

**MANAGEMENT AGREEMENT
(HOME - Initial Rent-up)**

THIS MANAGEMENT AGREEMENT (this "Agreement"), made as of the 1st day of August, 2017 by and between Lathrop Homes IA, LP ("Owner"), an Illinois limited partnership, having its principal office at 350 W. Hubbard Street, Suite 300, Chicago, IL and Related Management Company, L.P. ("Property Manager"), a New York limited partnership, having its principal office at 2 North LaSalle Street, Suite 2300, Chicago, IL;

WITNESSETH:

WHEREAS, Authority has made the Loan to Owner under the HOME Investment Partnerships Program of the State of Illinois (the "HOME Program") for the acquisition, construction and permanent financing of the Development; and

WHEREAS, Owner, as a recipient of the benefits of the Loan, is required to comply with the Act, the Regulatory and Land Use Restriction Agreement, all applicable rules and regulations of Authority and the HOME Regulations; and

WHEREAS, Property Manager is experienced in the operation, maintenance, marketing, management and leasing of multifamily housing developments similar to the Development; and

WHEREAS, Owner desires to retain the services of Property Manager for the operation, maintenance, marketing, management and leasing of the Development and Property Manager desires to provide such services.

NOW THEREFORE, in consideration of the mutual agreements contained in this Agreement, Owner and Property Manager agree as follows:

1. **Recitals**. The Recitals set forth above are incorporated in this Agreement by this reference.

2. **Definitions**. As used in the Agreement, the following terms shall have the meanings indicated below:

(a) "Act": the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended from time to time.

(b) "Affirmative Fair Housing Marketing Plan": the Affirmative Fair Housing Marketing Plan for the Development, as approved by Authority.

(c) "Authority": the Illinois Housing Development Authority, a body politic and corporate of the State of Illinois created by and existing pursuant to the Act.

(d) "Development": the real property legally described on **Exhibit A** attached to this Agreement and made a part of it, commonly known as Lathrop Apartments – Phase 1A, located in Chicago, Illinois; and the improvements, buildings, appurtenances, equipment and personal property located on it. The Development includes 414 Units, 239 parking spaces, and 28,915 square feet of commercial space.

(e) "DCR": the debt service coverage ratio for the Development; the DCR is the net operating income of the Development for a fiscal year less Replacement Reserve Payments, divided by the annual debt service on the Loan and any senior or subordinate loan on the Development. Calculation of the DCR for any calendar year shall be based on the annual audit for the Development required under the Regulatory Agreement, as approved by Authority. No interim audits shall be used.

(f) "Development Bank Account": the bank account into which all Development funds, including, but not limited to, rents, charges and other amounts receivable by Owner in connection with the management and operation of the Development, are deposited. The Development Bank Account shall be established in a bank in the State of Illinois whose deposits are insured by the Federal Deposit Insurance Corporation. The funds in the Development Bank Account shall not be commingled with any other funds.

(g) "Fiscal Year": the calendar year unless specifically provided to the contrary in this Agreement.

(h) "Gross Collections": all amounts actually collected by Property Manager as rents or other payments, including, but not limited to, vending machine collections and parking fees, but excluding (1) income derived from interest or investments, (2) discounts and dividends on insurance and (3) security deposits.

(i) "HOME Regulations": the federal regulations governing the HOME Program and codified at 24 CFR Part 92.

(j) "HUD" the United States Department of Housing and Urban Development.

(k) "Initial Closing Date": the date the Authority issues its initial closing memorandum in connection with the Loan.

(l) "Initial Rent-up Period": the period from the earlier of eighteen (18) months from the issuance of the Certificate of Occupancy and the date when occupancy of dwelling units in the Development first reaches ninety-five percent (95%).

(m) "Lease": the Authority's Model Lease, or such other form of lease as may be approved in writing by Authority.

(n) "Loan": the mortgage loan made by Authority to Owner for the acquisition, construction and permanent financing of the Development, evidenced by the Note, secured by the Mortgage and governed by the Regulatory Agreement.

(o) "Loan Agreement": the Loan Agreement executed by the Borrower and Authority at the initial closing of the loan, and any amendments to it, executed by Authority and Owner, governing the Loan.

(p) "Loan Documents": the Note, the Mortgage, the Regulatory Agreement and all other documents evidencing, securing or governing the Loan.

(q) "Management Plan": the Management Plan for the Development, as approved by Authority, attached to this Agreement as **Exhibit B**; the Management Plan is incorporated in this Agreement by this reference.

(r) "Marketing Plan": the marketing plan for the Development, as approved by Authority.

(s) "Mortgage": that certain mortgage, including any amendments to it, on the Development under which Authority is the mortgagee and Owner is the mortgagor, and which secures the Loan.

(t) "Note": that certain mortgage note executed by the Owner evidencing the Loan.

(u) "Operating Budget": the annual operating budget for the Development, as approved by Authority.

(v) "Regulatory Agreement": the Regulatory and Land Use Restriction Agreement executed by the Borrower and Authority at the initial closing of the loan, and any amendments to it, executed by and between Owner and Authority governing the Development.

(w) "Replacement Reserve Payments": The amounts required under the Regulatory Agreement to be deposited annually in the reserve fund for replacements; and the amounts required to be deposited annually in any other reserve accounts established for the Development.

(x) "Relocation Plan": the Relocation Plan for the Development, if any, as approved by the Authority, for the relocation of Tenants during the rehabilitation of the Development.

(y) "Tenant": an individual or family occupying a Unit pursuant to a Lease.

(z) "Tenant Selection Plan": the Tenant Selection Plan for the Development approved by Authority, as amended.

(aa) "Unit": a unit in the Development intended for use as a private dwelling.

3. **Expertise of Property Manager.** Property Manager represents and warrants to Owner that it possesses the necessary skills, experience and expertise to properly manage the Development and to comply with the terms and conditions imposed upon it by this Agreement.

4. **Compliance with Laws.** Property Manager represents and warrants to Owner that it is familiar with, and represents that it shall act in compliance with, all applicable federal, state and local laws, ordinances and regulations when managing and maintaining the Development, including, but not limited, to the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973; and represents and warrants that it is familiar with issues involving equal employment opportunity, fair housing, eviction proceedings, security deposits, non-discrimination in connection with disabled persons, utility services and criminal activities that may result in property forfeiture. Property Manager further represents and warrants to Owner that it will keep informed of, and act in compliance with, all applicable new laws, ordinances and regulations that may be enacted during the term of this Agreement as they pertain to the management of the Development.

5. **Appointment of Property Manager.** Subject to Authority's written approval of this Agreement, Owner appoints Property Manager, and Property Manager accepts such appointment, as Owner's exclusive property manager for the management and leasing of the Development, subject to the terms and conditions of this Agreement. In making and performing this Agreement Property Manager acts, and shall at all times act, as an agent of Owner.

6. **Regulation of the Development.** Property Manager acknowledges its receipt of the Regulatory Agreement, certifies that it has reviewed it and is thoroughly familiar with all other applicable rules and regulations of Authority and the HOME Regulations and covenants with Owner that it shall undertake and perform all of Owner's management duties and responsibilities in compliance with the Act, the rules and regulations of Authority, the HOME Regulations, the Regulatory Agreement and the other Loan Documents.

7. **Meetings with Owner and Authority.** Upon request of Owner, Property Manager agrees to cause a representative of Property Manager to confer with Owner and Authority and to attend meetings with Owner, Authority or both of them at any reasonable time or times requested by Owner or Authority.

8. **Provision of Information.** As soon as practicable, but not later than final completion of the Development, Owner shall furnish Property Manager with a complete set of "as built" plans and detailed specifications for the Development, as finally approved by Authority, and copies of all guaranties and warranties pertinent to construction, fixtures and equipment of the Development. With the aid of this information and inspection by competent personnel, Property Manager shall thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Development, and

especially the electrical, heating, plumbing, air conditioning and ventilating systems, elevators, and all other mechanical equipment in the Development.

9. **Liaison with Architect and General Contractor.** During the planning and construction phases, Property Manager shall consult with the design architect, supervising architect and general contractor, in order to: coordinate management concerns with the design and construction of the Development; facilitate completion of any corrective work; discharge Property Manager's responsibilities for arranging utilities and services pursuant to **Paragraph 19** of this Agreement; and advise Owner of all significant matters pertaining to the above matters.

10. **Initial Rent-up Period.** During the Initial Rent-up Period, Property Manager shall advise and assist Owner in the rental of Units and the management of the Development. The duties and responsibilities of Property Manager shall include, but not be limited to, the following:

- (a) Preparation of and submission to Owner and Authority, at least ninety (90) days prior to initial rental of Units, a rent-up budget for the Initial Rent-up Period;
- (b) Participation in a pre-occupancy conference with Authority and Owner;
- (c) Preparation and submission to Owner (for submission to Authority) of monthly financial statements of income and expenses and cash receipts and disbursements, as required by Authority, throughout the Initial Rent-up Period;
- (d) Participation in on-site inspection of the Development, as required by Authority, including, but not limited to inspection of each Unit upon completion; and participation with each new Tenant in the inspection of the Unit identified in such Tenant's Lease prior to occupancy; and
- (e) Continuing review (for submission to and approval by the Authority) of the Management Plan, for the purpose of keeping Owner advised of necessary or desirable changes.

11. **Disclosure.** Property Manager shall not disclose to third parties any information pertaining to the Development except when necessary to carry out Property Manager's duties under the terms of this Agreement or in response to written requests from Authority.

12. **Waiver of Lien Rights.** To the extent permitted by law, and provided that the Loan has not been repaid, Property Manager subordinates any and all lien rights it may be able to assert, during the term of this Agreement or thereafter, on or against the Development arising from the services to be provided under this Agreement to the lien of the Mortgage provided by Owner, as mortgagor, to Authority, as mortgagee, and the lien of any junior mortgage. Property Manager shall provide whatever documentation may be requested by Owner and Authority to evidence Property Manager's subordination of its lien rights.

13. **Compliance.** Property Manager shall furnish whatever information is requested by Owner or Authority that would be necessary for Owner or Authority to determine whether Property Manager is acting in compliance with the terms and conditions of this Agreement.

14. **Marketing.** After the Initial Rent-up Period, Property Manager, with the marketing agent, if applicable, shall carry out the marketing activities prescribed in the Management Plan, observing all requirements of the Regulatory Agreement, the Marketing Plan approved by Authority and the Affirmative Fair Housing Marketing Plan. Subject to the prior approval of Owner, advertising expenses incurred by Property Manager on behalf of Owner pursuant to the Operating Budget shall be paid out of the Development Bank Account as expenses of the Development.

15. **Rentals.** Property Manager shall offer for rent and shall rent the Units, parking spaces, commercial space (if any) and other rental facilities and concessions in the Development in accordance with the rules and regulations of Owner and Authority, as amended from time to time. Owner authorizes Property Manager to execute, on Owner's behalf, Leases and commercial leases, if applicable, in connection with such rentals. In connection with such rentals, the following provisions shall apply:

(a) Property Manager shall comply with the requirements of the Marketing Plan, the Affirmative Fair Housing Marketing Plan and the Tenant Selection Plan. A copy of the Affirmative Fair Housing Marketing Plan and the Tenant Selection Plan shall at all times be kept at the Development, and shall be made available to any Tenant or prospective Tenant upon request. Property Manager shall cause all rental agents, on-site managers and property supervisors, and, to the extent necessary, all other employees working at the Development to be familiar with the contents of such Plans.

(b) During the Initial Rent-up Period, Property Manager shall cooperate with the marketing agent for the Development in making preparations for the rental of the Units.

(c) Property Manager shall show Units to all prospective Tenants.

(d) Property Manager shall take and process applications for rental of Units. If an application is rejected, the applicant shall be promptly advised in writing in the manner provided in the Tenant Selection Plan.

(e) Property Manager shall prepare all Leases and parking permits, and shall execute them in its name as agent for Owner. The terms of all Leases shall comply with the pertinent provisions of the Regulatory Agreement and the directives of Authority. All Leases shall be in a form approved by Authority.

(f) From time to time, Owner shall furnish Property Manager with rent schedules, which shall show rents for Units and other charges for facilities and services approved by Authority. In no event shall such rents and other charges be exceeded or reduced without the prior written approval of Authority. Tenant eligibility for Units that are rented at less than market rents, and the amount of such lesser rents, shall be determined in accordance with the Regulatory Agreement or the directives of Authority submitted to Owner and/or Property Manager.

(g) Property Manager shall collect, deposit and disburse security deposits, if required, in accordance with all applicable state and local laws and the terms of each of Tenant's Lease. The amount of each security deposit shall be as specified in the Management Plan, or if not so specified as approved by Authority. Property Manager shall hold all security deposits in a trust account, separate from all other accounts and funds, in a bank or other financial institution whose office is in the State of Illinois and whose deposits are insured by an agent of the United States Government, all in accordance with the terms of the Regulatory Agreement. This account shall be controlled and managed by Property Manager and designated of record as "Lathrop Development Security Deposit Trust Account". Interest on security deposits shall be paid in accordance with all applicable State and local laws.

(h) Property Manager shall maintain a current list of prospective Tenants and undertake all arrangements necessary and incidental to the acceptance or rejection of rental applications and the execution of Leases, all as provided in the Tenant Selection Plan. Property Manager shall exercise its best efforts (including, but not limited to, placement of advertising; assistance in completion of rental applications and execution of Leases; processing of documents and credit and employment verifications; and explanation of the rules of the Development), to effect the leasing of Units, renewal of Leases and, in accordance with the terms of the Lease, subleasing of Units.

(i) If there is commercial space in the Development, Property Manager shall negotiate commercial leases and concession agreements, and, subject to prior approval by Owner and Authority of all terms and conditions of such leases and agreements, shall execute them in its name, identified as Property Manager for Owner. Commercial rents for the Development shall not be less than the minimum approved by Owner and Authority.

(j) Property Manager shall perform such other acts as requested by Owner or Authority that are reasonable, necessary and proper in the discharge of Property Manager's duties under this Agreement.

(k) Property Manager shall prorate the first month's rent collected from a Tenant should such Tenant move into a Unit on any day other than the first day of the month. If the Tenant's occupancy of the Unit occurs after the twentieth (20th) day of the month, the prorated amount, plus the next month's rent, shall be collected on or before the first day of occupancy.

(l) Property Manager shall participate in such on-site inspections of the Development as may be required by Authority or Owner, including, but not limited to, (i) participation with each new Tenant in the inspection prior to occupancy of the Unit identified in the Lease with the Tenant and (ii) participation with the Tenant in the inspection of that Unit at least once each year thereafter.

(m) Property Manager shall immediately notify Owner and Authority in writing of all claims asserted against Property Manager or the Development, or of any lawsuit served upon Property Manager in connection with the management of the Development.

(n) Property Manager shall counsel all prospective Tenants concerning eligibility for Units, shall be responsible for determining the eligibility of prospective Tenants for Units and shall provide income certification and recertification forms for execution for each Tenant.

16. **Collection of Rents and Other Receipts.** Property Manager shall collect when due all rents, charges and other amounts receivable by Owner in connection with the management and operation of the Development. Such receipts (except for Tenants' security deposits, which shall be handled as specified in **Paragraph 15(g)** above) shall be held in the Development Bank Account, in an Illinois domiciled financial institution, separate from all other accounts and funds. The Development Bank Account shall be carried in Property Manager's name and designated of record as "Lathrop Development Bank Account".

17. **Enforcement of Leases.**

(a) Property Manager shall secure full compliance by each Tenant with the terms of such Tenant's Lease. Voluntary compliance shall be emphasized, and Property Manager shall counsel Tenants and make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Property Manager, all to the end that involuntary termination of tenancies shall be avoided to the maximum extent, consistent with sound management of the Development. Nevertheless, subject to the procedures prescribed in the Management Plan and the Regulatory Agreement, Property Manager may lawfully terminate any tenancy when, in Property Manager's judgment, sufficient cause for such termination occurs under the terms of the Tenant's Lease, including, but not limited to, nonpayment of rent. For this purpose, Property Manager is authorized to consult with legal counsel to be designated by Owner; to bring actions for eviction; to execute notices to vacate; and to initiate judicial pleadings incident to such actions. Property Manager shall keep Owner informed of such actions and shall follow such instructions as Owner may prescribe for the conduct of any such action. Reasonable attorneys' fees and other necessary costs incurred in connection with such actions, as determined by Owner, shall be paid out of the Development Bank Account as expenses of the Development pursuant to the Operating Budget of the Development.

(b) Property Manager shall consult with and make recommendations to Owner regarding security for the Development and take all steps reasonably necessary to implement the security program authorized by Owner at the Development. Property Manager shall promptly report any suspicious or illegal activities to the appropriate police authority, and shall strictly enforce the terms of the Leases regarding criminal activities by Tenants or their authorized guests.

(c) Property Manager shall use its best efforts to prevent unauthorized persons from being present at the Development. If Tenants fail to control the improper behavior of their guests while on Development property, or if Tenants assist unauthorized persons in remaining on the Development property, Property Manager shall strictly enforce the terms of the Leases of such Tenants.

(d) Property Manager shall fully comply with all federal laws and regulations concerning termination of Leases and evictions of Tenants receiving the benefits of any federal rent subsidy program.

18. **Maintenance and Repair.** Property Manager shall cause the Development to be maintained in a decent, safe and sanitary condition and in a rentable and tenantable state of repair, all in accordance with the Management Plan, the budget approved by Authority, the Regulatory Agreement and local laws, codes and ordinances. Property Manager otherwise shall maintain the Development at all times in a condition acceptable to Owner and Authority, including, but not limited to, performance of cleaning, painting, decorating, plumbing, carpentry, grounds care and such other maintenance and repair work as may be necessary. In connection with such maintenance, the following provisions shall apply:

(a) Property Manager shall give special attention to preventive maintenance.

(b) Subject to Owner's prior approval, Property Manager shall contract with qualified independent contractors for the maintenance and repair of major mechanical systems, including, but not limited to, air conditioning systems and elevators, and for the performance of extraordinary repairs beyond the capability of regular maintenance employees. Property Manager shall require each such contractor to be insured in such amounts and with such insurance companies as may be acceptable to Owner. Owner shall be named as an additional insured under all such insurance contracts.

(c) Property Manager shall systematically and promptly receive and investigate all service requests from Tenants, take such action in connection with them, as may be justified, and keep records of such actions. Emergency requests shall be received and serviced on a twenty-four (24) hour basis. Property Manager shall report complaints of a serious nature to Owner after investigation. Owner and Authority shall have the right to receive copies of all service requests and the reports of action taken on them.

(d) Property Manager shall use its best efforts to take such action as may be necessary to comply promptly with any and all orders or requirements of federal, state or local authorities having jurisdiction over the Development, including orders of the Board of Fire Underwriters or other similar bodies. Property Manager shall not take any action under this **Paragraph 18(d)** so long as Owner contests, or has affirmed its intention to contest, any such order or requirement and promptly institutes proceedings contesting any such order or requirement. Property Manager shall notify Owner in writing promptly, and in no event later than seventy-two (72) hours from the time of receipt, of all such orders and notices.

(e) Subject to the provisions of **Paragraph 22** hereof, Property Owner is authorized to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance or repair of the Development.

(f) Notwithstanding any of the foregoing provisions, the prior approval of Owner and Authority shall be required for any expenditure that exceeds Ten Thousand and No/100 Dollars (\$10,000.00) in any one instance for labor, materials, or otherwise, in connection with the maintenance and repair of the Development, except for recurring expenses within the limits of the Operating Budget and except for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Development. If any emergency repairs are necessary, Property Manager shall notify Owner and Authority in writing of the fact promptly, and in no event later than seventy-two (72) hours from the occurrence of such event.

19. **Utilities and Services.** In accordance with the Operating Budget, Property Manager shall make arrangements for water, electricity, gas, fuel oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities and telephone service. Subject to Owner's prior approval, Property Manager shall enter into such contracts as may be necessary to secure such utilities and services.

20. **Employees.** All on-site personnel shall be employees of the Property Manager and paid from the Development Bank Account as an expense of the Development. Such employees shall be hired, supervised and discharged exclusively by the Property Manager subject to the following conditions:

(a) Property Manager shall at all times have sufficient personnel physically present at the Development for the full and efficient performance of its duties under this Agreement, including physical presence of responsible persons at such times as may reasonably be requested by Owner.

(b) All hiring of Development employees shall be in accordance with the Operating Budget for the Development, unless otherwise authorized by Authority in writing.

21. Disbursements from Development Bank Account.

(a) From the funds collected and held by Property Manager in the Development Bank Account pursuant to **Paragraph 16** above, Property Manager shall, unless otherwise directed by Authority in writing, make the following disbursements from the Development Bank Account promptly when payable and in the following priority: (1) salaries and any other compensation due and payable to the employees referred to in **Paragraph 20** above, and the withholding taxes, insurance premiums, and Social Security and other payments required in conjunction with the payroll of such employees; (2) subject to the provisions of **Paragraph 30** below, the monthly escrow payments for taxes and assessments, fire and other hazard insurance premiums; utilities; interest on the Mortgage and any junior loan, amortization of the principal of the Mortgage and any junior loan, fees, and charges of Authority; (3) establishment and maintenance of the reserve fund for replacements required under the Regulatory Agreement, and other escrow deposits as required by the Regulatory Agreement or Mortgage or as directed by Authority; and (4) other payments due and payable by Owner as operating expenses incurred pursuant to the Operating Budget and in accordance with this Agreement, including Property Manager's compensation.

(b) Except for the disbursements mentioned in **Paragraph 21(a)** above, funds shall be disbursed or transferred from the Development Bank Account only pursuant to the terms of the Regulatory Agreement or upon the prior written approval of Authority, which shall be obtained by Owner.

(c) If the balance in the Development Bank Account is at any time insufficient to pay disbursements due and payable under **Paragraph 21(a)** above, Property Manager shall immediately inform Owner and Authority of such deficiency and Owner shall then remit to Property Manager sufficient funds to cover such deficiency, but only to the extent that funds of the Development are available. If the Owner fails to remit to Property Manager sufficient funds within five (5) days after written notice by Property Manager, Property Manager shall promptly notify Authority in writing. In no event shall Property Manager be required to use its own funds to pay such disbursements.

22. Operating Budgets. Property Manager shall prepare a proposed Operating Budget for each Fiscal Year during the term of this Agreement, and shall submit it to Owner and Authority at least ninety (90) days before the beginning of such Fiscal Year. In preparing a proposed Operating Budget, Property Manager shall use its best efforts to take into account the anticipated increases in rents, real estate taxes, utility charges and other operating costs from the previous Fiscal Year. To the extent feasible, Property Manager shall support anticipated increases in real estate taxes and utility charges with written evidence or documentation. The proposed Operating Budget for the Development for each Fiscal Year shall be subject to approval by Owner and Authority. Owner shall promptly inform Property Manager of all changes, if any, incorporated in the Operating Budget, and Property Manager shall make no expenditures in excess of the amounts set forth in the Operating Budget for each line item of operation expense itemized without the prior written approval of Owner and Authority, except as permitted pursuant to **Paragraph 18(f)** for emergency repairs involving manifest danger to persons or property, or that are required to avoid suspension of any services to the Development.

23. **Records and Reports.** In addition to any requirements specified in the Management Plan or other provisions of this Agreement, Property Manager shall have the following responsibilities with respect to records and reports:

(a) Property Manager shall establish and maintain a comprehensive system of records, books and accounts, including computerized systems, in a manner conforming with the directives of Authority and otherwise satisfactory to Owner. All records, books and accounts shall be subject to examination and reproduction at reasonable hours by any authorized representative of Owner or Authority.

(b) In accordance with the terms of the Regulatory Agreement, and with respect to each Fiscal Year ending during the term of this Agreement, Property Manager shall cause an annual financial report for the Development, based upon the preparer's examination of the books and records of Owner and the Development, to be prepared by an independent certified public accountant licensed in the State of Illinois selected by Owner and acceptable to Authority. The report shall be prepared in accordance with generally accepted accounting principles and the directives of Authority, shall be certified by the preparer and shall be submitted to Owner for Owner's further certification and submission to Authority within the period provided for in the Regulatory Agreement after the end of the Fiscal Year. Compensation for the preparer's services may be paid out of the Development Bank Account as an expense of the Development.

(c) Property Manager shall prepare a monthly report containing, among other information, financial statements of income and expense for the Development. Property Manager shall submit each such report to Owner within fifteen (15) days after the end of each month.

(d) Property Manager shall promptly furnish such information (including monthly occupancy reports) in connection with the Development as may be requested from time to time by Owner or Authority.

(e) By the fifteenth (15th) day of each month, Property Manager shall furnish to Owner an aged, itemized list of all delinquent accounts, including rental accounts, as of the tenth (10th) day of such month, as well as a report on the action Property Manager has taken in connection with such delinquent accounts.

(f) Except as otherwise permitted in writing by Authority, all bookkeeping, data processing services, and management overhead expenses shall be borne by Property Manager out of its funds and shall not be treated as Development expenses.

(g) Property Manager shall prepare, execute and file all forms, reports and returns required by law in connection with the employment of personnel, unemployment insurance, workmen's compensation insurance, disability benefits, Social Security and other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

24. **Fidelity Bond.** Property Manager shall furnish and maintain, at the expense of the Development, for the duration of this Agreement and any renewals or extensions of it, plus thirty (30) days after its expiration or termination, a commercial blanket bond (the "Fidelity Bond") in favor of Owner and Authority, jointly and severally, both in an amount not less than two (2) months gross potential rents for the Development plus Tenant security deposits and in a form and with a company or companies acceptable to Authority. The Fidelity Bond shall cover Property Manager and all employees hired by Property Manager in connection with this Agreement. The Fidelity Bond shall cover losses discovered by Owner or Authority for the period of two (2) years after the occurrence of such losses.

25. **Bids, Discounts and Rebates.** Property Manager shall obtain contracts, materials, supplies, utilities and services on the most advantageous terms to the Development, and shall solicit three (3) formal, written bids on all contracts or purchases exceeding Ten Thousand and No/100 Dollars (\$10,000.00) for those items that can be obtained from more than one source. Property Manager shall secure and credit to Owner all discounts, rebates or commissions obtainable with respect to purchases, service contracts and all other transactions on Owner's behalf. Property Manager shall not purchase services or materials from an entity in which Property Manager has an interest unless such purchase is approved in writing by Owner and Authority.

26. **Social Services Program.** If applicable, Property Manager shall be responsible to Owner for carrying out the social services program described in the Management Plan.

27. **On-Site Management Facilities.** Owner shall furnish Property Manager with suitable furnished office space on the site of the Development, including electricity, heat, water, janitorial service, telephone, postage, stationery, office equipment and supplies.

28. **Indemnification.**

(a) Owner agrees to indemnify, defend and hold Property Manager harmless from liability arising out of or in connection with the management of the Development, unless such liability is a result of the negligence or willful misconduct of Property Manager.

(b) Property Manager shall indemnify, defend and hold Owner harmless from and against any and all claims, causes of action, liabilities, losses or damages that may be asserted against Owner as a result of Property Manager's failure to act in accordance with the terms of this Agreement. Owner shall be entitled to recover from Property Manager its costs of litigation and reasonable attorney's fees if Owner incurs such costs and fees due to Property Manager's failure to act in accordance with the terms of this Agreement.

(c) It is expressly understood and agreed that the provisions contained in **Paragraphs 28(a) and (b)** shall survive the termination of this Agreement to the extent the cause arose prior to such termination.

29. **Insurance.**

(a) Property Manager shall cause the insurance coverage required under the Mortgage to be placed and kept in effect at all times with insurance companies approved by Owner and Authority, all in accordance with the terms of the Mortgage. Property Manager and Authority shall be designated as an insured under the public liability insurance policy in an amount acceptable to Property Manager, Owner and Authority. Property Manager shall promptly investigate and furnish to Owner and Authority full reports of all accidents, claims and potential claims for damages related to the Development and shall cooperate with Owner's insurers in connection with such accidents and claims.

In addition to the insurance coverage required under the Mortgage, Property Manager shall cause insurance coverage requested by Owner or Authority to be kept in effect to protect Property Manager and Owner against any and all claims, liabilities or damages arising from any social programs coordinated by Property Manager either on or off the Development property. Proof of all insurance coverage shall be forwarded to Owner or Authority at the request of either party.

(b) Property Manager shall maintain any additional insurance in such amount as Owner may reasonably require. Owner and Authority shall be designated as insured parties under such insurance.

30. **Escrow Payments.** Property Manager shall make from the Development Bank Account monthly escrow payments required under the Mortgage for insurance, tax and such other reserve or escrow accounts for the Development as may be required pursuant to the Mortgage and the Regulatory Agreement. Property Manager promptly shall present tax bills and insurance premium notices to the escrow agent for payment and shall furnish Owner and Authority with evidence of timely payment of such taxes and insurance premiums.

31. **Property Manager's Compensation.**

(a) During the Initial Rent-up Period (the earlier of eighteen (18) months from the issuance of the Certificate of Occupancy and the date on which the Development is 95% occupied):

(i) Property Manager shall be compensated as follows: (1) 5% of gross revenue plus (2) a monthly base fee of \$5,000 payable from January 2018 through the earlier of achieving 90% physical occupancy or July, 2019 plus (3) subject to adjustments as defined in paragraphs (ii) or (iii) below, an initial incentive lease up fee equal to \$45,000 payable October 1, 2019 if the rehabbed units in Phase IA have achieved at least 93% physical occupancy, plus (4) subject to adjustments as defined in paragraphs (ii) or (iii) below, a secondary incentive lease up fee equal to \$20,000 payable March 1, 2020 if all units in Phase IA have achieved at least 93% physical occupancy.

(ii) If the occupancy benchmarks in (i)(3) and (i)(4) above have not been achieved as of the dates noted, payment of the applicable fee shall be deferred until such date as the occupancy benchmarks have been achieved and then such incentive

lease up fee shall be reduced by multiplying the number of additional months it takes to achieve the benchmark occupancy by .05.

(iii) If the occupancy benchmarks in 1(c) and 1(d) above are achieved prior to and maintained through the dates noted, then such incentive lease up fee shall be increased by an amount equal to the number of months prior to the benchmark date that the desired physical occupancy percentage was achieved multiplied by .05.

(b) After the Initial Rent-up Period:

(i) Property Manager shall be compensated for its services under this Agreement by monthly fees, to be paid out of the Development Bank Account and treated as Development expenses. Such fees shall be payable on the 1st day of each month following the month in which the services were rendered. Each such monthly fee shall be a sum equal to five percent (5.00%) of Gross Collections.

(ii) If Property Manager has an identity of interest with Owner or the general partners of Owner (if Owner is a limited partnership), and if the Development (i) fails to maintain a DCR of at least 1:10 to 1; or (ii) maintains a DCR of at least 1.10 to 1 but fails to expend funds for deferred maintenance deemed necessary by Authority, or for Administrative Expenses, Operating Expenses and/or Maintenance Expenses (all as defined in the Regulatory Agreement) in amounts established in the Operating Budget; Authority may, in its sole discretion, reduce the management fee to a level consistent with the rates of management agents that are satisfactorily managing similar developments in the general vicinity of the Development, as determined by the Authority in its sole discretion, and that do not have an identity of interest with the owners, or the principals of the owners, of such developments.

(iii) In addition, if the Development fails (i) to maintain a DCR of at least 1.0 to 1 or the Development is delinquent for more than sixty (60) days in debt service payments on the Loan or Replacement Reserve Payments or (ii) the Development maintains a DCR of at least 1.0 to 1 and is current in its Replacement Reserve Payments but fails to expend funds for deferred maintenance deemed necessary by Authority, or for Administrative Expenses, Operating Expenses and/or Maintenance Expenses in amounts established in the Operating Budget, Authority may, in its sole discretion, further reduce the management fee to a level it deems appropriate.

(c) If the management fee has been reduced pursuant to **subparagraphs 31(b)(ii) or 31(b)(iii)**, Owner or Property Manager may request in writing that the management fee be restored to its previous level if (i) the DCR reaches 1.10 to 1 or 1.0 to 1, as applicable, or (ii) any necessary deferred maintenance has been completed and, if applicable, the appropriate funds have been expended for Administrative Expenses, Operating Expenses and Maintenance Expenses. Authority will evaluate such requests based on its evaluation of (i) the impact of an increase in the management fee on the financial condition of the Development and (ii) the anticipated needs of the Development for capital and operational expenditures.

32. **Term of Management Agreement.** This Agreement shall be in effect for a period of Three (3) year(s), commencing on the 1st day of August, 2017 and ending on the 31st day of July, 2020, subject, to the following conditions:

(a) This Agreement may be terminated upon the mutual written consent of Owner, Property Manager and Authority, or for cause by either Property Manager or Owner.

(b) Property Manager shall have the right to terminate this Agreement upon sixty (60) days advance written notice to Owner and Authority.

(c) Owner shall have the right to terminate this Agreement upon thirty (30) days advance written notice to Property Manager and Authority, provided that Owner has identified another property manager, approved by Authority, for the Development.

(d) If a petition in bankruptcy is filed by or against Owner or Property Manager, or if Owner or Property Manager makes an assignment for the benefit of creditors or takes advantage of any insolvency act, the other party may terminate this Agreement without notice. The party invoking such termination shall give prompt notice of such action to Authority.

(e) **Property Manager and Owner expressly agree that Authority shall have the right to terminate this Agreement, with or without cause, on ten (10) days advance written notice to Owner and Property Manager;** in the event of such termination by Authority shall have the right, in its sole discretion, to appoint a property manager (the "New Manager") who shall manage the Development on the same terms and conditions as the Property Manager; provided, however, that Authority may determine the compensation to be provided to the New Manager. The term of the New Manager (the "Appointed Term") shall be for a period not to exceed eighteen (18) months. During the Appointed Term, Owner shall not have the right to appoint a new property manager, and the New Manager shall be subject to the direction of Authority, and not Owner. After the expiration of the Appointed Term, the Owner shall have the right to appoint a property manager, subject to the terms and conditions of a management agreement approved by Authority.

In the event of a financial default by the Mortgagor under the Mortgage, the Mortgage Note or the Regulatory Agreement, Authority need not give the aforesaid ten (10) days notice but shall have the right to terminate this Agreement immediately.

(f) Within thirty (30) days after the termination of this Agreement for any reason, Property Manager shall submit to Owner and Authority the financial statements required under **Paragraph 23** hereof to the date of such termination, and after Property Manager and Owner have accounted to each other with respect to all matters outstanding as of the date of termination and Property Owner has fully complied with all terms and conditions of this Agreement, Owner shall furnish Property Manager security, in form and amount reasonably satisfactory to Property Manager, against any obligations or liabilities that Property Manager properly incurred pursuant to the terms of this Agreement on behalf of Owner.

33. **Rights and Responsibilities Upon Termination.** If this Agreement is terminated for any reason:

(a) No further or additional liability shall attach to Owner, Property Manager or Authority, except for Property Manager's compensation to the date of such termination, and except for such liability as may exist under this Agreement arising out of acts or obligations predating the date of such termination.

(b) Within ten (10) days after this Agreement expires or is terminated, Property Manager shall deliver to Owner all "as built" plans and surveys of the Development in its possession and all books and records concerning the Development.

(c) Within fifteen (15) days after the termination of this Agreement, Property Manager shall close all accounts and pay the balance or assign all certificates of deposit regarding the Development as follows:

- (1) if the termination is by Owner with consent of Authority, to Owner; and
- (2) if the termination is by Authority, to Authority.

34. **Assignments.** This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Property Manager and their respective successors and assigns; however, Property Manager shall not assign this Agreement, or any of its duties under it, without the prior written consent of Owner and Authority.

35. **Subordination of Agreement.** Owner and Property Manager each acknowledge that this Agreement is subject and subordinate to the Regulatory Agreement, including all exhibits attached to it. To the extent this Agreement conflicts with any of the provisions or requirements set forth in the Regulatory Agreement or the exhibits to it, the Regulatory Agreement and exhibits shall prevail and control.

36. **Amendment.** This Agreement constitutes the entire agreement between Owner and Property Manager and no amendment or modification of it shall be valid or enforceable except by supplemental agreement in writing, executed by the parties hereto and approved by Authority.

37. **Remedies**

(a) **Equitable Relief.** Owner or Authority may apply to any court, state or federal, for specific performance of this agreement, for an injunction against any violation of this Agreement or for such other relief as may be appropriate, since the injury arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

(b) **Venue.** Owner and Property Manager agree that if Authority brings an action in connection with this Agreement or is a defendant in an action brought by Owner or Property Manager, venue shall be proper, at the option of Authority, either in the Circuit Court of Cook County, Illinois or in the United States District Court for the Northern District of Illinois, Eastern Division, as the case may be.

(c) **Attorneys' Fees.** In the event of any litigation between Owner and Property Manager arising out of or in connection with this Agreement, including, but not limited to, litigation arising out of or in connection with **Paragraph 28** hereof, the prevailing party shall be entitled to recover from the other party its costs of litigation and reasonable attorneys' fees incurred in connection with such litigation.

(d) **Authority's Costs of Enforcing Agreement.** Owner or Property Manager, as the case may be, shall pay to Authority any and all costs, expenses and reasonable attorneys' fees that Authority may suffer, incur or become liable for by reason of Authority enforcing, or attempting to enforce, the terms and provisions of this Agreement if the Authority prevails in its position.

(e) **Remedies Cumulative.** Authority's and Owner's remedies are cumulative and the exercise of one shall not be deemed an election of remedies, nor foreclose the exercise of Authority's or Owner's other remedies. No waiver by Authority or Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. The failure or delay of Authority or Owner in exercising any of its rights under this Agreement in any one or more instances, or the exercise of less than all of their rights in any one or more instances, shall not be deemed or construed as a waiver of any such rights.

38. **Successors.** This Agreement shall bind, and the benefits shall inure to, the parties to this Agreement, their legal representatives, successors in office or interest and assigns; however, Property Manager may not assign this Agreement, or any of its obligations under this Agreement, without the prior written approval of Owner and Authority.

39. **Survival.** All representations, warranties and covenants to indemnify shall survive the termination of this Agreement if the basis for the claim or cause of action in connection with such representations, warranties and covenants arose during the term of this Agreement.

40. **Notices.** Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this Agreement 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.

(a) Property Manager:

Related Management Company, L.P.
2 N. LaSalle Street, Suite 2300
Chicago, IL 60602
Attn: John Kennedy, Senior Vice President

(b) Owner:

Lathrop Homes IA, LP
350 W. Hubbard Street, Suite 300
Chicago, IL 60610
Attn: Jacques Sandberg

(c) Authority:

Illinois Housing Development Authority
401 N. Michigan Ave., Suite 700
Chicago, Illinois 60611
Attention: Director, Asset Management Department

Such addresses may be changed by notice to the other party given in the same manner as provided in this **Paragraph 40**. 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 served and effective three (3) business days after proper deposit with the United States Postal Service.

Except as otherwise specifically required this Agreement, notice of the exercise of any right or option granted to Property Manager by this Agreement is not required to be given.

41. **Authority As Third-Party Beneficiary.** Authority shall be a third-party beneficiary of this Agreement regarding the fulfillment of the duties and obligations imposed upon Owner and Property Manager under this Agreement. Owner and Property Manager each warrant to Authority that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory, or in opposition to the provisions of this Agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth in any other agreement and supersede any other requirements in conflict with this Agreement.

42. **Interpretation of Agreement.**

(a) **Governing Law.** The laws of the State of Illinois, exclusive of its conflict of laws provisions, shall govern the interpretation and enforcement of this Agreement.

(b) **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of this Agreement.

(c) **Partial Invalidity.** If any term, covenant, condition or provision of this Agreement, or the application of it to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the

remainder of this Agreement, or the application of it to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by __such determination and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(d) **Gender**. The use of the plural in this Agreement shall include the singular; the singular shall include the plural; and the use of any gender shall be deemed to include all genders.

(e) **Counterparts**. This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same instrument.

(f) **Addendum**. The Addendum to Management Agreement attached hereto is incorporated herein by reference.

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

This Agreement and the Property Manager appointed in it are approved as of this 27th day of September, 2017.

OWNER

Lathrop Homes IA, LP, an Illinois limited partnership

By: Lathrop Homes IA GP, LLC, an Illinois limited liability company, its general partner

By: Related Lathrop LLC, an Illinois limited liability company, its manager

By: LR Development Company LLC, a New York limited liability company d/b/a Related Midwest LLC, its sole member

By: 

Name: Jacques Sandberg

Title: Vice President and Secretary

PROPERTY MANAGER

Related Management Company, L.P., a New York limited partnership

By: 

Name: John D. Kennedy

Title: Senior Vice President

ILLINOIS HOUSING DEVELOPMENT AUTHORITY:

By: 

Print Name: _____

Title: _____