

3/9/2012

**32-O-12**

**AN ORDINANCE**

**Authorizing the City Manager to Execute an Assignment of a Real Estate Contract for the Purchase of Real Property at 1223-1225 Chicago Avenue, Evanston, Illinois**

**WHEREAS**, the City of Evanston seeks to acquire real property located at 1223-1225 Chicago Avenue, Evanston, Illinois 60202 and legally described on Exhibit "A", which is incorporated herein by reference (the "Subject Property"); and

**WHEREAS**, the Subject Property is owned by Sona 1225 Chicago Realty, Inc., an Illinois corporation (the "Sona"); and

**WHEREAS**, Sona entered into a real estate sale contract with Gendell Realty Partners, Inc., an Illinois corporation ("Gendell") on or about October 5, 2011 (the "Contract"); and

**WHEREAS**, the Subject Property is part of a larger development of adjoining properties; and

**WHEREAS**, the City Council of the City of Evanston has determined that City ownership of the aforesaid Subject Property is necessary, appropriate, required, and in the best interests of the City of Evanston to facilitate said future development; and

**WHEREAS**, the City Council has determined that the best interests of the City of Evanston would be served by taking an assignment of the Contract of said Subject Property from Gendell; and

**WHEREAS**, the City Manager recommends that the City Council hereby approve the assignment of the Contract on terms consistent with the Assignment and

Assumption Agreement, attached hereto as Exhibit "B" and incorporated herein by reference (hereinafter, the "Assignment"); and

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS, THAT:**

**SECTION 1:** The foregoing recitals are hereby found as fact and incorporated herein by reference.

**SECTION 2:** The City Council of the City of Evanston hereby approves the Assignment of the Contract for the Subject Property between the City and Gendell.

**SECTION 3:** The City Manager is hereby authorized and directed to sign, and the City Clerk is hereby authorized and directed to attest, the Assignment, pursuant to the terms of which the Subject Property shall be conveyed. The City Manager is further authorized to negotiate any changes or additional terms and conditions with respect to the Assignment and the Contract of the aforesaid Subject Property as the City Manager may deem fit and proper.

**SECTION 4:** The City Manager and the City Clerk, respectively, are hereby authorized and directed to execute, attest, and deliver such other documents, agreements, and certificates as may be necessary to effectuate the assignment and purchase herein authorized.

**SECTION 5:** All ordinances or parts of ordinances in conflict herewith are hereby repealed.

**SECTION 6:** This ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

**SECTION 7:** If any provision of this ordinance or application thereof to any

person or circumstance is held unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications hereof that can be given effect without the invalid provision or application, and each invalid application hereof is severable.

**SECTION 8:** The findings and recitals contained herein are declared to be prima facie evidence of the law of the City and shall be received in evidence as provided by the Illinois Compiled Statutes and the courts of the State of Illinois.

Introduced: March 19, 2012

Approved:

Adopted: May 7, 2012

May 10, 2012

Elizabeth B Tisdahl  
Elizabeth B. Tisdahl, Mayor

Attest:

Approved as to form:

Rodney Greene  
Rodney Greene, City Clerk

W. Grant Farrar  
W. Grant Farrar, Corporation Counsel

**EXHIBIT A**

**Legal Description**

LOT 19 IN THE WEST 1/2 OF BLOCK 76 IN NORTHWESTERN UNIVERSITY  
SUBDIVISION IN THE NORTH 1/2 OF THE NORTH 1/2 OF SECTION 19, TOWNSHIP  
41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK  
COUNTY, ILLINOIS.

**Commonly Known As:** 1223-1225 Chicago Avenue, Evanston, Illinois 60202

**EXHIBIT B**

**Assignment and Assumption Agreement**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2012, by and between GENDELL REALTY PARTNERS, INC., an Illinois corporation ("Assignor"), and CITY OF EVANSTON, an Illinois home rule municipality ("Assignee") and consented to by SONA 1225 CHICAGO REALTY, INC., an Illinois corporation ("Seller").

### RECITALS

A. On October 5, 2011, Assignor and Seller entered into a Real Estate Sale Contract (the "Contract"), a copy of which is attached hereto as Exhibit A. Any capitalized term not otherwise defined herein shall have the meaning given to such term in the Contract.

B. Assignor desires to assign its rights and obligations under the Contract and Assignee agrees to assume the rights and obligations of Assignor under the Contract.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Preamble; Recitals. The preamble and recitals set forth above are incorporated into and form a part of this Agreement.

2. Assignment. Assignor hereby assigns, conveys and transfers to Assignee all of its rights and interests under the Contract.

3. Assumption. Assignee hereby accepts the assignment of all of Assignee's rights and interests under the Contract and agrees to assume all of the duties and obligations arising therefrom.

4. Indemnification. Assignee agrees to indemnify, defend and hold harmless Assignor against any damages, losses, deficiencies, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred or suffered by Assignor resulting from or relating to the failure of Assignee to pay, perform and discharge the liabilities and obligations of Assignor under the Contract assumed by Assignee hereunder.

5. Consent. Seller hereby consents to the assignment of the Contract to Assignee and acknowledges that Assignee shall be entitled to all benefits and privileges under the Contract that are granted to Assignor thereunder as if Assignee were the original party to such Contract. Seller acknowledges that Assignor is not in default of the Contract.

6. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

7. Governing Law. This Agreement shall be governed by the internal laws of the State of Illinois, without regard to conflicts of law provisions or interpretations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ASSIGNOR:

GENDELL REALTY PARTNERS, INC.  
an Illinois corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

ASSIGNEE:

CITY OF EVANSTON,  
an Illinois home rule municipality

By: \_\_\_\_\_  
Name: Wally Bobkiewicz  
Its: City Manager

SELLER:

SONA 1225 CHICAGO REALTY, INC.  
an Illinois corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A - CONTRACT**



REAL ESTATE SALE CONTRACT

1. GENDELL REALTY PARTNERS, INC., an Illinois corporation, or its nominee ("Purchaser") agrees to purchase at a price of One Million Four Hundred Thousand Dollars (\$1,400,000.00) (the "Purchase Price"), on the terms set forth herein, the following described real estate in Cook County, Illinois:

*LEGAL DESCRIPTION TO BE ADDED BY SELLER'S ATTORNEY*

commonly described or known as 1223-1225 Chicago Avenue, Evanston, Illinois (the "Property"), a lot measuring approximately 50 feet by 160 feet improved with a \_\_\_ square foot building. Specific lot dimensions will be per survey.

2. Owner of Record (the "Seller") agrees to sell the real estate and the property described above, if any, at the price and terms set forth herein, and to convey or cause to be conveyed to Purchaser, or Purchaser's nominee, title thereto by a recordable Special Warranty Deed, with release of homestead rights, if any, subject only to: (a) covenants, conditions and restrictions of record; (b) private, public and utility easements and roads and highways, if any; (c) special taxes or assessments for improvements heretofore completed; (e) mortgage or trust deed specified below, if any, and (f) general taxes for the prior year (if unpaid), year of closing and subsequent years including taxes which may accrue by reason of new or additional improvements during the year(s).
3. Earnest Money Upon the Seller's execution of this Agreement (the "Execution Date"), Purchaser will deposit in escrow, as earnest money, the sum of Twenty Five Thousand Dollars (\$25,000.00). Purchaser agrees to pay or to satisfy the balance of the purchase, plus or minus prorations, at the time of closing. The earnest money shall be held by Chicago Title and Trust Company ("Escrowee"), or such title company designated by Seller, in an interest bearing Strict Joint Order Escrow Account, with all interest earned thereon payable to Purchaser. Purchaser and Seller shall bear the cost of said escrow equally. The balance of the Purchase Price will be paid to Seller at Closing in U.S. funds in the form of a wire transfer in the amount of the balance owed plus or minus prorations.
4. Closing The time of the closing shall be sixty (60) days from the end of the Inspection Period, at a time to be agreed, unless the parties mutually agree otherwise, at the Skokie, Illinois office of Chicago Title Insurance Company or such other title company designated by Seller.
5. Violations To the best of Seller's knowledge, Seller represents to Purchaser that neither Seller, its beneficiaries, agents of Seller nor agents of its beneficiaries, have received any notice from any source whatsoever, of violation(s) of environmental, zoning, building, fire or health code violations with respect to the property which have not been fully corrected to the written satisfaction of the issuing authority. Purchaser shall make its own investigation and will not rely upon Seller's representations.
6. Inspection Period Purchaser's obligations hereunder are subject to, at Purchaser's sole and unfettered discretion, Purchaser's approval of the Property for Purchaser's intended use. For that purpose, Purchaser is given one hundred and twenty (120) days from execution of this

contract to inspect the Property and to obtain all necessary testing and municipal and governmental approvals for its intended use (the "Inspection Period").

Purchaser's approval or termination, hereunder, shall be at Purchaser's sole discretion and Purchaser may terminate this agreement for any reason (or no reason), whatsoever. If during the Inspection Period the Purchaser notifies the Seller in writing of its election to terminate this agreement, the agreement shall be terminated and null and void, and the parties shall be relieved of any further obligation and responsibility under this agreement and the earnest money and accrued interest thereon shall be returned to the Purchaser. In the event Purchaser does not or fails to give written notification of its election to terminate the agreement prior to the expiration of the Inspection Period the preceding provisions of this paragraph shall be deemed waived.

7. With prior written notice to Seller, Purchaser and its agents shall have the right to reasonably access the Property during the Inspection Periods. Purchaser or its agents may conduct any research, testing, evaluation or initiate any application or appeal for zoning or Village approvals ("Governmental Approvals") Purchaser deems reasonably necessary or conduct no research, testing, evaluation or zoning application or appeal, at Purchaser's sole and unfettered discretion. Inspection Period Documents Seller shall deliver or cause to be delivered to Purchaser or Purchaser's agent, not more than FIVE days after the Execution Date, the following information in writing regarding the Real Estate and other items to be conveyed under the terms hereof (or if any portion of such information does not exist, a statement that such information does not exist):
  - (A) Copies of and a list of any leases, service, maintenance, management or other contracts relating to the ownership or operation of the Real Estate;
  - (B) Copies of and a list of Seller's interest in any warranties, guarantees, permits and licenses relating the above and the Property and Seller's interest in any trade names used in connection with the Property (not including Seller's name);
  - (C) Copies of following documents which are in the possession of Seller and agents of Seller at the Effective Date: all engineering, utility, sewer and water service, asbestos, environmental and subsurface, wetlands, flood plain and traffic studies, examinations or correspondence relating thereto; all reports, notices and other documents pertaining to any process for site plan approval, zoning, and variance process previously undertaken; correspondence with adjacent property owners; any blueprints, architectural and building drawings, structural, HVAC, mechanical and plumbing plans and specifications, survey, engineering and environmental reports in Seller's possession in connection with the Real Estate, the notices, reports and registrations Seller has filed, if any, pursuant to Seller's obligations under the Illinois State Fire Marshal Regulations for Underground Storage Tanks, SARA Title II, the OSHA Hazard Communication Standard, and/or any other Federal, State or Local Health and Safety Regulations and all documents concerning any previous or potential litigation concerning the Property. In the event Closing does not occur, Purchaser shall promptly return the above to Seller, except to the extent needed by Purchaser to pursue a claim against Seller based on Seller's default herein;
  - (D) An existing boundary survey of the Property, and

In the event that, after Seller has furnished the above information or a statement that such information does not exist, Seller shall come to possess any newer or new information, Seller shall furnish copies of such newer or new information to Purchaser no later than TWO days after receipt thereof; provided, however, that notwithstanding anything herein to the contrary, such newer or new information shall be furnished to Purchaser no later than two days prior to the Closing Date.

8. **Release** Purchaser does hereby release and forever discharge Seller, Seller's employees and agents, heirs, administrators and executors from any and all claims, demands and causes of action of any kind or nature which may arise as a result of Purchaser's activities related to Purchaser's inspections, investigations and testings with respect to the Property. Purchaser shall hold Seller harmless and defend Seller against any and all claims, proceedings or causes of action resulting from any action or inaction of Purchaser, its agents or employees, with respect to the Property. Purchaser shall cause its contractors to carry Worker's Compensation Insurance in accordance with statutory requirements, Automobile Liability Insurance and Commercial General Liability Insurance, naming Seller as an additional insured, covering such contractors on or about the premises with policy limits not less than two million dollars (\$2,000,000.00) in the event of personal injury to any number of persons or damage to Property, arising out of any one occurrence or in such reasonable amounts as Seller shall require and to submit such certificates evidencing such coverage to Seller prior to the commencement of such work. This coverage shall survive termination of this agreement under paragraphs 6 or 10. Purchaser shall not carry out such activities, which causes interruption in Seller's business activities. Purchaser agrees to restore the property to its original condition prior to such inspections, investigations and testing.
9. **Conveyance of Title** At Closing, Seller agrees to deliver to Purchaser a Special Warranty Deed, in recordable form, conveying the Premises to Purchaser or its nominee or assigns, free and clear of all liens, claims and encumbrances except for the Permitted Exceptions (as hereinafter defined).
10. **Title Commitment; Title Policy** Seller shall obtain, at Seller's expense, and arrange for delivery to the parties within FIVE days following the deposit of the Earnest Money into escrow with the Title Company, a Commitment for Owner's ALTA Title Insurance Policy Form B with extended coverage (extended coverage shall be at Purchaser's expense) ("Commitment") issued by Title Company, setting forth the state of title to the Premises and all exceptions and restrictions of record. Along with such commitment, Seller shall request that the Title Company furnish Purchaser with copies of all documents affecting the Premises, as reflected in the Commitment. In the event any exceptions appear in such Commitment or title documents other than the standard printed exceptions (which shall be deleted in the Owner's Title Policy as hereafter provided) that are unacceptable to Purchaser, then Purchaser shall, on or before the date of expiration of the Contingency Period, notify Seller, in writing, of such fact. Any such exceptions not objected to by Purchaser shall hereinafter be referred to as "Permitted Exceptions"; provided, however, that mortgage liens, judgment liens, mechanic's liens, tax liens and other liens of definite or ascertainable amounts which are capable of being cleared from title by the payment of a sum certain ("Monetary Liens") shall not be Permitted

Exceptions under any circumstances, regardless of whether or not Purchaser objects thereto in accordance herewith, and Monetary Liens shall be cleared from title at closing by the payment or escrowing of sufficient funds to cause such exceptions to be removed from Purchaser's title policy, such payments to be made by Seller. Any exceptions objected to by Purchaser prior to expiration of the Contingency Period, raised by the Title Company subsequent to the date of expiration of the Contingency Period for the first time and any Monetary Liens shall hereinafter be called "**Unpermitted Exceptions**". Seller shall give written notice to Purchaser within five (5) days of the date of Purchaser's notice of objection to title matters as to whether Seller will cure the matters objected to by Purchaser at or prior to Closing and such undertaking to cure, if any, shall be a binding obligation of Seller under this Agreement. In the event Seller fails to cure an Unpermitted Exception at or prior to Closing, Purchaser may terminate this Agreement and receive a return of the Earnest Money or may elect to proceed to close hereunder and take a credit at closing in the aggregate amount of any Monetary Liens. At Closing Seller shall pay to bring the Commitment to policy and subject only to the Permitted Exceptions.

11. **Survey** Purchaser, at its sole cost and expense within ten (10) days of contract execution, will obtain a survey of the Property, prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, a survey of the Premises, dated as of a date on or after the Contract Date, certified to Purchaser and its assigns, Purchaser's designated lender(s), and the Title Company. The Survey shall, include Table A Optional Item No.'s: 1, 2, 3, 4, 5 (on a separate sheet from the other matters), 6, 7 (if applicable), 8, 9 (if applicable), 10, 11, 13, 14, 15 and 16; Should the Survey indicate the presence of any encroachments by or upon the Premises or other matters which do or could adversely affect Purchaser's use, Purchaser may terminate the Contract by written notice to Seller.
12. **Tax Prorations** All general real estate taxes upon the Property for the current year shall be prorated on the basis of 110% of the most recent ascertainable tax bill. Such tax proration shall be final at Closing and shall not be re-prorated upon receipt of the actual tax bill.
13. **Transfer Stamps** Seller shall pay the amount of any stamp tax imposed by State law on the transfer of title, and shall furnish a completed Real Estate Transfer Declaration signed by the Seller or the Seller's agent in the form required pursuant to the Real Estate Transfer Declaration of the State of Illinois and shall furnish any declaration signed by the Seller or the Seller's agent. The parties shall meet other requirements as established by any local ordinance with regard to a transfer or transaction tax; such tax required by local ordinance shall be paid by the party upon whom such ordinance places responsibility therefor. If such ordinance does not so place responsibility, Seller shall pay the tax.
14. **Default** If the Purchaser defaults, earnest money shall be forfeited and paid to Seller as Seller's sole remedy for such default at law or equity. If Seller defaults, earnest money, at the option of Purchaser shall be refunded to Purchaser and Purchaser may file suit against Seller for specific performance as Purchaser's sole remedy for such default at law or equity. In the event of a dispute as to which party is entitled to the earnest money, the Escrowee may deposit the escrowed funds with the Clerk of the Circuit Court pending final resolution.
15. **Closing Escrow** At the election of either party, upon notice to the other not less than five (5) days prior to the time of closing, this sale shall be closed through an escrow at Chicago Title

Insurance Company, or such title company designated by Seller, in accordance with the general provisions of the usual form of Deed and Money Escrow Agreement then in use by Chicago Title Insurance Company, with such special provisions inserted in the escrow agreement as may be required to conform with this agreement. Upon the creation of such escrow, anything herein to the contrary notwithstanding, payment of the purchase price and delivery of the deed shall be made through the escrow and this contract and the earnest money shall be deposited in the escrow. The Parties shall equally share the cost of the escrow in accordance with usual custom.

16. **Time** Time is of the essence in this agreement.
17. **Notices** All notices required herein shall be in writing and shall be served on the parties at the addresses following their signatures. The faxing of a notice to a party's respective attorney shall be sufficient.
18. **Assignment** Purchaser may not assign this Agreement to another entity without Seller's consent prior to closing, provided, however, that Purchaser shall remain primarily liable for the performance of Purchaser's obligations hereunder.
19. **Broker** Seller and Purchaser each represent and warrant to the other that Terraco, Inc. have served as brokers in this transaction pursuant to separate agreement.
21. **SELLER'S REPRESENTATIONS**

Seller hereby represents, covenants and warrants to Purchaser as follows, each of which is true and correct as of the Effective Date, and shall be true and correct at Closing. :

(A) Seller is the record owner of the Property, has the full power, right and authority to grant the rights provided under this Agreement, to assign and convey the Property and to consummate this transaction, all as herein provided and the Property is not leased under terms in which the lease is not cancelable by the lessor upon one month's notice to the tenant;

(B) Except as is listed below, Seller and agents of Seller have received no threat or notice of the commencement of any legal action against Seller for the damaging, taking or acquiring of, or in connection with all or any part of, the Property and there is no pending or threatening eminent domain, condemnation or other governmental taking of the Property or any part thereof. If, prior to the Closing Date, all or any portion of the Real Estate is condemned or taken by eminent domain, or Seller becomes aware of or receives a notice of a proposed condemnation, Seller shall, within ten (10) days following any of the above events, give Purchaser notice thereof in writing. If a condemnation or taking in fact occurs and such condemnation or taking is substantial (as hereinafter provided), then notwithstanding anything to the contrary herein, Purchaser shall have the option, exercisable by notice to Seller given within ten (10) days following Seller's notice to Purchaser of such condemnation, to terminate this Agreement, whereupon this Agreement shall be terminated, the Earnest Money Deposit and interest thereon shall forthwith be returned to Purchaser and thereafter neither party shall have any further rights or obligations hereunder. If (a) Purchaser does not elect to terminate this Agreement in the event of a substantial condemnation or taking, or (b) such condemnation or taking is not substantial, Seller shall convey the Property on the Closing Date to Purchaser in its then condition, upon and subject to all of the other terms and conditions of this Agreement, and assign to Purchaser all of Seller's right, title and interest in and to any claims Seller may have to the condemnation awards and/or any causes of action with respect to such

condemnation or taking of the Real Estate and pay to Purchaser all payments theretofore made to Seller by such condemning authorities. A condemnation or taking shall be deemed substantial if it results in the inability of Purchaser to construct Purchaser's development as contemplated by this Agreement:

NONE

(C) To the best of Seller's knowledge Seller or agents of Seller have no knowledge or have received no notices from any governmental authority of zoning, building, licensing, permit, fire, or health code violations in respect to the Real Estate or which to a material extent could adversely effect the financial condition or continued operation of Seller, nor are any licenses or permits existing or required to be obtained from any governmental authority affecting the Property except as follows:

NONE

(D) To the best of Seller's knowledge There is no pending or threatened litigation, claims, demands or liens with respect to the Property or which to a material extent could adversely effect the financial condition or continued operation of Seller except as follows:

NONE

(E) Intentionally deleted.

(F) Intentionally deleted.

(G) Intentionally deleted.

(H) To the best of Seller's knowledge Seller and agents of Seller have not been subject to, or received any notice of, any private, administrative or judicial action, or notice of any intended private, administrative, or judicial action, relating to the presence or alleged presence of hazardous materials in, under, upon or emanating from the Property, and does not know and has no reason to know of any basis for any such notice or action, and there are no pending or to the best of Seller's knowledge, threatened actions or proceedings (or notices or potential actions or proceedings) from any governmental agency or any other person or entity regarding any matter relating to health, safety, or protection of the environment, to the best of Seller's knowledge;

(I) Intentionally deleted.

(J) Intentionally deleted.

(K) To the best of Seller's knowledge, (i) No portion of the Real Estate is "exempt" from real estate taxes (ii) no special assessments have been levied or assessed against the Real Estate, and (iii) Seller has received no notice and has no knowledge of any proposed assessment increase, except as follows:

WP  
RCH

NONE

(L) Intentionally Intentionally deleted.

(M) To the best of Seller's knowledge, Seller is not aware of any adverse incident, including but not limited to commission of a serious crime on the Real Estate, in connection with all or portion of the Property which could adversely affect the salability or leasability of the Property;

(N) Seller is not insolvent;

(O) To the best of Seller's knowledge, the performance by Seller of all the terms and provisions contained in this Agreement and in any and all other documents delivered to Purchaser shall not constitute an event of default under any other agreements to which Seller is now or hereafter may be a party, nor will any such acts in any way violate any statute, regulation or administrative direction;

(P) Unless Purchaser defaults prior to the Closing Date or unless this Agreement is terminated prior to such date, then other than (i) physical changes, except necessary home repairs, to the Real Estate, if any, mentioned in this Agreement which Seller agrees to make under the terms hereof, (ii) physical changes to the Property made by Seller to comply with applicable law, and (iii) ordinary wear and tear, Seller shall between the last date Purchaser makes an inspection and the Closing Date:

(I) Operate the Real Estate diligently and in the ordinary course of Seller's business and keep, maintain and repair the Property in its present condition, reasonable wear and tear excepted;

(II) Advise Purchaser promptly of any litigation, arbitration, administrative hearing, or legislation before any governmental body or agency of which Seller is notified, concerning or affecting the Property which is instituted after the date hereof;

(III) Not take, or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Agreement;

(IV) Without the prior consent of Purchaser, not enter into any new written or oral service agreement or other agreement with respect to the Property that will not be fully performed by the parties thereto on or before the Closing Date;

(V) Operate the Property diligently an in the ordinary course of Seller's business; and

(VI) Keep observe and perform Seller's material obligations as landlord under leases presently in effect, and as long as tenants are not in default under the leases, nor cause termination of any lease;

(VII) Not amend any lease or enter into any new lease concerning the Property without the written consent of Purchaser and shall not amend any service agreement or enter into any new service agreement concerning the Property unless the same is terminable without penalty by the then owner of the Property upon not more than 30 days' notice;

(Q) Seller is not aware of any unrecorded liens against the Property which will not be satisfied out of the Purchase Price;

UP  
[Signature]

(R) All obligations of Seller arising from the ownership and operation of the Property which accrued prior to the Closing Date, including, but not limited to salaries, taxes, leasing commissions, and the like, have been paid as they become due or will be paid at or prior to Closing. Except for obligations for which provisions are herein made for proration or other adjustments at Closing, there will be no obligations of Seller with respect to the Property outstanding as of the Closing Date;

(S) Seller shall maintain in full force and effect (subject to any expiration thereof) until Closing the insurance policies covering the Property. Seller shall renew or replace any policy expiring before Closing with a policy having a term of not more than one year;

(T) Seller shall not withdraw, settle or otherwise compromise any protest or reduction proceeding affecting real estate taxes assessed against the Real Estate for any tax year in which the Closing is to occur or any subsequent tax year without the prior written consent of Purchaser, which consent shall not be unreasonably withheld;

(U) If Seller is a corporation:

(i) The execution of this Agreement on behalf of Seller by the person(s) who executed this Agreement on behalf of Seller has been approved by Seller's Board of Directors and the approval of Seller's shareholders is not required;

(ii) The execution by Seller of this Agreement and any other documents which may from time to time hereafter be executed by Seller and delivered to Purchaser shall not constitute a breach of any provision contained in the Articles of Incorporation or by-laws of Seller; and

(iii) Seller is and during the term of this Agreement will continue to be in good standing in the state in which Seller is incorporated and the state in which the Real Estate is located.

(V) On the Closing Date, Seller will deliver the Real Estate to Purchaser in a broom clean condition.

(W) On the Closing Date no tenancies will exist on the Property except as follows. LA Tan, an existing tenant on the Property, shall be entitled to lease its current premises for up to four (4) months after the Closing for a sum \$16,000 for the said four (4) months. If LA Tan elects to lease the premises, Buyer shall receive credit of \$16,000 at Closing as prepaid rent. Should LA Tan remain in the premises after the four (4) month term expires, holdover rent shall be at 300% of the prior month's rent. The parties acknowledge that time is of the essence and Purchaser will attempt to shorten its inspection period and Seller will attempt to shorten the remaining LA Tan lease term. In the event LA Tan shall vacate prior to the end of any prepaid rental term, LA Tan shall be entitled to a refund of the prorata portion of any prepaid rent if has paid over to Purchaser.

## 22. REPRESENTATIONS, WARRANTIES AND COVENANTS OF PURCHASER

Purchaser hereby represents, covenants and warrants to Seller as follows, each of which is true and correct as of the Effective Date, and shall be true and correct at Closing and shall survive the Closing and shall not merge into the deed:

(A) Purchaser has all requisite power and authority to consummate the transaction contemplated by this Agreement and has by proper proceedings duly authorized the execution and delivery of this Agreement and consummation of the transaction contemplated hereby.

(B) This Agreement when executed and delivered by Purchaser will constitute the valid and binding agreement of Purchaser enforceable against Purchaser in accordance with its terms.






23. **FURTHER ASSURANCES** From the Effective Date of this Agreement, both Seller and Purchaser covenant to each other that, in addition to the acts and deeds recited herein and contemplated to be performed, executed and delivered by each, each shall perform, execute and deliver or cause to be performed, executed and delivered at, prior to, or after the Closing, any and all further reasonable acts, deeds, and assurances and execute any documents or other writings as the other or the Title Insurer may reasonably request in order to consummate the transactions contemplated herein or to confirm or perfect any right to be created or transferred herein or pursuant to this transaction, provided that neither party shall be required to incur any material expenses in connection therewith.

24. **BROKER:** Seller agrees to pay a commission in the amount of Thirty Thousand Dollars to Terraco, Inc.

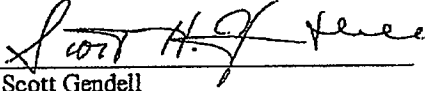
SELLER:  
SONA 1225 CHICAGO REALTY, INC.

  
By: Urmish Patel  
Its: Officer  
3775 West Arthur Ave.  
Lincolnwood, IL 60712

DATE:

10/03/11

PURCHASER:  
GENDELL REALTY PARTNERS, INC.

  
By: Scott Gendell  
Its: President  
3201 Old Glenview Rd, Suite 300  
Wilmette, IL 60091

DATE:

10/15/11