



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth Tyler, AICP, City Planner/Director

FROM: Erin J. Bullok, Interim Manager, Grants Management Division

DATE: July 22, 2005

SUBJECT: AN ORDINANCE APPROVING AN AMENDMENT TO AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
(Affordable Homeownership Program FY2003-2004)

Description

On the agenda for the July 26, 2005 meeting of the Community Development Commission is an Amendment to a HOME agreement with Homestead Corporation for the FY 2003-2004 Affordable Homeownership program.

Issues

The issue is whether the Community Development Commission should recommend approval of the amendment to the Urbana City Council.

Background

On May 17, 2004 the Urbana City Council approved an ordinance executing an agreement with Homestead Corporation to build three single-family homes utilizing HOME funds in order to make the houses affordable. The homes would be sold to households at or below 80% of Median Family Income.

After a series of delays, this project is now ready to move forward. The original agreement has been reassessed, and the attached amendment reflects appropriate changes which will ensure that the project proceeds as planned in a timely manner.

Options

1. Recommend the amendment as written to City Council
2. Recommend the amendment with amendments to City Council.
3. Do not recommend the amendment to City Council.

Fiscal Impacts

There would be no fiscal impact to the city budget. Funds used for this project were budgeted in FY 2003-2004.

Recommendations

Staff recommends that the Community Development Commission forward a favorable recommendation to City Council for this amendment.

Memorandum Prepared By:

Erin J. Bullok
Interim Manager
Grants Management Division

Attachments:

(1) An Amendment to a Certain Agreement Between the Urbana HOME Consortium and Homestead Corporation (Affordable Homeownership Program FY2003-2004)

(2) An Ordinance Approving an Amendment to an Urbana HOME Consortium Community Housing Development Organization Agreement
(Homestead Corporation Affordable Homeownership Program FY 2003-2004)

**AN AMENDMENT TO A CERTAIN AGREEMENT
BETWEEN THE URBANA HOME CONSORTIUM
AND HOMESTEAD CORPORATION**

(Affordable Homeownership Program FY 2003-2004)

This Agreement is made this _____ day of August, 2005, between the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the “**GRANTOR**”), and HOMESTEAD CORPORATION, an Illinois Not-For-Profit Organization (hereinafter “**DEVELOPER**”).

WITNESSETH:

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter “HUD”) for purposes of receiving HOME Investment Partnership (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (hereinafter the “National Affordable Housing Act”); and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 2002, and ending June 30, 2004, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the GRANTOR, as the administrator of a HOME Program, has authority of the under the provisions of the HOME Program to amend the HOME Agreements; and

WHEREAS, on May 19, 2004, the GRANTOR and DEVELOPER entered into an agreement for the period of June 15, 2004 - June 15, 2006 (hereinafter referred to as the "Agreement"); and

WHEREAS, on May 17, 2004, the Urbana City Council passed Ordinance No. 2004-05-052 approving an Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Affordable Homeownership Program, FY 2003-2004).

WHEREAS, the City and the Homestead desire to amend said Agreement to modify certain conditions.

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

1. The clause on page 2 of the original Agreement which reads as follows:

WHEREAS, the DEVELOPER has been fully informed regarding all requirements or obligations that must be met by DEVELOPER in order to utilize HOME Program funds for the PROGRAM, including but not limited to, the requirement that the assisted housing units must remain affordable to low-income households for a period of ten (10) years, in accordance with 24 CFR Part 92, Sections 203, 251-253, and

Shall be replaced with the following clause:

WHEREAS, the DEVELOPER has been fully informed regarding all requirements or obligations that must be met by DEVELOPER in order to utilize HOME Program funds for the PROGRAM, including but not limited to, the requirement that the assisted housing units must remain affordable to low-income households for a period of no less than ten (10) years and up to fifteen (15) years, based on the amount of subsidy provided for the unit, in accordance with 24 CFR Part 92, Sections 203, 251-253, and

2. The clause on page 2 of the original Agreement which reads as follows:

WHEREAS, the DEVELOPER, having been fully informed regarding the requirements of the HOME Program, is committed to starting the PROGRAM with the assistance of HOME Program funds on or before June 15, 2004 and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROGRAM.

Shall be replaced with the following clause:

WHEREAS, the DEVELOPER, having been fully informed regarding the requirements of the HOME Program, is committed to starting the PROGRAM with the assistance of HOME Program funds on or before June 15, 2005 and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROGRAM.

WHEREAS, the DEVELOPER is further committed to abiding by the Program Schedule such that the three units will be fully constructed and ownership transferred to income-eligible home-buyers no later than June 15, 2006

3. Section 1, Item c) on page 3 which reads as follows:

c) The DEVELOPER shall own or purchase the real property for the Project in the following locations: two (2) units in the City of Champaign, one (1) units in the City of Urbana.

Shall be replaced with the following:

- c) ***The DEVELOPER shall own or purchase the real property for the Project, or use lots donated by the City of Urbana or the City of Champaign.***

4. The clause in Section 3 on page 4 which reads as follows:

Affordability Period.

For the ten (10) years following project completion (hereinafter referred to “the Affordability Period”), the following restrictions shall apply. The DEVELOPER agrees to assist the GRANTOR in restricting the use of the property by recording a Land Use Restriction Agreement, Mortgage, and Note (hereinafter the “DOCUMENTS”) in form and with the same content as that executed under even date herewith. DOCUMENTS shall be identical in substantial form as the forms in “Attachment 5” attached hereto and by reference made a part hereof.

Shall be replaced with the following:

Affordability Period.

For the appropriate period of ten (10) or fifteen (15) years following project completion, in accordance with 24 CFR Part 92, Sections 203, 251-253, (hereinafter referred to “the Affordability Period”), the following restrictions shall apply. The DEVELOPER agrees to assist the GRANTOR in restricting the use of the property by recording a, Mortgage, and Note (hereinafter the “DOCUMENTS”) in form and with the same content as that executed under even date herewith. DOCUMENTS shall be identical in substantial form as the forms in “Attachment 5” attached hereto and by reference made a part hereof.

5. “Land Use Restriction” shall be removed from the List of Documents shown on page 5 of the original Agreement.
6. Section 6 Part B. Reports on page 9 which reads as follows:

B. Reports

The Developer must submit quarterly reports no more than ten (10) days after the end of each quarter. The following table lists the end of the quarter and the corresponding quarterly report due date:

<i>Quarter</i>	<i>Period</i>	<i>Quarterly Report Due Date</i>
<i>1st</i>	<i>April 1 – June 30</i>	<i>July 10, 2004</i>
<i>2nd</i>	<i>July 1 – September 30</i>	<i>October 10, 2004</i>
<i>3rd</i>	<i>October 1 – December 31</i>	<i>January 10, 2005</i>
<i>4th (year-end)</i>	<i>January 1 – March 31</i>	<i>April 10, 2005</i>
<i>5th</i>	<i>April 1 – June 30</i>	<i>July 10, 2005</i>
<i>6th</i>	<i>July 1 – September 30</i>	<i>October 10, 2005</i>
<i>7th</i>	<i>October 1 – December 31</i>	<i>January 10, 2006</i>
<i>8th (year-end)</i>	<i>January 1 – March 31</i>	<i>April 10, 2006</i>
<i>9th (completion)</i>	<i>April 1 – June 30</i>	<i>July 10, 2006</i>

The quarterly reports shall be submitted by the DEVELOPER quarterly until the final house has been constructed and transferred to the homebuyer. A sample is attached as “Attachment 6”.

Shall be replaced with the following:

B. Reports

The Developer must submit monthly reports no later than the fifteenth day of each month. In addition, a comprehensive summary of project progress made shall be submitted no later than thirty (30) days following the execution of this Amendment. The following table outlines the schedule of report due dates:

<i>Period</i>	<i>Report Due Date</i>
<i>April 1, 2004 – July 30, 2005</i>	<i>August 30, 2005</i>
<i>August 1 – August 31, 2005</i>	<i>September 15, 2005</i>
<i>September 1 – September 30</i>	<i>October 15</i>
<i>Etc., submitted monthly throughout project duration until:</i>	
<i>May 1 – June 15, 2006</i>	<i>June 30, 2006</i>

The report format is attached as “Attachment II” of this Amendment.

7. The Program Schedule outlined on page 20 of the original Agreement shall be replaced by Attachment III of this Amendment.
8. The *Pro Forma* outlined in pages 21 through 24 of the original Agreement shall be replaced by Attachment IV of this Amendment.
9. Attachment 5 Part 1, also known as the Land-Use Regulatory Agreement, located on pages 32 through 37 of the original agreement shall be eliminated from the Agreement.
10. Attachment 5 Part 2, also known as the Mortgage and Note, located on pages 38 through 49 of the original Agreement shall be replaced by Attachment I of this Amendment.

11. The Quarterly Report shown on page 50 of the original Agreement shall be replaced by the Monthly Report shown in Attachment II of this Amendment.

12. All other provisions of said Agreement shall remain in full force and effect.

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, all on the day and year first above written.

CITY

SUBGRANTEE

By: _____

By: _____

Attest: _____

Attest: _____

SEAL

SEAL

Attachment I
Affordable Homeownership Program Sample Documents:
Mortgage, and Note

MORTGAGE

THIS MORTGAGE (“Mortgage”) is given on <date> , by <name of homebuyer> (the “Borrower”) to The City of Urbana, a unit of local government (the “Grantor”). Borrower conditionally owes the Grantor a maximum amount of <subsidy amount>. This debt is evidenced by Borrower’s promissory note dated the same date as this Mortgage (the “Note”), a copy of which is attached hereto as Exhibit “A”, which provides for a <ten or fifteen>-year 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, Indirect Homebuyer Assistance Land-Use Regulatory Agreement between Borrower and Grantor dated the date hereof (the “Land Use Restriction Agreement”) 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: <Legal description>
Common address: <street address>
<city>, Illinois, <zip>
PIN: <PIN>

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 as follows:

PERMITTED ENCUMBRANCES:

First mortgage in the amount of \$<mortgage amount> with <lender>.

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 and Recapture Restrictions.** Borrower covenants that during the Affordability Period, the property shall be occupied and maintained as the principal residence of the owner and that Borrower will provide to Grantor documentation affirming such, including, but not limited to, property tax statements, income tax returns, utility bills and drivers license (the "Affordability Requirements").

In the event Borrower does not maintain the Property as the principal residence for the duration of the Affordability Period, Grantor shall be entitled to repayment of the funds provided, adjusted for the length of time Borrower fulfilled the Affordability Requirements:

Ten (10) Year Affordability Period: For every full year the Borrower occupied and maintained the Property as the principal residence, one-tenth of the original subsidy amount may be deducted in order to calculate the remaining amount owed to the Grantor.

Fifteen (15) Year Affordability Period: For every full year the Borrower occupied and maintained the Property as the principal residence, one-fifteenth of the original subsidy amount may be deducted in order to calculate the remaining amount owed to the Grantor.

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' 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) personal service; (b) electronic communication, whether by telegram or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested.

The Borrower

<name>
<address>
<city, IL zip>

The Grantor:

City of Urbana
ATTN: Grants Management, Manager
Grants Management Division
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 either subsection (a) or (b) hereof shall be served and effective upon such personal service or upon confirmation of transmission by such electronic means. Any notice, demand, request or other communication sent pursuant to subsection (c) 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 (d) 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 to a non-income eligible buyer for consideration, 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 and Land Use Regulatory Agreement.

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: (w) pays the Grantor all sums which then would be due under this Mortgage and the Note had no acceleration occurred; (x) cures any default of any other covenants or agreements; (y) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (z) 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's 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

EXHIBIT "A" (to mortgage)

PROMISSORY NOTE

U.S. \$<subsidy amount>

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 <subsidy amount> and XX/100 Dollars (\$<subsidy amount>), 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) or fifteen (15)> years after the date of this Note, Payee shall forgive <one tenth (1/10) or one fifteenth (1/15)> 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) or fifteen (15)> 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.

Attachment II
Sample Monthly Report Required By the Urbana HOME Consortium

Homestead Corporation
Affordable Homeownership Program
Monthly Progress Report

Month: _____ House: 1 2 3 ALL

I. Property & Planning

Property Acquisition: Acquired Not Acquired

If not acquired, explain how this goal is being accomplished:

Site Preparation Status: Ready Not Ready

If not ready, explain how this goal is being accomplished:

Plan Development: How have the site plans changed in the last month?

II. Homebuyer Outreach

Number of new households contacted this month: _____

Organizational outreach: List the agencies with whom you have worked this month toward the goal of identifying homebuyers, and describe the activities undertaken.

How many potential homebuyers have been through pre-approval screening with a lender? _____

How many potential homebuyers have been through the income verification process?

III. Contractor/Construction

Bidding Process: Announced Bids Received Bid Accepted

Construction Schedule: Started Stalled Complete

If Started, enter percentage completed: _____

If Stalled, please explain:

IV. Overall Project Progress

Is the project proceeding according to the most current Schedule of Activities submitted? _____

If not, explain, and submit an updated Schedule of Activities with this report.

Is the project staying within the budget established? _____

If not, please explain:

**Attachment III
Procedures and Schedule of PROGRAM**

HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA

HOMESTEAD'S AFFORDABLE HOMEOWNERSHIP PROGRAM

**SCHEDULE OF ACTIVITIES
FY 04-05**

	O04	N04	D04	J05	F05	M05	A05	M05	J05	J05	A05	S05
FHLB Applicatio	XXXX	XXXX	XXXX									
Lot Acquisition				XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Design Preparation				XXXX	XXXX							
Homebuyer Marketing				XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Select Contractor						XXXX	XXXX					
Final Home Designs									XXXX	XXXX		
Home #1 Construction											XX	XXXX
Home #2 Construction												XX

**SCHEDULE OF ACTIVITIES
FY 05-06**

	O05	N05	D05	J06	F06	M06	A06	M06	J06	J06	A06	S06
Home #1 Construction	XXXX	XXXX	XXXX	XXXX								
Home #2 Construction	XXXX	XXXX	XXXX	XXXX	XXXX							
Home #3 Construction	XXXX	XXXX			XXXX	XXXX	XXXX	XXXX				

Attachment IV
Sample Budget/ Financial Projections
(A - Total Project)

PRO FORMA - All Locations
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

HOME SALES (w/subsidized mortgages)		
Bank Mortgages (3 Homes)	257,500	
SUBSIDIES		
FHLB AHP Grant	22,500	
City of Urbana HOME CHDO	141,750	
TOTAL SOURCES OF FUNDS		421,750

USES OF FUNDS

ACQUISITION COSTS		
Land	13,000	
Liens and Taxes	0	
		13,000
CONSTRUCTION		
Buildings		330,000
PROFESSIONAL FEES		
Architect and Engineering	18,000	
Legal Fees	900	
Marketing	450	
		19,350
GENERAL PROVISIONS		
Insurance	750	
Permits	750	
		1,500
FINANCING		
Escrow Services	900	
Construction Interest/Fees	2,250	
Closing Costs	3,600	
Real Estate Taxes	600	
		7,350
CONTINGENCY INCL DEVELOPER FEE		50,550
TOTAL USES OF FUNDS		421,750

Attachment IV
Sample Budget/ Financial Projections
(B - 809 N. Busey, Urbana)

PRO FORMA - 809 N. Busey
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

HOME SALES (w/subsidized mortgages)		
Bank Mortgage	85,500	
SUBSIDIES		
FHLB AHP Grant	7,500	
City of Urbana HOME CHDO	51,750	
TOTAL SOURCES OF FUNDS		144,750

USES OF FUNDS

ACQUISITION COSTS		
Land	13,000	
Liens and Taxes	0	
		13,000
CONSTRUCTION		
Buildings		110,000
PROFESSIONAL FEES		
Architect and Engineering	6,000	
Legal Fees	300	
Marketing	150	
		6,450
GENERAL PROVISIONS		
Insurance	250	
Permits	250	
		500
FINANCING		
Escrow Services	300	
Construction Interest/Fees	750	
Closing Costs	1,200	
Real Estate Taxes	200	
		2,450
CONTINGENCY INCL DEVELOPER FEE		12,350
TOTAL USES OF FUNDS		144,750

Attachment IV
Sample Budget/ Financial Projections
(C - 1603 W. Healey)

PRO FORMA - 1603 W. Healey
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

HOME SALES (w/subsidized mortgages)		
Bank Mortgage	86,500	
SUBSIDIES		
FHLB AHP Grant	7,500	
City of Urbana HOME CHDO	39,750	
TOTAL SOURCES OF FUNDS		133,750

USES OF FUNDS

ACQUISITION COSTS		
Land	0	
Liens and Taxes	0	
		0
CONSTRUCTION		
Buildings		110,000
PROFESSIONAL FEES		
Architect and Engineering	6,000	
Legal Fees	300	
Marketing	150	
		6,450
GENERAL PROVISIONS		
Insurance	250	
Permits	250	
		500
FINANCING		
Escrow Services	300	
Construction Interest/Fees	750	
Closing Costs	1,200	
Real Estate Taxes	200	
		2,450
CONTINGENCY INCL DEVELOPER FEE		14,350
TOTAL USES OF FUNDS		133,750

Attachment IV
Sample Budget/ Financial Projections
(D - 1209 W. Beech)

PRO FORMA - 1209 W. Beech
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

HOME SALES (w/subsidized mortgages)		
Bank Mortgage	85,500	
SUBSIDIES		
FHLB AHP Grant	7,500	
City of Urbana HOME CHDO	50,250	
TOTAL SOURCES OF FUNDS		143,250

USES OF FUNDS

ACQUISITION COSTS		
Land	0	
Liens and Taxes	0	
		0
CONSTRUCTION		
Buildings		110,000
PROFESSIONAL FEES		
Architect and Engineering	6,000	
Legal Fees	300	
Marketing	150	
		6,450
GENERAL PROVISIONS		
Insurance	250	
Permits	250	
		500
FINANCING		
Escrow Services	300	
Construction Interest/Fees	750	
Closing Costs	1,200	
Real Estate Taxes	200	
		2,450
CONTINGENCY INCL DEVELOPER FEE		23,850
TOTAL USES OF FUNDS		143,250

ORDINANCE NO. _____

**AN ORDINANCE APPROVING AN AMENDMENT TO
AN URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT**

**(Homestead Corporation of Champaign-Urbana
Affordable Homeownership Program FY 2003-2004)**

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that execution of the attached Community Housing Development Organization Amendment is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Strategies and Objectives to Address the Affordable Housing Needs of Low and Moderate Income Households described in the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2000-2004*, and the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2005-2009*,

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

Section 1. That the City of Urbana hereby approves AN AMENDMENT TO A CERTAIN AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HOMESTEAD CORPORATION (Affordable Homeownership Program FY 2003-2004), a copy of which is attached hereto and incorporated herein by reference, and authorizes the Mayor of the City of Urbana to execute the same on behalf of the City of Urbana.

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 authorized to attest to said execution of said Amendment as so authorized and approved 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