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Stamp Copy

This Instrument Prepared by:
Mark W. Burns
Applegate & Thorne-Thomsen, P.C.
322 South Green Street, Suite 412
Chicago, Illinois 60607

When Recorded Return to:
Chicago Housing Authority
200 West Adams, Suite 2100
Chicago, Illinois 60606
Attention: Carol Turner, Esq.

PRESERVATION COVENANT

This covenant (the "Covenant") is entered into as of the 17th day of July, 2002, by Hilliard Homes I Limited Partnership, and 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 certain multi-family buildings (the "Buildings") located at 2111 South Clark Street (Senior Building) and 2031 South Clark Street (Family Building), Chicago, Illinois, more particularly described on Exhibit A attached hereto and made a part hereof (the "Land"). The Land and the Buildings 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.

Concurrently with the recording of this Covenant, the CHA, as the owner of the fee title to the Land, and the Owner have entered into a Ground Lease Agreement of even date with this Covenant, 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 Buildings to the Owner.

On September 13, 1999, 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 Raymond M. Hilliard Center Historic District (the "Historic District") in the Register of Historic Places (the "Registration").

On March 9, 2001, the Buildings were certified by the Secretary of the Interior as being located in a registered historic district and to be of historic significance to the historic district.

Subsequent to the Registration, the Illinois Historic Preservation Agency (the "Agency") through its Deputy SHPO issued its letters dated November 8, 2000, and March 4, 2002 (collectively the "SHPO Findings") finding that the Property will have no adverse effect

Box 430

pursuant to the Regulations conditioned upon the recording of a covenant against the Property to the effect that prior to a transfer of an interest in the Property to the Developer to ensure that the Property is rehabilitated and maintained in accordance with the recommended approaches of the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (the "Standards").

On March 8, 2001, 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, from the Developer and determined that the Property will meet the Standards subject to the architectural conditions therein set forth.

The Developer 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 Buildings 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 these Buildings 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 Buildings, 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:

Hilliard Homes I Limited Partnership
1333 N. Kingsbury, Suite 305
Chicago, Illinois 60627
Attention: Ms. Linda Brace

With a copy to:

Alliant Asset Management Company LLC
21550 Oxnard Street, Suite 1020
Woodland Hills, California 91367
Attention: Shawn Horwitz

Applegate Thorne-Thomsen, P.C.
322 South Green Street, Suite 412
Chicago, Illinois 60607
Attention: Thomas Thorne-Thomsen

With a copy to CHA:

Chicago Housing Authority
626 West Jackson Street
Chicago, Illinois 60661
Attention: Chief Executive Officer

Such addresses may be changed by notice to the other party 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.

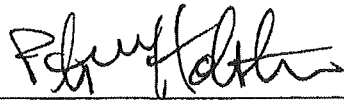
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In Witness Whereof, the Owner has caused this instrument to be executed this 17th day of July, 2002.

OWNER:

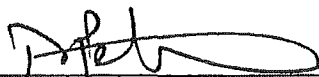
Hilliard Homes I Limited Partnership
An Illinois limited partnership

By: HH1 Development Corporation
An Illinois corporation
Its General Partner

By: 
Name: Peter Holsten
Title: President

CONSENTING PARTY:

Chicago Housing Authority
An Illinois municipal corporation

By: 
Name: Chief Executive Officer
Title: Terry Peterson

Illinois Historic Preservation Agency

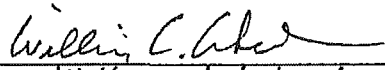
By: 
Name: William L. Wheeler
Title: State Historic Presr. Officer

EXHIBIT A

**Hilliard Homes Phase I
Chicago, Illinois
Legal Description**

PHASE 1:

THAT PART OF BLOCKS 33, 34, 35, 48, 49 AND 50, TOGETHER WITH THOSE PARTS OF VACATED STREETS AND VACATED ALLEYS LYING WITHIN SAID BLOCKS, IN CANAL TRUSTEE'S NEW SUBDIVISION OF BLOCKS IN THE EAST FRACTIONAL SOUTHEAST FRACTIONAL QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF BLOCK 50 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG THE WEST LINE OF SAID BLOCK 50, A DISTANCE OF 73.00 FEET; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, PERPENDICULAR TO THE LAST DESCRIBED LINE, 25.00 FEET; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, 46.35 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 02 SECONDS WEST, 25.00 FEET TO THE WEST LINE OF BLOCK 50 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID WEST LINE, 155.73 FEET; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, 33.93 FEET; THENCE SOUTH 0 DEGREES 04 MINUTES 58 SECONDS WEST, 16.00 FEET; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, 80.00 FEET; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, 80.30 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 02 SECONDS WEST, 80.00 FEET; THENCE SOUTH 0 DEGREES 04 MINUTES 58 SECONDS WEST, 16.34 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 02 SECONDS WEST, 33.93 FEET TO THE WEST LINE OF BLOCK 50 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID WEST LINE, 56.15 FEET TO A POINT 19.29 FEET SOUTH (AS MEASURED ALONG SAID WEST LINE) OF THE NORTHWEST CORNER OF BLOCK 50 AFORESAID; THENCE SOUTH 89 DEGREES 55 MINUTES 02 SECONDS EAST, 90.00 FEET; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, 100.00 FEET; THENCE NORTHWESTERLY 93.77 FEET ALONG THE ARC OF A CIRCLE CONVEX TO THE NORTHEAST HAVING A RADIUS OF 186.41 FEET AND WHOSE CHORD BEARS NORTH 75 DEGREES 50 MINUTES 31 SECONDS WEST, 92.79 FEET TO A POINT ON THE WEST LINE OF BLOCK 33 AFORESAID, SAID POINT BEING 37.28 FEET NORTH (AS MEASURED ALONG SAID WEST LINE) OF THE SOUTHWEST CORNER OF BLOCK 33 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID WEST LINE, 215.98 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE SOUTH 2.30 FEET OF LOT 3 IN BLOCK 33 AFORESAID, WHOSE WESTERLY EXTENSION IS THE NORTHERLY TERMINUS OF VACATED S. DEARBORN STREET PER DOCUMENT NUMBER 19164304 RECORDED JUNE 23, 1964; THENCE NORTH 89 DEGREES 54 MINUTES 03

SECONDS WEST, ALONG SAID WESTERLY EXTENSION, 66.00 FEET TO THE EAST LINE OF BLOCK 34 AFORESAID; THENCE NORTH 0 DEGREES 04 MINUTES 58 SECONDS EAST, ALONG SAID EAST LINE, 113.24 FEET TO THE NORTHEAST CORNER OF SAID BLOCK 34; THENCE NORTH 89 DEGREES 54 MINUTES 03 SECONDS WEST, ALONG THE NORTH LINE OF SAID BLOCK 34, A DISTANCE OF 179.12 FEET TO THE NORTHEASTERLY EXTENSION OF THE NORTHWESTERLY LINE OF BLOCK 35 AFORESAID; THENCE SOUTH 58 DEGREES 12 MINUTES 42 SECONDS WEST, ALONG SAID NORTHEASTERLY EXTENSION AND NORTHWESTERLY LINE OF SAID BLOCK 35, A DISTANCE OF 180.75 FEET TO THE NORTHWEST CORNER OF BLOCK 35 AFORESAID; THENCE SOUTH 0 DEGREES 01 MINUTES 39 SECONDS EAST, ALONG THE WEST LINE OF BLOCK 35 AND BLOCK 48 AFORESAID AND THEIR EXTENSIONS, 559.78 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF THE NORTH 1/2 OF LOT 5 IN BLOCK 48 AFORESAID; THENCE SOUTH 89 DEGREES 53 MINUTES 58 SECONDS EAST, ALONG SAID SOUTH LINE, 132.77 FEET TO THE INTERSECTION WITH THE EAST LINE OF BLOCK 48 AFORESAID; THENCE SOUTH 0 DEGREES 01 MINUTES 40 SECONDS WEST, ALONG SAID EAST LINE, 175.68 FEET TO THE SOUTHEAST CORNER OF SAID BLOCK 48; THENCE SOUTH 89 DEGREES 53 MINUTES 42 SECONDS EAST, ALONG THE SOUTH LINE OF BLOCK 49 AFORESAID AND ITS EXTENSIONS, 264.60 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Property Address: 2031 and 2111 South Clark Street, Chicago, Illinois..

PIN:

17-21-417-006, vol. 511
17-21-417-017, vol. 511
17-21-417-018, vol. 511
17-21-417-019, vol. 511

17-21-418-013, vol. 511
17-21-418-015, vol. 511
17-21-418-029, vol. 511
17-21-418-030, vol. 511
17-21-418-032, vol. 511

17-21-423-018, vol. 511
17-21-423-019, vol. 511
17-21-423-022, vol. 511

17-21-424-002, vol. 511
17-21-424-007, vol. 511
17-21-424-011, vol. 511
17-21-424-018, vol. 511
17-21-424-019, vol. 511
17-21-424-020, vol. 511
17-21-424-021, vol. 511
17-21-424-022, vol. 511
17-21-424-023, vol. 511

17-21-419-005, vol. 511
17-21-419-007, vol. 511

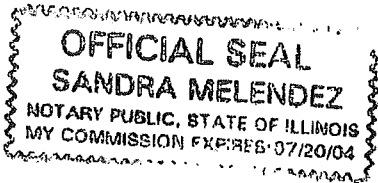
17-21-425-032, vol. 511
17-21-425-036, vol. 511

Acknowledgment

STATE OF ILLINOIS)
)
COUNTY OF Cook)

I Sandra Melendez a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Peter Holsten, personally known to me to be the same person whose name is subscribed to the foregoing instrument as President of HH1 Development Corporation, an Illinois corporation, the general partner of Hilliard Homes I Limited Partnership, an Illinois limited partnership, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as his free and voluntary act of said company, on behalf of said partnership, and as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17 day of July, 2002.



Sandra Melendez

Notary Public in and for the State

My commission expires:

7/20/04

Acknowledgment

STATE OF ILLINOIS)
)
COUNTY OF Cook)

I Ernestine Watson, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Terry Peterson, personally known to me to be the same person whose name is subscribed to the foregoing instrument as C. E. O. of Chicago Housing Authority, 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 authority, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 30 day of Oct., 2002.



Ernestine Watson
Notary Public in and for the State

My commission expires:

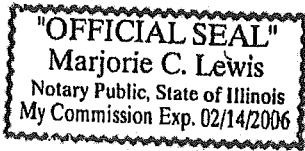
3/24/06

Acknowledgment

STATE OF ILLINOIS)
)
COUNTY OF Sangamon)

I Marjorie C. Lewis, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that William L. Wheeler, personally known to me to be the same person whose name is subscribed to the foregoing instrument as SNPO of 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 12 day of July, 2002.



Marjorie C Lewis

Notary Public in and for the State

My commission expires:

2-14-06