



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Economic Development Division*

### **m e m o r a n d u m**

**TO:** Laurel Lunt Prussing, Mayor

**FROM:** Elizabeth H. Tyler, FAICP, Director, Community Development Services

**DATE:** December 11, 2008

**SUBJECT:** Urbana Development Group Loan Guaranty Program Agreement

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### **Summary**

The Mayor and city staff have received a request for financial assistance from a not-for-profit community development corporation group called the Urbana Development Group. The mission statement of the group is, “**The Urbana Development Group is a not-for-profit agent of change whose purpose is to promote vibrant, economically diverse, and stable neighborhoods through the preservation and revitalization of our built environment and through controlled growth**”. The main function of this group will be to purchase properties, primarily in West Urbana and Historic East Urbana, with the intention of rehabilitating those properties and marketing them for sale as single family homes. Through these efforts, the Urbana Development Group hopes to promote neighborhood stabilization, historic preservation, home ownership, and reinvestment in the community, which is consistent with the City of Urbana 2005 Comprehensive Plan. At the Committee of the Whole meeting on October 13, 2008, the Urbana City Council engaged in a discussion regarding loan guaranty support for the Urbana Development Group. As part of that discussion, the City Council directed staff to draft an agreement between the City of Urbana and the Urbana Development Group for a loan guaranty program.

### **Background**

Based on the 2005 Comprehensive Plan and interest from neighborhood groups, City staff investigated the concept of Neighborhood Conservation Districts as a tool to deal with neighborhood issues over the past few years. Findings and recommendations were presented to the Plan Commission and City Council in August 2006, at which time City staff was requested to follow up with specific research questions. Out of this public process seven specific strategies were identified for promoting neighborhood wellness. Findings and recommendations were presented to the Committee of the Whole in October 2006, and City staff were directed to move forward with six of the strategies(1).

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1 1. Lincoln Busey Design Guidelines, 2. HEUNA Rezoning, 3. Community Development Corporations, 4. Neighborhood Conservation Districts, 5. Using local resources for historic preservation, 6. Continue Neighborhood meetings

One of the strategies established in October 2006 was, “Make neighborhoods aware of how private, not-for-profit community development corporations can be formed to achieve neighborhood housing goals.” City staff followed up by organizing an introductory workshop on Community Development Corporations to facilitate their creation by one or more local groups. The report on that workshop was presented in a memorandum to City Council on December 7, 2006.

Community Development Corporations (CDCs) are private, not-for-profit organizations which work at the neighborhood level to foster economic revitalization and reduce blight. Their activities can be broad: job training, affordable housing, creation of community parks or gardens, and other efforts to improve the welfare of neighborhood residents. There are examples of CDCs which operate in neighborhoods near major universities, and focus on affordable housing and preserving historic homes from demolition. One local example is Renaissance Danville, which relies on Community Development Block Grant and private funding to rehabilitate structures.

## **Discussion**

In July 2007 the Urbana Development Group sent the Mayor a letter requesting \$125,000 in annual support from the City of Urbana for their operations. With a focus on West Urbana, the funding sources available to assist this group are limited. This area is outside the City’s Community Development Target area and income levels in West Urbana are too high for the Urbana Development Group’s transactions to qualify for Community Development Block Grant funds. Additionally, this area is generally outside the City’s tax increment finance districts. A lack of discretionary funds in the general fund, and the inability to access special funds in this case has limited the ability of the City to assist the Urbana Development Group with direct funding.

Following discussions on the City’s limited options to provide a cash contribution, the Mayor responded to the Urbana Development Group asking them to work with City staff to explore methods of support that did not involve direct funding. The Urbana Development Group then approached several local financial institutions regarding support for their organization. In these discussions, it was determined that the City could offer support without a direct initial investment by offering a loan guaranty.

A traditional bank loan would allow financing of up to 80% of the value of the property with a 20% to 25% “down payment”. In the case of the Urbana Development Group, several local banks are willing to finance 100% of the value of a property, if the City is willing to guaranty a 20% to 25% down payment portion of the loan. A guaranty simply means that if the borrower defaults or is unable to pay a loan the guarantor is then responsible for the amount they have guaranteed. As an example, if the Urbana Development Group were considering purchasing a \$200,000 property, the bank would loan the group the full \$200,000, if the City were willing to guaranty \$40,000 of the loan. The City has no direct initial investment, but is responsible for the \$40,000 if the Urbana Development Group defaults or is unable to pay their loan.

At the Committee of the Whole meeting on October 13, 2008, staff presented a memorandum to City Council outlining the merits and issues to consider regarding loan guaranty support for the Urbana Development Group. City Council provided feedback and directed staff to draft an agreement between the City of Urbana and the Urbana Development Group for a loan guaranty program.

Attached are the draft agreement between the City of Urbana and the Urbana Development Group (Exhibit A), and a draft of the Urbana Development Group Loan Guaranty Program Guidelines (Exhibit B). Also attached is a sample form of a Loan Guaranty from one of the participating lending institutions (Exhibit C). Some of the highlights of the draft agreement and the program guidelines are as follows:

- The City will guaranty up to 25% of the appraised value of a property being considered for acquisition. The loan guaranty shall be backed by a duly recorded mortgage on the property.
- The proposed acquisition should be a residential property, or a property that can reasonably be converted to a residential use or other use consistent with the City Zoning designation.
- To avoid a conflict of interest, The UDG may not utilize the Loan Guaranty Program for properties which a UDG Board Member, or their family members/associates, personally owns or in which they have a personal interest. The agreement includes an exception to this in that one property has been acquired by a UDG Board Member in anticipation of the City's support for the program.
- The program may not be utilized in connection with any property with current or pending action before any City board, commission, or City Council, nor for any property that is the subject of a legal complaint involving the City. The City may also require a waiver of appeal or complaint for actions taken within the previous 18 months.
- City staff shall review each proposed use of the loan guaranty to ensure compliance with the program guidelines and agreement and pertinent regulations of the City of Urbana.
- Any proposed property acquisition must meet the mission of the Urbana Development Group as established in the Group's By-Laws and Articles of Incorporation.
- At least annually, or upon request of the Mayor, the Urbana Development Group will provide the City a periodic report on the Group's activities, including a presentation before Urbana City Council, a statement of financial activity, and a report on programmatic activities.
- The board of the Urbana Development Group will include a non-voting ex officio member from Urbana City staff, who shall provide guidance to the group related to City policies, procedures, and planning efforts as well as serve as a liaison between the UDG and the City Council.
- In order to be eligible for City of Urbana Loan Guaranty Program support, the UDG must maintain Not-For-Profit status.

The program guidelines also establish a process for the Urbana Development Group to utilize the loan guaranty program. As directed by City Council on October 13, 2008, this process has been designed to be administered by staff with periodic reporting to the Mayor and City Council. This process is outlined in the Urbana Development Group Loan Guaranty Program Guidelines.

As part of this program, the City will need to coordinate with the participating lending institutions. A series of loan guaranty documents will need to be executed for each loan guaranty transaction. While these documents may vary based on the lending institution and the complexity of the transaction, one lending institution has provided a standard loan guaranty agreement (Exhibit C). The City legal division has also prepared a model mortgage and promissory note to attach to the guarantee in the event of a default (Exhibits D and E).

## **Fiscal Impact**

The Urbana Development Group Loan Guaranty Program does not require an immediate City expense. However, it does obligate the City to reserve and possibly expend funds to cover the amount of the guaranty in the event that the Urbana Development Group is unable to satisfy its loan obligations to a participating lending institution. As a separate item on this agenda, a Budget Amendment is presented to allocate \$85,000 from the City's Economic Development Reserve Fund to the program for 2008-2009. Allocations for future years would be made as part of the City's regular budgeting process.

## **Options**

The City Council has the following options with respect to this contract:

1. The City Council may approve the agreement as presented.
2. The City Council may approve the agreement with changes, understanding that any changes must be agreed to by the Urbana Development Group.
3. The City Council may deny the agreement.

## **Recommendation**

Support for the Urbana Development Group could have a positive impact on the City of Urbana. Through investment in rehabilitating properties for single-family home ownership, Urbana Development Group hopes to promote neighborhood stabilization, historic preservation, home ownership, and reinvestment in neighboring properties in the community. The Urbana Development Group will be able to engage in positive activities and provide services that the City is unable to offer itself.

Staff recommends that the City Council approve the attached ordinance authorizing the Mayor to execute the attached agreement.

**Attachments:**

- Exhibit A: Ordinance with Draft Agreement
- Exhibit B: Urbana Development Group Loan Guaranty Program Guidelines
- Exhibit C: Example Loan Guaranty Agreement
- Exhibit D: Example Mortgage
- Exhibit E: Example Promissory Note

Prepared by:

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Tom Carrino, Economic Development Manager

CC:

Carolyn Baxley  
Dan Folk

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE URBANA DEVELOPMENT GROUP, A NOT-FOR-PROFIT COMMUNITY DEVELOPMENT CORPORATION, FOR LOAN GUARANTY SUPPORT**

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

Section 1. That An Agreement for Loan Guaranty Support by and Between the City of Urbana, a Municipal Corporation and The Urbana Development Group, a Not-For-Profit Corporation, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated 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 authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor

AN AGREEMENT FOR LOAN GUARANTY SUPPORT BY AND BETWEEN THE CITY OF URBANA, A  
MUNICIPAL CORPORATION AND THE URBANA DEVELOPMENT GROUP, A NOT-FOR-PROFIT  
COMMUNITY DEVELOPMENT CORPORATION

WHEREAS, Community Development Corporations (CDCs) are private, not-for-profit organizations which work at the neighborhood level to foster economic revitalization and reduce blight.

WHEREAS, the Urbana Development Group (hereinafter known as UDG) is a CDC whose main function will be to purchase residential properties, primarily in West Urbana and Historic East Urbana, with the intention of rehabilitating those properties and marketing them for sale as single family homes.

WHEREAS, the UDG, through these efforts, hopes to promote neighborhood stabilization, historic preservation, home ownership, and reinvestment in the community, which is consistent with the City of Urbana 2005 Comprehensive Plan.

WHEREAS, the City of Urbana is interested in supporting the UDG as it recognizes these activities as providing a valuable public service which is consistent with the goals set forth in the City of Urbana 2005 Comprehensive Plan.

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES THEREIN MADE, the parties agree as follows:

1. Loan Guaranty Funds: The City of Urbana will provide the UDG up to eighty-five thousand dollars (\$85,000) in loan guarantees on funds borrowed for the purposes of property acquisition between July 1, 2008 and June 30, 2009. Loan Guaranty limit for future years shall be as set by the Annual Budget. The loan guaranty amount for any single transaction is limited to twenty five percent (25%) of the appraised value of the property in question. The loan guaranty program and funds will be administered per the Urbana Development Group Loan Guaranty Program Guidelines, a copy of which is attached hereto as Exhibit A.

2. Mortgage Backing: The City shall seek to accompany each use of the Loan Guaranty with a mortgage and promissory note on the property which shall be duly recorded at the Champaign County Recorder of Deeds in order to protect the City's interests in the event of default.

3. Board Representation: The board of the Urbana Development Group will include a non-voting ex officio member from Urbana Community Development staff, who shall provide guidance to the group related to City policies, procedures, and planning efforts as well as serve as a liaison between the UDG and the Mayor, City Council and City staff.

4. Staff Review: Each request for use of the Loan Guaranty shall be reviewed by Urbana Community Development staff for compliance with the Program Guidelines and with the terms of this Agreement.

5. Reporting: At least annually, or upon request of the Mayor, the Urbana Development Group will provide the City a periodic report on the Group's activities, including a presentation before Urbana City Council, a statement of financial activity, and a report on programmatic activities.

6. Not-For-Profit Status: In order to be eligible for City of Urbana Loan Guaranty Program support, the UDG must maintain Not-For-Profit status.

7. Compliance with City Regulations: The UDG will comply with all City rules and regulations, including, but not limited to City building, zoning, and development regulations.

8. Conflict of Interest: With the exception of the property at 814 West Main which was purchased by a UDG Board Member as a start up project for the benefit of the UDG and in anticipation of future sale to the UDG,

the UDG may not utilize the Loan Guaranty Program for properties which a UDG Board Member, or their family members or associates, personally owns or has a personal interest.

9. City Actions: The program may not be utilized in connection with any property with current or pending legislative action before any City board, commission, or City Council, including zoning decisions, nor for any property that is the subject of a legal complaint involving the City. For any properties that have been subject to a legislative action by the City within the 18 months preceding an intended purchase by the UDG, the City may require a waiver of appeal or complaint about said action by the then property owner as a condition of using the Program for that property.

10. Agreement Binding: This Agreement shall be expressly binding upon both parties, their successors and assigns. This Agreement shall be valid only upon being duly recorded by the Recorder of Deeds for Champaign County, Illinois.

11. Termination and Amendments: This Agreement may be terminated, abandoned or amended upon mutual agreement to reflect changed conditions or considerations.

12. Notices: All notices hereunder shall be in writing and shall be served personally, by registered mail or certified mail to the parties listed below at the addresses set after their names, or to other such addresses as shall be agreed upon.

DATED at Urbana, Illinois, this \_\_\_\_ day of \_\_\_\_\_, 2008.

CITY OF URBANA, ILLINOIS

URBANA DEVELOPMENT GROUP

BY: \_\_\_\_\_  
Laurel Lunt Prussing, Mayor

BY: \_\_\_\_\_  
(title)

ATTEST:

ATTEST:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

\_\_\_\_\_  
(secretary)





## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Economic Development Division*

# Urbana Development Group Loan Guaranty Program Guidelines

The City of Urbana has engaged in many activities related to neighborhood preservation and stabilization. One such strategy is to support local community development corporations through the provision of loan guarantees for qualified purchases. The first such Corporation to utilize this program is the Urbana Development Group (UDG). The UDG is a not-for-profit community development corporation with the following mission: "The Urbana Development Group is a not-for-profit agent of change whose purpose is to promote vibrant, economically diverse, and stable neighborhoods through the preservation and revitalization of our built environment and through controlled growth." To accomplish this mission, the Urbana Development Group will purchase properties, primarily in the residential portions of West Urbana and Historic East Urbana, with the intention of rehabilitating those properties and marketing them for sale as single family, owner-occupied homes. Through these efforts, the Urbana Development Group hopes to promote neighborhood stabilization, historic preservation, home ownership, and reinvestment in the community, which is consistent with the City of Urbana 2005 Comprehensive Plan.

In order to support the Urbana Development Group's activities, the City has created a loan guaranty program. The City will provide a lending institution a partial loan guaranty for funds lent to the Urbana Development Group to facilitate the purchase and renovation of structures in the City of Urbana. This program may also be utilized by other qualifying community development corporations.

### Guidelines:

The City will guaranty up to 25% of the appraised value of a property being considered for acquisition.

The proposed acquisition should be within the residential or mixed use portions of the West Urbana and Historic East Urbana neighborhood and should be a residential or commercial property that can reasonably be converted to a use consistent with City zoning for the district.

To avoid a conflict of interest, the program may not be utilized for properties in which a UDG Board Member, or their family members or associates personally owns or has a personal interest, unless explicitly excepted by an Agreement with the City.

The program may not be utilized for properties with any current or pending legislative action before any City board, commission, or City Council or for any property for which there is a current legal complaint involving the City. Waivers may be required for properties undergoing legislative action by the City within the 18 months prior to an anticipated purchase by the UDG.

Any proposed property acquisition must meet the mission of the Urbana Development Group as established in the Group's By-Laws and Articles of Incorporation (Attached).

At least annually, or upon request of the Mayor, the Urbana Development Group will provide the City a periodic report on the Group's activities, including a presentation before Urbana City Council, a statement of financial activity, and a report on programmatic activities.

The board of the Urbana Development Group will include a non-voting ex officio member from Urbana Community Development staff, whose purpose shall be to inform the Board of any City regulatory or policies issues pertaining to an anticipated purchase. Each request for use of the Loan Guaranty shall be reviewed by Urbana Community Development staff for compliance with the Program Guidelines and with the terms of the Agreement between and the City.

#### Process:

Prior to any request for loan guaranty support, a representative of the Urbana Development Group shall schedule a meeting with City staff regarding the potential property acquisition to review conformity to the program and to identify any issues with respect to compliance with City policies and regulations and to avoid any conflicts of interest with previous or pending City actions.

Negotiations with the current property owner and pre-approval from a lending institution shall take place prior to the loan guaranty support.

Information to be provided in order to use the City's Loan Guaranty Program shall include:

- A cover letter identifying the subject property and outlining the amount of City guaranty necessary to obtain financing. This cover letter should also include a narrative on the purpose of this particular acquisition, including project goals, what the Urbana Development Group is trying to accomplish, and how the acquisition fits within the Group's mission.
- A letter of commitment from a lending institution for the subject property.
- A generalized breakdown of necessary improvements and costs to renovate the structure.
- An appraisal of the subject property, if available.
- Title Commitment, if available.
- Purchase Contract, if available.

Upon review and approval of the request, City staff will prepare the loan guaranty documents with the participating lending institution. Working with the participating lending institution, the City shall seek to place a mortgage and promissory note upon the property which shall be duly recorded in order to protect the City's interests in the event of a default.

Upon closing, an authorized representative of the City of Urbana will execute the necessary loan guaranty documents.

# COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** xyz stu

**Lender:** STRATEGIC CAPITAL BANK  
1608 BROADMOOR DRIVE  
CHAMPAIGN, IL 61821  
(217) 398-3816

**Guarantor:** City of Urbana  
400 S. Vine Street  
Urbana, IL 61801

**CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE.** For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of Guarantor's Share of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's obligations are continuing.

**INDEBTEDNESS.** The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "Indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, liabilities and obligations under any interest rate protection agreements or foreign currency exchange agreements or commodity price protection agreements, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other untermintated guaranties.

**GUARANTOR'S SHARE OF THE INDEBTEDNESS.** The words "Guarantor's Share of the Indebtedness" as used in this Guaranty mean an amount not to exceed One Hundred Thousand & 00/100 Dollars (\$100,000.00) of all the principal amount, interest thereon to the extent not prohibited by law, and all collection costs, expenses and attorneys' fees whether or not there is a lawsuit, and if there is a lawsuit, any fees and costs for trial and appeals.

Guarantor's Share of the Indebtedness will only be reduced by sums actually paid by Guarantor under this Guaranty, but will not be reduced by sums from any other source including, but not limited to, sums realized from any collateral securing the Indebtedness or this Guaranty, or payments by anyone other than Guarantor, or reductions by operation of law, judicial order or equitable principles. Lender has the sole and absolute discretion to determine how sums shall be applied among guaranties of the Indebtedness.

The above limitation on liability is not a restriction on the amount of the Note of Borrower to Lender either in the aggregate or at any one time.

**CONTINUING GUARANTY.** THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE GUARANTOR'S SHARE OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON A CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

**DURATION OF GUARANTY.** This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to new Indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new Indebtedness" does not include the Indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. For this purpose and without limitation, "new Indebtedness" does not include all or part of the Indebtedness that is: incurred by Borrower prior to revocation; incurred under a commitment that became binding before revocation; any renewals, extensions, substitutions, and modifications of the Indebtedness. This Guaranty shall bind Guarantor's estate as to the Indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. **It is anticipated that fluctuations may occur in the aggregate amount of the Indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the Indebtedness, even to zero dollars (\$0.00), shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the Guarantor's Share of the Indebtedness remains unpaid and even though the Guarantor's Share of the Indebtedness may from time to time be zero dollars (\$0.00).**

**GUARANTOR'S AUTHORIZATION TO LENDER.** Guarantor authorizes Lender, either before or after any revocation hereof, **without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time:** (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of

## COMMERCIAL GUARANTY (Continued)

the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

**GUARANTOR'S REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

**GUARANTOR'S FINANCIAL STATEMENTS.** Guarantor agrees to furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than thirty (30) days after the end of each fiscal year, Guarantor's balance sheet and income statement for the year ended, prepared by Guarantor.

**Tax Returns.** As soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by Guarantor.

All financial reports required to be provided under this Guaranty shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Guarantor as being true and correct.

**GUARANTOR'S WAIVERS.** Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

**GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

**SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR.** Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any

notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

**CONFESSION OF JUDGMENT.** Guarantor hereby irrevocably authorizes and empowers any attorney-at-law to appear in any court of record and to confess judgment against Guarantor for the unpaid amount of this Guaranty as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Guaranty, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Guarantor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Guaranty have been paid in full. Guarantor hereby waives and releases any and all claims or causes of action which Guarantor might have against any attorney acting under the terms of authority which Guarantor has granted herein arising out of or connected with the confession of judgment hereunder.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Guaranty:

**Amendments.** This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

**Governing Law.** This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Illinois without regard to its conflicts of law provisions.

**Choice of Venue.** If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of CHAMPAIGN County, State of Illinois.

**Integration.** Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

**Interpretation.** In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

**Notices.** Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Successors and Assigns.** Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

**Waive Jury.** Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Guarantor against the other.

**SECURITY INTEREST IN DEPOSIT ACCOUNT.** The Undersigned further grants Bank a security interest in all the undersigned's deposit accounts maintained with Bank or any other organization. Should Undersigned maintain a deposit account not at the Bank, Bank is irrevocably appointed as Attorney-In-Fact to mail a notice to said organization with whom the deposit account is maintained perfecting Bank's security in said account.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

**COMMERCIAL GUARANTY  
(Continued)**

**Borrower.** The word "Borrower" means xyz stu and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Guarantor.** The word "Guarantor" means everyone signing this Guaranty, including without limitation City of Urbana, and in each case, any signer's successors and assigns.

**Guarantor's Share of the Indebtedness.** The words "Guarantor's Share of the Indebtedness" mean Guarantor's indebtedness to Lender as more particularly described in this Guaranty.

**Guaranty.** The word "Guaranty" means this guaranty from Guarantor to Lender.

**Indebtedness.** The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

**Lender.** The word "Lender" means STRATEGIC CAPITAL BANK, its successors and assigns.

**Note.** The word "Note" means the promissory note dated May 22, 2008, in the original principal amount of \$500,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED MAY 22, 2008.**

**GUARANTOR:**

**CITY OF URBANA**

**By:** \_\_\_\_\_  
**Joe White, President of City of Urbana**

**M O R T G A G E**

**Grant/Deferred Loan**

THIS MORTGAGE is made this \_\_\_\_ day of \_\_\_\_\_, 2008, between the Mortgagor, Urbana Development Group (hereinafter "Borrower"), and the Mortgagee, the **City of Urbana, Illinois**, a Municipal Corporation, whose address is 400 South Vine Street, Urbana, Illinois (hereinafter "City").

WHEREAS, Borrower is has, or anticipates borrowing money from \_\_\_\_\_ Bank to be secured by a mortgage on the real property described below, and, whereas, City has agreed to guarantee a certain percentage of such mortgage indebtedness, and, whereas, the City and Borrower have agreed that this Mortgage and Note referred to therein, are intended to grant to the City, a security interest in the real estate described below in the event that the City is required to pay \_\_\_\_\_ Bank pursuant to the City's guarantee, for the total amount of such payments, and thus, the Borrower as executed a Promissory Note of even date herewith made payable to the order of and delivered to City, whereby Borrower promises to pay the said principal sum and all renewals, extensions, and modifications until the entire principal is paid in full; or, if no funds are paid pursuant to the aforesaid guarantee, when the mortgage to \_\_\_\_\_ Bank is released, this Mortgage shall be released.

TO SECURE to City the repayment of the indebtedness evidenced by the Promissory Note, the payment of all other sums advanced in accordance herewith to protect the security of this Mortgage, and the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby mortgage, grant, and convey to City the following described property located in the City of Urbana, County of Champaign, State of Illinois:

**LEGAL DESCRIPTION:**

**Common Address:**

**(PIN:                    )**

TOGETHER with all the improvements now or hereafter erected on the property, and all easements; rights; appurtenances; rents; royalties; mineral, oil, and gas rights; water stock; and all fixtures now or hereafter attached to the property, all of which, including replacements and additions

thereto, shall be deemed to be and remain a part of the property covered by this Mortgage; and all of the foregoing, together with said property are herein referred to as the "Subject Premises."

BORROWER covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Subject Premises, that the Subject Premises is unencumbered, and that Borrower will warrant and defend generally the title to the Subject Premises against all claims and demands, subject to any easements and restrictions apparent or of record.

UNIFORM COVENANTS. Borrower and City covenant and agree as follows:

1. Payment.

The principal and all amounts due for the amounts disbursed by the City shall be due and payable at the sale or transfer of all or part of the Subject Premises or any interest therein (excluding a purchase money security interest for household appliances).

2. Charges; Liens. Borrower shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Subject Premises which may attain a priority over this Mortgage, and ground rents, if any, by Borrower making payment, when due, directly to the payee thereof, and if the same are not promptly paid, City may at any time pay the same without waiving any rights under this Mortgage. Borrower shall repay to City on demand all amounts so paid by City, with interest as specified in Section 5, from the time of payment by City. Borrower shall promptly furnish to City all notices of amount due pursuant to this Section 3, and in the event Borrower shall make payment directly, Borrower shall promptly discharge any lien which has priority over this Mortgage provided that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to City, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Subject Premises or any part thereof.

3. Preservation and Maintenance of Subject Premises. Borrower shall keep the Subject Premises in good repair and shall not permit or commit waste, impairment, or deterioration of the Subject Premises.

4. Protection of City's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects City's interest in the Subject Premises, including but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankruptcy or decedent, then City at City's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect City's interest, including but not limited to, disbursement of reasonable attorney's fees and entry upon the Subject Premises to make repairs.

Any amounts disbursed by City pursuant to this, or any other section of this Mortgage, with interest thereon at the legal rate of interest that a civil judgment would bear on such date of disbursement, shall become additional indebtedness of Borrower secured by this Mortgage.



Unless Borrower and City agree to other terms of payment, such amounts shall be payable upon notice from City to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate stated. Nothing contained in this section shall require City to incur any expenses or do any act hereunder.

5. Maintenance of Subject Premises. One of the most important considerations for the City in this Mortgage is that the Borrower keep and maintain the Subject Premises in good repair. It is the Borrower's sole, express, and affirmative responsibility to comply with all City of Urbana ordinances relating to property maintenance and repair, including the suffering or permitting of the accumulation of junk and debris or abandoned vehicles. Failure to comply with these ordinances shall be considered a breach of this Mortgage, subject to acceleration of sums due herein and foreclosure under the provisions of Section 13 and Section 14.
6. Inspection. City may make or cause to be made reasonable entries upon and inspections of the Subject Premises, provided that City shall give Borrower notice prior to any such inspection specifying reasonable cause thereof related to City's interest in the Subject Premises.
7. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Subject Premises, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to City.

In the event of a total taking of the Subject Premises, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. In the event of a partial taking of the Subject Premises, unless Borrower and City otherwise agree in writing, there shall be applied the sums secured by this Mortgage such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Mortgage immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

If the Subject Premises is abandoned by Borrower or if after notice by City to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to City within thirty days of the date of such notice, City is authorized to collect and apply the proceeds at City's option either to restoration or repair of the Subject Premises or to the sums secured by this Mortgage.

8. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by City to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. City shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by the Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest.
9. Forbearance by City Not a Waiver. Any forbearance by City in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy hereunder. The procurement of insurance or

the payment of taxes or other liens or charges by City shall not be a waiver of City's right to accelerate the maturity of the indebtedness secured by this Mortgage.

10. Remedies Cumulative. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.
11. Notice. Any notice to Borrower provided for in this Mortgage shall be given by mailing such notice by certified mail addressed to Borrower at the address of the Subject Premises, except for any notice required under Section 13 hereof to be given to Borrower in the manner prescribed by applicable law. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower when given in the manner designated herein.
12. Acceleration, City Exercising Option. If City exercises such option to accelerate, City shall mail Borrower notice of acceleration in accordance with Section 12 hereof. Such notice shall provide a period of not less than thirty days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, City may, without further notice or demand on Borrower, invoke any remedies permitted by Section 14 hereof.
13. Acceleration, Remedies. Except as provided in Section 11 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, City prior to acceleration shall mail notice to Borrower as provided in Section 13 hereof specifying: 1) the breach; 2) the action required to cure such breach; 3) a date, not less than thirty days from the date the notice is mailed to Borrower, by which such breach must be cured and that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Subject Premises. If the breach is not cured on or before the date specified in the notice, City at City's option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. City shall be entitled to collect in such proceeding all expenses of foreclosure, including but not limited to, reasonable attorneys' fees, and costs of documentary evidence, abstracts and title reports.
14. Assignment of rents, Appointment of Receiver, City in Possession. As additional security hereunder, Borrower hereby assigns to City the rents of the Subject Premises, provided that Borrower shall, prior to acceleration under Section 14 hereof or abandonment of the Subject Premises, have the right to collect and retain such rents as they become due and payable. Upon acceleration under Section 14 hereof or abandonment of the Subject Premises, and at any time prior to the expiration of any period of redemption following judicial sale, City, in person, by agent or by judicially-appointed receiver, shall be entitled to enter upon, take possession of and manage the Subject Premises and to collect the rents of the Subject Premises including those past due. All rents collected by the City or the receiver shall be applied first to payment of the costs of management of the Subject Premises and collection of rents, including but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. City and the receiver shall be liable to account only for those rents actually received.

15. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Subject Premises insured against loss by fire, hazards included within the term "extended coverage," and any other hazards for which City requires insurance. This insurance shall be maintained in the amounts and for the periods that City requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to City's approval, which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to City and shall include a standard mortgage clause. City shall have the right to hold the policies and renewals. If City requires, Borrower shall promptly give to City all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and City. City may make proof of loss if not made promptly by Borrower. In the event Borrower fails to obtain acceptable insurance, City may obtain insurance and hold it as provided above, without waiving or affecting the option to foreclose or any right under this Mortgage, and Borrower will repay to City on demand all premiums so paid by City, with interest as specified in Section 5, from the time of payment by City.

Unless City and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Subject Premises damaged, if the restoration or repair is economically feasible and City's security is not lessened. If the restoration or repair is not economically feasible or City'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 Subject Premises, or does not answer within thirty days a notice from City that the insurance carrier has offered to settle a claim, then City may collect the insurance proceeds. City may use the proceeds to repair or restore the Subject Premises or to pay sums secured by this Mortgage, whether or not then due. The thirty-day period will begin when the Notice is given.

Unless City and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the Promissory Note referred to in Section 1 or change the amount of payments. If under Section 13 and Section 14 the Subject Premises is acquired by City, Borrower's right to any insurance policies and proceeds resulting from damage to the Subject Premises prior to the acquisition shall pass to City to the extent of the sums secured by this Mortgage immediately prior to acquisition.

16. Default. Failure of Borrower to perform any requirement of the Mortgage or Promissory Note shall be an event of default under this agreement.
17. Release. Upon payment of all sums secured by this Mortgage, City shall release this Mortgage without charge to Borrower.

IN WITNESS THEREOF, Borrower has executed this Mortgage.

The undersigned officers of the Urbana Development Group represent that the Board of Directors of Urbana Development Group, has granted full authority to such officers to sign this Mortgage on behalf of the Urbana Development Group.

BORROWER:

\_\_\_\_\_

STATE OF ILLINOIS            )  
  ) SS.  
COUNTY OF CHAMPAIGN    )

I, \_\_\_\_\_, a Notary Public in and for the county and state aforesaid, do hereby certify that \_\_\_\_\_ personally known to me to be the same persons whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered the said instrument as a free and voluntary act for the uses and purposes therein set forth, including the Waiver of Homestead: Borrower waives all right of Homestead Exemption in the Property, as described in 735 ILCS 5/12-901. Borrower reserves the right, however, to seek a reduced assessment based on Homestead under 30 ILCS 200/16-80.

Given under my hand and Notarial Seal this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

Prepared by and return to:  
City of Urbana  
Grants Management Division  
400 South Vine Street  
Urbana, Illinois 61801

**PROMISSORY NOTE**  
**Grant/Deferred Loan Program**

Project Number:

Location:

Date: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, Urbana Development Group promises to pay to the order of the City of Urbana, Illinois, (hereinafter called "City"), at 400 South Vine Street, Urbana, Illinois, such amount as may be paid by City pursuant to the loan guarantee by the City to assist the Urbana Development Group, a copy of which is attached, and to pay interest on the outstanding balance from the date thereof until paid at the rate of zero percent (0%) per annum.

1. The principal shall become due in full at the sale or transfer of the real estate which is subject to the Mortgage executed by the undersigned in connection with this Promissory Note (hereinafter called "Subject Premises") ;
2. The undersigned reserves the right to prepay at any time all or any part of the principal amount of this Promissory Note without the payment of penalties or premiums.
3. In the event the undersigned shall fail to pay the principal amount of this Promissory Note when due, the unpaid principal amount of this Promissory Note shall become due and payable, at the option of the City, without notice to the undersigned. Failure of the City to exercise such option shall not constitute a waiver of such default.
4. If suit is instituted by the City to recover on this Promissory Note, the undersigned agrees to pay all costs of such collection including reasonable attorneys' fees and court costs.
5. This Promissory Note is secured by a Mortgage of even date. Demand, protest, and notice of demand and protest are hereby waived, and the undersigned hereby waives, to the extent authorized by law, any and all exemption rights, which otherwise would apply to the debt evidenced by this Promissory Note.
6. The undersigned officers of the Urbana Development Group represent that the Board of Directors of the Urbana Development Group, has granted full authority to such officers to sign this Note on behalf of Urbana Development Group.

IN WITNESS WHEREOF, this Promissory Note has been duly executed by the undersigned as of its date.

BORROWER: \_\_\_\_\_

STATE OF ILLINOIS        )  
  ) SS.  
COUNTY OF CHAMPAIGN)

I, \_\_\_\_\_, Notary Public in and for the county and state aforesaid, do hereby certify that \_\_\_\_\_, personally known to me to be the same persons whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed, and delivered the said instrument as a free and voluntary act for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Notary Public