

This Instrument Prepared by:  
Kathie Soroka  
Applegate & Thorne-Thomsen, P.C.  
322 South Green Street, Suite 400  
Chicago, Illinois 60607

When Recorded Return to:  
Chicago Housing Authority  
60 E. Van Buren, Floor 12  
Chicago, Illinois 60605  
Attention: General Counsel

## PRESERVATION COVENANT

This covenant (the "Covenant") is entered into as of June 1, 2008, by Surf Senior Housing Limited Partnership, an Illinois limited partnership (the "Owner"), intending to comply with the requirements of 36 C.F.R Part 800 (the "Regulations"), as they may apply to the acquisition, leasing, development, financing, ownership and management of a certain residential apartment building for seniors (the "Building") located at 501 W Surf Street, in Chicago, Illinois, more particularly described on Exhibit A attached hereto and made a part hereof (the "Land"). The Land and the Building are herein sometimes referred to as the "Property". The Chicago Housing Authority, an Illinois municipal corporation (the "CHA") as the fee simple owner of the Land has executed this Covenant to evidence its consent to the following provisions.

The CHA, as the owner of the fee title to the Land, and the Owner have entered into a Ground Lease Agreement, dated as of even date herewith, conveying to the Owner a leasehold interest in and to the Land, and the CHA has conveyed the fee ownership interest in and to the Building to the Owner as of the date hereof.

On September 15, 1977, the State of Illinois through the State Historic Preservation Officer ("SHPO") and the U.S. Department of the Interior, National Park Service (the "National Park Service"), announced the listing of the Lakeview Historic District (the "Historic District") in the Register of Historic Places (the "Registration"), which district was subsequently expanded by the SHPO and National Park Service on May 16, 1986.

On July 19, 2004, the Building was certified by the Secretary of the Interior as being located in a registered historic district and as contributing to the historic significance of the district.

On September 4, 2007, the National Park Service issued its letter (the "Part 2 Letter") to the effect that it had reviewed the Historic Preservation Certification Application-Part 2 relating to the Building and determined that the Property will meet the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (the "Standards") subject to the architectural conditions therein set forth.

In order to ensure compliance with the Standards, the Illinois Historic Preservation Agency (the "Agency") through its Deputy SHPO is requiring the Owner to enter into and record against the Property a covenant to ensure that the Property is rehabilitated and maintained in accordance with the recommended approaches of the Standards.

The Owner has complied with the Part 2 Letter, and intends to enter into this Covenant to evidence its agreement to continuing compliance with the Standards and Regulations.

Now, therefore, in consideration of the CHA's conveyance of the leasehold interest in the Land and the fee interest in the Building to the Owner, and intending to be legally bound by this Covenant and the Regulations, the Owner does hereby agree to the following terms, conditions and provisions:

- 1) The Owner hereby covenants on behalf of itself, its heirs, successors, and assigns at all times to restore, maintain and preserve this Property in accordance with the recommended approaches of the "Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings" (National Park Service, 1989) with the intent of preserving those qualities that make this Building eligible for listing on the National Register of Historic Places and in compliance with the Regulations.
- 2) No construction, alteration or rehabilitation shall be undertaken or permitted to be undertaken that would adversely affect the Building, including historic or archaeological features of the Property, without consultation with and permission of the SHPO, or a fully authorized representative thereof, following the provisions of and in accordance with the Standards.
- 3) The SHPO shall be permitted at all reasonable times to inspect the property in order to ascertain if the above conditions are being met.
- 4) In the event of a violation of this Covenant, and in addition to any remedy now or hereafter provided by law, the SHPO may, following reasonable written notice to the Owner, and the Owner's opportunity to cure any such violation during such time as may be reasonable, given the nature of the violation, institute suit to enjoin said violation or require the restoration of the Property. Any such notice to the Owner from the SHPO shall state with reasonable specificity the nature of the violation, and the proposed nature of the correction of the violation, such that the Owner may be on notice of the violation and the SHPO's expected correction. Any such notice from the SHPO may be contested or appealed by the CHA and/or the Owner through the CHA in a consultation process with the SHPO.

- 5) This Covenant is binding on the Owner, its heirs, successors and assigns. All stipulations and covenants contained herein shall be inserted by the Owner verbatim or by express reference in any deed or other legal instrument by which the Owner divests itself of any interest in the Property or any part thereof.
- 6) The failure of the SHPO to exercise any right or remedy granted under this instrument shall not have the effect of waiving or limiting the exercise of any other right or remedy or use of such right or remedy at any other time.
- 7) This Covenant shall be a binding servitude upon the Property and shall be deemed to run with the Land. Execution of this Covenant shall constitute conclusive evidence that the CHA and the Owner agree to be bound by the foregoing conditions and restrictions and to perform the obligations herein set forth.
- 8) The SHPO may, for good cause, modify or cancel any or all of the foregoing restrictions upon application of the Owner, its heirs, successors or assigns.
- 9) Any notice, demand, request or other communication which any party may desire or may be required to give to any other party under this Covenant 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 the Owner: Surf Senior Housing Limited Partnership  
c/o Chicago Housing Authority  
Office of the General Counsel  
60 E. Van Buren, Floor 12  
Chicago, IL 60605  
Attention: General Counsel

With a copy to: Applegate Thorne-Thomsen, P.C.  
322 South Green Street, Suite 400  
Chicago, Illinois 60607  
Attention: Nicole A. Jackson

With a copy to: Red Stone Equity Partners, LLC  
5005 Rockside Road, Suite 600  
Cleveland, OH 44131  
Attention: Managing Director and General Counsel

With a copy to CHA: Chicago Housing Authority  
60 E. Van Buren, Floor 12  
Chicago, Illinois 60605  
Attention: Chief Executive Officer

Such addresses may be changed by notice to the other parties given in the same manner as provided in this Covenant. 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 upon one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (c) shall be served and effective three (3) business days after deposit with the United States Postal Service.

10) This Covenant may be executed in any number of counterparts and by different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Covenant.

*(signature page follows)*



**CONSENTING PARTY:**

Chicago Housing Authority  
an Illinois municipal corporation,

By:   
Lewis A. Jordan  
Chief Executive Officer

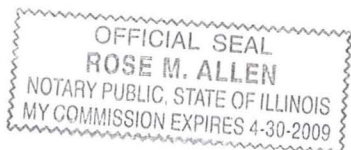
STATE OF ILLINOIS )  
  ) ss  
COUNTY OF COOK )

I, the undersigned Notary Public in and for the county and State aforesaid, do hereby certify that Lewis A. Jordan, personally known to me to be the Chief Executive Officer of the Chicago Housing Authority (the "CHA"), 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 severally acknowledged that as such officer, he signed and delivered the said instrument, on behalf of the CHA, as the free and voluntary act of such person, and as the free and voluntary act and deed of the CHA, for the uses and purposes therein set forth.

Given under my hand and official seal this 14<sup>th</sup> day of July, 2008.

  
Notary Public

(SEAL)



Illinois Historic Preservation Agency

By: W.L.W.  
Name: William L. Wheeler  
Title: Associate Director

STATE OF ILLINOIS        )  
  )  
COUNTY OF                 )

I Marjorie Lewis, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that William Wheeler, personally known to me to be the same person whose name is subscribed to the foregoing instrument as Associate Director of the Illinois Historic Preservation Agency, appeared before me this day in person and acknowledged that he/she, being thereunto duly authorized, signed and delivered the said instrument as his/her free and voluntary act of said agency, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 2 day of July, 2008.

Marjorie C Lewis

Notary Public in and for the State

My commission expires:

2-14-2010



**EXHIBIT A**

Legal Description

TRACT 1: THE ESTATE OR INTEREST IN THE LAND DESCRIBED AS PARCELS 1 AND 2 BELOW AND COVERED HEREIN IS:

LEASEHOLD ESTATE CREATED BY GROUND LEASE DATED AS OF EVEN DATE HERewith BETWEEN CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, LANDLORD, AND SURF SENIOR HOUSING LIMITED PARTNERSHIP, AN ILLINOIS LIMITED PARTNERSHIP, TENANT, RECORDED SIMULTANEOUSLY HERewith, DEMISING AND LEASING FOR A TERM OF 99 YEARS THE FOLLOWING DESCRIBED PREMISES, TO WIT:

PARCEL 1:

LOT 1 (EXCEPT THAT PART TAKEN FOR USED FOR SURF STREET) AND ALL OF LOTS 2 AND 3 AND THE NORTH 109 FEET, MORE OR LESS (EXCEPT THAT PART TAKEN USED FOR SURF STREET), OF A STRIP OF GROUND 14 FEET IN WIDTH FROM EAST TO WEST (FORMERLY AN ALLEY) LYING IMMEDIATELY EAST OF AND ADJOINING THE NORTH 11 FEET OF LOT 16 AND ALL OF LOTS 17 AND 18 IN BLOCK 2 IN LEMOYNE'S SUBDIVISION OF THE SOUTH 16 ACRES OF THE EAST 1/2 OF NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

A STRIP OF LAND HAVING A WIDTH OF 2 FEET AND A DEPTH OF 50 FEET BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 4, THENCE RUNNING SOUTH ON WEST LINE OF SAID LOT 4, 2 FEET, THENCE RUNNING EAST PARALLEL WITH THE NORTH LINE OF SAID LOT 4 FOR 50 FEET, THENCE RUNNING NORTH FOR 2 FEET PARALLEL WITH WESTERLY LINE OF SAID LOT 4 TO NORTH LINE OF SAID LOT 4 AND THENCE RUNNING WEST ON THE NORTH LINE OF SAID LOT 4 TO POINT OF BEGINNING SAID STRIP OF LAND BEING A PART AND PARCEL OF LOT 4 IN BLOCK 2 IN LEMOYNE'S SUBDIVISION OF THE SOUTH 16 ACRES OF EAST 1/2 OF NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

TRACT 2: FEE SIMPLE INTEREST IN THE BUILDING AND IMPROVEMENTS LOCATED ON PARCELS 1 AND 2 ABOVE.

COMMONLY KNOWN AS 501 W. SURF STREET, CHICAGO, ILLINOIS 60657

PIN: 14-28-123-006-000