

**EVERY PROSPECTIVE PURCHASER
SHOULD READ THIS DOCUMENT CAREFULLY**

PROPERTY REPORT

for

EDGEWATER FLATS CONDOMINIUM ASSOCIATION

1215-25 W. Granville Avenue

Chicago, Illinois 60660

This Report is prepared in conformity to a City of Chicago Ordinance, Chapter 13-72 (Condominiums). Citations within refer to the Ordinance.

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**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

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EDGEWATER FLATS CONDOMINIUM ASSOCIATION

INTRODUCTORY MATERIAL AND GENERAL INFORMATION

A. Statutory Requirements. Chapter 13-72 of the Municipal Code of Chicago (“Code”) requires that the developer of condominium units disclose fully and accurately the characteristics of the condominium units being offered for sale. This Property Report is the means by which the required statutory disclosure is to be made and contains all of the information required by the applicable provisions of the Code. **EVERY PROSPECTIVE PURCHASER RECEIVING THIS PROPERTY REPORT SHOULD READ IT CAREFULLY.**

B. Format of Property Report. This Property Report consists of two parts, a narrative portion and an exhibit portion. The narrative portion summarizes the significant features of EDGEWATER FLATS CONDOMINIUM ASSOCIATION (“Condominium”) and presents additional information of interest for prospective purchasers. The exhibits include, among other things, legal documents which relate to the creation and operation of the Condominium (the “Condominium Instruments”), copies of the forms of the sales documents applicable to the individual units, a statement of the sales prices of unsold units, and estimated monthly tax and assessment payments for each unit, an estimated operating budget and reports of the developer’s architects and engineers. In the event of any inconsistency between the narrative and the exhibits, the exhibits will govern. All of the developer’s sales and other representatives are prohibited from orally changing any of the terms and conditions of the Condominium Instruments, with the exception of the developer’s attorneys, attempting to interpret their legal effect.

C. The Condominium Concept. The term “condominium” refers to a form of property ownership which, in effect, combines two forms of ownership. A condominium Unit Owner is, at the same time, both the sole owner of the portion of a building which comprises the space of his or her unit, which space is “the unit”, and one of many owners (in legal terms “tenants in common”) of all other portions of the building. Common Elements are all portions of the Property, as that term is defined in the Condominium Instruments, which are not included within the Units. In general, the Common Elements constitute the underlying land and those portion of the Property which support, enclose or service the Units. Each individual Unit Owner has a

percentage share, i.e., an “undivided interest“, in the ownership of the Common Elements. In EDGEWATER FLATS Condominium, the undivided interest is expressed as a percentage of the total undivided ownership of the Common Elements. The ownership of this percentage interest gives the Unit Owner the right, subject to the terms of the Illinois Condominium Property Act (“the Act“) and the Condominium Instruments, to use and participate in the control of the Common Elements and also impose upon the Unit Owner the obligation to pay that percentage of the expenses of operating and maintaining the Common Elements.

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EDGEWATER FLATS Condominium Association is a “Conversion Condominium“. The terms “Conversion“ or “Convert“, or like words are defined in Section 13-72-0010 of the Code as the “Offering for sale by a developer or his agent of a condominium unit occupied or rented for any purpose by any person before commencement of a condominium project which includes such unit“. The building is approximately 80+ years old and has been occupied since its completion as an apartment building and rented for such purposes. The building will be converted into condominium form of ownership upon recordation of the Condominium Instruments with the Recorder of Deeds of Cook County, Illinois.

D. Brief Description of Edgewater Flats Condominium Association. THE EDGEWATER FLATS CONDOMINIUM ASSOCIATION will consist of forty (40) residential dwelling units and three (3) storage units. The Common Elements will consist of all the Property other than the dwelling units and will also include the land, the structural components of the building, the corridors, the stairways, and the roof, all as more fully described in the balance of the Property Report.

**EDGEWATER FLATS CONDOMINIUM
ASSOCIATION**

PROPERTY REPORT

1215-25 W. GRANVILLE AVENUE

Chicago, Illinois 60660

**RONALD B. KAPLAN
RONALD KAPLAN, LTD.**

**Attorney at Law
134 N. LaSalle St., Suite 1710
Chicago, Illinois 60602
(312) 782-7666**

PROPERTY REPORT

This Property Report has been prepared to satisfy the requirements of Section 13-72-020 of the Municipal Code of Chicago. It describes the major aspects of **EDGEWATER FLATS CONDOMINIUM ASSOCIATION**, a condominium containing forty (40) residential units and three (3) storage units located at 1215-25 W. Granville Avenue, Chicago, Illinois 60660. The terms used in this document, unless otherwise provided in the context, have the same meanings as those set forth in the Declaration, a copy of which is attached hereto as Exhibit 2.

The format of this Property Report is intended to conform to the format of Chapter 13-72-020 of the Municipal Code of Chicago.

DISCLOSURES REQUIRED BY THE CODE:

A. Identity of Parties. [Code Section 13-72-020(A)]

1. (a) Developer.

Michael Kathrein

7601 N. Eastlake Terrace
Chicago, Illinois 60626

(b) Legal Owner.

Kathrein, LLC
A Delaware Limited Liability Company

7601 N. Eastlake Terrace
Chicago, IL 60626

2. Lenders.

The lender on the Condominium Property who is secured by a blanket mortgage encumbering the entire Condominium Property is:

Washington Mutual Bank

ADDRESS

3. Professional & Sales:

(a) Sales Agent.

Kathrein, LLC

7601 N. Eastlake Terrace
Chicago, Illinois 60626

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(b) Management Agent.

The property is currently managed by the Developer. The Developer will not continue as managing agent for the Condominium after the property is turned over to the Association after seventy-five (75%) percent of the units have been sold.

(c) Attorney.

Ronald Kaplan, Ltd.
Ronald B. Kaplan

134 N. LaSalle, Suite 1710
Chicago, Illinois 60602

(d) Accountant.

Kathrein, LLC
Owner does his own taxes

7601 N. Eastlake Terrace
Chicago, Illinois 60626

(e) Engineer.

The engineers for the
project are:

Ricchio & Ricchio Architects, Ltd.

2055 W. North Avenue
Chicago, Illinois 60647

(f) General Contractor.

The general contractor for the project is:

Kathrein, LLC

7601 N. Eastlake Terrace
Chicago, Illinois 60626

B. Description of Property and Improvements.
[Code Section 13-72-020(B)]

1. Plat. [Code Section 13-72-020(B)(1)]

A preliminary plat showing the location and dimensions of the condominium project and the land it occupies, together with all improvements, and the present location of any and all streets and driveways, is attached as Exhibit "1" to this report. No additional streets or driveways or other construction is proposed or contemplated.

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2. Unit Percentage Share of Common Elements.
[Code Section 13-72-020(B)(2)]

The share of ownership in the Common Elements of each unit in the Condominium is contained in Exhibit "B" to the proposed Declaration of Condominium Ownership and By-Laws for EDGEWATER FLATS CONDOMINIUM ASSOCIATION ("Declaration") which is attached as Exhibit "2" to this report. The undivided interests set forth in Exhibit "B" are preliminary and may be changed in material respects upon recording of the Declaration.

The present legal owner of all the Units and Common Elements in the Condominium is: Kathrein, LLC, in Section 13-72-020 (A) (1) (b) above.

As of the effective date of this Property Report, no former renters have purchased or have contracted to purchase Units in the Condominium.

3. Description of Common/Limited Common Elements.
[Code Section 13-72-020(B)(3)]

The Common Elements are defined in Article III of the Declaration to mean all portions of the Property, except the Units, and except the Limited Common Elements, if any, and, except to the extent the same are expressly defined as being a part of the Units, shall include, but not be limited to, the land, foundation, structural parts of the Building, (including structural columns within the boundaries of a Unit), outside walks and driveways, landscaping, walls, lobby, hallways, entrances and exits, stairways, utility lines, pipes, wires, conduits, ducts, flues and shafts,(except any thereof located within a Unit and serving only such Unit).

A description of the Limited Common Elements is contained in Article I (j) of the Declaration as follows:

I. (j) "Limited Common Elements" means a portion of the common elements

so designated in this Declaration or on the Plat as being reserved for the use of a certain unit or units to the exclusion of other units. Any portion of the common elements which, by the terms of this Declaration or by its nature or location, is clearly intended to serve exclusively a certain unit or units (but less than all of the units) or the owner or owners thereof shall be deemed a limited common element.

4. Improvements on the Same Zoning Lot. [Code Section 13-72-020(B)(4)]

There are no improvements occupying the same zoning lot which are not part of the Condominium.

5. Easements, Streets and Driveways. [Code Section 13-72-020(B)(5)]

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- a. There are no recorded easements presently burdening or affecting the Condominium. The Condominium Declaration contains reservations and grants of easements as are more particularly set forth therein.
- b. Paragraphs 4 and 5 of Article IV of the Condominium Declaration contain reservations and grants of utility easements and easements and rights to run with the land.

6. Drawings and Architectural Plans. [Code Section 13-72-020(B)(6)]

The drawings, architectural plans and other suitable documents setting forth the necessary information for location, maintenance and repair of all of the condominium facilities and equipment, to the extent such drawings, plans or other documents exist, are on file at the Department of Buildings, City of Chicago, 9th Floor, City Hall, and may be inspected during the Department's regular business hours. Said drawings, architectural plans and other suitable documents may be inspected only with a letter of authorization from the Developer, which may be obtained by contacting the Developer at the address noted in this Property Report.

7. Proposed Work. [Code Section 13-72-020(B)(7)]

The Developer intends to complete partial renovations of individual units which will vary on a unit-by-unit basis in accordance with the terms of the sales contracts to be executed. It is expected that such renovations, if any, shall be substantially completed prior to closing of the respective units.

8. Limitations on Use of Units. [Code Section 13-72-020(B)(8)]

- (a) Declaration Provisions.

Limitations on the uses permitted in the Units and Common Elements are set forth in the Condominium Declaration, at Article XVII ("Covenants and Restrictions as to Use and Occupancy"), Paragraphs 1 to 15 and in Article IX ("Sale, Leasing or Other Alienation"), Paragraphs 1 to 3. A copy of the Declaration is attached hereto as Exhibit 2. The following are highlights of the specific provisions.

RESTRICTIONS ON USE

ARTICLE XVII, Par. 1: Limits uses of units to housing and related purposes; each unit or adjoining units under single ownership shall be occupied by a single family. Common elements joining units under single ownership may be altered to afford access, with approval of the Board of Managers ("the Board").

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ARTICLE XVII, Par. 2: Prohibits obstruction of common elements or storage of items in the common elements without Board approval; requires each Unit owner to properly maintain his Unit.

ARTICLE XVII, Par. 3: Prohibits acts of Unit owners which are illegal or could lead to the cancellation of insurance coverage, or the increase in premium rates. Prohibits overloading the electrical wiring, or operating any machines or appliances in such manner as to disturb others, or connect any equipment, appliances or machines to the plumbing or electrical systems without Board approval.

ARTICLE XVII, Par. 4: Each Unit owner to provide insurance on his personal property in his Unit and elsewhere in the building and liability insurance to the extent the Condominium insurance coverage does not cover such liability.

ARTICLE XVII, Par. 5: Prohibits the attachment of signs, awnings, canopies, antennas or other items to the exterior of the Condominium without Board approval.

ARTICLE XVII, Par. 6: Window treatments visible from the outside of the building are subject to Board approval.

ARTICLE XVII, Par. 7: Provides for Board approval of floor coverings in Units, to enhance the sound proofing characteristics between Units.

ARTICLE XVII, Par. 8: Controls and regulates pets; prohibits commercial breeding operations.

ARTICLE XVII, Par. 9: Prohibits nuisances generally.

ARTICLE XVII, Par. 10: Prohibits hanging laundry or other items from being hung out or exposed from the common elements. Requires the common elements to be kept clean and free from debris.

ARTICLE XVII, Par. 11: Prohibits parking of bicycles, buggies and similar items on the common elements, except in designated areas.

ARTICLE XVII, Par. 12: Prohibits Units from being used as a place of business.

ARTICLE XVII, Par. 13: Gives the Board control of the use and placement of "For Sale" or "For Rent" signs.

ARTICLE XVII, Par. 14: Establishes Board control of modifications to common elements.

ARTICLE XVII, Par. 15: Establishes limited exceptions to the provisions of Paragraphs 1 & 12 of Article XVII.

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9. Purchase of Multiple Units. [Code Section 13-72-020(B)(9)]

A single purchaser may purchase more than one unit, However, the number of Units which any single purchaser will be allowed to purchase is a matter entirely within the Developer's discretion. After the Developer sells all the units, there is nothing in the Declaration to prohibit a purchaser from acquiring more than one Unit.

10. Statement of Legal Ownership. [Code Section 13-72-020(B)(10)]

A statement of legal ownership of the condominium, listing all restrictions, notices, lis pendens and encumbrances of record, is attached as Exhibit 5 to this Property Report.

C. Transfer of Developer's Control. [Code Section 13-72-020(C)]

1. Administration of Property Prior to Election of Initial Board of Managers.

Until the election of the initial Board of Managers, the Developer shall manage the property and shall have the same powers and obligations which the Condominium Property Act and the Declaration impose on and grant to the Board.

2. Initial Meeting of Voting Members.

ARTICLE XV, Par. 2 (b): The initial meeting of the Voting Members shall occur within 60 days subsequent to the date when 75% of the units are sold by the Developer, or 3 years after the date the Declaration is filed, whichever occurs first. Thereafter, there shall be an annual meeting of the voting members on such date as is selected by the Board, which date is within thirty (30) days before or after the anniversary of the initial meeting of

the members. The Board shall be elected at this first meeting and thereafter at the annual meeting. The Board immediately assumes its responsibilities.

D. Penalties for Not Meeting Completion Dates. [Code Section 13-72-020(D)]

All construction work on the property is complete, so this paragraph is not applicable.

E. Protection of Purchaser if Developer Defaults on Blanket Encumbrance.
[Code Section 13-72-020 E)]

Prior to the conveyance of a Unit, any earnest money deposit made with respect thereto will be held in a segregated funds account and will not be subject to forfeiture on account of any default by the Developer on the existing Blanket Encumbrance.

Upon the conveyance of a Unit, the lien of such Blanket Encumbrance will be

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released or insured over by the title insurer insuring the purchaser's title to the Unit, as to such Unit and the Common Elements appurtenant thereto. Accordingly, a subsequent default by the Developer on such Blanket Encumbrance will not adversely affect the rights of the purchaser of such Unit after the closing of the purchase thereof.

E. Pending Litigation. [Code Section 13-72-020(F)]

There is no litigation pending which would affect the condominium, or the ability of the Developer to convey clear title to a Unit.

G. Real Estate Taxes. [Code Section 13-72-020(G)]

The most recent bill for real estate taxes levied against the property which shall become the Condominium is the Bill for the year 2005 as follows:

<u>Permanent Real Estate Index Numbers</u>	<u>Tax Bill</u>
14-05-119-006	\$21,349.48
14-05-119-007	\$44,754.69

When tax bills are assessed separately for each Unit, whether that is for 2006 taxes payable in 2007, or for 2007 taxes payable in 2008, and assuming the Cook County Assessor's current formula for assessing condominium units is not changed, taxes will be determined by the following formula: **16% of** "fair market value", multiplied by the equalization factor, which product shall be itself multiplied by the tax rate.

The real estate taxes assessed against the property in the year of closing will be prorated at closing. Both the Purchaser and the Developer will deposit their respective share of taxes for the year in which the closing takes place into a segregated escrow account to be used for payment of taxes for the Closing year. The Developer will be responsible for all real estate taxes for the years prior to the year of the closing.

The Cook County Assessor will most likely take the sales price of each unit as the "fair market value" and multiply that figure by **16%. to** determine the "assessed valuation" of the Unit. The assessed valuation will itself be multiplied by the "equalization factor", a number whose's function is to equalize assessing practices throughout the State. The product of that calculation is itself multiplied by the tax rate, producing the tax for the year in question. The equalization factor and tax rate change each year, and assessed valuations are periodically updated by the Assessor. **The state equalization factor for the year 2005 is 2.7320 and the city tax rate for the year 2005 for the area of the City of Chicago in which the subject property is located is 5.981 per \$100.00 of assessed valuation.**

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Exhibit 6 lists the Developer's estimate of real estate taxes for each Unit based on 2% of the purchase price or prices shown thereon. The actual tax bills will probably be lower. Reductions can be anticipated because the Assessor may use less than 100% of the fair market value of a unit as the basis for calculating the tax. Additional reductions can also be anticipated due to homeowner and senior citizen exemptions.

A Unit's actual real estate tax bill will be dependent upon future Assessed Valuations, State Equalization Multipliers and Tax Rates which are unknown at this time. In addition, the Unit Owner may be able to reduce the amount of his/her Unit's taxes if he/she qualifies for either a Homeowner's Exemption, which will reduce to a maximum of \$5,000.00, any increase in Equalized Assessed Valuation from the base year, or he/she may qualify for a Senior Citizen Homestead Exemption, which will exempt \$3,000.00 from the Equalized Assessed Valuation of your Unit. However, the Unit Owner is required to sign the proper forms before the exemption will affect the Unit's tax bill. To qualify for such exemptions the Unit Owner must occupy the Unit on January 1, of the tax year.

THE PROJECTED REAL ESTATE TAXES AS SHOWN ON EXHIBIT 6 ARE ESTIMATES ONLY, BASED ON THE ABOVE ASSUMPTIONS, AND ARE MADE ONLY TO GIVE A PROSPECTIVE PURCHASER AN ESTIMATE OF THE TAX BURDEN HE IS LIKELY TO INCUR. IT IS POSSIBLE THAT THE ASSESSOR WILL CALCULATE THE FAIR MARKET VALUE IN A DIFFERENT MANNER THAN THAT PRESENTED HERE, AND THAT THE TAX ON A UNIT MAY VARY SUBSTANTIALLY FROM THAT SET FORTH IN EXHIBIT 6. THE DEVELOPER MAKES NO GUARANTEE WHATSOEVER FOR THE ACTUAL TAX BILL AFTER THE CONDOMINIUM COMES INTO EXISTENCE.

H. Form of Purchase Agreement, Deed, Mortgage and Note.
[Code Section 13-72-020(H)]

1. Form of Purchase Agreement.[Code Section 13-72-020(H)(1)]

The basic form of Purchase Agreement to be used by the Developer is attached as Exhibit 7 to this report.

2. Form of Deed. [Code Section 13-72-020(H)(2)]

The form of Deed of Conveyance to be used by the Developer is attached as Exhibit 8 to this Report.

3. Form of Note and Mortgage. [Code Section 13-72-020(H)(3)]

The Developer does not intend to finance the sale of any Units by the use of mortgages, notes or deeds of trust. Therefore, these forms are not applicable.

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I. Conditions of Unit Sales. [Code Section 13-72-020(I)]

All sales are to be made pursuant to the terms and conditions as set forth in the Condominium Purchase Agreement which is attached as Exhibit 7 to this Property Report. A statement of the sales price of each unsold Unit is attached as Exhibit 6 to this Property Report. The Developer reserves the right to change the prices of the unsold units at any time and from time to time, subject to Section 30 of the Act which grants the current tenants the right to purchase their units for the price set forth in Exhibit 6, which right shall not expire earlier than thirty (30) days after receipt of the Notice of Intent, unless the tenant notifies the Developer in writing of his or her election not to purchase the Unit.

Estimated closing and settlement costs are described on Exhibit 17 attached to this Property Report.

Pursuant to the Condominium Purchase Agreement, purchasers will be required to deposit with the Association at closing an amount equal to two (2) months' assessments based on the then-current budget of the Association, plus a prorated amount based upon one (1) month's assessment for the month in which the closing occurs. Exhibit 6 to this Property Report contains forecasts of estimated annual assessments based on the proposed budget of the Association which is included as Exhibit 10 to this Property Report.

Furthermore, the Condominium Purchase Agreement provides for the proration of certain enumerated items including real estate taxes as described in Section 13-72-0020(G) of this Property Report and as described in Exhibit 17 attached hereto.

J. Unit Monthly Costs for assessment, tax and related payments.
[Code Section 13-72-020(J)]

The forecasted estimated monthly payments for assessments and real estate taxes in the first year after the projected assumption of control by the first Board of Directors are shown on the list of initial sales prices attached as Exhibit 6 to this Property Report. Each Unit Owner will be billed directly by Commonwealth Edison Company, Peoples Gas Light & Coke Company, and AT&T for electricity, gas and telephone usage, respectively, and the amounts of such bills will vary according to usage. Costs for common area electricity and water usage will be billed by Commonwealth Edison Company and the City of Chicago, Department of Water to the Association and each Unit Owner will pay for such costs as part of the monthly assessment. Since there are no recreational facilities either existing or planned, Unit Owners will not pay a separate charge for use of recreational facilities.

K. Developer's Financing Terms. [Code Section 13-72-020(K)]

This section is inapplicable since the Developer is not intending to finance the purchase of Units.

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L. Description of Appliances and Personal Property included with each Purchase. [Code Section 13-72-020 L)]

The appliances and other personal property, if any, included with all the Units are one (1) refrigerator, one (1) stove, one (1) range and smoke detector(s). A bill of sale for the appliances, fixtures and personal property owned by the Developer and located in the Unit will be given to each purchaser of a Unit at the time of closing.

M. Condominium Instruments. [Code Section 13-72-020(M)(1)]

1. (a) Copies of Documents, Declaration, By-Laws and Plat.

A copy of the proposed Declaration and Bylaws and the Plat and proposed Exhibits A, B and C thereto are attached to this report as Exhibit 2. Exhibit A in Exhibit 2 is a preliminary Condominium Plat and is subject to change.

THE DESCRIPTION OF UNITS AND PERCENTAGE OF OWNERSHIP INTEREST IN THE COMMON ELEMENTS THEREIN IS PRELIMINARY AND MAY BE CHANGED IN MATERIAL RESPECTS UPON THE RECORDING OF THE DECLARATION AND CONDOMINIUM PLAT.

Upon the recording of the Condominium Declaration, a plat of survey will be attached thereto delineating the Units and the Common Elements and a copy of the pages

of the plat of survey covering the Condominium and the floor on which the Unit is located shall be delivered to purchaser at closing.

(b) The proposed Articles of Incorporation of EDGEWATER FLATS CONDOMINIUM ASSOCIATION are attached as Exhibit 19 to this Property Report.

(c) The proposed By-Laws of EDGEWATER FLATS CONDOMINIUM ASSOCIATION are contained within Articles XIV, XV, XVI, XVII,, and XVIII of the Condominium Declaration attached as Exhibit 2 to this Property Report. Pursuant to Article XIV, Section 2(8) thereof, the Board of Directors has the power to adopt rules and regulations governing the administration, management, operation and use of the property and the Common Elements, and to amend such rules and regulations from time to time. As of the effective date hereof, no such rules and regulations have been adopted.

2. (a) Leases Affecting the Condominium. [Code Section 13-72-020(M)(2)(a)]

There are no leases of real or personal property expiring later than two (2) years after the first Unit is offered for sale.

(b) Contracts Affecting the Condominium. [Code Section 13-72-020(M)(2)(b)]

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There are no contracts affecting use, maintenance or access to all or part of the condominium expiring later than two years after the first Unit is offered for sale.

(c) Insurance. [Code Section 13-72-020(M)(2)(c)]

1. The coverage and amounts of insurance policies applicable to the condominium and which will be maintained by or on behalf of the Developer prior to the conveyance of the first Unit to the purchaser thereof are set out on Exhibit 12 of this Report.

2. Article VI, Sections 1-4, of the Condominium Declaration, when recorded, will require the Board of Directors to obtain the following insurance, which will initially be maintained by or on behalf of the Developer for the Association (and the premiums therefore shall be prorated with each purchaser of a Unit as set forth in Section 13-72-0020(I) hereof.

ARTICLE VI INSURANCE

1. **Fire and Hazard Insurance.** The Board of Managers shall acquire as a common expense, a policy or policies of insurance insuring the common elements and the units against loss or damage from fire, lightning, and other hazards contained in the

customary fire and extended coverage, vandalism, and malicious mischief endorsements for the full insurable replacement value of the common elements and the units written in the name of and to require a provision in such policy that the proceeds thereof shall be payable to the members of the Board, as trustees for each of the unit owners, in the percentages established in Exhibit B.

The full insurable replacement cost of the units shall include the replacement cost value of additions, betterments, alterations, and improvements made in and to any Unit, provided, however, the Board shall not be responsible for obtaining insurance on such additions, betterments, alterations, or improvements unless and until such owner shall make such report and request the Board in writing to obtain such insurance, and shall make arrangements satisfactory to the Board to reimburse the Board for such additional premiums, which additional premiums are deemed a common expense and upon the failure of such owner so to do, the Board shall not be obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such additions, betterments, alterations, or improvements.

All said policies of insurance (1) shall contain standard mortgage clause endorsements in favor of the mortgagee or mortgagees of each unit, if any, as their respective interest may appear, (2) shall provide that the insurance, as to the interest of the

Board, shall not be invalidated by any act or neglect of any unit owner, (3) shall provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement therefore, such option shall not be exercisable in the event the unit owners elect to sell the Property or remove the Property from the provisions of the Act, (4) shall contain an endorsement to the effect that such policy shall not be terminated for nonpayment of premiums without at least ten (10) days' prior written notice to the mortgagee of each unit, (5) shall contain a clause or endorsement whereby the insurer waives any right to be subrogated to any claim against the Association, its officers, members of the Board, the Trustee, the developer, the managing agent, if any, their respective employees and agents, and the unit owners and occupants, and (6) shall contain a "Replacement Cost Endorsement." The proceeds of such insurance shall be applied by the Board or by the corporate trustee or agent on behalf of the Board for the reconstruction of the building or shall be otherwise disposed of, in accordance with the provisions of the Declaration and the Act; and the rights of the mortgagee of any unit under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions of the Act with respect to the application of insurance proceeds to reconstruction of the building. The Board may engage the services of, and such insurance may be payable to a bank or trust company authorized to do, execute, and accept trusts in Illinois to act as insurance

trustee, or as agent or depository as an alternative to acting as trustee, and to receive and disburse the insurance proceeds resulting from any loss upon such terms as the Board shall determine consistent with the provisions of the Declaration. The fees of such bank or trust company shall be common expenses.

In the event of any loss in excess of \$50,000.00 in the aggregate, at the Board's discretion or request of any unit owner, the Board shall solicit bids from reputable contractors.

Payment by an insurance company to the Board or to such corporate trustee or agent of the proceeds of any policy, and the receipt of release from the Board or such corporate trustee or agent of the company's liability under such policy, shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust or agency agreement under which proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsement inconsistent with the provisions hereof, or see to the application of any payments of the proceeds of any policy by the Board or the corporate trustee.

Each unit owner shall inform the Board in writing of additions, alterations or improvements made by said unit owner to his unit and the value thereof which value may be included in the full replacement insurable cost for insurance purposes. Any increase premium charge therefore shall be assessed to that unit owner under the provisions of Section 9 of the Act. If a unit owner fails to inform the Board as provided above and a

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penalty is assessed in the adjustment of loss settlement, the unit owner shall be responsible for such penalty.

2. **Appraisal.** The full, insurable replacement cost of the Property, including the units and common elements, shall be determined from time to time (but not less frequently than once in any twelve-month period) by the Board. The Board shall have the authority to obtain an appraisal by a reputable appraisal company as selected by the Board. The cost of such appraisal shall be a common expense.

3. **Public Liability and Property Damage Insurance.** The Board of Managers shall acquire, as a common expense, and shall have the authority and duty to obtain, comprehensive public liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the property in amounts deemed sufficient in the judgment of the Board of Managers, insuring the Board of Managers, the unit owners' association, the management agent, and their respective employees, agents, and all persons acting as agents. The developer shall be included as an additional insured in his capacity as unit owner and board member. The unit owners shall be

included as additional insureds but only with respect to that portion of the premises not reserved for their exclusive use. The insurance shall cover claims of one or more insured parties against other insured parties. The insurance shall contain a waiver of any rights to subrogation by the insuring company against any of the above-named insured persons.

4. **Workmen's Compensation and Other Insurance**. The Board of Managers shall acquire, as a common expense, workmen's compensation insurance as may be necessary to comply with applicable laws and such other forms of insurance as the Board, in its judgment, shall elect to obtain, including, but not limited to insurance for the association, its officers and manager against liability from good faith actions allegedly beyond the scope of their authority.

N. **Management**. [Code Section 13-72-020(N)]

1. The Developer will continue to manage the property and will continue such services until the Association has been turned over from the Developer to the Unit Owners. Services to be performed by the management company will include, without limitation, administering the Condominium and operating, maintaining and repairing the Common Elements, hiring employees, retaining professionals, and purchasing services and materials in connection therewith; procuring and supervising casualty insurance and liability insurance; paying from Association funds all related expenses including costs of administration, operation, maintenance, repair and replacement, salaries, fees, costs of goods and services, and insurance premiums; attending meetings of the Board of Directors and the Association; submitting proposed budgets and reports to the Board of Directors;

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and communicating with and collecting assessments from Unit Owners.

2. At the present time, the management fee anticipated for the Condominium will be approximately **\$30.00** per month per unit for the Condominium Property.

3. There is no management contract.

4. The management agent is the Developer.

O. **Budget**. [Code Section 13-72-020(O)]

A forecast of the estimated operating budget for the Condominium, projected for a period of one year from the expected date that control of the Condominium will pass to the Board of Directors, is attached as Exhibit 10 to this Property Report. Exhibit 18 indicates the operating expenses for the year 2006. By using the percentage interest for each Unit set forth on Exhibit 6, each Unit's estimated share of such past operating expenses based upon the Unit's respective percentage of interest in the Common Elements can be

calculated.

THE DEVELOPER HAS NOT PROVIDED A RESERVE FOR CERTAIN POSSIBLE FUTURE COSTS OF THE CONDOMINIUM IN ITS BUDGET. ACCORDINGLY, IT MAY BE NECESSARY TO PROVIDE FOR A SPECIAL ASSESSMENT TO ALL CONDOMINIUM UNIT OWNERS TO PAY FOR SUCH COSTS SHOULD THEY OCCUR.

The By-Laws of the Association provide for the Board to make and establish reserves for replacements and a working capital fund.

P. Insufficient Sales. [Code Section 13-72-020(P)]

The Developer has made no special provisions to cover the proposed operations and maintenance budget in the event that an insufficient number of Units are sold. However, the Developer as an Owner is responsible for payment of monthly maintenance assessments on all unsold Units.

Q. Engineer's Report. [Code Section 13-72-020(Q)]

Attached as Exhibit 13 to this Property Report is an engineering report prepared by Ricchio & Ricchio Architects, Ltd., describing the condition of the Building and the roof, foundation, external and supporting walls, mechanical, electrical, plumbing, heating, and structural elements and all other common facilities. Copies of all notices of violations of the building provisions of the Code received for the prior ten (10) years are included in Exhibit 9.

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R. Recreational and Parking Facilities. [Code Section 13-72-020(R)]

There are no recreational or park facilities associated with the condominium development.

S. Restriction on Conveyance, Encumbrance or Lease of a Unit.
[Code Section 13-72-020(S)]

SALE OR LEASING OF YOUR UNIT IS RESTRICTED OR CONTROLLED pursuant to Article IX of the Declaration (Exhibit 2). There is no restriction on encumbrances.

T. Required Statement. [Code Section 13-72-020(T)]

The statement required under Code Section 13-72-020 (T) is contained in the title page of this Report.

U. Statement of Developer. [Code Section 13-72-020(U)]

project.

THE DESCRIPTION OF UNITS AND PERCENTAGE OF OWNERSHIP INTEREST IN COMMON ELEMENTS HEREIN IS PRELIMINARY AND MAY BE CHANGED IN MATERIAL RESPECTS UPON THE RECORDING OF THE DECLARATION AND PLAT.

EXHIBIT 2

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

**DECLARATION OF CONDOMINIUM OWNERSHIP
AND EASEMENTS, RESTRICTIONS AND COVENANTS**

The pages which follow present the preliminary Condominium Declaration and By-Laws of **EDGEWATER FLATS CONDOMINIUM ASSOCIATION**.

EXHIBIT 3

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

LEGAL DESCRIPTION

Parcel 1: UNIT **INSERT UNIT NO.** IN THE 1215-25 WEST GRANVILLE AVENUE CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED PROPERTY:

LOT 19 (EXCEPT THE WEST 10 FEET THEREOF) AND THE WEST 4.5 FEET OF LOT 20 IN BROST AND KEMPER'S SUBDIVISIONS OF THAT PART OF THE SOUTHEAST $\frac{1}{4}$ OF THE NORTHWEST $\frac{1}{4}$ OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD

PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING NORTH OF THE SOUTH 60 RODS.

LOT 20 (EXCEPT THE WEST 4.5 FEET THEREOF) AND LOT 21 IN BROST & KEMPER'S SUBDIVISION OF THAT PART OF THE SOUTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING NORTH OF THE SOUTH 60 RODS.

WHICH SURVEY IS ATTACHED TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT **INSERT DOC. NO.**, TOGETHER WITH AN UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS.

Parcel 2: THE EXCLUSIVE RIGHT TO USE PARKING SPACE INSERT NO., A LIMITED COMMON ELEMENT AS DELINEATED ON THE SURVEY ATTACHED TO THE DECLARATION AFORESAID RECORDED AS DOCUMENT **INSERT DOC. NO.**

Commonly known as 1215-25 W. Granville Avenue, Chicago, IL 60660

Permanent Index Numbers: 14-05-119-006-000 and 14-05-119-007-0000

All deeds to individual units shall contain the following language:

Grantor also hereby grants to the grantee, its successors and assigns, as rights and easements appurtenant to the above described real estate, the rights and easements for the benefit of said property set forth in the Declaration of Condominium, and Grantor reserves to itself, its successors and assigns, the rights and easements set forth in said Declaration for the benefit of the remaining property described therein.

This deed is subject to all rights, easements, covenants, conditions, restrictions, and reservations contained in said Declaration the same as though the provisions of said Declaration were recited and stipulated at length herein.

EXHIBIT 4

PROPERTY REPORT EDGEWATER FLATS CONDOMINIUM ASSOCIATION SCHEDULE OF COMMON ELEMENT AND UNIT WORK

The property has been totally renovated prior to filing this Report.

The renovation consisted of all the items set forth in the Engineering Report prepared by Ricchio & Ricchio Architects, Ltd. (See Exhibit 13)

EXHIBIT 5

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

CONDITION OF TITLE

**LIST OF RESTRICTIONS, NOTICES, LIS PENDENS
AND ENCUMBRANCES OF RECORD**

1. General Real Estate Taxes for 2006 and subsequent years.

2. Items shown as open on Schedule B of the attached title commitment, number 2069709, issued by Mercury Title Company, L.L.C.

EXHIBIT 6

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

**SALES PRICES, UNIT OWNERSHIP PERCENTAGE OF COMMON ELEMENTS,
UNIT ASSESSMENTS AND ANNUAL UNIT REAL ESTATE TAXES**

Unit Prices, Preliminary Percentage of Ownership of Common, Estimated Annual Assessment and Estimated Annual Real Estate Taxes.

Preliminary	% Ownership	Estimated	Estimated
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<u>Unit #</u>	<u>Selling Price</u>	<u>of Common Elements</u>	<u>Annual Assessment</u>	<u>Annual R/E Taxes</u>
1215-G	\$145,000.00	1.995459%	\$1,305.03	\$2,900.00
1215-1A	\$230,000.00	3.165210%	\$2,070.04	\$4,600.00
1215-1B	\$185,000.00	2.545930%	\$1,665.03	\$3,700.00
1215-2A	\$230,000.00	3.165210%	\$2,070.04	\$4,600.00
1215-2B	\$185,000.00	2.545930%	\$1,665.03	\$3,700.00
1215-3A	\$230,000.00	3.165210%	\$2,070.04	\$4,600.00
1215-3B	\$185,000.00	2.545930%	\$1,665.03	\$3,700.00
1217-1A	\$165,000.00	2.270694%	\$1,485.03	\$3,300.00
1217-1B	\$180,000.00	2.477121%	\$1,620.03	\$3,600.00
1217-2A	\$165,000.00	2.270694%	\$1,485.03	\$3,300.00
1217-2B	\$180,000.00	2.477121%	\$1,620.03	\$3,600.00
1217-3A	\$165,000.00	2.270694%	\$1,485.03	\$3,300.00
1217-3B	\$180,000.00	2.477121%	\$1,620.03	\$3,600.00
1219-G	\$145,000.00	1.995459%	\$1,305.03	\$2,900.00
1219-1A	\$170,000.00	2.339503%	\$1,530.03	\$3,400.00
1219-1B	\$185,000.00	2.545930%	\$1,665.03	\$3,700.00
1219-2A	\$170,000.00	2.339504%	\$1,530.03	\$3,400.00
1219-2B	\$185,000.00	2.545930%	\$1,665.03	\$3,700.00
1219-3A	\$170,000.00	2.339504%	\$1,530.03	\$3,400.00
1219-3B	\$185,000.00	2.545930%	\$1,665.03	\$3,700.00
1221-G	\$145,000.00	1.995459%	\$1,305.03	\$2,900.00
1221-1A	\$230,000.00	3.165210%	\$2,070.04	\$4,600.00
1221-1B	\$165,000.00	2.270694%	\$1,485.03	\$3,300.00
1221-2A	\$230,000.00	3.165210%	\$2,070.04	\$4,600.00
1221-2B	\$165,000.00	2.270694%	\$1,485.03	\$3,300.00
1221-3A	\$230,000.00	3.165210%	\$2,070.04	\$4,600.00
1221-3B	\$165,000.00	2.270694%	\$1,485.03	\$3,300.00
1223-G	\$145,000.00	1.995459%	\$1,305.03	\$2,900.00
1223-1A	\$220,000.00	3.027592%	\$1,980.04	\$4,400.00
1223-1B	\$180,000.00	2.477121%	\$1,620.03	\$3,600.00

Cont:

<u>Unit #</u>	<u>Preliminary Selling Price</u>	<u>% Ownership of Common Elements</u>	<u>Estimated Annual Assessment</u>	<u>Estimated Annual R/E Taxes</u>
1223-2A	\$220,000.00	3.027592%	\$1,980.04	\$4,400.00
1223-2B	\$160,000.00	2.201885%	\$1,440.03	\$3,200.00
1223-3A	\$220,000.00	3.027592%	\$1,980.04	\$4,400.00
1223-3B	\$180,000.00	2.477121%	\$1,620.03	\$3,600.00
1225-1A	\$170,000.00	2.339504%	\$1,530.03	\$3,400.00

1225-1B	\$155,000.00	2.133076%	\$1,395.03	\$3,100.00
1225-2A	\$170,000.00	2.339504%	\$1,530.03	\$3,400.00
1225-2B	\$155,000.00	2.133076%	\$1,395.03	\$3,100.00
1225-3A	\$170,000.00	2.339504%	\$1,530.03	\$3,400.00
1225-3B	\$155,000.00	2.133076%	\$1,395.03	\$3,100.00
Storage A	\$500.00	.006881%	\$ 4.50	\$10.00
Storage B	\$500.00	.006881%	\$ 4.50	\$10.00
Storage C	\$500.00	.006881%	\$ 4.50	\$10.00

Total Ownership.....100%
Total Annual Assessments.....\$65,400.00
Total Annual Real Estate Taxes on All.....\$145,330.00

Notes: Annual Assessments are based on the budget set forth in Exhibit 10. Taxes are based on 2% of the purchase price or prices shown herein. The actual tax bills will probably be lower. Reductions can be anticipated because the Assessor may use less than 100% of the fair market value of a unit as the basis for calculating the tax. A Unit's actual real estate tax bill will be dependent upon future Assessed Valuations, State Equalization Multipliers and Tax Rates which are unknown at this time. In addition, the Unit Owner may be able to reduce the amount of his/her Unit's taxes if he/she qualifies for either a Homeowner's Exemption, which will reduce to a maximum of \$5,000.00, any increase in Equalized Assessed Valuation from the base year, or he/she may qualify for a Senior Citizen Homestead Exemption, which will exempt \$3,000.00 from the Equalized Assessed Valuation of your Unit. However, the Unit Owner is required to sign the proper forms before the exemption will affect the Unit's tax bill. To qualify for such exemptions the Unit Owner must occupy the Unit on January 1, of the tax year.

EXHIBIT 7

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

CONDOMINIUM PURCHASE AGREEMENT

The document which follows is the standard form of condominium Purchase Agreement presently in use by the Developer. Other forms of contract will also be

accepted.

EXHIBIT 8

PROPERTY REPORT

EDGEWATER FLATS CONDOMINIUM ASSOCIATION

FORM OF DEED OF CONVEYANCE

The document which follows is the standard form of Warranty Deed. The grantee

designation in said deeds of conveyance shall be determined by each purchaser.

EXHIBIT 9

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

LIST OF BUILDING VIOLATIONS

There are no violations on this property.

EXHIBIT 10

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION
FIRST YEAR'S BUDGET**

ESTIMATED OPERATING BUDGET FOR THE CONDOMINIUM ASSOCIATION FOR
A ONE YEAR PERIOD FOLLOWING TURN-OVER OF CONTROL BY THE
DEVELOPER TO THE BOARD OF MANAGERS

Maintenance/Repairs	\$ 500.00
Janitor	\$ 500.00
Scavanger	\$ 3,000.00
Electric	\$ 3,800.00
Gas	\$37,000.00
Water/Sewer	\$ 4,400.00
Insurance	\$12,000.00
Legal/Accounting	\$ 1,200.00
Management Fees	<u>\$ 3,000.00</u>
Total:	\$65,400.00

NOTE: Expenses as set forth herein are estimates only, and Developer makes no guarantee that actual expenses will not exceed or be less than the estimated amounts.

EXHIBIT 11

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

DESCRIPTION OF APPLIANCES

Included in the purchase price of each Unit are the following items of personal property:

Appliances

Stove

Range

Refrigerator

Smoke detector(s)

EXHIBIT 12

PROPERTY REPORT

EDGEWATER FLATS CONDOMINIUM ASSOCIATION

INSURANCE SCHEDULE

The Developer has put into place the following types and amounts of insurance on the Property:

A: Real property replacement cost in the amount of \$4,350,000.00. There is no co-insurance.

B: Liability coverage of \$1,000,000.00.

When the building is converted to condominium ownership, the insurance policies will be modified to provide additional forms of coverage required by Illinois law and prudent business practice.

EXHIBIT 13

PROPERTY REPORT

EDGEWATER FLATS CONDOMINIUM ASSOCIATION

ENGINEER'S REPORT

THE ENGINEER'S REPORT WAS PREPARED BY RICCHIO & RICCHIO
ARCHITECTS. LTD

EXHIBIT 14

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

ENVIRONMENTAL HAZARDS REPORT

The Engineer's Report indicates no evidence of environmentally hazardous materials in, on, or about the Property.

EXHIBIT 15

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

CITY OF CHICAGO HEATING UTILITY DISCLOSURE STATEMENTS

The subject property is serviced by a heating system which is a common area expense. Therefore, there is no applicable energy disclosure form from either Commonwealth Edison for the electric or Peoples Gas Light & Coke Company for the gas. The annual expense for the heating is included in the Budget which is attached to this Property Report as Exhibit 10. In addition, the actual numbers for the heating costs for the 2006 calendar year is included in Exhibit 18 to the Property Report attached hereto.

EXHIBIT 16

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

FLOOR PLANS

EXHIBIT 17

PROPERTY REPORT

EDGEWATER FLATS CONDOMINIUM ASSOCIATION

CHART OF SAMPLE COSTS

FOR THE PURCHASE OF A CONDOMINIUM UNIT FINANCED WITH A FIXED RATE MORTGAGE

The following is an estimate of a typical purchaser's charges and closing costs charged and expended in a normal and customary closing in the Chicago Metropolitan Area based on a closing occurring mid-month, a hypothetical purchase price of \$AMOUNT and financed through a first mortgage loan made by a typical major Chicago Metropolitan Area lender. The lender's charges are further based on a fixed thirty year mortgage equal to 80% of the purchase price of a unit with a thirty (30) year amortization at an initial annual interest rate of 6.5% and a zero percent (0%) service charge (points). The above charges and expenses are based on an estimate exclusively and should not be relied upon and may vary depending on each individual purchaser and lender, and further do not include such costs, if any, charged by the lender for document preparation, tax and other escrow amounts, tax search fees and other miscellaneous fees. The assessment amounts are hypothetical and should not be relied upon as a statement or estimate of actual assessments to be assessed to any purchaser. All amounts have been rounded.

Unit Purchase Price	\$149,900.00	
Mortgage Application Fee		\$ 450.00
Credit Report Fee		\$ 50.00
Appraisal Fee		\$ 300.00
Service Charges ("Points" 0% of mortgage amount)		\$ 00.00
Interest on Principal Amount of Loan for 15		
Days (balance of days in month of closing)		Unknown
Prorated Assessments (for balance of days in the month of closing)		Unknown
City of Chicago Real Estate Transfer Taxes		\$1,124.25
Two Month Assessment Contribution		\$ 224.62
Recording Fee (Approx. \$35.00 for each instrument to be recorded)		\$ 80.00
Other Closing Charges (approximate: Deed and Money Escrow fees, fees for mortgage loan policies of title insurance and related endorsements, Money Lender Escrow charges and other related expenses		\$ <u>700.00</u>
Approximate Total of Closing Charges		\$2,928.87

CREDITS DUE TO PURCHASER AT CLOSING (IF APPLICABLE)

If applicable, Purchaser will give Seller, at closing, a credit for Purchaser's share of general real estate taxes attributable to the period from and after the date of closing for the year in which closing occurs.

**PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION**

2006 OPERATING EXPENSES

PRIOR YEAR'S OPERATING EXPENSE

Annual Operating Expenses:

Insurance	\$13,005.00
Electricity	\$ 3,750.53
Gas	\$36,564.33
Water & Sewer	\$ 4,260.81
Trash Disposal	<u>\$ 2,685.00</u>
Total Annual Cost for 2006	\$60,265.67

PROPERTY REPORT
EDGEWATER FLATS CONDOMINIUM ASSOCIATION
ARTICLES OF INCORPORATION