



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Office

FROM: Elizabeth Tyler, AICP, City Planner/Director

DATE: May 18, 2006

SUBJECT: **An Ordinance Authorizing the Sale of Certain Real Estate**
(1110 W. Hill Street / Urban League Lease-Purchase Program)

Description

Included on the agenda for the May 22, 2006 meeting of the Committee of the Whole is an Ordinance authorizing the sale of a City-owned property located at 1110 W. Hill Street, to the Urban League of Champaign County Development Corporation (Urban League) to use in conjunction with its Lease-Purchase Program. The contract terms are similar to those used previously to convey City-owned properties to not-for-profit organizations for the development of affordable housing. Typically, the not-for-profit organization receives a vacant lot from the City and builds a new single-family residence, which is then sold to an income-qualified household. This project differs in that the property already has a house on it that is being rehabilitated through the City's Purchase Rehab and Resale Program. The Urban League proposes purchasing the property on behalf of a household participating in its Lease-Purchase Program.

Issues

The issue is whether the Urbana City Council should approve the Ordinance authorizing the sale of 1110 West Hill Street to the Urban League.

Background

This project involves two City supported programs designed to promote affordable housing opportunities in Urbana, the City Purchase-Rehab-Resale Program, and the Urban League's Lease-Purchase Program.

- The property at 1110 West Hill Street was acquired in August 2005 as the pilot site for the Purchase-Rehab-Resale Program, a new program in the FY2005-2006 Annual Action Plan. In keeping with the goals for the 2005-2009 Consolidated Plan, the main goal of this program is to preserve and increase the affordable housing stock in the City of Urbana. By investing in properties that are structurally sound, but in need of major rehabilitation, this City program helps to preserve the character of the neighborhood and provides the opportunity for a low-income household to purchase a newly rehabilitated, affordable home that complies with City codes.

- The HOME program funds the Urban League’s Lease-Purchase Program that has been in place for five years. Through this program, the Urban League purchases a home using \$20,000 in down payment assistance from the City and leases it to an income-qualified household who receives homebuyer counseling during the lease term. Upon successful completion of the program, the house is then sold to the income-qualified family.

The program has assisted nearly forty households achieve homeownership, nineteen of which are located in Urbana. Thirty-two of the homes purchased through this program have been subsequently conveyed to the program participant, while seven are continuing toward that goal. Currently, twenty-nine of the homeowners who have completed this program remain in the homes that the Urban League helped them to purchase.

After the rehabilitation work on the property began, Urban League staff expressed interest in the possibility of acquiring 1110 W. Hill Street to use in the Lease-Purchase Program. The Urban League checked with their potential lease-purchase clients to determine if there was any interest in the property. The result was the identification of a potential buyer who was excited to know of a homeownership opportunity in that neighborhood. City staff has been in contact with the potential buyer during the rehabilitation construction process for input regarding the home.

The result of the pilot project for the Purchase-Rehab-Resale Program will be that the City has improved an existing structure up to code, helped to preserve the character of the neighborhood and created an affordable homeownership opportunity. In addition, the Urban League which is a long-time partner in affordable housing in Urbana, will have assisted another client in the purchase of a home through its Lease-Purchase Program.

Options

1. Approve the Ordinance as written.
2. Approve the Ordinance with amendments.
3. Do not approve the Ordinance.

Fiscal Impacts

As outlined in the FY2005-06 AAP, the Urbana HOME Consortium has committed a total of \$80,000 in HOME funds to the Urban League’s Lease-Purchase Program. Through this program, the City, on behalf of the Consortium, will provide Urban League with \$20,000 in HOME funds, to be used toward reducing the final sales price to the homebuyer to \$55,000. Because these funds are included in the budget, there is no fiscal impact to the City related to this part of the transaction.

The proceeds from the sale of City owned property will generate program income. The sales proceeds funds will be receipted to the appropriate revenue line and designated as HOME (\$20,000) and CDBG (\$55,000) program income, in accordance with HUD guidelines. The fiscal impact to the City is the generation of revenue in the amount of \$75,000. This revenue

will be re-invested in subsequent housing program projects and/or used for qualified administrative expenses incurred in the production of affordable housing, as allowed by HUD guidelines and the 2005-2009 Consolidated Plan as adopted by Council.

The attached sales contract provides for the City to convey the property to the Urban League for the appraised value of \$75,000. In order to secure the City's HOME investment and to ensure that the property will comply with the ten year Affordability Period required by HUD, the City will execute a Mortgage and Note with the homebuyer (copies attached).

Recommendations

The rehabilitation of the property is estimated to be completed by the end of May 2006. Because the prospective buyer is nearing the end of a lease at her current residence, approval of this sale as soon as possible is desirable. Due to the tight schedule, this issue has been brought before the Committee of the Whole prior to review by the Community Development Commission (CDC). The proposed project will be presented to the CDC during its May 23, 2006 meeting for comments and a recommendation. CDC input will be provided to City Council at its June 5, 2006 meeting.

Staff recommends that Council approve the sale of 1110 W. Hill St. to the Urban League for use in their Lease-Purchase Program.

Memorandum Prepared By:

Randy Burgett
Housing Rehabilitation Coordinator
Grants Management Division

Attachments:

1. Ordinance
2. Sales Contract
3. Mortgage and Note
4. Warranty Deed

ORDINANCE NO. 2006-05-065

**AN ORDINANCE AUTHORIZING THE
SALE OF CERTAIN REAL ESTATE**

(1110 West Hill Street/ Urban League Lease-Purchase Program)

WHEREAS, Subsection (a), entitled "Sale of real estate," of Section 2-118, entitled "Purchase, sale, lease, etc., of real estate," of the Code of Ordinances, City of Urbana, Illinois, provides that any real estate owned by the City of Urbana may be sold in any manner prescribed by the City Council in an ordinance authorizing such sale; and

WHEREAS, the requirements of said Subsection (a) of Section 2-118 for a public hearing and for the required notice for such public hearing do not, pursuant to the terms thereof, apply to the sale of residential property acquired under the community development program; and

WHEREAS, the City Council desires to sell the real estate commonly known as 1110 W. Hill St., which said property has heretofore been acquired under the community development program, in accordance with said Subsection (a) of Section 2-118 and the policy heretofore established with respect thereto; and

WHEREAS, the City Council expressly finds and declares that said real estate is not needed for governmental purposes or proprietary activity of the City of Urbana.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Contract for Sale of Real Estate by and between the City of Urbana, Illinois, and Urban League of Champaign County Development Corporation, a copy of which said Contract is attached hereto and incorporated herein by reference, be and the same is hereby authorized and approved.

Section 2. The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute said Contract together with all necessary deeds and documents required by said Contract for and on behalf of the City of Urbana, Illinois.

Section 3. The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute extensions of time set forth in the said Contract for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, 2006, by and between the City of Urbana, Illinois, a municipal corporation of the State of Illinois (hereinafter referred to as Seller), and Urban League of Champaign County Development Corporation, an Illinois not-for-profit corporation (hereinafter referred to as Buyer).

WITNESSETH:

IT IS MUTUALLY UNDERSTOOD AND AGREED BETWEEN THE PARTIES HERETO as follows:

1. Sale. Seller agrees to sell and convey, and Buyer agrees to buy, the following described parcel of real estate:

DESCRIPTION OF REAL ESTATE:

Lot 26 in Sarah A. Sim's Addition to the City of Urbana, as per plat recorded in Plat Book "B" at Page 255, situated in Champaign County Illinois;

PIN: 91-21-07-426-015;

Commonly known as 1110 West Hill Street, Urbana, Illinois 61801 (hereinafter referred to as Subject Property).

2. Purchase Price. Seller agrees to convey title to Subject Property for Seventy-Five Thousand Dollars and Zero Cents (\$75,000.00) and other consideration as described herein.
3. Evidence of Title. Within a reasonable time, Seller shall select and deliver one of the following to Buyer as evidence of title:
 - a. A copy of the title insurance policy issued to the City in connection with acquisition of Subject Property by the City; the City warrants that it has done nothing to encumber Subject Property since its acquisition of Subject Property; or
 - b. A commitment of title insurance issued by a title insurance company regularly doing business in Champaign County, committing the company to issue a policy in the usual form insuring title to Subject Property to Buyer for the amount of the Seller's purchase price or the minimum amount of title insurance, whichever is greater.

Permissible exceptions to title shall include only the lien of general taxes; zoning laws and building ordinances; easements, apparent or of record, which do not underlie the improvements, if any; and covenants and restrictions of record which

are not violated by the existing improvements or the present use of the property and which do not restrict reasonable use of the property.

Buyer shall point out in writing to Seller within a reasonable time after receipt of the evidence of title any objections that Buyer may have thereto and unless so pointed out the evidence of title shall be conclusively presumed to be accepted by Buyer.

Seller shall have a reasonable time to cure any objections actually interfering with or impairing the merchantability of the title to Subject Property. If Seller is unable to cure such objections and is unable to procure a title policy insuring over such objections, then Buyer shall have the option to terminate the Contract.

The evidence of title and title insurance shall be at the sole expense of the Seller.

4. Conveyance. Seller agrees to convey Subject Property to Buyer by good and sufficient Warranty Deed, subject to current general taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances.

At the time of closing of this transaction, a Warranty Deed from Seller in favor of Buyer shall be recorded with the Champaign County Recorder's Office and delivered to the Buyer.

5. Taxes and Assessments. Seller shall pay all special assessments confirmed prior to the date of this Contract and real estate taxes assessed against Subject Property for 2005 payable in 2006 up to the date of possession. Buyer shall pay all special assessments and real estate taxes assessed against Subject Property after the date of possession

Buyer shall promptly pay all bills for utilities and taxes associated with Buyer's possession and use of Subject Property, including but not limited to water, gas, electric, cable television, sewage treatment, and sewer benefit taxes.

6. Condition of Subject Property. Buyer agrees to accept Subject Property in its "as-is" condition, and Seller disclaims all warranties express or implied as to the condition of Subject Property.

7. Use of Subject Property. The primary purpose of Buyer activities undertaken pursuant to this Contract shall be the conveyance of a single-family residence to a low-income household through the Buyer's Lease-Purchase Program. To ensure the residence remains affordable housing occupied by a low-income household for the Affordability Period, a Mortgage and Promissory Note in substantially the form set forth as ATTACHMENT A to this contract must be signed by all grantees to whom the Buyer conveys the subject parcel and recorded at the time of closing of such transaction. The City of Urbana Indirect Homebuyer Assistance Mortgage and Note attached hereto and incorporated herein, is an essential part of this contract.

8. Property Maintenance. Buyer agrees to keep Subject Property properly mowed and free of excess vegetation and debris at all times from the date of this contract. Buyer shall neither suffer nor commit any waste on or to Subject Property. Buyer agrees to promptly respond to any notices received from the City of Urbana, Illinois, with regard to violation of the City's nuisance codes and to promptly correct any violation cited by said City. Buyer shall promptly pay all bills or charges incurred for materials, services, labor, or other like items that may create encumbrances against Subject Property. Buyer will become responsible for all property maintenance as of the date of this Contract.
9. Seller Held Harmless. Buyer agrees to indemnify and hold Seller, its officers, agents, and employees, harmless for any liability or damages of any nature or kind concerning undertaking of any activity pursuant to this Contract, including reasonable attorneys' fees incurred in defending against any such claim.
10. Assignment. Buyer shall not assign this Contract without prior written consent of Seller to such assignment; provided, however, that Seller shall not unreasonably withhold such consent and further provided that no such assignment shall act as a discharge or release of Buyer's liability under this Contract.
11. Possession. City shall deliver possession of Subject Property to Buyer concurrently with closing of this transaction.
12. Default. If Buyer fails to perform any obligation imposed upon it by this Contract, Seller may serve written notice of default upon Buyer and if such default is not corrected within ten (10) days thereafter, this Contract shall terminate. In the event of failure of Seller to perform obligations imposed upon it by this Contract, Buyer may terminate this Contract upon similar notice served upon Seller and similar expiration of time period. The foregoing remedies in the event of default are not intended to be exclusive, and the parties shall have the right to all other lawful remedies, including specific performance. Default by Seller or Buyer shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees, and expenses in connection with enforcement of this Contract.
13. Notices. Any notice required under this Contract to be served upon Seller or Buyer shall be mailed by certified mail to such parties at the address shown herein following their signatures, or at such other place as the parties may from time to time designate in writing.
14. Modification. No modification or extension of this Contract shall be effective unless in writing and executed by the parties hereto.
15. Terms Binding. All terms of this Contract shall be binding upon the heirs, legatees, devisees, representatives, and assignees of the parties.

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first above written.

SELLER:

City of Urbana, Illinois
400 South Vine Street
Urbana, Illinois 61801

BUYER:

Urban League of Champaign County
Development Corporation
314 S. Neil Street
Champaign, Illinois 61820

BY:

Laurel Lunt Prussing, Mayor

BY:

Jean Algee, Director of Housing

ATTEST:

Phyllis D. Clark, City Clerk

ATTEST:

Attachment A to Sales Contract

**CITY OF URBANA
INDIRECT HOMEBUYER ASSISTANCE
Mortgage and Note –
Urban League Lease-Purchase Program**

MORTGAGE

THIS MORTGAGE (“Mortgage”) is given on **<date>**, by **<buyer names>** (the “Borrower”) to the City of Urbana, Illinois, a unit of local government having its principal offices at 400 South Vine Street, Urbana, Illinois 61801, acting as the lead entity for the Urbana HOME Consortium (the “Grantor”). Borrower conditionally owes the Grantor a maximum amount of Twenty Thousand Dollars and Zero Cents (\$20,000.00). This debt is evidenced by Borrower’s promissory note (the “Note”) dated the same date as this Mortgage, a copy of which is attached hereto as Exhibit “A”, which provides for a ten-year (10) term, hereinafter referred to as the “Affordability Period,” commencing on **<date>**.

This Mortgage secures to the Grantor: (a) all repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums advanced by the Grantor pursuant to paragraph 7 of this Mortgage to protect the security of this Mortgage; and (c) the performance of Borrower’s covenants and agreements under this Mortgage and the Note.

For these purposes, Borrower hereby mortgages, grants and conveys to the Grantor, its successors and assigns, the real property described as:

Legal Description: Lot 26 in Sarah A. Sim’s Addition to the City of Urbana, as per plat recorded in Plat Book “B” at Page 255, situated in Champaign County, Illinois.
Common address: 1110 West Hill Street
Urbana IL 61801
PIN: 91-21-07-426-015

located in the County of Champaign, State of Illinois, together with (a) all the improvements now or hereafter erected on the property and all easements, rights and appurtenances thereto; (b) all leases and licenses with respect to the property; (c) all rents, royalties and profits thereof; and (d) all fixtures and equipment now or hereafter in or on the property. All replacements and additions shall also be covered by this

Mortgage. The real property referenced above and all of the other property subject to this mortgage is hereinafter referred to collectively in this Mortgage as the "Property".

Borrower covenants that Borrower is the lawful owner of the Property conveyed by this Mortgage and has the full right and power to mortgage, grant and convey the Property and that the Property is unencumbered, except for the encumbrances of record described in Exhibit "B" hereto acceptable to the Grantor (the "Permitted Encumbrances"). Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any Permitted Encumbrances.

Borrower covenants to the Grantor as follows:

1. **Payment Under the Note.** Borrower agrees to promptly pay when due any amounts required to be paid by the Note.
2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by the Grantor under paragraph 1 will be applied to principal due under the Note.
3. **Charges and Liens.** Borrower will pay all taxes, assessments, charges and fines attributable to the Property which may attain priority over this Mortgage. Borrower will pay these obligations on time directly to the person to whom payment is owed.

Borrower will promptly discharge any lien which may attain priority over this Mortgage unless Borrower: (a) agrees in writing to pay the obligation secured by the lien in a manner acceptable to the Grantor; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the Grantor's opinion, operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to the Grantor subordinating the lien to this Mortgage. If the Grantor determines that any part of the Property is subject to a lien which may attain priority over this Mortgage, the Grantor may give Borrower a notice identifying the lien. Borrower will satisfy the lien or take one or more of the actions set forth above within ten (10) days of the Grantor's giving of such notice.

4. **Hazard Insurance.** Borrower will keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and any other hazards for which the Grantor requires insurance. All policies of insurance hereunder will be from such companies and in such form and amounts as may be satisfactory to the Grantor, will name the Grantor as a loss payee and will include a provision requiring 30 days advance written notice to the Grantor prior to the termination or modification of such policy.

All insurance policies and renewals must be acceptable to the Grantor and must include a standard mortgage clause. The Grantor may hold the policies and renewals and, if the Grantor requires, Borrower will promptly give to the Grantor all receipts of paid

premiums and renewal notices. Upon the occurrence of a loss covered by insurance, Borrower will give prompt notice to the insurance carrier and the Grantor. The Grantor may make proof of loss if not made promptly by Borrower.

Insurance proceeds will be applied to restoration or repair of the Property damaged if the Grantor determines that the restoration or repair is economically feasible and the Grantor's security is not lessened by such restoration or repair. In such event, the Grantor has the right to collect and hold the insurance proceeds and make the proceeds available to Borrower from time to time for the payment of the cost and expense of repair and restoration upon receipt of satisfactory evidence that such cost or expense has been incurred. If the Grantor determines that the restoration or repair is not economically feasible or the Grantor's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property or does not answer within 30 days a notice from the Grantor that the insurance carrier has offered to settle a claim, then the Grantor may settle the claim with the insurance carrier and collect the insurance proceeds from the insurance carrier and may use the proceeds to repair or restore the Property or to pay sums secured by this Mortgage, whether or not then due.

If under paragraph 19 the Property is acquired by the Grantor, Borrower's right to any insurance policies and all insurance proceeds resulting from damage to the Property prior to the Grantor's acquisition shall pass to the Grantor to the extent of the sums secured by this Mortgage immediately prior to such acquisition.

5. **Preservation and Maintenance of Property.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate, or commit waste. Borrower shall cause the Property to comply with all local codes, ordinances, zoning ordinances, the Model Energy Code and the United States Department of Housing and Urban Development's ("HUD") Section 8 Housing Quality Standards, as set forth in Section 370.601 of the Rules.

6. **Occupancy Restrictions.** Borrower covenants that during the Affordability Period, the property shall be occupied and maintained as the principal residence of the Borrower.

In the event of a foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the Property, the Grantor shall have the right, but not the obligation, to acquire the Property prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions as provided in 24 CFR Part 92.254 (a)(4) of the Regulations.

7. **Protection of the Grantor's Rights in the Property: Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Mortgage or there is a legal proceeding that might significantly affect the Grantor's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then the Grantor may do and pay for whatever is necessary to

protect the value of the Property and the Grantor's rights in the Property. The Grantor's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although the Grantor may take action under this paragraph 7, the Grantor does not have to do so. Any amount disbursed by the Grantor under this paragraph 7 shall become additional debt of Borrower secured by this Mortgage.

8. **Inspection.** The Grantor or its agents may make reasonable entries upon and inspections of the Property. The Grantor shall give Borrower notice prior to the time of an inspection specifying reasonable cause for the inspection.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property or for conveyance in lieu of condemnation are hereby assigned and shall be paid to the Grantor and shall be applied to the sums secured by this Mortgage as if the Note had been prepaid on the date the condemnation award is approved, whether or not then due, with any excess paid to Borrower. If the Property is abandoned by Borrower or if, after notice by the Grantor to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to the Grantor within 30 days after the date the notice is given, the Grantor is authorized to accept such award or settlement and to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Mortgage, whether or not then due.

10. **Borrower Not Released; Forbearance Not a Waiver.** Extension of the time for payment or modification of payment of the sums secured by this Mortgage granted by the Grantor to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. The Grantor shall not be required to commence proceedings against any successor in interest and may refuse to extend time for payment or otherwise modify payment of the sums secured by this Mortgage by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by the Grantor in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. **Successors and Assigns Bound.** The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of the Grantor and Borrower and shall be covenants running with, binding and burdening the Property, subject to the provisions of paragraphs 17 and 21.

12. **Loan Charges.** If the loan secured by this Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Grantor may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a

partial prepayment without any prepayment charge under the Note. Notwithstanding anything to the contrary set forth in this paragraph 12, no interest or prepayment charge is payable under the Note.

13. **Legislation Affecting the Grantor's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, the Grantor, at its option, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted by paragraph 19. If the Grantor exercises this option, the Grantor shall take the steps specified in paragraph 19.

14. **Notices.** Any notices, demand, request or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing at the addresses set forth below by any of the following means: (a) overnight courier; or (b) registered or certified United States mail, postage prepaid, return receipt requested.

The Borrower: <buyer names>
1110 West Hill Street
Urbana IL 61801

The Grantor: Urbana HOME Consortium
C/O City of Urbana – Administrative Agent
ATTN: Grants Management Division Manager
400 S. Vine Street
Urbana, IL 61801
217.384.2447

Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

15. **Governing Law; Severability.** This Mortgage shall be governed by the laws of the State of Illinois (without giving effect to Illinois choice of law principles). In the event that any provision or clause of this Mortgage, the Agreement or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage, the Agreement or the Note, as the case may be, which can be given effect without the conflicting provision. To this end, the provisions of this Mortgage, the Agreement and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note, the Agreement and this Mortgage.

17. **Transfer of the Property or a Beneficial Interest in Borrower.** In the event of (a) a default by Borrower, beyond any applicable cure period, of its obligations under the Note or this Mortgage, or (b) a sale, conveyance or other transfer of the Property, excluding, however, if Borrower are individuals, any sale, conveyance or transfer to a spouse upon a dissolution of marriage, or to a surviving spouse upon the death of a Borrower, then Borrower shall repay to the Grantor the Loan, or such portion of the Loan as may be due and payable under the terms of the Note.

Upon the occurrence of either of the foregoing events, the Grantor shall give Borrower notice of acceleration. This notice shall provide a period of not less than 30 days from the date the notice is given within which Borrower must pay all sums required by this paragraph 17. If Borrower fails to pay these sums prior to the expiration of this period, the Grantor may invoke any remedies permitted by this Mortgage without further notice or demand on Borrower.

18. **Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower will have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) five (5) days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Borrower: (i) pays the Grantor all sums which then would be due under this Mortgage and the Note had no acceleration occurred; (ii) cures any default of any other covenants or agreements; (iii) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (iv) takes such action as the Grantor may reasonably require to assure that the lien of this Mortgage, the Grantor's rights in the Property and Borrower's obligations to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by Borrower, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

19. **Acceleration; Remedies.** Prior to any acceleration of the amounts owed to the Grantor under the Note or this Mortgage (other than an acceleration under paragraphs 13 and 17 unless applicable law provides otherwise) the Grantor shall give notice to Borrower following Borrower's breach of any covenant or agreement in this Mortgage (the "Default"). The notice shall specify: (a) the Default; (b) the action required to cure the Default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the Default must be cured; and (d) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert, in the foreclosure proceeding, the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the Default is not cured on or before the date specified in the notice, the Grantor at its option may require immediate payment in full of all sums secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. The Grantor shall be entitled to collect all expenses

incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence, and such sums shall be immediately due and payable and shall be secured by this Mortgage. Upon any sale of the Property made by virtue of judicial proceedings or a decree of foreclosure and sale, the Grantor may bid for and acquire the Property and in lieu of paying cash therefore may make settlement for the purchase price by crediting upon Borrower' indebtedness secured by this Mortgage, the sale price, after first deducting from the sale price the expenses of the sale and the cost of the foreclosure. The proceeds of any foreclosure sale of the Property shall be distributed and applied in the following order of priority: first, on account of all costs and expenses of the foreclosure proceedings; second, to repayment of the indebtedness of Borrower secured by this Mortgage; and third, any excess to Borrower, its successors and assigns.

20. **Possession.** Upon acceleration under paragraph 19 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, the Grantor (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by the Grantor or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Mortgage.

21. **Release.** Upon the expiration of the Affordability Period, the Grantor shall release this Mortgage without charge to Borrower. Borrower shall pay any recordation costs.

22. **Waiver of Homestead.** Borrower waives all right of Homestead Exemption in the Property, as described in 735 ILCS 5/12-901. The Borrower reserves the right, however, to seek a reduced assessment based on Homestead under 30 ILCS 200/16-80.

23. **Filing and Recording Fees.** Borrower shall pay all title insurance premiums, escrow charges, filing, registration or recording fees, and all expenses incident to the execution and acknowledgement of this Mortgage and all federal, state, county and municipal taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution, delivery and performance of this Mortgage.

By signing below, Borrower accepts and agrees to be bound by the terms and covenants in this Mortgage.

Borrower

Borrower

STATE OF ILLINOIS)
) ss.
COUNTY OF CHAMPAIGN)

I, _____, a Notary Public in and for said county and state, do hereby certify that

_____, personally known to me to be the same person(s) whose name(s) _____ subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that _____ signed and delivered the said instrument as _____ free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal, this _____ day of _____, 20_____.

Notary Public

Prepared by:
Grants Management Division
City of Urbana
400 South Vine Street
Urbana, Illinois 61801
(217) 384-2447

Return to:
Grants Management Division
City of Urbana
Attn: HOME Coordinator
400 South Vine Street
Urbana, Illinois 61801

EXHIBIT "A" (to mortgage)

PROMISSORY NOTE

U.S. \$ 20,000

FOR VALUE RECEIVED, the undersigned ("Borrower") covenants and promise(s) to pay to the order of the City of Urbana (the "Payee"), a unit of local government, the principal sum of Twenty Thousand and 00/100 Dollars (\$20,000.00), with interest in the amount of zero percent (0%). Absent the occurrence of either of the events set forth in clauses (i) or (ii) below (each, a "Recapture Event"), no principal payments shall be due or payable. On the first anniversary of the date of execution of this note and on each successive anniversary of said date of execution year thereafter until ten (10) years after the date of this Note, Payee shall forgive the one tenth (1/10) of the initial amount of indebtedness from the principal balance of this Promissory Note. The period from the date of this Promissory Note to the date that is ten (10) years after the date of this Note is referred to herein as the "Affordability Period".

Borrower agrees to repay to the Payee, and the Payee shall have the right to accelerate payment of, the outstanding principal balance upon the earliest to occur, within the Affordability Period, of the following:

- (i) a default by the Borrower, beyond any applicable cure period, under the Mortgage or any other document evidencing or securing the Loan; or
- (ii) the sale, conveyance or transfer of ownership of the Property, provided, however, that if the Borrower is an individual, that no transfer to a spouse upon a dissolution of a marriage or to a surviving spouse upon the death of Borrower, as the case may be, shall be deemed to be a sale, conveyance or transfer for purposes of this subparagraph.

The Payee may exercise the foregoing right to accelerate, regardless of any prior forbearance, in accordance with the terms of the Mortgage. If suit is brought to collect the sums due under this Note, the Payee shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Presentment, notice of dishonor and protest are hereby waived by all Borrower, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all Borrower, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns. Any subsequent holder of this Note shall have the same rights under this Note as Payee.

Any notice to Borrower provided for in this Note shall be given as set forth in Paragraph 14 of the Mortgage securing payment of this Note.

WARRANTY DEED

THIS INDENTURE WITNESSETH, that the Grantor, THE CITY OF URBANA, ILLINOIS, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Illinois, for and in consideration of Seventy-Five Thousand Dollars (\$75,000.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, and pursuant to authority given by the City Council of the City of Urbana, Illinois, by virtue of Ordinance No. _____, CONVEYS AND WARRANTS to Urban League of Champaign County Development Corporation, an Illinois not-for-profit corporation, the following described real estate, to-wit:

DESCRIPTION OF REAL ESTATE

Lot 26 in Sarah A. Sim's Addition to the City of Urbana, as per plat recorded in Plat Book "B" at Page 255, situated in Champaign County Illinois:

PIN: 91-21-07-426-015

Commonly known as 1110 West Hill Street, Urbana, Illinois Illinois;

Subject to:

- (1) Real estate taxes for the year 2006 and subsequent years;
- (2) Covenants, conditions, restrictions, and easements apparent or of record;
- (3) All applicable zoning laws and ordinances.

IN WITNESSETH, said Grantor has caused its corporate seal to be affixed, and has caused its name to be signed to these presents by LAUREL LUNT PRUSSING, its Mayor, and attested by Phyllis D. Clark, its City Clerk, this ____ day of _____, 2006.

CITY OF URBANA, ILLINOIS

By: _____
Laurel Lunt Prussing, Mayor

ATTEST:

By: _____
Phyllis D. Clark, City Clerk

STATE OF ILLINOIS)
) SS.
COUNTY OF CHAMPAIGN)

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that LAUREL LUNT PRUSSING, personally known to me to be the Mayor of the City of Urbana, Illinois, the GRANTOR, and PHYLLIS D. CLARK, personally known to me to be the City Clerk of the City of Urbana, Illinois, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as Laurel Lunt Prussing, Mayor, and Phyllis D. Clark, City Clerk, they signed and delivered the said instrument and caused the corporate seal of the City to be affixed thereto, pursuant to authority given by the City Council of said City by virtue of Ordinance No. _____ as their free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this ____ day of _____, 2006.

Notary Public

Exempt under provisions of Paragraph (e), Section 4, Real Estate Transfer Act (35 ILCS 305/4(b)).

Date: _____ Signature: _____

Deed Prepared By:
Jack Waaler, Special Counsel
City Attorney's Office
City of Urbana
400 South Vine Street
Urbana, Illinois 61801

Return Deed, Send Tax Bill To:
Urban League of Champaign County Development Corporation
314 South Neil Street
Champaign, IL 61820