your comments read into the record, limit your communication to 200 words or less. Public comments received by 4:30 PM the day of the meeting will be read under Business from the Public. All emails received will be acknowledged at the meeting. Public comments should contain the following information:
 - In the subject line, identify, “Housing Commission Meeting – Read into the Record”
 - Name
 - City
 - Address (optional)
 - Phone (optional)
 - Organization, agency representing, if applicable.
 - Topic or agenda item number of interest
2. **Emails with Unlimited Information.** Individuals who do not wish to have their comments read into the record can email Senior Planner Zubin Coleman an unlimited number of words. Emails will be forwarded to the Housing Commission if requested.
3. **Telephone.** Individuals with no access to email may leave a message with Planner Zubin Coleman at 847.926.1853.
4. **Live Comments.** Individuals are able to address the Commission during the meeting. Questions/comments are limited to written testimony into the record or spoken comments, not both. Business from the Public is only listed on the Housing Commission Meeting Agenda. Comments should be limited to three minutes or less.

The City encourages individuals to sign-up for its enews for important information from the City and its government partners. The City updates its website and social media daily. To sign-up for the enews, visit www.cityhpil.com.

The City, in compliance with the Americans with Disabilities Act, requests that persons with disabilities who require certain accommodations to allow them to observe and/or participate in this hearing, or who have questions about the accessibility of the meeting facilities, [email the City's ADA coordinator Emily Taub](#) or call at 847.926.1005

I. Call to Order

II. Roll Call

III. Business from the Public (Individuals wishing to be heard regarding items not listed on this agenda)

IV. Approval of Minutes

A. March 4, 2026 Housing Commission Regular Meeting Draft Minutes

V. Scheduled Business

A. Items for Omnibus Vote Consideration

- Payment of Invoices
- Ratification of Payments

B. Peers, Ravinia, Sunset Woods Associations, and HTF

- Consideration of ERES Management Report and Financials
- Sunset Woods Financials
- Housing Trust Fund (HTF) Financials
- Other Association Business

2025 Audits for Sunset Woods, Peers, and Ravinia Housing Associations

Approval of Management Contract Renewals for ERES and HODC

VI. Old Business

A. Sunset Woods Mortgage Loan Options (continued)

VII. New Business

A. Request to Release Laurel Park Phase I Affordable Unit Declarations

B. Examining Affordable Housing Eviction Policies

VIII. Other Business

A. Next Housing Commission Meeting, Wednesday, May 6, 2026

IX. Adjournment

**MINUTES OF A REGULAR MEETING OF
HOUSING COMMISSION
OF THE CITY OF HIGHLAND PARK, ILLINOIS**

MEETING DATE: Wednesday, March 4, 2026

MEETING LOCATION: Council Chambers, City Hall, 1707 St. Johns Avenue, Highland Park, IL

CALL TO ORDER

At 6:32 p.m., Chairperson Fernandez Sykes called an on-site meeting of the Highland Park Housing Commission, Peers Housing Association, Ravinia Housing Association, and the Sunset Woods Association to order. Each of the Commissioners also serves as Directors of each of the Housing Associations. Public comments may be emailed to city@hpil.com or phoned into at 847.432.0867. The City web site is www.cityhpil.com. Staff was asked to call the roll.

ROLL CALL

Commissioners Present: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Commissioners Absent: Commissioners Rachman, Rosen, & Shapiro Kopin

Councilmember Absent: Tapia

Student Council Present: Rylee Sullivan

Student Council Absent: Mitchell Posner

Staff declared that a quorum was present.

Staff Present: Coleman

Guests Present: Irina Leykin, Regional Property Manager/ERES
Amy Kaufman, Vice President/CPAH
Richard Koenig, Executive Director/HODC

Others Present: Gale Cerabona, Recorder

BUSINESS FROM THE PUBLIC

There was no Business from the Public.

APPROVAL OF MINUTES

Regular Meeting of the Housing Commission – January 7, 2026

Commissioner Farris moved to approve the January 7, 2026, regular meeting minutes. Commissioner Adland seconded the motion.

On a voice vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

**MINUTES OF A REGULAR MEETING OF
HOUSING COMMISSION
OF THE CITY OF HIGHLAND PARK, ILLINOIS**

Chairperson Fernandez Sykes declared that the motion passed unanimously.

SCHEDULED BUSINESS

1. Items for Omnibus Vote Consideration

- Payment of Invoices

Senior Planner Coleman advised there is nothing outstanding.

- Ratification of Payments

Senior Planner Coleman advised Peers' annual State filing was due at the beginning of February. He distributed copies of checks.

2. Peers, Ravinia, Sunset Woods Associations, & Housing Trust Fund

- Consideration of ERES Management Report and Financials

Peers

Ms. Leykin said the project for the sewer pipeline is on hold, as permanent repairs need to occur. She noted the contractor has reported same to the insurance company.

Ms. Leykin advised all light fixtures were replaced to LED lights.

Some HC comments are.....

- Commissioner Adland asked if everyone has electricity. Ms. Leykin said yes, but it's a temporary fix. She noted it would be fully repaired. The insurance company was brought in and acknowledged the issue.
- Chairperson Fernandez Sykes asked how long this would take. Ms. Leykin advised it may be awhile. The concrete floor has to be repaired. Options are being considered.
- Commissioner Adland asked if anyone would be displaced. Ms. Leykin said it depends on how the floor is opened. She noted those costs would possibly be absorbed.

Ravinia

Ms. Leykin shared Ravinia received a REAC (Real Estate Assessment Center) score of 98.

- Sunset Woods Financials

Ms. Leykin advised everything looks good.

- Housing Trust Fund (HTF) Financials

Senior Planner Coleman advised there is nothing outstanding.

- Other Association Business

**MINUTES OF A REGULAR MEETING OF
HOUSING COMMISSION
OF THE CITY OF HIGHLAND PARK, ILLINOIS**

Senior Planner Coleman advised there is nothing outstanding.

He stated Mr. Koenig is present tonight if there are any questions. There were none.

OLD BUSINESS

1. Peers – House Rule Change to Consider No-Smoking Policy Change (tabled from December HC Meeting)

Senior Planner Coleman reminded everyone of the issue from November, 2025 and explained same. The change would involve no smoking permitted inside the property. The motion previously failed to change the house rules, and the topic was tabled. He advised the properties Evergreen manages have a no-smoking policy with no real issues.

Some HC comments are.....

- Commissioner Beasley said she doesn't see a point in having the rule, as it can't be enforced; unnecessary. There is an issue with having residents going outside away from the front door. There is no plan on where snow would be placed, etc.
- Commissioner Adland asked, and Senior Planner Coleman said it would eventually weed out those people who would be unhappy with the change, as new residents move in.
- Commissioner Farris asked, and Senior Planner Coleman shared issues at other properties.
- Commissioner Adland offered an example of an item smelling of smoke; could be degradation of the property. He is in favor of the rule change.
- Commissioner Beasley said, regarding affordable housing, some may not move in due to these limitations.
- Chairperson Fernandez Sykes asked, and Senior Planner Coleman said he would check about Sunset Woods' policy. He indicated Walnut Place has a no-smoking policy.
- Commissioner Beasley shared this was posed at an HC meeting years ago, and the HC voted against it. Senior Planner Coleman confirmed that was in 2019.
- Commissioner Farris understands both sides.
- Commissioner Beasley said residents can move out if they don't like the rules. She expressed this is one's home. She understands other residents' discomfort.
- Commissioner Farris said there is an onus on the HC to see what the best choice is for residents.

A brief discussion took place about pets.

Senior Planner Coleman reminded there is a 90-day period before a rule changes. Residents can come to an HC meeting and express their opinions. He advised the HC can also reverse a rule change.

More HC comments are.....

- Commissioner Beasley would be in favor if it occurs at the end of the year – with a one-year notice – or grandfather people in. She also understands both points of view. Senior Planner Coleman doesn't believe residents would be evicted for smoking in a non-smoking building. This proposal would eliminate smoking in one's dwelling. It is already in place to not smoke in common areas. He explained an area 15' away would be designated.
- Chairperson Fernandez Sykes said more questions need to be answered.
- Commissioner Farris said the notice period of 90 days is not the issue. It's when it's implemented.
- Commissioner Adland said federal housing is smoke-free.

**MINUTES OF A REGULAR MEETING OF
HOUSING COMMISSION
OF THE CITY OF HIGHLAND PARK, ILLINOIS**

- Chairperson Fernandez Sykes would like to have more information presented.
- Commissioner Adland would like to discuss this next month. He noted this isn't urgent.

Commissioner Beasley moved to table this until the May HC meeting. Commissioner Adland seconded the motion.

On a roll call vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Senior Planner Coleman declared that the motion passed unanimously.

NEW BUSINESS

1. Resolution Approving 2026 CPAH Scattered-Site Grant Agreement

2. Resolution Approving 2026 CPAH Operating Grant Agreement

Senior Planner Coleman explained the annual operating and scattered-site grants and process. He noted these are typically approved in February. The scattered site grant will now be \$100,000 for 3 homes.

Senior Planner Coleman introduced Amy Kaufman, Vice President of CPAH, who expounded on same.

Commissioner Farris moved to approve the CPAH Scattered Site Agreement. Commissioner Beasley seconded the motion.

On a roll call vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Chairperson Fernandez Sykes declared that the motion passed unanimously.

Commissioner Beasley moved to approve the CPAH Operating Grant Agreement. Commissioner Farris seconded the motion.

On a roll call vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Chairperson Fernandez Sykes declared that the motion passed unanimously.

3. Resolution Approving CCHI Grant Agreement Draw Request 1 for Affordable Housing

4. Resolution Approving CCHI Grant Agreement Draw Request 2 for Affordable Housing

5. Resolution Approving CCHI Grant Agreement Draw Request 3 for Affordable Housing

6. Resolution Approving CCHI Grant Agreement Draw Request 4 for Affordable Housing

Senior Planner Coleman reminded that CCHI partnered with HODC for a 47-unit disabled affordable-housing development at 1651 Richfield Road. He expounded. Restrictive covenants have been signed. They will be recorded with the County.

**MINUTES OF A REGULAR MEETING OF
HOUSING COMMISSION
OF THE CITY OF HIGHLAND PARK, ILLINOIS**

Commissioner Farris asked and Richard Koenig said all 47 units have been sold. The end target is August.

Commissioner Beasley moved to approve the CCHI Grant Agreement Draw Requests 1-4 for Affordable Housing. Commissioner Farris seconded the motion.

On a roll call vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Chairperson Fernandez Sykes declared that the motion passed unanimously.

7. Ravinia Housing Association Fund Account Management

Senior Planner Coleman reminded about Ravinia and Peers' accounts to attain higher interest (on CD, money market accounts, etc.). He explained the process that includes improvement plans, capital expenditures, etc. After discussion with bankers, Staff recommends a 23-month CD account that takes advantage of a fixed interest rate of 3.25%.

Some HC comments are.....

- Commissioner Adland:
 - asked about the emergency clause; more concrete language. Senior Planner Coleman discussed early withdrawals, etc.
 - said, based on the bank's reputation, he believes this would be okay.
- Commissioner Farris said this is a better option to get more for the money.

Commissioner Adland moved to approve the Ravinia account into a CD. Commissioner Farris seconded the motion.

On a roll call vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Chairperson Fernandez Sykes declared that the motion passed unanimously.

8. Sunset Woods Mortgage Loan Options

Senior Planner Coleman explained the current mortgage with the First Bank of Highland Park. He noted the loan matures in April, 2027. Options are to renew, discuss different terms, or go out to bid with a new bank. This has been renewed twice.

Some HC comments are.....

- Commissioner Farris asked, and Senior Planner Coleman said the bid process takes awhile. A renewal is simple. The same terms would apply.
- Commissioner Adland:
 - said it sounds reasonable. He asked if it is principal and interest. Senior Planner Coleman will check.
 - asked, and Senior Planner Coleman stated he would review the loan to value, etc.

**MINUTES OF A REGULAR MEETING OF
HOUSING COMMISSION
OF THE CITY OF HIGHLAND PARK, ILLINOIS**

- Commissioner Adland asked about informal discounts with other banks. Senior Planner Coleman said the process needs to be fair and transparent.
- Chairperson Fernandez Sykes asked what the harm is in going out to bid. Discussion took place.

Senior Planner Coleman asked that further questions be emailed to him so he can discuss same with the bank representative.

Commissioner Beasley moved to table the loan renewal until the April HC meeting. Commissioner Farris seconded the motion.

On a roll call vote:

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Chairperson Fernandez Sykes declared that the motion passed unanimously.

OTHER BUSINESS

1. Next Housing Commission Meeting, Monday, April 6, 2026

The next HC Meeting is scheduled for Monday, April 6, 2026.

2. Introduction – New Student Representative, Rylee Sullivan

Senior Planner Coleman introduced new Student Representative, Rylee Sullivan, who offered a brief background. She is a Junior at Highland Park High School and shared, this opportunity made her very excited, as she wants to know more about government and affordable housing. Everyone welcomed her.

Senior Planner Coleman reminded the other Student Representative, Mitchell Posner, will be with the HC until May, 2026.

ADJOURNMENT

Commissioner Beasley moved to adjourn at 7:29 p.m. Commissioner Farris seconded the motion.

On a roll call vote

Voting Yea: Chairperson Fernandez Sykes; Commissioners Adland, Beasley, & Farris

Voting Nay: None

Chairperson Fernandez Sykes declared that the motion passed unanimously.

Respectfully Submitted,

Gale Cerabona
Recorder

MINUTES OF A REGULAR MEETING ON JANUARY 7, 2026, WERE APPROVED WITHOUT CORRECTIONS.



MEMORANDUM

TO: Highland Park Housing Commission
FROM: Irina Leykin and Harold Eich
RE: March 2026 Management Report and February 2026 Financials
DATE: April 2, 2026

FRANK B. PEERS

Operations

- Sewer lateral replacement project has been paused pending permanent repairs. One unit is known to be affected, but has temporary power supply. GPRS will be responsible for permanent repairs and is currently reviewing quotes from electricians and plumbers. There may be more units affected once they uncover the conduit pipes by removing the concrete around them. When they determine the amount of damage to the conduit pipes those pipes will be replaced.
- Unit inspections were completed for the entire building and onsite team addressed all work identified during inspection.
- Annual fire alarm, wet sprinkler, and backflow testing passed inspections.

Occupancy

- At present, there are no vacancies.

Financial

- Net Operating Income (NOI) in February was positive to budget by \$17,140 MTD and YTD NOI was positive to budget by \$26,220. Cash carry over was at \$1,440,222. Debt Service Coverage Ratio for February was 2.77.

Income

- Income was positive to budget MTD by \$232 and negative (\$163) YTD.

Expense

- Expense line items which were significantly over budget (more than \$1,000 YTD) include:
 - Union benefits – December 2025 invoice was processed in January.
 - Utilities - Negative variance is due to accruals. The accounts will balance out closer to the end of the year.
 - Capital expenditures – Deposit for pipe replacement. The expense was not budgeted but approved by the Housing Commission.

Social Programming

- Yoga class on Thursdays.



- Social Services Coordinator works 2 days a week to assist residents of Frank B Peers Senior Housing.

RAVINIA HOUSING

Operations

- Pump pits were pumped and cleaned.
- Annual fire extinguisher inspections were completed at both locations.

Occupancy

- At present, there are no vacancies.

Financial

- Net Operating Income (NOI) in February was positive to budget by \$4,08 MTD and YTD NOI was positive to budget by \$9,661. Cash carry over was at \$13,314.
- Debt Service Coverage Ratio for February was 4.84.

Income

- Income was positive to budget MTD by \$74 and positive to budget by \$1,962 YTD.

Expense

- Expense line items which were significantly over budget (more than \$1,000 YTD) include:
None

Accounts Receivable Update

February 2026

Frank B. Peers (68 units)

Tenant A/R decreased from \$35.90 at the end of January to \$22.99 at the end of February.

Subsidy A/R Increased from \$4,184 at the end of January to \$5,901 at the end of February.

Tenant delinquency includes:

Current delinquency: \$0

Ravinia Housing (17 units)

Tenant A/R decreased from \$712.47 at the end of January to \$633.47 at the end of February.

Subsidy A/R Increased from \$493 at the end of January to \$994 at the end of February.

Tenant delinquency includes:

Current delinquency: \$1,701 (5 tenants)

30-day delinquency: \$112 (1 tenant)

Three tenants signed payment plans and one tenant is in legal.

****Note****

These charges fluctuate from month to month. If a resident pays rent late or not at all, it causes the Tenant A/R to increase the following month.

With regard to the subsidy A/R, we request the rent from HUD, 1 month in advance. For Example: On July 1st, we send our HAP/Voucher subsidy request to HUD, for the month of June. Because of this, activities like move-ins, move-outs or certifications, will affect the subsidy A/R balance; causing it to increase or decrease. Tenants that have entered into repayment agreements would create A/R balances for either the tenant or subsidy ledgers as well, as the property is required to pay back the incorrect amount received by HUD due to the error, and then collect that amount directly from the resident as part of their repayment agreement.

FRANK B. PEERS HOUSING Balance Sheet

	Month Ending 12/31/25	Month Ending 01/31/26 <small>Actual</small>	Month Ending 02/28/26 <small>Actual</small>
ASSETS			
Current Assets			
1110-0000 - Petty Cash	200.00	200.00	200.00
1121-0000 - Cash - Operating	1,364,482.03	1,376,179.50	1,440,221.58
1130-0000 - Tenant/member accounts receivable	0.00	35.90	22.99
1131-0000 - Accounts receivable - subsidy	488.00	4,184.00	5,901.00
1240-0000 - Prepaid property and liability insurance	67,559.17	57,957.43	48,355.69
Total Current Assets	<u>1,432,729.20</u>	<u>1,438,556.83</u>	<u>1,494,701.26</u>
Other Assets			
1290-0000 - Misc Prepaid Expenses	887.37	591.54	295.71
1192-0000 - Tenant Sec Dep	34,542.32	24,382.37	24,931.32
1310-0000 - Real estate tax escrow	21,710.56	21,927.78	21,927.78
1311-0000 - Insurance escrow	28,562.07	39,095.90	49,104.83
1330-0000 - Debt Service Escrow	167,429.88	169,105.09	169,105.09
1140-0000 - Accounts Receivable - Other	14,974.14	14,974.14	0.00
1320 - Replacement Reserve	230,402.84	234,436.75	236,210.30
1340 - Residual Receipt	15,686.61	15,843.57	15,843.57
Total Other Assets	<u>514,195.79</u>	<u>520,357.14</u>	<u>517,418.60</u>
Fixed Assets			
1420-0000 - Building	1,796,875.15	1,796,875.15	1,796,875.15
1420-0001 - Building Improvements	2,354,041.52	2,354,041.52	2,354,041.52
1430-0000 - Land Improvements	1,535,414.79	1,535,414.79	1,535,414.79
1440-0000 - Building Equipment Portable	189,686.00	189,686.00	189,686.00
1450-0000 - Furniture for project/tenant use	768,491.60	768,491.60	768,491.60
1497-0000 - Site improvements	363,370.04	363,370.04	363,370.04
4120-0000 - Accum depr - buildings	(4,915,281.03)	(4,915,281.03)	(4,915,281.03)
1498-0000 - Current F/A	0.00	17,750.87	17,750.87
Total Fixed Assets	<u>2,092,598.07</u>	<u>2,110,348.94</u>	<u>2,110,348.94</u>
Financing Costs			
1900-0001 - Deferred Financing Costs	192,398.85	192,398.85	192,398.85
1999-0000 - Accum Amort - Bond Costs	(153,575.22)	(153,575.22)	(153,575.22)
Total Financing Costs	<u>38,823.63</u>	<u>38,823.63</u>	<u>38,823.63</u>
Partnership Assets			
1701-0000 - Cash - Partnership	14,829.86	14,829.86	14,829.86
1703-0000 - Partnership Receivable	45,681.19	45,681.19	45,681.19
Total Partnership Assets	<u>60,511.05</u>	<u>60,511.05</u>	<u>60,511.05</u>

FRANK B. PEERS HOUSING Balance Sheet

	Month Ending 12/31/25	Month Ending 01/31/26 <small>Actual</small>	Month Ending 02/28/26 <small>Actual</small>
1702 Partnership MM			
1702-0000 - Partnership MM	721.65	70.80	53.97
Total 1702 Partnership MM	1,078,320.70	1,078,391.50	1,078,445.47
Total Assets	5,217,178.44	5,246,989.09	5,300,248.95

FRANK B. PEERS HOUSING Balance Sheet

	Month Ending 12/31/25	Month Ending 01/31/26 <small>Actual</small>	Month Ending 02/28/26 <small>Actual</small>
Liabilities & Equity			
Current Liabilities			
2110-0000 - Accounts payable	814.29	1,844.12	771.86
2114-0000 - 401K Payable	280.67	280.67	280.67
2120-0000 - Accrued wages and p/r taxes payable	15,341.77	6,818.56	6,818.56
2130-0000 - Accrued interest - mortgage	11,303.60	11,231.35	11,158.75
2180-0000 - Misc current liabilities	25,684.54	19,546.16	22,821.30
Total Current Liabilities	<u>53,424.87</u>	<u>39,720.86</u>	<u>41,851.14</u>
Non-Current Liabilities			
2320-0000 - Mortgage Payable (long term)	59,104.24	44,436.98	29,697.47
2191-0000 - Security deposits-residential	21,882.00	21,732.00	21,880.00
2191-0001 - Pet Deposit	900.00	950.00	950.00
2210-0000 - Prepaid Rent	1,740.21	1,544.55	1,176.34
2211-0000 - Prepaid HUD	13,256.00	15,397.00	16,307.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00	2,290,000.00	2,290,000.00
Total Non-Current Liabilities	<u>2,386,882.45</u>	<u>2,374,060.53</u>	<u>2,360,010.81</u>
Owner's Equity			
3100-0000 - Limited Partners Equity	2,370,665.90	2,370,665.90	2,370,665.90
3209-0000 - Prior Year Retained Earnings	(183,281.23)	(183,281.23)	(183,281.23)
3210-0000 - Retained earnings	543,890.34	589,486.45	645,823.03
Current Month Earnings	45,596.11	56,336.58	65,179.30
Total Owner's Equity	<u>2,776,871.12</u>	<u>2,833,207.70</u>	<u>2,898,387.00</u>
Total Liability & Owner Equity	<u>5,217,178.44</u>	<u>5,246,989.09</u>	<u>5,300,248.95</u>

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 02/28/26			Year To Date 02/28/26			Year Ending 12/31/26
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	22,336.00	125,549.00	(103,213.00)	46,627.00	251,098.00	(204,471.00)	1,506,588.00
5121-0000 - Tenant assistant payments	103,213.00	(0.00)	103,213.00	204,471.00	(0.00)	204,471.00	(0.00)
5140-0000 - Commercial base rent	60.00	60.00	0.00	120.00	120.00	0.00	720.00
TOTAL RESIDENTIAL RENTAL INCOME	125,609.00	125,609.00	0.00	251,218.00	251,218.00	0.00	1,507,308.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	(201.00)	(751.00)	550.00	(2,683.00)	(1,502.00)	(1,181.00)	(9,012.00)
TOTAL VACANCIES & ADJUSTMENTS	(201.00)	(751.00)	550.00	(2,683.00)	(1,502.00)	(1,181.00)	(9,012.00)
OTHER INCOME							
5910-0000 - Laundry income	0.00	166.67	(166.67)	520.20	333.34	186.86	2,000.04
5920-0000 - Nsf check fee	25.00	25.00	0.00	25.00	25.00	0.00	75.00
5990-0000 - Misc other income	37.00	186.67	(149.67)	74.00	373.34	(299.34)	2,240.04
5410-0000 - Interest Income Project Operations	0.95	3.00	(2.05)	2.00	6.00	(4.00)	36.00
5413-0000 - Interest income - escrow	0.00	(0.00)	0.00	4,834.65	3,700.00	1,134.65	18,100.00
TOTAL OTHER INCOME	62.95	381.34	(318.39)	5,455.85	4,437.68	1,018.17	22,451.08
GROSS OPERATING INCOME	125,470.95	125,239.34	231.61	253,990.85	254,153.68	(162.83)	1,520,747.08
ADVERTISING & RENTING EXPENSE							
6211-0000 - Marketing/Promotions/Advertising	0.00	453.00	453.00	0.00	453.00	453.00	453.00
6253-0000 - Credit Report Fees	51.00	34.00	(17.00)	51.00	68.00	17.00	408.00
TOTAL ADVERTISING & RENTING EXPENSE	51.00	487.00	436.00	51.00	521.00	470.00	861.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	0.00	334.17	334.17	428.12	668.34	240.22	4,010.04
6316-0000 - Office Equipment	67.85	410.00	342.15	786.87	820.00	33.13	4,920.00
6320-0000 - Management fee	6,414.00	6,553.42	139.42	12,752.68	13,106.84	354.16	78,641.04
6340-0000 - Legal Expense - Project	0.00	500.00	500.00	0.00	500.00	500.00	1,000.00
6350-0000 - Audit Expense	0.00	0.00	0.00	0.00	0.00	0.00	12,070.00
6360-0000 - Telephone/Internet/Cable/Cellphones	774.49	733.00	(41.49)	1,869.73	1,466.00	(403.73)	8,796.00
6360-0001 - Answering Service/ Pagers	141.35	76.00	(65.35)	141.35	152.00	10.65	912.00
6365-0000 - Training & Education Expense	0.00	0.00	0.00	0.00	0.00	0.00	2,488.00
6370-0000 - Bad debts	33.00	0.00	(33.00)	33.00	250.00	217.00	1,000.00
6371-0000 - Fees Dues & Contributions	0.00	400.00	400.00	1,152.00	1,100.00	(52.00)	1,800.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	3,360.00
6390-0000 - Misc administrative expenses	365.93	313.00	(52.93)	901.16	726.00	(175.16)	4,256.00
6391-0000 - Property Management Software Fees	488.81	353.00	(135.81)	741.40	706.00	(35.40)	4,416.00
6392-0000 - Computer Supplies/Data Processing	66.84	56.08	(10.76)	134.40	112.16	(22.24)	672.96
6395-0000 - Tenant Retention	0.00	400.00	400.00	(1,204.43)	800.00	2,004.43	4,800.00
6431-0000 - Travel & Expense Reimbursement	0.00	50.00	50.00	0.00	100.00	100.00	600.00
6851-0000 - Bank Service Fees	0.00	17.00	17.00	5.35	34.00	28.65	204.00
6860-0000 - Security Deposit Interest	0.06	6.00	5.94	0.13	12.00	11.87	68.00
TOTAL ADMINISTRATIVE EXPENSE	8,352.33	10,201.67	1,849.34	17,741.76	20,553.34	2,811.58	134,014.04
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	7,207.02	7,227.00	19.98	14,409.08	14,454.00	44.92	96,726.00

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 02/28/26			Year To Date 02/28/26			Year Ending 12/31/26
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6510-0000 - Janitor and cleaning payroll	3,092.25	2,831.00	(261.25)	6,150.80	5,662.00	(488.80)	36,802.00
6540-0000 - Repairs payroll	4,542.28	3,738.00	(804.28)	8,741.74	7,476.00	(1,265.74)	48,592.00
6900-0000 - Social Service Coordinator	1,273.33	2,846.61	1,573.28	3,289.16	5,693.22	2,404.06	34,159.32
6715-0000 - Payroll Taxes	1,767.50	1,651.00	(116.50)	3,606.32	3,331.00	(275.32)	16,348.00
6722-0000 - Workers compensation	295.83	296.00	0.17	591.66	592.00	0.34	3,714.00
6723-0000 - Employee Health Ins/Other Benefits	(955.61)	1,561.00	2,516.61	(348.06)	3,122.00	3,470.06	20,156.00
6724-0000 - Union Benefits	180.08	2,458.67	2,278.59	5,653.36	4,917.34	(736.02)	29,504.04
6726-0001 - Contingency	0.00	0.00	0.00	0.00	0.00	0.00	5,688.00
TOTAL PAYROLL & RELATED COSTS	17,402.68	22,609.28	5,206.60	42,094.06	45,247.56	3,153.50	291,689.36
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	209.16	250.00	40.84	227.62	500.00	272.38	3,000.00
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	500.00
6519-0000 - Exterminating Contract	112.00	146.00	34.00	194.00	292.00	98.00	1,752.00
6520-0000 - Miscellaneous Repair Contractors	764.03	1,350.00	585.97	764.03	2,700.00	1,935.97	16,200.00
6525-0000 - Rubbish removal	0.00	700.00	700.00	668.91	1,400.00	731.09	8,400.00
TOTAL OPERATING EXPENSES	1,085.19	2,446.00	1,360.81	1,854.56	4,892.00	3,037.44	29,852.00
UTILITIES							
6450-0000 - Electricity	1,496.34	1,296.00	(200.34)	3,692.75	2,556.00	(1,136.75)	17,575.00
6451-0000 - Water & Sewer	2,085.72	2,510.00	424.28	3,963.98	7,525.00	3,561.02	35,956.00
6452-0000 - Gas	5,625.01	4,104.00	(1,521.01)	9,550.14	7,181.00	(2,369.14)	24,859.00
TOTAL UTILITIES	9,207.07	7,910.00	(1,297.07)	17,206.87	17,262.00	55.13	78,390.00
MAINTENANCE EXPENSES							
6536-0000 - Ground supplies & Equipment Repairs	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	11,000.00
6541-0000 - Repair & Maintenance Supplies	301.54	1,483.33	1,181.79	1,225.98	2,966.66	1,740.68	17,799.96
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	450.00	450.00	465.21	900.00	434.79	7,400.00
6546-0000 - Heating/Cooling/Boiler Contract Repair & Supplies	1,533.97	2,375.00	841.03	3,620.72	4,750.00	1,129.28	28,500.00
6548-0000 - Snow removal	0.00	2,967.00	2,967.00	2,966.25	5,934.00	2,967.75	12,368.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	0.00	700.00	700.00	1,400.00	1,400.00	0.00	8,400.00
6560-0001 - Decorating (Common areas - by Contractor)	0.00	0.00	0.00	0.00	1,500.00	1,500.00	6,000.00
6563-0000 - Window Covering	0.00	0.00	0.00	0.00	0.00	0.00	600.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	0.00	2,200.00
6582-0000 - Fire Protection & Fire Equipment	716.00	250.00	(466.00)	716.00	2,230.00	1,514.00	18,490.00
6595-0000 - Plumbing Repairs	449.00	2,225.00	1,776.00	688.00	4,450.00	3,762.00	26,700.00
6596-0000 - Floor Repairs/Cleaning	0.00	0.00	0.00	0.00	0.00	0.00	1,800.00
6598-0000 - Roof Repairs	0.00	0.00	0.00	0.00	0.00	0.00	250.00
TOTAL MAINTENANCE EXPENSES	3,000.51	10,450.33	7,449.82	11,082.16	24,130.66	13,048.50	142,507.96
TAXES AND INSURANCE							
6720-0000 - Property and liability insurance	9,601.74	11,505.42	1,903.68	19,203.48	23,010.84	3,807.36	143,592.20
TOTAL TAXES AND INSURANCE	9,601.74	11,505.42	1,903.68	19,203.48	23,010.84	3,807.36	143,592.20
TOTAL OPERATING EXPENSES	48,700.52	65,609.70	16,909.18	109,233.89	135,617.40	26,383.51	820,906.56
NET OPERATING INCOME (LOSS)	76,770.43	59,629.64	17,140.79	144,756.96	118,536.28	26,220.68	699,840.52

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 02/28/26			Year To Date 02/28/26			Year Ending 12/31/26
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	11,158.76	11,158.75	(0.01)	22,390.12	22,390.11	(0.01)	129,969.63
6850-0000 - Mortgage Service Fee	486.34	486.00	(0.34)	975.73	975.00	(0.73)	5,667.00
TOTAL FINANCIAL EXPENSES	11,645.10	11,644.75	(0.35)	23,365.85	23,365.11	(0.74)	135,636.63
NET OPER INC/(LOSS) BEFORE CAP. EXP.	65,125.33	47,984.89	17,140.44	121,391.11	95,171.17	26,219.94	564,203.89
Partnership Income							
8005-0000 - Mortgagor Entity Income	63.97	0.00	63.97	134.77	0.00	134.77	0.00
8010-0000 - Other Entity Expense	(10.00)	(0.00)	(10.00)	(10.00)	(0.00)	(10.00)	(0.00)
Total Partnership Activity	53.97	(0.00)	53.97	124.77	(0.00)	124.77	(0.00)
NET INCOME (LOSS)	65,179.30	47,984.89	17,194.41	121,515.88	95,171.17	26,344.71	564,203.89
Cash Flow - Financing Activities							
7104-0000 - Replacement Reserve	1,773.55	2,000.00	226.45	3,547.10	4,000.00	452.90	24,000.00
7108-0000 - Mortgage Payable (long term)	14,739.51	14,740.00	0.49	29,406.77	29,407.00	0.23	180,804.00
Total Cash Flow - Financing Activities	16,513.06	16,740.00	226.94	32,953.87	33,407.00	453.13	204,804.00
CAPITAL EXPENDITURES & ESCROWS							
6991-0000 - Capital expenditures	0.00	0.00	0.00	13,250.00	0.00	(13,250.00)	0.00
6991-0005 - Bath - Rehab	0.00	0.00	0.00	0.00	6,000.00	6,000.00	12,000.00
6991-0006 - Kitchen - Rehab	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
6993-0001 - Appliances	0.00	0.00	0.00	1,730.00	1,700.00	(30.00)	6,400.00
6993-0003 - A/C Replacements	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
6994-0000 - Carpet & tile	0.00	0.00	0.00	2,770.87	2,000.00	(770.87)	12,000.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	0.00	0.00	0.00	17,750.87	9,700.00	(8,050.87)	41,900.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	48,666.24	31,244.89	17,421.35	70,811.14	52,064.17	18,746.97	317,499.89
Debt Service Coverage Ratio	2.77	2.14	0.63	2.62	2.12	0.50	2.09

RAVINIA HOUSING Balance Sheet

	Month Ending 12/31/25	Month Ending 01/31/26 <small>Actual</small>	Month Ending 02/28/26 <small>Actual</small>
ASSETS			
Current Assets			
1110-0000 - Petty Cash	628.40	200.00	200.00
1121-0000 - Cash - Operating	16,248.54	14,823.82	13,313.57
1130-0000 - Tenant/member accounts receivable	900.69	712.47	633.47
1131-0000 - Accounts receivable - subsidy	87.00	493.00	994.00
1240-0000 - Prepaid property and liability insurance	24,109.49	20,684.59	17,259.69
1250-0000 - Prepaid Mortgage Insurance	330.81	220.55	110.29
Total Current Assets	<u>42,304.93</u>	<u>37,134.43</u>	<u>32,511.02</u>
Other Assets			
1290-0000 - Misc Prepaid Expenses	217.36	146.11	74.86
1192-0000 - Tenant Sec Dep	9,300.15	9,290.54	9,280.89
1311-0000 - Insurance escrow	20,500.74	24,268.20	28,035.66
1312-0000 - Mortgage Insurance Escrow	1,284.78	1,395.05	1,505.32
1320 - Replacement Reserve	30,037.82	31,813.77	33,657.82
Total Other Assets	<u>61,340.85</u>	<u>66,913.67</u>	<u>72,554.55</u>
Fixed Assets			
1420-0000 - Building	1,048,224.20	1,048,224.20	1,048,224.20
1420-0001 - Building Improvements	358,188.56	358,188.56	358,188.56
1430-0000 - Land Improvements	327,439.75	327,439.75	327,439.75
1450-0000 - Furniture for project/tenant use	483,247.58	483,247.58	483,247.58
1497-0000 - Site improvements	278,198.79	278,198.79	278,198.79
1499-0000 - Accumulated Depreciation	13,201.56	13,201.56	13,201.56
4120-0000 - Accum depr - buildings	(2,234,964.46)	(2,234,964.46)	(2,234,964.46)
1498-0000 - Current F/A	0.90	0.90	658.30
Total Fixed Assets	<u>273,536.88</u>	<u>273,536.88</u>	<u>274,194.28</u>
Financing Costs			
1900-0001 - Deferred Financing Costs	62,658.71	62,658.71	62,658.71
1999-0000 - Accum Amort - Bond Costs	(26,983.30)	(26,983.30)	(26,983.30)
Total Financing Costs	<u>35,675.41</u>	<u>35,675.41</u>	<u>35,675.41</u>
Partnership Assets			
1701-0000 - Cash - Partnership	176,125.52	176,140.00	176,153.51
Total Partnership Assets	<u>176,125.52</u>	<u>176,140.00</u>	<u>176,153.51</u>
Total Assets	<u>588,983.59</u>	<u>589,400.39</u>	<u>591,088.77</u>

RAVINIA HOUSING Balance Sheet

	Month Ending 12/31/25	Month Ending 01/31/26 <small>Actual</small>	Month Ending 02/28/26 <small>Actual</small>
Liabilities & Equity			
Current Liabilities			
2110-0000 - Accounts payable	82.13	281.41	291.92
2120-0000 - Accrued wages and p/r taxes payable	3,603.91	1,601.74	1,601.74
2130-0000 - Accrued interest - mortgage	1,089.42	1,085.59	1,085.59
2131-0000 - Accrued Interest Bank Loans	1,165.11	1,165.11	1,165.11
2131-0001 - Accrued Interest - 2nd Note	10,498.21	10,498.21	10,498.21
2180-0000 - Misc current liabilities	1,334.05	1,061.30	1,165.31
Total Current Liabilities	<u>17,772.83</u>	<u>15,693.36</u>	<u>15,807.88</u>
Non-Current Liabilities			
2320-0000 - Mortgage Payable (long term)	290,511.99	289,491.07	288,466.32
2191-0000 - Security deposits-residential	8,400.00	8,400.00	8,400.00
2191-0001 - Pet Deposit	300.00	300.00	300.00
2210-0000 - Prepaid Rent	3,589.06	2,766.81	2,149.82
2211-0000 - Prepaid HUD	3,537.00	2,302.00	2,627.00
2320-1000 - Mortgage payable - 2nd note	459,322.72	459,322.72	459,322.72
2390-0000 - Miscellaneous Liability	14,974.14	14,974.14	0.00
Total Non-Current Liabilities	<u>780,634.91</u>	<u>777,556.74</u>	<u>761,265.86</u>
Partnership Liabilities			
2901-0000 - Partnership Payable	37,428.48	37,428.48	37,428.48
Total Partnership Liabilities	<u>37,428.48</u>	<u>37,428.48</u>	<u>37,428.48</u>
Owner's Equity			
3100-0000 - Limited Partners Equity	25,462.78	25,462.78	25,462.78
3209-0000 - Prior Year Retained Earnings	(330,966.71)	(330,966.71)	(330,966.71)
3210-0000 - Retained earnings	52,862.07	58,651.30	64,225.74
Current Month Earnings	5,789.23	5,574.44	17,864.74
Total Owner's Equity	<u>(246,852.63)</u>	<u>(241,278.19)</u>	<u>(223,413.45)</u>
Total Liability & Owner Equity	<u>588,983.59</u>	<u>589,400.39</u>	<u>591,088.77</u>

RAVINIA HOUSING

Actual vs Budget Accrual Operating Statement

	Month Ending 02/28/26			Year To Date 02/28/26			Year Ending 12/31/26
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	8,381.00	31,296.00	(22,915.00)	17,315.00	61,415.00	(44,100.00)	374,375.00
5121-0000 - Tenant assistant payments	22,915.00	(0.00)	22,915.00	44,100.00	(0.00)	44,100.00	(0.00)
TOTAL RESIDENTIAL RENTAL INCOME	31,296.00	31,296.00	0.00	61,415.00	61,415.00	0.00	374,375.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	0.00	(0.00)	0.00	0.00	(1,814.00)	1,814.00	(9,070.00)
TOTAL VACANCIES & ADJUSTMENTS	0.00	(0.00)	0.00	0.00	(1,814.00)	1,814.00	(9,070.00)
OTHER INCOME							
5922-0000 - Late fees	0.00	5.00	(5.00)	18.00	10.00	8.00	60.00
5990-0000 - Misc other income	84.00	(0.00)	84.00	151.00	(0.00)	151.00	(0.00)
5410-0000 - Interest Income Project Operations	0.35	1.00	(0.65)	0.74	2.00	(1.26)	12.00
5413-0000 - Interest income - escrow	15.26	20.00	(4.74)	29.86	40.00	(10.14)	240.00
TOTAL OTHER INCOME	99.61	26.00	73.61	199.60	52.00	147.60	312.00
GROSS OPERATING INCOME	31,395.61	31,322.00	73.61	61,614.60	59,653.00	1,961.60	365,617.00
ADVERTISING & RENTING EXPENSE							
6211-0000 - Marketing/Promotions/Advertising	0.00	213.00	213.00	0.00	213.00	213.00	263.00
6253-0000 - Credit Report Fees	24.00	20.83	(3.17)	36.00	41.66	5.66	249.96
TOTAL ADVERTISING & RENTING EXPENSE	24.00	233.83	209.83	36.00	254.66	218.66	512.96
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	60.00	150.00	90.00	217.72	300.00	82.28	1,800.00
6316-0000 - Office Equipment	16.96	80.00	63.04	196.72	160.00	(36.72)	960.00
6320-0000 - Management fee	1,165.31	1,147.92	(17.39)	2,226.61	2,295.84	69.23	13,775.04
6340-0000 - Legal Expense - Project	0.00	0.00	0.00	0.00	0.00	0.00	1,700.00
6350-0000 - Audit Expense	0.00	0.00	0.00	0.00	0.00	0.00	15,600.00
6360-0000 - Telephone/Internet/Cable/Cellphones	642.92	512.00	(130.92)	1,366.04	1,024.00	(342.04)	6,144.00
6360-0001 - Answering Service/ Pagers	35.34	19.00	(16.34)	35.34	38.00	2.66	228.00
6365-0000 - Training & Education Expense	0.00	0.00	0.00	0.00	0.00	0.00	577.00
6370-0000 - Bad debts	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	0.00	0.00	0.00	510.00
6380-0000 - Consulting/study costs	87.00	0.00	(87.00)	87.00	1,500.00	1,413.00	3,000.00
6390-0000 - Misc administrative expenses	209.22	275.00	65.78	847.52	550.00	(297.52)	3,300.00
6391-0000 - Property Management Software Fees	174.45	159.00	(15.45)	287.55	318.00	30.45	1,988.00
6392-0000 - Computer Supplies/Data Processing	35.43	35.00	(0.43)	272.20	70.00	(202.20)	420.00
6431-0000 - Travel & Expense Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	400.00
6851-0000 - Bank Service Fees	85.00	85.00	0.00	175.35	170.00	(5.35)	1,020.00
6860-0000 - Security Deposit Interest	0.01	2.00	1.99	0.01	4.00	3.99	24.00
TOTAL ADMINISTRATIVE EXPENSE	2,511.64	2,464.92	(46.72)	5,712.06	6,429.84	717.78	56,446.04
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	1,801.76	1,807.00	5.24	3,602.27	3,614.00	11.73	24,184.00
6510-0000 - Janitor and cleaning payroll	773.06	707.00	(66.06)	1,537.71	1,414.00	(123.71)	9,192.00
6540-0000 - Repairs payroll	1,135.58	934.00	(201.58)	2,185.47	1,868.00	(317.47)	12,144.00
6715-0000 - Payroll Taxes	422.47	414.00	(8.47)	842.55	835.00	(7.55)	4,086.00

RAVINIA HOUSING

Actual vs Budget Accrual Operating Statement

	Month Ending 02/28/26			Year To Date 02/28/26			Year Ending 12/31/26
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6722-0000 - Workers compensation	71.25	71.00	(0.25)	142.50	142.00	(0.50)	897.00
6723-0000 - Employee Health Ins/Other Benefits	(179.86)	389.00	568.86	31.05	778.00	746.95	5,035.00
6724-0000 - Union Benefits	45.02	602.50	557.48	1,413.34	1,205.00	(208.34)	7,230.00
6726-0001 - Contingency	0.00	0.00	0.00	0.00	0.00	0.00	1,422.00
TOTAL PAYROLL & RELATED COSTS	4,069.28	4,924.50	855.22	9,754.89	9,856.00	101.11	64,190.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	0.00	16.67	16.67	0.00	33.34	33.34	200.04
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	500.00
6519-0000 - Exterminating Contract	0.00	0.00	0.00	0.00	100.00	100.00	500.00
6520-0000 - Miscellaneous Repair Contractors	0.00	883.33	883.33	0.00	1,766.66	1,766.66	10,599.96
6525-0000 - Rubbish removal	0.00	700.00	700.00	598.70	1,400.00	801.30	8,400.00
TOTAL OPERATING EXPENSES	0.00	1,600.00	1,600.00	598.70	3,300.00	2,701.30	20,200.00
UTILITIES							
6450-0000 - Electricity	242.96	293.00	50.04	548.30	636.00	87.70	2,881.00
6451-0000 - Water & Sewer	35.30	250.00	214.70	84.85	285.15	200.30	2,062.79
6452-0000 - Gas	0.00	33.33	33.33	0.00	66.66	66.66	399.96
TOTAL UTILITIES	278.26	576.33	298.07	633.15	987.81	354.66	5,343.75
MAINTENANCE EXPENSES							
6530-0200 - Security Services	0.00	0.00	0.00	1,037.50	200.00	(837.50)	1,400.00
6536-0000 - Ground supplies & Equipment Repairs	0.00	0.00	0.00	0.00	0.00	0.00	200.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	15,560.00
6541-0000 - Repair & Maintenance Supplies	457.45	825.00	367.55	994.28	1,650.00	655.72	10,000.00
6546-0000 - Heating/Cooling/Boiler Contract Repair & Supplies	419.00	666.67	247.67	528.98	1,333.34	804.36	8,000.04
6548-0000 - Snow removal	0.00	0.00	0.00	6,987.30	6,988.00	0.70	27,952.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	0.00	0.00	0.00	0.00	0.00	0.00	4,500.00
6563-0000 - Window Covering	0.00	0.00	0.00	139.91	0.00	(139.91)	0.00
6582-0000 - Fire Protection & Fire Equipment	314.00	0.00	(314.00)	1,689.14	2,380.00	690.86	8,200.00
6595-0000 - Plumbing Repairs	850.00	856.00	6.00	850.00	1,712.00	862.00	10,272.00
6598-0000 - Roof Repairs	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
TOTAL MAINTENANCE EXPENSES	2,040.45	2,347.67	307.22	12,227.11	14,263.34	2,036.23	90,084.04
TAXES AND INSURANCE							
6720-0000 - Property and liability insurance	3,424.90	4,206.59	781.69	6,849.80	8,413.18	1,563.38	52,299.83
TOTAL TAXES AND INSURANCE	3,424.90	4,206.59	781.69	6,849.80	8,413.18	1,563.38	52,299.83
TOTAL OPERATING EXPENSES	12,348.53	16,353.84	4,005.31	35,811.71	43,504.83	7,693.12	289,076.62
NET OPERATING INCOME (LOSS)	19,047.08	14,968.16	4,078.92	25,802.89	16,148.17	9,654.72	76,540.38
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	1,085.59	1,082.00	(3.59)	2,171.18	2,168.00	(3.18)	12,770.00
6850-0000 - Mortgage Service Fee	110.26	115.00	4.74	220.52	230.00	9.48	1,380.00
TOTAL FINANCIAL EXPENSES	1,195.85	1,197.00	1.15	2,391.70	2,398.00	6.30	14,150.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	17,851.23	13,771.16	4,080.07	23,411.19	13,750.17	9,661.02	62,390.38
Partnership Income							

RAVINIA HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 02/28/26			Year To Date 02/28/26			Year Ending 12/31/26
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
8005-0000 - Mortgagor Entity Income	13.51	0.00	13.51	27.99	0.00	27.99	0.00
Total Partnership Activity	13.51	(0.00)	13.51	27.99	(0.00)	27.99	(0.00)
NET INCOME (LOSS)	17,864.74	13,771.16	4,093.58	23,439.18	13,750.17	9,689.01	62,390.38
Cash Flow - Financing Activities							
7104-0000 - Replacement Reserve	1,828.79	1,761.00	(67.79)	3,590.14	3,522.00	(68.14)	21,132.00
7108-0000 - Mortgage Payable (long term)	1,024.75	1,025.00	0.25	2,045.67	2,046.00	0.33	12,507.00
Total Cash Flow - Financing Activities	2,853.54	2,786.00	(67.54)	5,635.81	5,568.00	(67.81)	33,639.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	(10,000.00)
6991-0005 - Bath - Rehab	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00
6991-0016 - Concrete Repairs	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00
6993-0001 - Appliances	657.40	0.00	(657.40)	657.40	0.00	(657.40)	2,000.00
6993-0002 - Water Heaters	0.00	0.00	0.00	0.00	0.00	0.00	2,600.00
6994-0000 - Carpet & tile	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	657.40	0.00	(657.40)	657.40	0.00	(657.40)	16,600.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	14,353.80	10,985.16	3,368.64	17,145.97	8,182.17	8,963.80	12,151.38
Debt Service Coverage Ratio	4.84	3.87	0.97	3.31	2.09	1.22	1.65

Highland Park Housing Commission - Cash Fund Balance as of 2/2026

	Frank B. Peers	Ravinia Housing	Sunset Woods Association			Funds Entity Totals
			12 Rental Units	2 Rental Units	Total	
Management Funds:						
Checking	\$1,440,221.58	13,313.57			-	\$1,453,535.15
Security Deposit	24,931.32	9,280.89			-	\$34,212.21
Replacement Reserve	236,210.30	33,657.82	-			\$269,868.12
Residual Receipts	15,843.57	-	-			\$15,843.57
Operating Reserve	-	-			-	\$0.00
Tax Reserve						
Construction Escrow						
Total Management Funds	1,717,206.77	56,252.28	-	-	-	\$1,773,459.05
			Sunset Woods 2/2026			
Association Funds:						
Assn Money Mkt Ckg 1305		176,153.51	112,244.92			288,398.43
Assn MaxSafe Money Market 4382	555,913.29					555,913.29
Assn Small Business Ckg 1321	1,489.86		10,211.98			11,701.84
Association CDs						
CD #1	522,542.18					522,542.18
	-					
Total Association Funds	1,079,945.33	176,153.51	122,456.90		-	1,378,555.74
Total Mgmt & Assn Funds	2,797,152.10	232,405.79	122,456.90	-	-	3,152,014.79
Association Receivables (Liability)						
1) Due from Hsg. Trst. Fd 277 GB	7,491.85					7,491.85
2) Due from Hsg. Trst Fd. Emerg.	689.44					689.44
3) Due from Sunset Woods / (Due to Peers)	(0.10)		-			(0.10)
4) Due from Ravinia	37,500.00					
Total	45,681.19		-			45,681.19

Sunset Woods Housing 12
Balance Sheet
January 31, 2026

Notes

ASSETS

Current Assets	
Assn FBHP Checking	\$ 10,377.00
FBHP General Checking X3522	22,747.90
FBHP Sec Dep. Savings x5723	10,961.33
Assn FBHP Savings	109,626.00
FBHP Savings x5731	9,512.23
Tax Reserve	(11.72)
Accounts Receivable	539.00
Subsidy Accounts Receivable	<u>8.00</u>
Total Current Assets	163,759.74
Property and Equipment	
Building	1,552,988.40
Building Improvements	20,532.96
Appliances	422.64
Accum Dep Furn & Fixtures	(399.37)
Accum Dep Equipment	(403.85)
Accum Dep Building	(869,413.47)
Debt issuance costs - accum am	<u>(2,582.00)</u>
Total Property and Equipment	701,145.31
Other Assets	
Total Other Assets	<u>0.00</u>
Total Assets	<u>\$ 864,905.05</u>

Balance from former tenant Joyce Tiesky. Per Rose John K is in charge of any write-offs.
Balance from former tenant Norman Davis HAPP. Per Rose John K is in charge of any write-offs.

LIABILITIES AND CAPITAL

Current Liabilities	
Accounts Payable	\$ 5,640.08
Accrued Management Fee	665.80
Security Deposits	10,051.00
Accrued Expenses	<u>(5,730.74)</u>
Total Current Liabilities	10,626.14
Long-Term Liabilities	
Notes Payable, Lake Co	116,760.18
Notes Payable, FBHP	(41,195.47)
Current Portion of FBHP Mortga	359,388.00
Current Portion of IHDA Mortga	1,200.00
Debt issuance costs	(4,842.00)
Notes Payable, IHDA	<u>205,462.60</u>
Total Long-Term Liabilities	<u>636,773.31</u>
Total Liabilities	647,399.45
Capital	
Beginning Balance Equity	(85,000.00)
Equity-Retained Earnings	299,979.81
Net Income	<u>2,525.79</u>
Total Capital	<u>217,505.60</u>
Total Liabilities & Capital	<u>\$ 864,905.05</u>

Accrued for monthly Assessment fees paid in Feb 26. Reversed in Feb 26

Sunset Woods Housing 12
Income Statement
Compared with Budget
For the One Month Ending January 31, 2026

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget
Revenues					
Rents	\$ 8,656.00	\$ 8,414.00	242.00	\$ 8,656.00	\$ 8,414.00
Subsidy Income	1,554.00	1,796.00	(242.00)	1,554.00	1,796.00
Interest Income	2.79	0.00	2.79	2.79	0.00
Vacancy	0.00	(511.00)	511.00	0.00	(511.00)
Total Revenues	10,212.79	9,699.00	513.79	10,212.79	9,699.00
Cost of Sales					
Total Cost of Sales	0.00	0.00	0.00	0.00	0.00
Gross Profit	10,212.79	9,699.00	513.79	10,212.79	9,699.00
Expenses					
Office Supplies	0.00	25.00	(25.00)	0.00	25.00
Management Fee	665.80	630.00	35.80	665.80	630.00
Audit Expense	0.00	667.00	(667.00)	0.00	667.00
Exterminating	0.00	75.00	(75.00)	0.00	75.00
Credit Ck Fees	0.00	4.00	(4.00)	0.00	4.00
Government Fees	0.00	96.00	(96.00)	0.00	96.00
Software/Data Processing	42.34	32.00	10.34	42.34	32.00
Carpet Cleaning	0.00	83.00	(83.00)	0.00	83.00
Heating & Air	0.00	42.00	(42.00)	0.00	42.00
Electrical & Plumbing Maint	0.00	42.00	(42.00)	0.00	42.00
Painting & Decorating	0.00	108.00	(108.00)	0.00	108.00
Appliance Repairs/Replace	0.00	83.00	(83.00)	0.00	83.00
Supplies	0.00	125.00	(125.00)	0.00	125.00
Maintenance	0.00	167.00	(167.00)	0.00	167.00
Condo Assessment Rental Units	5,244.36	3,356.00	1,888.36	5,244.36	3,356.00
Cable TV	0.00	800.00	(800.00)	0.00	800.00

Sunset Woods Housing 12
Income Statement
Compared with Budget
For the One Month Ending January 31, 2026

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget
Real Estate tax expense	0.00	3.00	(3.00)	0.00	3.00
Loan Interest	0.00	2,349.00	(2,349.00)	0.00	2,349.00
Bldg Insurance	0.00	250.00	(250.00)	0.00	250.00
Total Expenses	5,952.50	8,937.00	(2,984.50)	5,952.50	8,937.00
Net Income	\$ 4,260.29	\$ 762.00	\$ 3,498.29	\$ 4,260.29	\$ 762.00

Sunset Woods Housing 12
Income Statement
Compared with Budget
For the One Month Ending January 31, 2026

Year to Date Variance	Yearly Budget
242.00	100,968.00
(242.00)	21,552.00
2.79	0.00
511.00	(6,126.00)
<hr/>	
513.79	116,394.00
<hr/>	
0.00	0.00
<hr/>	
513.79	116,394.00
<hr/>	
(25.00)	300.00
35.80	7,566.00
(667.00)	8,000.00
(75.00)	900.00
(4.00)	48.00
(96.00)	1,150.00
10.34	380.00
(83.00)	970.00
(42.00)	500.00
(42.00)	500.00
(108.00)	1,300.00
(83.00)	1,000.00
(125.00)	1,500.00
(167.00)	2,000.00
1,888.36	40,268.00
(800.00)	9,600.00

Sunset Woods Housing 12
Income Statement
Compared with Budget
For the One Month Ending January 31, 2026

Year to Date Variance	Yearly Budget
(3.00)	36.00
(2,349.00)	28,188.00
(250.00)	3,000.00
<hr/>	
(2,984.50)	107,206.00
<hr/>	
3,498.29	9,188.00
<hr/> <hr/>	
<hr/>	

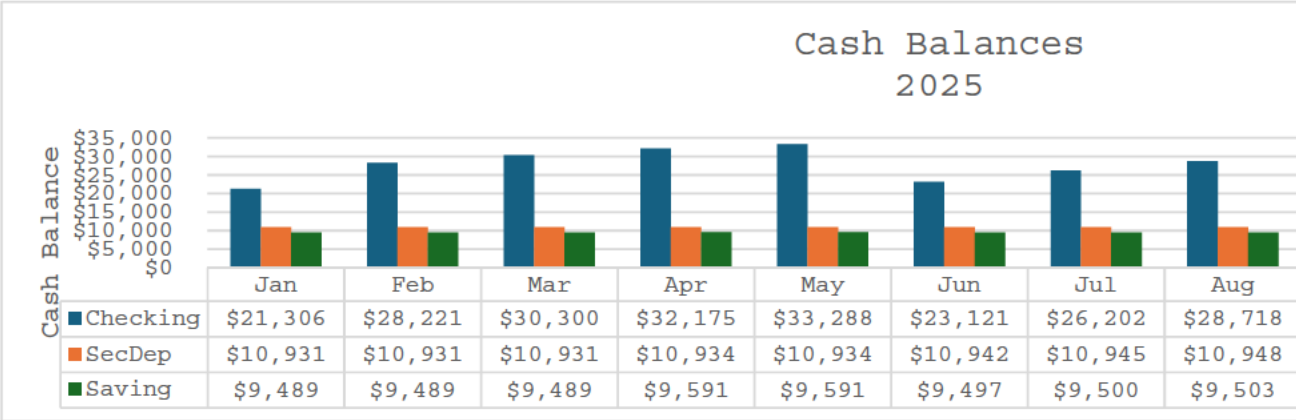
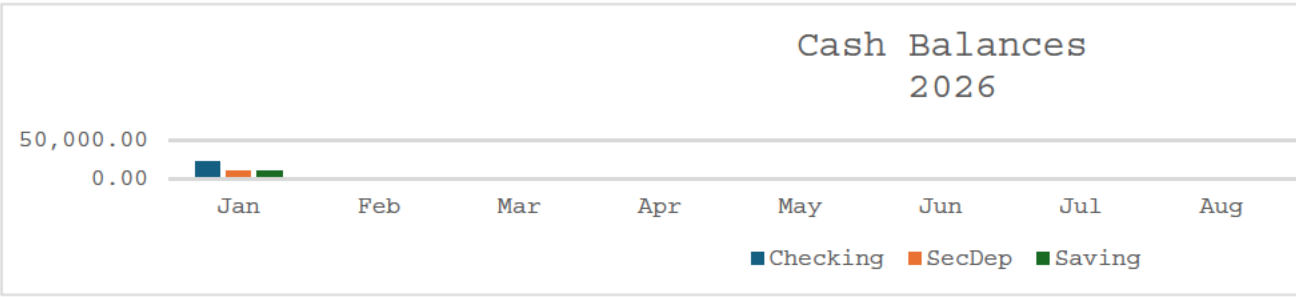
Sunset Woods Housing 12
Account Register
 For the Period From Jan 1, 2026 to Jan 31, 2026
 1103M13 - FBHP General Checking X3522

Filter Criteria includes: Report order

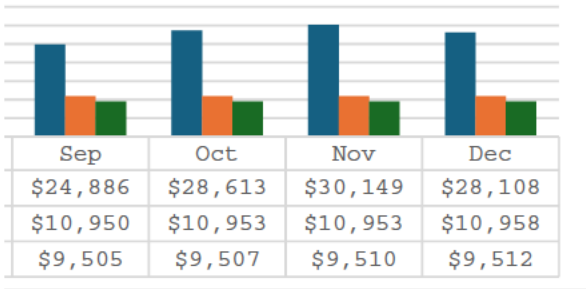
Date	Trans No	Type	Trans Desc	Deposit Amt	Withdrawal Amt	Balance
			Beginning Balance			30,562.99
1/1/26	Autopay 2601	Withdrawal	Illinois Housing Development A		100.00	30,462.99
1/2/26	HACC_LHCA_1.2.26	Other	Lake County Housing _ 1.2.26	1,554.00		32,016.99
1/2/26	Rent_RP_01022026	Other	Rent_RP_1.5.2026	908.50		32,925.49
1/5/26	Rent_RP_1.5.26	Other	Rent_RP_M.Wax_173535564-47	680.00		33,605.49
1/5/26	Rent_RP_1.5.26	Other	Rent_RP_S.Shaffer_173447084-47	950.00		34,555.49
1/6/26	Rent_DEP_1.6.26	Other	Rent_DEP_1.6.26	2,618.00		37,173.49
1/9/26	2264	Withdrawal	Sunset Woods Condominium Assoc		5,244.36	31,929.13
1/16/26	2265	Withdrawal	Housing Opportunity Dev. Corp.		887.15	31,041.98
1/17/26	Autopay 2601	Withdrawal	Real Page, Inc.		42.34	30,999.64
1/26/26	Autopay 2601	Withdrawal	First Bank Chicago		2,454.00	28,545.64
1/30/26	2266	Withdrawal	Westwaard360		5,681.79	22,863.85
1/30/26	2266V	Withdrawal	Westwaard360		-5,681.79	28,545.64
1/30/26	2267	Withdrawal	Westwaard360		5,797.74	22,747.90
			Total	6,710.50	14,525.59	

Total Cash

Checking \$22,748
 SecDep \$10,961
 Savings \$9,512
\$48,578



Sep Oct Nov Dec



Housing Opportunity Development Corporation - Sunset Woods

RENT ROLL DETAIL

02/20/2026 11:24 AM

As of Date: 01/31/2026

Parameters: Properties: ALL; Show All Unit Designations or Filter by: ALL; Subjournals: ALL; Sort by: Ur

Resh ID	Bldg/Unit	Unit/Lease Status	Name	Market + Addl.	Sub Journal
33	1-103	Occupied		0	RESIDENT
8	1-103	Former resident		0	SUBSIDY
21	1-112	Occupied		0	RESIDENT
9	1-112	Former resident		0	SUBSIDY
23	1-203	Occupied		0	RESIDENT
10	1-203	Former resident		0	SUBSIDY
27	1-212	Occupied		0	RESIDENT
27	1-212	Occupied		0	SUBSIDY
18	1-214	Occupied		0	RESIDENT
18	1-214	Occupied		0	SUBSIDY
28	1-216	Occupied		0	RESIDENT
7	1-237	Occupied		0	RESIDENT
31	1-303	Occupied		0	RESIDENT
14	1-312	Occupied		0	RESIDENT
14	1-312	Occupied		0	SUBSIDY
15	1-314	Occupied		0	RESIDENT
15	1-314	Occupied		0	SUBSIDY
29	1-316	Occupied		0	RESIDENT
25	1-337	Occupied		0	RESIDENT
Totals:				0	

nit; Report Type:

Balance	Lease Rent	RENT	SUBRENT	Total Billing
0	950	950	0	950
-122	421	0	421	421
0	700	700	0	700
8	252	0	252	252
0	700	700	0	700
-135	298	0	298	298
0	443	443	0	443
0	457	0	457	457
-438	438	438	0	438
0	462	0	462	462
-750	750	750	0	750
0	910	910	0	910
0	950	950	0	950
0	285	285	0	285
-11	615	0	615	615
0	680	680	0	680
-48	20	0	20	20
-750	750	750	0	750
-1100	1100	1100	0	1100
-3643	10210	8656	1554	10210
	RESIDENT	8656		
	SUBSIDY	0		

SWA 2 Rental
Balance Sheet
January 31, 2026

Notes

ASSETS

Current Assets		
FBHP Checking x3530	\$	110,373.30
FBHP Sec Dep Savings x0207		2,280.90
Prepaid Insurance		1,080.00
Accounts Receivable		<u>100.00</u>
 Total Current Assets		 113,834.20
Property and Equipment		
Furniture and Fixtures		3,041.60
Building Unit 231		135,000.32
Building Unit 319		134,999.62
Accum Dep Building		<u>(83,685.86)</u>
 Total Property and Equipment		 189,355.68
Other Assets		
		<u>0.00</u>
 Total Other Assets		 <u>0.00</u>
 Total Assets	 \$	 <u><u>303,189.88</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	1,259.76
Security Deposits		1,358.94
Accrued Expenses		<u>(428.64)</u>
 Total Current Liabilities		 2,190.06
Long-Term Liabilities		
		<u>0.00</u>
 Total Long-Term Liabilities		 <u>0.00</u>
 Total Liabilities		 2,190.06
Capital		
Beginning Balance Equity		246,832.40
Equity-Retained Earnings		52,968.88
Net Income		<u>1,198.54</u>
 Total Capital		 <u>300,999.82</u>
 Total Liabilities & Capital	 \$	 <u><u>303,189.88</u></u>

Assessment fees will clear in subsequent period

SWA 2 Rental
Income Statement
Compared with Budget
For the One Month Ending January 31, 2026

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget
Revenues					
Rents	\$ 2,300.00	\$ 2,300.00	\$ 0.00	\$ 2,300.00	\$ 2,300.00
Interest Income	0.66	0.00	0.66	0.66	0.00
Vacancy	0.00	(115.00)	115.00	0.00	(115.00)
Total Revenues	2,300.66	2,185.00	115.66	2,300.66	2,185.00
Cost of Sales					
Total Cost of Sales	0.00	0.00	0.00	0.00	0.00
Gross Profit	2,300.66	2,185.00	115.66	2,300.66	2,185.00
Expenses					
Office Supplies	0.00	25.00	(25.00)	0.00	25.00
Management Fee	221.00	142.00	79.00	221.00	142.00
Audit Expense	0.00	125.00	(125.00)	0.00	125.00
Software/Data Processing	7.06	5.00	2.06	7.06	5.00
Painting & Decorating	0.00	125.00	(125.00)	0.00	125.00
Appliance Repairs/replace	0.00	25.00	(25.00)	0.00	25.00
Supplies	0.00	8.00	(8.00)	0.00	8.00
Maintenance	0.00	42.00	(42.00)	0.00	42.00
Condo Asst Rental Units	874.06	819.00	55.06	874.06	819.00
Cable TV	0.00	133.00	(133.00)	0.00	133.00
Bldg Insurance	0.00	42.00	(42.00)	0.00	42.00
Total Expenses	1,102.12	1,491.00	(388.88)	1,102.12	1,491.00
Net Income	\$ 1,198.54	\$ 694.00	\$ 504.54	\$ 1,198.54	\$ 694.00

SWA 2 Rental
Income Statement
Compared with Budget
For the One Month Ending January 31, 2026

Year to Date Variance	Annual Budget
0.00	27,600.00
0.66	0.00
115.00	(1,380.00)
<hr/>	
115.66	26,220.00
<hr/>	
 <hr/>	
0.00	0.00
<hr/>	
115.66	26,220.00
<hr/>	
(25.00)	300.00
79.00	1,704.00
(125.00)	1,500.00
2.06	65.00
(125.00)	1,500.00
(25.00)	300.00
(8.00)	100.00
(42.00)	500.00
55.06	9,828.00
(133.00)	1,600.00
(42.00)	500.00
<hr/>	
(388.88)	17,897.00
<hr/>	
504.54	8,323.00
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SWA 2 Rental
Account Register
 For the Period From Jan 1, 2026 to Jan 31, 2026
 1103M14 - FBHP Checking x3530

Filter Criteria includes: Report order is by Date.

Date	Trans No	Type	Trans Desc	Deposit Amt	Withdrawal Amt	Balance
			Beginning Balance			111,678.12
1/8/26	Tsfr_1.8.26	Other	Tsfr Rents_01.08.2026	1,100.00		112,778.12
1/9/26	1485	Withdrawal	Sunset Woods Condominium Assoc		874.06	111,904.06
1/17/26	Autopay 2601	Withdrawal	Real Page, Inc.		7.06	111,897.00
1/29/26	1486	Withdrawal	Housing Opportunity Developmen		221.00	111,676.00
1/30/26	1487	Withdrawal	Sunset Woods c/o Westward360		1,302.70	110,373.30
			Total	1,100.00	2,404.82	

Housing Opportunity Development Corporation - Sunset Woods Rental

RENT ROLL DETAIL

02/20/2026 11:43 AM

As of Date: 01/31/2026

Parameters: Properties: ALL; Show All Unit Designations or Filter by: ALL; Subjournals: ALL; Sort by: Unit; Report Type: Details + Summary

Resh ID	Bldg/Unit	Name	Balance	Lease Rent	RENT	Total Billing
8	1-231	[REDACTED]	-1100	1100	1100	1100
10	1-319	[REDACTED]	1200	1200	1200	1200
Totals:						
			100	2300	2300	2300

HOUSING TRUST FUND

Schedule of Changes in Fund Balance

	Actual Through December 2025	Total ³ 2026 Budget
Beginning Fund Balance (Audited)	1,968,422	1,933,509
Demolition Tax	148,856	80,000
Demolition Permits	11,350	12,000
Reimbursements and Grants	-	
Interest Revenue	82,925	83,700
Contributions/Donations/Transfers ⁴	-	-
Payment in lieu of Affordable Housing ¹	222,480	407,880
Proceeds of Ceding Volume Cap		-
Total Revenue	465,611	583,580
Contractual Services (Obligations) ²	459,885	1,093,850
Employment Expenses	11,429	12,595
Salaries	29,209	36,358
Personnel Expenditures	40,638	48,953
Total Expenditures	500,523	1,142,803
Ending Fund Balance	1,933,509	1,374,286
Fund Balance at 150% target		1,714,205
Fund Balance less Obligations and Target		(339,918)

Notes:

1. Anticipated Revenue:

2025 Payment in lieu	664,080
2025 Demolition Tax	130,000
2025 Demolition Permits	15,000
Total	809,080

2. Obligations:

Scattered Site Grant Budgeted for 2025	463,550
Operating Grant Budgeted for 2025	94,185
Temporary Housing Assistance	10,000
Total	567,735

3. Adopted Budget

Housing Trust Fund

Balance Sheet and Schedule of Revenues, Expenditures, and Changes in Fund Balance Per City General Ledger

	Adopted	Estimated	Actual																					
	Annual 2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Balance Sheet																								
Cash & Investments	1,259,390	1,818,613	1,968,422	1,908,458	1,634,854	2,386,240	1,522,923	1,329,104	709,596	555,762	634,659	808,800	866,008	834,576	1,001,264	1,091,569	1,254,767	1,282,048	1,517,934	1,873,748	245,714	1,148,435	704,498	229,405
Accounts Receivable											250,000									(10,500)				
Due from Other Funds																					1,700,000			
Other Assets																		(169)		378	539			
Total Assets	1,259,390	1,818,613	1,968,422	1,908,458	1,634,854	2,386,240	1,522,923	1,329,104	709,596	555,762	884,659	808,800	866,008	834,576	1,001,264	1,091,569	1,254,767	1,281,879	1,517,934	1,863,625	1,946,254	1,148,435	704,498	229,405
Accounts Payable								67,500											1,000					
Accrued Salaries Payable									1,011		1,009	627	789	720	175	308	233		395	596	218			
Refundable Deposits											61,000													
Total Liabilities	-	-	-	-	-	-	-	67,500	1,011	-	1,009	61,627	789	720	175	308	233	-	1,395	596	218	-	-	-
Fund Balance Actual	1,259,390	1,818,613	1,968,422	1,908,458	1,634,854	2,386,240	1,522,923	1,261,604	708,584	555,762	883,651	747,173	865,220	833,856	1,001,088	1,091,261	1,254,534	1,281,879	1,516,540	1,863,029	1,946,036	1,148,435	704,498	229,405
Fund Balance Reported¹	N/A	1,818,613	TRUE	1,908,458	1,634,854	2,445,490	1,522,923	1,262,614	709,595	556,762	884,658	808,800	866,008	833,856	1,001,088	1,091,261	1,254,535	1,281,879	1,516,539	1,863,030	1,946,036	1,148,435	704,498	229,405
Actual Over/(Under) Rptd³	N/A			-	-	(59,250)	-	(1,010)	(1,011)	(1,000)	(1,007)	(61,627)	(788)	0	0	(0)	(1)	(0)	1	(1)	(0)	0	0	-
Changes in Fund Balance																								
Revenues ⁴	583,580	465,611	324,094	471,340	644,681	1,179,417	485,162	749,266	260,096	240,152	458,750	453,650	365,518	170,586	129,890	60,828	107,181	265,857	584,267	1,557,629	942,598	798,678	645,094	229,405
Expenditures ⁵	1,142,803	500,523	307,256	197,735	1,396,067	316,100	223,842	196,246	107,273	568,041	322,273	571,697	334,155	337,818	220,063	224,101	134,526	500,518	930,757	1,640,635	144,997	354,742	170,000	
Change in Fund Balance	(559,223)	(34,912)	16,838	273,605	(751,386)	863,317	261,319	553,019	152,822	(327,889)	136,478	(118,047)	31,363	(167,232)	(90,172)	(163,273)	(27,344)	(234,661)	(346,489)	(83,007)	797,600	443,937	475,094	229,405
Beginning Fund Balance (Audited)	1,818,613	1,968,422	1,951,583	1,634,854	2,386,240	1,522,923	1,261,604	708,584	555,762	883,651	747,173	865,220	833,856	1,001,088	1,091,261	1,254,534	1,281,879	1,516,540	1,863,029	1,946,036	1,148,435	704,498	229,405	-
Ending Fund Balance	1,259,390	1,933,509	1,968,422	1,908,458	1,634,854	2,386,240	1,522,923	1,261,604	708,584	555,762	883,651	747,173	865,220	833,856	1,001,088	1,091,261	1,254,534	1,281,879	1,516,540	1,863,029	1,946,036	1,148,435	704,498	229,405
Due to Others ² per City Accounts	-	-	-	-	-	-	-	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405	229,405
Fund Balance per City Accounts	1,259,390	1,933,509	1,968,422	1,908,458	1,634,854	2,386,240	1,522,923	1,032,199	479,180	326,357	654,246	517,768	635,815	604,452	771,684	861,856	1,025,130	1,052,474	1,287,135	1,633,624	1,716,631	919,031	475,094	-
Fund Balance Actual	1,259,390	1,933,509	1,968,422	1,908,458	1,634,854	2,386,240	1,522,923	1,261,604	708,584	555,762	883,651	747,173	865,220	833,856	1,001,088	1,091,261	1,254,534	1,281,879	1,516,540	1,863,029	1,946,036	1,148,435	704,498	229,405

- Notes:**
- Reported to the Housing Commission.
 - Equals the 2003 Fund Balance which was incorrectly recorded in 2003 to the account Due to Others. Since there were no expenditures in 2003, it is equal to 100% of 2003 Demolition Tax Revenue recorded to HTF in 2003.
 - Reporting errors.
 - Anticipated Revenue:

2025 Payment in lieu	664,080
2025 Demolition Tax	130,000
2025 Demolition Permits	15,000
Total	<u>809,080</u>
 - Obligations:

Scattered Site Grant Budgeted for 2025	463,550
Operating Grant Budgeted for 2025	94,185
Temporary Housing Assistance	10,000
Total	<u>567,735</u>

PEERS HOUSING ASSOCIATION

IHDA Project No.: ML-93
Financial Statements and Supplementary Information
with Report of Independent Auditors

December 31, 2025 and 2024

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Report of Independent Auditors

To the Board of Directors of
Peers Housing Association:

Opinion

We have audited the accompanying financial statements of Peers Housing Association–IHDA Project No. ML-93, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peers Housing Association as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peers Housing Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Peers Housing Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peers Housing Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Peers Housing Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19-31, which is presented for purposes of additional analysis as required by the Illinois Housing Development Authority reporting requirements and the accompanying schedule of expenditures of federal awards, which is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of the status of prior audit findings, questioned costs, and recommendations, the certificate of mortgagor (owner), and the certificate of managing agent have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2026 on our consideration of Peers Housing Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Peers Housing Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peers Housing Association's internal control over financial reporting and compliance.

Novogradac & Company LLP

Dover, Ohio
March 11, 2026
Lead Auditor: Dirk A. Wallace

Employer's Identification Number: 94-3108253

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS:		
Fixed assets:		
1420 Building	\$ 5,737,615	\$ 5,716,627
1430 Equipment	553,056	553,056
1450 Furniture and fixtures	717,209	702,000
4250 Less: accumulated depreciation	(5,090,033)	(4,915,281)
Net book value	1,917,847	2,056,402
Total fixed assets	1,917,847	2,056,402
Current assets:		
1120 Cash - project accounts	1,364,682	1,042,892
1125 Cash - entity accounts	1,093,151	1,090,174
1130 Accounts receivable - tenant	-	3,649
1131 Accounts receivable - IHDA	488	3,521
1151 Due from related parties	60,655	45,681
1240 Prepaid expenses: insurance	68,446	77,619
Total current assets	2,587,422	2,263,536
1191 Cash (restricted)	34,542	31,012
2191 Less: tenant security deposits	(22,782)	(22,031)
	11,760	8,981
Restricted deposits and reserves:		
1310 Real estate tax and insurance	50,273	37,483
1320 Replacement reserve	230,403	197,484
1330 Working capital reserve	167,430	160,336
1340 Residual receipts reserve	15,687	15,022
Total restricted deposits and reserves	463,793	410,325
TOTAL ASSETS:	\$ 4,980,822	\$ 4,739,244

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
December 31, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS:		
Current liabilities:		
2320 Mortgage loan payable	\$ 180,817	\$ 170,491
2130 Accrued interest payable	11,304	12,144
2140 Accrued expenses	42,122	43,796
2210 Rents received in advance	14,996	15,111
Total current liabilities	249,239	241,542
Long-term liabilities:		
2320 Mortgage loans payable, less current portion, net of unamortized debt issuance costs	2,137,480	2,310,288
TOTAL LIABILITIES:	2,386,719	2,551,830
Net assets		
3130 Net assets without donor restrictions	2,594,103	2,187,414
Total net assets	2,594,103	2,187,414
TOTAL LIABILITIES AND NET ASSETS:	\$ 4,980,822	\$ 4,739,244

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2025 and 2024

WITHOUT DONOR RESTRICTIONS

REVENUE AND OTHER SUPPORT:

		2025	2024
	Rental revenue		
5120	Apartment rentals	\$ 264,846	\$ 271,029
5121	Housing assistance payments	1,195,674	1,129,911
5140	Commercial and other rentals	720	660
5220	Less: Vacancy loss	(14,477)	(9,971)
	Net rental revenue	1,446,763	1,391,629
5320	Interest on mortgage escrows	9,920	9,184
5440	Replacement reserve interest	8,913	9,909
5390	Other interest	3,680	8,892
5910	Laundry	1,995	2,818
5990	Sundry	4,879	10,354
	Total other support	29,387	41,157
	Total revenue and other support	1,476,150	1,432,786

Administrative:

6311	Office expenses	37,197	28,054
6320	Management fee	75,676	72,425
6340	Legal Expense - Project	3,614	1,910
6350	Audit expenses	11,310	16,180
6360	Telephone	9,709	26,122
6370	Bad debts	3,699	1,082
6210	Advertising and marketing	428	585
		141,633	146,358

Operating:

6461	Exterminating	1,779	738
6471	Rubbish removal	7,812	7,355
		9,591	8,093

Maintenance:

6510	Security	4,678	187
6521	Grounds	6,737	23,568
6541	Structural repairs	1,842	250
6545	Elevator	7,596	11,960
6546	Heating and air conditioning	23,892	26,958
6552	Plumbing	10,173	27,389
6561	Painting and decorating	11,099	7,957
6585	Window washing	1,200	2,145
6590	Sundry	31,660	35,646
6595	Snow removal	11,865	11,894
		110,742	147,954

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
For the years ended December 31, 2025 and 2024

	2025	2024
Materials and supplies:		
6311 Office	9,695	10,691
6411 Janitors	3,521	3,312
6511 Maintenance	18,141	14,127
	31,357	28,130
Salaries and wages:		
6310 Office and administrative	95,069	78,384
6410 Janitors	39,069	38,670
6510 Maintenance	53,811	33,736
	187,949	150,790
Utilities:		
6420 Gas	24,987	19,657
6450 Electricity	18,918	14,377
6451 Water and sewer	26,344	30,493
	70,249	64,527
Taxes and insurance:		
6720 Property and liability insurance	123,626	111,715
6790 Other taxes	15,932	12,103
6729 Other insurance	49,195	47,463
	188,753	171,281
Total operating expenses		
before financing, entity expenses, and depreciation	740,274	717,133
Changes in net assets		
before financing, entity expenses, and depreciation	735,876	715,653
Financing:		
6810 Mortgage interest	148,329	158,140
6845 Service charge - IHDA	6,106	6,519
	154,435	164,659
Changes in net assets before depreciation	581,441	550,994
6900 Depreciation	174,752	158,836
Change in net assets	406,689	392,158
Net assets - beginning of year	2,187,414	1,795,256
Net assets - end of year	\$ 2,594,103	\$ 2,187,414

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2025 and 2024

EXPENDITURES	2025		
	Program Services	Administrative and Support	Total
Administrative	\$ -	\$ 141,633	\$ 141,633
Operating	9,591	-	9,591
Maintenance	110,742	-	110,742
Materials and supplies	31,357	-	31,357
Salaries and wages	187,949	-	187,949
Utilities	70,249	-	70,249
Taxes and insurance	188,753	-	188,753
Financing	-	154,435	154,435
Depreciation	174,752	-	174,752
	<u>\$ 773,393</u>	<u>\$ 296,068</u>	<u>\$ 1,069,461</u>

EXPENDITURES	2024		
	Program Services	Administrative and Support	Total
Administrative	\$ -	\$ 146,358	\$ 146,358
Operating	8,093	-	8,093
Maintenance	147,954	-	147,954
Materials and supplies	28,130	-	28,130
Salaries and wages	150,790	-	150,790
Utilities	64,527	-	64,527
Taxes and insurance	171,281	-	171,281
Financing	-	164,659	164,659
Depreciation	158,836	-	158,836
	<u>\$ 729,611</u>	<u>\$ 311,017</u>	<u>\$ 1,040,628</u>

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 406,689	\$ 392,158
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	174,752	158,836
Interest expense - debt issuance costs	8,017	8,017
Bad debt expense	3,699	1,082
Changes in operating assets and liabilities:		
Change in accounts receivable, net	(50)	1,027
Change in accounts receivable - IHDA	3,033	(489)
Change in prepaid expenses	9,173	(13,698)
Change in accrued interest	(840)	-
Change in accrued expenses	(1,674)	5,519
Change in tenant security deposits payable	751	(748)
Change in rents received in advance	(115)	(4,579)
	196,746	154,967
Net adjustments		
Net cash provided by operating activities	603,435	547,125
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of related party expenses	(14,974)	-
Purchase of fixed assets	(36,197)	(38,986)
Net cash used in investing activities	(51,171)	(38,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(170,499)	(160,735)
Net cash used in financing activities	(170,499)	(160,735)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	381,765	347,404
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	2,574,403	2,226,999
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 2,956,168	\$ 2,574,403
Cash - project accounts	\$ 1,364,682	\$ 1,042,892
Cash - entity accounts	1,093,151	1,090,174
Cash - restricted - tenant security deposits	34,542	31,012
Restricted cash	463,793	410,325
Total cash, cash equivalents and restricted cash	\$ 2,956,168	\$ 2,574,403
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 141,152	\$ 150,123

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

1. Organization

Frank B. Peers Senior Housing (the "Project") is a 68-unit rental housing project located in Highland Park, Illinois, owned by Peers Housing Association (the "Corporation"). The Project was financed in part with the proceeds of a mortgage loan obtained from the Illinois Housing Development Authority ("IHDA"). Agreements with IHDA provide for regulation of rental charges, restrictions on disposition of the property, and the limitation of annual cash distributions to the Corporation based upon a 10.42% cumulative return on equity as determined by the regulatory agreement with IHDA. The Corporation is a not-for-profit corporation, under Internal Revenue Code Section 501(c)(3), organized under the laws of the State of Illinois, effective July 17, 1943. The Corporation is governed by the Housing Commission of the City of Highland Park (the "Commission").

2. Summary of significant accounting policies

Basis of accounting

The Corporation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The Corporation has no donor restricted contributions.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

2. Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, repairs or improvements to the buildings which extend their useful lives, annual insurance and property tax payments, residual receipts reserve and working capital reserve. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor imposed restrictions.

Concentration of credit risk

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2025 and 2024, the balance of the allowance for doubtful accounts was \$0 for both years.

Fixed assets and depreciation

Purchases of property, equipment or improvements are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2025 and 2024 was \$174,752 and \$158,836, respectively. The useful lives of the assets are estimated as follows:

Property	7 - 30 years
Equipment	5 – 10 years
Improvements	5 – 10 years

Income taxes

The Corporation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from Illinois income taxes.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

2. Summary of significant accounting policies (continued)

Income taxes (continued)

Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2025 and 2024.

Revenue recognition for tenant leases and tenant charges

The Corporation is the lessor of the Project and accounts for tenant leases as operating leases. The Corporation determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Economic concentrations

The Corporation operates one property in Highland Park, Illinois. Future operations could be affected by changes in the economic or other conditions in that geographical area or by changes in federal affordable housing subsidies or the demand for such housing.

Functional expenses

The costs of providing program services and other activities have been summarized in the statements of functional expenses. Management believes all costs of providing program services and other activities are allocable to providing residential rental services. Accordingly, certain costs have been allocated among program services and administrative and support. Such allocations are determined by management on an equitable basis.

Management allocates all costs associated with financing, administrative, and entity expenses to administrative and support services. All other costs are allocated to program services. The Corporation does not engage in fundraising and therefore does not allocate any expenses to fundraising services benefited.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

2. Summary of significant accounting policies (continued)

Advertising and marketing

Advertising and marketing costs are expensed as incurred. For the years ended December 31, 2025 and 2024, the Corporation incurred \$428 and \$585, respectively, in advertising and marketing costs.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through March 11, 2026, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Liquidity and availability of financial assets

The following represents the Corporation's financial assets at December 31,

	2025	2024
Cash - project accounts	\$ 1,364,682	\$ 1,042,892
Cash - entity accounts	1,093,151	1,090,174
Security deposits held in trust	34,542	31,012
Restricted deposits and reserves	463,793	410,325
Accounts receivable - tenant	-	3,649
Accounts receivable - IHDA	488	3,521
Due from related parties	60,655	45,681
Total financial assets	\$ 3,017,311	\$ 2,627,254
Less amounts not available to be used within one year:		
Security deposits held in trust	(22,782)	(22,031)
Restricted deposits and reserves	(463,793)	(410,325)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,530,736	\$ 2,194,898

The Corporation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$225,000). As part of its liquidity management plan, excess cash is invested in savings accounts.

4. Restricted cash

Real estate tax and insurance escrows

In accordance with the terms of the Regulatory Agreement, the Corporation is required to make monthly deposits to the tax and insurance escrows. As of December 31, 2025 and 2024, the balance of the escrows was \$50,273 and \$37,483, respectively. For the years ended December 31, 2025 and 2024, the Corporation received a non-homestead property tax exemption for 100% of the assessment amounts.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

4. Restricted cash (continued)

Replacement reserve

In accordance with the terms of the Regulatory Agreement, the Corporation is required to make an annual deposit of \$318 per unit to the replacement reserve account. These deposits are held by the mortgagee until IHDA approval is obtained for use of the funds to repair or replace certain assets of the Corporation. As of December 31, 2025 and 2024, the replacement reserve account balance was \$230,403 and \$197,484, respectively.

Tenant security deposits

Tenant security deposits are held in a separate bank account in the name of the Corporation. As of December 31, 2025 and 2024, the tenant security deposits cash account balance exceeded the tenant security deposits liability. As of December 31, 2025 and 2024, the balance was \$34,542 and \$31,012, respectively.

Working capital reserve

In accordance with the terms of the Regulatory Agreement, the Corporation is required to establish and maintain a working capital reserve. As of December 31, 2025 and 2024, the balance of the reserve was \$167,430 and \$160,336, respectively.

Residual receipts reserve

In accordance with the terms of the Regulatory Agreement, the Corporation is required to establish and maintain a residual receipts reserve. As of December 31, 2025 and 2024, the balance of the reserve was \$15,687 and \$15,022, respectively.

5. Mortgage loans payable

The costs to develop the Project were originally financed by a 7.62% first mortgage loan issued by IHDA and payable in monthly installments of \$11,600 commencing July 1, 1979, over a period of 40 years. In addition, the Corporation was required to pay a monthly service fee to IHDA of \$1,075 until such time as the mortgage loan was fully satisfied.

In May 1995, the Corporation refinanced the mortgage loan. The proceeds of the new mortgage were received under two notes. The proceeds of the first note were received in May 1995, in the principal amount of \$2,291,475, which were used to pay off the original mortgage note. This note bore interest at 6.78% per annum and was payable in monthly installments of interest only in the amount of \$12,949 through December 1, 2006. Commencing January 1, 2007, the Corporation was required to make equal monthly installments of principal and interest in the amount of \$24,554, which would fully amortize the principal balance by the maturity date of January 1, 2018.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

5. Mortgage loans payable (continued)

The proceeds of the second note were received in May 1995, in the principal amount of \$1,090,399. This note bore interest at the annual rate of 8.14% and was payable in equal monthly installments of principal and interest in the amount of \$11,605, which would fully amortize the principal balance by the maturity date of December 1, 2006.

At the time of the 1995 refinance, the Corporation was required to deposit \$130,223 into a working capital escrow controlled by IHDA. The Corporation was also required to deposit \$16,750 annually with IHDA as a reserve fund for replacements.

In November 2005, the Corporation refinanced the mortgage notes with the proceeds of two new mortgage notes. The first note, in the amount of \$2,290,000, bears interest at 5.77% per annum and is payable in monthly installments of interest only in the amount of \$11,012 through April 2026. Commencing May 1, 2026, the Corporation is required to make equal monthly installments of principal and interest in the amount of \$25,971, which will fully amortize the principal balance by the maturity date of November 1, 2035. The mortgage note payable is secured by a Deed of Trust and Security Agreement with Assignment of Rents and Fixture Filing. For the years ended December 31, 2025 and 2024, interest expense was \$131,310 and \$131,355, respectively. The first note balance as of December 31, 2025 and 2024 was \$2,168,287.

The second note is in the amount of \$2,595,000, bears interest at 5.91% per annum and is payable in monthly installments of principal and interest in the amount of \$19,475 through January 1, 2018. The payments will be followed by monthly installments of principal and interest in the amount of \$14,958 through April 1, 2026, the maturity date. The mortgage note payable is secured by a Deed of Trust and Security Agreement with Assignment of Rents and Fixture Filing. For the years ended December 31, 2025 and 2024, interest expense was \$9,002 and \$18,768, respectively. The second note balance as of December 31, 2025 and 2024 was \$180,817 and \$229,603, respectively.

Debt issuance costs are being amortized to interest expense over the term of the second note. For 2025 and 2024, the effective interest rate was 6.56% and 6.57%, respectively. For the years ended December 31, 2025 and 2024, amortization expense for debt issuance costs was \$8,017.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

5. Mortgage loans payable (continued)

Mortgage loans payable consists of the following as of December 31,

	2025	2024
Principal balance – First note	\$ 2,168,287	\$ 2,290,000
Principal balance – Second note	180,817	229,603
Less: unamortized debt issuance costs – Second note	(30,807)	(38,824)
	150,010	190,779
Mortgage loans payable, net of unamortized debt issuance costs	\$ 2,318,297	\$ 2,480,779

Annual principal payments are as follows:

Year ending December 31,	
2026	\$ 180,817
2027	191,555
2028	202,905
2029	214,927
2030	227,662
Thereafter	1,331,238
Total	\$ 2,349,104

6. Assistance from IHDA and HUD

The Corporation executed a Housing Assistance Payments contract with IHDA and HUD providing for payments to the Corporation for units leased to eligible lower-income families pursuant to Section 8 of the U.S. Housing Act of 1937. The initial term of the contract was five years ending December 31, 1982, and the contract was renewable for subsequent periods. The contract was extended from December 31, 2017 to December 31, 2037. During 2025 and 2024, housing assistance revenues aggregated \$1,195,674 and \$1,129,911, respectively.

7. Management agreement

Management of the Project is provided by Evergreen Real Estate Services, LLC under an agreement expiring June 30, 2026, which provides for a management fee of 5.2% of gross collections. Management fees of \$75,676 and \$72,425, respectively, were incurred by the Corporation for the years ended December 31, 2025 and 2024.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

8. Allocations and allowable distributions

There were no distributions during 2025 and 2024. The Corporation must deposit all surplus cash in excess of amounts distributable into a residual receipts reserve under the control of IHDA. No deposits into or withdrawals from the residual receipts reserve were made during 2025 and 2024. As of December 31, 2025 and 2024, the Corporation has total cumulative allowable and unpaid distributions of \$2,041,937 and \$2,011,387, respectively.

9. Related party transactions

Due from Housing Trust Fund

As of December 31, 2025 and 2024, \$8,181, was due to the Corporation from the Housing Trust Fund, which is controlled by the Commission. The receivable is due on demand.

Due from Ravinia Housing Association

During 2025 and 2022, the Corporation provided advances to Ravinia Housing Association, which is controlled by the Commission, to fund certain financing costs of the property owned by Ravinia Housing Association. These advances are unsecured and do not bear interest and are due on demand. As of December 31, 2025 and 2024, \$52,474 and \$37,500, respectively, remained receivable from Ravinia Housing Association.

10. Land

The land on which the building is located is leased by the Corporation from the City of Highland Park for a term of 45 years commencing August 25, 1976. The lease is considered an operating lease. The lease term was subsequently extended to August 24, 2071. The lease provides for an annual rental charge of \$1 plus payment by the Corporation of all costs associated with the property, including real estate taxes, assessments and insurance. The land and all improvements will revert back to the lessor at the end of the lease term.

SUPPLEMENTARY INFORMATION

SUPPORTING DATA REQUIRED BY IHDA

PEERS HOUSING ASSOCIATION
 IHDA DEVELOPMENT NO. ML-93
 SUPPLEMENTAL STATEMENTS OF CASH FLOWS - IHDA
 For the years ended December 31, 2025 and 2024

CASH FLOWS FROM OPERATING ACTIVITIES	2025	2024
Rental receipts	\$ 1,453,330	\$ 1,387,588
Interest receipts	22,513	27,985
Other operating receipts	6,874	13,172
Total receipts	1,482,717	1,428,745
Cash payments for:		
Administrative expenses paid	(65,957)	(72,851)
Management fees paid	(75,676)	(72,425)
Operating expenses paid	(11,265)	(8,093)
Maintenance expenses paid	(110,742)	(142,435)
Materials and supplies paid	(31,357)	(28,130)
Salaries and wages paid	(187,949)	(150,790)
Utilities paid	(70,249)	(64,527)
Property insurance paid	(114,453)	(125,413)
Miscellaneous taxes and insurance paid	(65,127)	(59,566)
Net tenant security deposits	(2,779)	(1,837)
Mortgage interest paid	(141,152)	(150,123)
Service charge - IHDA	(6,106)	(6,519)
Net withdrawals from (deposits to) real estate tax and insurance	(12,790)	46,566
Net deposits to replacement reserve	(32,919)	(33,023)
Net deposits to working capital reserve	(7,094)	(8,130)
Net deposits to from residual receipts reserve	(665)	(762)
	546,437	550,687
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of related party expenses	(14,974)	-
Purchase of fixed assets	(36,197)	(38,986)
Net cash used in investing activities	(51,171)	(38,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(170,499)	(160,735)
Net cash used in financing activities	(170,499)	(160,735)
NET INCREASE IN CASH AND CASH EQUIVALENTS	324,767	350,966
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,133,066	1,782,100
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,457,833	\$ 2,133,066

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
SUPPLEMENTAL STATEMENTS OF CASH FLOWS - IHDA (CONTINUED)
For the years ended December 31, 2025 and 2024

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	2025	2024
Change in net assets	\$ 406,689	\$ 392,158
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	174,752	158,836
Interest expense - debt issuance costs	8,017	8,017
Bad debt expense	3,699	1,082
Changes in operating assets and liabilities:		
Change in accounts receivable, net	(50)	1,027
Change in accounts receivable - HUD	3,033	(489)
Change in prepaid expenses	9,173	(13,698)
Change in tenant security deposits	(3,530)	(1,089)
Change in accrued interest	(840)	-
Change in accrued expenses	(1,674)	5,519
Change in tenant security deposits payable	751	(748)
Change in rents received in advance	(115)	(4,579)
Change in restricted deposits and reserves	(53,468)	4,651
	139,748	158,529
Net adjustments		
Net cash provided by operating activities	\$ 546,437	\$ 550,687

PEERS HOUSING ASSOCIATION
 IHDA DEVELOPMENT NO. ML-93
 SUPPLEMENTARY INFORMATION
 December 31, 2025

Accounts and Notes Receivable (Other than from Tenants):

Name of Borrower	Original Date	Original Terms	Balance Amount	Balance Due
Due from Housing Trust Fund	12/31/2017	Note 9	\$ 8,181	\$ 8,181
Due from Ravinia Housing Association	9/1/2022	Note 9	\$ 37,500	\$ 37,500
Due from Ravinia Housing Association	2/28/2025	Note 9	\$ 14,974	\$ 14,974
Total			<u>\$ 60,655</u>	<u>\$ 60,655</u>

Escrow Deposits and Funded Reserve Activities:

	12/31/24	Additions	Earned	Withdrawals	12/31/25
Real estate tax and insurance	\$ 37,483	\$ 60,629	\$ 2,161	\$ (50,000)	\$ 50,273
Replacement reserve	197,484	24,006	8,913	-	230,403
Working capital reserve	160,336	-	7,094	-	167,430
Residual receipts reserve	15,022	-	665	-	15,687
Totals	<u>\$ 410,325</u>	<u>\$ 84,635</u>	<u>\$ 18,833</u>	<u>\$ (50,000)</u>	<u>\$ 463,793</u>

Other Receivable:

	2025	2024
None	-	-

PEERS HOUSING ASSOCIATION
 IHDA DEVELOPMENT NO. ML-93
 SUPPLEMENTARY INFORMATION
 December 31, 2025

Accounts Payable (Other than Trade Creditors):

Creditor	Purpose	Date Incurred	Terms	Original Amount	Amount Due
None					

Other Accrued Expenses:

	<u>12/31/2025</u>	<u>12/31/2024</u>
Accrued wages and payroll taxes payable	\$ 15,342	\$ 14,022
Miscellaneous current liabilities	26,780	29,758
Total accrued expenses	<u>\$ 42,122</u>	<u>\$ 43,780</u>

Compensation of Partners:

	<u>12/31/2025</u>
None	\$ -
Total	<u>\$ -</u>

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
SUPPLEMENTARY INFORMATION
December 31, 2025

Changes in Fixed Assets

Year Ended December 31, 2025

	ASSETS			
	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Building	\$ 5,716,627	\$ 20,988	\$ -	\$ 5,737,615
Equipment	553,056	-	-	553,056
Furniture and fixtures	702,000	15,209	-	717,209
	\$ 6,971,683	\$ 36,197	\$ -	\$ 7,007,880
	ACCUMULATED DEPRECIATION			
	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Building	\$ 3,807,902	\$ 133,610	\$ -	\$ 3,941,512
Equipment	440,862	26,119	-	466,981
Furniture and Fixtures	666,517	15,023	-	681,540
	\$ 4,915,281	\$ 174,752	\$ -	\$ 5,090,033
Total net book value				\$ 1,917,847

PEERS HOUSING ASSOCIATION
 IHDA DEVELOPMENT NO. ML-93
 SUPPLEMENTARY INFORMATION
 December 31, 2025

Schedule of Funds in Financial Institutions

December 31, 2025

A.	Funds Held by Mortgagor, regular operating account:		
	1. Highland Park Bank and Trust - Checking	3	\$ 1,368,564
	2. Highland Park Bank and Trust - Partnership cash account	1	14,830
	3. Highland Park Bank and Trust - Partnership Money Market account	1	522,542
	4. Highland Park Bank and Trust - Partnership CD	1	555,779
B.	Funds Held by Mortgagor, in Trust, tenant security deposits:		
	1. Highland Park Bank and Trust - Savings	3	<u>34,181</u>
	Total Funds Held by Mortgagor		<u>2,495,896</u>
C.	Funds Held by Mortgagee, (In Trust at IHDA)		
	1. Real estate tax and insurance escrow	2	51,015
	2. Replacement reserve	2	232,663
	3. Working capital escrow	2	169,105
	4. Residual receipts reserve	2	<u>15,844</u>
	Funds Held by Mortgagee, (total)		<u>468,627</u>
	Total funds in financial institutions		<u><u>\$ 2,964,523</u></u>

- 1 Balances confirmed by Highland Park Bank and Trust (January 16, 2026)
- 2 Balances confirmed by Illinois Housing Development Authority (January 23,2026)
- 3 Balances confirmed by Highland Park Bank and Trust (January 29, 2026)

PEERS HOUSING ASSOCIATION
IHDA DEVELOPMENT NO. ML-93
SUPPLEMENTARY INFORMATION
December 31, 2025

A - Surplus cash computation	
Gross operating income	
Rental revenue	\$ 1,461,240
Other revenue	29,387
Vacancy loss	(14,477)
Total Gross Operating Income:	1,476,150
Less:	
Expenses	
Operating & Maintenance	120,333
Utilities	70,249
Insurance	172,821
Administrative	141,633
Total	505,036
All Other Operational Expenses	235,238
All losses on any investment of funds deposited in any reserve account	-
All sums required to be deposited in any reserve account	21,600
All sums due under the terms of the loan documents	132,150
All sums due under secondary financing	
Subordinate financing	68,106
Other financing expenses	-
Any payments made for deferred developer's fee	-
Total deductions	962,130
Total surplus cash	\$ 514,020

B - Computation of Allowable Return on Equity:

Project equity per final closing documents	\$ 293,187
Allowable rate of return	10.420%
Current year allowable distribution	30,550
Add: unpaid cumulative return at December 31, 2024	2,011,387
Less: distributions paid during 2025	-
Total cumulative unpaid distribution at December 31, 2025	\$ 2,041,937

PEERS HOUSING ASSOCIATION
 IHDA DEVELOPMENT NO. ML-93
 SUPPLEMENTARY INFORMATION
 December 31, 2025

From Statement of Activities

A.	Net operating income (“NOI”) before financing, entity expenses, and depreciation	\$	735,876
B.	Less: replacement reserve payments required by IHDA		22,200
C.	NOI adjusted (A minus B)		<u>713,676</u>
D.	Debt service		
	Mortgage principal payments		170,499
	Mortgage interest		140,312
	Total debt service	\$	<u><u>310,811</u></u>
E.	Debt Service Coverage Ratio (DCR) (C divided by D)		<u><u>2.30</u></u>

Exhibit A - IHDA Schedule of Financial Performance

Borrower Name: Peers Housing Association
 Property Name: Frank B. Peers Senior Housing
 IHDA Project ID #: ML-93
 Year End (MM/DD/YY): 12/31/2025

Balance Sheet

<u>Accounts</u>	<u>Assets</u>	<u>12/31/2025</u>
Total Fixed Assets		\$ 1,917,847.00
	Current Assets	
Cash - project accounts		\$ 1,364,682.00
Cash - partnership accounts		\$ 1,093,151.00
Receivables:		
Tenant		\$ -
Allowance for doubtful accounts		\$ -
HUD		\$ 488.00
Medicaid		\$ -
Others		\$ 60,655.00
	Total Receivables	\$ 61,143.00
Prepaid Expenses:		
Insurance		\$ 68,446.00
Other		\$ -
	Total Prepaid Expenses	\$ 68,446.00
Other Current Assets		\$ -
	Total Current Assets	\$ 2,587,422.00
	Deposits Held In Trust	
Cash (Restricted)		\$ 34,542.00
Less: Tenant Security Deposits		\$ (22,782.00)
	Total security deposits held in trust	\$ 11,760.00
	Restricted Deposits and Funded Reserve	
Real estate tax and insurance escrow		\$ 50,273.00
Replacement Reserve		\$ 230,403.00
Other Reserves		\$ 183,117.00
	Total restricted deposits and funded reserves	\$ 463,793.00
	Other Assets	
Other Assets		\$ -
	Total Assets	\$ 4,980,822.00
	<u>Liabilities</u>	
	Current Liabilities	
Payables:		
Accounts payable trade		\$ -
Other payables		\$ 180,817.00
	Total Payables	\$ 180,817.00
Other Current Liabilities		\$ 68,422.00
	Total Current Liabilities	\$ 249,239.00

Balance Sheet

Accounts		<u>12/31/2025</u>
	Long-Term Liabilities	
Total Long-Term Liabilities		\$ 2,137,480.00
	Total Liabilities	<u>\$ 2,386,719.00</u>
	Partners' Equity	
Partners' Equity		\$ 2,594,103.00
	Total Liabilities and Partners' Equity (Deficit)	<u>\$ 4,980,822.00</u>

Statement of Operations

Accounts		<u>12/31/2025</u>
	<u>Revenue</u>	
Rental:	Apartment rentals	\$ 264,846.00
	Rent subsidy	\$ 1,195,674.00
	Less: Vacancy loss	\$ (14,477.00)
	Less: Rental concessions	\$ -
	Commercial rent	\$ 720.00
	Total Rental Revenue	<u>\$ 1,446,763.00</u>
Assisted Living:	Assisted living services - tenant	\$ -
	Assisted living services - Medicaid	\$ -
	Meal program revenue	\$ -
	Service revenue	\$ -
	Total Assisted Living Revenue	<u>\$ -</u>
Other:	Other interest	\$ 3,680.00
	Reserve interest	\$ 18,833.00
	Sundry	\$ 4,879.00
	Other revenue	\$ 1,995.00
	Total Other Revenue	<u>\$ 29,387.00</u>
	Total Revenue	<u>\$ 1,476,150.00</u>
	<u>Operational Expenses</u>	
Administrative:	Office expenses	\$ 37,197.00
	Property management fees	\$ 75,676.00
	Administration - contracted services	\$ -
	Social programming	\$ -
	Legal expenses	\$ 3,614.00
	Audit expenses	\$ 11,310.00
	Telephone	\$ 9,709.00
	Bad debts	\$ 3,699.00
	Marketing	\$ 428.00
	Sundry	\$ -
	Other administrative	\$ -
	Total Administrative Expenses	<u>\$ 141,633.00</u>
Operating:	Exterminating	\$ 1,779.00
	Rubbish removal	\$ 7,812.00
	Vehicle and equipment operating	\$ -
	Sundry	\$ -
	Other operating	\$ -
	Total Operating Expenses	<u>\$ 9,591.00</u>

Statement of Operations

<u>Accounts</u>	<u>12/31/2025</u>
Maintenance:	
Security	\$ 4,678.00
Structural Repairs	\$ 1,842.00
Grounds	\$ 6,737.00
Carpeting	\$ -
Elevator	\$ 7,596.00
Heating and air conditioning	\$ 23,892.00
Plumbing	\$ 10,173.00
Electrical	\$ -
Painting and decorating	\$ 11,099.00
Appliance repairs	\$ -
Maintenance - contracted services	\$ -
Sundry	\$ 31,660.00
Other maintenance	\$ 13,065.00
Total Maintenance Expenses	\$ 110,742.00
Salaries:	
Office/Administrative staff	\$ 9,695.00
Maintenance	\$ 3,521.00
Other salaries	\$ 18,141.00
Total Salaries	\$ 31,357.00
Materials & Supplies:	
Office	\$ 95,069.00
Janitors	\$ 39,069.00
Maintenance	\$ 53,811.00
Other materials and supplies	\$ -
Total Materials and Supplies	\$ 187,949.00
Utilities:	
Gas	\$ 24,987.00
Electricity	\$ 18,918.00
Water and sewer	\$ 26,344.00
Other utilities	\$ -
Total Utilities	\$ 70,249.00
Taxes & Insurance:	
Real estate taxes	\$ -
Property and liability insurance	\$ 123,626.00
Other taxes	\$ 15,932.00
Other insurance	\$ 49,195.00
Total Taxes and Insurance	\$ 188,753.00
Assisted Living:	
Nursing - contracted services	\$ -
Activity - contracted services	\$ -
Other service expenses	\$ -
Total Assisted Living Expenses	\$ -
Miscellaneous:	
Detail:	\$ -
Detail:	\$ -
Total Miscellaneous Expenses	\$ -
Total Operational Expenses	\$ 740,274.00
NOI before financing and entity expenses, depreciation and amortization	\$ 735,876.00
<u>Financing Expenses</u>	
Mortgage interest	\$ 148,329.00
Mortgage service fees	\$ 6,106.00
Mortgage insurance premium	\$ -
Other expenses	\$ -
Total Financing Expenses	\$ 154,435.00

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SINGLE YEAR SCHEDULE OF FINANCIAL PERFORMANCE

EXHIBIT A

Accounts	12/31/2025
<u>Entity Expenses</u>	
Partnership management fee	\$ -
Incentive management fee	\$ -
Asset management fee	\$ -
Investor services fee	\$ -
Other (income) expenses	\$ -
Total Entity Expenses	\$ -
Total Financing and Entity Expenses	\$ 154,435.00
Net income before depreciation and amortization	\$ 581,441.00
Depreciation	\$ 174,752.00
Amortization	\$ -
Net Operating Income	\$ 406,689.00

Cash Flow Statement

Accounts	12/31/2025
Cash Flows from Operating Activities	
Rental receipts	\$ 1,453,330.00
Interest receipts	\$ 22,513.00
Other operating receipts	\$ 6,874.00
Assisted living service receipts	\$ -
Total Receipts	\$ 1,482,717.00
Administrative expenses paid	\$ 65,957.00
Management fees paid	\$ 75,676.00
Utilities paid	\$ 70,249.00
Operating and maintenance paid	\$ 122,007.00
Real estate taxes paid	\$ -
Property insurance paid	\$ 114,453.00
Other taxes and insurance paid	\$ 65,127.00
Assisted living expenses paid	\$ -
Net tenant security deposits paid (received)	\$ 2,779.00
Other operating expenses paid	\$ 225,412.00
Interest paid on first mortgage	\$ 141,152.00
Interest paid on second mortgage	\$ -
Interest paid on all other mortgage(s)	\$ -
Mortgage insurance premium paid	\$ -
Miscellaneous financial expenses paid	\$ -
Net deposits to (withdrawals from) real estate tax and insurance escrow	\$ 12,790.00
Net deposits to (withdrawals from) mortgage insurance	\$ -
Net deposits to (withdrawals from) replacement reserve	\$ 32,919.00
Net deposits to (withdrawals from) residual receipts reserve	\$ -
Net deposits to (withdrawals from) other reserves	\$ -
Net deposits to (withdrawals from) operating reserve	\$ 7,759.00
Entity/Construction Expenses Paid (include detail)	
Partnership management fee paid	\$ -
Incentive management fee paid	\$ -
Investor services fee paid	\$ -
Other fees paid	\$ -
Total Disbursements	\$ 936,280.00
Net cash provided by (used in) operating activities	\$ 546,437.00

Cash Flow Statement

Accounts	12/31/2025
Cash flows from investing activities	
Purchases of fixed assets	\$ (36,197.00)
Other investing activities	\$ (14,974.00)
Net cash provided by (used in) investing activities	\$ (51,171.00)
Cash flows from financing activities	
Mortgage principal payments - first mortgage	\$ (170,499.00)
Mortgage principal payments - second mortgage	\$ -
Mortgage principal payments - all other mortgage(s)	\$ -
Contributions from (distributions to) partners	\$ -
Developer fee paid	\$ -
Net (reimbursements to) proceeds from affiliates	\$ -
Other financing activities	\$ -
Net cash provided by (used in) financing activities	\$ (170,499.00)
Net increase (decrease) in cash	\$ 324,767.00
Cash, Beginning	\$ 2,133,066.00
Cash, End	\$ 2,457,833.00

Long-Term Debt Detail (Inclusive of All Lenders)

Lien	Lender	Balance	Int. Rate	Annual D/S	Maturity
1	Illinois Housing Development Authority	\$2,290,000	5.77%	\$ 191,699.00	11/1/2035
2	Illinois Housing Development Authority	\$59,104	5.91%	\$ 60,856.00	4/1/2026
3					
4					
5					
6					
7					
8					

Required Replacement Reserve Deposits: \$ 22,200.00

Debt Service Coverage Ratio Calculation

Net operating income (NOI) before financing expenses, entity expenses and depreciation	\$ 735,876.00
Less: Required replacement reserve deposits	\$ 22,200.00
NOI adjusted	<u>\$ 713,676.00</u>
Debt Service	
Mortgage principal payments	\$ 170,499.00
Mortgage interest	\$ 140,312.00
Mortgage service fees	\$ -
Mortgage insurance premium	\$ -
Total	<u><u>\$ 310,811.00</u></u>
Debt Service Coverage Ratio (DCR)	<u><u>2.296173559</u></u>

PEERS HOUSING ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES
For the year ended December 31, 2025

<u>FEDERAL GRANTOR/PASS- THROUGH AGENT/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Housing and Urban Development: Section 8 Project-Based Cluster Section 8 Housing Assistance Payments	14.195	\$1,195,674

Notes to Schedule of Expenditures of Federal Awards

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the expenditures of Peers Housing Association under programs of the federal government for the year ended December 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

2. Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed. Assistance Listing numbers (“AL No.”) are provided when available.

Peers Housing Association did not elect to use the 15% de minimis indirect cost rate.

INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Peers Housing Association:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Peers Housing Association, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peers Housing Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peers Housing Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Peers Housing Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-1, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peers Housing Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2025-1.

Peers Housing Association's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Peers Housing Association's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Peers Housing Association's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Peers Housing Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peers Housing Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

Dover, Ohio
March 11, 2026

INDEPENDENT AUDITORS REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Peers Housing Association:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Peers Housing Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Peers Housing Association's major federal program for the year ended December 31, 2025. Peers Housing Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Peers Housing Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Peers Housing Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Peers Housing Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Peers Housing Association's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Peers Housing Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Peers Housing Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Peers Housing Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Peers Housing Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Peers Housing Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as item 2025-1. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Peers Housing Association's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Peers Housing Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in

internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of finding and questioned costs as item 2025-1 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Peers Housing Association's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Peers Housing Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

Dover, Ohio
March 11, 2026

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness identified?	_____	Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency identified not considered to be material weaknesses?	_____ <input checked="" type="checkbox"/>	Yes	_____ None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal Control over major programs:			
Material weakness identified?	_____	Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency identified not considered to be material weaknesses?	_____ <input checked="" type="checkbox"/>	Yes	_____ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ <input checked="" type="checkbox"/> No

Identification of major programs:

<u>AL No.</u>	<u>Name of Federal Program or Cluster</u>
14.195	Section 8 Project-Based Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	_____ <u>\$1,000,000</u> _____
-----------------------------------------------------------------------------	--------------------------------

Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ <input type="checkbox"/> No
----------------------------------------	-----------------------------------------------	-----------------------------------

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the year ended December 31, 2025

Section II - Financial Statement Findings and Section III - Federal Award Findings and Questioned Costs

Finding 2025-1

Criteria

HUD program requirements and project regulatory agreements require each property to maintain separate books and records and ensure that only expenses benefiting the property are charged to that property.

Statement of condition

During our testing for the year ended December 31, 2025, we noted that the Corporation paid two invoices totaling \$14,974 on behalf of a related party, even though the expenses related exclusively to the related party

Questioned costs

\$14,974

Effect or potential effect

The Corporation's financial activity was misstated, and project funds were used for costs that did not benefit the Corporation, resulting in non-compliance with HUD requirements and increasing the risk of improper use of project resources.

Cause

The error occurred because controls over invoice review and property level cost allocation were insufficient to prevent or detect misallocated expenses.

Recommendation:

We recommend management implement stronger controls over invoice coding and approval, including property specific reviews, to ensure expenses are charged only to the benefiting property and misallocations are prevented.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the finding and is committed to strengthening our internal controls. We will review and enhance our invoice coding and approval procedures to ensure expenses are properly allocated to the correct property and to prevent similar issues from occurring in the future. The error was identified through our existing review procedures; however, reimbursement of the funds did not occur until February 2026. We believe the improvements underway will further support accurate financial reporting and continued compliance with HUD requirements.

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND
RECOMMENDATIONS
December 31, 2025

Finding 2024-1

Prior Year Finding:

The Corporation did not have adequate internal controls in place to ensure proper initiation, authorization, recording, processing, and reporting of financial data in accordance with generally accepted accounting principles. A prior-year audit adjustment related to accumulated depreciation and net assets had not been posted, resulting in misstated account balances.

Status:

Corrected

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
CERTIFICATE OF MORTGAGOR (OWNER)
December 31, 2025

We hereby certify that we have examined the accompanying financial statements and supplemental data of Peers Housing Association and, to the best of our knowledge and belief, the same is complete and accurate.

PEERS HOUSING ASSOCIATION



3-4-26

Signature

Date

Name of Signatory

Isis Fernandez

Title of Certifying Official

President

Employer ID No.:

36-2949405

PEERS HOUSING ASSOCIATION
IHDA PROJECT NO. ML-93
CERTIFICATE OF MANAGING AGENT
December 31, 2025

We hereby certify that we have examined the accompanying financial statements and supplemental data of Peers Housing Association and, to the best of our knowledge and belief, the same is complete and accurate.

Evergreen Real Estate Services, LLC

James Beemster
Signature

3/4/26
Date

Name of Signatory

Jim Beemster

Managing Agent Tax Identification Number

36-4274778

INFORMATION REGARDING AUDITORS

To: Illinois Housing Development Authority

RE: Peers Housing Association
IHDA PROJECT NO.: ML-93

Year ended December 31, 2025

AUDITOR INFORMATION

Name:	Novogradac & Company LLP
Address:	3025 North Wooster Ave., Dover, Ohio, 44622
Phone:	(330) 365-5400
Lead Auditor	Dirk A. Wallace
Federal ID#	94-3108253
Audit Partner:	Dirk A. Wallace
Firm:	Novogradac & Company LLP
Telephone Number:	(330) 365-5400
Federal Employer ID#	94-3108253

RAVINIA HOUSING ASSOCIATION

HUD Project No.: 071-35843

**Financial Statements and Supplementary Information
with Report of Independent Auditors**

December 31, 2025

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Report of Independent Auditors

To the Board of Directors of
Ravinia Housing Association:

Opinion

We have audited the accompanying financial statements of Ravinia Housing Association (HUD Project No. 071-35843), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net deficit, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ravinia Housing Association as of December 31, 2025, and the changes in its net deficit and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ravinia Housing Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ravinia Housing Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ravinia Housing Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ravinia Housing Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, which includes HUD-required financial data templates as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of the status of prior audit findings, questioned costs, and recommendations, mortgagor's (owner's) certification, and the managing agent's certification, have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026 on our consideration of Ravinia Housing Association’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ravinia Housing Association’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ravinia Housing Association’s internal control over financial reporting and compliance.

Novogradac & Company LLP

Dover, Ohio
March 11, 2026
Lead Auditor: Dirk A. Wallace

Employer’s Identification Number: 94-3108253

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF FINANCIAL POSITION
December 31, 2025

ASSETS

Cash and cash equivalents	\$	16,877
Cash - entity		176,126
Restricted cash		61,123
Accounts receivable - tenant, net		901
Accounts receivable - subsidy		87
Prepaid expenses		24,657
Fixed assets, net of accumulated depreciation		<u>213,311</u>
Total assets	\$	<u><u>493,082</u></u>

LIABILITIES AND NET DEFICIT

Liabilities		
Accounts payable	\$	82
Tenant security deposits payable		8,700
Prepaid rent		7,126
Accrued interest mortgage notes payable		24,234
Accrued expenses		4,938
Due to related party		52,402
Mortgage note payable - first mortgage, net of debt issuance costs		256,925
Mortgage note payable - second mortgage		<u>459,323</u>
Total liabilities		813,730
Net deficit without donor restrictions		<u>(320,648)</u>
Total Liabilities and net deficit without donor restrictions	\$	<u><u>493,082</u></u>

See accompanying notes

RAVINIA HOUSING ASSOCIATION
 HUD PROJECT NO. 071-35843
 STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT
 For the year ended December 31, 2025

WITHOUT DONOR RESTRICTIONS

REVENUE AND OTHER SUPPORT

Rental revenue - gross potential	\$ 82,889
Tenant assistance payments	277,050
Less: rent concession	(141)
Less: vacancy loss	(8,044)
Other revenue	1,345
Interest income	532
Total revenue and other support	353,631

EXPENDITURES

General and administrative	23,507
Payroll	62,777
Utilities	11,950
Insurance	48,329
Property management fees	13,556
Repairs and maintenance	95,479
Marketing and advertising	617
Legal and other professional fees	24,081
Interest	26,893
Miscellaneous financial	25
Mortgage insurance premium	1,336
Total expenditures	308,550

CHANGE IN NET ASSETS BEFORE DEPRECIATION 45,081

Depreciation 60,227

CHANGE IN NET DEFICIT (15,146)

NET DEFICIT AT BEGINNING OF YEAR (305,502)

NET DEFICIT AT END OF YEAR \$ (320,648)

See accompanying notes

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2025

EXPENDITURES	Program Services	Administrative and Support	Total
General and administrative	\$ -	\$ 23,507	\$ 23,507
Payroll	62,777	-	62,777
Utilities	11,950	-	11,950
Insurance	48,329	-	48,329
Property management fees	-	13,556	13,556
Repairs and maintenance	95,479	-	95,479
Marketing and advertising	617	-	617
Legal and other professional fees	24,081	-	24,081
Interest	-	26,893	26,893
Mortgage insurance premium	1,336	-	1,336
Miscellaneous financial	25	-	25
Depreciation	60,227	-	60,227
	<u>60,227</u>	<u>-</u>	<u>60,227</u>
 Total expenditures	 <u>\$ 304,821</u>	 <u>\$ 63,956</u>	 <u>\$ 368,777</u>

See accompanying notes

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

Cash Flows from Operating Activities:	
Change in net deficit	\$ (15,146)
Adjustments to reconcile change in net deficit to net cash provided by operating activities	
Interest expense - debt issuance costs	2,089
Depreciation	60,227
Change in:	
Accounts receivable - tenant	6,215
Accounts receivable - subsidy	1,227
Prepaid expenses	7,455
Accounts payable	(47,895)
Tenant security deposit payable	744
Prepaid rent	4,233
Accrued interest	11,437
Accrued expenses	(1,163)
Net cash provided by operating activities	<u>29,423</u>
Cash Flows from Investing Activities:	
Payments for fixed assets	<u>(51,324)</u>
Net cash used in investing activities	<u>(51,324)</u>
Cash Flows from Financing Activities:	
Principal payments on mortgage payable	(11,958)
Proceeds from related party loan	<u>14,974</u>
Net cash provided by financing activities	<u>3,016</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(18,885)
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	<u>273,011</u>
Cash, Cash Equivalents, and Restricted Cash End of Year	<u>\$ 254,126</u>
Cash and cash equivalents	\$ 16,877
Cash - entity	176,126
Restricted cash	61,123
Total cash, cash equivalents, and restricted cash	<u>\$ 254,126</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	<u>\$ 13,367</u>

See accompanying notes

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

1. Organization

Ravinia Housing Association (the “Corporation”) (HUD Project No. 071-35843) operates a 17-unit rental development in Highland Park, Illinois known as Ravinia Housing (the “Project”). The Project is operated under Sections 223(a)(7) and 8 of the National Housing Act of 1937. The Project is regulated by the provisions of a regulatory agreement (the “Regulatory Agreement”) executed between the Corporation and the U.S. Department of Housing and Urban Development (“HUD”).

The Corporation is a not-for-profit corporation, under Internal Revenue Code Section 501(c)(3), organized under the laws of the State of Illinois, effective July 17, 1943.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Corporation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Corporation has no net assets with donor restrictions.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, repairs or improvements to the buildings which extend their useful lives, annual insurance payments, and a special escrow to be used for repairs.

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Summary of significant accounting policies and nature of operations (continued)

Accounts receivable and bad debts

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2025, the balance of the allowance for doubtful accounts was \$0.

Economic concentrations

The Corporation operates one property located in Highland Park, Illinois. Future operations could be affected by economic changes or other conditions in that geographical area or by changes in federal low-income subsidies or the demand for such housing. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Functional expenses

The costs of providing program services and other activities have been reported in the statement of functional expense. Management believes all costs of providing program services and other activities are allocable to providing residential rental services. Accordingly, certain costs have been allocated among program services and administrative and support services benefited. Such allocations are determined by management on an equitable basis.

Management allocates all costs associated with financing, administrative, and property management fees to administrative and support services. All other costs are allocated to program services. The Corporation does not engage in fundraising and therefore does not allocate any expenses to fundraising services benefited.

Revenue recognition for tenant leases and tenant charges

The Corporation is the lessor of the Project and accounts for tenant leases as operating leases. The Corporation determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Federally-subsidized rent income

The Project is subject to a Section 8 Housing Assistance Payments (“HAP”) agreement with HUD. The effective date of this agreement was January 23, 2012, and the agreement expires January 31, 2032. HUD agreed to pay the owner the difference between the contract rent, as defined in the HAP agreement, and that portion of such rent payable by qualified tenants. All 17 units were covered under the Section 8 contract. For the year ended December 31, 2025, rental subsidy totaled \$277,050.

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Summary of significant accounting policies and nature of operations (continued)

Concentration of credit risk

The Corporation places its temporary cash investments in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income taxes

The Corporation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from Illinois income and franchise taxes.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Fixed assets and depreciation

All fixed assets are recorded at cost. Depreciation on the main building structures and improvements is computed using the straight-line method over 5 to 40 years. Furniture for project/tenant use is depreciated over a 5 to 10 year period using the straight-line method. Depreciation expense for the year ended December 31, 2025 was \$60,227.

Fixed assets consist of the following as of December 31, 2025:

Buildings and improvements	\$	2,012,052
Furniture for project/tenant use		483,248
Less: accumulated depreciation		(2,281,989)
Fixed assets, net	<u>\$</u>	<u>213,311</u>

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis or other valuation technique. There was no impairment loss recognized for the year ended December 31, 2025.

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Summary of significant accounting policies and nature of operations (continued)

Subsequent events

Subsequent events have been evaluated through March 11, 2026, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Liquidity and availability of financial assets

The following represents the Corporation's financial assets at December 31, 2025:

Cash and cash equivalents	\$	16,877
Cash - entity		176,126
Restricted cash		61,123
Accounts receivable - subsidy		87
Accounts receivable – tenant, net		901
Total financial assets		255,114
Less amounts not available to be used within one year		(61,123)
Financial assets available to meet general expenditures over the next twelve months	\$	193,991

The Corporation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$75,000). As part of its liquidity management plan, excess cash is invested in savings accounts.

4. Restricted cash

Tenant security deposits

Tenant security deposits are held in trust in a separate bank account in the name of the Corporation. Until termination of the lease, tenant security deposits are owed to the tenants and are recorded as a liability. As of December 31, 2025, the tenant security deposits account balance was \$9,300.

Reserve for replacements

In accordance with the terms of the Regulatory Agreement, the Corporation is required to make monthly deposits of \$1,367 to the replacement reserve. Replacement reserve withdrawals are subject to approval by HUD. As of December 31, 2025, the balance was \$30,037.

Escrow deposits

The Regulatory Agreement requires that monthly payments to the mortgagee include amounts for deposit to mortgage escrow funds. These are held by the mortgagee for future payment of real estate taxes and property and mortgage insurance. This fund is restricted in accordance with the provisions of the Regulatory Agreement. As of December 31, 2025, the escrow deposits balance was \$21,786.

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

4. Restricted cash (continued)

Cash-Entity

The following is the activity in the cash – entity account for the year ended December 31, 2025:

Balance January 1, 2025	\$ 175,907
Withdrawals:	
Secretary of State Filing	(10)
Illinois Charity Bureau Fund	(15)
Interest earned	<u>244</u>
Balance December 31, 2025	<u>\$ 176,126</u>

5. Property management fee

Pursuant to a property management agreement approved by HUD, Evergreen Real Estate Services, LLC (the “Agent”) receives a property management fee in the amount of 3.8% of gross collections.

Management fees incurred by the Project are calculated as the lesser of fees allowed by HUD and the fees allowed under the management agreement with the Agent. For the year ended December 31, 2025, property management fees of \$13,556 were incurred. As of December 31, 2025, property management fees of \$1,334 were payable.

6. Mortgages payable

First mortgage

On January 31, 2012, the Corporation refinanced its original HUD insured mortgage with a new mortgage (the “First Mortgage”) provided by the Federal Housing Administration pursuant to the market-to-market program (M2M) under Section 223(a)7 of the National Housing Act. The First Mortgage had an original amount of \$416,500 and bears interest at 4.5%. The First Mortgage is payable in monthly installments of principal and interest of \$2,111 with any remaining unpaid principal due in full at maturity on February 1, 2042.

The First Mortgage is collateralized by the Project. During 2025, interest expense incurred was \$13,322. As of December 31, 2025, the outstanding mortgage balance and accrued interest were \$290,512 and \$1,089, respectively.

Future minimum principal payment requirements over each of the next five years and thereafter are as follows:

Year ending December 31,			
2026	\$	12,507	
2027		13,081	
2028		13,682	
2029		14,311	
2030		14,968	
Thereafter		<u>221,963</u>	
Total		<u>\$ 290,512</u>	

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

6. Mortgages payable (continued)

First mortgage (continued)

Debt issuance costs are being amortized to interest expense over the term of the loan. For 2025, the effective interest rate was 5.81%. During 2025, amortization expense for debt issuance costs was \$2,089.

Mortgage restructuring note

On January 23, 2012, the Corporation obtained a mortgage with HUD in the amount of \$713,396 (the “Mortgage Restructuring Note”). The Mortgage Restructuring Note is payable in annual installments, including simple interest at the rate of 2.5% until paid, plus a service charge. The payment is due within ten days after the date that the annual financial statements are due (April 10) and is only payable as determined by the Computation of Surplus Cash and Residual Receipts (“Surplus Cash”), or 75% of Surplus Cash as defined in the Regulatory Agreement. For the year ended December 31, 2025, \$4,683 was required to be remitted as determined by the available Surplus Cash at December 31, 2024. For the year ended December 31, 2024, \$4,496 was required to be remitted as determined by the available Surplus Cash at December 31, 2023. For the year ended December 31, 2025, interest expense was \$11,482 and interest paid totaled \$0. As of December 31, 2025, the principal balance remaining was \$459,323, and accrued interest was \$23,145.

The Mortgage Restructuring Note, subordinated to the First Mortgage, is secured by all real and personal property of the Corporation, in addition to funds on deposit with the servicer.

Mortgages payable consist of the following as of December 31, 2025:

Principal balance – First Mortgage	\$	290,512
Less: unamortized debt issuance costs – First Mortgage		(33,587)
	<u>\$</u>	<u>256,925</u>
Principal balance – Mortgage Restructuring Note	\$	459,323
Less: unamortized debt issuance costs – Mortgage Restructuring Note		-
	<u>\$</u>	<u>459,323</u>

7. Capital recovery payments

In accordance with the Mortgage Restructuring Note, capital recovery payments (the “CRP”) are payable in monthly installments in the amount of \$558 for 180 months, to reimburse the Corporation for advances required when the original mortgage was restructured. The CRP bears a 7% interest rate. The Corporation transfers the CRP payments to the cash-entity account annually. As of December 31, 2025, \$59,130 has been transferred to the cash – entity account. The CRP for the years ended December 31, 2025, 2024, 2023, and 2022 of \$6,696 for each year was not transferred to the cash – entity account as of December 31, 2025. The annual transfers due to the cash – entity account for the CRP for the year ending December 31, 2026 is \$41,310.

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

8. Incentive performance fee

The Regulatory Agreement provides for an incentive performance fee, which is an annual fee to the Corporation in the amount of 1.4% of the effective gross income derived from the Project. Effective gross income equals all rentals and other income generated annually through the operations of the Project.

The incentive performance fee is payable to the owner, if at all, after HUD concludes that:

1. All Project expenses have been paid, including any accrued expenses for which payment is due from the previous years audited financial statements.
2. There is no outstanding sum due under the first mortgage.
3. The Project receives a passing physical inspection score (greater than 60), from the Real Estate Assessment Center.
4. HUD resolves all management findings.
5. There are no violations of any agreement entered into with HUD.

For the year ended December 31, 2025, a fee of \$0 was incurred. The Corporation transfers the incentive performance fee incurred from the cash and cash equivalents account to the cash – entity account. The incentive performance fees for the years ended December 31, 2025, 2024, 2023, 2022 and 2021 of \$5,039, \$4,683, \$4,496, \$4,380 and \$4,380, respectively, have not been transferred to the cash – entity account as of December 31, 2025.

9. Property tax exemption

The State of Illinois Department of Revenue determined that the Corporation met the exemption qualifications necessary to receive a non-homestead property tax exemption.

10. Related party transactions

Due to Peers Housing Association

During 2022, Peers Housing Association, which is an entity managed by the Housing Commission of the City of Highland Park that also manages the Corporation, provided advances to the Corporation to fund a refinance application fee for the property.

During 2025, Peers Housing Association provided advances to the Corporation to fund certain fixed asset additions.

These advances are unsecured and do not bear interest. As of December 31, 2025, \$52,402 remained payable to Peers Housing Association.

SUPPLEMENTARY INFORMATION

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF FINANCIAL POSITION - HUD BASIS
December 31, 2025

ASSETS

CURRENT ASSETS

1120	Cash - operations	\$	16,877
1125	Cash - entity		176,126
1130	Tenant accounts receivable		901
1130N	Net tenant accounts receivable		901
1135	Accounts receivable - HUD		87
1200	Prepaid expenses		24,657
1100T	Total current assets		218,648

DEPOSITS HELD IN TRUST

1191	Tenant deposits held in trust		9,300
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RESTRICTED DEPOSITS AND FUNDED RESERVES

1310	Escrow deposits		21,786
1320	Replacement reserve		30,037
1300T	Total deposits		51,823

FIXED ASSETS

1420	Buildings		2,012,052
1450	Furniture for project/tenant use		483,248
1400T	Total fixed assets		2,495,300
1495	Accumulated depreciation		2,281,989
1400N	Net fixed assets		213,311

1000T	TOTAL ASSETS	\$	493,082
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See report of independent auditors

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF FINANCIAL POSITION - HUD BASIS (CONTINUED)
December 31, 2025

LIABILITIES AND EQUITY

CURRENT LIABILITIES

2110	Accounts payable - operations	\$	82
2120	Accrued wages payable		3,604
2123	Accrued management fee payable		1,334
2131	Accrued interest payable - first mortgage (or bonds)		1,089
2132	Accrued interest payable - other mortgages		23,145
2170	Mortgage payable - first mortgage (short-term)		12,507
2190	Miscellaneous current liabilities		52,402
2210	Prepaid revenue		7,126
2122T	Total current liabilities		101,289

DEPOSIT LIABILITIES

2191	Tenant deposits held in trust		8,700
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LONG-TERM LIABILITIES

2320	Mortgage payable - first mortgage		278,005
2323	Other loans and notes payable - surplus cash		459,323
2340	Debt issuance costs		(33,587)
2300T	Total long-term liabilities		703,741
2000T	Total liabilities		813,730
3130	Net assets without donor restrictions		(320,648)
2033T	TOTAL LIABILITIES AND EQUITY	\$	493,082

See report of independent auditors

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF ACTIVITIES - HUD BASIS
For the year ended December 31, 2025

RENTAL INCOME

5120	Rent revenue - gross potential	\$ 82,889
5121	Tenant assistance payments	<u>277,050</u>
5100T	Total rental revenue	<u>359,939</u>

VACANCIES

5220	Apartments	<u>8,185</u>
5200T	Total vacancies	<u>8,185</u>
5152N	Net rental revenue (rent revenue less vacancies)	351,754

FINANCIAL REVENUE

5410	Financial revenue - project operations	251
5440	Revenue from investments - replacement reserve	<u>281</u>
5400T	Total financial revenue	<u>532</u>

OTHER REVENUE

5920	Tenant charges	315
5990	Miscellaneous revenue	<u>1,030</u>
5900T	Total other revenue	<u>1,345</u>
5000T	Total revenue	353,631

ADMINISTRATIVE EXPENSES

6204	Management consultants	5,865
6210	Advertising and marketing	107
6310	Office salaries	23,808
6311	Office expenses	13,952
6320	Management fee	13,556
6340	Legal expenses	3,566
6350	Auditing expenses	14,650
6370	Bad debts	7,842
6390	Miscellaneous administrative expenses (specify)	<u>4,830</u>
6263T	Total administrative expenses	88,176

UTILITY EXPENSES

6450	Electricity (light and miscellaneous power)	1,728
6451	Water	7,355
6452	Gas	<u>260</u>
6400T	Total utility expenses	9,343

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RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF PROFIT AND LOSS - HUD BASIS (CONTINUED)
For the year ended December 31, 2025

OPERATING AND MAINTENANCE EXPENSES

6510	Payroll	19,712
6515	Supplies	5,644
6520	Contracts	8,296
6525	Garbage and trash removal	9,085
6530	Security payroll/contract	2,424
6546	Heating/cooling repairs and maintenance	5,729
6548	Snow removal	27,950
6590	Miscellaneous operating and maintenance expenses	
	Landscaping	10,616
	Decorating	11,125
	Fire protection	4,919
	Plumbing repairs	11,404
	Temp maintenance contractor	2,464
	Ground supplies and equipment repairs	67
	Roof repairs	644
	Social service coordinator	65
6500T	Total operating and maintenance expenses	<u>120,144</u>

TAXES AND INSURANCE

6711	Payroll taxes (project's share)	3,733
6720	Property and liability insurance (hazard)	48,329
6722	Workmen's compensation	375
6723	Health insurance and other employee benefits	10,196
6700T	Total taxes and insurance	<u>62,633</u>

FINANCIAL EXPENSES

6820	Interest on first mortgage (or bonds) payable	15,411
6830	Interest on notes payable (long-term)	11,482
6850	Mortgage insurance premium/service charge	1,336
	Other entity expense	25
6800T	Total financial expenses	<u>28,254</u>

OPERATING RESULTS

6000T	Total costs of operation before depreciation	<u>308,550</u>
5060T	Profit (loss) before depreciation	45,081
6600	Depreciation expenses	<u>60,227</u>
5060N	Operating profit or (loss)	<u>(15,146)</u>
3250	Change in total net assets from operations	<u>\$ (15,146)</u>

See report of independent auditors

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF PROFIT AND LOSS - HUD BASIS (CONTINUED)
For the year ended December 31, 2025

Part II

S1000-010	Total first mortgage principal payments required during the audit period (12 monthly payments). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	<u>\$ 11,958</u>
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	<u>\$ 21,038</u>
S1000-030	Replacement Reserves, or Residual receipts and Releases which are included as expense items on this Profit and Loss statement.	<u>\$ 4,862</u>

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RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF CHANGES IN NET DEFICIT - HUD BASIS
For the year ended December 31, 2025

S1100-010	Previous year net assets without donor restrictions	\$	(305,502)
3247	Change in net assets without donor restrictions		<u>(15,146)</u>
3131	Net assets without donor restrictions	\$	<u>(320,648)</u>
S1100-050	Previous year total net assets	\$	(305,502)
3250	Change in total net assets from operations		<u>(15,146)</u>
3130	Total net assets	\$	<u>(320,648)</u>

See report of independent auditors

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
STATEMENT OF CASH FLOWS - HUD BASIS
For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

S1200-010	Rental receipts	\$ 363,429
S1200-020	Interest receipts	532
S1200-030	Other operating receipts	1,345
S1200-040	Total receipts	<u>365,306</u>

CASH PAID FOR:

S1200-050	Administrative expenses	(74,216)
S1200-070	Management fee expense	(15,103)
S1200-090	Utilities expenses	(9,343)
S1200-100	Salaries and wages expense	(19,712)
S1200-110	Operating and maintenance expenses	(140,892)
S1200-140	Property insurance expense	(62,633)
S1200-160	Tenant security deposits	(209)
S1200-180	Interest on first mortgage	(13,367)
S1200-210	Mortgage insurance premium	(1,336)
S1200-220	Miscellaneous financial	(25)
S1200-230	Total disbursements	<u>(336,836)</u>
S1200-240	Net cash provided by operating activities	28,470

CASH FLOWS FROM INVESTING ACTIVITIES

S1200-245	Net deposits to the mortgage escrow account	(4,926)
S1200-250	Net withdrawals from the reserve for replacement account	34,868
S1200-330	Purchase of fixed assets	(51,324)
S1200-350	Net cash used in investing activities	<u>(21,382)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

S1200-360	Principal payments - first mortgage (or bonds)	(11,958)
S1200-450	Other financing activities	14,974
S1200-460	Net cash provided by financing activities	<u>3,016</u>

S1200-470	NET CHANGE IN CASH & EQUIVALENTS	10,104
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S1200-480	BEGINNING OF YEAR CASH	<u>182,899</u>
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S1200T	END OF YEAR CASH	<u><u>\$ 193,003</u></u>
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RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
SUPPORTING DATA REQUIRED BY HUD
For the year ended December 31, 2025

SCHEDULE OF CHANGES IN REPLACEMENT RESERVE

1320P	Balance at beginning of year	\$	64,905
1320DT	Total monthly deposits		21,038
1320INT	Interest on replacement reserve accounts		281
1320WT	Approved withdrawals		<u>(56,187)</u>
1320	Balance at the end of year, confirmed by mortgagee	\$	<u>30,037</u>
1320R	Deposits Suspended or Waived indicator		NO

See report of independent auditors

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
COMPUTATION OF SURPLUS CASH - HUD BASIS
December 31, 2025

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS, AND RESIDUAL RECEIPTS

S1300-010	Cash (Accounts 1110, 1121, 1192)	\$ 26,177
1135	Accounts receivable - HUD	<u>87</u>
S1300-040	Total cash	26,264
S1300-050	Accrued mortgage (or bond) interest payable	1,086
S1300-075	Accounts payable (due within 30 days)	82
S1300-100	Accrued expenses (not escrowed)	57,340
2210	Prepaid revenue	7,126
2191	Tenant deposits held in trust	8,700
S1300-110	Other current obligations	
	S1300-120 First mortgage principal due in the following month	
	S1300-130 \$ 1,025	
	S1300-120 Replacement reserve deposit due in the following month	
	S1300-130 \$ 1,829	
		<u>2,854</u>
S1300-140	Less total current obligations	<u>77,188</u>
S1300-150	Surplus cash (deficiency)	<u>\$ (50,924)</u>
S1300-203	Incentive performance fee	5,039
S1300-204	Percentage surplus cash split	75%
S1300-205	Required payments on restructuring note	<u>\$ -</u>
S1300-206	Surplus cash available for distribution	<u>\$ -</u>

See report of independent auditors

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
For the year ended December 31, 2025

	Beginning Balance	Additions	Deductions	Ending Balance
1420 Buildings	\$ 1,979,705	\$ 32,347	\$ -	\$ 2,012,052
1460 Furniture for project/tenant use	464,271	18,977	-	483,248
TOTAL	\$ 2,443,976	\$ 51,324	\$ -	\$ 2,495,300
Accumulated depreciation	(2,221,762)	<u><u>\$ (60,227)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,281,989)</u></u>
Net book value	<u><u>\$ 222,214</u></u>			<u><u>\$ 213,311</u></u>

Additions consist of:

1420 Building	
1420AT Water heater	\$ 13,300
1420AT Fire supression system	4,073
1420AT Ejector pumps	9,032
1420AT Furnace	5,942
	<u><u>\$ 32,347</u></u>
1450 Furniture for project/tenant use	
1450AT Appliances (range, tub, water heater)	\$ 12,101
1450AT Flooring	6,876
	<u><u>\$ 18,977</u></u>

See independent auditors report

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES
For the year ended December 31, 2025

FEDERAL GRANTOR U.S. Department of Housing and Urban Development:	ASSISTANCE LISTING NUMBER	FEDERAL EXPENDITURES
Mortgage Insurance Rental and Cooperative Housing for Moderate Income Families and Elderly, Market Interest Rate	14.135	\$ 761,793
<u>Section 8 Project-Based Cluster</u>		
Section 8 Housing Assistance Payments	14.195	<u>277,050</u>
Total Expenditures of Federal Awards		<u>\$ 1,038,843</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the expenditures of Ravinia Housing Association under programs of the federal government for the year ended December 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

2. Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed. Assistance listing numbers (“AL No.”) are provided when available.

Ravinia Housing Association did not elect to use the 15% de minimis indirect cost rate.

3. Outstanding federal loans

The following represents the amount of outstanding loans identified by AL No. All loans are provided by HUD and are included in the Schedule.

AL No.	Program title	Loans received in 2025	Prior year loans with continuing compliance requirements	Total outstanding loans
14.135	Mortgage Insurance Rental & Cooperative Housing for Moderate Income Families & Elderly, Market Interest Rate	<u>\$ -</u>	<u>\$ 761,793</u>	<u>\$ 749,835</u>

INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Ravinia Housing Association:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ravinia Housing Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net deficit, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ravinia Housing Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ravinia Housing Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ravinia Housing Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ravinia Housing Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ravinia Housing Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogrodac & Company LLP

Dover, Ohio
March 11, 2026

INDEPENDENT AUDITORS REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Ravinia Housing Association:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Ravinia Housing Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Ravinia Housing Association's major federal program for the year ended December 31, 2025. Ravinia Housing Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ravinia Housing Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ravinia Housing Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ravinia Housing Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Ravinia Housing Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ravinia Housing Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance

when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ravinia Housing Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ravinia Housing Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ravinia Housing Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Ravinia Housing Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

Dover, Ohio
March 11, 2026

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:		Unmodified	
Internal control over financial reporting:			
Material weakness identified?	_____	Yes	_____ x _____ No
Significant deficiency identified not considered to be material weaknesses?	_____	Yes	_____ x _____ None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ x _____ No

Federal Awards

Internal Control over major programs:			
Material weakness identified?	_____	Yes	_____ x _____ No
Significant deficiency identified not considered to be material weaknesses?	_____	Yes	_____ x _____ None reported
Type of auditor's report issued on compliance for major programs:		Unmodified	
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	_____	Yes	_____ x _____ No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.135	Mortgage Insurance Rental and Cooperative Housing for Moderate Income Families and Elderly, Market Interest Rate

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$1,000,000

Auditee qualified as low-risk auditee? _____ Yes _____ X _____ No

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND
RECOMMENDATIONS
For the year ended December 31, 2025

Finding 2024-1

Prior Year Finding:

The Corporation did not have adequate internal controls in place to ensure proper initiation, authorization, recording, processing, and reporting of financial data in accordance with generally accepted accounting principles. A prior-year audit adjustment related to accumulated depreciation and net assets had not been posted, resulting in misstated account balances.

Status:

Corrected

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
MORTGAGOR'S (OWNER'S) CERTIFICATION
For the year ended December 31, 2025

We hereby certify that we have examined the accompanying financial statements and supplemental data of Ravinia Housing Association and, to the best of our knowledge and belief, the same is complete and accurate.

RAVINIA HOUSING ASSOCIATION


Signature

3-4-26
Date

Name of Signatory #1

Isis Fernandez

Title of Certifying Official

President

Auditee Telephone Number

847-432-0800

RAVINIA HOUSING ASSOCIATION
HUD PROJECT NO. 071-35843
MANAGING AGENT'S CERTIFICATION
For the Year Ended December 31, 2025

We hereby certify that we have examined the accompanying financial statements and supplemental data of Ravinia Housing Association and, to the best of our knowledge and belief, the same is complete and accurate.

EVERGREEN REAL ESTATE SERVICES, LLC

James Beemster
Signature

3/11/26
Date

Name of Signatory James Beemster

Managing Agent Tax Identification Number 36-4274778

Name of Property Manager Joshua Plath

SUNSET WOODS ASSOCIATION

IHDA PROJECT NO.: HTF-1213

**Financial Statements and Supplementary Information
with Report of Independent Auditors**

December 31, 2025

Report of Independent Auditors

To the Board of Directors of
Sunset Woods Association:

Opinion

We have audited the accompanying financial statements of Sunset Woods Association (IHDA Project No.: HTF-1213), which comprise the statement of financial position as of December 31, 2025 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunset Woods Association as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sunset Woods Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sunset Woods Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sunset Woods Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sunset Woods Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of financial position as of December 31, 2025; the combining statement of activities and changes in net assets and the supplementary statement of cash flows for the year then ended; the schedule of funds in financial institutions; and the debt service coverage ratio analysis are presented for purposes of additional analysis and are not required parts of the financial statements. This information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The certificates of managing agent and owner are included as supplementary information as required by the Illinois Housing Development Authority. The certificates of managing agent and owner have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Novogradac & Company LLP

Dover, Ohio
March 12, 2026

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
STATEMENT OF FINANCIAL POSITION
December 31, 2025

ASSETS

Current assets		
1120	Cash and cash equivalents	\$ 149,298
1125	Cash - entity	120,003
1191	Segregated security deposits	13,238
1240	Prepaid insurance	1,080
1310	Real estate tax escrow	5
	Total current assets	283,624
Fixed assets		
1420	Condominium apartment units for rent	1,846,986
4250	Less: accumulated depreciation	(1,003,536)
	Total fixed assets	843,450
	Total assets	\$ 1,127,074

LIABILITIES AND NET ASSETS

Current liabilities		
2110	Accounts payable	\$ 1,970
2320	Current portion of mortgage loans payable	14,161
2191	Tenants' security deposits	11,410
2210	Prepaid rent	2,326
	Total current liabilities	29,867
Long-term liabilities		
2320	First mortgage payable, net of unamortized debt issuance costs	305,523
2320	Mortgage loans payable, net of discount	335,570
	Total long-term liabilities	641,093
	Total liabilities	670,960
	Contingent liabilities (Note 7)	-
Net assets		
3130	Without donor restrictions	456,114
	Total liabilities and net assets	\$ 1,127,074

see accompanying notes to financial statements

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2025

WITHOUT DONOR RESTRICTIONS

REVENUE AND OTHER SUPPORT

5120	Apartment rentals	\$	128,236
5121	Housing assistance payments		20,775
5220	Less: Vacancy loss		(1,137)
	Net rental revenue		147,874
5320	Interest income		64
5990	Other revenue		36
	Total other support		100
	Total revenue and other support		147,974

EXPENDITURES

6390	Condominium association assessments and dues		54,923
6810	Interest		33,367
6390	Cable television		10,639
6320	Management fee		8,846
6590	Repairs and maintenance		6,992
6350	Audit expenses		13,490
6710	Real estate taxes		61
6450	Electricity		63
6485	Other operating expenses		6,081
	Total expenditures		134,462

Change in net assets before depreciation		13,512
		13,512

6900	Depreciation		49,634
			49,634

CHANGE IN NET ASSETS		(36,122)
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NET ASSETS AT BEGINNING OF YEAR		492,236
		492,236

NET ASSETS AT END OF YEAR		\$ 456,114
		\$ 456,114

see accompanying notes to financial statements

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2025

EXPENDITURES	Program Services	Administrative and Support	Total
Condominium association assessments and dues	\$ -	\$ 54,923	\$ 54,923
Interest	-	33,367	33,367
Cable television	10,639	-	10,639
Management fee	-	8,846	8,846
Repairs and maintenance	6,992	-	6,992
Audit expenses	-	13,490	13,490
Real estate taxes	61	-	61
Electricity	63	-	63
Depreciation	49,634	-	49,634
Other	6,081	-	6,081
	<u>6,081</u>	<u>-</u>	<u>6,081</u>
Total expenditures	<u>\$ 73,470</u>	<u>\$ 110,626</u>	<u>\$ 184,096</u>

see accompanying notes to financial statements

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (36,122)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	49,634
Debt issuance costs amortization	968
Loan interest - discount	13,247
(Decrease) increase in liabilities:	
Accounts payable	1,970
Prepaid rent	1,130
Security deposits payable	306
Net cash provided by operating activities	<u>31,133</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on mortgage loans payable	<u>(14,143)</u>
Net cash used in financing activities	<u>(14,143)</u>
 Net increase in cash, cash equivalents and restricted cash	 16,990
 Cash, cash equivalents and restricted cash at beginning of year	 <u>265,554</u>
 Cash, cash equivalents and restricted cash at end of year	 <u>\$ 282,544</u>
 Cash and cash equivalents	 \$ 149,298
Cash - entity	120,003
Segregated security deposits	13,238
Real estate tax escrow	5
Total cash, cash equivalents and restricted cash	<u>\$ 282,544</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest during year	<u>\$ 19,152</u>

see accompanying notes to financial statements

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

1. Organization

Sunset Woods Association (the “Association”) is an Illinois nonprofit public benefit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. It was formed in 1999 by the Housing Commission of the City of Highland Park (the “Commission”) to provide residential rental facilities, known as IHDA Project NO.: HTF-1213, within the city limits of Highland Park, Illinois for senior citizens of low and moderate income. Tenants must meet certain income and asset qualification limitations.

The Association acquired twelve federally subsidized units in a sixty-unit condominium-style senior citizen apartment building, as well as two non -subsidized units from individual owners.

The remaining forty-six units in the development not owned by the Association are still reserved by the Commission, which serves as the governing board of the Association, for purchase by persons meeting similar income and asset limitations as approved by the Commissioners. The initial and subsequent purchasers of these units had agreed to upward limitations on the sales prices they may receive upon disposition; further, unit owners must sell to other income and asset qualifying individuals. Agreements between each of the unit owners and the Association give it the right of first refusal, at no more than the calculated prices, to purchase any units offered for sale. The Association must resell to similar income and asset qualifying purchasers at no more than the calculated prices.

Purchases of the two additional units were made in accordance with the arrangement then in place, as described above for the Association to act as buyer and reseller of units on behalf of owners. However, and as the result of the decline in property values since acquisition, these units were not able to be resold. Accordingly, the Board of Directors of the Association announced in 2010 that it would no longer act as purchaser for any Owners who wished to sell their units. The two purchased units were converted to rentals and not actively marketed for resale and in 2014 the Association began recording depreciation on them.

The Association is a member of the Condominium Association of all unit owners.

2. Summary of significant accounting policies

Basis of accounting

The Association prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Association is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Association or by the passage of time.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Summary of significant accounting policies (continued)

Basis of presentation (continued)

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Association has no donor restricted contributions.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of annual payments of tax and refunds of tenant security deposits. Restricted cash does not fall under the criteria for donor restricted net assets as these funds are held for operational purposes rather than donor imposed restrictions.

Concentration of credit risk

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fixed assets and depreciation

Purchases of property, equipment or improvements costing more than \$1,500 are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2025 was \$49,634.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Summary of significant accounting policies (continued)

Fixed assets and depreciation (continued)

The useful lives of the assets are estimated as follows:

Condominium Apartment Units for Rent	40 years
Condominium Apartment Units Improvements	5 years

Impairment of long-lived assets

The Association reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2025.

Income taxes

The Association is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from Illinois income and franchise taxes.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Association to report information regarding its exposure to various tax positions taken by the Association. The Association has determined whether any tax positions have met the recognition threshold and has measured the Association's exposure to those tax positions. Management believes that the Association has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Association are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Revenue recognition for tenant leases and tenant charges

The Association is the lessor of the property and accounts for tenant leases as operating leases. The Association determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. The Association generates rental income from the leasing of the condominium apartment units. Rents are recognized during the periods to which they relate, and any prepaid rents are deferred until recognized. The Association recognizes unconditional grant revenue when pledged and is recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any grantor imposed restrictions.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Summary of significant accounting policies (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Economic concentrations

The Association operates one property in Highland Park, Illinois. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Functional expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of functional expenses. Management believes all costs of providing program services and other activities are allocable to providing residential rental services.

Management allocates all costs associated with financing, administrative, and entity expenses to administrative and support services. All other costs are allocated to program services. The Association does not engage in fundraising and therefore does not allocate any expenses to fundraising services benefited.

Subsequent events

Subsequent events have been evaluated through March 12, 2026, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

3. Liquidity and availability of financial assets

The following represents the Association's financial assets at December 31, 2025:

Financial assets at year end:	
Cash and cash equivalents	\$ 149,298
Cash – entity	120,003
Segregated security deposits	13,238
Real estate tax escrow	5
Total financial assets	282,544
Less amounts not available to be used within one year:	
Segregated security deposits	(13,238)
Financial assets available to meet general expenditures over the next twelve months	\$ 269,306

The Association's goal is generally to maintain financial assets to meet two years of operating expenses (approximately \$267,000). As part of its liquidity plan, excess cash is invested in savings accounts.

4. Restricted cash

As of December 31, 2025, the Association's restricted cash consists entirely of segregated security deposits and real estate tax escrow:

Segregated security deposits

The tenant security deposits accounts are maintained in interest bearing market rate savings accounts. The carrying value of restricted cash approximates fair value because of the short-term maturity of those instruments. As of December 31, 2025, the balance in the tenant security deposits accounts is \$13,238.

Real estate tax escrow

In accordance with the terms of the mortgage agreement, the Association is required to make monthly deposits to the real estate tax escrow. As of December 31, 2025, the balance of the escrow is \$5. The Association has a non-homestead property tax exemption.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

5. Mortgage loans payable

First Mortgage

On July 26, 2012, the Association obtained a loan (the “First Mortgage”) from First Bank of Highland Park. The First Mortgage is in the amount of \$440,000 and has a fixed interest rate of 4.5%. The First Mortgage is payable in monthly payments including principal and interest in the amount of \$2,247 through July 2017. On July 26, 2017, the maturity date, a balloon payment was required for any remaining principal and accrued interest. The loan was refinanced on April 26, 2017, to mature on April 26, 2022. On April 26, 2022, the loan was extended to mature on April 26, 2027. The terms of the extension raised the interest rate to 5.25% and the principal balance to \$361,524. The loan is collateralized by the original twelve condominium rental units owned by the Association.

As of December 31, 2025, the principal balance remaining was \$319,776, and accrued interest was \$0. For the year ended December 31, 2025, interest expense was \$19,152.

First mortgage loan payable consists of the following as of December 31, 2025

Principal balance	\$	319,776
Less: unamortized debt issuance costs		(1,292)
First mortgage payable, net of unamortized debt issuance costs		318,484

Debt issuance costs are being amortized to interest expense over the term of the loan. For 2025 the effective interest rate was 6.44%. During 2025, amortization of debt issuance costs was \$968.

Second Mortgage

On April 24, 2001, the Association obtained a loan (the “Second Mortgage”) from Lake County through the HOME and Investment Partnership Program. The Second Mortgage is in the amount of \$240,000 and is noninterest bearing. The Second Mortgage is due in one payment on or before June 30, 2042. The loan is collateralized by certain twelve condominium rental units owned by the Association. The Association must comply with various conditions of the Second Mortgage as well as report periodically on the income and asset status of tenants and other limitations. Should the Association violate these conditions, the entire principal would become due and payable. As of December 31, 2025, the Second Mortgage balance was \$240,000.

The present value of the Second Mortgage as of April 24, 2001, discounted at 4%, was \$48,402; interest compounds at the above rate throughout the life of the loan. The balance in the amount of \$191,598 was treated as a grant from Lake County in that year and was included in net assets without donor restrictions. For the year ended December 31, 2025, interest expense was \$4,769. The balance of the loan net of discount as of December 31, 2025 was \$121,529. As of December 31, 2025, the discount in the amount of \$118,471 is considered to be a contingent liability as discussed in Note 7 and is not reflected in the statement of financial position.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

5. Mortgage loans payable (continued)

Third Mortgage

On January 1, 2004, the Association obtained a loan (the “Third Mortgage”) from the Illinois Housing Development Authority (IHDA) in the amount of \$454,888. The Third Mortgage is noninterest bearing and payable in monthly payments of \$100 beginning January 1, 2004. The Third Mortgage is due in one payment on or before September 1, 2043, the maturity date. The loan is collateralized by a Junior Mortgage and Assignment of Rents and Leases.

The Association must comply with various conditions of the Third Mortgage as well as report periodically on the income and asset status of tenants and other limitations. Should the Association violate these conditions, the entire principal would become due and payable. As of December 31, 2025, the Third Mortgage balance was \$428,388.

The present value of the Third Mortgage as of January 1, 2004, discounted at 4%, was \$107,059; the balance in the amount of \$347,829 was treated as a grant from IHDA in the year ended December 31, 2004 and was included in net assets without donor restrictions. Interest compounds at the above rate throughout the life of the loan. For the year ended December 31, 2025, interest expense was \$8,478. The balance of the loan net of discount as of December 31, 2025 was \$215,241. As of December 31, 2025, the discount in the amount of \$213,147, is considered to be a contingent liability as discussed in Note 7 and is not reflected in the statement of financial position.

Annual principal payments are as follows:

2026	\$	14,161
2027		308,015
2028		1,200
2029		1,200
2030		1,200
Thereafter		<u>662,388</u>
Total	\$	<u>988,164</u>

6. Declaration of condominium ownership

The Association is a member of a condominium association to provide affordable housing as defined in the declaration dated June 17, 2002. The Association is required to pay a monthly assessment to the condominium association. The amount paid for condominium administrative assessments during 2025 was \$54,923.

7. Contingent liabilities

At December 31, 2025, the additional total amount related to the second and third mortgages that would be due on demand if the Association were not in compliance with the stipulated terms of the loan agreements (see Note 5) is \$331,618. This amount has not been reflected as a liability in the accompanying statement of financial position due to its contingent nature.

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

8. Property tax exemption

The State of Illinois Department of Revenue has determined the Association has met the exemption qualifications necessary to receive a non-homestead property tax exemption for all 14 units.



SUPPLEMENTARY INFORMATION

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2025

	<u>Federally subsidized</u>	<u>Non-subsidized</u>	<u>Total</u>
	<u>12 units</u>	<u>2 units</u>	
ASSETS			
Current assets			
1120 Cash and cash equivalents	\$ 37,620	\$ 111,678	\$ 149,298
1125 Cash - entity	120,003	-	120,003
1191 Segregated security deposits	10,958	2,280	13,238
1310 Real estate tax escrow	5	-	5
1240 Prepaid insurance	-	1,080	1,080
Total current assets	<u>168,586</u>	<u>115,038</u>	<u>283,624</u>
Fixed assets			
1420 Condominium apartment units for rent	1,573,944	273,042	1,846,986
4250 Less: accumulated depreciation	<u>(912,744)</u>	<u>(90,792)</u>	<u>(1,003,536)</u>
Total fixed assets	<u>661,200</u>	<u>182,250</u>	<u>843,450</u>
Total assets	<u>\$ 829,786</u>	<u>\$ 297,288</u>	<u>\$ 1,127,074</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
2110 Accounts payable	1,089	881	1,970
2320 Current portion of mortgage loans payable	14,161	-	14,161
2191 Tenants' security deposits	10,051	1,359	11,410
2210 Prepaid rent	<u>1,226</u>	<u>1,100</u>	<u>2,326</u>
Total current liabilities	<u>26,527</u>	<u>3,340</u>	<u>29,867</u>
Long-term liabilities			
2320 First mortgage payable, net of unamortized debt issuance costs	305,523	-	305,523
2320 Mortgage loans payable, net of discount	<u>335,570</u>	<u>-</u>	<u>335,570</u>
Total long-term liabilities	<u>641,093</u>	<u>-</u>	<u>641,093</u>
Total liabilities	667,620	3,340	670,960
Net assets			
3130 Without donor restrictions	<u>162,166</u>	<u>293,948</u>	<u>456,114</u>
Total liabilities and net assets	<u>\$ 829,786</u>	<u>\$ 297,288</u>	<u>\$ 1,127,074</u>

see report of independent auditors

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2025

	<u>Federally subsidized</u>	<u>Non-subsidized</u>	<u>Total</u>
	<u>12 units</u>	<u>2 units</u>	
WITHOUT DONOR RESTRICTIONS			
REVENUE AND OTHER SUPPORT			
5120 Apartment rentals	\$ 100,636	\$ 27,600	\$ 128,236
5121 Housing assistance payments	20,775	-	20,775
5220 Less: Vacancy loss	<u>(1,137)</u>	<u>-</u>	<u>(1,137)</u>
Net rental revenue	120,274	27,600	147,874
5320 Interest income	56	8	64
5990 Other revenue	<u>33</u>	<u>3</u>	<u>36</u>
Total other support	89	11	100
Total revenue and other support	<u>120,363</u>	<u>27,611</u>	<u>147,974</u>
EXPENDITURES			
6390 Condominium association assessments and dues	44,148	10,775	54,923
6810 Interest	33,367	-	33,367
6390 Cable television	9,119	1,520	10,639
6320 Management fee	7,271	1,575	8,846
6590 Repairs and maintenance	4,505	2,487	6,992
6350 Audit expenses	11,563	1,927	13,490
6710 Real estate taxes	55	6	61
6450 Electricity	63	-	63
6485 Other operating expenses	<u>5,349</u>	<u>732</u>	<u>6,081</u>
Total expenditures	<u>115,440</u>	<u>19,022</u>	<u>134,462</u>
Change in net assets before depreciation	<u>4,923</u>	<u>8,589</u>	<u>13,512</u>
6900 Depreciation	<u>42,528</u>	<u>7,106</u>	<u>49,634</u>
CHANGE IN NET ASSETS	(37,605)	1,483	(36,122)
NET ASSETS AT BEGINNING OF YEAR	<u>199,771</u>	<u>292,465</u>	<u>492,236</u>
NET ASSETS AT END OF YEAR	<u>\$ 162,166</u>	<u>\$ 293,948</u>	<u>\$ 456,114</u>

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
SUPPLEMENTARY STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(36,122)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		49,634
Debt issuance amortization		968
Loan interest - discount		13,247
(Decrease) increase in liabilities:		
Accounts payable		1,970
Prepaid rent		1,130
Security deposits payable		306
Net cash provided by operating activities		31,133

CASH FLOWS FROM INVESTING ACTIVITIES

Net deposits to segregated security deposits		(38)
Net withdrawals from the real estate tax escrow		4
Net cash used in investing activities		(34)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on mortgage loans payable		(14,143)
Net cash used in financing activities		(14,143)

Net increase in cash and cash equivalents 16,956

Cash and cash equivalents at beginning of year \$ 252,345

Cash and cash equivalents at end of year \$ 269,301

see report of independent auditors

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
SCHEDULE OF FUNDS IN FINANCIAL INSTITUTIONS
December 31, 2025

A.	Funds Held by Mortgagor, regular operating account:		
	1. First Bank of Highland Park - Checking	\$ 31,058	1
	2. First Bank of Highland Park - Checking	111,678	1
	3. First Bank of Highland Park - Checking	10,212	2
	4. First Bank of Highland Park - Savings	112,055	2
	5. First Bank of Highland Park - Savings	<u>9,512</u>	1
	Total Funds Held by Mortgagor, regular operating account	274,515	
B.	Funds Held by Mortgagor, in Trust, tenant security deposits:		
	1. First Bank of Highland Park - Savings	10,959	3
	2. First Bank of Highland Park - Savings	<u>2,280</u>	1
	Total Funds Held by Mortgagor, in Trust, tenant security deposits	13,239	
C.	Funds Held by Mortgagee, (In Trust)		
	1. Real estate tax escrow, First Bank of Highland Park	<u>5</u>	3
	Total funds in financial institutions	<u><u>\$ 287,759</u></u>	
(1)	Balances confirmed by First Bank of Highland Park, January 5, 2026		
(2)	Balances confirmed by First Bank of Highland Park, January 13, 2026		
(3)	Balances confirmed by First Bank of Highland Park, January 7, 2026		

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
DEBT SERVICE COVERAGE RATIO ANALYSIS
December 31, 2025

From Statement of Activities and Changes in Net Assets:

A.	Excess of revenues over expenses before financing, entity expenses, depreciation and amortization	\$ 46,879
B.	Less: replacement reserve payments	-
C.	NOI adjusted (A minus B)	46,879
D.	Debt service	
	Mortgage principal payments	14,143
	Mortgage interest	17,410
	Total debt service	\$ 31,553
E.	Debt Service Coverage Ratio ("DCR") (C divided by D)	1.49

* Debt service coverage ratio analysis was calculated on the 12 units financed by IHDA.

**SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)**

December 31, 2025

CERTIFICATE OF OWNER

I hereby certify that I have examined the accompanying financial statements and supporting data of Sunset Woods Association and, to the best of my knowledge and belief, the same are true statements of the financial condition and results of operations as of December 31, 2025 and for the year then ended.

Date: 3-4-26


By: 
Title: President

Employer Identification Number:
01-0628727

SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
December 31, 2025

CERTIFICATE OF MANAGING AGENT

I hereby certify that I have examined the accompanying financial statements and supplementary data of Sunset Woods Association and, to the best of my knowledge and belief, the same is complete and accurate.



Richard Koenig, Executive Director
Housing Opportunity Development Corporation

Date: 3/16/2026

36-3237455
(Employer Identification Number)

**SUNSET WOODS ASSOCIATION
(IHDA PROJECT NO.: HTF-1213)
December 31, 2025**

INFORMATION REGARDING AUDITORS

To: Illinois Housing Development Authority

RE: Sunset Woods Association
IHDA PROJECT NO.: HTF-1213

Year ended December 31, 2025

AUDITOR INFORMATION

Name: Novogradac & Company LLP

Address: 3025 North Wooster Avenue
Dover, OH 44622

Phone: (330) 365-5400

Lead Auditor: Dirk A. Wallace

Federal ID#: 94-3108253

Audit Partner: Dirk A. Wallace

Firm: Novogradac & Company LLP

Telephone Number: (330) 365-5400

Federal Employer ID#: 94-3108253

Date: April 6, 2026

To: Chair Isis Fernandez-Sykes & Housing Commission

From: Zubin Coleman, Senior Planner

Subject: Property Management Contract Renewals: Housing Opportunity Development Corporation (HODC) and Evergreen Real Estate Services (ERES)

Recommendation

Staff requests the Housing Commission approve the renewal and extension of the property management contracts for a two year term with HODC for the 14 rental units at Sunset Woods Condominiums and with ERES for the Peers and Ravinia Housing Associations.

Background

The Housing Commission has three housing associations that own affordable housing units. These are:

- Peers Housing Association (PHA) for the Frank B. Peers Senior Housing.
- Ravinia Housing Association (RHA) for Ravinia Family Housing.
- Sunset Woods Association (SWA) for the 14-rental units located in the Sunset Woods Condominiums building.

Both HODC and ERES have provided adequate staffing and quality control processes. ERES has proved to be consistently responsive to requests made by the Housing Commission and City personnel. ERES has also shown their willingness to create a healthy and functional living environment within the Peers and Ravinia developments, given the amount of units under their jurisdiction. Also, HODC has not shown a lack of information or promptness that would deter Staff from recommending a renewal of their management agreement for the 14 Sunset Woods units. City Staff’s experience is that both ERES and HODC property management responds quickly to tenant service requests and concerns with professionalism and promptness.

ERES

In July 2019, the Housing Commission issued a Request for Proposals (RFP) for property management services for the Peers, Ravinia, and Walnut affordable housing developments. A review team was assembled to review the two proposals received and selected ERES for the management contract. At its November 6, 2019 meeting, the HC approved the selection of ERES for property management services.¹ These contracts have since been extended or renewed in 2022 and 2024 on two year cycles.

¹ ERES had been the property management company for Peers, Walnut Place, and Ravinia housing since 2008. The RFP was let in order to obtain fresh proposals for the property management contract. ERES was one of two respondents, was selected by the HC, and approved by City Council for the new contract.



Due to Ravinia having a HUD loan, its management contract is auto renewed every two years, with the execution of the Management Certificate filed with the federal U.S. Department of Housing and Urban Development (HUD). On the other hand, Peers has a mortgage with the Illinois Housing Development Authority (IHDA) and its contract is extended on a biannual basis. The current contracts for both PHA and RHA expire on June 30, 2026. ERES confirmed that they are not requesting to change the terms of their management agreement and are opting for another two-year renewal (see **Attachment 1 & 2**)².

HODC

HODC currently has two contracts with the SWA. One Management Agreement is for the 12 units and requires the approval of IHDA. The second is for units #231 and #319, and this contract is between SWA and HODC and does not require any approval from IHDA. Both contract agreements expire on June 30, 2026. HODC confirmed that they are not requesting to change the terms of their management agreement and are opting for another two-year renewal.

HODC was one of the original members of the Sunset Woods development team (2002) and has managed the 14 affordable rental units at Sunset Woods since then. The City staff and the Housing Commission representative to the Sunset Woods Condominium Association (SWCA) Board assess resident satisfaction through their interactions with the tenants. Resident feedback regarding HODC is favorable. Like ERES, HODC has a staff regional supervisor for the Sunset Woods rentals in order to enhance management oversight. This supervisor received the 2018 IHDA Property Manager of the Year award (see **Attachment 3 & 4**).

Next Steps

Staff requests the Housing Commission recommend:

1. Approval for two-year extensions of the property management service contracts with HODC for the 14 Sunset Woods rental units and with ERES for Peers and Ravinia Housing³.
2. Authorize the President of the Sunset Woods, Peers, and Ravinia Housing Associations to execute the corresponding management contract documents with ERES and HODC.

The Housing Commission recommendation will go to the City Council for its approval. After approval and execution, the documents will be filed with IHDA and HUD respectively.

² ERES has yet to sign the Management Contract Extension forms for Ravinia & Peers. They informed Staff of their intention to sign.

If ERES does not provide the forms by the start of the April 6th Housing Commission meeting, then the Commission cannot consider their management contract extension at the April 6th meeting and must continue to the May 6th Housing Commission meeting.

³ See footnote above regarding ERES' management Contract extension forms.



EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT

Development Name: _____

Project ID (PID): _____

THIS EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT (this "Amendment") is made as of the _____ day of _____, by and between _____ (the "Owner") and _____ (the "Property Manager.")

RECITALS

The Owner and the Property Manager have previously entered into that certain Management Agreement dated as of _____ (the "Management Agreement") and approved by the Illinois Housing Development Authority. The Management Agreement has expired and the parties wish to amend it and extend its term.

NOW, THEREFORE, in consideration of the mutual agreements contained below and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms in this Amendment that are not defined herein shall have the meanings provided in the Management Agreement.
2. **Extension of Term.** The term of the Management Agreement is extended for a period of _____ year(s), beginning on _____ and ending on _____, unless terminated earlier as provided in the Management Agreement.
3. **Fees.**
 - There is no change to the monthly fee of the Property Manager.
 - There is a change to the monthly fee of the Property Manager. Paragraph _____ of the Management Agreement is amended to provide that the monthly fee of the Property manager shall be _____ percent (____%) of gross collections.
4. **Warranties and Representations.** Owner and Property Manager each warrants that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory to or in opposition to the provisions of the Management Agreement, as amended by this Amendment (the "Amended Management Agreement") and that, in any event, the requirements of the Amended Management Agreement are (i) paramount and controlling as to the rights and obligations set forth in any other agreement and (ii) supersede any other requirements in conflict with the Amended Management Agreement.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their authorized representatives.

OWNER:

By: _____
Print Name: _____
Title: _____
Date: _____
FEIN # _____

PROPERTY MANAGER:

By: _____
Print Name: _____
Title: _____
Date: _____
FEIN # _____

This Amendment is approved this _____ day of _____.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY:

By: _____
Print Name: Patricia Williams
Title: Assistant Director – Rental Compliance

MANAGEMENT AGREEMENT

This Management Agreement ("Agreement") is made this ____ day of _____, 20____, between _____ ("Owner") and Evergreen Real Estate Services, LLC ("Agent").

1. Appointments and Acceptance. Owner appoints Agent as exclusive agent for the management of the property described in Section 2 of this Agreement, and Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement.
2. Description of Project. The property (the "Project") to be managed by Agent under this Agreement is a housing development consisting of the land, buildings, and other improvements all further described as follows:

Project Name:

Address:

City/State:

County:

No. Of Dwelling Units:

3. Definitions. As used in this Agreement:
 - a. "HUD" means the United States Department of Housing and Urban Development.
 - b. "Secretary" means the Secretary of the United States Department of Housing and Urban Development.
 - c. "Principal Parties" means Owner and Agent.
 - d. "Consenting Parties" means the Secretary and the Mortgagee.
 - e. "Mortgagee" means the lender under the Mortgage, and its successors and assigns.
4. Low Income Housing Requirements. The Project is subject to a Housing Assistance Payments Contract ("HAP") with the Secretary. Owner will furnish Agent with a copy of the HAP. In performing its duties under this Management Agreement, Agent will comply with all pertinent requirements of the HAP and directives of the Secretary. In the event any instruction from Owner is in conflict with such requirements, the latter will prevail.
5. Management Plan. Attached hereto as "Exhibit A" and incorporated herein, is a copy of the management plan for the Project ("Management Plan"), which provides a description of the policies and procedures to be followed in the management of the Project. In many of its provisions, this Agreement briefly defines the nature of Agent's obligations, with the intention that reference be made to the Management Plan for more detailed policies and procedures. Accordingly, Owner and Agent will comply with all applicable provisions of the Management Plan, regardless of whether specific reference is made thereto in any particular provision of this Agreement.
6. Basic Information. As soon as reasonably practical, Owner will furnish Agent with a complete set of plans and specifications and copies of all guarantees and warranties pertinent to the Project's construction, fixtures and equipment. With the aid of this information and through inspections by competent personnel, Agent will thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Project and especially the electrical, heating, plumbing, air conditioning and ventilation systems, the elevators, and all other mechanical equipment.
7. Marketing. Agent will carry out the marketing activities prescribed in the Management Plan, observing all requirements of the Affirmative Fair Housing Marketing Plan ("AFHMP") and observing all requirements of fair housing laws and regulations, as may be amended from time to time. Advertising expenses will be paid out of the Project's Operating Account as a Project expense.

8. Rentals. Agent will offer for rent and will rent the dwelling units, parking spaces, and other applicable amenities in the Project, subject to the following:
 - a. Agent will follow the resident selection policy described in the Management Plan, including ensuring that residents meet the Project's financing and regulatory requirements for eligibility.
 - b. Agent will show the premises to prospective residents.
 - c. Agent will take and process applications for rental. If an application is rejected, the applicant will be informed the reason for rejection, and the rejected application, with reason for rejection noted thereon, will be maintained on file for at least three (3) years. A current list of prospective residents will be maintained.
 - d. Agent will prepare all dwelling leases and parking permits, and will execute the same in its name, identified thereon as Agent for Owner. The dwelling leases will be in a form approved by Owner and the Secretary.
 - e. Owner will furnish Agent with rent schedules, as from time to time approved by the Secretary, showing approved rents for dwelling units, and other charges for facilities and services. In no event will the approved rents and other charges be exceeded, unless expressly approved by Owner and/or the Secretary.
 - f. Agent will counsel all prospective residents regarding eligibility for dwelling rents and will prepare and verify eligibility certifications and recertifications in accordance with the applicable regulatory agreement(s) and any directives of the Secretary.
 - g. Agent will negotiate concession agreements where applicable, and execute the same in its name, identified thereon as Agent for Owner, subject to Owner's prior approval of all terms and conditions.
 - h. Agent will collect, deposit, and disburse security deposits if required, in accordance with the terms of each resident's lease. Security deposits will be deposited by Agent in an interest-bearing account, separate from all other accounts and funds with a bank or other financial institution whose deposits are insured by an agency of the United States Government, and which has been approved by Owner, and a percentage of interest will be credited to each resident, annually, based on published rates. This account will be carried in the Project's name and designated on record as " _____ Security Deposit Account."
9. Collection of Rents and Other Receipts. Agent will collect when due all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Project. Such receipts (except for residents' security deposits, which will be handled as specified in Subsection 8h above) will be deposited in an account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation. This account will be carried in the Project's name and designated on record as " _____ Operating Account" ("Operating Account")
10. Enforcement of Leases. Agent will secure full compliance by each resident with the terms of this lease. Voluntary compliance will be emphasized, and Agent, utilizing the services of a Social Services Director, if applicable, will counsel residents and make referrals to community agencies in cases of financial hardship or under other circumstances deemed appropriate by Agent, to the end that involuntary termination of tenancies may be avoided to the maximum extent consistent with sound management of the Project. Nevertheless, and subject to the pertinent procedures prescribed in the Management Plan, Agent may lawfully terminate any tenancy when, in Agent's judgement, sufficient cause for such termination (including but not limited to nonpayment of rent) occurs under the terms of the resident's lease. For this purpose, Agent is authorized to consult with legal counsel to be designated by Owner, to bring actions for eviction and to execute notices to vacate and judicial pleadings incident to such actions; provided, however, Agent keeps Owner informed of such actions and follows such instruction as Owner may prescribe for the conduct of any such action.

Subject to Owner's approval, attorney fees and other necessary costs incurred in connection with such actions will be paid out of the Operating Account as Project expenses.

11. Maintenance and Repair. Agent will maintain the Project in good repair in accordance with the Management Plan, state and local codes, rules and regulation, and in a condition at all times acceptable to Owner and the Secretary, including but not limited to cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to any limitations imposed by Owner in addition to those contained herein. Incident thereto, the following provision will apply:
 - a. Special attention will be given to preventive maintenance and, to the greatest extent feasible, the services of regular maintenance employees will be used.
 - b. Subject to Owner's prior approval, Agent will contract with qualified independent contractors for the maintenance and repair of heating and air-conditioning systems and elevators, and for extraordinary repairs beyond the capability of regular maintenance employees.
 - c. Agent will systematically and promptly receive and investigate all service requests from residents, take such action thereon as may be justified, and keep records of the same. Emergency requests will be received and serviced on a 24-hour basis. Complaints of a serious nature will be reported to Owner after investigation.
 - d. Agent is authorized to purchase all materials, equipment, tools, appliances, supplies and services necessary to proper maintenance and repair, in accordance with the Project's operating and capital accounts.
 - e. Notwithstanding any of the foregoing, the prior approval of Owner will be required for any expenditure that exceeds five thousand dollars (\$5,000.00) in any one instance for labor, materials, or otherwise in connection with the maintenance and repair of the Project, except for recurring expenses within the limits of the operating budget or emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the project. In the latter event, Agent will inform Owner of the facts as promptly as possible.
12. Utilities and Service. In accordance with the Management Plan and operation budget, Agent will make arrangement for water, electricity, gas, fuel oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities and telephone services. Subject to Owner's prior approval, Agent will make such contracts as may be necessary to secure such utilities and services.
13. Employees. The Management Plan prescribes the number, qualifications and duties of the personnel to be regularly employed in the management of the Project. All such on-site personnel will be employees of Agent and hired, paid, supervised, and discharged by Agent, subject to the following conditions:
 - a. Owner will reimburse Agent for compensation (including fringe benefits) payable to the on-site management and maintenance employees and for all local, state and federal taxes and assessments (including but not limited to social security taxes, unemployment insurance, and workman's compensation insurance) incident to the employment of such personnel. Such reimbursements will be paid out of the Operating Account and will be treated as Project expenses.
 - b. Compensation (including fringe benefits) payable to the on-site staff, plus all local, state and federal taxes and assessments incident to the employment of such personnel will be borne solely by the Project and will not be paid out of Agent's fee. The rental value of any dwelling unit furnished rent-free (if any) will be treated as a cost to the Project.
 - c. Agent shall comply with all equal employment and non-discrimination provisions of all applicable federal, state and local employment laws, rules and regulations.

14. Records and Reports. In addition to any requirements specified in the Management Plan or in other provisions of this Agreement, Agent will have the following responsibilities with respect to records and reports:
- a. Agent will establish and maintain a comprehensive system of records, books, and accounts in a manner conforming to the directives of the Secretary, and otherwise satisfactory to Owner and the Consenting Parties. All records, books and accounts will be subject to examination at reasonable hours by and authorized representative of Owner and the Consenting Parties.
 - b. With respect to each fiscal year ending during the term of this Agreement, Agent will have an annual financial report prepared by a certified public accountant or other person acceptable to Owner and Secretary, based upon the preparer's examination of the books and records of Owner and Agent. The report will be prepared in accordance with the directives of the Secretary, will be certified by the preparer and Agent, and will be submitted to Owner within ninety (90) days after the end of the fiscal year for Owner's further certification and submission to the Consenting Parties. Compensation for the preparer's services will be paid out of the Operating Account as a Project expense.
 - c. Agent will prepare a monthly report comparing actual and budgeted figures for receipts and disbursements, and will submit each report to Owner within thirty (30) days of the last day of the calendar month.
 - d. Agent will furnish such information (including occupancy reports) as may be requested by Owner or the Secretary from time to time with respect to the financial, physical, or operational condition of the Project.
 - e. By the fifteenth (15th) day of each month, Agent will furnish Owner with an itemized list of all delinquent accounts, including rental accounts, as of the tenth (10th) day of the same month.
 - f. By the thirtieth (30th) day of each month, Agent will furnish Owner, and HUD, upon written request by HUD, a statement of receipts and disbursements during the previous month, a schedule of accounts receivable and payable, and reconciled bank statements for the Operating Account as of the end of the previous month.
 - g. If the rental collections plus HUD subsidy fall below operating expenses for a sustained period of sixty (60) days, Agent will immediately send written notification of the same to HUD with a copy to Owner.
 - h. Agent will prepare and submit a HAP request and accompanying documentation to HUD, as directed by the Secretary, on a monthly basis within the first ten (10) days of the month preceding that month for which the HAP payments are claimed.
15. Budgets. Annual operating budgets for the Project will be approved by Owner. Except as permitted under Subsection 11.e. above or notification by Agent to Owner, an annual disbursement for each type of operating expense itemized in the budget will not exceed the amount authorized by the approved budget. In addition to preparation and submission of a proposed operating budget for the initial fiscal year, Agent will prepare a proposed operating budget for each subsequent fiscal year beginning during the term of this Agreement, and will submit the same to Owner at least sixty (60) days before the beginning of the fiscal year. Owner will promptly inform Agent of any changes incorporated in the approved budget, and Agent will keep Owner informed of any anticipated deviation from the receipts or disbursements stated in the approved budget.
16. Disbursements from Rental Agency Accounts.
- a. From the funds collected and deposited by Agent in the Operating Account pursuant to Section 9 above, Agent will make the following disbursements promptly when payable:
 - (1) Reimbursement to Agent for compensation payable to the employees as specified

in Section 13 above, and for the taxes and assessment payable to local, state and federal governments in connection with the employment of such personnel.

- (2) The single aggregate payment required to be made monthly by Owner to the Mortgagee, including the amounts due under the mortgage for principal amortization, interest, mortgage insurance premium, fire and other hazard insurance premiums and any amounts specified in the applicable regulatory agreement(s).
 - (3) All sums otherwise due and payable by Owner as expenses of the Project authorized to be incurred by Agent under the terms of this Agreement, including compensation payable to Agent pursuant to Section 25 below.
- b. Except for the disbursements mentioned in Subsection 16.a. above, funds will be disbursed or transferred from the Operating Account only as Owner may from time to time direct in writing.
 - c. In the event the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under Subsection 16.a. above, Agent will inform Owner of that fact and Owner will then remit to Agent sufficient funds to cover the deficiency. In no event will Agent be required to use its own funds to pay such disbursements.
 - d. Owner approves Agent's software, with a separate set of books for the Project and its Operating Account. Payment of bills shall be by check or approved ACH transfer to be drawn on Owner's Operating Account. Owner's general policy is to pay accounts payable within thirty (30) days after the vendor or service provider is entitled to payment, subject to Owner's or Agent's reasonable discretion to delay or withhold payment(s). Agent will use its best efforts to comply with this general policy.
17. Fidelity Bond. Agent will furnish and maintain, at the expense of Owner, a fidelity bond or comparable insurance policy, of which the principal sum or coverage will not be less than the Project's gross potential income for two months and is conditioned to protect Owner and the Consenting Parties against misappropriation of Project funds by Agent and its employees. The other terms and conditions of the bond, and the surety thereon, or comparable insurance policy, will be subject to the approval of Owner and the Consenting Parties.
18. Bids and Purchase Discounts, Rebates or Commissions. Owner and Agent agree to obtain contract materials, supplies, and services at the lowest possible cost and on the terms most advantageous to the Project and to secure and credit to the Project all discounts, rebates or commission obtainable with respect to purchases, service contracts and other transactions on behalf of the Project. Owner and Agent agree that all goods and services purchased from individuals or companies have an identity-of-interest with Owner or Agent shall be purchased at costs not in excess of those that would be incurred in making arms-length purchase on the open market.

Agent shall solicit written cost estimates (i.e., bids from at least three contractors or suppliers) for any work item, which Owner or the Secretary estimates will cost \$5,000 or more, and for any contract or ongoing supply or service arrangement, which is estimated to exceed \$5,000 per year. Agent agrees to accept the bid which represents the lowest price, taking into consideration the bidder's reputation for quality of workmanship or materials and timely performance and the time frame within which the service or goods are needed. For any contract or ongoing supply or service arrangement obtainable for more than one source and estimated to cost less than \$5,000, Agent shall solicit verbal or written cost estimates, as necessary, to assure that the Project is obtaining services, supplies and purchases at the lowest possible cost. Agent must make a written record of any verbal estimate obtained. Copies of all required bids and documentation of all other written or verbal comparisons made by Agent shall be made part of the Project's records and shall be retained for three years from the date the work was completed. This documentation shall be subject to inspection by the Secretary or his/her designee and Agent agrees to submit such documentation upon request.

Agent further agrees to include the following clause in any contract entered into with and identity-of-interest firm for provision of goods or services to the project, the cost of which

services are to be paid from Project funds: "Upon request by the (Owner or Agent) or the Secretary, (name of contractor or supplier) will make available to the Secretary at a reasonable time and place; (name or contractor or suppliers) records which relate to goods or services provided to the Project." Agent agrees to request such records from the contractor or supplier within seven days of receipt of a written request from the Secretary of his/her designee.

Agent agrees to make available to the Secretary all records of Agent's management company and its identity-of-interest company(s), if any, which relate to the provision of goods or services to the Project whenever Project funds have been used to pay for such goods and/or services (other than management services).

In the event charges levied by an identity-of-interest firm exceed charges which were or would have been levied by non-identity-of-interest firms for similar services or materials, Owner, at the request of the Secretary, shall refund any excessive amounts which were paid from Project funds. If Owner and HUD cannot agree as to the amount of refund due, HUD's Loan Management Branch Chief shall request the identity-of-interest firm's records related to the transactions under review. The Inspector General shall provide the Loan Management Branch Chief with an estimate of the amount of refund due. The Deputy Director for Housing Management and the Chief shall review the Inspector General's report and shall notify Owner of the amount of refund due. Within twenty (20) days of receipt of the Field Office's letter, Owner shall refund any amounts found to be excessive.

19. Social Services Program. Agent will carry out the social services program as described in the Management Plan, if any.
20. Resident-Management Relations. Agent will encourage and assist residents of the Project in forming and maintaining representative organizations to promote their common interests, and will maintain good-faith communication with such organizations to the end that problems affecting the Project and its residents may be avoided or solved on the basis of mutual self-interest.
21. On-Site Management Facilities. Subject to the further agreement of Owner and Agent as to more specific terms, Agent will maintain a management office within the Project.
22. Insurance. Owner will inform Agent of insurance to be carried with respect to the Project and its operations and Agent will cause such insurance to be placed and kept in effect at all times. Agent will pay premiums out of the Operating Account, and premiums will be treated as operating expenses. All insurance will be placed with such companies, on such conditions, in such amounts, and with such beneficial interests appearing thereon as shall be acceptable to Owner and the Consenting Parties, and shall be otherwise in conformity with the mortgage, provided that the same will include comprehensive general liability, fire and extended coverage, loss of rents, Officers and Directors' Liability Insurance, Fidelity Bond and Boiler and Equipment Liability insurance. Agent shall be designated as one of the insureds, in amounts acceptable to Agent as well as to Owner and the Consenting Parties. Agent will investigate and furnish Owner with full reports as to all accidents, claims and potential claims for damage relating to the facility and will cooperate with Owner's insurers in connection therewith.
23. Compliance with Governmental Orders. Agent will take such actions as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the Project, whether imposed by federal, state, county or municipal authority, subject, however, to the limitation stated in Subsection 11.e. with respect to repairs.

Nevertheless, Agent shall take no such action as long as Owner is contesting, or has affirmed its intention to contest, any such order or requirement. Agent will notify Owner in writing of all notices of such orders or other requirements, within seventy-two (72) hours from the time of their receipt.

24. Nondiscrimination. In the performance of its obligations under this Agreement, Agent will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, sex, creed, handicap or national origin, including Title

VI or the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1) issued pursuant to that Title; regulations issued pursuant to Executive Order 11063, and Title VIII of the 1968 Civil Rights Act.

25. Agent's Compensation. Agent will be compensated for its services under this Agreement by monthly fees, to be paid out of the Operating Account and treated as Project expenses. Management fees will be computed and paid according to HUD requirements. Such fees will be payable on the 1st day of each month beginning with the first day of the first month of the term of this Agreement.
- a. Each such monthly fee will be in an amount equal to 5.0 % of gross collections received during the preceding month. Gross collections are all amounts actually collected by Agent, as rents or other payments, including but not limited to laundry and vending income, damages, and license fees, if any, but excluding (i) income derived from interest or investments, (ii) discounts and dividends on insurance, and (iii) security or other resident deposits.
 - b. The following categories of expenses shall be covered by the fee, and shall not be reimbursable by Owner: All clerical and other management overhead expenses of Agent (including, but not limited to, cost of office supplies and equipment, data processing services, postage, transportation, managerial and non-managerial personnel and telephone service), other than the fee for services of the Certified Public Accountant retained to prepare the annual financial report.
26. Term of Agreement. This Agreement shall be in effect from _____ day of _____, 20____ until Agent, Owner or HUD terminates in accordance with the terms of herein. This Agreement will be self-renewing for 2-year terms, subject, however, to the following conditions:
- a. This Agreement may be terminated by either party with or without cause, as of the end of any calendar month, provided at least sixty (60) days advance written notice thereof is given to each of the Principal Parties.
 - b. In the event a petition in bankruptcy is filed by or against either of the Principal Parties, or in the event either makes an assignment for the benefits of creditors or takes advantage of any insolvency act, the other party may terminate this Agreement without notice to the other; provided prompt written notice of such termination is given to each of the Principal Parties; and provided further that this Agreement shall not be assigned without the prior written approval of HUD.
 - c. It is expressly understood and agreed by and between the Principal Parties that the Secretary or the Mortgagee shall have the right to terminate this Agreement at the end of any calendar month, with or without cause, on thirty (30) days advance written notice to each of the Principal Parties. In addition, the Secretary may require Owner to terminate this Agreement immediately without penalty in the event of a default under the mortgage, note, regulatory agreement or subsidy contract attributable to Agent, or upon thirty (30) days written notice for failure to comply with the provisions of the HUD management certification, or for other good cause, or if HUD takes over as Mortgagee in Possession. If the Secretary terminates this Agreement, Owner will promptly make arrangements for obtaining an alternative management agent satisfactory to HUD. HUD's rights and requirements will prevail in the event of any conflicts with the terms of this Agreement.
 - d. Upon termination, Agent will submit to Owner any financial statements required by the Secretary and, after the Principal Parties have accounted to each other with respect to all matters outstanding as of the date of termination, Owner will furnish Agent security, in form and principal amount satisfactory to Agent, against all obligations or liabilities Agent may properly have incurred on behalf of Owner hereunder. Agent will turn over to Owner all of the Project's cash, accounts, deposits, investments and records, as soon as possible, but in no event more than 30 days after the date the Agreement is terminated.

27. Interpretative Provisions.

- a. At all times, this Agreement will be subject and subordinate to all rights of the Secretary, and will inure to the benefit of and constitute a binding obligation upon the Principal Parties and their respective successors and assigns. The extent that this Agreement confers rights upon the Consenting Parties, it will be deemed to inure to their benefit, but without liability to either, in the same name and with the same effect as though the Consenting Parties were primary parties to the Agreement.
- b. This Agreement constitutes the entire agreement between Owner and Agent with respect to the management and operation of the Project, and no change will be valid, unless made by supplemental written agreement, executed and approved by the Principal Parties.

28. Indemnification. To the extent permitted by law, Owner agrees (a) to hold and save Agent free and harmless from damages as a result of injuries to person or property by reason of any cause whatsoever either in and about the Project or elsewhere when Agent is carrying out the provisions of the Agreement; (b) to reimburse Agent upon demand for any monies which the latter is required to pay out for any reason whatsoever, whether the payment is for operating expenses under this Agreement or expenses in defense of any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Agent or Owner, jointly or severally, by third parties affecting or due to the condition or use of the Project (as used herein, the term "third parties" does not include agents or non-site based employees of Agent), or due to acts or omissions of Owner, or agents and employees of Owner, arising out of or based upon any law, regulation, requirement or contract pertaining to the Project; and (c) to defend promptly and diligently, at Owner's sole expense, any claim, action or proceeding brought against Agent or Owner, jointly or severally, arising out of or in connection with any of the foregoing, and to hold harmless and fully indemnify Agent from any judgement, loss or settlement on account thereof. It is expressly understood and agreed that the foregoing provisions shall survive the termination of this Agreement.

Notwithstanding the foregoing, Owner shall not be required to indemnify Agent against damages suffered as a result of gross negligence or willful misconduct on the part of Agent, its agent, or employees.

To the extent permitted by law, Agent agrees to defend, indemnify, and save harmless Owner and its partners from all claims, causes of action, liabilities, losses or damages that may be asserted against Owner as a result of Agent's failure to act in accordance with the terms of this Agreement, provided that Agent shall not be liable for any act or omission performed or omitted by it in good faith on behalf of Owner and in a manner reasonably believed by it to be within the scope of the authority granted to it hereunder, but provided further that the protection afforded Agent pursuant to this paragraph shall not apply in the case of gross negligence, willful misconduct, or fraud with respect to such acts or omissions.

29. Notices. Any notice, demand, request or other communication which any party may desire or may be required to give to any other party thereunder shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States mail, postage prepaid, return receipt requested.

If to Owner: _____

Attn: _____

If to Agent: Evergreen Real Estate Services, LLC
566 West Lake Street, Suite 400
Chicago, IL 60661-1414
Attn: John Kennedy

Such addresses may be changed by notice to the other party given in the Agreement. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be

served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (c) shall be effective three (3) business days after proper deposit with the United States Postal Service.

30. Emergency Situations. Notwithstanding anything contained herein to the contrary, in the event that an Emergency Situation (as defined below) exists or arises, Agent shall be entitled to immediately take any action, which, in Agent's reasonable determination, Agent deems necessary and prudent to preserve, protect or repair to the Project or any property related to or used in connection with the Project; provided, however, that Agent shall as soon as practical, but in any event within forty-eight (48) hours, notify Owner describing in reasonable detail the reasons for such Emergency Situation and the actions taken by Agent in response thereto. For purposes of this Agreement the term "Emergency Situation" shall mean any situation or condition which exists or arises which without immediate action (i) will or is likely to cause damage or destruction to the Project or any property related to or used in connection with the Project; (ii) will or is likely to cause the Project to be dangerous or unsafe to residents; or (iii) will or is likely to cause the Project to violate any applicable building code, rule or regulation.

31. Controlling Provisions.
 - a. In the event of a conflict between the applicable HUD laws, regulations, contract and mortgage ("HUD Provisions") and this Agreement, the HUD provisions will govern and control.

 - b. In the event of a conflict between this Agreement and the Management Plan, the provisions of this Agreement will govern and control.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Principal Parties have executed this Agreement to be effective as of the date first above written.

OWNER:

By: _____ /Date
Its: _____

AGENT:

EVERGREEN REAL ESTATE SERVICES, LLC

By: _____ /Date
Its: _____

EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT

Development Name: Sunset Woods

Project ID (PID): HTF 1213

THIS EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT (this “Amendment”) is made as of the 27th day of February, 2026 by and between Sunset Woods Association (the (the “Owner”) and Housing Opportunity Dev. Corp. “Property Manager.”)

This agreement covers 12 units (103, 112, 203, 212, 214, 216, 303, 312, 314, 316, 237, and 337).

RECITALS

The Owner and the Property Manager have previously entered into that certain Management Agreement dated as of September 1, 2014 (the “Management Agreement”) and approved by the Illinois Housing Development Authority. The Management Agreement has expired and the parties wish to amend it and extend its term. **NOW, THEREFORE**, in consideration of the mutual agreements contained below and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms in this Amendment that are not defined herein shall have the meanings provided in the Management Agreement.
2. **Extension of Term.** The term of the Management Agreement is extended for a period of 2 years, beginning on July 1, 2026 and ending on June 30, 2028 unless terminated earlier as provided in the Management Agreement.
3. **Fees.**
 - There is no change to the monthly fee of the Property Manager.
 - There is a change to the monthly fee of the Property Manager. Paragraph _____ of the Management Agreement is amended to provide that the monthly fee of the Property manager shall be _____ percent (____%) of gross collections.
4. **Warranties and Representations.** Owner and Property Manager each warrants that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory to or in opposition to the provisions of the Management Agreement, as amended by this Amendment (the “Amended Management Agreement”) and that, in any event, the requirements of the Amended Management Agreement are (i) paramount and controlling as to the rights and obligations set forth in any other agreement and (ii) supersede any other requirements in conflict with the Amended Management Agreement.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their authorized representatives.

OWNER:

By: _____
Print Name: _____
Title: _____
Date: 02/26/2026
FEIN # _____

PROPERTY MANAGER:

By: 
Print Name: Richard Koenig
Title: Executive Director
Date: 02/26/2026
FEIN # 36-3237455

This Amendment is approved this _____ day of _____.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY:

By: _____
Print Name: _____
Title: _____

EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT

THIS EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT (this “Amendment”) is made as of the 26th day of February, 2026, by and between Sunset Woods Association (the “Owner”) and Housing Opportunity Development Corp (the “Property Manager”). This agreement covers 2 units (#231 and #319).

RECITALS

A. The Owner and the Property Manager have previously entered into that certain Management Agreement originally dated as of February 3, 2010, (the “Management Agreement”) for the two additional units defined in Exhibit A. The Management Agreement has expired and the parties wish to amend it and extend its term.

NOW, THEREFORE, in consideration of the mutual agreements contained below and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

- 1. Definitions.** All capitalized terms in this Amendment that are not defined herein shall have the meanings provided in the Management Agreement.
- 2. Extension of Term.** The term of the Management Agreement is extended for a period of 2 year(s), beginning on July 1, 2026 and ending on June 30, 2028, unless terminated earlier as provided in the Management Agreement.
- 3. Warranties and Representations.** Owner and Property Manager each warrants that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory to or in opposition to the provisions of the Management Agreement, as amended by this Amendment (the “Amended Management Agreement”) and that, in any event, the requirements of the Amended Management Agreement are (i) paramount and controlling as to the rights and obligations set forth in any other agreement and (ii) supersede any other requirements in conflict with the Amended Management Agreement.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their authorized representatives.

OWNER:

By:
Print Name:
Title: President
FEIN # 01-0628727

PROPERTY MANAGER: Housing Opportunity Development Corporation

By: 
Print Name: Richard Koerig
Title: Executive Director
FEIN # 36-3237455

Exhibit A
Rental Units

<u>Units</u>	<u>Bedroom Count</u>	<u>Income Threshold</u>
#231	two-bedroom	up to 80% Chicago Area Median Income
#319	two-bedroom	up to 115% Chicago Area Median Income

Date: April 6, 2026
To: Chair Fernandez-Sykes and Housing Commissioners
From: Zubin Coleman, Senior Planner
Subject: Sunset Woods Housing Association – Mortgage Refinance

Sunset Woods Association (SWA) Mortgage Background

The Sunset Woods Association (SWA) currently has a loan with the First Bank of Highland Park (also known as First Bank Chicago) for 12 of the 14 rental units owned by the City within the Sunset Woods Condominiums at 891 Central Avenue. The remaining two units are not covered by this mortgage loan, as they were purchased separately by the City in 2008 & 2009 with proceeds from a loan for the Peers building.

The loan, created in 2012, matures in five-year cycles. Each time the loan has neared its five-year maturation date, the Commission’s approved a five-year refinance extension for the loan to remain with First Bank Highland Park (FBHP). FBHP also benefits from holding this loan by qualifying for and receiving Community Investment Tax Credits¹. The loan, which received Housing Commission-approved extensions in 2017 and 2022, is up for another five-year extension in April 2027.

The current loan terms are as follows:

Note Number	3180
Note Issue Date	7/26/2012
Maturity Date	4/26/2027
Interest Rate	5.25%
Balance	\$321,556.60

Marc Zisook, Senior Vice President at FBHP, informed Staff that the renewal process for the loan cannot begin until the loan maturity date is less than one year out (4/27/2027). Any of the below three options for the mortgage loan must be exercised by the Commission.

Prior Commission Consideration

At the [March 4th](#) Housing Commission meeting, Staff brought this item to the Commission for Consideration. As outlined in the materials, Staff outlined the Mortgage and the two prior refinance extensions. At the March meeting, the Commission requested that Staff

¹ The Community Investment Tax Credit (CITC) program is a State of Illinois tax credit program designed to enable local residents and stakeholders to invest in local community development corporations (CDCs) to improve economic opportunities for low and moderate-income households. SWA is considered a CDC.



provide additional information in order to make an informed decision. Please refer to the Attachments 1, 2 & 3 listed below.

Further, Staff shared questions, which were asked by the Commission during and after the last meeting, with Marc Zisook of FBHP. See the commissioner’s questions with Mr. Zisook’s responses below:

- Is there a Loan-To-Value ratio that you’re able to share?
 - When we renewed in 2022 the loan of \$365,000 was based upon a market value of \$550,000 so a 66% LTV. With a current balance of \$318,502 the LTV would be 56%.
- Can you confirm that the interest accrued is based on the principal amount and interest or is it just accumulating solely on the interest amount over time?
 - The current payment is based upon a 20-year amortization so both principal and interest are being paid monthly.
 - When the loan matures in 2027 there is an extension option, the payment will be principal, and interest based upon the balance at that time and a 15-year amortization.
- What is Next Realty Fund IX LP referenced in the renewal proposal from 2022?
 - That’s an error. Another loan proposal was used as a template and that should have been deleted.
- The proposal references a Guarantor - is that the city?
 - That was listed in error. There is no guarantor.

If the Commission has any further questions, please reach out to Staff ahead of time. Mr. Zisook will not be present at the April meeting but is more than happy to answer any other questions or concerns that the commission may want to ask.

Commission Direction for Loan Refinance Options

1. The Commission can request another five-year extension with FBHP and direct Staff to meet with FBHP any time after April 26, 2026 to lock in an extension with the current loan terms, if possible.
2. The Commission can request that Staff discuss another five-year extension with FBHP but obtaining an extension with different loan terms, any time after April 26, 2027.
3. The Commission can direct Staff to go out and issue a Request for Bids (RFB) to find a new banker for the remainder of the loan, with the goal of obtaining better loan terms. It will take Staff time to curate the RFB and obtain bids, so this process would need to start immediately.

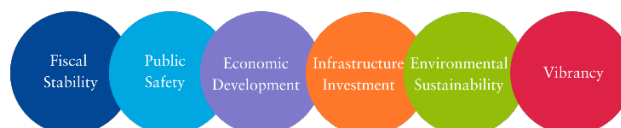
Recommendation

Staff recommends that the Commission consider the three loan options listed and direct Staff to act on one of the three options.



Attachments

1. 2012 Sunset Woods Mortgage
2. 2022 Sunset Woods Mortgage Refinance
3. 2022 Sunset Woods Mortgage Refinance Amortization Schedule



RECORDATION REQUESTED BY:
**FIRST BANK OF HIGHLAND
PARK
NORTHBROOK OFFICE
633 SKOKIE BLVD
NORTHBROOK, IL 60062**



Image# 049020970019 Type: MTG
Recorded: 08/03/2012 at 11:27:44 AM
Receipt#: 2012-00047298
Page 1 of 19
Fees: \$54.00
IL Rental Housing Fund: \$10.00
Lake County IL Recorder
Mary Ellen Vanderverter Recorder

File **6880409**

WHEN RECORDED MAIL TO:
**First Bank of Highland Park
Attn: Loan Operations
633 Skokie Blvd, Suite 320
Northbrook, IL 60062**

FOR RECORDER'S USE ONLY

This Mortgage prepared by:
**Michael Silverstein, Operations Officer
FIRST BANK OF HIGHLAND PARK
633 SKOKIE BLVD
NORTHBROOK, IL 60062**

201237873/880011017 AH
1 of 4 copy

MORTGAGE

MAXIMUM LIEN. At no time shall the principal amount of Indebtedness secured by the Mortgage, not including sums advanced to protect the security of the Mortgage, exceed \$660,000.00.

THIS MORTGAGE dated July 26, 2012, is made and executed between Sunset Woods Association, an Illinois not for profit Corporation, whose address is 1150 Half Day Road, Highland Park, IL 60035 (referred to below as "Grantor") and FIRST BANK OF HIGHLAND PARK, whose address is 633 SKOKIE BLVD, NORTHBROOK, IL 60062 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, warrants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Lake County, State of Illinois:

UNIT NUMBERS 103, 112, 203, 212, 214, 216, 237, 303, 312, 314, 316, AND 337 IN THE SUNSET WOODS CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED TRACT OF LAND:

LOT 1 IN SUNSET WOODS, BEING A SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 43 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 1, 2001 AS DOCUMENT NUMBER 4651249 AND CORRECTED BY CERTIFICATE OF CORRECTION RECORDED APRIL 25, 2001 AS DOCUMENT NUMBER 4680486.

WHICH SURVEY IS ATTACHED AS EXHIBIT "B" TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT NUMBER 4958643, TOGETHER WITH THE UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN LAKE COUNTY, ILLINOIS

(19)
ed

**MORTGAGE
(Continued)**

Page 2

The Real Property or its address is commonly known as 891 Central Avenue, Units 103, 112, 203, 212, 214, 216, 237, 303, 312, 314, 316 and 337, Highland Park, IL 60035. The Real Property tax identification number is 16-23-307-096 (Unit 103); 16-23-307-103 (Unit 112); 16-23-307-107 (Unit 203); 16-23-307-114 (Unit 212); 16-23-307-115 (Unit 214); 16-23-307-117 (Unit 216); 16-23-307-129 (Unit 237); 16-23-307-131 (Unit 303); 16-23-307-138 (Unit 312); 16-23-307-139 (Unit 314); 16-23-307-141 (Unit 316) and 16-23-307-153 (Unit 337).

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall

**MORTGAGE
(Continued)**

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survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Illinois law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a

**MORTGAGE
(Continued)**

good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$10,000.00. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$10,000.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the

**MORTGAGE
(Continued)**

Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

TAX AND INSURANCE RESERVES. Grantor agrees to establish and maintain a reserve account to be retained from the initial proceeds of the loan evidenced by the Note in such amount deemed to be sufficient by Lender to (A) create an adequate cushion and (B) provide enough funds to be in a position to make timely payment of real estate taxes and insurance premiums as otherwise required herein. Grantor shall pay monthly, or at such other interval as payments under the Note may be due, an amount equivalent to 1/12th, or if payments are not monthly, such fraction as Lender will require consistent with applicable law, of the total annual payments Lender reasonably anticipates making from the reserve account to pay real estate taxes and premiums for insurance policies required to be maintained on the Real Property, as estimated by Lender. If required by Lender, Grantor shall further pay at the same frequency into the reserve account a pro-rata share of all annual assessments and other charges which may accrue against the Real Property as required by Lender. If the amount so estimated and paid shall prove to be insufficient to pay such property taxes, insurance premiums, assessments and other charges, subject to the requirements of applicable law, Grantor shall pay the difference in one or more payments as Lender requires. All such payments shall be carried in an interest-free reserve account with Lender, provided that if this Mortgage is executed in connection with the granting of a mortgage on a single-family owner-occupied residential property, Grantor, in lieu of establishing such reserve account, may pledge an interest-bearing savings account with Lender to secure the payment of estimated real estate taxes, insurance premiums, assessments, and other charges. Lender shall have the right to draw upon the reserve (or pledge) account to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing herein or in any of the Related Documents shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. If Lender discovers that the payments into the reserve account have produced a surplus beyond the annual amounts due to be paid from the reserve funds by more than the cushion permitted by applicable law, but a payment on the Note has not been received within 30 days of the payment due date, Lender may retain the excess funds. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default as described below.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

**MORTGAGE
(Continued)**

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to

**MORTGAGE
(Continued)**

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Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

REINSTATEMENT OF SECURITY INTEREST. If payment is made by Grantor, whether voluntarily or otherwise, or by guarantor or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment (A) to Grantor's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, (B) by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Lender or any of Lender's property, or (C) by reason of any settlement or compromise of any claim made by Lender with any claimant (including without limitation Grantor), the Indebtedness shall be considered unpaid for the purpose of enforcement of this Mortgage and this

**MORTGAGE
(Continued)**

Mortgage shall continue to be effective or shall be reinstated, as the case may be, notwithstanding any cancellation of this Mortgage or of any note or other instrument or agreement evidencing the Indebtedness and the Property will continue to secure the amount repaid or recovered to the same extent as if that amount never had been originally received by Lender, and Grantor shall be bound by any judgment, decree, order, settlement or compromise relating to the Indebtedness or to this Mortgage.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the Indebtedness or Grantor's ability to perform Grantor's obligations under this Mortgage or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Mortgagee in Possession. Lender shall have the right to be placed as mortgagee in possession or to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The mortgagee in possession or receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of

the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

ASSOCIATION OF UNIT OWNERS. The following provisions apply if the Real Property has been submitted to unit ownership law or similar law for the establishment of condominiums or cooperative ownership of the Real Property:

Power of Attorney. Grantor grants an irrevocable power of attorney to Lender to vote in Lender's discretion on any matter that may come before the association of unit owners. Lender shall have the right to exercise this power of attorney only after Grantor's default; however, Lender may decline to exercise this power as Lender sees fit.

Insurance. The insurance as required above may be carried by the association of unit owners on Grantor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to Lender.

Default. Grantor's failure to perform any of the obligations imposed on Grantor by the declaration submitting the Real Property to unit ownership, by the bylaws of the association of unit owners, or by any rules or regulations thereunder, shall be an event of default under this Mortgage. If Grantor's interest in the Real Property is a leasehold interest and such property has been submitted to unit ownership, any

failure by Grantor to perform any of the obligations imposed on Grantor by the lease of the Real Property from its owner, any default under such lease which might result in termination of the lease as it pertains to the Real Property, or any failure of Grantor as a member of an association of unit owners to take any reasonable action within Grantor's power to prevent a default under such lease by the association of unit owners or by any member of the association shall be an Event of Default under this Mortgage.

INDEBTEDNESS AND LIENS. Borrower covenants and agrees with Lender during the term of this Mortgage, including all renewals, extensions and modifications, Borrower shall not, without the prior written consent of Lender: (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Note, create, incur, or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Illinois without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Illinois.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Cook and/or Lake County, State of Illinois.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the

**MORTGAGE
(Continued)**

written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Illinois as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Sunset Woods Association, an Illinois not for profit Corporation and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means Sunset Woods Association, an Illinois not for profit Corporation.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts

CORPORATE ACKNOWLEDGMENT

STATE OF Illinois

)

) SS

COUNTY OF Cook

)

On this 26 day of July, 2012 before me, the undersigned Notary Public, personally appeared **David Wigodner, President of Sunset Woods Association, an Illinois not for profit Corporation**, and known to me to be an authorized agent of the corporation that executed the Mortgage and acknowledged the Mortgage to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Mortgage and in fact executed the Mortgage on behalf of the corporation.

By J Greiner

Residing at Mt. Prospect IL

Notary Public in and for the State of Illinois

My commission expires 2/24/16

OFFICIAL SEAL
TIFFANY J. GREINER
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 2-24-16

**RIDER TO BUSINESS LOAN AGREEMENT, PROMISSORY NOTE, MORTGAGE,
AND OTHER LOAN DOCUMENTS
BY AND BETWEEN FIRST BANK OF HIGHLAND PARK, AS LENDER,
AND SUNSET WOODS ASSOCIATION, AS BORROWER**

This Rider is incorporated in and made a part of that certain Business Loan Agreement dated the date hereof by and between Lender and Borrower (the "Loan Agreement"), that certain Promissory Note dated the date hereof by Borrower in favor of Lender evidencing the loan made by Lender to Borrower (the "Note"), that certain Mortgage dated the date hereof made by Borrower in favor of Lender securing the repayment of the Note and Borrower's other covenants and obligations under the Loan Agreement and the other Loan Documents (as hereinafter defined) (the "Mortgage"), and the other documents evidencing, securing and otherwise entered into in connection with the making of the Loan (as hereinafter defined) from Lender to Borrower (the Loan Agreement, the Note, the Mortgage, this Rider and the rest of the documents so evidencing, securing and otherwise entered into in connection with the making of the Loan being referenced herein as the "Loan Documents").

R-1. As of the date hereof, Lender has made a loan to Borrower in the principal amount of \$440,000 (the "Loan") evidenced by the Note, governed in part by the Loan Agreement and secured in part by the Mortgage and by that certain Assignment of Rents dated the date hereof and made by Borrower in favor of Lender (the "Assignment of Rents"), all in connection with twelve (12) condominium units owned by Borrower at the property located at 891 Central Avenue, Highland Park, Illinois and known as Sunset Woods Condominium Association, all as more particularly described in the Mortgage (said twelve condominium units referred to herein as the "Property"). Borrower and Lender desire to enter into this Rider to amend the Loan Documents as more particularly set forth herein. If there is a conflict between the terms of this Rider and the other Loan Documents, this Rider shall control. Capitalized terms not otherwise defined in this Rider shall have the meanings ascribed to them in the other Loan Documents.

R-2. Notwithstanding anything contained in the Loan Documents to the contrary, Borrower shall have the right to maintain two (2) existing mortgage loans encumbering the Property, one in favor of the Illinois Housing Development Authority ("IHDA") in the original principal amount of \$454,888.40 (the "IHDA Loan") and one in favor of Lake County, Illinois in the original principal amount of \$240,000.00 (the "Lake County Loan"), provided, however, that the mortgage and other security liens of both the IHDA Loan and the Lake County Loan are and remain subordinated to the liens of the Mortgage and the Assignment of Rents. Such subordination shall be evidenced by subordination agreements duly signed by IHDA and Lake County and recorded in the office of the Lake County, Illinois Recorder contemporaneously with the recording of the Mortgage and Assignment of Rents.

R-3. Borrower shall be the sole party obligated under the Loan Documents. The City of Highland Park, the City of Highland Park Housing Commission, and all of the respective officers, directors, trustees, commissioners, employees, agents and representatives of Borrower, the City of Highland Park and the City of Highland Park Housing Commission are hereby expressly exculpated from any liability, and shall have no liabilities or obligations of any kind, relating to the Loan or under the Loan Documents.

R-4. Provided that Borrower complies with the terms and conditions of the Sunset Woods Condominium Association Declaration of Condominium and the rules and regulations promulgated pursuant thereto, and that Borrower pays when due all condominium association assessments and other fees levied against the Property pursuant to said condominium declaration, Lender shall rely on the insurance coverage the condominium association and Borrower are legally obligated to purchase and maintain for the coverages therein provided, and such insurance policies shall satisfy Borrower's obligation to carry such insurance under the Loan Documents. However, if and to the extent Lender reasonably requires additional insurance coverages, including, without limitation, rent loss coverage, Borrower shall be obligated to purchase and maintain the same pursuant to the Loan Documents.

R-5. Lender shall provide Borrower written notice of default under the Loan Documents and Borrower

shall have five (5) days after receipt of such notice to cure all monetary defaults and thirty (30) days after receipt of such notice to cure all non-monetary defaults, and no Event of Default shall exist unless Borrower fails to cure any default within the applicable cure period.

R-6. In the paragraphs in the Loan Documents entitled "Default in Favor of Third Parties", the clause "any of Borrower's or any Grantor's property" is hereby replaced with the clause "any Property securing the Loan".

R-7. In the paragraphs in the Loan Documents entitled "False Statements", the clause "or becomes false or misleading at any time thereafter" is hereby deleted.

R-8. The paragraphs in the Loan Documents entitled "Insecurity" are hereby deleted.

R-9. The paragraphs in the Loan Documents entitled "Adverse Change" are hereby deleted. Borrower's failure to maintain the debt service coverage as provided in the Loan Agreement shall be an Event of Default.

R-10. The clauses beginning with "(1)" in the paragraphs in the Loan Documents entitled "Indebtedness and Liens" are hereby amended and restated in their entirety to read as follows:

"(1) Sell, transfer, mortgage, assign, pledge, grant a security interest in, or encumber any of the Property (except as allowed as Permitted Liens), or (2) sell with recourse any of Borrower's accounts, except to Lender."

R-11. All provisions of the Loan Documents purporting to declare that Borrower has given or granted any power of attorney to Lender or declared or appointed Lender or Lender's counsel as Borrower's attorney-in-fact are hereby deleted.

R-12. The Loan Agreement is hereby modified as follows:

A. Borrower shall have ninety (90) days to deliver its annual financial statements.

B. The paragraphs on page 3 entitled "Other Agreements" and "Additional Assurances" and the paragraph on page 5 entitled "Subsidiaries and Affiliates of Borrower" are hereby deleted.

C. The paragraph on page 3 entitled "Performance" is hereby modified to insert at the end of the paragraph the clause "related to the Collateral."

D. Clause (1) in the paragraph entitled "Loans, Acquisitions and Guaranties" on page 4 is hereby deleted.

E. Lender's right of setoff as provided on page 4 shall apply only after an Event of Default.

F. The paragraph entitled "Other Defaults" on page 4 is hereby amended to delete the clause "or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower." Additionally, the paragraph entitled "Default in Favor of Third Parties" on page 4 is hereby amended to insert the clause "relating to the Collateral" immediately before the clause "in favor of any other creditor ...".

G. Notwithstanding the provisions of the paragraph entitled "Consent to Loan Participation" on page 5, Lender hereby agrees that it will not sell the Loan or grant participations in it except in connection with a sale of Lender generally.

H. The definition of "Permitted Liens" on page 6 hereby includes future residential leases of the condominium units comprising the Property.

R-13. The Note is hereby modified as follows:

A. The paragraph entitled "Extension" is hereby amended and restated in its entirety to read as follows:

"EXTENSION. Provided that there are no Events of Default at the time of maturity, at Borrower's sole option, the Loan may be extended for five (5) years. Borrower shall exercise the right to extend the maturity date by providing written notice to Lender not less than thirty (30) days prior to the original maturity date. Borrower's failure to so provide such written notice as set forth above shall act as a waiver of the extension option. If Borrower exercises the extension option, during the 5-year extension period, the rate on the Note shall be equal to Lender's rate in effect at that time for loans of similar amounts and collateral to be fixed at the time of renewal. If Borrower exercises the extension option, commencing on the fifth anniversary of the making of the Loan and continuing on the same day of each succeeding month, Borrower will make monthly payments of principal and interest to fully amortize the loan over a period of twenty-five (25) years."

B. The paragraph entitled "Prepayment Penalty" is hereby modified to provide that Borrower shall have the right to prepay up to twenty percent (20%) of the outstanding principal balance of the Loan each year (as measured from the date and each anniversary hereof) without the payment of any penalty or premium. Additionally, the clause "without any prepayment penalty, fee or charge" is hereby added to the end of the seventh sentence of said paragraph.

C. The first, fourth and fifth sentences in the paragraph entitled "Confession of Judgment" are hereby deleted in their entirety.

D. Lender's right of setoff as provided on page 2 shall apply only after an Event of Default.

E. The paragraph entitled "Other Defaults" is hereby amended to delete the clause "or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower."

R-14. The Mortgage is hereby modified as follows:

A. Lender's rights under the paragraph entitled "Application of Proceeds" on page 4 is subject to the applicable provisions of the condominium declaration.

B. Provided Borrower remains current in the payment of assessments levied against the Property by the condominium association, Borrower's obligation to make payments in escrow pursuant to the paragraph entitled "Tax and Insurance Reserves" on page 5 shall apply only to real estate taxes. Lender shall release funds escrowed for the payment of real estate taxes on or before the dates such real estate taxes are due and payable.

C. In the paragraph entitled "Survival of Representations and Warranties" on page 6, the clause "shall be continuing in nature" is hereby deleted.

D. The paragraph entitled "Other Defaults" is hereby amended to delete the clause "or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor." Additionally, the paragraph entitled "Default in Favor of Third Parties" is hereby amended to insert the clause "relating to the Real Property" immediately before the clause "in favor of any other creditor ...".

E. The paragraph entitled "Breach of Other Agreement" is hereby amended to insert the

clause “relating to the Real Property” immediately before the clause “that is not remedied ...”.

R-15. The Assignment of Rents is hereby modified as follows:

A. In the fourth line of the paragraph entitled “Payment and Performance” the word “default” is hereby changed to “Event of Default”.

B. The paragraph entitled “Lender’s Right to Receive and Collect Rent” on page 2 is hereby modified to provide that Lender’s rights as set forth in said paragraph shall not accrue until an Event of Default has occurred.

C. The paragraph entitled “Property Damage or Loss” on page 4 is hereby deleted.

R-16. The Corporate Resolution to Borrow/Grant Collateral is hereby modified by deleting the clause “personally and” in the last paragraph of said document prior to the signature block thereof.

[no further text on this page—signature page follows]



First Bank of Highland Park

Marc N. Zisook
SENIOR VICE PRESIDENT / COMMERCIAL REAL ESTATE

Chadd Berkun, President
Sunset Woods Housing Association
1150 Half Day Road
Highland Park, IL 60035

Re: Sunset Woods Association, Loan #3180

Dear Mr. Berkun,

Per our discussion, the above referenced loan matures on 4/26/2022. The following proposal summarizes possible terms and conditions relating to a 5-year loan extension for this matter. **Please understand that this is only a proposal for furthering our discussions and is not to be considered as our financing commitment.** The terms and conditions outlined below are subject to Bank approval.

Borrower:

Sunset Woods Association or another nominee acceptable to Bank.

Guarantors:

N/A.

Purpose:

Extension of existing FBHP Loan # 3180.

Loan Amount:

\$365,000. Note the current balance is \$358,534 and additional principal will be paid down prior to maturity. The difference between the balance at maturity and the new amount may only be used to cover closing costs.

Collateral:

The loan is secured by a first lien on all fixtures attached to the property and an assignment of leases and rents on the 12 subject condo units.

Term:

5 years with a 5-year extension option. The extension would be subject to:

1. No continuing event of default.
2. Compliance with all loan terms.
3. The Property performing at a minimum DSCR of 1.3x.
4. Payment of a 0.25% extension fee.
5. The extension rate would be based upon the 5-year Treasury plus 310 basis points with a floor of 3.75%

Fees:

1.0% loan origination fee based on the commitment amount, plus a \$750 loan documentation fee and actual bank costs for appraisal, environmental, legal fees, title insurance, recording charges, and any other costs associated with the loan request.

Interest Rate:

No sooner than 30 days prior to maturity the borrower shall be able to lock the rate based upon the then current 5-year treasury rate (currently 1.66%) plus 310 basis points.
 $1.66 + 3.10 = 4.76\%$ currently

Payments:

The monthly principal and interest payment shall be based upon the applicable rate amortized over 20 years. A 20-year schedule is being used since the original amortization period was 30 years and 10 years have elapsed.

Prepayment Fee:

3% of any unscheduled principal payments in year 1, 2% in year 2, 1% in years 3 and 4 and none in year 5. The same prepayment fee shall apply to the extension option, if exercised. 3% in year 6, 2% in year 7, 1% in years 8 and 9 and none in year 10. Borrower may pay up to 20% of the unscheduled principal balance in any loan year without penalty.

Real Estate Tax Escrow:

A real estate tax escrow shall continue to be required.

Appraisal:

The loan amount would be subject to review and approval of an updated appraisal addressed to the Bank.

Environmental:

N/A

Insurance:

Adequate hazard insurance shall be maintained with First Bank of Highland Park named as Mortgagee and Lender's Loss Payee and liability insurance naming First Bank of Highland Park as Additional Insured. Both policies would be maintained throughout the term of the loan.

Banking Relationship:

The operating account for the Property shall remain at FBHP during the term of the loan.

Financial Reporting:

The following financial information would be required annually:

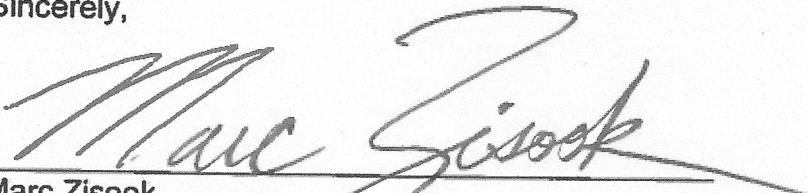
1. Subject Property internally prepared financial statements within 90 days of year-end.
2. Next Realty Fund IX, LP Federal tax return within 30 days of filing.
3. Annual rent roll
4. All leases and lease amendments.
5. Annual financial statements on Next Realty Fund IX, LP.

This letter is not a commitment, undertaking or offer by the Bank to provide the financing described. Rather, it is a preliminary proposal based upon our review of the information you provided to the Bank. The possible issuance hereafter by the Bank of a financing commitment (on the terms described above or such other terms as you and the Bank shall agree) is subject to: 1) the completion of our review and analysis of your financial condition, business prospects and operations; 2) our evaluation of the assets to be provided as collateral; 3) the negotiation, execution and delivery of loan documentation acceptable to the Bank and 4) the Bank's continued satisfaction with the Borrower's, Guarantor's and the Property's financial conditions, business prospects and operations.

This proposal shall be valid through March 1, 2022. Please sign and return a copy of this letter with a check for \$5,000 as an application fee if you desire the Bank to continue the underwriting of the proposed loan on the terms and conditions set forth in this letter. The application fee shall become nonrefundable in the event the Bank approves a loan commitment substantially consistent with this proposal. The application fee will be applied to the loan origination fee in the event the proposed financing is closed. The fee will be refunded less actual Bank out of pocket costs if the Bank is not able to provide you a loan commitment. As February 4, 2022, the proposed loan has not been presented to, nor approved by First Bank of Highland Park.

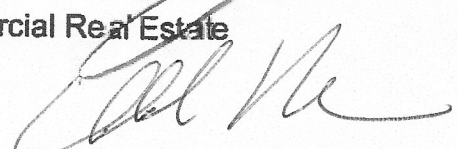
We appreciate the opportunity to be of service.

Sincerely,



Marc Zisook
SVP/Commercial Real Estate

Accepted by:



Date:

3/9/2022

Sunset Woods 365,000 @ 4.75%, 20 Yr Amortization

Amortization Schedule

	Date	Description	Total Payment	P&I Payment	Principal Payment	Interest Payment	Principal Balance
	Feb 28, 2022	Beginning Balance					365,000.00
4	⊕ Mar 28, 2022	Regular Payment	2,372.11	2,372.11	1,023.64	1,348.47	363,976.36
	⊕ Apr 28, 2022	Regular Payment	2,372.11	2,372.11	883.35	1,488.76	363,093.01
	⊕ May 28, 2022	Regular Payment	2,372.11	2,372.11	934.87	1,437.24	362,158.14
	⊕ Jun 28, 2022	Regular Payment	2,372.11	2,372.11	890.79	1,481.32	361,267.35
	⊕ Jul 28, 2022	Regular Payment	2,372.11	2,372.11	942.10	1,430.01	360,325.25
	⊕ Aug 28, 2022	Regular Payment	2,372.11	2,372.11	898.28	1,473.83	359,426.97
1	⊕ Sep 28, 2022	Regular Payment	2,372.11	2,372.11	901.96	1,470.15	358,525.01
	⊕ Oct 28, 2022	Regular Payment	2,372.11	2,372.11	952.95	1,419.16	357,572.06
	⊕ Nov 28, 2022	Regular Payment	2,372.11	2,372.11	909.55	1,462.56	356,662.51
	⊕ Dec 28, 2022	Regular Payment	2,372.11	2,372.11	960.33	1,411.78	355,702.18
	⊕ 2022 Totals		23,721.10	23,721.10	9,297.82	14,423.28	
	⊕ Jan 28, 2023	Regular Payment	2,372.11	2,372.11	917.19	1,454.92	354,784.99
	⊕ Feb 28, 2023	Regular Payment	2,372.11	2,372.11	920.95	1,451.16	353,864.04
	⊕ Mar 28, 2023	Regular Payment	2,372.11	2,372.11	1,064.78	1,307.33	352,799.26
	⊕ Apr 28, 2023	Regular Payment	2,372.11	2,372.11	929.07	1,443.04	351,870.19
	⊕ May 28, 2023	Regular Payment	2,372.11	2,372.11	979.30	1,392.81	350,890.89
	⊕ Jun 28, 2023	Regular Payment	2,372.11	2,372.11	936.87	1,435.24	349,954.02
	⊕ Jul 28, 2023	Regular Payment	2,372.11	2,372.11	986.88	1,385.23	348,967.14
2	⊕ Aug 28, 2023	Regular Payment	2,372.11	2,372.11	944.74	1,427.37	348,022.40
	⊕ Sep 28, 2023	Regular Payment	2,372.11	2,372.11	948.61	1,423.50	347,073.79
	⊕ Oct 28, 2023	Regular Payment	2,372.11	2,372.11	998.28	1,373.83	346,075.51
	⊕ Nov 28, 2023	Regular Payment	2,372.11	2,372.11	956.57	1,415.54	345,118.94
	⊕ Dec 28, 2023	Regular Payment	2,372.11	2,372.11	1,006.02	1,366.09	344,112.92
	⊕ 2023 Totals		28,465.32	28,465.32	11,589.26	16,876.06	
	⊕ Jan 28, 2024	Regular Payment	2,372.11	2,372.11	964.60	1,407.51	343,148.32
	⊕ Feb 28, 2024	Regular Payment	2,372.11	2,372.11	968.54	1,403.57	342,179.78
	⊕ Mar 28, 2024	Regular Payment	2,372.11	2,372.11	1,062.80	1,309.31	341,116.98
	⊕ Apr 28, 2024	Regular Payment	2,372.11	2,372.11	976.85	1,395.26	340,140.13
	⊕ May 28, 2024	Regular Payment	2,372.11	2,372.11	1,025.73	1,346.38	339,114.40
	⊕ Jun 28, 2024	Regular Payment	2,372.11	2,372.11	985.04	1,387.07	338,129.36
3	⊕ Jul 28, 2024	Regular Payment	2,372.11	2,372.11	1,033.69	1,338.42	337,095.67
	⊕ Aug 28, 2024	Regular Payment	2,372.11	2,372.11	993.30	1,378.81	336,102.37
	⊕ Sep 28, 2024	Regular Payment	2,372.11	2,372.11	997.36	1,374.75	335,105.01
	⊕ Oct 28, 2024	Regular Payment	2,372.11	2,372.11	1,045.66	1,326.45	334,059.35
	⊕ Nov 28, 2024	Regular Payment	2,372.11	2,372.11	1,005.72	1,366.39	333,053.63
	⊕ Dec 28, 2024	Regular Payment	2,372.11	2,372.11	1,053.78	1,318.33	331,999.85
	⊕ 2024 Totals		28,465.32	28,465.32	12,113.07	16,352.25	
	⊕ Jan 28, 2025	Regular Payment	2,372.11	2,372.11	1,014.14	1,357.97	330,985.71
	⊕ Feb 28, 2025	Regular Payment	2,372.11	2,372.11	1,018.29	1,353.82	329,967.42
	⊕ Mar 28, 2025	Regular Payment	2,372.11	2,372.11	1,153.07	1,219.04	328,814.35
	⊕ Apr 28, 2025	Regular Payment	2,372.11	2,372.11	1,027.17	1,344.94	327,787.18
4	⊕ May 28, 2025	Regular Payment	2,372.11	2,372.11	1,074.62	1,297.49	326,712.56
	⊕ Jun 28, 2025	Regular Payment	2,372.11	2,372.11	1,035.77	1,336.34	325,676.79

⊕ Jul 28, 2025 Regular Payment	2,372.11	2,372.11	1,082.98	1,289.13	324,593.81
⊕ Aug 28, 2025 Regular Payment	2,372.11	2,372.11	1,044.44	1,327.67	323,549.37
⊕ Sep 28, 2025 Regular Payment	2,372.11	2,372.11	1,048.71	1,323.40	322,500.66
⊕ Oct 28, 2025 Regular Payment	2,372.11	2,372.11	1,095.55	1,276.56	321,405.11
⊕ Nov 28, 2025 Regular Payment	2,372.11	2,372.11	1,057.48	1,314.63	320,347.63
⊕ Dec 28, 2025 Regular Payment	2,372.11	2,372.11	1,104.07	1,268.04	319,243.56
⊕ 2025 Totals	28,465.32	28,465.32	12,756.29	15,709.03	

⊕ Jan 28, 2026 Regular Payment	2,372.11	2,372.11	1,066.32	1,305.79	318,177.24
⊕ Feb 28, 2026 Regular Payment	2,372.11	2,372.11	1,070.68	1,301.43	317,106.56
⊕ Mar 28, 2026 Regular Payment	2,372.11	2,372.11	1,200.58	1,171.53	315,905.98
⊕ Apr 28, 2026 Regular Payment	2,372.11	2,372.11	1,079.97	1,292.14	314,826.01
⊕ May 28, 2026 Regular Payment	2,372.11	2,372.11	1,125.93	1,246.18	313,700.08
⊕ Jun 28, 2026 Regular Payment	2,372.11	2,372.11	1,088.99	1,283.12	312,611.09
⊕ Jul 28, 2026 Regular Payment	2,372.11	2,372.11	1,134.70	1,237.41	311,476.39
⊕ Aug 28, 2026 Regular Payment	2,372.11	2,372.11	1,098.09	1,274.02	310,378.30
⊕ Sep 28, 2026 Regular Payment	2,372.11	2,372.11	1,102.58	1,269.53	309,275.72
⊕ Oct 28, 2026 Regular Payment	2,372.11	2,372.11	1,147.90	1,224.21	308,127.82
⊕ Nov 28, 2026 Regular Payment	2,372.11	2,372.11	1,111.79	1,260.32	307,016.03
⊕ Dec 28, 2026 Regular Payment	2,372.11	2,372.11	1,156.84	1,215.27	305,859.19
⊕ 2026 Totals	28,465.32	28,465.32	13,384.37	15,080.95	

⊕ Jan 28, 2027 Regular Payment	2,372.11	2,372.11	1,121.07	1,251.04	304,738.12
⊕ Feb 28, 2027 Regular Payment	2,372.11	2,372.11	1,125.65	1,246.46	303,612.47
⊕ Mar 28, 2027 Regular Payment	2,372.11	2,372.11	1,250.44	1,121.67	302,362.03
⊕ Apr 28, 2027 Regular Payment	2,372.11	2,372.11	1,135.37	1,236.74	301,226.66
⊕ May 28, 2027 Regular Payment	2,372.11	2,372.11	1,179.76	1,192.35	300,046.90
⊕ Jun 28, 2027 Regular Payment	2,372.11	2,372.11	1,144.84	1,227.27	298,902.06
⊕ Jul 28, 2027 Regular Payment	2,372.11	2,372.11	1,188.96	1,183.15	297,713.10
⊕ Aug 28, 2027 Regular Payment	2,372.11	2,372.11	1,154.39	1,217.72	296,558.71
⊕ Sep 28, 2027 Regular Payment	2,372.11	2,372.11	1,159.11	1,213.00	295,399.60
⊕ Oct 28, 2027 Regular Payment	2,372.11	2,372.11	1,202.82	1,169.29	294,196.78
⊕ Nov 28, 2027 Regular Payment	2,372.11	2,372.11	1,168.77	1,203.34	293,028.01
⊕ Dec 28, 2027 Regular Payment	2,372.11	2,372.11	1,212.21	1,159.90	291,815.80
⊕ 2027 Totals	28,465.32	28,465.32	14,043.39	14,421.93	

End of
5 yrs

⊕ Jan 28, 2028 Regular Payment	2,372.11	2,372.11	1,178.51	1,193.60	290,637.29
⊕ Feb 28, 2028 Regular Payment	2,372.11	2,372.11	1,183.33	1,188.78	289,453.96
⊕ Mar 28, 2028 Regular Payment	2,372.11	2,372.11	1,264.55	1,107.56	288,189.41
⊕ Apr 28, 2028 Regular Payment	2,372.11	2,372.11	1,193.34	1,178.77	286,996.07
⊕ May 28, 2028 Regular Payment	2,372.11	2,372.11	1,236.09	1,136.02	285,759.98
⊕ Jun 28, 2028 Regular Payment	2,372.11	2,372.11	1,203.28	1,168.83	284,556.70
⊕ Jul 28, 2028 Regular Payment	2,372.11	2,372.11	1,245.74	1,126.37	283,310.96
⊕ Aug 28, 2028 Regular Payment	2,372.11	2,372.11	1,213.29	1,158.82	282,097.67
⊕ Sep 28, 2028 Regular Payment	2,372.11	2,372.11	1,218.26	1,153.85	280,879.41
⊕ Oct 28, 2028 Regular Payment	2,372.11	2,372.11	1,260.30	1,111.81	279,619.11
⊕ Nov 28, 2028 Regular Payment	2,372.11	2,372.11	1,228.40	1,143.71	278,390.71
⊕ Dec 28, 2028 Regular Payment	2,372.11	2,372.11	1,270.15	1,101.96	277,120.56
⊕ 2028 Totals	28,465.32	28,465.32	14,695.24	13,770.08	

⊕ Jan 28, 2029 Regular Payment	2,372.11	2,372.11	1,238.61	1,133.50	275,881.95
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⊕ Feb 28, 2029	Regular Payment	2,372.11	2,372.11	1,243.68	1,128.43	274,638.27
⊕ Mar 28, 2029	Regular Payment	2,372.11	2,372.11	1,357.48	1,014.63	273,280.79
⊕ Apr 28, 2029	Regular Payment	2,372.11	2,372.11	1,254.32	1,117.79	272,026.47
⊕ May 28, 2029	Regular Payment	2,372.11	2,372.11	1,295.34	1,076.77	270,731.13
⊕ Jun 28, 2029	Regular Payment	2,372.11	2,372.11	1,264.75	1,107.36	269,466.38
⊕ Jul 28, 2029	Regular Payment	2,372.11	2,372.11	1,305.48	1,066.63	268,160.90
⊕ Aug 28, 2029	Regular Payment	2,372.11	2,372.11	1,275.26	1,096.85	266,885.64
⊕ Sep 28, 2029	Regular Payment	2,372.11	2,372.11	1,280.48	1,091.63	265,605.16
⊕ Oct 28, 2029	Regular Payment	2,372.11	2,372.11	1,320.76	1,051.35	264,284.40
⊕ Nov 28, 2029	Regular Payment	2,372.11	2,372.11	1,291.12	1,080.99	262,993.28
⊕ Dec 28, 2029	Regular Payment	2,372.11	2,372.11	1,331.10	1,041.01	261,662.18
⊕ 2029 Totals		28,465.32	28,465.32	15,458.38	13,006.94	
⊕ Jan 28, 2030	Regular Payment	2,372.11	2,372.11	1,301.84	1,070.27	260,360.34
⊕ Feb 28, 2030	Regular Payment	2,372.11	2,372.11	1,307.17	1,064.94	259,053.17
⊕ Mar 28, 2030	Regular Payment	2,372.11	2,372.11	1,415.06	957.05	257,638.11
⊕ Apr 28, 2030	Regular Payment	2,372.11	2,372.11	1,318.30	1,053.81	256,319.81
⊕ May 28, 2030	Regular Payment	2,372.11	2,372.11	1,357.52	1,014.59	254,962.29
⊕ Jun 28, 2030	Regular Payment	2,372.11	2,372.11	1,329.25	1,042.86	253,633.04
⊕ Jul 28, 2030	Regular Payment	2,372.11	2,372.11	1,368.15	1,003.96	252,264.89
⊕ Aug 28, 2030	Regular Payment	2,372.11	2,372.11	1,340.28	1,031.83	250,924.61
⊕ Sep 28, 2030	Regular Payment	2,372.11	2,372.11	1,345.76	1,026.35	249,578.85
⊕ Oct 28, 2030	Regular Payment	2,372.11	2,372.11	1,384.20	987.91	248,194.65
⊕ Nov 28, 2030	Regular Payment	2,372.11	2,372.11	1,356.93	1,015.18	246,837.72
⊕ Dec 28, 2030	Regular Payment	2,372.11	2,372.11	1,395.05	977.06	245,442.67
⊕ 2030 Totals		28,465.32	28,465.32	16,219.51	12,245.81	
⊕ Jan 28, 2031	Regular Payment	2,372.11	2,372.11	1,368.19	1,003.92	244,074.48
⊕ Feb 28, 2031	Regular Payment	2,372.11	2,372.11	1,373.78	998.33	242,700.70
⊕ Mar 28, 2031	Regular Payment	2,372.11	2,372.11	1,475.47	896.64	241,225.23
⊕ Apr 28, 2031	Regular Payment	2,372.11	2,372.11	1,385.44	986.67	239,839.79
⊕ May 28, 2031	Regular Payment	2,372.11	2,372.11	1,422.75	949.36	238,417.04
⊕ Jun 28, 2031	Regular Payment	2,372.11	2,372.11	1,396.92	975.19	237,020.12
⊕ Jul 28, 2031	Regular Payment	2,372.11	2,372.11	1,433.91	938.20	235,586.21
⊕ Aug 28, 2031	Regular Payment	2,372.11	2,372.11	1,408.50	963.61	234,177.71
⊕ Sep 28, 2031	Regular Payment	2,372.11	2,372.11	1,414.26	957.85	232,763.45
⊕ Oct 28, 2031	Regular Payment	2,372.11	2,372.11	1,450.76	921.35	231,312.69
⊕ Nov 28, 2031	Regular Payment	2,372.11	2,372.11	1,425.98	946.13	229,886.71
⊕ Dec 28, 2031	Regular Payment	2,372.11	2,372.11	1,462.15	909.96	228,424.56
⊕ 2031 Totals		28,465.32	28,465.32	17,018.11	11,447.21	
⊕ Jan 28, 2032	Regular Payment	2,372.11	2,372.11	1,437.80	934.31	226,986.76
⊕ Feb 28, 2032	Regular Payment	2,372.11	2,372.11	1,443.68	928.43	225,543.08
⊕ Mar 28, 2032	Regular Payment	2,372.11	2,372.11	1,509.10	863.01	224,033.98
⊕ Apr 28, 2032	Regular Payment	2,372.11	2,372.11	1,455.75	916.36	222,578.23
⊕ May 28, 2032	Regular Payment	2,372.11	2,372.11	1,491.08	881.03	221,087.15
⊕ Jun 28, 2032	Regular Payment	2,372.11	2,372.11	1,467.81	904.30	219,619.34
⊕ Jul 28, 2032	Regular Payment	2,372.11	2,372.11	1,502.79	869.32	218,116.55
⊕ Aug 28, 2032	Regular Payment	2,372.11	2,372.11	1,479.96	892.15	216,636.59
⊕ Sep 28, 2032	Regular Payment	2,372.11	2,372.11	1,486.01	886.10	215,150.58

⊕ Oct 28, 2032 Regular Payment	2,372.11	2,372.11	1,520.48	851.63	213,630.10
⊕ Nov 28, 2032 Regular Payment	2,372.11	2,372.11	1,498.31	873.80	212,131.79
⊕ Dec 28, 2032 Regular Payment	2,372.11	2,372.11	1,532.43	839.68	210,599.36
⊕ 2032 Totals	28,465.32	28,465.32	17,825.20	10,640.12	
⊕ Jan 28, 2033 Regular Payment	2,372.11	2,372.11	1,510.71	861.40	209,088.65
⊕ Feb 28, 2033 Regular Payment	2,372.11	2,372.11	1,516.88	855.23	207,571.77
⊕ Mar 28, 2033 Regular Payment	2,372.11	2,372.11	1,605.25	766.86	205,966.52
⊕ Apr 28, 2033 Regular Payment	2,372.11	2,372.11	1,529.65	842.46	204,436.87
⊕ May 28, 2033 Regular Payment	2,372.11	2,372.11	1,562.89	809.22	202,873.98
⊕ Jun 28, 2033 Regular Payment	2,372.11	2,372.11	1,542.30	829.81	201,331.68
⊕ Jul 28, 2033 Regular Payment	2,372.11	2,372.11	1,575.18	796.93	199,756.50
⊕ Aug 28, 2033 Regular Payment	2,372.11	2,372.11	1,555.06	817.05	198,201.44
⊕ Sep 28, 2033 Regular Payment	2,372.11	2,372.11	1,561.42	810.69	196,640.02
⊕ Oct 28, 2033 Regular Payment	2,372.11	2,372.11	1,593.75	778.36	195,046.27
⊕ Nov 28, 2033 Regular Payment	2,372.11	2,372.11	1,574.32	797.79	193,471.95
⊕ Dec 28, 2033 Regular Payment	2,372.11	2,372.11	1,606.29	765.82	191,865.66
⊕ 2033 Totals	28,465.32	28,465.32	18,733.70	9,731.62	
⊕ Jan 28, 2034 Regular Payment	2,372.11	2,372.11	1,587.33	784.78	190,278.33
⊕ Feb 28, 2034 Regular Payment	2,372.11	2,372.11	1,593.82	778.29	188,684.51
⊕ Mar 28, 2034 Regular Payment	2,372.11	2,372.11	1,675.03	697.08	187,009.48
⊕ Apr 28, 2034 Regular Payment	2,372.11	2,372.11	1,607.19	764.92	185,402.29
⊕ May 28, 2034 Regular Payment	2,372.11	2,372.11	1,638.23	733.88	183,764.06
⊕ Jun 28, 2034 Regular Payment	2,372.11	2,372.11	1,620.47	751.64	182,143.59
⊕ Jul 28, 2034 Regular Payment	2,372.11	2,372.11	1,651.13	720.98	180,492.46
⊕ Aug 28, 2034 Regular Payment	2,372.11	2,372.11	1,633.85	738.26	178,858.61
⊕ Sep 28, 2034 Regular Payment	2,372.11	2,372.11	1,640.53	731.58	177,218.08
⊕ Oct 28, 2034 Regular Payment	2,372.11	2,372.11	1,670.63	701.48	175,547.45
⊕ Nov 28, 2034 Regular Payment	2,372.11	2,372.11	1,654.08	718.03	173,893.37
⊕ Dec 28, 2034 Regular Payment	2,372.11	2,372.11	1,683.79	688.32	172,209.58
⊕ 2034 Totals	28,465.32	28,465.32	19,656.08	8,809.24	
⊕ Jan 28, 2035 Regular Payment	2,372.11	2,372.11	1,667.73	704.38	170,541.85
⊕ Feb 28, 2035 Regular Payment	2,372.11	2,372.11	1,674.55	697.56	168,867.30
⊕ Mar 28, 2035 Regular Payment	2,372.11	2,372.11	1,748.24	623.87	167,119.06
⊕ Apr 28, 2035 Regular Payment	2,372.11	2,372.11	1,688.55	683.56	165,430.51
⊕ May 28, 2035 Regular Payment	2,372.11	2,372.11	1,717.29	654.82	163,713.22
⊕ Jun 28, 2035 Regular Payment	2,372.11	2,372.11	1,702.48	669.63	162,010.74
⊕ Jul 28, 2035 Regular Payment	2,372.11	2,372.11	1,730.82	641.29	160,279.92
⊕ Aug 28, 2035 Regular Payment	2,372.11	2,372.11	1,716.53	655.58	158,563.39
⊕ Sep 28, 2035 Regular Payment	2,372.11	2,372.11	1,723.55	648.56	156,839.84
⊕ Oct 28, 2035 Regular Payment	2,372.11	2,372.11	1,751.29	620.82	155,088.55
⊕ Nov 28, 2035 Regular Payment	2,372.11	2,372.11	1,737.76	634.35	153,350.79
⊕ Dec 28, 2035 Regular Payment	2,372.11	2,372.11	1,765.10	607.01	151,585.69
⊕ 2035 Totals	28,465.32	28,465.32	20,623.89	7,841.43	
⊕ Jan 28, 2036 Regular Payment	2,372.11	2,372.11	1,752.09	620.02	149,833.60
⊕ Feb 28, 2036 Regular Payment	2,372.11	2,372.11	1,759.25	612.86	148,074.35
⊕ Mar 28, 2036 Regular Payment	2,372.11	2,372.11	1,805.52	566.59	146,268.83

⊕ Apr 28, 2036	Regular Payment	2,372.11	2,372.11	1,773.83	598.28	144,495.00
⊕ May 28, 2036	Regular Payment	2,372.11	2,372.11	1,800.16	571.95	142,694.84
⊕ Jun 28, 2036	Regular Payment	2,372.11	2,372.11	1,788.45	583.66	140,906.39
⊕ Jul 28, 2036	Regular Payment	2,372.11	2,372.11	1,814.36	557.75	139,092.03
⊕ Aug 28, 2036	Regular Payment	2,372.11	2,372.11	1,803.19	568.92	137,288.84
⊕ Sep 28, 2036	Regular Payment	2,372.11	2,372.11	1,810.57	561.54	135,478.27
⊕ Oct 28, 2036	Regular Payment	2,372.11	2,372.11	1,835.85	536.26	133,642.42
⊕ Nov 28, 2036	Regular Payment	2,372.11	2,372.11	1,825.48	546.63	131,816.94
⊕ Dec 28, 2036	Regular Payment	2,372.11	2,372.11	1,850.34	521.77	129,966.60
⊕ 2036 Totals		28,465.32	28,465.32	21,619.09	6,846.23	
⊕ Jan 28, 2037	Regular Payment	2,372.11	2,372.11	1,840.52	531.59	128,126.08
⊕ Feb 28, 2037	Regular Payment	2,372.11	2,372.11	1,848.04	524.07	126,278.04
⊕ Mar 28, 2037	Regular Payment	2,372.11	2,372.11	1,905.59	466.52	124,372.45
⊕ Apr 28, 2037	Regular Payment	2,372.11	2,372.11	1,863.40	508.71	122,509.05
⊕ May 28, 2037	Regular Payment	2,372.11	2,372.11	1,887.18	484.93	120,621.87
⊕ Jun 28, 2037	Regular Payment	2,372.11	2,372.11	1,878.74	493.37	118,743.13
⊕ Jul 28, 2037	Regular Payment	2,372.11	2,372.11	1,902.09	470.02	116,841.04
⊕ Aug 28, 2037	Regular Payment	2,372.11	2,372.11	1,894.20	477.91	114,946.84
⊕ Sep 28, 2037	Regular Payment	2,372.11	2,372.11	1,901.95	470.16	113,044.89
⊕ Oct 28, 2037	Regular Payment	2,372.11	2,372.11	1,924.65	447.46	111,120.24
⊕ Nov 28, 2037	Regular Payment	2,372.11	2,372.11	1,917.60	454.51	109,202.64
⊕ Dec 28, 2037	Regular Payment	2,372.11	2,372.11	1,939.85	432.26	107,262.79
⊕ 2037 Totals		28,465.32	28,465.32	22,703.81	5,761.51	
⊕ Jan 28, 2038	Regular Payment	2,372.11	2,372.11	1,933.38	438.73	105,329.41
⊕ Feb 28, 2038	Regular Payment	2,372.11	2,372.11	1,941.29	430.82	103,388.12
⊕ Mar 28, 2038	Regular Payment	2,372.11	2,372.11	1,990.15	381.96	101,397.97
⊕ Apr 28, 2038	Regular Payment	2,372.11	2,372.11	1,957.37	414.74	99,440.60
⊕ May 28, 2038	Regular Payment	2,372.11	2,372.11	1,978.50	393.61	97,462.10
⊕ Jun 28, 2038	Regular Payment	2,372.11	2,372.11	1,973.47	398.64	95,488.63
⊕ Jul 28, 2038	Regular Payment	2,372.11	2,372.11	1,994.14	377.97	93,494.49
⊕ Aug 28, 2038	Regular Payment	2,372.11	2,372.11	1,989.70	382.41	91,504.79
⊕ Sep 28, 2038	Regular Payment	2,372.11	2,372.11	1,997.83	374.28	89,506.96
⊕ Oct 28, 2038	Regular Payment	2,372.11	2,372.11	2,017.82	354.29	87,489.14
⊕ Nov 28, 2038	Regular Payment	2,372.11	2,372.11	2,014.26	357.85	85,474.88
⊕ Dec 28, 2038	Regular Payment	2,372.11	2,372.11	2,033.78	338.33	83,441.10
⊕ 2038 Totals		28,465.32	28,465.32	23,821.69	4,643.63	
⊕ Jan 28, 2039	Regular Payment	2,372.11	2,372.11	2,030.82	341.29	81,410.28
⊕ Feb 28, 2039	Regular Payment	2,372.11	2,372.11	2,039.12	332.99	79,371.16
⊕ Mar 28, 2039	Regular Payment	2,372.11	2,372.11	2,078.88	293.23	77,292.28
⊕ Apr 28, 2039	Regular Payment	2,372.11	2,372.11	2,055.97	316.14	75,236.31
⊕ May 28, 2039	Regular Payment	2,372.11	2,372.11	2,074.30	297.81	73,162.01
⊕ Jun 28, 2039	Regular Payment	2,372.11	2,372.11	2,072.86	299.25	71,089.15
⊕ Jul 28, 2039	Regular Payment	2,372.11	2,372.11	2,090.72	281.39	68,998.43
⊕ Aug 28, 2039	Regular Payment	2,372.11	2,372.11	2,089.89	282.22	66,908.54
⊕ Sep 28, 2039	Regular Payment	2,372.11	2,372.11	2,098.44	273.67	64,810.10
⊕ Oct 28, 2039	Regular Payment	2,372.11	2,372.11	2,115.58	256.53	62,694.52
⊕ Nov 28, 2039	Regular Payment	2,372.11	2,372.11	2,115.68	256.43	60,578.84

⊕ Dec 28, 2039 Regular Payment	2,372.11	2,372.11	2,132.32	239.79	58,446.52
⊕ 2039 Totals	28,465.32	28,465.32	24,994.58	3,470.74	
⊕ Jan 28, 2040 Regular Payment	2,372.11	2,372.11	2,133.05	239.06	56,313.47
⊕ Feb 28, 2040 Regular Payment	2,372.11	2,372.11	2,141.78	230.33	54,171.69
⊕ Mar 28, 2040 Regular Payment	2,372.11	2,372.11	2,164.83	207.28	52,006.86
⊕ Apr 28, 2040 Regular Payment	2,372.11	2,372.11	2,159.39	212.72	49,847.47
⊕ May 28, 2040 Regular Payment	2,372.11	2,372.11	2,174.80	197.31	47,672.67
⊕ Jun 28, 2040 Regular Payment	2,372.11	2,372.11	2,177.12	194.99	45,495.55
⊕ Jul 28, 2040 Regular Payment	2,372.11	2,372.11	2,192.03	180.08	43,303.52
⊕ Aug 28, 2040 Regular Payment	2,372.11	2,372.11	2,194.99	177.12	41,108.53
⊕ Sep 28, 2040 Regular Payment	2,372.11	2,372.11	2,203.97	168.14	38,904.56
⊕ Oct 28, 2040 Regular Payment	2,372.11	2,372.11	2,218.12	153.99	36,686.44
⊕ Nov 28, 2040 Regular Payment	2,372.11	2,372.11	2,222.06	150.05	34,464.38
⊕ Dec 28, 2040 Regular Payment	2,372.11	2,372.11	2,235.69	136.42	32,228.69
⊕ 2040 Totals	28,465.32	28,465.32	26,217.83	2,247.49	
⊕ Jan 28, 2041 Regular Payment	2,372.11	2,372.11	2,240.29	131.82	29,988.40
⊕ Feb 28, 2041 Regular Payment	2,372.11	2,372.11	2,249.45	122.66	27,738.95
⊕ Mar 28, 2041 Regular Payment	2,372.11	2,372.11	2,269.63	102.48	25,469.32
⊕ Apr 28, 2041 Regular Payment	2,372.11	2,372.11	2,267.94	104.17	23,201.38
⊕ May 28, 2041 Regular Payment	2,372.11	2,372.11	2,280.28	91.83	20,921.10
⊕ Jun 28, 2041 Regular Payment	2,372.11	2,372.11	2,286.54	85.57	18,634.56
⊕ Jul 28, 2041 Regular Payment	2,372.11	2,372.11	2,298.35	73.76	16,336.21
⊕ Aug 28, 2041 Regular Payment	2,372.11	2,372.11	2,305.30	66.81	14,030.91
⊕ Sep 28, 2041 Regular Payment	2,372.11	2,372.11	2,314.72	57.39	11,716.19
⊕ Oct 28, 2041 Regular Payment	2,372.11	2,372.11	2,325.74	46.37	9,390.45
⊕ Nov 28, 2041 Regular Payment	2,372.11	2,372.11	2,333.71	38.40	7,056.74
⊕ Dec 28, 2041 Regular Payment	2,372.11	2,372.11	2,344.18	27.93	4,712.56
⊕ 2041 Totals	28,465.32	28,465.32	27,516.13	949.19	
⊕ Jan 28, 2042 Regular Payment	2,372.11	2,372.11	2,352.84	19.27	2,359.72
⊕ Feb 28, 2042 Regular Payment	2,369.37	2,369.37	2,359.72	9.65	
⊕ 2042 Totals	4,741.48	4,741.48	4,712.56	28.92	
⊕ Grand Total	569,303.66	569,303.66	365,000.00	204,303.66	



Department of Community Development
1150 Half Day Rd.
Highland Park, Illinois 60035
847.432.0808
cityhpil.com

Date: April 6, 2026
To: Isis Fernandez Sykes & Housing Commission
From: Senior Planner, Zubin Coleman
Subject: Request to Release Laurel Park Phase I Affordable Unit Declarations

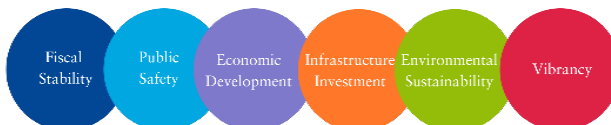
Background

Originally approved in 2006, Laurel Park, a Planned Unit Development (PUD) at 790-844 Laurel Avenue, proposed the development of 30 townhome units and a 12-unit condominium building for 42 total units. The condominium building was never built and only 12 of the 30 townhome units were built before the project’s financing fell through during the 2008 Recession. Building pads for all 30 townhome units were installed on-site and the development was approved for two inclusionary townhome units and five inclusionary condo units for a total of 7 inclusionary units. However, none of the inclusionary units were included among the constructed 12 townhome units. The 12 constructed townhomes were placed at the corner of Laurel Avenue and McGovern Street in the northeast corner of the development lot. The completed twelve townhome units are now referred to as Laurel Park Phase I.

In 2025, a new PUD application was submitted for Laurel Park Phase II (also referred to as ‘Laurel Lofts’) which proposed 18 townhome units and a 12-unit condominium building on-site. Differing from the 2006 approval, four inclusionary condo units were proposed and there were no proposed inclusionary townhome units. The reduction from 7 inclusionary units to 4 inclusionary units was captured at this development’s pre-application meeting at the [February 5th, 2025 HC meeting](#), its preliminary inclusionary review at the [March 5th, 2025 HC meeting](#) and the final inclusionary review approval at the [June 4th, 2025 HC meeting](#). The Applicant worked with the Commission to accommodate a design, unit layout and unit distribution that the Commission ultimately felt comfortable with. This development received final adoption and approval by City Council for its PUD Amendment at the [September 25th, 2025 City Council meeting](#).

Affordable Unit Declaration Issue

Laurel Park Phase I was approved for 7 inclusionary units, yet no inclusionary units were among



the 12 townhomes constructed before the development fell under due to financing and the 2008 Recession. However, the Applicant team discovered that there were 2 Affordable Unit Declarations (AUD's) recorded for this development in 2008. An AUD was recorded against Lot 16 (**see Attachment 1**) and against Lot 19 (**see Attachment 2**), both of which are currently vacant lots that were originally approved for townhome units. The 2006-approved Plat of Re-Subdivision showing Lot 16 (794 Laurel Avenue) & Lot 19 (806 Laurel Avenue) highlighted is provided as **Attachment 3**.

The Applicant team, Simon Berger Investment Group, represented by attorney Anthony Ochs (the "**Applicant**"), requested that Corporation Counsel draft approval documents releasing the two recorded AUD's. Since no inclusionary townhome units were proposed in their 2025 approval, the four new inclusionary condominium units' AUDs should not be recorded until both existing townhome AUDs are released.

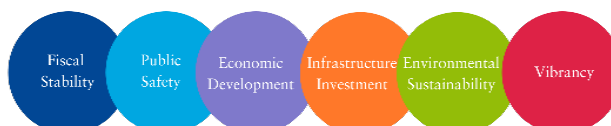
Nevertheless, it is up to the Applicant to formally request the Commission to take action and consider the release of the 2008-recorded AUDs. The Applicant submitted their formal request letter to Staff on March 31, 2025 (**see Attachment 4**) to appear before the Commission at their April 6th Housing Commission meeting for consideration of this item. The Lot 16 Release (**see Attachment 5**) and the Lot 19 Release (**see Attachment 6**) were also submitted by the Applicant.

Affordable Unit Declaration Provision – Section 14

When originally notified of the Applicant's intention to release the 2008-recorded AUDs, Corporation Counsel alerted Staff of provision Section 14 of the recorded 2008 AUDs. Section 14 (page 10) of **Attachment 1 & 2** reads as below:

Section 14. Payment to Housing Commission Upon Termination of Declaration.

If and when this Declaration terminates for any reason, other than in the event the Housing Commission obtains title to the Property pursuant to its Purchase Option under Section 9 of this Declaration, then the current Owner shall owe the Housing Commission an amount equal to the difference between (i) the then fair market value of the Property free of the restrictions in this Declaration, and (ii) the fair market value of the Property subject to this Declaration (assuming the same to be perpetual for such purpose). Fair market value (both subject to and free of this Declaration) shall be reasonably determined by the Housing Commission; provided however, that after notice to the Housing Commission, given before or after determination by the Housing Commission, the Owner may obtain an appraisal at the Owner's expense from a qualified appraiser reasonably approved by the Housing Commission to determine fair market values for these purposes, whose decision shall be binding on the parties. Payment shall be made solely out of the proceeds of the Property (such as sales proceeds, foreclosure proceeds or insurance proceeds) received at the time of, or next following, such termination, and shall be paid after payment to the Owner (net of bona-fide mortgage lien payments) of the fair market value of the Property as restricted by this Declaration. In no event shall the Owner be personally liable to pay the Housing Commission more than the amount, determined as stated above, actually received from the proceeds of the Property as stated above.



In short, the provision states that the Housing Commission is owed an amount of money that is the difference between the fair market value of the property in 2006 and the fair market value of the property in 2025, in the event of termination of the declaration. Lot 16 (794 Laurel Avenue) & Lot 19 (806 Laurel Ave) are both vacant lots recently approved for new market-rate townhomes – both lots will require an official release of their recorded AUDs. A formal appraisal would be required to determine the fair market value of Lots 16 & 19 in 2006 and 2025.

Section 14 is a standard provision in every AUD. As a reminder, AUDs are required for every approved inclusionary unit in Highland Park and must be recorded by the Lake County Recorder of Deeds Office prior to the unit receiving Certificate of Occupancy (COO) permits. These declarations play a pivotal in the due diligence process of researching property titles among prospective property owners and homebuyers. Since all AUDs are recorded against the land, these declarations keep the land affordable in perpetuity. AUDs should be flagged against the property title during the due diligence process of researching and acquiring lots for residential use.

Next Steps

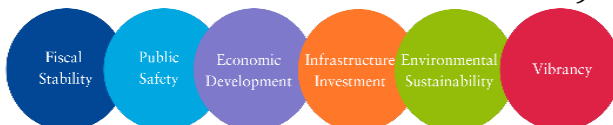
The Housing Commission is the sole entity that can approve the Applicant’s request to release the two AUDs recorded in 2008 for Lot 16 and Lot 19. Should the Commission choose to approve the Applicant’s request to release the AUDs, then Chair Fernandez-Sykes, representing the Housing Commission, will need to sign both releases and have it notarized. Staff would coordinate the signing and then have the Releases recorded with Lake County’s Recorder of Deeds office to resolve this issue.

Should the Commission opt to know the amount of money that is the difference between the fair market value of the property in 2006 and the fair market value of the property in 2025, as stated in Section 14 of the AUD, then Staff would need to obtain a formal appraisal. The Applicant team would also have the opportunity to obtain an appraisal. This item would need to be continued to the May meeting to obtain those value amounts. There may also be further ramifications toward the viability of the development, dependent on the appraised amount difference.

Should the Commission choose not to approve the Applicant’s request to release, then both Lot 16 and Lot 19 will maintain the AUDs, thus clouding each lot’s property title. There may also be further ramifications toward the viability of the development if townhome Lots 16 & 19 must adhere by the affordability requirement as stipulated by the recorded AUDs. This is not the Applicant’s preferred path forward.

Recommendation

Staff recommends that the Commission consider and approve the Applicant’s request to release the 2008-recorded Affordable Unit Declarations for Lot 16 and Lot 19.



**Lot 16 in Laurel Park Resubdivision
Sale – Condominiums/Townhomes**

This document was prepared by and
after recording should be returned to:

Peter M. Friedman
Holland & Knight
131 S. Dearborn, 30th Floor
Chicago, IL 60603



Image# 040726590029 Type: COV
Recorded: 12/14/2006 at 10:20:05 AM
Receipt#: 2006-00020842
Total Amt: \$64.00 Page 1 of 29
IL Rental Housing Fund: \$0.00
Lake County IL Recorder
Mary Ellen Vanderverter Recorder

File **6106195**

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("**Declaration**") is made and entered into as of the 8th day of November 2006, by **LAUREL PARK, LLC ("**Declarant**")**, an Illinois limited liability company with an office at 5940 West Touhy Avenue, Suite 300, Niles, IL 60714

RECITALS:

A. The Declarant is the owner in fee simple of the land legally described in **Exhibit A** which is attached hereto and incorporated herein by reference ("**Land**"), together with all improvements and fixtures thereon (collectively, the "**Property**").

B. The Property is being developed as an affordable unit pursuant to the City's inclusionary zoning regulations (Article XXI of Chapter 150 of the "Highland Park Code of 1968," as amended ("**City Code**")), established by the City to further its goal of preserving and promoting a culturally and economically diverse population through the development and preservation of decent, affordable housing as a component of market rate developments in order to create and preserve housing opportunities for low- and moderate-income people who otherwise would be denied such opportunities because of limited financial resources. The Property is subject to the Development Agreement between Declarant and the City of Highland Park, an Illinois home rule municipal corporation, with offices at 1707 St. Johns Avenue, Highland Park, Illinois ("**City**"), dated May 26, 2006, and subject further to the Declarant entering into this Declaration and causing it to be recorded against the Property at the office of the County of Lake, Illinois Recorder of Deeds. The Owner acknowledges that this Declaration is included within the zoning authority of the City in furtherance of these purposes, which is, and is hereby accepted by the Owner as sufficient basis for this Declaration.

C. The City of Highland Park Housing Commission ("**Housing Commission**") was created by the City Council of the City as a municipal corporation organized for the purposes of promoting the development and preservation of decent, affordable housing in the City. Among other activities, the Housing Commission is responsible for overseeing the implementation of the inclusionary housing component of the City Code.

D. The Owner shares the purposes and goals of the City and the Housing Commission and has agreed to purchase the Property not only to obtain those benefits to which all subsequent owners are entitled under this Declaration, but also to further the purposes of the City's zoning regulations concerning affordable housing.

JK
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**Lot 16 In Laurel Park Resubdivision
Sale – Condominiums/Townhomes**

E. The Owner and each of its successors and assigns recognize the special nature of the terms and conditions of this Declaration, and each of them, with the independent and informed advice of legal counsel, freely accepts these terms and conditions, including those terms and conditions that may affect the marketing and resale price of the Property.

F. The Owner and each of its successors and assigns understand and accept that the terms and conditions of this Declaration further such shared goals over an extended period of time and through successions of owners.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Declarant, for itself and its successors in interest in the Property and/or any part thereof, hereby declares that the Property is and shall be subject at all times to the following:

Section 1. Definitions. Whenever used in this Declaration, the following terms shall have the following meanings unless a different meaning is required by the context:

“Domestic Partner”: For purposes hereof, a person shall qualify as the Owner’s “Domestic Partner” if (i) neither the Owner nor such person is married, (ii) each of the Owner and such person is at least eighteen (18) years old and competent to consent and enter into legally binding contracts, (iii) the Owner and such person are not related to each other by blood closer than would bar marriage in the State of Illinois; (iv) the Owner and such person is each other’s sole Domestic Partner; (v) the Owner and such person are mutually responsible for each other’s common welfare; and (vi) such person satisfies at least one of the following criteria: (a) such person is the primary beneficiary under the Owner’s will; (b) the Owner and such person have joint ownership of a motor vehicle; (c) the Owner and such person have a bona-fide joint credit account; (d) the Owner and such person have a bona-fide joint checking or savings account; (e) such person is designated as the primary beneficiary of the Owner’s life insurance or retirement benefits; or (f) such person holds a power of attorney for healthcare decisions for the Owner.

“Household”: All persons who reside or will reside together with the Owner(s) or any subsequent owner on the Property.

“Housing Commission”: The Highland Park Housing Commission, a municipal corporation created and operating pursuant to Article XI of Chapter 33 of the City Code, along with its successors and permitted assigns and designees, including, without limitation the Highland Park Illinois Community Land Trust.

“Owner”: Each legal and equitable owner of all or any portion of the Property or any interest therein, including, without limitation the Declarant and any subsequent owner by sale, conveyance or other transfer of any legal or beneficial interest in the Property, and unless the context otherwise requires, “Owner” shall mean the Owner at the time in question. “Owner” and “Owners” are used interchangeably.

“Permitted Transferee”: The Owner’s spouse, Domestic Partner, one or more of the Owner’s children, or any member of the Owner’s Household who has resided upon the Property for at least one year immediately prior to the Owner’s death.

**Lot 16 in Laurel Park Resubdivision
Sale – Condominiums/Townhomes**

“Purchase Option”: The permanent and irrevocable option (but without obligation) of the Housing Commission to purchase the Property upon the occurrence of certain Purchase Events as more specifically set forth in Section 9 of this Declaration.

“Purchase Price”: The lesser of (i) the value set forth in the Appraisal or (ii) the Formula Purchase Price.

“Transfer or Conveyance” or “Transferred or Conveyed”: Any sale, transfer, conveyance, assignment, pledge, mortgage, hypothecation or transfer or other disposition, and includes, but is not limited to, (i) any transfer or encumbrance or pledge of any ownership interest in and/or any controlling interest in the Owner or any other entity which owns or occupies the Property or any such ownership or controlling interest in any constituent (e.g., shareholders, partners and/or members) of the Owner or any such other owning or occupying entity; and (ii) any lease or sublease of the Property.

Section 2. Term; Recordation. The covenants, conditions, and restrictions in this Declaration shall continue in full force and effect with respect to the Property unless the Housing Commission records in the land records an instrument specifically stating that these covenants, conditions, and restrictions shall be terminated or amended. This Declaration shall be recorded by the initial Owner of the Property in an order and manner to assure that the Declaration shall be first recorded and not subject or subordinate to any mortgages, liens, or any other similar encumbrances.

Section 3. Sale, Transfer or Conveyance. Except as expressly permitted in this Declaration, at no time shall title to the Property be Transferred or Conveyed to or held by an Owner who is not a Qualified Purchaser, as defined in Section 4 of this Declaration.

Section 4. Qualified Purchaser. Except as provided in Subsection C of this Section, for purposes of this Declaration, a “Qualified Purchaser” is an Owner who meets the requirements of Subsections A and B of this Section.

A. Income. The maximum “household” income of the Owner, at the time it acquires the Property, must not exceed one hundred twenty percent (120%) of the then Chicago area median income, adjusted for household size, as published from time to time by the U.S. Department of Housing and Urban Development (“HUD”) or any successor thereof under Section 8 of the United States Housing Act of 1937, as amended. In the event the Chicago area is redefined so as to eliminate Lake County, Illinois, then the parties shall utilize the median gross income published by HUD for the newly created metropolitan area defined by HUD that does include Lake County, Illinois.

B. Citizen of U.S. or Registered Alien. The Owner must be a citizen of the United States or a registered alien thereof.

C. Housing Commission. For purposes of this Declaration, the Housing Commission shall be a “Qualified Purchaser” with respect to the Property, or with respect to the occurrence of any Purchase Events and the City’s Purchase Option under Section 9 of this Declaration.

Section 5. Owner-Occupied Residence. Each Owner (except for Declarant) shall at all times occupy the Property as the Owner’s principal residence and for any incidental activities related to such residential use, provided such other use is in compliance with zoning

**Lot 16 in Laurel Park Resubdivision
Sale – Condominiums/Townhomes**

and all other requirements of law. The Property may not be occupied for any period of time by any person other than Owner and members of the Owner's Family (defined below), without the express written consent of the Housing Commission, which consent need not be given if, in the Housing Commission's sole judgment, the occupancy would not further the purposes of this Declaration. For purposes of this Declaration, "Family" shall be defined as such term is defined from time to time in the Zoning Code of the City.

Section 6. Delivery of Materials to Ensure Compliance.

A. Delivery of Supporting Materials. The Owner must have executed and delivered to the Housing Commission, in care of the Director of Community Development of the City ("**Director**") (or any successor or replacement official designated by the City or the Housing Commission, if the position of Director of Community Development at any time ceases to exist), a Letter of Stipulation of Owner and the certificates, documents, materials, and other information (collectively, the "**Supporting Materials**") required from time to time in order to obtain a Certificate of Compliance (as described below) from the Director, and the subsequent Owner's legal counsel must have executed and delivered to the Housing Commission, in care of the Director, a Letter of Acknowledgment of Legal Counsel of Owner, setting forth their respective review and understanding of the Declaration and all related documents. Copies of the form of the Letter of Stipulation of Owner and Letter of Acknowledgment of Legal Counsel of Owner are set forth in **Exhibit B** which is attached to and incorporated herein by reference. A list of supporting materials may be obtained from the Director, upon request, at the Highland Park City Hall, 1707 St. Johns Avenue, Highland Park, Illinois 60035. In order to avoid a delay in processing a request for a Certificate of Compliance, the Owner of the Property should obtain a list of the supporting materials from the Director and deliver the applicable supporting materials to the Director at least 30 days in advance of any contemplated transfer of the fee simple title to the Property. In order to confirm compliance with the Declaration upon a transfer of title to the Property, any deed or other instrument conveying or purporting to convey title to the Property or any portion thereof shall be void and of no further force and effect, unless such deed or instrument shall have attached thereto, a Certificate of Compliance signed by the Director on behalf of the Housing Commission, substantially in the form of **Exhibit C**, which is attached to and incorporated herein by this reference.

B. Furnishing of Information to Housing Commission. The Owner shall promptly furnish such information about the Property as the Housing Commission may reasonably request from time to time, for example, the identity of each Owner and of each member of the Owner's Household living in the Property, the identity of any mortgagee or other person having an interest in the Property, the full consideration paid for the Property or any interest therein identified by category (e.g., equity, institutional loan and so forth), the condition of the Property, and any other information that the Housing Commission in good faith deems relevant, all for the purpose of assuring compliance with this Declaration.

Section 7. Property Maintenance. All Owners, and their successors and assigns, covenant to maintain the Property in good order, repair and condition and in compliance with all laws, regulations, ordinances, codes and orders, now existing or hereafter enacted, regarding the habitability of the Property and in full compliance with all other federal, state, and local requirements. For good cause shown, the Housing Commission, acting through the Director or any other City employee designated by the Housing Commission, may inspect any portion of the Property provided the Director or such other designated employee shall have made reasonable efforts to give advance oral notice to the Owner

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Section 8. Permitted Transfers. Upon receipt of notice from the executor or administrator of an Owner's estate given within ninety (90) days after the death of the Owner (or the last surviving co-Owner of the Property), the Housing Commission shall, unless for good cause shown, consent in writing to a transfer of the Property, subject to this Declaration, to a Permitted Transferee. Any other heirs, legatees, or devisees of the Owner must be Qualified Purchasers, or if such party is not a Qualified Purchaser, such party shall not be entitled to take title to the Property, but the Property must be transferred in accordance with Section 9.

Section 9. Purchase Option. To protect and maintain the goals of the Declarant and the City, the Housing Commission shall have, and the Declarant hereby grants to the Housing Commission, a Purchase Option upon the occurrence of a Purchase Event (defined below) in accordance with this Section 9; provided, however, that this Section 9 does not apply to the first transfer of each affordable unit by the Declarant if the Declarant is otherwise in full compliance with this Declaration.

A. Purchase Events. Each of the following shall be deemed a Purchase Event:

1. The Property is no longer the principal residence of an Owner (or Permitted Transferee) whose occupancy fulfills the requirements of Section 5 of this Declaration, or the Property is being used in any other manner that does not comply with this Declaration;
2. An Owner has given the Housing Commission an Intent-to Sell Notice (defined below) in accordance with Subsection 9.C hereof;
3. Any legal or beneficial interest in the Property is conveyed or otherwise transferred without an Intent-to-Sell Notice having been given, unless the Housing Commission has waived in writing the Purchase Option in accordance with this Section 9 or unless such transfer is to a Permitted Transferee in accordance with Section 8; provided, however, that an Owner shall be permitted to transfer title to the Property to the Owner's spouse or Domestic Partner or to a revocable trust (a grantor type trust) where the Owner is a trustee and a beneficiary, provided further that the Owner first obtains written consent of the Housing Commission prior to making such transfer, which consent shall be evidenced by a Certificate of Compliance recorded with the deed effectuating said transfer;
4. The Housing Commission has received a Mortgage Default Notice as provided for in Section 10 of this Declaration or otherwise has notice of a pending mortgage or other lien foreclosure or similar proceeding against the Property or of a civil action or equivalent proceeding for unpaid real estate taxes or unpaid condominium or townhome assessments or any other proceeding at which title to or possession of the Property could be effected;
5. The Owner has made material misrepresentations in connection with the Owner's acquisition or ownership of the Property;
6. The Owner has failed to observe and perform the Owner's obligations set forth in this Declaration;

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7. The Owner has failed to observe and perform the Owner's obligations set forth in this Declaration in a manner that constitutes criminal conduct, or in the Housing Commission's judgment, constitutes other willful, egregious conduct; or
8. The Owner leases the Property or any portion thereof.

B. Notice and Opportunity to Cure. The Housing Commission shall give written notice and an opportunity to cure, or to otherwise eliminate the Purchase Event, only under Paragraphs 1, 3, 4, 5, and 6 of Subsection 9.A of this Declaration. For those events, the Owner shall have a reasonable time to cure, or to otherwise eliminate the Purchase Event, that shall not exceed 90 days from the date of delivery of the Housing Commission's notice. The Housing Commission and the Owner acknowledge that the Purchase Option is established to promote and enforce this Declaration and to protect and maintain the City's and the Housing Commission's goal of providing affordable housing as described above, and is intended to be exercisable for the greatest length of time permitted by law.

C. Intent to Sell Notice. In the event that an Owner desires to transfer the Property or any portion thereof or interest therein, the Owner shall notify the Housing Commission in writing of the proposed transfer ("**Intent-to-Sell Notice**"). No later than ten (10) business days after the Housing Commission receives the Owner's Intent-to-Sell Notice, a market valuation of the Property ("**Appraisal**") shall be commissioned by a duly licensed appraiser selected by the Housing Commission. The Housing Commission shall commission and pay the cost of the Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties or such other proper appraisal method and shall consider the value of improvements related to safety and energy efficiency that may not be visibly apparent. Copies of the Appraisal shall be provided to both the Housing Commission and the Owner. Notwithstanding anything contained herein to the contrary, if an Appraisal of the Property exists that is dated no later than 365 days before the date of the Intent-to-Sell Notice (an "**Existing Appraisal**"), then the Housing Commission may elect to not obtain a new Appraisal, in which case, for purposes hereof, the "Appraisal" shall be deemed to be the Existing Appraisal. If the Housing Commission elects to use an Existing Appraisal as the Appraisal, the Housing Commission shall notify the Owner within the 10-business day period. If a Purchase Event, other than a Purchase Event described in Subsection 9.A.2, then at any time thereafter, the Housing Commission may obtain an Appraisal.

D. Exercise Notice. If the Housing Commission elects to purchase the Property pursuant to its receipt of an Intent-to-Sell Notice, the Housing Commission shall exercise the Purchase Option by notifying the Owner, in writing, of such election (the "**Exercise Notice**") within forty-five (45) days after the receipt of the Appraisal (or if an Existing Appraisal is being used as the Appraisal, then within forty-five (45) days after the expiration of the 10-business day period described above), or the Purchase Option shall expire as to such Intent-to-Sell Notice, but shall survive and continue as to subsequent Intent-to-Sell Notices and subsequent sales of the Property or any portion thereof or interest therein. If a Purchase Event occurs, other than a Purchase Event described in Subsection 9.A.2 hereof, then the Housing Commission may deliver the Exercise Notice at any time after such Purchase Event occurs and the Purchase Option shall never expire with respect to any such Purchase Event, except as otherwise provided in this Declaration. If the Housing Commission delivers the Exercise Notice, the Housing Commission may either proceed to exercise the Purchase Option directly by purchasing the Property, or may assign the Purchase Option (before or after delivering the

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Exercise Notice) to another person or entity. If the Housing Commission exercises the Purchase Option, the purchase price for the Property shall be the Purchase Price.

E. Formula Purchase Price. The "Formula Purchase Price" shall be equal to Owner's Purchase Price, as stated below, plus Owner's Share of Market Value Appreciation in the Property, plus any applicable Capital Improvements Credit calculated as follows:

- (1) Owner's Purchase Price – the price the Owner originally paid to acquire the Property from the Owner's predecessor in title.
- (2) Initial Appraised Value – the appraised value of the Property at the time of Owner's purchase.
- (3) Owner's Investment Ratio – the Owner's Purchase Price as a percentage of the Initial Appraised Value of the Property.
- (4) Current Appraised Value - the market value of the Property determined by the appraisal conducted on or about the date of the Owner's Notice of Intent to Sell, or by the Existing Appraisal, in accordance with Subsection 9.C of this Declaration.
- (5) Market Value Appreciation – the Current Appraised Value minus the Initial Appraised Value.
- (6) Shared Appreciation Factor. For the purpose of calculating Owner's Share of Market Value Appreciation in Paragraph 7 below, the Shared Appreciation Factor shall be fifteen percent (15%).
- (7) Owner's Share of Market Value Appreciation. For the purpose of determining the Formula Purchase Price, Owner's Share of Market Value Appreciation shall be determined by first multiplying the Market Value Appreciation by Owner's Investment Ratio and then multiplying the product by the Shared Appreciation Factor.
- (8) Applicable Capital Improvements Credit. The Capital Improvements Credit as defined in Section 16, if any, shall be added, provided the Credit has been approved by the Housing Commission pursuant to the requirements of Section 16.
- (9) Formula Purchase Price: The Formula Purchase Price shall be determined by adding Owner's Share of Market Value Appreciation plus a Capital Improvements Credit, if applicable, to Owner's Purchase Price.

If the Purchase Option is exercised in connection with a Purchase Event described in Subsection 9.A.3 of this Declaration, then the term "Owner," as used in the immediately preceding sentence for purposes of calculating the Formula Price, shall mean the then most recent Owner who acquired the Property not in violation of this Declaration. A sample of the Formula Purchase Price is set forth in **Exhibit D** which is attached hereto and incorporated herein by this reference. Each Owner hereby agrees that the Purchase Price that it is entitled to receive upon a sale of the Property is an equitable return on such Owner's investment in the Property.

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F. Maintenance of Records. The Housing Commission shall maintain permanent records setting forth the purchase price paid by each Owner for the Property and the Initial Appraisal.

G. Closing Date for Purchase by the Housing Commission. The purchase by the Housing Commission must be completed within ninety (90) days after delivery of the Exercise Notice, or the Owner may sell the Property, subject to the terms and conditions set forth below. The time permitted for the completion of the purchase may be shortened or extended by mutual agreement of the Housing Commission and the Owner.

H. Transfer of Title for Purchase by the Housing Commission. If the Housing Commission exercises the Purchase Option, the Property shall be conveyed by a good and sufficient warranty deed running from the Owner to the Housing Commission (or to an assignee of the Commission's Purchase Option under Subsection K of this Section), conveying good and marketable title to the Property free from encumbrances except for: (i) such taxes as are not due and payable on the date of the delivery of the deed; and (ii) such matters of record to which this Declaration was subordinate at the time of the recording of this Declaration (which does not include mortgages or other liens or claims for financial obligations). The Property shall be delivered in the same condition as it was in at the time of the delivery of the Exercise Notice and shall be free of all occupants. The Housing Commission may inspect the Property prior to closing to determine whether its condition complies with this Section. Premiums under assignable insurance policies, condominium or townhome assessments, water and other utility charges, fuels, general taxes, and other similar items shall be adjusted ratably as of the time of closing. The amount of the current general taxes not then ascertainable shall be adjusted on the basis of 105% of the most recent ascertainable taxes. In the event that the Housing Commission is ever the Owner of the Property, the Housing Commission shall have the right, in its sole and absolute discretion, to amend, terminate, re-record, or to otherwise take any actions with respect to this Declaration and the Property as the Housing Commission shall determine is necessary and appropriate.

I. Inability of Owner to Close. If the Owner shall be unable on the closing date to give title to or to make conveyance of or deliver possession of the Property, all in accordance with the terms of this Declaration, or if on the closing date the Property in any other way does not conform with the requirements of this Declaration, then in addition to all other rights and remedies available at law or in equity, the Housing Commission or its assignee or designee may apply as much of the Purchase Price as necessary to cure such failures and non-conformities, but this remedy shall not be deemed to waive, impair or otherwise diminish the priority of the Purchase Option over other's rights, whether or not appearing of record.

J. Exercisability of Purchase Option. The Purchase Option (i) shall always be exercisable as to the entire ownership interest in the Property, notwithstanding that the event giving rise to the Purchase Option might involve less than the entire ownership interest, and (ii) shall be exercisable against all the Owners (or any subsequent Owner) notwithstanding that the acts of fewer than all the Owners (or of a prior Owner) gave rise to the Purchase Option.

K. Assignment of Purchase Option. If the Housing Commission assigns the Purchase Option to a third party purchaser, the sales transaction shall proceed directly between the Owner and such third party purchaser, subject to this Declaration.

L. Failure of Housing Commission to Act. If the Housing Commission fails to deliver an Exercise Notice within the 45-day period described above, or if the Housing

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Commission fails to complete the purchase within the 90-day period allowed by this Section (other than as a result of the acts of the Owner), then the Owner may sell the Property, subject to this Declaration, to any Qualified Purchaser for not more than the applicable Purchase Price. However, if the Owner fails to close on the sale of the Property within nine (9) months after the date of the Intent-to-Sell Notice, then the Owner shall be obligated to deliver another Intent-to-Sell Notice to the Housing Commission if the Owner wishes to sell the Property or any portion thereof or interest therein after said 9-month period. In the event the Housing Commission does not exercise the Purchase Option and complete the purchase of the Property as set forth above, and the Owner (i) is not then residing in the Property and (ii) continues to hold the Property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year after the giving of the Intent-to-Sell Notice, the Owner does hereby appoint the Housing Commission as its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the goals of the Housing Commission, sell the Property, and distribute the proceeds of sale, minus the Housing Commission's costs of sale and any other sums owed the Housing Commission by the Owner. Upon the Housing Commission's request, the Owner shall promptly execute and deliver to the Housing Commission an instrument, in form and substance reasonably acceptable to the Housing Commission, granting and re-affirming the power of attorney described above.

Section 10. Mortgage Requirements. The Owner shall not mortgage the Property or grant any similar lien or encumbrance on the Property without prior written notice to the Housing Commission and unless such mortgage provides that the holder of that mortgage shall be required to deliver to the Housing Commission copies of all default and late payment notices delivered by or on behalf of the mortgagee to the Owner (individually, "**Mortgage Default Notice**," collectively, "**Mortgage Default Notices**"), concurrently with the delivery of such Mortgage Default Notices to the mortgagor. The Owner shall sign a release authorizing the mortgagee or other lien holder to make such information available to the Housing Commission. The release shall be substantially the same as **Exhibit E** to this Declaration. The Owner shall notify the Housing Commission of the name, address, and contact information of each mortgage or lien holder on the Property.

Section 11. Removal of Provisions Pursuant to Foreclosure. In the event of foreclosure sale by a mortgagee or the delivery of a deed to a mortgagee in lieu of foreclosure, the mortgagee shall be free to sell the Property to another person (whether or not a Qualified Purchaser) free and clear of this Declaration.

Section 12. No Encumbrances on Property. If proceeds of any sale, transfer or conveyance of the Property exceed the Purchase Price therefor, then the excess shall be paid to the Housing Commission and shall be deposited to the City's Affordable Housing Trust Fund. Each Owner recognizes that it would be contrary to the fundamental concept of this Declaration, and an abuse by the Owner, to encumber the Property with a mortgage if the Owner could realize more than the Purchase Price as the result of any foreclosure of any mortgage. Accordingly, each Owner hereby irrevocably assigns to the Housing Commission any and all net proceeds of the sale of the Property remaining after payment of costs of foreclosure and satisfaction of the lien of any mortgage that would otherwise have been payable to the Owner, to the extent such net proceeds exceed the net proceeds that the Owner would have received had the Property been sold for the Purchase Price established in Section 9 hereof for a purchase by the Housing Commission, and the Owner authorizes and instructs the mortgagee or any party conducting any sale to pay the amount of said excess proceeds directly to the Housing Commission. In the event that, for any reason, such excess proceeds are paid to the

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Owner, the Owner hereby agrees to promptly pay the amount of such excess proceeds to the Housing Commission.

Section 13. [Intentionally Left Blank].

Section 14. Payment to Housing Commission Upon Termination of Declaration.

If and when this Declaration terminates for any reason, other than in the event the Housing Commission obtains title to the Property pursuant to its Purchase Option under Section 9 of this Declaration, then the current Owner shall owe the Housing Commission an amount equal to the difference between (i) the then fair market value of the Property free of the restrictions in this Declaration, and (ii) the fair market value of the Property subject to this Declaration (assuming the same to be perpetual for such purpose). Fair market value (both subject to and free of this Declaration) shall be reasonably determined by the Housing Commission; provided however, that after notice to the Housing Commission, given before or after determination by the Housing Commission, the Owner may obtain an appraisal at the Owner's expense from a qualified appraiser reasonably approved by the Housing Commission to determine fair market values for these purposes, whose decision shall be binding on the parties. Payment shall be made solely out of the proceeds of the Property (such as sales proceeds, foreclosure proceeds or insurance proceeds) received at the time of, or next following, such termination, and shall be paid after payment to the Owner (net of bona-fide mortgage lien payments) of the fair market value of the Property as restricted by this Declaration. In no event shall the Owner be personally liable to pay the Housing Commission more than the amount, determined as stated above, actually received from the proceeds of the Property as stated above.

Section 15. Construction Requirements. Any construction on the Property that is undertaken by the Owner shall be subject to the following conditions: (a) all costs shall be borne and paid for by the Owner, (b) all construction involving structural changes, or structural or mechanical improvements for which the Owner desires to receive a Capital Improvements Credit pursuant to Section 16 of this Declaration, or in excess of ten thousand dollars (\$10,000), shall be performed by a licensed, certified, and bonded professional and shall not be constructed without the prior written consent of the Housing Commission, (c) all construction shall be performed in a workmanlike manner and shall comply with all applicable laws and regulations, (d) all construction shall be consistent with the permitted uses set forth in Section 5 of this Declaration, (e) all construction shall be consistent with the condominium or townhome declaration governing the Property, and (f) the Owner shall furnish to the Housing Commission a copy of any plans and all building permits for such construction prior to commencing construction. The requirements of this Section do not apply to construction undertaken by the condominium or townhome association of which the Owner is a member by owning the Property.

Section 16. Credit for Capital Improvements. The Owner may elect to receive a Capital Improvements Credit, which credit shall be applied in the calculation of the Formula Purchase Price for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association, and for any one or more of the following structural or mechanical improvements to the Property or the common areas and facilities, subject to the approval of the Housing Commission: (a) repair and/or replacement of the heating system; (b) repair and/or replacement of the electrical components; (c) repair and/or replacement of plumbing components; (d) repair and/or replacement of the roof; and (e) repair and/or replacement of a damaged structural element that threatens the structural integrity of the improvements. The terms under which the Housing Commission will approve a Capital Improvements Credit are limited to the conditions set forth in **Exhibit F**, attached hereto and

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incorporated herein by this reference. Any Capital Improvements Credit for improvements to the Property that have been undertaken by the Owner and approved by the Housing Commission shall be evidenced by an Approval of Capital Improvements Credit as set forth in **Exhibit G**, attached hereto and incorporated herein by this reference. Any Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association or for structural or mechanical improvements undertaken by the Condominium or Townhome Association to the Property or to the common areas and facilities for which Owner paid a special assessment shall be evidenced by annual certifications provided by the Condominium or Townhome Association to the Housing Commission as set forth in **Exhibit H**, attached hereto and incorporated herein by this reference.

Section 17. Liens. The Owner shall not permit any statutory or similar lien to be filed against the Property and to remain in effect for more than sixty (60) days after it has been filed. The Owner shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. The Owner may, at Owner's expense, contest the validity of any such asserted lien, provided the Owner has furnished to the Housing Commission a bond in an amount reasonably determined by the Housing Commission as sufficient to release the Property from such lien.

Section 18. Intent and Purpose. The Owner and each other person, including any mortgagee, hereafter holding any interest in the Property acknowledges that the reservations and grant of the agreements, covenants, and restrictions contained in this Declaration are for public purposes. It is the intent and purpose of each Owner and the City that the Property, and each part thereof, be held and occupied by Qualified Purchasers throughout the term of this Declaration. This Declaration and all undertakings pursuant hereto shall be construed and administered in light of said intent and purpose.

Section 19. Events of Default and Enforcement.

A. Event of Default. If the Owner or any person bound by this Declaration defaults in the performance or observance of any covenant, agreement or obligation under this Declaration, and if such default remains uncured for a period of 90 days immediately after notice specifying such default and the actions required to correct the same shall have been given by the Housing Commission to the Owner or other such person, then such uncured breach or default shall constitute an "Event of Default" hereunder.

B. Any Action at Law or in Equity. Upon the occurrence of an Event of Default hereunder, the Housing Commission may take whatever action at law or in equity or otherwise, whether for specific performance of any covenant in this Declaration or such other remedy as may be deemed most effectual by the Housing Commission to enforce the obligations of the Owner and all persons bound under this Declaration, and including the appointment of a receiver to own and occupy the Property in compliance with this Declaration, or the institution and prosecution of any action or proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to enforce compliance or to recover monetary damages caused by such violation or attempted violation.

C. Specific Performance; Appointment of Receiver. In addition to any and all other available remedies, the Owner hereby consents and agrees that any one or more of the following remedies shall be available upon the occurrence of an Event of Default hereunder:

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1. **Specific Performance.** The Owner hereby acknowledges and agrees that specific performance of the covenants and requirements of this Declaration shall be necessary to achieve the intent hereof, and that no appropriate remedy at law would be available upon an Event of Default hereunder, or if available, any such remedy would be inadequate to implement the public purposes hereof, and that the Housing Commission would be irreparably injured by the Owner's (or other bound person's) failure specifically to perform the covenants and requirements hereof; therefore, notwithstanding anything to the contrary stated in this Declaration, the Housing Commission will have the right to seek specific performance of any of the covenants and requirements of this Declaration or an order enjoining any violation of this Declaration, including exercising the Purchase Option, voiding any rental or leasing arrangement, any contract for sale, or any sale or other transfer or conveyance of the Property in violation of this Declaration.
2. **Appointment of Receiver.** The Owner, for itself and its successors and assigns, hereby agrees that the appointment of a receiver may be necessary to prevent waste to the Property following an Event of Default under this Declaration. The Housing Commission may require the appointment of such a receiver.

D. Reimbursement; Damages. In addition to any and all applicable remedies, the Housing Commission may require that the Owner or any occupant of the Property, in the Housing Commission's sole discretion,

- (i) pay damages to the Housing Commission in an amount equal to the difference between (a) the fair market value of the Property free of the restriction imposed by this Declaration, and (b) the fair market value of the Property subject to this Declaration (assuming the same to be perpetual for such purpose),
- (ii) in the case of any rental or leasing which violates this Declaration, pay damages equivalent to the rent charged during the existence of the violation, and
- (iii) in the case of a conveyance or other transfer of the Property which violates this Declaration, pay damages for the cost of creating or obtaining other comparable dwelling units to replace the Property in the event the Property can no longer be affordable housing for a Qualified Purchaser.

E. Indemnification. The Owner hereby agrees to pay, indemnify and hold the Housing Commission, and the City harmless from any and all reasonable costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Housing Commission or the City in enforcing or attempting to enforce this Declaration following an Event of Default on the part of the Owner hereunder or its successors or assigns, whether the same shall be enforced by suit or otherwise or incurred by the Housing Commission or the City as a result of such Event of Default, together with all reasonable costs, fees and expenses which may be incurred in connection with any amendment to this Declaration or otherwise by the Housing Commission or the City at the request of the Owner.

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F. Cumulative Remedies. No remedy conferred upon or reserved to the Housing Commission or the City by this Declaration is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Declaration or any related documents, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any failure to perform under this Declaration shall impair any such right or power or shall be construed to be a waiver thereof.

Section 20. Appointment/Revocation of Authorized Person by the Housing Commission. In addition to the Director, the Housing Commission may from time to time appoint and revoke the appointment of one or more persons (who may but need not be City employees and who may be natural or legal persons) who shall have the authority to exercise the Housing Commission's other rights under this Declaration to the extent stated in the applicable authorizing resolution. Such appointments shall be made (or revoked) only by resolution passed by the Housing Commission.

Section 21. Miscellaneous.

A. Notices. All notices, certificates or other communications hereunder will be sufficiently given and will be deemed given when mailed by certified mail, return receipt requested, postage prepaid, or dispatched by telegram or teletype (if confirmed promptly telephonically and in writing by the sender of such teletype and if receipt of such teletype is confirmed in writing by the intended recipient), addressed as follows:

If to the Housing Commission:

City of Highland Park Housing Commission
c/o Director, Department of Community Development
1150 Half Day Rd.
Highland Park, IL 60035

If to the Declarant:

Paul Hardej
Metropolitan Development Enterprises, Inc.
5940 West Touhy Avenue, Suite 300
Niles, IL 60714

If to the Owner:

At the Owner's Property address.

The Housing Commission and the Owner may, by notice recorded in the land records of the County of Lake, Illinois, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent.

B. Running with the Property. The Declarant intends, declares and covenants, on behalf of itself and all future owners and occupants of the Property during the term of this Declaration, that this Declaration and the covenants, restrictions and charges set forth in this Declaration regulating and restricting the use and occupancy of the Property (i) shall be

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covenants running with the Property, encumbering the Property, for the term of this Declaration, binding upon the Declarant and its successors in title and all subsequent owners and occupants of the Property, including any purchaser, grantee, owner or lessee of the Property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any such purchaser, grantee, owner or lessee and of any such other person or entity having any right, title or interest therein, for the term of this Declaration, and (ii) are not merely personal covenants of the Owner, and (iii) shall bind the Owner (and the benefits shall inure to the City) and their respective successors and assigns during the term of this Declaration. The Owner, for itself and its successors and assigns, agrees that any and all requirements of the laws of the State of Illinois to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the Property shall be deemed to be satisfied in full, and that any requirements of privity of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to ensure that these restrictions run with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, restrictions, charges and easements regardless of whether or not such covenants restrictions, charges and easements are set forth or incorporated by reference in such contract, deed or other instrument.

C. Governing Law. This instrument shall be governed by the laws of the State of Illinois without regard to principles of choice or conflict of laws.

D. Release, Modification or Amendment. This Declaration may not be released, modified or amended without the prior written consent of the Housing Commission. The Owner shall duly record such release, modification or amendment, including said prior written consent of the Housing Commission, in the land records of the County of Lake, Illinois and bear the costs of such recordation.

E. Captions. The captions and headings in this Declaration are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Declaration.

F. Survival of Enforcement Rights. Notwithstanding the definition of Owner contained in this Declaration, the rights of enforcement for violations of this Declaration shall survive any subsequent sale or transfer of the Property.

G. No Subordination. The rights and obligations created by this Declaration are intended to never, under any circumstance, be subordinate to or capable of subordination to the financial or other property interest of any third party acquiring rights in the Property after the recording of this Declaration.

H. Severability. If any provision of this Declaration or the application thereof to any person or circumstances is held to be invalid or unenforceable by any decision of any court of competent jurisdiction, such decision shall not impair or otherwise affect any other provision of this Declaration, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable. If any provision of this Declaration is held to constitute a violation of the rule against perpetuities, that provision shall be deemed to remain

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in effect until the death of the last survivor of the now living descendants of George W. Bush, President of the United States, plus 21 years thereafter.

I. Patriot Act. Each party represents and warrants that it is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by the United States Treasury Department as a Specially Designated National and Blocked Person, or for or on behalf of any person, group, entity, or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; and that it is not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity, or nation. Each party hereby agrees to defend, indemnify, and hold harmless the other from and against any and all claims, damages, losses, risks, liabilities, and expenses (including reasonable attorneys' fees and costs) arising from or related to any breach of the foregoing representation and warranty.

[END OF TEXT - SIGNATURE PAGES FOLLOW]

***Lot 16 in Laurel Park Resubdivision
Sale – Condominiums/Townhomes***

EXHIBIT A

Legal Description of the Land

LOT 16 IN LAUREL PARK RESUBDIVISION FALLING IN THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 43 NORTH, RANGE 12 EAST OF THE THIRD MERIDIAN.

EXHIBIT B

Letter of Stipulation of Owner and Letter of Acknowledgment of Legal Counsel of Owner

Letter of Stipulation of Owner

To: The Highland Park Housing Commission (the "Housing Commission")

Date:

I will be purchasing a condominium or townhome from _____ ("Seller") having an address of _____, Highland Park, Illinois ("Property"). Seller will transfer title to the Property subject to a Declaration of Covenants, Conditions, and Restrictions ("Declaration") recorded with the Recorder of Deeds of Lake County, Illinois on as document number _____. This letter is given to the Housing Commission pursuant to the Declaration.

My legal counsel, _____, has explained to me the terms and conditions of the Declaration and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as the owner of the Property and as a Qualified Purchaser (as defined in the Declaration), now and in the future.

In particular I understand and agree with the following points:

1. One of the goals of the City of Highland Park and the Housing Commission is to keep homes in the City of Highland Park affordable for lower income households from one Qualified Purchaser to the next. I acknowledge this goal as a Qualified Purchaser.

2. The Declaration will keep the Property affordable for future "Qualified Purchasers". If and when I want to sell the Property, I am required to sell it either to the Housing Commission or its assignee, designee or nominee or to another Qualified Purchaser, and the price for which I can sell the Property, in order to keep it affordable for Qualified Purchasers, is limited to the price that is determined in accordance with the Declaration.

3. It is also a goal of the City of Highland Park and the Housing Commission to promote ownership of affordable homes in the City of Highland Park by individuals who will occupy those homes as their principal residence. For this reason, the Declaration requires that if I and my family move out of the Property permanently, I must sell it. I cannot continue to own it as an absentee owner.

4. I understand that upon my death, I can leave the Property to my spouse, or to my Domestic Partner (as defined in the Declaration), or to one or more of my children, or to any member of my household provided that such household member has resided at the Property for at least one year immediately prior to my death, and that after my death, such person(s) can own the Property for as long as they want to live in it and abide by the Declaration, or they can sell the Property on the terms permitted by the Declaration.

**Lot 16 in Laurel Park Resubdivision
Sale - Condominiums**

As a Qualified Purchaser, it is my desire to see the Declaration and related documents honored. I consider these terms fair to me and others.

Sincerely,

Declaration

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City of Highland Park
Housing Commission

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**Lot 16 in Laurel Park Resubdivision
Sale - Condominiums**

Letter of Acknowledgment of Legal Counsel of Owner

To: The Highland Park Housing Commission (the "Housing Commission")

Date:

I, _____, have been independently employed by _____ (the "Client") who intends to purchase a condominium or townhome unit in the City of Highland Park. The condominium or townhome unit is located at _____, Highland Park, Illinois (the "Property").

In connection with the contemplated purchase of the Property, I reviewed with the Client the following documents relating to the transaction:

- 1) this Letter of Acknowledgment and a Letter of Stipulation of Owner from the Client;
- 2) a proposed deed conveying the Property to the Client (the "Deed"); and
- 3) the covenants, conditions and restrictions of record to which the Deed is subject (including, without limitation, the covenants, conditions and restrictions set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded with the Recorder of Deeds of Lake County, Illinois on _____ as document number _____).

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. My advice and review have been given to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering into the aforesaid transaction in reliance on his/her own judgment and upon his/her investigation of the facts. The advice and information provided by me was an integral element of such investigation.

Name

Title

Firm/Address

Declaration

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City of Highland Park
Housing Commission

EXHIBIT C
Certificate of Compliance

The undersigned hereby certifies that, to the best of his knowledge, based upon the information that the Housing Commission has in its possession and the information that has been delivered to the Housing Commission, the conveyance of the property commonly known as _____, Highland Park, Illinois 60035 from _____ to _____, pursuant to the deed or other instrument to which this Certificate of Compliance is attached, complies with and is not in violation of the covenants, conditions and restrictions set forth in that certain Declaration of Covenants, Conditions, and Restrictions recorded with the Recorder of Deeds of Lake County, Illinois on _____ as document number _____).

Director of Community Development of the City of
Highland Park, as agent for The Highland Park
Housing Commission

STATE OF ILLINOIS)
) SS.
COUNTY OF LAKE)

I, the undersigned, a Notary Public in said County in the State aforesaid, **DO HEREBY CERTIFY** that *[name]* the Director of Community Development of the City of Highland Park, as agent for The Highland Park Housing Commission, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such he/she signed and delivered the said instrument pursuant to proper authority, as his/her free and voluntary act, and as the free and voluntary act and deed of The Highland Park Housing Commission for the uses and purposes therein set forth.

Given under my hand and notarial seal, this ___ day of _____, 200__.

Notary Public

EXHIBIT D

Sample Calculation of the Formula Purchase Price

Initial Purchase

Owner's Original Purchase Price \$170,000

Resale – 7 years later

Current Appraised Value \$250,000

minus Initial Appraised Value 200,000

Equals Market Value Appreciation 50,000

multiplied by Owner's Investment Ratio 85%¹

Equals \$ 42,500

multiplied by Shared Appreciation Factor 15%

Equals Owner's Share of Market Value Appreciation \$ 6,375

Owner's Original Purchase Price \$170,000

plus Owner's Share of Market Value Appreciation 6,375

plus Capital Improvements Credit (if any) 3,360²

Equals Formula Purchase Price \$179,735

Note: The Purchase Price is the lesser of the Formula Purchase Price and the Current Appraised Value.

¹ Owner's Investment Ratio is the Owner's Purchase Price (\$170,000) divided by the Initial Appraised Value (\$200,000).

² Calculation of Capital Improvements Credit: Assume that as part of the regular assessment, Owner paid \$600 each year toward the Condominium Association's working capital reserve. Each payment is depreciated on a straight-line basis for a period of 15 years beginning in the year it was made. Thus, in this example, subtract \$40 each year from each \$600 payment. The value of the credit after 7 years is \$3,360. (See chart in Exhibit E for further illustration.)

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City of Highland Park
Housing Commission

EXHIBIT E

Release and Authorization Form

I/We _____ are currently purchasing a home at _____ [insert name of development] that is being developed under the City of Highland Park Inclusionary Housing Program. Such purchase will also involve a first mortgage loan that I/we intend to secure from _____, the "Senior Lien Holder."

The purpose of this release and authorization form is to confirm that I/we agree (i) to provide Senior Lien Holder all information required by and received from the City of Highland Park, its Housing Commission and permitted assigns and designees, including the Highland Park Illinois Community Land Trust, and (ii) that Senior Lien Holder may provide the City of Highland Park, its Housing Commission and permitted assigns and designees, including the Highland Park Illinois Community Land Trust, all information pertaining to the first mortgage loan for the term of the loan.

Signed: _____

Date: _____

Signed: _____

Date: _____

EXHIBIT F

Capital Improvements Credit

Permissible Expenditures

Owner may elect to receive a Capital Improvements Credit, which credit shall be applied in the calculation of the Formula Purchase Price as set forth in Subsection 9.E of the Declaration, for any one or more of the following expenditures:

1. The portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association.
2. Special assessments paid by Owner for any one or more of the following structural or mechanical improvements undertaken by the Condominium or Townhome Association to the Property or to the common areas or facilities:
 - a. Repair and/or replacement of the heating system only to the extent that such repair or replacement is necessary because of a safety hazard caused by the heating system or failure of the Heating System due to full life span depreciation estimated at roughly 18 years. No credit will be given for upgrades designed to increase efficiency as the only reason for improvement.
 - b. Repair and/or replacement of electrical components that are directly related to health and safety. For example, the Housing Commission would approve a credit for open wiring found to be an electrical safety hazard but would not approve a credit for a new living room lighting fixture.
 - c. Repair and/or replacement of plumbing components that relate to either safety or flow problems. For example, the Housing Commission would approve a credit for inadequate water flow to a shower fixture (to be determined by independent testing) but would not approve a credit for replacing a faucet with a different model.
 - d. Repair and/or replacement of the roof when it is deemed to be fully depreciated.
 - e. Repair and/or replacement of a damaged structural element that threatens the structural integrity of the Improvements.
3. Any one or more of the following structural or mechanical improvements to the Property undertaken by the Owner:
 - a. Repair and/or replacement of the heating system only to the extent that such repair or replacement is necessary because of a safety hazard caused by the heating system or failure of the Heating System due to full life span depreciation estimated at roughly 18 years. No credit will be given for upgrades designed to increase efficiency as the only reason for improvement.

**Lot 16 in Laurel Park Resubdivision
Sale - Condominiums**

- b. Repair and/or replacement of electrical components that are directly related to health and safety. For example, the Housing Commission would approve a credit for open wiring found to be an electrical safety hazard but would not approve a credit for a new living room lighting fixture.
- c. Repair and/or replacement of plumbing components that relate to either safety or flow problems. For example, the Housing Commission would approve a credit for inadequate water flow to a shower fixture (to be determined by independent testing) but would not approve a credit for replacing a faucet with a different model.
- d. Repair and/or replacement of the roof when it is deemed to be fully depreciated.
- e. Repair and/or replacement of a damaged structural element that threatens the structural integrity of the Improvements.

Owner may not receive a Capital Improvements Credit for any expenditure that is not included in the above list.

Qualification for Improvements Undertaken By Owner

In order to qualify for a Capital Improvements Credit for improvements to the Property to be undertaken by the Owner, Owner must receive the written consent of the Housing Commission before undertaking any work, as specified in Sections 15 and 16 of the Declaration. After receiving such written consent, Owner shall present the Housing Commission with a selected bid. The Housing Commission shall review the bid and notify Owner of the Maximum Capital Improvements Credit to be allowed. Owner shall notify the Housing Commission upon completion of construction and shall provide the Housing Commission with a copy of all receipts for payments related to the improvement. Following inspection by the Housing Commission of the completed construction, the Housing Commission shall provide Owner with written Approval of Capital Improvements Credit setting forth the date construction was completed and the amount of the Maximum Capital Improvements Credit allowed. Such approval shall be evidenced by the **Exhibit G, Approval of Capital Improvements Credit**.

To determine the amount of the Capital Improvements Credit for such improvements for the purpose of calculating the Formula Purchase Price pursuant to Subsection 9.E, the Maximum Capital Improvements Credit shall be depreciated on a straight line basis for a period of fifteen (15) years following completion of construction. There will be no Capital Improvements Credit after the end of such 15-year period. The value of the credit will be prorated for partial years.

Below is an example of the calculation of the Capital Improvements Credit for structural and mechanical improvements to the Property undertaken by the Owner based on the following facts:

- Owner repairs heating system at a cost of \$1,500
- Construction is completed on December 31, 2010

To calculate the value of the Capital Improvements Credit at 15-year straight line depreciation, subtract \$100 each year from \$1,500 (the maximum Capital Improvements Credit allowed). The following table shows the value of the credit over

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City of Highland Park
Housing Commission

**Lot 16 in Laurel Park Resubdivision
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the allowable 15-year depreciation period. The year, for purposes of this sample calculation, begins on January 1.

Year	Value of Credit
2011	\$1,400
2012	\$1,300
2013	\$1,200
2014	\$1,100
2015	\$1,000
2016	\$900
2017	\$800
2018	\$700
2019	\$600
2020	\$500
2021	\$400
2022	\$300
2023	\$200
2024	\$100
2025	\$ 0

Qualification of Expenditures

Qualification for a Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association and for Special Assessments paid by Owner for structural or mechanical improvements undertaken by the Condominium or Townhome Association to the Property or to the common areas and facilities will be based on the annual certifications provided by the Condominium or Townhome Association to the Housing Commission as set forth in **Exhibit H, Annual Certification of Capital Improvements**.

To determine the amount of the Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association, each allocation will be depreciated on a straight line basis for a period of fifteen (15) years beginning in the year the allocation was made. The value of the credit will be prorated for partial years. Following is an example of the calculation assuming that beginning in 2010 and each year thereafter, the portion of the Owner's regular assessment allocated to the working capital reserve is \$600 a year. The value of the allowable credit decreases by \$40 each year over the 15-year depreciation period. If the Owner sold the condominium or townhome in 2016, the value of the credit would be \$3,360; if the Owner sold in 2021, the value would be \$4,560.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
\$ Paid	\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280	\$240	\$200	\$160
		\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280	\$240	\$200
			\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280	\$240

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Sale - Condominiums**

				\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280
					\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320
						\$600	\$560	\$520	\$480	\$440	\$400	\$360
							\$600	\$560	\$520	\$480	\$440	\$400
								\$600	\$560	\$520	\$480	\$440
									\$600	\$560	\$520	\$480
										\$600	\$560	\$520
											\$600	\$560
												\$600
Total Credit	\$600	\$1,160	\$1,680	\$2,160	\$2,600	\$3,000	\$3,360	\$3,680	\$3,960	\$4,200	\$4,400	\$4,560

To determine the amount of the Capital Improvements Credit for Special Assessments paid by the Owner for structural or mechanical improvements, each Special Assessment will be depreciated on a straight line basis for a period of fifteen (15) years beginning in the year the Special Assessment was paid. The value of the credit will be prorated for partial years. For example, assume Owner paid a Special Assessment of \$3,000 for a new roof in 2010. To calculate the value of the credit, subtract \$200 each year over the 15-year depreciation period. If the Owner sells the condominium or townhome on December 31, 2016, the allowable credit would be \$2,000. If the Owner sells on December 31, 2026, the allowable credit would be \$0.

Year	Value of Credit
2011	\$3,000
2012	\$2,800
2013	\$2,600
2014	\$2,400
2015	\$2,200
2016	\$2,000
2017	\$1,800
2018	\$1,600
2019	\$1,400
2020	\$1,200
2021	\$1,000
2022	\$ 800
2023	\$ 600
2024	\$ 400
2025	\$ 200
2026	\$ 0

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City of Highland Park
Housing Commission

EXHIBIT G
Approval of Capital Improvements Credit

1. Name of Owner: _____
2. Address of Property: _____, Highland Park, IL 60035
3. Description of improvement (Check applicable improvement and describe as necessary.)
 - _____ Repair/replacement of heating system in Owner's unit due to safety hazard or failure of system due to full life span depreciation estimated at approximately 18 years
 - _____ Repair/replacement of electrical components in Owner's unit directly related to health and safety
 - _____ Repair/replacement of plumbing components in Owner's unit related to safety or flow problems
 - _____ Repair/replacement of the roof when it is deemed to be fully appreciated
 - _____ Repair/replacement of a damaged structural element that threatens the structural integrity of the improvements.
4. Maximum amount of Capital Improvements Credit allowed:
\$ _____
5. Date construction completed: _____
6. Total cost of improvement (attach copy of all payment receipts): \$ _____
7. Date of inspection of improvement by Housing Commission: _____

Based on the above information, the Housing Commission, by its designee, hereby approves a Capital Improvements Credit for the above-described improvement for the maximum amount indicated. For purposes of calculating the value of the credit in determining the formula purchase price pursuant to Subsection 9.E, a year will run from *[insert month and date of the day immediately following completion of construction]* through *[insert month and date]*.

(Name)

(Date)

(Title)

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City of Highland Park
Housing Commission

EXHIBIT H

Annual Certification of Capital Improvements

This certifies that Unit [insert #] paid \$[insert amount] for a working capital reserve for [insert name] Condominium or Townhome Association in the year ending [insert date].

This further certifies that Unit [insert #] paid the following amounts for Special Assessments levied by the [insert name] Condominium or Townhome Association for the following structural or mechanical improvements to the unit or to the common areas and facilities of [insert name] Condominium or Townhome during the year ending [insert date]:

<u>Improvement</u>	<u>Amount Paid</u>
Repair and/or replacement of heating system to the extent necessary because of a safety hazard caused by the heating system or failure of the system [due to full life span depreciation estimated at approximately 18 years?]	
Repair and/or replacement of electrical components that are directly related to health and safety	
Repair and/or replacement of plumbing components that relate to either safety or flow problems	
Repair or replacement of the roof when it is deemed to be fully depreciated	
Repair or replacement of a damaged structural element that threatens the structural integrity of the improvements	

Signature Date
On behalf of [insert name] Condominium or Townhome Association

Print name

Title

**Lot 19 in Laurel Park Resubdivision
Sale – Condominiums/Townhomes**

This document was prepared by and
after recording should be returned to:

Peter M. Friedman
Holland & Knight
131 S. Dearborn, 30th Floor
Chicago, IL 60603



Image# 040726610029 Type: COV
Recorded: 12/14/2008 at 10:20:47 AM
Receipt#: 2008-00020842
Total Amt: \$54.00 Page 1 of 29
IL Rental Housing Fund: \$0.00
Lake County IL Recorder
Mary Ellen Vanderverter Recorder

File **6106196**

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("**Declaration**")
is made and entered into as of the 8th day of November 2006, by LAUREL
PARK, LLC ("**Declarant**"), an Illinois limited liability company with an office at 5940 West
Touhy Avenue, Suite 300, Niles, IL 60714

RECITALS:

A. The Declarant is the owner in fee simple of the land legally described in
Exhibit A which is attached hereto and incorporated herein by reference ("**Land**"), together with
all improvements and fixtures thereon (collectively, the "**Property**").

B. The Property is being developed as an affordable unit pursuant to the City's
inclusionary zoning regulations (Article XXI of Chapter 150 of the "Highland Park Code of 1968,"
as amended ("**City Code**")), established by the City to further its goal of preserving and
promoting a culturally and economically diverse population through the development and
preservation of decent, affordable housing as a component of market rate developments in
order to create and preserve housing opportunities for low- and moderate-income people who
otherwise would be denied such opportunities because of limited financial resources. The
Property is subject to the Development Agreement between Declarant and the City of Highland
Park, an Illinois home rule municipal corporation, with offices at 1707 St. Johns Avenue,
Highland Park, Illinois ("**City**"), dated May 26, 2006, and subject further to the Declarant
entering into this Declaration and causing it to be recorded against the Property at the office of
the County of Lake, Illinois Recorder of Deeds. The Owner acknowledges that this Declaration
is included within the zoning authority of the City in furtherance of these purposes, which is, and
is hereby accepted by the Owner as sufficient basis for this Declaration.

C. The City of Highland Park Housing Commission ("**Housing Commission**") was
created by the City Council of the City as a municipal corporation organized for the purposes of
promoting the development and preservation of decent, affordable housing in the City. Among
other activities, the Housing Commission is responsible for overseeing the implementation of
the inclusionary housing component of the City Code.

D. The Owner shares the purposes and goals of the City and the Housing
Commission and has agreed to purchase the Property not only to obtain those benefits to which
all subsequent owners are entitled under this Declaration, but also to further the purposes of the
City's zoning regulations concerning affordable housing.

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**Lot 19 in Laurel Park Resubdivision
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E. The Owner and each of its successors and assigns recognize the special nature of the terms and conditions of this Declaration, and each of them, with the independent and informed advice of legal counsel, freely accepts these terms and conditions, including those terms and conditions that may affect the marketing and resale price of the Property.

F. The Owner and each of its successors and assigns understand and accept that the terms and conditions of this Declaration further such shared goals over an extended period of time and through successions of owners.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Declarant, for itself and its successors in interest in the Property and/or any part thereof, hereby declares that the Property is and shall be subject at all times to the following:

Section 1. Definitions. Whenever used in this Declaration, the following terms shall have the following meanings unless a different meaning is required by the context:

“Domestic Partner”: For purposes hereof, a person shall qualify as the Owner’s “Domestic Partner” if (i) neither the Owner nor such person is married, (ii) each of the Owner and such person is at least eighteen (18) years old and competent to consent and enter into legally binding contracts, (iii) the Owner and such person are not related to each other by blood closer than would bar marriage in the State of Illinois; (iv) the Owner and such person is each other’s sole Domestic Partner; (v) the Owner and such person are mutually responsible for each other’s common welfare; and (vi) such person satisfies at least one of the following criteria: (a) such person is the primary beneficiary under the Owner’s will; (b) the Owner and such person have joint ownership of a motor vehicle; (c) the Owner and such person have a bona-fide joint credit account; (d) the Owner and such person have a bona-fide joint checking or savings account; (e) such person is designated as the primary beneficiary of the Owner’s life insurance or retirement benefits; or (f) such person holds a power of attorney for healthcare decisions for the Owner.

“Household”: All persons who reside or will reside together with the Owner(s) or any subsequent owner on the Property.

“Housing Commission”: The Highland Park Housing Commission, a municipal corporation created and operating pursuant to Article XI of Chapter 33 of the City Code, along with its successors and permitted assigns and designees, including, without limitation the Highland Park Illinois Community Land Trust.

“Owner”: Each legal and equitable owner of all or any portion of the Property or any interest therein, including, without limitation the Declarant and any subsequent owner by sale, conveyance or other transfer of any legal or beneficial interest in the Property, and unless the context otherwise requires, “Owner” shall mean the Owner at the time in question. “Owner” and “Owners” are used interchangeably.

“Permitted Transferee”: The Owner’s spouse, Domestic Partner, one or more of the Owner’s children, or any member of the Owner’s Household who has resided upon the Property for at least one year immediately prior to the Owner’s death.

**Lot 19 in Laurel Park Resubdivision
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“Purchase Option”: The permanent and irrevocable option (but without obligation) of the Housing Commission to purchase the Property upon the occurrence of certain Purchase Events as more specifically set forth in Section 9 of this Declaration.

“Purchase Price”: The lesser of (i) the value set forth in the Appraisal or (ii) the Formula Purchase Price.

“Transfer or Conveyance” or “Transferred or Conveyed”: Any sale, transfer, conveyance, assignment, pledge, mortgage, hypothecation or transfer or other disposition, and includes, but is not limited to, (i) any transfer or encumbrance or pledge of any ownership interest in and/or any controlling interest in the Owner or any other entity which owns or occupies the Property or any such ownership or controlling interest in any constituent (e.g., shareholders, partners and/or members) of the Owner or any such other owning or occupying entity; and (ii) any lease or sublease of the Property.

Section 2. Term: Recordation. The covenants, conditions, and restrictions in this Declaration shall continue in full force and effect with respect to the Property unless the Housing Commission records in the land records an instrument specifically stating that these covenants, conditions, and restrictions shall be terminated or amended. This Declaration shall be recorded by the initial Owner of the Property in an order and manner to assure that the Declaration shall be first recorded and not subject or subordinate to any mortgages, liens, or any other similar encumbrances.

Section 3. Sale, Transfer or Conveyance. Except as expressly permitted in this Declaration, at no time shall title to the Property be Transferred or Conveyed to or held by an Owner who is not a Qualified Purchaser, as defined in Section 4 of this Declaration.

Section 4. Qualified Purchaser. Except as provided in Subsection C of this Section, for purposes of this Declaration, a “Qualified Purchaser” is an Owner who meets the requirements of Subsections A and B of this Section.

A. Income. The maximum “household” income of the Owner, at the time it acquires the Property, must not exceed one hundred twenty percent (120%) of the then Chicago area median income, adjusted for household size, as published from time to time by the U.S. Department of Housing and Urban Development (“HUD”) or any successor thereof under Section 8 of the United States Housing Act of 1937, as amended. In the event the Chicago area is redefined so as to eliminate Lake County, Illinois, then the parties shall utilize the median gross income published by HUD for the newly created metropolitan area defined by HUD that does include Lake County, Illinois.

B. Citizen of U.S. or Registered Alien. The Owner must be a citizen of the United States or a registered alien thereof.

C. Housing Commission. For purposes of this Declaration, the Housing Commission shall be a “Qualified Purchaser” with respect to the Property, or with respect to the occurrence of any Purchase Events and the City’s Purchase Option under Section 9 of this Declaration.

Section 5. Owner-Occupied Residence. Each Owner (except for Declarant) shall at all times occupy the Property as the Owner’s principal residence and for any incidental activities related to such residential use, provided such other use is in compliance with zoning

**Lot 19 in Laurel Park Resubdivision
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and all other requirements of law. The Property may not be occupied for any period of time by any person other than Owner and members of the Owner's Family (defined below), without the express written consent of the Housing Commission, which consent need not be given if, in the Housing Commission's sole judgment, the occupancy would not further the purposes of this Declaration. For purposes of this Declaration, "Family" shall be defined as such term is defined from time to time in the Zoning Code of the City.

Section 6. Delivery of Materials to Ensure Compliance.

A. Delivery of Supporting Materials. The Owner must have executed and delivered to the Housing Commission, in care of the Director of Community Development of the City ("**Director**") (or any successor or replacement official designated by the City or the Housing Commission, if the position of Director of Community Development at any time ceases to exist), a Letter of Stipulation of Owner and the certificates, documents, materials, and other information (collectively, the "**Supporting Materials**") required from time to time in order to obtain a Certificate of Compliance (as described below) from the Director, and the subsequent Owner's legal counsel must have executed and delivered to the Housing Commission, in care of the Director, a Letter of Acknowledgment of Legal Counsel of Owner, setting forth their respective review and understanding of the Declaration and all related documents. Copies of the form of the Letter of Stipulation of Owner and Letter of Acknowledgment of Legal Counsel of Owner are set forth in **Exhibit B** which is attached to and incorporated herein by reference. A list of supporting materials may be obtained from the Director, upon request, at the Highland Park City Hall, 1707 St. Johns Avenue, Highland Park, Illinois 60035. In order to avoid a delay in processing a request for a Certificate of Compliance, the Owner of the Property should obtain a list of the supporting materials from the Director and deliver the applicable supporting materials to the Director at least 30 days in advance of any contemplated transfer of the fee simple title to the Property. In order to confirm compliance with the Declaration upon a transfer of title to the Property, any deed or other instrument conveying or purporting to convey title to the Property or any portion thereof shall be void and of no further force and effect, unless such deed or instrument shall have attached thereto, a Certificate of Compliance signed by the Director on behalf of the Housing Commission, substantially in the form of **Exhibit C**, which is attached to and incorporated herein by this reference.

B. Furnishing of Information to Housing Commission. The Owner shall promptly furnish such information about the Property as the Housing Commission may reasonably request from time to time, for example, the identity of each Owner and of each member of the Owner's Household living in the Property, the identity of any mortgagee or other person having an interest in the Property, the full consideration paid for the Property or any interest therein identified by category (e.g., equity, institutional loan and so forth), the condition of the Property, and any other information that the Housing Commission in good faith deems relevant, all for the purpose of assuring compliance with this Declaration.

Section 7. Property Maintenance. All Owners, and their successors and assigns, covenant to maintain the Property in good order, repair and condition and in compliance with all laws, regulations, ordinances, codes and orders, now existing or hereafter enacted, regarding the habitability of the Property and in full compliance with all other federal, state, and local requirements. For good cause shown, the Housing Commission, acting through the Director or any other City employee designated by the Housing Commission, may inspect any portion of the Property provided the Director or such other designated employee shall have made reasonable efforts to give advance oral notice to the Owner

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Section 8. Permitted Transfers. Upon receipt of notice from the executor or administrator of an Owner's estate given within ninety (90) days after the death of the Owner (or the last surviving co-Owner of the Property), the Housing Commission shall, unless for good cause shown, consent in writing to a transfer of the Property, subject to this Declaration, to a Permitted Transferee. Any other heirs, legatees, or devisees of the Owner must be Qualified Purchasers, or if such party is not a Qualified Purchaser, such party shall not be entitled to take title to the Property, but the Property must be transferred in accordance with Section 9.

Section 9. Purchase Option. To protect and maintain the goals of the Declarant and the City, the Housing Commission shall have, and the Declarant hereby grants to the Housing Commission, a Purchase Option upon the occurrence of a Purchase Event (defined below) in accordance with this Section 9; provided, however, that this Section 9 does not apply to the first transfer of each affordable unit by the Declarant if the Declarant is otherwise in full compliance with this Declaration.

A. Purchase Events. Each of the following shall be deemed a Purchase Event:

1. The Property is no longer the principal residence of an Owner (or Permitted Transferee) whose occupancy fulfills the requirements of Section 5 of this Declaration, or the Property is being used in any other manner that does not comply with this Declaration;
2. An Owner has given the Housing Commission an Intent-to Sell Notice (defined below) in accordance with Subsection 9.C hereof;
3. Any legal or beneficial interest in the Property is conveyed or otherwise transferred without an Intent-to-Sell Notice having been given, unless the Housing Commission has waived in writing the Purchase Option in accordance with this Section 9 or unless such transfer is to a Permitted Transferee in accordance with Section 8; provided, however, that an Owner shall be permitted to transfer title to the Property to the Owner's spouse or Domestic Partner or to a revocable trust (a grantor type trust) where the Owner is a trustee and a beneficiary, provided further that the Owner first obtains written consent of the Housing Commission prior to making such transfer, which consent shall be evidenced by a Certificate of Compliance recorded with the deed effectuating said transfer;
4. The Housing Commission has received a Mortgage Default Notice as provided for in Section 10 of this Declaration or otherwise has notice of a pending mortgage or other lien foreclosure or similar proceeding against the Property or of a civil action or equivalent proceeding for unpaid real estate taxes or unpaid condominium or townhome assessments or any other proceeding at which title to or possession of the Property could be effected;
5. The Owner has made material misrepresentations in connection with the Owner's acquisition or ownership of the Property;
6. The Owner has failed to observe and perform the Owner's obligations set forth in this Declaration;

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7. The Owner has failed to observe and perform the Owner's obligations set forth in this Declaration in a manner that constitutes criminal conduct, or in the Housing Commission's judgment, constitutes other willful, egregious conduct; or
8. The Owner leases the Property or any portion thereof.

B. Notice and Opportunity to Cure. The Housing Commission shall give written notice and an opportunity to cure, or to otherwise eliminate the Purchase Event, only under Paragraphs 1, 3, 4, 5, and 6 of Subsection 9.A of this Declaration. For those events, the Owner shall have a reasonable time to cure, or to otherwise eliminate the Purchase Event, that shall not exceed 90 days from the date of delivery of the Housing Commission's notice. The Housing Commission and the Owner acknowledge that the Purchase Option is established to promote and enforce this Declaration and to protect and maintain the City's and the Housing Commission's goal of providing affordable housing as described above, and is intended to be exercisable for the greatest length of time permitted by law.

C. Intent to Sell Notice. In the event that an Owner desires to transfer the Property or any portion thereof or interest therein, the Owner shall notify the Housing Commission in writing of the proposed transfer ("**Intent-to-Sell Notice**"). No later than ten (10) business days after the Housing Commission receives the Owner's Intent-to-Sell Notice, a market valuation of the Property ("**Appraisal**") shall be commissioned by a duly licensed appraiser selected by the Housing Commission. The Housing Commission shall commission and pay the cost of the Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties or such other proper appraisal method and shall consider the value of improvements related to safety and energy efficiency that may not be visibly apparent. Copies of the Appraisal shall be provided to both the Housing Commission and the Owner. Notwithstanding anything contained herein to the contrary, if an Appraisal of the Property exists that is dated no later than 365 days before the date of the Intent-to-Sell Notice (an "**Existing Appraisal**"), then the Housing Commission may elect to not obtain a new Appraisal, in which case, for purposes hereof, the "Appraisal" shall be deemed to be the Existing Appraisal. If the Housing Commission elects to use an Existing Appraisal as the Appraisal, the Housing Commission shall notify the Owner within the 10-business day period. If a Purchase Event, other than a Purchase Event described in Subsection 9.A.2, then at any time thereafter, the Housing Commission may obtain an Appraisal.

D. Exercise Notice. If the Housing Commission elects to purchase the Property pursuant to its receipt of an Intent-to-Sell Notice, the Housing Commission shall exercise the Purchase Option by notifying the Owner, in writing, of such election (the "**Exercise Notice**") within forty-five (45) days after the receipt of the Appraisal (or if an Existing Appraisal is being used as the Appraisal, then within forty-five (45) days after the expiration of the 10-business day period described above), or the Purchase Option shall expire as to such Intent-to-Sell Notice, but shall survive and continue as to subsequent Intent-to-Sell Notices and subsequent sales of the Property or any portion thereof or interest therein. If a Purchase Event occurs, other than a Purchase Event described in Subsection 9.A.2 hereof, then the Housing Commission may deliver the Exercise Notice at any time after such Purchase Event occurs and the Purchase Option shall never expire with respect to any such Purchase Event, except as otherwise provided in this Declaration. If the Housing Commission delivers the Exercise Notice, the Housing Commission may either proceed to exercise the Purchase Option directly by purchasing the Property, or may assign the Purchase Option (before or after delivering the

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Exercise Notice) to another person or entity. If the Housing Commission exercises the Purchase Option, the purchase price for the Property shall be the Purchase Price.

E. Formula Purchase Price. The "Formula Purchase Price" shall be equal to Owner's Purchase Price, as stated below, plus Owner's Share of Market Value Appreciation in the Property, plus any applicable Capital Improvements Credit calculated as follows:

- (1) Owner's Purchase Price – the price the Owner originally paid to acquire the Property from the Owner's predecessor in title.
- (2) Initial Appraised Value – the appraised value of the Property at the time of Owner's purchase.
- (3) Owner's Investment Ratio – the Owner's Purchase Price as a percentage of the Initial Appraised Value of the Property.
- (4) Current Appraised Value - the market value of the Property determined by the appraisal conducted on or about the date of the Owner's Notice of Intent to Sell, or by the Existing Appraisal, in accordance with Subsection 9.C of this Declaration.
- (5) Market Value Appreciation – the Current Appraised Value minus the Initial Appraised Value.
- (6) Shared Appreciation Factor. For the purpose of calculating Owner's Share of Market Value Appreciation in Paragraph 7 below, the Shared Appreciation Factor shall be fifteen percent (15%).
- (7) Owner's Share of Market Value Appreciation. For the purpose of determining the Formula Purchase Price, Owner's Share of Market Value Appreciation shall be determined by first multiplying the Market Value Appreciation by Owner's Investment Ratio and then multiplying the product by the Shared Appreciation Factor.
- (8) Applicable Capital Improvements Credit. The Capital Improvements Credit as defined in Section 16, if any, shall be added, provided the Credit has been approved by the Housing Commission pursuant to the requirements of Section 16.
- (9) Formula Purchase Price: The Formula Purchase Price shall be determined by adding Owner's Share of Market Value Appreciation plus a Capital Improvements Credit, if applicable, to Owner's Purchase Price.

If the Purchase Option is exercised in connection with a Purchase Event described in Subsection 9.A.3 of this Declaration, then the term "Owner," as used in the immediately preceding sentence for purposes of calculating the Formula Price, shall mean the then most recent Owner who acquired the Property not in violation of this Declaration. A sample of the Formula Purchase Price is set forth in **Exhibit D** which is attached hereto and incorporated herein by this reference. Each Owner hereby agrees that the Purchase Price that it is entitled to receive upon a sale of the Property is an equitable return on such Owner's investment in the Property.

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F. Maintenance of Records. The Housing Commission shall maintain permanent records setting forth the purchase price paid by each Owner for the Property and the Initial Appraisal.

G. Closing Date for Purchase by the Housing Commission. The purchase by the Housing Commission must be completed within ninety (90) days after delivery of the Exercise Notice, or the Owner may sell the Property, subject to the terms and conditions set forth below. The time permitted for the completion of the purchase may be shortened or extended by mutual agreement of the Housing Commission and the Owner.

H. Transfer of Title for Purchase by the Housing Commission. If the Housing Commission exercises the Purchase Option, the Property shall be conveyed by a good and sufficient warranty deed running from the Owner to the Housing Commission (or to an assignee of the Commission's Purchase Option under Subsection K of this Section), conveying good and marketable title to the Property free from encumbrances except for: (i) such taxes as are not due and payable on the date of the delivery of the deed; and (ii) such matters of record to which this Declaration was subordinate at the time of the recording of this Declaration (which does not include mortgages or other liens or claims for financial obligations). The Property shall be delivered in the same condition as it was in at the time of the delivery of the Exercise Notice and shall be free of all occupants. The Housing Commission may inspect the Property prior to closing to determine whether its condition complies with this Section. Premiums under assignable insurance policies, condominium or townhome assessments, water and other utility charges, fuels, general taxes, and other similar items shall be adjusted ratably as of the time of closing. The amount of the current general taxes not then ascertainable shall be adjusted on the basis of 105% of the most recent ascertainable taxes. In the event that the Housing Commission is ever the Owner of the Property, the Housing Commission shall have the right, in its sole and absolute discretion, to amend, terminate, re-record, or to otherwise take any actions with respect to this Declaration and the Property as the Housing Commission shall determine is necessary and appropriate.

I. Inability of Owner to Close. If the Owner shall be unable on the closing date to give title to or to make conveyance of or deliver possession of the Property, all in accordance with the terms of this Declaration, or if on the closing date the Property in any other way does not conform with the requirements of this Declaration, then in addition to all other rights and remedies available at law or in equity, the Housing Commission or its assignee or designee may apply as much of the Purchase Price as necessary to cure such failures and non-conformities, but this remedy shall not be deemed to waive, impair or otherwise diminish the priority of the Purchase Option over other's rights, whether or not appearing of record.

J. Exercisability of Purchase Option. The Purchase Option (i) shall always be exercisable as to the entire ownership interest in the Property, notwithstanding that the event giving rise to the Purchase Option might involve less than the entire ownership interest, and (ii) shall be exercisable against all the Owners (or any subsequent Owner) notwithstanding that the acts of fewer than all the Owners (or of a prior Owner) gave rise to the Purchase Option.

K. Assignment of Purchase Option. If the Housing Commission assigns the Purchase Option to a third party purchaser, the sales transaction shall proceed directly between the Owner and such third party purchaser, subject to this Declaration.

L. Failure of Housing Commission to Act. If the Housing Commission fails to deliver an Exercise Notice within the 45-day period described above, or if the Housing

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Commission fails to complete the purchase within the 90-day period allowed by this Section (other than as a result of the acts of the Owner), then the Owner may sell the Property, subject to this Declaration, to any Qualified Purchaser for not more than the applicable Purchase Price. However, if the Owner fails to close on the sale of the Property within nine (9) months after the date of the Intent-to-Sell Notice, then the Owner shall be obligated to deliver another Intent-to-Sell Notice to the Housing Commission if the Owner wishes to sell the Property or any portion thereof or interest therein after said 9-month period. In the event the Housing Commission does not exercise the Purchase Option and complete the purchase of the Property as set forth above, and the Owner (i) is not then residing in the Property and (ii) continues to hold the Property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year after the giving of the Intent-to-Sell Notice, the Owner does hereby appoint the Housing Commission as its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the goals of the Housing Commission, sell the Property, and distribute the proceeds of sale, minus the Housing Commission's costs of sale and any other sums owed the Housing Commission by the Owner. Upon the Housing Commission's request, the Owner shall promptly execute and deliver to the Housing Commission an instrument, in form and substance reasonably acceptable to the Housing Commission, granting and re-affirming the power of attorney described above.

Section 10. Mortgage Requirements. The Owner shall not mortgage the Property or grant any similar lien or encumbrance on the Property without prior written notice to the Housing Commission and unless such mortgage provides that the holder of that mortgage shall be required to deliver to the Housing Commission copies of all default and late payment notices delivered by or on behalf of the mortgagee to the Owner (individually, "***Mortgage Default Notice***," collectively, "***Mortgage Default Notices***"), concurrently with the delivery of such Mortgage Default Notices to the mortgagor. The Owner shall sign a release authorizing the mortgagee or other lien holder to make such information available to the Housing Commission. The release shall be substantially the same as ***Exhibit E*** to this Declaration. The Owner shall notify the Housing Commission of the name, address, and contact information of each mortgage or lien holder on the Property.

Section 11. Removal of Provisions Pursuant to Foreclosure. In the event of foreclosure sale by a mortgagee or the delivery of a deed to a mortgagee in lieu of foreclosure, the mortgagee shall be free to sell the Property to another person (whether or not a Qualified Purchaser) free and clear of this Declaration.

Section 12. No Encumbrances on Property. If proceeds of any sale, transfer or conveyance of the Property exceed the Purchase Price therefor, then the excess shall be paid to the Housing Commission and shall be deposited to the City's Affordable Housing Trust Fund. Each Owner recognizes that it would be contrary to the fundamental concept of this Declaration, and an abuse by the Owner, to encumber the Property with a mortgage if the Owner could realize more than the Purchase Price as the result of any foreclosure of any mortgage. Accordingly, each Owner hereby irrevocably assigns to the Housing Commission any and all net proceeds of the sale of the Property remaining after payment of costs of foreclosure and satisfaction of the lien of any mortgage that would otherwise have been payable to the Owner, to the extent such net proceeds exceed the net proceeds that the Owner would have received had the Property been sold for the Purchase Price established in Section 9 hereof for a purchase by the Housing Commission, and the Owner authorizes and instructs the mortgagee or any party conducting any sale to pay the amount of said excess proceeds directly to the Housing Commission. In the event that, for any reason, such excess proceeds are paid to the

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Owner, the Owner hereby agrees to promptly pay the amount of such excess proceeds to the Housing Commission.

Section 13. [Intentionally Left Blank].

Section 14. Payment to Housing Commission Upon Termination of Declaration.

If and when this Declaration terminates for any reason, other than in the event the Housing Commission obtains title to the Property pursuant to its Purchase Option under Section 9 of this Declaration, then the current Owner shall owe the Housing Commission an amount equal to the difference between (i) the then fair market value of the Property free of the restrictions in this Declaration, and (ii) the fair market value of the Property subject to this Declaration (assuming the same to be perpetual for such purpose). Fair market value (both subject to and free of this Declaration) shall be reasonably determined by the Housing Commission; provided however, that after notice to the Housing Commission, given before or after determination by the Housing Commission, the Owner may obtain an appraisal at the Owner's expense from a qualified appraiser reasonably approved by the Housing Commission to determine fair market values for these purposes, whose decision shall be binding on the parties. Payment shall be made solely out of the proceeds of the Property (such as sales proceeds, foreclosure proceeds or insurance proceeds) received at the time of, or next following, such termination, and shall be paid after payment to the Owner (net of bona-fide mortgage lien payments) of the fair market value of the Property as restricted by this Declaration. In no event shall the Owner be personally liable to pay the Housing Commission more than the amount, determined as stated above, actually received from the proceeds of the Property as stated above.

Section 15. Construction Requirements. Any construction on the Property that is undertaken by the Owner shall be subject to the following conditions: (a) all costs shall be borne and paid for by the Owner, (b) all construction involving structural changes, or structural or mechanical improvements for which the Owner desires to receive a Capital Improvements Credit pursuant to Section 16 of this Declaration, or in excess of ten thousand dollars (\$10,000), shall be performed by a licensed, certified, and bonded professional and shall not be constructed without the prior written consent of the Housing Commission, (c) all construction shall be performed in a workmanlike manner and shall comply with all applicable laws and regulations, (d) all construction shall be consistent with the permitted uses set forth in Section 5 of this Declaration, (e) all construction shall be consistent with the condominium or townhome declaration governing the Property, and (f) the Owner shall furnish to the Housing Commission a copy of any plans and all building permits for such construction prior to commencing construction. The requirements of this Section do not apply to construction undertaken by the condominium or townhome association of which the Owner is a member by owning the Property.

Section 16. Credit for Capital Improvements. The Owner may elect to receive a Capital Improvements Credit, which credit shall be applied in the calculation of the Formula Purchase Price for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association, and for any one or more of the following structural or mechanical improvements to the Property or the common areas and facilities, subject to the approval of the Housing Commission: (a) repair and/or replacement of the heating system; (b) repair and/or replacement of the electrical components; (c) repair and/or replacement of plumbing components; (d) repair and/or replacement of the roof; and (e) repair and/or replacement of a damaged structural element that threatens the structural integrity of the improvements. The terms under which the Housing Commission will approve a Capital Improvements Credit are limited to the conditions set forth in **Exhibit F**, attached hereto and

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incorporated herein by this reference. Any Capital Improvements Credit for improvements to the Property that have been undertaken by the Owner and approved by the Housing Commission shall be evidenced by an Approval of Capital Improvements Credit as set forth in **Exhibit G**, attached hereto and incorporated herein by this reference. Any Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association or for structural or mechanical improvements undertaken by the Condominium or Townhome Association to the Property or to the common areas and facilities for which Owner paid a special assessment shall be evidenced by annual certifications provided by the Condominium or Townhome Association to the Housing Commission as set forth in **Exhibit H**, attached hereto and incorporated herein by this reference.

Section 17. Liens. The Owner shall not permit any statutory or similar lien to be filed against the Property and to remain in effect for more than sixty (60) days after it has been filed. The Owner shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. The Owner may, at Owner's expense, contest the validity of any such asserted lien, provided the Owner has furnished to the Housing Commission a bond in an amount reasonably determined by the Housing Commission as sufficient to release the Property from such lien.

Section 18. Intent and Purpose. The Owner and each other person, including any mortgagee, hereafter holding any interest in the Property acknowledges that the reservations and grant of the agreements, covenants, and restrictions contained in this Declaration are for public purposes. It is the intent and purpose of each Owner and the City that the Property, and each part thereof, be held and occupied by Qualified Purchasers throughout the term of this Declaration. This Declaration and all undertakings pursuant hereto shall be construed and administered in light of said intent and purpose.

Section 19. Events of Default and Enforcement.

A. Event of Default. If the Owner or any person bound by this Declaration defaults in the performance or observance of any covenant, agreement or obligation under this Declaration, and if such default remains uncured for a period of 90 days immediately after notice specifying such default and the actions required to correct the same shall have been given by the Housing Commission to the Owner or other such person, then such uncured breach or default shall constitute an "Event of Default" hereunder.

B. Any Action at Law or in Equity. Upon the occurrence of an Event of Default hereunder, the Housing Commission may take whatever action at law or in equity or otherwise, whether for specific performance of any covenant in this Declaration or such other remedy as may be deemed most effectual by the Housing Commission to enforce the obligations of the Owner and all persons bound under this Declaration, and including the appointment of a receiver to own and occupy the Property in compliance with this Declaration, or the institution and prosecution of any action or proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to enforce compliance or to recover monetary damages caused by such violation or attempted violation.

C. Specific Performance; Appointment of Receiver. In addition to any and all other available remedies, the Owner hereby consents and agrees that any one or more of the following remedies shall be available upon the occurrence of an Event of Default hereunder:

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1. **Specific Performance.** The Owner hereby acknowledges and agrees that specific performance of the covenants and requirements of this Declaration shall be necessary to achieve the intent hereof, and that no appropriate remedy at law would be available upon an Event of Default hereunder, or if available, any such remedy would be inadequate to implement the public purposes hereof, and that the Housing Commission would be irreparably injured by the Owner's (or other bound person's) failure specifically to perform the covenants and requirements hereof; therefore, notwithstanding anything to the contrary stated in this Declaration, the Housing Commission will have the right to seek specific performance of any of the covenants and requirements of this Declaration or an order enjoining any violation of this Declaration, including exercising the Purchase Option, voiding any rental or leasing arrangement, any contract for sale, or any sale or other transfer or conveyance of the Property in violation of this Declaration.

2. **Appointment of Receiver.** The Owner, for itself and its successors and assigns, hereby agrees that the appointment of a receiver may be necessary to prevent waste to the Property following an Event of Default under this Declaration. The Housing Commission may require the appointment of such a receiver.

D. Reimbursement; Damages. In addition to any and all applicable remedies, the Housing Commission may require that the Owner or any occupant of the Property, in the Housing Commission's sole discretion,

- (i) pay damages to the Housing Commission in an amount equal to the difference between (a) the fair market value of the Property free of the restriction imposed by this Declaration, and (b) the fair market value of the Property subject to this Declaration (assuming the same to be perpetual for such purpose),

- (ii) in the case of any rental or leasing which violates this Declaration, pay damages equivalent to the rent charged during the existence of the violation, and

- (iii) in the case of a conveyance or other transfer of the Property which violates this Declaration, pay damages for the cost of creating or obtaining other comparable dwelling units to replace the Property in the event the Property can no longer be affordable housing for a Qualified Purchaser.

E. Indemnification. The Owner hereby agrees to pay, indemnify and hold the Housing Commission, and the City harmless from any and all reasonable costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Housing Commission or the City in enforcing or attempting to enforce this Declaration following an Event of Default on the part of the Owner hereunder or its successors or assigns, whether the same shall be enforced by suit or otherwise or incurred by the Housing Commission or the City as a result of such Event of Default, together with all reasonable costs, fees and expenses which may be incurred in connection with any amendment to this Declaration or otherwise by the Housing Commission or the City at the request of the Owner.

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F. Cumulative Remedies. No remedy conferred upon or reserved to the Housing Commission or the City by this Declaration is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Declaration or any related documents, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any failure to perform under this Declaration shall impair any such right or power or shall be construed to be a waiver thereof.

Section 20. Appointment/Revocation of Authorized Person by the Housing Commission. In addition to the Director, the Housing Commission may from time to time appoint and revoke the appointment of one or more persons (who may but need not be City employees and who may be natural or legal persons) who shall have the authority to exercise the Housing Commission's other rights under this Declaration to the extent stated in the applicable authorizing resolution. Such appointments shall be made (or revoked) only by resolution passed by the Housing Commission.

Section 21. Miscellaneous.

A. Notices. All notices, certificates or other communications hereunder will be sufficiently given and will be deemed given when mailed by certified mail, return receipt requested, postage prepaid, or dispatched by telegram or telecopy (if confirmed promptly telephonically and in writing by the sender of such telecopy and if receipt of such telecopy is confirmed in writing by the intended recipient), addressed as follows:

If to the Housing Commission:

City of Highland Park Housing Commission
c/o Director, Department of Community Development
1150 Half Day Rd.
Highland Park, IL 60035

If to the Declarant:

Paul Hardej
Metropolitan Development Enterprises, Inc.
5940 West Touhy Avenue, Suite 300
Niles, IL 60714

If to the Owner:

At the Owner's Property address.

The Housing Commission and the Owner may, by notice recorded in the land records of the County of Lake, Illinois, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent.

B. Running with the Property. The Declarant intends, declares and covenants, on behalf of itself and all future owners and occupants of the Property during the term of this Declaration, that this Declaration and the covenants, restrictions and charges set forth in this Declaration regulating and restricting the use and occupancy of the Property (i) shall be

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covenants running with the Property, encumbering the Property, for the term of this Declaration, binding upon the Declarant and its successors in title and all subsequent owners and occupants of the Property, including any purchaser, grantee, owner or lessee of the Property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any such purchaser, grantee, owner or lessee and of any such other person or entity having any right, title or interest therein, for the term of this Declaration, and (ii) are not merely personal covenants of the Owner, and (iii) shall bind the Owner (and the benefits shall inure to the City) and their respective successors and assigns during the term of this Declaration. The Owner, for itself and its successors and assigns, agrees that any and all requirements of the laws of the State of Illinois to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the Property shall be deemed to be satisfied in full, and that any requirements of privity of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to ensure that these restrictions run with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, restrictions, charges and easements regardless of whether or not such covenants restrictions, charges and easements are set forth or incorporated by reference in such contract, deed or other instrument.

C. Governing Law. This instrument shall be governed by the laws of the State of Illinois without regard to principles of choice or conflict of laws.

D. Release, Modification or Amendment. This Declaration may not be released, modified or amended without the prior written consent of the Housing Commission. The Owner shall duly record such release, modification or amendment, including said prior written consent of the Housing Commission, in the land records of the County of Lake, Illinois and bear the costs of such recordation.

E. Captions. The captions and headings in this Declaration are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Declaration.

F. Survival of Enforcement Rights. Notwithstanding the definition of Owner contained in this Declaration, the rights of enforcement for violations of this Declaration shall survive any subsequent sale or transfer of the Property.

G. No Subordination. The rights and obligations created by this Declaration are intended to never, under any circumstance, be subordinate to or capable of subordination to the financial or other property interest of any third party acquiring rights in the Property after the recording of this Declaration.

H. Severability. If any provision of this Declaration or the application thereof to any person or circumstances is held to be invalid or unenforceable by any decision of any court of competent jurisdiction, such decision shall not impair or otherwise affect any other provision of this Declaration, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable. If any provision of this Declaration is held to constitute a violation of the rule against perpetuities, that provision shall be deemed to remain

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in effect until the death of the last survivor of the now living descendants of George W. Bush, President of the United States, plus 21 years thereafter.

I. **Patriot Act.** Each party represents and warrants that it is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by the United States Treasury Department as a Specially Designated National and Blocked Person, or for or on behalf of any person, group, entity, or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; and that it is not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity, or nation. Each party hereby agrees to defend, indemnify, and hold harmless the other from and against any and all claims, damages, losses, risks, liabilities, and expenses (including reasonable attorneys' fees and costs) arising from or related to any breach of the foregoing representation and warranty.

[END OF TEXT - SIGNATURE PAGES FOLLOW]

**Lot 19 in Laurel Park Resubdivision
Sale – Condominiums/Townhomes**

EXHIBIT A

Legal Description of the Land

LOT 19 IN LAUREL PARK RESUBDIVISION FALLING IN THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 43 NORTH, RANGE 12 EAST OF THE THIRD MERIDIAN.

EXHIBIT B

Letter of Stipulation of Owner and Letter of Acknowledgment of Legal Counsel of Owner

Letter of Stipulation of Owner

To: The Highland Park Housing Commission (the "Housing Commission")

Date:

I will be purchasing a condominium or townhome from _____ ("Seller") having an address of _____, Highland Park, Illinois ("Property"). Seller will transfer title to the Property subject to a Declaration of Covenants, Conditions, and Restrictions ("Declaration") recorded with the Recorder of Deeds of Lake County, Illinois on as document number _____. This letter is given to the Housing Commission pursuant to the Declaration.

My legal counsel, _____, has explained to me the terms and conditions of the Declaration and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as the owner of the Property and as a Qualified Purchaser (as defined in the Declaration), now and in the future.

In particular I understand and agree with the following points:

1. One of the goals of the City of Highland Park and the Housing Commission is to keep homes in the City of Highland Park affordable for lower income households from one Qualified Purchaser to the next. I acknowledge this goal as a Qualified Purchaser.

2. The Declaration will keep the Property affordable for future "Qualified Purchasers". If and when I want to sell the Property, I am required to sell it either to the Housing Commission or its assignee, designee or nominee or to another Qualified Purchaser, and the price for which I can sell the Property, in order to keep it affordable for Qualified Purchasers, is limited to the price that is determined in accordance with the Declaration.

3. It is also a goal of the City of Highland Park and the Housing Commission to promote ownership of affordable homes in the City of Highland Park by individuals who will occupy those homes as their principal residence. For this reason, the Declaration requires that if I and my family move out of the Property permanently, I must sell it. I cannot continue to own it as an absentee owner.

4. I understand that upon my death, I can leave the Property to my spouse, or to my Domestic Partner (as defined in the Declaration), or to one or more of my children, or to any member of my household provided that such household member has resided at the Property for at least one year immediately prior to my death, and that after my death, such person(s) can own the Property for as long as they want to live in it and abide by the Declaration, or they can sell the Property on the terms permitted by the Declaration.

**Lot 19 in Laurel Park Resubdlvision
Sale - Condominiums**

As a Qualified Purchaser, it is my desire to see the Declaration and related documents honored. I consider these terms fair to me and others.

Sincerely,

Declaration

19

City of Highland Park
Housing Commission

Letter of Acknowledgment of Legal Counsel of Owner

To: The Highland Park Housing Commission (the "Housing Commission")

Date:

I, _____, have been independently employed by _____ (the "Client") who intends to purchase a condominium or townhome unit in the City of Highland Park. The condominium or townhome unit is located at _____, Highland Park, Illinois (the "Property").

In connection with the contemplated purchase of the Property, I reviewed with the Client the following documents relating to the transaction:

- 1) this Letter of Acknowledgment and a Letter of Stipulation of Owner from the Client;
- 2) a proposed deed conveying the Property to the Client (the "Deed"); and
- 3) the covenants, conditions and restrictions of record to which the Deed is subject (including, without limitation, the covenants, conditions and restrictions set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded with the Recorder of Deeds of Lake County, Illinois on _____ as document number _____).

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. My advice and review have been given to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering into the aforesaid transaction in reliance on his/her own judgment and upon his/her investigation of the facts. The advice and information provided by me was an integral element of such investigation.

Name

Title

Firm/Address

**EXHIBIT C
Certificate of Compliance**

The undersigned hereby certifies that, to the best of his knowledge, based upon the information that the Housing Commission has in its possession and the information that has been delivered to the Housing Commission, the conveyance of the property commonly known as _____, Highland Park, Illinois 60035 from _____ to _____, pursuant to the deed or other instrument to which this Certificate of Compliance is attached, complies with and is not in violation of the covenants, conditions and restrictions set forth in that certain Declaration of Covenants, Conditions, and Restrictions recorded with the Recorder of Deeds of Lake County, Illinois on _____ as document number _____).

Director of Community Development of the City of
Highland Park, as agent for The Highland Park
Housing Commission

STATE OF ILLINOIS)
) SS.
COUNTY OF LAKE)

I, the undersigned, a Notary Public in said County in the State aforesaid, **DO HEREBY CERTIFY** that *[name]* the Director of Community Development of the City of Highland Park, as agent for The Highland Park Housing Commission, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such he/she signed and delivered the said instrument pursuant to proper authority, as his/her free and voluntary act, and as the free and voluntary act and deed of The Highland Park Housing Commission for the uses and purposes therein set forth.

Given under my hand and notarial seal, this ___ day of _____, 200__.

Notary Public

EXHIBIT D

Sample Calculation of the Formula Purchase Price

Initial Purchase

Owner's Original Purchase Price \$170,000

Resale – 7 years later

Current Appraised Value \$250,000

minus Initial Appraised Value 200,000

Equals Market Value Appreciation 50,000

multiplied by Owner's Investment Ratio 85%¹

Equals \$ 42,500

multiplied by Shared Appreciation Factor 15%

Equals Owner's Share of Market Value Appreciation \$ 6,375

Owner's Original Purchase Price \$170,000

plus Owner's Share of Market Value Appreciation 6,375

plus Capital Improvements Credit (if any) 3,360²

Equals Formula Purchase Price \$179,735

Note: The Purchase Price is the lesser of the Formula Purchase Price and the Current Appraised Value.

¹ Owner's Investment Ratio is the Owner's Purchase Price (\$170,000) divided by the Initial Appraised Value (\$200,000).

² Calculation of Capital Improvements Credit: Assume that as part of the regular assessment, Owner paid \$600 each year toward the Condominium Association's working capital reserve. Each payment is depreciated on a straight-line basis for a period of 15 years beginning in the year it was made. Thus, in this example, subtract \$40 each year from each \$600 payment. The value of the credit after 7 years is \$3,360. (See chart in Exhibit E for further illustration.)

EXHIBIT E

Release and Authorization Form

I/We _____ are currently purchasing a home at _____ [insert name of development] that is being developed under the City of Highland Park Inclusionary Housing Program. Such purchase will also involve a first mortgage loan that I/we intend to secure from _____, the "Senior Lien Holder."

The purpose of this release and authorization form is to confirm that I/we agree (i) to provide Senior Lien Holder all information required by and received from the City of Highland Park, its Housing Commission and permitted assigns and designees, including the Highland Park Illinois Community Land Trust, and (ii) that Senior Lien Holder may provide the City of Highland Park, its Housing Commission and permitted assigns and designees, including the Highland Park Illinois Community Land Trust, all information pertaining to the first mortgage loan for the term of the loan.

Signed: _____

Date: _____

Signed: _____

Date: _____

EXHIBIT F

Capital Improvements Credit

Permissible Expenditures

Owner may elect to receive a Capital Improvements Credit, which credit shall be applied in the calculation of the Formula Purchase Price as set forth in Subsection 9.E of the Declaration, for any one or more of the following expenditures:

1. The portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association.
2. Special assessments paid by Owner for any one or more of the following structural or mechanical improvements undertaken by the Condominium or Townhome Association to the Property or to the common areas or facilities:
 - a. Repair and/or replacement of the heating system only to the extent that such repair or replacement is necessary because of a safety hazard caused by the heating system or failure of the Heating System due to full life span depreciation estimated at roughly 18 years. No credit will be given for upgrades designed to increase efficiency as the only reason for improvement.
 - b. Repair and/or replacement of electrical components that are directly related to health and safety. For example, the Housing Commission would approve a credit for open wiring found to be an electrical safety hazard but would not approve a credit for a new living room lighting fixture.
 - c. Repair and/or replacement of plumbing components that relate to either safety or flow problems. For example, the Housing Commission would approve a credit for inadequate water flow to a shower fixture (to be determined by independent testing) but would not approve a credit for replacing a faucet with a different model.
 - d. Repair and/or replacement of the roof when it is deemed to be fully depreciated.
 - e. Repair and/or replacement of a damaged structural element that threatens the structural integrity of the Improvements.
3. Any one or more of the following structural or mechanical improvements to the Property undertaken by the Owner:
 - a. Repair and/or replacement of the heating system only to the extent that such repair or replacement is necessary because of a safety hazard caused by the heating system or failure of the Heating System due to full life span depreciation estimated at roughly 18 years. No credit will be given for upgrades designed to increase efficiency as the only reason for improvement.

**Lot 19 In Laurel Park Resubdivision
Sale - Condominiums**

- b. Repair and/or replacement of electrical components that are directly related to health and safety. For example, the Housing Commission would approve a credit for open wiring found to be an electrical safety hazard but would not approve a credit for a new living room lighting fixture.
- c. Repair and/or replacement of plumbing components that relate to either safety or flow problems. For example, the Housing Commission would approve a credit for inadequate water flow to a shower fixture (to be determined by independent testing) but would not approve a credit for replacing a faucet with a different model.
- d. Repair and/or replacement of the roof when it is deemed to be fully depreciated.
- e. Repair and/or replacement of a damaged structural element that threatens the structural integrity of the Improvements.

Owner may not receive a Capital Improvements Credit for any expenditure that is not included in the above list.

Qualification for Improvements Undertaken By Owner

In order to qualify for a Capital Improvements Credit for improvements to the Property to be undertaken by the Owner, Owner must receive the written consent of the Housing Commission before undertaking any work, as specified in Sections 15 and 16 of the Declaration. After receiving such written consent, Owner shall present the Housing Commission with a selected bid. The Housing Commission shall review the bid and notify Owner of the Maximum Capital Improvements Credit to be allowed. Owner shall notify the Housing Commission upon completion of construction and shall provide the Housing Commission with a copy of all receipts for payments related to the improvement. Following inspection by the Housing Commission of the completed construction, the Housing Commission shall provide Owner with written Approval of Capital Improvements Credit setting forth the date construction was completed and the amount of the Maximum Capital Improvements Credit allowed. Such approval shall be evidenced by the **Exhibit G**, Approval of Capital Improvements Credit.

To determine the amount of the Capital Improvements Credit for such improvements for the purpose of calculating the Formula Purchase Price pursuant to Subsection 9.E, the Maximum Capital Improvements Credit shall be depreciated on a straight line basis for a period of fifteen (15) years following completion of construction. There will be no Capital Improvements Credit after the end of such 15-year period. The value of the credit will be prorated for partial years.

Below is an example of the calculation of the Capital Improvements Credit for structural and mechanical improvements to the Property undertaken by the Owner based on the following facts:

- Owner repairs heating system at a cost of \$1,500
- Construction is completed on December 31, 2010

To calculate the value of the Capital Improvements Credit at 15-year straight line depreciation, subtract \$100 each year from \$1,500 (the maximum Capital Improvements Credit allowed). The following table shows the value of the credit over

**Lot 19 In Laurel Park Resubdivision
Sale - Condominiums**

the allowable 15-year depreciation period. The year, for purposes of this sample calculation, begins on January 1.

Year	Value of Credit
2011	\$1,400
2012	\$1,300
2013	\$1,200
2014	\$1,100
2015	\$1,000
2016	\$900
2017	\$800
2018	\$700
2019	\$600
2020	\$500
2021	\$400
2022	\$300
2023	\$200
2024	\$100
2025	\$ 0

Qualification of Expenditures

Qualification for a Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association and for Special Assessments paid by Owner for structural or mechanical improvements undertaken by the Condominium or Townhome Association to the Property or to the common areas and facilities will be based on the annual certifications provided by the Condominium or Townhome Association to the Housing Commission as set forth in **Exhibit H, Annual Certification of Capital Improvements**.

To determine the amount of the Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium or Townhome Association, each allocation will be depreciated on a straight line basis for a period of fifteen (15) years beginning in the year the allocation was made. The value of the credit will be prorated for partial years. Following is an example of the calculation assuming that beginning in 2010 and each year thereafter, the portion of the Owner's regular assessment allocated to the working capital reserve is \$600 a year. The value of the allowable credit decreases by \$40 each year over the 15-year depreciation period. If the Owner sold the condominium or townhome in 2016, the value of the credit would be \$3,360; if the Owner sold in 2021, the value would be \$4,560.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
\$ Paid	\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280	\$240	\$200	\$160
		\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280	\$240	\$200
			\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280	\$240

**Lot 19 in Laurel Park Resubdivision
Sale - Condominiums**

				\$600	\$560	\$520	\$480	\$440	\$400	\$360	\$320	\$280
					\$600	\$580	\$520	\$480	\$440	\$400	\$360	\$320
						\$600	\$560	\$520	\$480	\$440	\$400	\$360
							\$600	\$560	\$520	\$480	\$440	\$400
								\$600	\$560	\$520	\$480	\$440
									\$600	\$560	\$520	\$480
										\$600	\$560	\$520
											\$600	\$560
												\$600
Total Credit	\$600	\$1,160	\$1,680	\$2,160	\$2,600	\$3,000	\$3,360	\$3,680	\$3,960	\$4,200	\$4,400	\$4,560

To determine the amount of the Capital Improvements Credit for Special Assessments paid by the Owner for structural or mechanical improvements, each Special Assessment will be depreciated on a straight line basis for a period of fifteen (15) years beginning in the year the Special Assessment was paid. The value of the credit will be prorated for partial years. For example, assume Owner paid a Special Assessment of \$3,000 for a new roof in 2010. To calculate the value of the credit, subtract \$200 each year over the 15-year depreciation period. If the Owner sells the condominium or townhome on December 31, 2016, the allowable credit would be \$2,000. If the Owner sells on December 31, 2026, the allowable credit would be \$0.

Year	Value of Credit
2011	\$3,000
2012	\$2,800
2013	\$2,600
2014	\$2,400
2015	\$2,200
2016	\$2,000
2017	\$1,800
2018	\$1,600
2019	\$1,400
2020	\$1,200
2021	\$1,000
2022	\$ 800
2023	\$ 600
2024	\$ 400
2025	\$ 200
2026	\$ 0

EXHIBIT G
Approval of Capital Improvements Credit

1. Name of Owner: _____
2. Address of Property: _____, Highland Park, IL 60035
3. Description of improvement (Check applicable improvement and describe as necessary.)
 - _____ Repair/replacement of heating system in Owner's unit due to safety hazard or failure of system due to full life span depreciation estimated at approximately 18 years
 - _____ Repair/replacement of electrical components in Owner's unit directly related to health and safety
 - _____ Repair/replacement of plumbing components in Owner's unit related to safety or flow problems
 - _____ Repair/replacement of the roof when it is deemed to be fully appreciated
 - _____ Repair/replacement of a damaged structural element that threatens the structural integrity of the improvements.
4. Maximum amount of Capital Improvements Credit allowed:
\$ _____
5. Date construction completed: _____
6. Total cost of improvement (attach copy of all payment receipts): \$ _____
7. Date of inspection of improvement by Housing Commission: _____

Based on the above information, the Housing Commission, by its designee, hereby approves a Capital Improvements Credit for the above-described improvement for the maximum amount indicated. For purposes of calculating the value of the credit in determining the formula purchase price pursuant to Subsection 9.E, a year will run from *[insert month and date of the day immediately following completion of construction]* through *[insert month and date]*.

(Name) (Date)

(Title)

Declaration 28 City of Highland Park
Housing Commission

EXHIBIT H

Annual Certification of Capital Improvements

This certifies that Unit [insert #] paid \$[insert amount] for a working capital reserve for [insert name] Condominium or Townhome Association in the year ending [insert date].

This further certifies that Unit [insert #] paid the following amounts for Special Assessments levied by the [insert name] Condominium or Townhome Association for the following structural or mechanical improvements to the unit or to the common areas and facilities of [insert name] Condominium or Townhome during the year ending [insert date]:


<u>Improvement</u>	<u>Amount Paid</u>
Repair and/or replacement of heating system to the extent necessary because of a safety hazard caused by the heating system or failure of the system [due to full life span depreciation estimated at approximately 18 years?]	
Repair and/or replacement of electrical components that are directly related to health and safety	
Repair and/or replacement of plumbing components that relate to either safety or flow problems	
Repair or replacement of the roof when it is deemed to be fully depreciated	
Repair or replacement of a damaged structural element that threatens the structural integrity of the improvements	

Signature Date
On behalf of [insert name] Condominium or Townhome Association

Print name

Title

PLAT INFORMATION SHEET



Image# 040726570003 Type: PSE
 Recorded: 12/14/2006 at 10:17:47 AM
 Receipt#: 2006-00020842
 Total Amt: \$68.00 Page 1 of 3
 IL Rental Housing Fund: \$0.00
 Lake County IL Recorder
 Mary Ellen Vanderverter Recorder
 File **6106194**

NUMBER OF PLAT PAGES

2

SECTION	TOWNSHIP	RANGE
23	43	12
LEGAL DESCRIPTION		
Resub of Lot 1, 2, 6, 7 Pt 8 & 9 Blk 12 City of HP		

CHECK (✓) TYPE OF PLAT:

- ANNEXATION/DISCONNECTION
- CONDOMINIUM
- DEDICATION
- VACATION
- OTHER _____

SUBDIVISION (enter subdivision name on line below)

Laurel Park Resub

IF THE PLAT RECORDED WAS LARGER THAN 11" X 17", THE ATTACHED COPY HAS BEEN REDUCED FROM A SCANNED IMAGE.

ORIGINAL SCALE PAPER COPIES OR DIGITAL IMAGE FILES ARE ALSO AVAILABLE FOR PURCHASE – PLEASE CALL (847) 377-2678

FOR MORE INFORMATION

U:\Forms\Plat Information Coversheet for Scanning.doc
 Revised: April 21, 2005 8:00 AM

March 31, 2026

City of Highland Park
Department of Community Development - Planning Division
1150 Half Day Road
Highland Park, Illinois 60035

Re: **LETTER REQUEST**

Planned Development – Laurel Park Subdivision – Release of Declaration of Covenants, Conditions, and Restrictions – Townhome Lots 16 & 19

790 – 844 Laurel Avenue, Highland Park, Illinois 60035 (the “Property”)

(PIN(s): 16-23-318-028; 16-23-318-029; 16-23-318-030 (partial); 16-23-318-031; 16-23-318-032; 16-23-318-033; 16-23-318-034; 16-23-318-035; 16-23-318-036; 16-23-318-037; 16-23-318-040; 16-23-318-041; 16-23-318-042; 16-23-318-043; 16-23-318-044; 16-23-318-045 & 16-23-318-046)

To Whom It May Concern:

Request

HP Laurel Park LLC, an Illinois limited liability company (the “Requestor”), holds fee title to the Property. Requestor previously received approval to complete Phase II of the Laurel Park Subdivision pursuant to the following ordinances and resolutions (collectively, the “2025 Approvals”):

1. Ordinance No. O52-2025, Ordinance Amending a Special Use Permit for a Planned Development and Amending an Inclusionary Housing Plan (Corner of Laurel Ave. and McGovern St., Including 788 to 844 Laurel Ave. and 1652-1670 McGovern St.);
2. Resolution No. R115-2025, Resolution Approving a First Amendment to the Development Agreement Between the City of Highland Park and the HP Laurel Park LLC; and
3. Resolution No. R114-2025, Resolution Approving a Plat of Subdivision (Corner of Laurel Ave. and McGovern St., Including 788 to 844 Laurel Ave. and 1652-1670 McGovern St.).

Pursuant to the 2025 Approvals, Requestor hereby requests the Highland Park Housing Commission (the “Housing Commission”) approve and execute the enclosed Releases of Declaration of Declaration of Covenants, Conditions, and Restrictions (the “Releases”), which would remove the Inclusionary Housing Declarations (defined herein) currently encumbering Lots 16 and 19 within the Subdivision. The form Releases have been submitted to Highland Park staff and counsel for review and comment.

Background

The Property is part of the Laurel Park Resubdivision. On June 2, 2006, the City of Highland Park passed Ordinance No. 23-06 (the “**Original Ordinance**”), approving a Planned Unit Development to permit the construction of thirty (30) townhomes and one condominium building containing twelve (12) units. In connection therewith, the City and the prior developer executed that certain Development Agreement dated May 26, 2006 (the “**Original Development Agreement**”) governing said planned development.

Pursuant to the Original Ordinance and Original Development Agreement, Declarations of Covenants, Conditions, and Restrictions for the dedication of inclusionary housing (an “**Inclusionary Housing Declaration**”) were recorded against each of the following lots within the Laurel Park Subdivision (the following lots are referred to herein as, the “**Declaration Lots**”):

- Lot 16, 794 Laurel Avenue, Highland Park, IL (PIN: 16-23-318-045); and
- Lot 19, 806 Laurel Avenue, Highland Park, IL (PIN: 16-23-318-042).

Despite passing the Original Ordinance, Phase II of the Subdivision remained undeveloped since the date of the original approvals. As a result, eighteen (18) of the townhome lots, including the Declaration Lots, and the lot reserved for the condominium building remained vacant land, and no inclusionary housing units were ever constructed within the Laurel Park Subdivision.

In 2025, Requestor applied to the City to amend the prior PUD and the Original Development Agreement to construct the remaining eighteen (18) townhomes and the condominium building pursuant to Requestor’s updated plans (the “**Development**”). On September 25, 2025, the City approved the updated Development and passed the 2025 Approvals. Among other items, the 2025 Approvals included **(i) reducing the number of inclusionary housing units within the Subdivision from seven (7) to four (4) units, and (ii) locating the four (4) units within the condominium building**, as set forth in the First Amendment to the Development Agreement included as an exhibit to the 2025 Approvals.

Please note that, in connection with seeking the 2025 Approvals, Requestor presented its plans before the Housing Commission and the Highland Park Plan and Design Commission (the “**P&D Commission**”) at the following public hearings:

- Housing Commission meeting on February 5, 2025;
- Housing Commission meeting on March 5, 2025;
- Housing Commission meeting on June 4, 2025 (whereby findings of fact in favor of Applicant completing the Development were determined);
- P&D Commission meeting on March 18, 2025;
- P&D Commission meeting on June 17, 2025; and
- P&D Commission meeting on July 15, 2025 (whereby findings of fact in favor of Applicant completing the Development were determined).

March 31, 2026

Page 3

Throughout the approval process, Applicant updated and modified its plans for the Development to address comments received from Highland Park staff, the Housing Commission, the P&D Commission, along with comments from the existing townhome owners and other neighbors.

Conclusion and Supporting Documentation

Pursuant to the 2025 Approvals, the Declaration Lots are no longer dedicated for inclusionary housing, and therefore the Inclusionary Housing Declarations should be released from each of the Declaration Lots. Therefore, Requestor requests the Housing Commission approve the Releases and cause for the same to be executed.

In support for the request, enclosed please find:

1. The Inclusionary Housing Declarations currently recorded against Lots 16 and 19 in the Laurel park Subdivision.
2. Draft Releases for each of Lots 16 and 19.
3. Copies of the 2025 Approvals (including the draft First Amendment to the Development Agreement).

Very truly yours,
HINSHAW & CULBERTSON LLP

Anthony M. Ochs

AMO:gr

This document was drafted by:
Hinshaw & Culbertson LLP
Anthony M. Ochs
151 North Franklin Street, Suite 2500
Chicago, IL 60606

**RELEASE OF
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

Effective Date: _____, 2026

RECITALS

A. That certain Declaration of Covenants, Conditions, and Restrictions (“**Declaration**”) was previously made and entered into as of November 8, 2006, by Laurel Park , LLC, an Illinois limited liability company (“**Original Declarant**”), in favor of the City of Highland Park (the “**City**”) and the City of Highland Park Housing Commission (“**Housing Commission**”), and was recorded with the Lake County Recorder’s Office on December 14, 2006 as File Number 6106195, against the land legally described on Exhibit A attached hereto and incorporated herein (the “**Property**”), pursuant to the planned development of the Laurel Park Subdivision (the “**Project**”) as contemplated by that certain Development Agreement dated May 26, 2006 (the “**Original Development Agreement**”) between the Original Declarant and the City.

B. HP Laurel Park LLC, an Illinois limited liability company (the “**Successor Declarant**”) acquired fee title to the Property and succeeded in all rights and obligations with respect to the Property.

C. The City approved Highland Park Ordinance No. O52-2025 An Ordinance Amending a Special Use Permit For A Planned Development And Amending An Inclusionary Housing Plan (Corner of Laurel Ave. and McGovern St., Including 788 to 844 Laurel Ave. and 1652 to 1670 McGovern St.) (the “**Ordinance**”) on September 25, 2025, which, among other things, approved the Successor Declarant to complete the Project and approved amending the Original Development Agreement to relocate properties and units within the Project that would be dedicated for affordable housing units pursuant to the City’s Inclusionary zoning regulations (Article XXI of Chapter 150 of the “Highland Park Code of 1968”, as amended).

D. Pursuant to the terms of the Ordinance and the First Amendment to the Development Agreement, a copy of which is attached as Exhibit B of the Ordinance, the City and the Housing Commission approved the Property to no longer be dedicated for affordable housing, on the consideration that other homes within the Project would be subject to affordable housing as further set forth in the Ordinance and the First Amendment to the Development Agreement.

E. Pursuant to Section 2 of the Declaration, the covenants, conditions, and restrictions of the Declaration continue in full force and effect until such time the Housing Commission records an instrument terminating the covenants, conditions, and restrictions of the Declaration.

WHEREAS

THAT CERTAIN DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, made and entered into as of November 8, 2006, executed by Laurel Park , LLC, an Illinois limited liability company, in favor of the City of Highland Park and the City of Highland Park Housing Commission, and recorded in the Lake County Recorder's Office on December 14, 2006, as File Number 6106195, IS HEREBY FULLY RELEASED.

[Signature Pages to Follow]

IN WITNESS WHEREOF, this Release is hereby approved as of the Effective Date first written above by the Housing Commission, and is authorized to be recorded with the public records of Lake County.

CITY OF HIGHLAND PARK
HOUSING COMMISSION,

By: _____

Name: _____

Its: _____

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

This instrument was acknowledged before me this _____ day of _____, 2026, by _____, the _____ of the CITY OF HIGHLAND PARK HOUSING COMMISSION, on behalf of the Housing Commission.

Notary Public

[Notary Seal]

EXHIBIT A

LEGAL DESCRIPTION

Lot 16 in Laurel Park Resubdivision Falling in the Southwest Quarter of Section 23, Township 43 North, Range 12 East of the Third Meridian.

Address: 794 Laurel Avenue, Highland Park, IL 60035

PIN: 16-23-318-045

This document was drafted by:
Hinshaw & Culbertson LLP
Anthony M. Ochs
151 North Franklin Street, Suite 2500
Chicago, IL 60606

**RELEASE OF
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

Effective Date: _____, 2026

RECITALS

A. That certain Declaration of Covenants, Conditions, and Restrictions (“**Declaration**”) was previously made and entered into as of November 8, 2006, by Laurel Park , LLC, an Illinois limited liability company (“**Original Declarant**”), in favor of the City of Highland Park (the “**City**”) and the City of Highland Park Housing Commission (“**Housing Commission**”), and was recorded with the Lake County Recorder’s Office on December 14, 2006 as File Number 6106196, against the land legally described on Exhibit A attached hereto and incorporated herein (the “**Property**”), pursuant to the planned development of the Laurel Park Subdivision (the “**Project**”) as contemplated by that certain Development Agreement dated May 26, 2006 (the “**Original Development Agreement**”) between the Original Declarant and the City.

B. HP Laurel Park LLC, an Illinois limited liability company (the “**Successor Declarant**”) acquired fee title to the Property and succeeded in all rights and obligations with respect to the Property.

C. The City approved Highland Park Ordinance No. O52-2025 An Ordinance Amending a Special Use Permit For A Planned Development And Amending An Inclusionary Housing Plan (Corner of Laurel Ave. and McGovern St., Including 788 to 844 Laurel Ave. and 1652 to 1670 McGovern St.) (the “**Ordinance**”) on September 25, 2025, which, among other things, approved the Successor Declarant to complete the Project and approved amending the Original Development Agreement to relocate properties and units within the Project that would be dedicated for affordable housing units pursuant to the City’s Inclusionary zoning regulations (Article XXI of Chapter 150 of the “Highland Park Code of 1968”, as amended).

D. Pursuant to the terms of the Ordinance and the First Amendment to the Development Agreement, a copy of which is attached as Exhibit B of the Ordinance, the City and the Housing Commission approved the Property to no longer be dedicated for affordable housing, on the consideration that other homes within the Project would be subject to affordable housing as further set forth in the Ordinance and the First Amendment to the Development Agreement.

E. Pursuant to Section 2 of the Declaration, the covenants, conditions, and restrictions of the Declaration continue in full force and effect until such time the Housing Commission records an instrument terminating the covenants, conditions, and restrictions of the Declaration.

WHEREAS

THAT CERTAIN DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, made and entered into as of November 8, 2006, executed by Laurel Park , LLC, an Illinois limited liability company, in favor of the City of Highland Park and the City of Highland Park Housing Commission, and recorded in the Lake County Recorder's Office on December 14, 2006, as File Number 6106196, IS HEREBY FULLY RELEASED.

[Signature Pages to Follow]

IN WITNESS WHEREOF, this Release is hereby approved as of the Effective Date first written above by the Housing Commission, and is authorized to be recorded with the public records of Lake County.

CITY OF HIGHLAND PARK
HOUSING COMMISSION,

By: _____

Name: _____

Its: _____

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

This instrument was acknowledged before me this _____ day of _____, 2026, by _____, the _____ of the CITY OF HIGHLAND PARK HOUSING COMMISSION, on behalf of the Housing Commission.

Notary Public

[Notary Seal]

EXHIBIT A

LEGAL DESCRIPTION

Lot 19 in Laurel Park Resubdivision Falling in the Southwest Quarter of Section 23, Township 43 North, Range 12 East of the Third Meridian.

Address: 806 Laurel Avenue, Highland Park, IL 60035

PIN: 16-23-318-042

Date: April 6, 2026
To: Housing Commission
From: Maddy Markle, Planner I
Subject: Standard Affordable Housing Eviction Policy

Background

The Commission has requested information about the City’s eviction policies for the City owned affordable units. Understandably, the Commission does not wish any resident to be evicted without reasonable notice during the winter season. No resident has been evicted from a City property during the 2025-2026 winter season, nor have any eviction proceedings been initiated this winter. This memo is for informational purposes and is not related to any current or past eviction case.

The following is an explanation of current policy and HUD standards.

Current Policies

ERES

The City’s affordable housing managed by Evergreen Real Estate Services (“**ERES**”) follow ERES’s eviction policy. The current policy is to give delinquent tenants a full 30 days’ notice on the 6th of each month. During the 30 day notice tenants are given the option to sign a payment plan (if no payment plan is currently in effect) or to pay in full. Eviction proceedings are not initiated until 30 days after written notice is given.

ERES notes that eviction is always a last resort. Mutually beneficial agreement is the goal of eviction proceedings. Tenants are informed about payment plans and rental assistance programs. Complete eviction proceedings take a minimum of 5 months from the time of a missed payment.

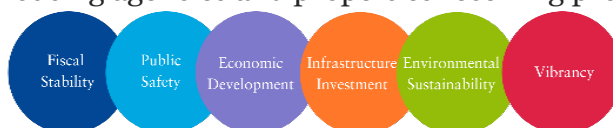
HODC

Units at Sunset Woods follow Housing Opportunity Development Corporation’s (“**HODC**”) eviction policy. Like ERES, HODC give delinquent tenants 30 days’ notice prior to initiating eviction proceedings. HODC works with tenants to create payment plans in the event of non-payment. Payment plans are based on a residents ability to pay and can be extended as necessary. After a payment plan is established HODC only begins the eviction process if payments are missed 3 consecutive months in a row. Additionally, HODC will work with tenants to obtain rent adjustments in the case of lost employment or benefits.

HODC states eviction cases take 4-5 months to process in the court system once initiated.

HUD Rules

The Department of Housing and Urban Development (“**HUD**”) adopted a rule in Dec. of 2024 requiring public housing agencies and properties receiving project based rental



assistance to give 30 days’ written notice of nonpayment to tenants before the initiation of formal judicial eviction proceedings. On February 26, 2026 HUD revoked the 2024 final rule. The revocation went into effect March 30, 2026.¹

Program	Regulation	Timeline
Public Housing	24 CFR 966.4	<i>Non-payment, notice:</i> In the case of termination for nonpayment of rent, a PHA shall provide at least fourteen days’ written notice.
Project-based rental assistance programs	24 CFR 247.4(c)	<i>Non-payment, notice:</i> For termination for nonpayment of rent, a termination notice must be provided with enough advance time to comply with both the rental agreement or lease and State laws. <i>Notice:</i> For termination of tenancy for “other good cause,” HUD regulations require 30 days’ notice along with the provision of specific information to the tenant.
Project-Based Section 8	24 CFR 880.607(c)(2); 24 CFR 247.4(c)	<i>Non-payment notice:</i> For termination for nonpayment of rent, the time of service must be in accord with the lease and State law. <i>Notice:</i> For termination of tenancy for “other good cause,” HUD regulations require 30 days’ notice along with the provision of specific information to the tenant.
Section 8 Moderate Rehabilitation Program ¹	24 CFR 882.511(d)(1)(i)	<i>Non-payment, notice:</i> Five working days notice required before tenancy termination for non-payment.

Figure 1. Current HUD Notice Requirements (March 2026).

Summary

ERES’s and HODC’s eviction policies exceed HUD’s current standards. Both will give 30 days’ written notice and offer payment plans prior to initiating formal proceedings. Eviction proceedings take on average 5-7 months from the time of missed payments. Both ERES and HODC emphasize that eviction is always treated as a last resort, both by them and the court system.

Recommendation

Staff finds ERES’ and HODC’s current policies ensure that tenants have at least five months to plan for a change in housing prior to an eviction being granted by the courts. Staff finds no risk of a tenant being evicted unexpectedly during the winter without adequate notice. Staff recommends that the Commission continue to allow HODC and ERES to enforce their current policies on behalf of the Commission.

¹ See 2026 Interim Final Rule here: <https://www.govinfo.gov/content/pkg/FR-2026-02-26/pdf/2026-03921.pdf>

