

A RESOLUTION
APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED DEVELOPMENT
AND FINANCING AGREEMENT FOR THE EADS AT LINCOLN DEVELOPMENT

WHEREAS, on June 5, 1989, the Urbana City Council adopted an amendment to the City's Official Comprehensive Plan entitled "King Park Neighborhood Plan" for the King Park Neighborhood of northwest Urbana; and

WHEREAS, on October 29, 1990, the City of Urbana (hereinafter referred to as the "City") and certain Financial Institutions (hereinafter referred as "Financial Institutions") entered into a Development and Financing Agreement (hereinafter referred to as the "Development Agreement") for development of Eads First Subdivision and Eads Second Subdivision, Urbana, Illinois; and

WHEREAS, on June 17, 1994, the City and Financial Institutions entered into a new Development Agreement to make needed public improvements and to construct up to 14 additional single-family houses to be constructed by the City in the Eads at Lincoln development, Urbana, Illinois; and


WHEREAS, the City and Financial Institutions desire to amend the June 17, 1994 Development Agreement to provide prospective buyer's with special financing incentives to achieve build out of the Eads at Lincoln development, Urbana, Illinois.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That an amended Development Agreement for the Eads at Lincoln development, Urbana, Illinois, between the City of Urbana and BankIllinois, Champaign, Illinois; Bank One, Champaign, Illinois; BankChampaign, Champaign, Illinois; Busey Bank, Urbana, Illinois; Central Illinois Bank, Champaign, Illinois; and First of America Bank, Champaign, Illinois; in substantially the form of the copy of said agreement attached hereto and incorporated herein by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of said Development Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this 21st day of August, 1995.



Phyllis B. Clark, City Clerk



AYES:

NAYS:

ABSTAINS:

APPROVED by the Mayor this 21st day of August, 1995.



Tod Satterthwaite, Mayor

**DEVELOPMENT AND FINANCING AGREEMENT (AS AMENDED)
EADS AT LINCOLN DEVELOPMENT
URBANA, ILLINOIS**

This Agreement is made this 13th day of September, 1995 between the City of Urbana, Illinois (hereinafter referred to as "City") and BankIllinois, Champaign, Illinois; Bank One, Champaign, Illinois; BankChampaign, Champaign, Illinois; Busey Bank, Urbana, Illinois; Central Illinois Bank, Champaign, Illinois; and First of America Bank, Champaign, Illinois (hereinafter collectively referred to as "Financial Institutions").

WITNESSETH:

WHEREAS, On June 5, 1989, the Urbana City Council adopted an amendment to the City's Official Comprehensive Plan entitled "King Park Neighborhood Plan" for the King Park Neighborhood of northwest Urbana; and

WHEREAS, said King Park Neighborhood Plan recommends construction of infill housing affordable to low- and moderate-income households as well as associated public improvements; and

WHEREAS, the combined efforts of the public and private sectors have resulted in public improvements and construction of 14 single family units in the King Park Neighborhood; and

WHEREAS, the combined efforts of the public and private sectors are still necessary to construct additional housing affordable to low- and moderate-income households.

NOW THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, the parties agree as follows.

1. Acquisition of Land for Housing The City shall acquire additional vacant property to accommodate construction of up to 16 additional single-family detached houses in the vicinity of Eads First Subdivision and Eads Second Subdivision (hereinafter the "Subdivision") as identified by the Manager or Grants Coordinator II of the Grants Management Division of the City of Urbana.
2. Homebuyer Income Limits The City and Financial Institutions acknowledge that housing built pursuant to this Agreement shall be designed for and sold primarily to low- and moderate-income households. Consequently, the City and Financial Institutions agree that income limits shall apply to families attempting to purchase 12 of the 16 houses constructed in accordance with this Agreement. Six lots will be designated for sale to lower income families, and six lots will be designated for sale to moderate income families. Accordingly, incomes of families purchasing these 12 units may not exceed 120 percent of median family income for Champaign County at the time of application for first mortgage financing described in Section 6 of this Agreement.

Lower income limits (up to 80 percent of median family income) are as follows.

<u>Persons in household</u>	<u>Income not to exceed</u>	<u>Persons in household</u>	<u>Income not to exceed</u>
1	\$24,150	5	\$37,250
2	\$27,600	6	\$40,000
3	\$31,050	7	\$42,750
4	\$34,500	8	\$45,500

Moderate income limits (80-120 percent of median family income) based on family size are as follows.

<u>Persons in household</u>	<u>Income not to exceed</u>	<u>Persons in household</u>	<u>Income not to exceed</u>
1	\$36,200	5	\$55,900
2	\$41,400	6	\$60,000
3	\$46,600	7	\$64,150
4	\$51,750	8	\$68,300

Four lots may be sold to families having income greater than 120 percent of median family income for Champaign County.

Household income limits quoted herein are subject to periodic adjustment by the U.S. Department of Housing and Urban Development.

3. Disposition of Land for Housing The City will convey title to available vacant lots by good and sufficient warranty deed to prospective buyers having income at or below 120 percent of median family income for Champaign County upon written notification of first mortgage and construction financing approval from a participating Financial Institution in accordance with Sections 5 and 6 of this Agreement. There will be no charge for lots purchased by buyers having income at or below 120 percent of median family income for Champaign County.

At the time of closing of this transaction, a warranty deed from the buyer in favor of the City shall be placed in escrow. The Financial Institution providing financing will act as escrow agent. In the event that the buyer causes construction of a single-family residence on subject property and is issued a Certificate of Occupancy by the City's Building Safety Division, the escrow agent shall destroy the warranty deed and give the buyer written assurance of the deed's destruction.

In the event the buyer has not started construction of a single-family residence on the designated lot on the date established in the sales contract or modification thereto, the escrow agent shall release the warranty deed to the City. In this situation, the City shall assume all obligations under an existing construction money mortgage.

In the event that the buyer has begun construction of a single-family residence on the subject property as of the date established in the sales contract or any modification thereto, but has not received a Certificate of Occupancy for said residence as of that date, the City retains the right to pay the buyer, or in care of the escrow agent, an amount equivalent to the value of improvements in place on subject property as of the date established in the sales contract or any modification thereto, taking credit against said amount for any outstanding liens or encumbrances, including the balance due on the construction mortgage against the subject property, said liens including real estate taxes prorated up to the date the City assumes possession of the property. Said value shall be certified to both City and buyer by a local architectural firm chosen by the City. The escrow agent shall deliver payment to buyer and release said warranty deed to the City.

A prospective buyer having income greater than 120 percent of median family income will purchase a vacant lot from the City for \$6,000. The City would convey title to this property by good and sufficient warranty deed to the prospective buyer upon written notification from a participating Financial Institution of first mortgage and construction loan approval in accordance with Sections 5 and 6 of this Agreement.

Payment for the subject property would be due to the City at closing on vacant lot.

4. Pre-Purchase Counseling Pre-purchase counseling shall be mandatory for all homebuyers regardless of income and shall consist of three seminars. Counseling shall be conducted by representatives of Central Illinois Bank, Champaign, Illinois, at no charge to the counselees, other Financial Institutions, or the City. Seminar topics shall include the following.

Session 1 Determining Financial Capacity to Own a Home
 Program Underwriting Criteria
 Housing Costs (Principal, Interest, Taxes and
 Insurance (PITI))
 Credit Analysis and Evaluation
 Budget Planning

Session 2 Closing the Deal
 Financial Commitment
 Closing Costs - Appraisals, Title, etc.
 Legal Documents - Mortgage, Note, Deed

Section 3 After the Purchase (As needed)
 Review of Housing Payments (PITI)
 Escrow Procedures
 Budgeting for Housing Expenses
 Basic Home Maintenance

5. Construction Financing Each Financial Institution party to this agreement agrees to provide construction financing to qualifying buyers. For units pre-sold to families having income at or below 120 percent of median family income for Champaign County, interest shall accrue on construction funds disbursed to the Buyer at the prime rate as quoted in the Wall Street Journal on the date of construction loan commitment. For units pre-sold to families with income greater than 120 percent of median family income for Champaign County, interest shall accrue on construction funds disbursed to the Buyer by the Financial Institution at the market rate on the date of construction loan commitment. The Buyer may request construction financing from the same Financial Institution pledging permanent financing for the pre-sold unit.

6. First Mortgage Financing BankIllinois, Bank One, Busey Bank and First of America Bank agree to finance acquisition of three newly constructed residences by December 31, 1997; BankChampaign and Central Illinois Bank agree to finance acquisition of two newly constructed residences by December 31, 1997. Each Financial Institution agrees to provide financing in accordance with the loan structure herein described, contingent upon availability of eligible buyers. Loans shall be structured as follows.

Mortgage Type: Fixed Rate

Interest Rate: 1 percent below market rate charged by the participating Financial Institution on a conventional 30 year Fixed Rate Residential Mortgage for prospective buyers having income less than 80 percent of median family income for Champaign County, fixed at the time of loan application.

1/2 percent below market rate charged by the participating Financial Institution on a

conventional 30 year Fixed Rate Residential Mortgage for prospective buyers having income less than 120 percent of median family income for Champaign County but greater than 80 percent of median family income for Champaign County, fixed at the time of loan application.

Market rate charged by the participating Financial Institution on a conventional 30 year Fixed Rate Residential Mortgage for prospective buyers having income greater than 120 percent of median family income for Champaign County, fixed at the time of loan application.

Loan Term:	Maximum 30 years
Loan to Value:	Maximum 95 percent
Points:	Negotiable between prospective buyer and financial institution
Insurance:	No private mortgage insurance required for prospective low- and moderate-income buyers. For prospective buyers with income greater than 120 percent median family income, private mortgage insurance required if less than 20 percent down.
Ratios:	Maximum 30 percent housing ratio; maximum 38 percent total expense ratio
Escrows:	Property tax and homeowner insurance escrow required if less than 20 percent down
Closing Costs:	Prospective buyer is responsible for payment of all closing costs, including but not limited to loan application fee, credit report, appraisal, and buyer title insurance costs.

Prospective buyers will be allowed to choose from any of the participating Financial Institutions yet to finance their allotment of loans under the Program.

7. Downpayment Loans Financial Institutions agree to offer second mortgage financing up to 5 percent of the purchase price not to exceed \$4,000 per unit to cover downpayment costs for buyers with income greater than 80 percent of median family income but not more than 120 percent of median family income. These second mortgages shall be made at a fixed rate of 5 percent amortized over 60 months.

The City agrees to offer second mortgage financing up to 5 percent of the purchase price not to exceed \$4,000 per unit to cover downpayment costs for buyers with income at or below 80 percent of median family income. These second mortgages shall be made at a fixed interest rate of zero percent with payments deferred until sale of or transfer of title in the property secured by the second mortgage. The City further agrees that second mortgages made by the City pursuant to this Section shall be assumable by the first subsequent buyer as long as the subsequent buyer is otherwise eligible to receive second mortgage financing from the City under the terms and conditions of this Agreement.

8. Construction Write-down Grants The City agrees to provide a \$5,000 nonrepayable grant to prospective buyers with income at or below 80 percent of median family income. The grant will be utilized to further reduce housing construction costs to low-income buyers. The City will disburse grant monies after the City receives written notification of first mortgage and construction financing from a participating financial institution and a copy of a signed construction contract between the buyer and a qualified builder.
9. Restrictions on Subsequent Sales of Certain Units The City and Financial Institutions agree that, to the extent allowable by law, the deed to any house receiving loan funds provided by the HOME Investment Partnerships Program shall include a provision restricting subsequent sales of said house to a family having income at or below 80 percent of the median family income for a period of five years from the date of the deed transferring title from the City to the person's to whom the City conveyed (hereinafter "first homeowner"). Said deed restriction shall not apply to properties repossessed by a Financial Institution as a result of foreclosure proceedings.
10. Assumption and Acceleration of Initial Mortgage Financial Institutions and the City agree that, in the event that the first homeowner sells his/her house within five years of the date of deed transfer from the City to the first homeowner, the first mortgage may be assumed by a successive buyer with the approval of the Financial Institution if said buyer meets the then-applicable income guidelines. Financial Institutions and the City further agree that any Financial Institution holding a mortgage associated with this Agreement may accelerate a mortgage in the event that a mortgagor rents the mortgaged property to another party without prior written consent of the mortgagee.
11. Real Estate Services Concurrent with execution of this Agreement, the City agrees to extend an exclusive marketing agreement with Coldwell Banker Devonshire Realty, Inc. Champaign, Illinois, for marketing of up to 16 additional houses pursuant to this Agreement.
12. Authority to Execute Sales Contracts and Warranty Deeds The Manager or the Grants Coordinator II of the Grants Management Division of the City of Urbana shall have authority to sign sales contracts and related documents with prospective buyers, including but not limited to mortgages and promissory notes, real estate listing agreements, and related settlement documents pursuant to this Agreement, on behalf of the City of Urbana. All warranty deeds executed pursuant to this Agreement shall require the signature of the Mayor and attestation by the City Clerk. This authority to execute documents related to this Agreement shall be effective retroactively to October 29, 1990 (the date of the original agreement) through the term of this Agreement.
13. Assignment This Agreement shall not be assigned without the express written consent of the City and the Financial Institutions.
14. Modification No purported modifications of this Agreement shall be effective unless in writing and executed by the parties hereto.
15. Notices shall be considered effective upon deposit in the first class U.S. Mail, postage prepaid and addressed as follows.

To the City

City of Urbana
Bruce R. Stoffel
Manager, Grants Management Division
P.O. Box 946, 115 West Main Street
Urbana, IL 61801

To the Financial Institutions

Steven Drake
BankIllinois
P.O. Box 4028
Champaign, IL 61820-4028

Bob Jirgal
BankChampaign
P.O. Box 1490
Champaign, IL 61824-1490

Richard O'Neill
Bank One
P.O. Box 4029
Champaign, IL 61824-4029

Gary Jackson
Busey Bank
909 West Kirby
Champaign, IL 61821

Carol Ohls
Central Illinois Bank
P.O. Box 6387
Champaign, IL 61826-6387

Robert L. Glasa
First of America Bank
115 East Washington Street
Bloomington, IL 61701

- 16. Termination Unless otherwise extended through a modification executed in accordance with provisions of Section 14 of this Agreement, this Agreement shall terminate on December 31, 1997.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals and have caused this instrument to be executed by their duly authorized officials and corporate seals affixed hereto.

CITY OF URBANA

By: Ted Sattethwaite
Attest: Phillip D. Clark
Phillip D. Clark, Deputy Clerk

BUSEY BANK

By: Gary L. Jackson
Attest: Janet M. Burton

BANK ILLINOIS

By: Steve Drake, VP
Attest: Margaret D. Gurlakowsky

CENTRAL ILLINOIS BANK

By: Robert L. Glasa F.V.P.
Attest: Christina M. Zentling

BANKCHAMPAIGN

By: Bob Jirgal
Attest: Barbara Tolton

FIRST OF AMERICA BANK

By: Robert L. Glasa
Attest: Carol A. Percival

BANK ONE

By: Richard O'Neill
Attest: Ms. Lawrence