

AN ORDINANCE  
APPROVING A PURCHASE CONTRACT FOR THE ISSUE  
OF \$15,230,000.00 RESIDENTIAL MORTGAGE REVENUE  
BONDS, SERIES 1979 OF THE CITY OF URBANA,  
CHAMPAIGN COUNTY, ILLINOIS

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WHEREAS, the City of Urbana, Champaign County, Illinois, (the "City") has pursuant to its home rule powers granted under the 1970 Constitution of the State of Illinois, duly adopted on May 7, 1979, an enabling ordinance (the "Enabling Ordinance") (1) to provide for and promote the public health, safety, morals and welfare; (2) to assist persons in acquiring and owning decent, safe and sanitary housing which they can afford; (3) to promote the integration of families of varying economic means; and (4) to preserve and increase the City's ad valorem tax base; and

WHEREAS, the City has developed a program with certain lending institutions (the "Participants") for the purchase without recourse from the Participants of home mortgages (as defined in the Enabling Ordinance) which will be serviced by the Participants; and

WHEREAS, in furtherance of the purposes set forth in the Enabling Ordinance the City wishes to provide for the financing of the acquisition of the home mortgages by the sale and issuance of its revenue bonds, and authorizing such actions as might be required to implement such stated intention; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Ordinance, the City is now prepared to proceed with financing the acquisition of such home mortgages and to issue and sell \$15,230,000.00 in principal amount of its Residential Mortgage Revenue Bonds, Series 1979 (the "Bonds"); and

WHEREAS, Stern Brothers & Co., as representative of a group of underwriters (the "Representative"), has now submitted to the City a modified form of Bond Purchase Contract (hereinafter defined) setting forth the Representative's final proposal to purchase the Bonds; which said Bond Purchase Contract, as now modified, shall supercede the Bond Purchase Contract earlier passed, approved and accepted by the City Council on May 9, 1979, by Ordinance No. 7879-99, entitled "An Ordinance Approving a Purchase Contract For The Issue of

\$15,000,000 Residential Mortgage Revenue Bonds, Series 1979 of The City of Urbana, Champaign County, Illinois"; and

WHEREAS, a copy of the Bond Purchase Contract, as now modified, has been presented to and is before this meeting.

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

Section 1. The following words and terms as used in this Ordinance shall have the following meanings unless the context clearly indicates another or different meaning or intent:

"Bonds" shall mean the Residential Mortgage Revenue Bonds, Series 1979 of the City in an aggregate principal amount of \$15,230,000.00 authorized to be sold pursuant to this Ordinance.

"Bond Purchase Contract" shall mean the Bond Purchase Contract to be entered into between the City and the Representative, as approved by this Ordinance, relating to the purchase of the Bonds.

"City" shall mean the City of Urbana, Champaign County, Illinois.

"Representative" shall mean Stern Brothers & Co., in its capacity as the representative of a group of underwriters.

Section 2. Pursuant to the Enabling Ordinance, the City does hereby authorize the financing of the acquisition of mortgage loans and does hereby find and declare that this Ordinance is being enacted pursuant to the powers granted by the Enabling Ordinance and that the issuance of the Bonds is for the public purposes as set forth in the Enabling Ordinance.

Section 3. To provide for the financing of the cost of the acquisition of mortgage loans, the City does hereby authorize the issuance of revenue bonds of the City under the Enabling Ordinance, to be designated "City of Urbana, Champaign County, Illinois, Residential Mortgage Revenue Bonds, Series 1979" in the aggregate principal amount of \$15,230,000.00.

Section 4. The Bond Purchase Contract is hereby approved in substantially the form attached hereto as Exhibit A, and the Mayor is hereby authorized to execute and deliver the Bond Purchase Contract on behalf of the City with such changes as do not alter the

purpose or intent thereof as shall be approved by the Mayor, his execution to constitute conclusive evidence of such approval, and the sale of the Bonds pursuant to the Bond Purchase Contract is hereby authorized.

Section 5. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 6. This Ordinance shall become effective upon its adoption and approval.

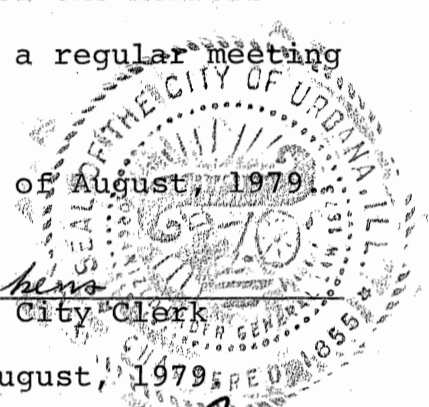
This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the Members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council on the 27th day of August, 1979.

PASSED by the City Council this 27th day of August, 1979.

*Ruth S. Brookens*  
Ruth S. Brookens, City Clerk

APPROVED by the Mayor this 27<sup>th</sup> day of August, 1979.

*Jeffrey T. Markland*  
Jeffrey T. Markland, Mayor

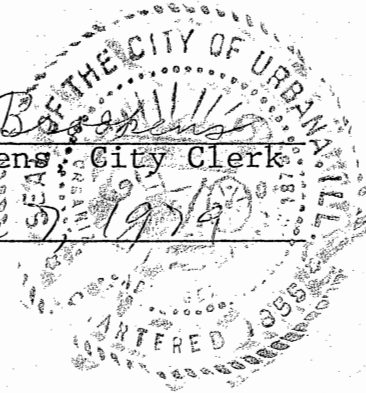


7980-15

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN  
ORDINANCE NO. 7980-15 AND IS INCORPORATED  
THEREIN BY REFERENCE.

*Ruth S. Brookens*  
Ruth S. Brookens City Clerk

*September 3, 1979*  
Date



\$15,230,000

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS  
Residential Mortgage Revenue Bonds, 1979 Series  
BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT dated August 27, 1979 between the CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS (the "City") and a group of underwriters (the "Underwriters"), for whom Stern Brothers & Co. will serve as manager (the "Manager").

This Bond Purchase Agreement is entered into in respect of the sale by the City to the Underwriters of \$15,230,000 aggregate principal amount of the City's Residential Mortgage Revenue Bonds, 1979 Series (the "Bonds"), to be issued pursuant to the Trust Indenture dated as of September 1, 1979 (the "Indenture"), among the City, the trustee named therein (the "Trustee") and the custodian named therein (the "Custodian").

The Manager acting on behalf of itself and the Underwriters offers to enter into the following agreement with the City which, upon your mutual acceptance of this offer, will be binding upon you and the Underwriters.

This offer is made subject to your acceptance by Council action of this Agreement on or before 10:00 P.M. C.D.S.T. on August 27, 1979.

1. Commitment

Upon execution of this Agreement by the City and the Manager, acting on behalf of the Underwriters, this Agreement shall be in full force and effect in accordance with its terms, shall constitute the complete agreement between the parties hereto with respect to the Bonds, and shall be binding upon the City and the Underwriters.

2. Purchase, Sale and Closing

Purchase Obligation. On the terms and conditions set forth herein and upon the representations, information and terms set forth in the Official Statement to be used in connection with the offering of the Bonds (the "Official Statement"), the Underwriters will purchase from the City and the City will sell to the Underwriters \$15,230,000 aggregate principal amount of the Bonds, maturing and bearing interest as set forth on the cover page of the Official Statement. The aggregate purchase price of the Bonds shall be not less than 97.8% of the aggregate principal amount of the Bonds plus the interest accrued from September 1,

1979 to and through the day immediately preceding the date of the Closing. The Underwriters shall pay for the Bonds at the Closing by a certified or official bank check payable in immediately available funds, and said check shall be made payable to the order of the City.

The Closing shall be held at the office of Continental Illinois National Bank & Trust Company of Chicago at 11:00 A.M. C.D.S.T. September 20, 1979, or at such other date, time and place as may be agreed upon by the parties hereto. The Bonds shall be delivered to the Manager at the Closing in definitive coupon form in the denomination of \$5,000 and shall be made available to the Manager for inspection and packaging at least 24 hours prior to the Closing.

Expenses. All expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Bonds (including, without limitation, the fees and disbursements of Chapman and Cutler as Bond Counsel, the fees and disbursements of counsel to the City, the fees and disbursements of Linde Thomson Fairchild Langworthy & Kohn in connection with the preparation of the Official Statement and with the qualification of the Bonds for sale under the securities or "Blue Sky" laws of various jurisdictions and the preparation of the Blue Sky Memoranda, and all expenses and costs for the preparation, printing, photocopying, execution and delivery of the Bonds, the Official Statement, the Indenture, the Agreements (hereinafter defined), this Agreement and all other agreements and documents contemplated hereby) shall be paid from moneys available therefor in the Cost of Issuance Account created pursuant to the Indenture out of the proceeds of the Bonds. Such costs shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

### 3. Representations and Covenants of the City

(a) The City understands that the Underwriters will make a public offering of the Bonds in reliance upon the information contained in the Official Statement and upon the representations and conditions therein and herein set forth. The City will authorize the use of a Preliminary Official Statement by the Underwriters and the distribution by the Underwriters in connection with the public offering of the Official Statement and such documents referred to therein as may be desirable for distribution. It is expressly understood that the City has no experience in originating or servicing mortgage loans and has no knowledge as to the validity of the assumptions used in determining or any statements concerning the adequacy of revenues to meet principal and interest payments.

(b) The City represents and warrants to the Underwriters that:

(i) The City is a duly organized political subdivision of the State of Illinois authorized by the provisions of the Constitution and laws of the State of Illinois and its Ordinance No. 7879-98, duly passed by the Mayor and City Council on May 7, 1979 (the "Ordinance"), to issue the Bonds to finance mortgages on residential housing facilities for low and moderate income families and persons by making such mortgage loans (the "Mortgage Loans") pursuant to Sale and Service Agreements, each to be dated as of September 1, 1979 (the "Agreements"), between

Mr. Edwin A. Scharlau  
President  
Busey First National Bank  
P. O. Box 429  
Urbana, Illinois 61801

Mr. Arlan McPherson  
President  
Champaign County Bank & Trust Co.  
P. O. Box 368  
Urbana, Illinois 61801

Ms. Betty R. Bundy  
Assistant Vice President  
Champaign Loan & Building Association  
1405 East Florida  
Urbana, Illinois 61801

Mr. Ralph Sackett  
Vice President  
University Federal Savings & Loan Assn.  
111 East Green  
Champaign, Illinois 61820

Ms. Ruth B. Jones  
President  
Citizens Building Association  
507 South Broadway  
Urbana, Illinois 61801

Mr. E. Phillip Hoggatt  
President  
Urbana Savings & Loan Association  
601 South Vine  
Urbana, Illinois 61801

respectively (the "Lenders"), on the one hand, and the City on the other, and to pledge and assign the instruments relating to the Mortgage Loans and the payments to be received pursuant

thereto and its rights and interests in the Agreements as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

(ii) The City, at the time of the Closing, will have complied with all provisions of the Constitution and laws of the State of Illinois, including the Ordinance, in connection with the issuance of the Bonds and has full power and authority to consummate all transactions contemplated by this Agreement, the Bonds, the Indenture and the Agreements.

(iii) The City, at the time of the Closing, will have duly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Indenture and the Agreements; (2) the execution and delivery of the Indenture providing for the issuance of and security for the Bonds (including the pledge and assignment by the City of the instruments relating to the Mortgage Loans and amounts to be received pursuant thereto) and appointing the Trustee as trustee, paying agent and bond registrar under the Indenture; (3) the financing of the Mortgage Loans pursuant to the Agreements; (4) the execution, delivery, receipt and due performance of this Agreement, the Bonds, the Indenture and the Agreements; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Indenture and the Agreements.

(iv) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending, or to the knowledge of the City threatened, against or affecting the City, or any of its officers in their capacities as such, nor to the best knowledge of the City is there any basis therefore, which in any way questions the corporate existence or powers of the City, the title of any of its officers to their offices or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the execution and delivery of the Agreements, or affecting the Revenues or assets pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or contesting any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of this Bond Purchase Agreement, the Indenture or the Agreements, or the validity of any proceedings taken by the City in connection with the issuance or sale of the Bonds or the purchase of the Mortgage Loans or wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreements or this Bond Purchase Agreement, or of any other document or instrument required or contemplated thereby.



(v) The execution and delivery of this Agreement, the Bonds, the Indenture and the Agreements, and compliance with the provisions thereof, will not conflict with or constitute on the City's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is bound.

(vi) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(vii) Any certificate signed by any authorized officer of the City and delivered to the Underwriters shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(c) The City covenants that:

(i) The net proceeds from the sale of the Bonds will be used and applied as is provided in the Indenture and as described in the Official Statement.

(ii) The City will cooperate in qualifying the Bonds for offering and sale under the "Blue Sky" or other securities laws of those states requested by the Underwriters; provided, however, that the City shall not be required to consent to service of process in any state or place where such is not permitted pursuant to the laws of the State of Illinois.

#### 4. Manager's Representation

Upon the authorization by the Manager of the release of the Bonds, the Underwriters propose to offer the Bonds for sale upon the terms and conditions set forth in the Official Statement but may change the offering price or yields on the Bonds without any requirement of prior notice to the City. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Manager represents and it is understood by the parties hereto, that the Manager's authority hereunder is pursuant to the authority granted to the Manager by an Agreement Among Underwriters respecting the purchase and sale of the Bonds, signed counterparts of which, to the extent practicable and upon request, are available to the City for examination, but without warranty on the part of the Manager as to the authority of the signatories thereto.

#### 5. Conditions of the Underwriter's Obligations

The obligation of the Underwriters to purchase the Bonds is

subject to the fulfillment of the following conditions at or before the Closing. Should the following conditions not be fulfilled in respect of the Bonds, the obligations of the Underwriters under this Agreement shall terminate and neither the City nor the Underwriters shall have any further obligation hereunder.

(a) The City's representations contained in Section 3 hereof shall be true at and as of the time of the Closing and shall be confirmed at the Closing by certificates, in form and substance satisfactory to the Underwriters.

(b) There shall be delivered to the Manager at or prior to the Closing 25 executed copies of the Official Statement and evidence satisfactory to it as to the insurance coverage described in the Official Statement.

(c) The City shall not have defaulted in the performance of any of its covenants or obligations hereunder.

(d) The Underwriters shall receive at the Closing:

(i) The unqualified approving opinion of Chapman and Cutler, as Bond Counsel, dated the date of the Closing, as to the authorization, issuance and binding effect of the Bonds, the exemption of interest thereon from present Federal income taxes and the accuracy of statements contained in the Official Statement under "The Bonds" (excluding the sub-captions entitled "Anticipated Application of Proceeds", "Structure Assumptions", and "Debt Service on the Bonds"), "Security for the Bonds", "The Agreement", and "The Indenture", "Tax Exemption", and "Pending Federal Legislation";

(ii) The opinion of Kenneth Beth, Counsel for the City, as to the matters set forth in clauses (i) through (v) of Section 3(b) of this Agreement;

(iii) The opinion of Linde Thomson Fairchild Langworthy & Kohn, as Counsel to the Underwriters, dated the date of the Closing, satisfactory in form and substance to the Underwriters;

(iv) Favorable opinions of Counsel to each Lender as to the matters set forth in the form of "Opinion of Counsel to Participants" attached as Exhibit C to the City's "Offer to Originate and Service";

(v) A certificate, satisfactory in form and substance to the Underwriters, of the President or any Senior or Executive Vice President and the Secretary or any Assistant Secretary of each Lender, dated as of the

Closing date, to the effect that (1) the applicable Offer to Originate and Service has not been amended, modified or rescinded and is in full force and effect; (2) the information and representations and warranties contained therein are true and correct, as of the Closing; and (3) such Lender has not violated any covenant set forth in such Offer to Originate and Service;

(vi) A certificate of the Mayor of the City pursuant to Section 103(c) of the Internal Revenue Code of 1954, as amended, and proposed Treasury Regulations Sections 1.103-13, 1.103-14 and 1.103-15, setting forth the expectations of the City on the date of such authentication and delivery as to future events and such certification shall set forth the facts and circumstances on which such expectations are based and shall state that to the best of the knowledge and belief of such officer of the City, the City's expectations are reasonable. In this regard, the Manager shall deliver a letter to the City stating: (1) the method used in assuming prepayments on the Mortgage Loans and the reasons for the decisions to use such prepayment rate; (2) the bases for determining that amounts to be deposited in the Debt Reserve Account and Mortgage Reserve Fund are reasonably required; (3) that as much debt service as is reasonably practicable has been scheduled for the Bonds in each year based upon the payment of principal of and interest on the Mortgage Loans, the assumed prepayments in (1) above and the assumed earnings on the various Funds;

(vii) The opinion of McDermott, Will & Emery of Chicago, Illinois, as Special Counsel, dated the date of the Closing, satisfactory in form and substance to the Underwriters; and

(viii) Such additional certificates and other documents as the Underwriters and their Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriters and their Counsel.

#### 6. Events Permitting the Underwriters to Terminate

The Underwriters may terminate their obligation to purchase the Bonds at any time before the Closing if any of the following should occur:

(a)(i) Legislation shall have been enacted by the Congress of the United States or favorably reported for passage to either House of the Congress by any Committee of such House, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or (iii) an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States, or (iv) a release or official statement shall have been issued by the President of the United States or by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which in any such case described in clauses (i), (ii), (iii) or (iv) would be to impose, directly or indirectly, Federal income taxation upon interest received on obligations of the general character of the Bonds in such a manner as in the judgment of the Underwriters would materially impair the marketability or materially reduce the market price of obligations of the general character of the Bonds.

(b) Any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or qualification of the Indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority suspending the use of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

(c)(i) A general suspension of trading in securities on the New York Stock Exchange shall have occurred, or (ii) the United States shall have become engaged in hostilities which have resulted in the declaration, on or after the date of this Agreement, of a national emergency or war, the effect of which, in either case described in clauses (i) or (ii), is, in the judgment of the Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in the Agreement and the Official Statement.

(d) A general banking moratorium shall have been declared by authorities of the United States, the State of New York or the State of Illinois.

(e) Any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency in the State of Illinois, or a decision by any court of competent jurisdiction within the State of Illinois shall be rendered which in the opinion of the Underwriters, materially adversely affects the market price of the Bonds.

(f) Any event or condition shall have occurred which, in the judgment of the Manager or its counsel renders untrue or incorrect, in any material respect as of the time to which the same purports to relate, the information, including the financial statements, contained in the Official Statement, or which requires that information not reflected in such Official Statement should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time.

#### 7. Notices and Other Actions

All notices, demands and formal actions hereunder will be in writing, mailed, telegraphed or delivered to:

The City:

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

The Underwriters:

Stern Brothers & Co.  
9 West 10th Street  
Kansas City, Missouri 64199

#### 8. Miscellaneous

This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. This Agreement will inure to the benefit of and be binding upon the parties and their successors, and will not confer any rights upon any other person. All representations and agreements in this Agreement shall remain operative and in full force and effect and shall survive the delivery of and payment for the Bonds. Time shall be of the essence of this Agreement. This Agreement shall automatically expire and be of no force and effect after November 1, 1979, unless otherwise extended by the

mutual agreement of the parties. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of Illinois.

STERN BROTHERS & CO., as Manager,  
on behalf of itself and the  
other Underwriters

By: \_\_\_\_\_

CITY OF URBANA, CHAMPAIGN COUNTY,  
ILLINOIS

By: \_\_\_\_\_  
Mayor

Attest:

By: \_\_\_\_\_  
City Clerk