



U.S. Department of Housing & Urban Development
Office of the Regional Counsel - Region V
77 West Jackson Boulevard, 26th Floor
Chicago, IL 60604-3507

CHRON

May 11, 2017

WTC LLC
WTC Residential Development, LLC
c/o Applegate & Thorne-Thomsen, P.C.
440 S. LaSalle St., Suite 1900
Chicago, Illinois 60605

Subject: Wheeling Town Center
FHA Project No. 071-35882
Property Address: 351 West Dundee Road, Wheeling, Illinois
Prohibition on the Option to Repurchase

Dear WTC LLC and WTC Residential Development, LLC,

I am writing today regarding the planned Wheeling Town Center multifamily apartment project in Wheeling, Illinois (the "Project") (FHA Project No. 071-35882). The U. S. Department of Housing and Urban Development ("HUD") has issued a firm commitment to insure Berkadia Commercial Mortgage's \$70,059,200 mortgage loan to WTC Residential Development, LLC ("Borrower") to finance the construction of the project.

On Tuesday, May 9, 2017, HUD learned that the project is subject to the Restated Redevelopment Agreement-Wheeling Town Center (Restated RDA) dated May 6, 2016. The Restated RDA was entered into by the Village of Wheeling ("Village") and WTC LLC ("Developer"), the project developer and affiliate of the Borrower.

Section 6.3 of the Restated RDA ("Village Option to Repurchase Property") grants the Village the option to repurchase the project property if the Borrower and Developer fail to reach certain milestones. The terms of the option to repurchase are further described in a draft Repurchase Agreement and a draft Memorandum of Repurchase Agreement that are intended to be executed by the Developer and the Village and the Memorandum is intended to be recorded.

HUD's statutes and regulations require all project owners to hold fee simple marketable title to project property. After reviewing Section 6.3 of the Restated RDA, the draft Repurchase Agreement and the draft Memorandum of Repurchase Agreement, we have concluded that HUD is prohibited from insuring the loan as long as the Village's option to repurchase remains in effect.

Please contact myself or Attorney-Advisor Matt Towey with any questions regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Courtney Minor".

Courtney Minor
Regional Counsel