

**ORDINANCE NO. 9293-25**

AN ORDINANCE APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN ADMINISTRATION AGREEMENT FOR THE ISSUANCE OF QUALIFIED MORTGAGE CREDIT CERTIFICATES AND AUTHORIZING OFFICERS, STAFF AND ELECTED OFFICIALS TO DO ALL OTHER THINGS NECESSARY AND INCIDENTAL THERETO TO IMPLEMENT AND ESTABLISH A QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.

WHEREAS, Section 6(a) of Article VII of the 1970 Constitution of Illinois provides that "any city which has a population of more than 25,000 . . . (is) a Home Rule Unit" and the City of Urbana, Champaign County, Illinois (the "City"), has a population of more than 25,000 and is therefore a Home Rule Unit and may, under the power granted by said Section 6(a), exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, there exists within the borders of the City a recognized need for decent, safe, sanitary and well-constructed and maintained housing which persons of low and moderate income can afford; and

WHEREAS, the United States government has authorized the several states and their political subdivisions to issue mortgage credit certificates (the "*Certificates*") pursuant to Section 25 of the Internal Revenue Code of 1986, as amended (the "*Code*") in lieu of qualified mortgage bonds as defined in Section 143(a) of the Code ("*Qualified Mortgage Bonds*") which entitle qualifying individuals to a credit against their individual federal income tax; and

WHEREAS, pursuant to its home rule powers and Ordinance No. 9192-108 adopted by the City Council of the City on June 29, 1992, the City authorized the execution and filing of a Mortgage Credit Certificate Election (the "*Election*") pursuant to which the City elected

not to issue Qualified Mortgage Bonds in a principal amount of \$1,835,068 to issue Certificates;

WHEREAS, the Election has been duly filed with the Internal Revenue Service pursuant to Section 25 of the Code;

WHEREAS, to provide for the issuance of the Certificates it is necessary for the City to authorize the execution of an Administration Agreement, in substantially the form before this meeting (the "*Administration Agreement*"), between the City, as Issuer and Local Administrator (the "*Local Administrator*"), and George K. Baum & Company, as Program Administrator (the "*Program Administrator*").

NOW, THEREFORE, Be It Ordained by the City Council of the City of Urbana:

*Section 1. Home Rule Authority.* The City is a home rule unit under the provisions of the 1970 Constitution of Illinois, and as a home rule unit may, under the powers granted by Section 6(a) of Article VII thereof, "exercise any power and perform any function pertaining to its government and affairs," and this Ordinance is adopted pursuant to the City's home rule powers.

*Section 2. Declaration of Public Purpose.* It is hereby found, determined and declared that the purpose of this Ordinance is to take steps designed to reduce the cost of financing for both the acquisition and improvement of principal residence housing located in the City to provide decent, safe and sanitary housing for qualifying persons of low and moderate income. It is further hereby found, determined and declared that such principal residence ownership and improvement will provide for and promote the public health, safety, morals and welfare, maintain and foster the increase of industrial and commercial activity and economic development, and preserve and increase the ad valorem tax base of the

City and its environs. The foregoing are hereby declared and determined to be public purposes and functions pertaining to the government and affairs of the City.

*Section 3. Administration Agreement.* For the purpose of administering the details of the City's Mortgage Credit Certificate Program (the "*Program*") and to provide for the issuance of the Certificates, the form, terms and provisions of the proposed Administration Agreement before this meeting be, and they hereby are, in all respects approved, and the Mayor and City Clerk of the City be, and they hereby are, authorized to execute and deliver the Administration Agreement in the name and on behalf of the City and thereupon to deliver the Administration Agreement to the other parties thereto. The Administration Agreement is to be in substantially the form before this meeting and hereby approved, or with such changes therein as shall be approved by the Mayor, his execution thereof to constitute conclusive evidence of his approval of any and all changes or revisions therein from the form of Administration Agreement before this meeting. From and after the execution and delivery of the Administration Agreement, the officials, agents and employees of the City are hereby authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Administration Agreement (as executed and as amended from time to time).

*Section 4. Appointment of Program Administrator; Local Administrator.* George K. Baum & Company, a Missouri corporation, is hereby designated to serve in the capacity of the Program Administrator under and pursuant to the terms of the Administration Agreement. The Program Administrator shall evidence its acceptance of the rights, duties, responsibilities and obligations as Program Administrator by its execution of the Administration Agreement.

The City shall serve in the capacity of the Local Administrator under and pursuant to the terms of the Administration Agreement. The Department of Community Development of the City shall administer the Program on behalf of the City. The Mayor's execution of the Administration Agreement shall constitute conclusive evidence of the City's acceptance of the rights, duties, responsibilities and obligations as Local Administrator.

*Section 5. Ratification.* The actions of the officials of the City heretofore taken in connection with the Certificates and the Program are hereby ratified and confirmed.

*Section 6. Approval of Further Actions.* The officials, agents and employees of the City are hereby authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and to further the purposes and intent of this Ordinance, including the preambles hereto. All acts and doings of the officials of the City which are in conformity with the purposes and intent of this Ordinance and in furtherance of the issuance of the Certificates and the establishment of the Program be, and the same are hereby in all respects, approved and confirmed.

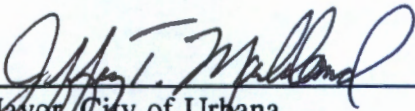
*Section 7. Severability.* The provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision shall for any reason be declared to be invalid, such declarations shall not affect the validity of the remainder of the sections, phrases or provisions.

*Section 8. Repeal of Conflicting Ordinances, Resolutions, Etc.* All ordinances, resolutions, orders or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.


*Section 9. Effective Date.* This Ordinance shall be in full force and effect from and after its passage.

PRESENTED, PASSED AND APPROVED by the City of Urbana, Champaign County, Illinois, a home rule unit of government, this 21<sup>st</sup> day of September, 1992.

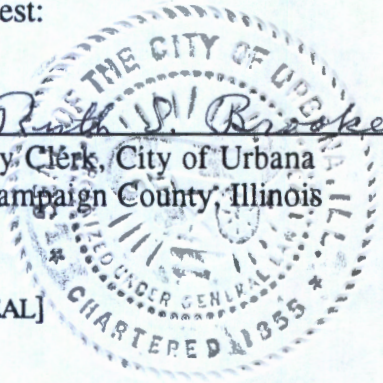
APPROVED:

  
\_\_\_\_\_  
Mayor, City of Urbana  
Champaign County, Illinois

Attest:

  
\_\_\_\_\_  
City Clerk, City of Urbana  
Champaign County, Illinois

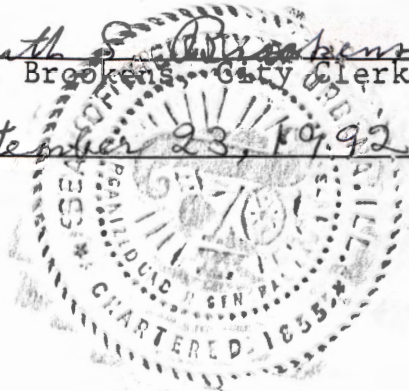
[SEAL]



Recorded in the records of the City the 21<sup>st</sup> day of September, 1992.

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN  
ORDINANCE NO. 9293-25 AND IS INCORPORATED  
THEREIN BY REFERENCE.

Ruth S. Brookens  
Ruth S. Brookens, City Clerk  
September 23, 1992  
Date



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CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

ADMINISTRATION AGREEMENT

SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM  
SERIES 1992

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## ADMINISTRATION AGREEMENT

IN CONSIDERATION of the promises and mutual agreements contained herein, the City of Urbana, Champaign County, Illinois (the "*Issuer*" and as appropriate, "*Local Administrator*") a home rule unit of the State of Illinois, George K. Baum & Company, a Missouri corporation (the "*Program Administrator*") agree as follows:

### ARTICLE I DEFINITIONS

*Section 1.01. Definitions.* The following words and phrases shall have the following meanings:

"*Allocation*" means an amount equal to the Certificate Authority.

"*Annual Income*" means the product of the Gross Monthly Income of a person or family (consisting of one or more persons all of whom occupy or will occupy the Home and are primarily or secondarily liable on indebtedness incurred in connection with the Home), multiplied by twelve (12).

"*Applicant*" means any person who has completed and executed an Application and delivered it, or caused it to be delivered, to the Local Administrator.

"*Application*" means the Application Affidavit in substantially the form attached hereto as Exhibit B.

"*Approval Letter*" means the letter indicating conditional acceptance into the Program issued to an Applicant pursuant to Section 4.03 hereof.

"*Approval Letter Proceeds*" means the sum of the Proceeds of each unexpired Approval Letter. For this purpose an Approval Letter for which a Certificate has been issued shall be treated as expired.

"*Area Median Income*" means the median income for the metropolitan statistical area in which the Issuer is located and if the Issuer is not located in a metropolitan statistical area, for the county determined in a manner consistent with the determination of "median gross income" under Section 8 of the United States Housing Act of 1937. Area Median Income shall be the median family income figures contained in the most current "Income Limits for Low-Income and Very Low-Income Families Under the Housing Act of 1937". The Area Median Income (until revised area median family income figures are published by the Department of Housing and Urban Development) is \$41,200.

*"Average Area Purchase Price"* means the most current average purchase price safe harbor limitations from time to time published by the Department of Treasury for the metropolitan statistical area in which the Home is located, or the county in which the Home is located if such county is not located in a metropolitan statistical area, stated separately with respect to residences which have not been previously occupied (*"Average Area Purchase Price - New"*) and residences which have been previously occupied (*"Average Area Purchase Price - Existing"*) and also determined separately for single-family and two-three- and four-family residences. The Average Area Purchase Price figures (until such figures are amended by the Department of Treasury), are as follows:

Average Area Purchase Price - New	\$100,300
Average Area Purchase Price - Existing	\$61,500

*"Borrower"* means a person who qualifies to receive a Certificate in connection with financing the acquisition of a Home or a Qualified Home Improvement Loan, who will maintain the Home as such Borrower's Principal Residence within a reasonable period not to exceed sixty (60) days of the issuance of the Certificate and who has an Annual Income equal to or less than the Maximum Annual Income.

*"Borrower Affidavit"* means the Borrower's Closing Affidavit in the form attached hereto as Exhibit D, which is to be completed and executed by the Borrower in connection with issuance of the Certificate.

*"Certificate"* means the Issuer's Single Family Mortgage Credit Certificate, Series 1992, in the form attached hereto as Exhibit A, issued in accordance with the terms of this Administration Agreement and pursuant to the Issuer's Election.

*"Certificate Authority"* means \$458,767 which is twenty-five percent (25%) of the Nonissued Bond Amount.

*"Code"* means the Internal Revenue Code of 1986, as amended.

*"Cosignor/Guarantor Affidavit"* means the Affidavit of Cosignor/Guarantor in the form attached hereto as Exhibit C, which may be required to be completed and executed by any cosignor or guarantor obligated on any note delivered in connection with a mortgage loan for which a Certificate is issued.

*"Credit Rate"* means that rate which a Borrower applies to the interest paid on its Indebtedness Amount in determining the amount of federal income tax credit for a taxable year, which rate shall be fifty percent (50%) with respect to any Certificate.

*"Default"* and *"Event of Default"* means any occurrence or event specified in Section 8.01 hereof.

*"Election"* means the Mortgage Credit Certificate Election of the Issuer dated June 30, 1992, in which the Issuer elected to issue the Certificates and not to issue the Nonissued Bond Amount of Qualified Mortgage Bonds.

*"Existing Mortgage"* means any mortgage or other indebtedness (including a deed of trust, conditional sales contract, pledge, agreement to hold title on escrow, or any other form of owner-financing), whether or not previously repaid, held by the Applicant on the Home with respect to which the Certificate is to be issued at any time prior to the issuance of the Certificate, other than (a) a construction period loan or (b) bridge loans or similar temporary initial financing having a term of twenty-four (24) months or less and not providing for scheduled payments of principal during such term.

*"Expiration Date"* means the date on which the right to a particular Indebtedness Amount will expire if the Borrower has not previously obtained and closed on the indebtedness, which shall be the earlier of (a) the Program Expiration Date and (b) the date that is four months after the date of issuance of the related Approval Letter, or such later date resulting from extension of expiration of the Approval Letter.

*"First Time Homebuyer"* means a Borrower who has had no Present Ownership Interest in a Principal Residence (except for the Home with respect to which the Certificate is to be issued) at any time within the three (3) year period immediately preceding the date on which the mortgage on the Home with respect to which the related Certificate is being provided is executed.

*"Form 8329"* means the form 8329 which a Lending Institution providing indebtedness to a Borrower is required to file with the Internal Revenue Service under Section 1.25-8T(a) of the Income Tax Regulations.

*"Form 8330"* means the form 8330 which is required to be filed with Internal Revenue Service by or on behalf of the Issuer on or before each Quarterly Report Date.

*"Gross Monthly Income"* means the sum of monthly gross pay; any additional income from overtime, part-time employment, commissions and bonuses; income from dividends, interest, royalties, pensions, Veterans Administration compensation, net rental income, *etc.*; and any other income such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts and income received from business activities or investments.

*"Holder"* means the Borrower to whom a Certificate is issued pursuant to the Program.

*"Home"* means a one-family residential housing unit consisting of land and improvements thereon located within the Program Area, which otherwise meets the requirements of this Administration Agreement, and one unit of which is or is to be the Principal Residence of the Borrower. In the case of two or more family residential housing units (if permitted as set forth in the preceding sentence), Home includes only residences that

were first occupied for residential purposes at least five years before the execution of the mortgage loan to which the Certificate relates. Home includes manufactured housing which has minimum of 400 square feet of living space, a minimum width in excess of 102 inches and is of a kind customarily used at a fixed location, provided that it is permanently affixed to real property. Home includes stock held by a tenant shareholder in a cooperative housing corporation (as those terms are defined in Section 216(b)(1) and (2) of the Code). Land appurtenant to a Home can be considered as part of the Home only if the land reasonably maintains the basic livability of the Home and does not provide, other than incidentally, a source of income to the Borrower.

*"Income Tax Regulations"* means the regulations applicable to, or promulgated pursuant to, the Code.

*"Income Tax Return Affidavit"* means the affidavit relating to filing of income tax returns by the Borrower in the form attached hereto as Exhibit E, which is to be completed and executed only by those Borrowers who were not required to file a tax return for one or more of the three preceding years.

*"Indebtedness Amount"* means the amount of indebtedness specified in a Certificate, which is the amount of indebtedness for which the Holder is entitled to the federal income tax credit described in Section 25 of the Code and which amount shall not exceed the amount of indebtedness incurred by the Holder to finance a Home or incurred by the Holder for a Qualified Home Improvement Loan in connection with the Program.

*"Issue Date"* means the date of issuance of a particular Certificate, which is the date on which a closing agreement is signed with respect to the indebtedness incurred in connection with the financing of a Home or a Qualified Home Improvement Loan.

*"Issuer"* means the City of Urbana, Champaign County, Illinois.

*"Lender Certificate"* means the Certificate of Lender in the form attached hereto as Exhibit F completed and executed by an authorized officer of a Lending Institution in connection with the issuance of a Certificate.

*"Lending Institution"* means any mortgage lending institution in the business of funding mortgage loans in the Program Area or any other person or entity seeking to fund a mortgage loan in the Program Area in connection with the purchase or improvement and repair of a Home.

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

*"Maximum Annual Income"* means (a) in the case of an Applicant having a family of two or fewer persons 100% (120% for Applicants financing Homes in Targeted Areas, if any) of the greater of (1) the Area Median Income or (2) the State Median Income and (b) in the case of an Applicant having a family of three or more persons 115% (140% for

applicants financing Homes in Targeted Areas, if any) of the greater of (1) the Area Median Income or (2) the State Median Income.

*"Maximum Home Value"* means an amount, determined as of the date a Home is purchased, which does not exceed 90% (110% for Homes in Targeted Areas, if any) of the applicable (Average Area Purchase Price - New) in the case of a Newly Constructed Home or of the applicable (Average Area Purchase Price - Existing) in the case of a Previously Occupied Home. In the case of a two- to four-family Home (if such Homes are permitted under the Program as described above under the definition of "Home"), the Maximum Home Value is the Maximum Home Value for a one-family previously occupied Home multiplied by the following adjustment factor: 1.126 for two-family Homes, 1.363 for three-family Homes and 1.585 for four-family Homes.

*"Newly Constructed Home"* means a Home which, at the time of the issuance of the Certificate has not been previously occupied as a residence other than by a Borrower on a temporary basis pending the funding of the indebtedness and issuance of the Certificate or permanently financed as a residence by any person other than the Borrower. This term includes a commercial, industrial or manufacturing facility that was not previously used as residential housing but which has been rehabilitated to provide residential housing, so long as it otherwise meets the terms of this definition.

*"Nonissued Bond Amount"* means the \$1,835,068 principal amount of Qualified Mortgage Bonds which the Issuer elected not to issue pursuant to the Program.

*"Ordinances"* means ordinance number 9192-108 adopted by the governing body of the Issuer on June 30, 1992 authorizing the establishment of the Program and ordinance number 9293-25 adopted by the governing body of the Issuer on September 14, 1992 authorizing and approving the form of this Administration Agreement.

*"Present Ownership Interest"* means (a) a fee simple interest; (b) a joint tenancy, a tenancy in common, or tenancy by the entirety; (c) the interest of a tenant-shareholder in a cooperative; (d) a life estate; (e) a land contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some time later); and (f) an interest held in trust for the Borrower (whether or not created by the Borrower) that would constitute a present ownership interest if held directly by the Borrower. The term *"Present Ownership Interest"* excludes (a) a remainder interest; (b) a lease with or without an option to purchase; (c) a mere expectancy to inherit an interest in a Principal Residence; (d) the interest that a purchaser of a residence acquires on the execution of a purchase contract; and (e) an interest in other than an interest in a Principal Residence during the previous three (3) years. A Present Ownership Interest in a mobile home or other factory-made housing that was permanently affixed to real property owned by the Borrower constitutes a Present Ownership Interest.

*"Previously Occupied Home"* means a Home which, at the time of the issuance of the Certificate, does not qualify as a Newly Constructed Home.

*"Principal Residence"* means a Home (including any real property and improvements permanently affixed thereto, but not including property not constituting "fixtures" under State law) which, at the time the financing on the Home is executed and depending on all the facts and circumstances in each case (including the good faith intent of the occupant), is occupied or can reasonably be expected to be occupied primarily for residential purposes by the Borrower and as the principal residence of the Borrower. A *"Principal Residence"* does not include a Home used or can reasonably be expected to be used as an investment property or as a recreational Home or a Home that is primarily intended to be used in a trade or business, as evidenced by the use in a trade or business of more than 15% of the total area. Any use of a Home that does not qualify for a deduction (whether or not the deduction is taken) allowable for certain expenses incurred in connection with the business use of a Home under Section 280A of the Code will not be considered as a use in a trade or business.

*"Proceeds"* means, with respect to any single Certificate or Approval Letter the product of:

- (a) The Indebtedness Amount of the Certificate or Approval Letter, multiplied by
- (b) The Credit Rate specified in such Certificate or Approval Letter.

*"Program"* means the Issuer's Single Family Mortgage Credit Certificate Program, Series 1992, described in this Administration Agreement.

*"Program Administrator"* means George K. Baum & Company, a Missouri corporation, and its successors and assigns hereunder.

*"Program Area"* means the incorporated area of the Issuer.

*"Program Expiration Date"* means December 31 of the second calendar year following the calendar year in which the Issuer elected not to issue Qualified Mortgage Bonds, which is December 31, 1994.

*"Program Fee"* means an amount equal to one and one half of one percent (1.5%) of the principal amount of the indebtedness incurred to obtain financing for a Home in connection with a Certificate.

*"Publication Date"* means August 26, 1992, the date the Issuer announced the Program by publishing notice of the Program in a newspaper of general circulation in the incorporated area of the Issuer.

*"Purchase Price"* means the cost of acquiring a Home from the Seller as a completed residential unit.

- (a) Purchase Price includes the following:

(1) All amounts paid, either in cash or in kind, by the purchaser (or a related party or for the benefit of the purchaser) to the Seller (or a related party or for the benefit of the Seller) as consideration for a Home. A Residence includes property such as light fixtures or wall-to-wall carpeting, so long as such property is considered to be a fixture under State law. If the Borrower purports to separately purchase such fixtures, the cost of those fixtures must be included in the Purchase Price. Property such as furniture or appliances is not considered part of a Home so long as such property is not considered to be a fixture under State law and the cost of acquiring such items is not included in Purchase Price (unless the cost of acquiring such items is in excess of fair market value, in which case the amount of the excess must be included in the Purchase Price of the Home). Thus, if the Borrower agrees to purchase the refrigerator, washer, and dryer from the Seller for \$1,000 more than the fair market value of such items, the additional \$1,000 must be included in the Purchase Price. In addition, if in connection with the purchase of a Home the Borrower agrees to pay or assume liability for a debt of the Seller, the amount of such debt must be included as part of the Purchase Price.

(2) If a Home is incomplete or in need of rehabilitation, the reasonable cost of completing or rehabilitating the Home whether or not such cost is to be financed with the Indebtedness Amount. For example, where a mortgagor purchases a building which is so incomplete that occupancy of the building is not permitted under local law, the Purchase Price includes the cost of completing the building so that occupancy of the building is permitted.

(3) Where a Home is purchased subject to a ground lease, the capitalized value of the ground rent, which shall be calculated using a discount rate equal to the interest rate of the Indebtedness Amount.

(b) Purchase Price does not include the following:

(1) The usual and reasonable settlement or financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees, or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses, "points" that are paid by the Borrower (but not the Seller, even though borne by the Borrower through a higher Purchase Price) or other costs of financing the Home. However, such amounts will be excluded in determining Purchaser Price only to the extent that the amounts do not exceed the usual and reasonable costs which would be paid by a buyer where financing is not provided in connection with a mortgage credit certificate program. For example, if the Borrower agrees to pay to Seller more than a pro rata share of property taxes, such excess shall be treated as part of the Purchase Price of a Residence.

(2) The value of services performed by the Borrower or members of the Borrower's family in completing the Home. For purposes of the preceding



sentence, the family of an individual shall include only the individual's brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants. For example, where the Borrower builds a Home alone or with the help of family members, the Purchase Price includes the cost of materials provided and work performed by subcontractors (whether or not related to the Borrower) but does not include the imputed cost of any labor actually performed by the Borrower or a member of the Borrower's family in constructing the Home. Similarly, where the Borrower purchases an incomplete Home the Purchase Price includes the cost of material and labor paid by the Borrower to complete the Home but does not include the imputed value of the Borrower's labor or the labor of the Borrower's family in completing the Home.

(3) The cost of land which has been owned by the Borrower for at least two years prior to the date on which construction of the Home begins.

*"Qualified Home Improvement Loan"* means the financing (whether or not secured by a mortgage), in an amount not to exceed \$15,000 with respect to any Home, of alterations, repairs and improvements on, or in connection with, a Home by the owner thereof but only if such alterations, repairs and improvements substantially protect or improve the basic livability or energy efficiency of the Home. Renovation of plumbing or electrical facilities, installation of improved heating or air conditioning systems, addition of living space, renovation of a kitchen area or similar improvements substantially protect or improve the basic livability or energy efficiency of a Home. Installation of a swimming pool, tennis courts, saunas or other recreational or entertainment facilities do NOT substantially protect or improve the basic livability of a Home. Not more than one Certificate may be issued to the same Borrower in connection with Qualified Home Improvement Loans.

*"Qualified Mortgage Bond"* means any bond the proceeds of which are used, in whole or in part, directly or indirectly, to fund mortgage loans on owner-occupied residences and which conforms, or is purported to conform, with the requirements of Section 143 of the Code, or the requirements of Section 103A of the Internal Revenue Code of 1954, as amended, in such manner as to exclude interest on the bond from inclusion in gross income.

*"Qualified Veterans Bond"* means any bond the proceeds of which are used, in whole or in part, directly or indirectly, to fund mortgage loans on owner-occupied residences for veterans and which conforms, or is purported to conform, with the requirements of Section 143 of the Code, or the requirements of Section 103A of the Internal Revenue Code of 1954, as amended, in such manner as to exclude interest on the bond from inclusion in gross income.

*"Quarterly Report Date"* means April 30 for the quarter ending March 31; July 31 for the quarter ending June 30; October 31 for the quarter ending September 30; and January 31 for the quarter ending December 31; commencing on the Quarterly Report Date relating to the quarter in which the Issuer elected to issue the Certificates and ending on the Quarterly Report Date relating to the quarter in which the Program Expiration Date occurs.

**"Reporting Period"** means each one year period beginning July 1 and ending June 30 during which Certificates are issued under the Program.

**"Seller"** means the seller of the Home.

**"Seller Affidavit"** means the affidavit of the Seller in the form attached hereto as Exhibit G.

**"State"** means the State of Illinois.

**"State Median Income"** means the median income for the State determined in a manner consistent with the determinations of Area Median Income. State Median Income (until revised State median family income figures are published by the Department of Housing and Urban Development), is \$45,000.

**"Targeted Area"** means an area that has been or may be designated from time to time as an area of chronic economic distress in accordance with Section 143(j)(3) of the Code, or qualified census tracts as specified in accordance with Section 143(j)(2) of the Code. The initial Targeted Areas, if any, are the "census tracts" as designated on the Bureau of Census' map for the 1980 census as set forth below. The Targeted Areas may change from time to time.

Targeted Areas

Census Tracts 0002; 0059; 0060;  
Block Groups 5, 6 and 7 of Census Tract 0055;  
Block Group 1 of Census Tract 0054 and  
Block Group 2 of Census Tract 0053

**"Targeted Area Reservation"** means \$\_\_\_\_\_.

**"Targeted Area Reservation Date"** means the date that is one year after the date on which mortgage credit certificates are first accepted under the Program.

**"Total Proceeds"** means the sum of the Proceeds of each Certificate issued hereunder.

**"Unused Allocation"** means the Allocation minus the sum of (a) the Total Proceeds and (b) the Approval Letter Proceeds.

**Section 1.02. Administration Agreement to Constitute a Contract.** This Administration Agreement shall be deemed to be and shall constitute a contract between the Issuer, the Program Administrator and the Local Administrator.

**Section 1.03. Table of Contents, Titles and Headings.** The table of contents, titles and headings of the articles and sections of this Administration Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any

way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Administration Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

*Section 1.04. Interpretation.* Unless the context requires otherwise, words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Administration Agreement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Administration Agreement.

## **ARTICLE II REPRESENTATIONS**

*Section 2.01. Representations, Warranties and Covenants by Issuer.* The Issuer represents and warrants to, and covenants with the Program Administrator and the Local Administrator that:

(a) The Issuer is a political subdivision of the State and, pursuant to the State constitution adopted in 1970 and effective on July 1, 1971, had home rule powers as of January 1, 1992. Pursuant to the Ordinances, the Issuer has authorized the promulgation of this Administration Agreement.

(b) The Issuer has heretofore found and determined that issuance of Mortgage Credit Certificates under the terms of this Administration Agreement is in the public interest, serves a public purpose and is a function pertaining to the government and affairs of the Issuer and reference is hereby made to such findings and determination.

(c) The Issuer has complied with all the provisions of the Constitution and laws of the State and has full power and authority under the Ordinances to consummate all transactions contemplated by this Administration Agreement.

(d) The Issuer is authorized to issue Qualified Mortgage Bonds and, pursuant to its home rule status, is automatically entitled to a portion of the State's volume cap of authority to issue private activity bonds.

(e) The Issuer has formally elected to issue the Certificates and not issue the Nonissued Bond Amount of Qualified Mortgage Bonds or other private activity bonds.

(f) To accomplish the foregoing, the Issuer proposes to establish its Mortgage Credit Certificate Program as specified in this Administration Agreement.

(g) No officer or official of the Issuer has, to such person's knowledge, any prohibited interest as defined by the applicable laws of the State in the Program Administrator, the Local Administrator or the transactions contemplated by this Administration Agreement.

(h) The Issuer will not knowingly take any action or permit any action within its control (other than a Certificate subject to revocation as provided in this Administration Agreement) to be taken which would impair the federal income tax credit available in connection with any of the Certificates.

(i) The issuance of the Certificates as contemplated in this Administration Agreement will not violate the limitations under Section 146 of the Code on the amount of private activity bonds (as defined in such Section) which may be issued by the Issuer.

(j) The Issuer is a "*home rule unit*" pursuant to the provisions of Section 6 of Article VII of the Constitution of the State and hereby agrees to notify the Program Administrator and Local Administrator if such status shall change prior to the Program Expiration Date.

(k) The Issuer will not, directly or indirectly, prohibit an Applicant from obtaining financing from one or more lenders or require an Applicant to obtain financing from one or more lenders. For purposes of the preceding sentence, a lender is any person or entity, including an issuer of mortgage credit certificates, that provides financing for the acquisition or qualified home improvements of a residence.

(l) Taking into account all the facts and circumstances, the Program Fee is reasonably necessary to cover the administrative costs incurred by the Issuer and its agents in issuing the Certificates.

*Section 2.02. Representations, Warranties and Covenants of the Program Administrator.* The Program Administrator represents and warrants to, and covenants with, the Issuer and the Local Administrator that:

(a) The Program Administrator is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to own its properties and carry on its business as it is now being conducted, and is duly and in good standing authorized to do business in the State.

(b) The Program Administrator agrees that, so long as it shall continue to serve in the capacity contemplated under the terms of this Administration Agreement, it will remain subject to the supervision of, and examination by state or federal authorities, as may be applicable, and that it will remain in good standing and qualified to do business under the laws of its then state of organization and that it is qualified to do business in the State, will not dissolve or otherwise dispose of all or substantially all of its assets or business and will not voluntarily consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided that the Program Administrator may, without violating the agreement contained in this paragraph, consolidate with or merge into another entity, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets or business

as an entirety and thereafter dissolve, if the surviving, resulting or transferee entity, as the case may be, (1) shall be subject to the supervision of an examination by state or federal authorities, as may be applicable to the status of the transferee, (2) shall be authorized to do business in the States and (3) (unless the Program Administrator is the surviving entity) shall assume in writing all of the obligations of Program Administrator under this Administration Agreement.

(c) The Program Administrator has the power and authority to accept this Administration Agreement, to enter into the transactions contemplated by, and to perform the terms of, this Administration Agreement, and has duly authorized the acceptance and performance of this Administration Agreement.

(d) Neither the acceptance of this Administration Agreement nor the performance of Program Administrator's obligations hereunder require the consent of or approval or other action by any governmental body (other than any consents and approvals already obtained).

(e) Neither the acceptance of this Administration Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Administration Agreement conflict with or result in a breach of any of the terms, conditions or provisions of any legal restriction or any agreement or instrument to which Program Administrator is now a party or by which it is bound, or constitute a default under any of the foregoing.

(f) Program Administrator will not knowingly take any action or permit any action which is within its control to be taken which would impair the federal income tax credit available in connection with any of the Certificates (other than a Certificate subject to revocation as provided in this Administration Agreement) or, except as may be required by applicable law, impair or prejudice the rights of the Issuer, a Local Administrator or any Holder.

(g) Program Administrator covenants to comply in all respects with provisions of Section 25 of the Code and the regulations promulgated thereunder and the Ordinances; notwithstanding any other provision of this Administration Agreement, to the extent any provision of this Administration Agreement shall conflict with any provisions of Section 25 or the Ordinances, the provisions of Section 25 or the Ordinances shall be deemed to be controlling.

(h) Taking into account all the facts and circumstances, the Program Fee is reasonably necessary to cover the administrative costs of the Issuer and its agents in issuing the Certificates.

The representations and warranties contained in this Section 2.02 shall be true and correct when made and shall be true and correct throughout the term hereof.

*Section 2.03. Representations, Warranties And Covenants of the Local Administrator.*  
The Local Administrator represents and warrants to the best of its knowledge, and covenants with, the Issuer and the Program Administrator that:

(a) Local Administrator is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to own its properties and carry on its business as it is now being conducted, and is duly and in good standing authorized to do business in the State.

(b) Local Administrator agrees that, so long as it shall continue to serve in the capacity contemplated under the terms of this Administration Agreement, it will remain subject to the supervision of and examination by state or federal authorities, as may be applicable, and that it will remain in good standing and qualified to do business under the laws of its then state of organization and that it is qualified to do business in the State, will not dissolve or otherwise dispose of all or substantially all of its assets or business and will not voluntarily consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided that Local Administrator may, without violating the agreement contained in this paragraph, consolidate with or merge into another entity, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets or business as an entirety and thereafter dissolve, if the surviving, resulting or transferee entity, as the case may be, (1) shall be subject to the supervision of and examination by state or federal authorities, as may be applicable to the status of the transferee, (2) shall be authorized to do business in the State, (3) after giving effect to such transaction, have a net worth substantially equal to or in excess of that of the Local Administrator immediately prior to such transaction, and (4) (unless Local Administrator is the surviving entity) shall assume in writing all of the obligations of Local Administrator under this Administration Agreement.

(c) Local Administrator has the power and authority to accept this Administration Agreement, to enter into the transactions contemplated by, and to perform the terms of, this Administration Agreement, and has duly authorized the acceptance and performance of this Administration Agreement.

(d) Neither the acceptance of this Administration Agreement nor the performance of Local Administrator's obligations hereunder require the consent of or approval or other action by any governmental body (other than any consents and approvals already obtained).

(e) Neither the acceptance of this Administration Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Administration Agreement conflict with or result in a breach of any of the terms, conditions or provisions of any legal restriction or any agreement or instrument to which Local Administrator is now a party or by which it is bound, or constitute a default under any of the foregoing.

(f) Local Administrator will not arbitrarily refuse to review or fail to approve an application for a Certificate for a Home within the Program Area because of the location or the age of the property. In the case of an Applicant, Local Administrator will comply with all applicable federal, state and local laws, ordinances and regulations with respect to equal opportunity and non-discrimination and, in so doing, will not arbitrarily vary the terms of a Certificate or the application procedures therefore or refuse to review or approve a Certificate because of race, color, religion, national origin, age (provided the applicant has legal capacity to enter into a contract), sex or marital status or the fact that all or part of the Applicant's income derives from any public assistance program or the fact that the Applicant has in good faith exercised any right under the Federal Consumer Protection Act.

(g) All applications for Certificates shall be reviewed and either approved or rejected by the Local Administrator on a "first come first served" basis.

(h) Local Administrator will not knowingly take any action or permit any action which is within its control to be taken which would impair the federal income tax credit available in connection with any of the Certificates (other than a Certificate subject to revocation as provided in this Administration Agreement) or, except as may be required by applicable law, impair or prejudice the right of the Issuer, the Program Administrator or any Holder.

(i) Local Administrator covenants to comply in all respects with provisions of Section 25 of the Code and the regulations promulgated thereunder and the Ordinances; notwithstanding any other provision of this Administration Agreement, to the extent any provision of this Administration Agreement shall conflict with any provisions of Section 25 and the Ordinances, the provisions of Section 25 and the Ordinances shall be deemed to be controlling.

The representations and warranties contained in this Section 2.03 shall be true and correct when made to the best of the Local Administrator's knowledge and shall be true and correct throughout the term hereof.

### **ARTICLE III ISSUANCE OF MORTGAGE CREDIT CERTIFICATES**

*Section 3.01. Agreement to Issue Certificates.* The Issuer hereby authorizes the issuance and delivery of its Single Family Mortgage Credit Certificates, Series 1992 to eligible, qualifying Borrowers in the manner and on the terms and basis set forth in this Administration Agreement. The Issuer, the Program Administrator and the Local Administrator hereby agree that the Issuer will not issue any Certificates during any period in which the Issuer is not a "home rule unit" of government under the Constitution of the State of Illinois unless and until the Issuer shall have received an opinion of counsel acceptable to it and the Program Administrator that the Issuer's change of status from a "home rule unit" will not impair the Issuer's power and authority to issue the Certificates or the federal income tax credit available in connection with any Certificate.

*Section 3.02. Program Fee.* Issuer hereby directs that the Program Fee shall be remitted and distributed as provided in Article V hereof.

*Section 3.03. Reservation of Allocation for Particular Project.* The Issuer hereby directs and instructs the Program Administrator and the Local Administrator that no portion of the allocation may be reserved or otherwise set aside for any developer of any particular development.

#### **ARTICLE IV ADMINISTRATION OF PROGRAM**

*Section 4.01. The Program Administrator.* The Program Administrator hereby covenants and agrees to administer and supervise the Program in a manner designed to promote its success throughout the Program Area and, subject to and not inconsistent with the terms set forth in this Administration Agreement, shall have full power and authority, acting alone, to do any and all things in connection with administering the Program that it may deem necessary or desirable.

As a part of its duties and responsibilities, the Program Administrator shall:

(a) *Public Notice.* In addition to the notice required by law which was published prior to the execution and delivery of this Administration Agreement, the Program Administrator may issue press releases, conduct interviews, hold informational seminars, prepare brochures and otherwise advertise the Program to such extent and in such manner as the Program Administrator shall, in its sole discretion, believe is necessary to ensure the success of the Program. The Program Administrator shall place advertisements in newspapers and other appropriate media giving public notice of the availability of Certificates for Homes located in a Targeted Area, if any; and

(b) *Applications.* Mail an Application and supporting materials to any person requesting one within three (3) business days of receipt of the request. In addition, the Program Administrator shall provide a reasonable number of Applications and supporting materials to any Lending Institution requesting Applications in bulk for redistribution to prospective Applicants; and

(c) *Program Supervision.* Supervise administration of the Program by the Local Administrator to assure compliance with Section 25 of the Code and with the terms of this Administration Agreement. Such supervision shall include assisting the Local Administrator in determining whether or not, under the facts relating to a particular Application, the Applicant satisfies an eligibility requirement imposed by Section 25 of the Code or by the terms of this Administration Agreement. In the event of any dispute between the Local Administrator and the Program Administrator which arises concerning the terms and provisions of this Administration Agreement, the interpretation thereof, or with respect to actions taken hereunder, the reasonable interpretations and judgments of the Program Administrator shall govern; and



(d) *Explanatory Materials.* As a part of its duties to promote the success of the Program and to assist potential Applicants, the Program Administrator shall prepare or cause to be prepared explanatory materials and forms for Applicants, lending institutions, realtors and other interested parties as the Program Administrator, in its sole discretion, shall determine to be necessary; and

(e) *Recordkeeping and Reporting.* In addition to the reasonable record-keeping duties imposed on the Local Administrator in order to fulfill its duties, the Program Administrator shall maintain such files and records as will allow it to independently review for completeness and accuracy the quarterly reports prepared by the Local Administrator pursuant to Section 6.01 of this Administration Agreement and the annual reports prepared by the Local Administrator pursuant to Section 6.03 of this Administration Agreement. The Program Administrator is hereby authorized to execute and file, on behalf of the Issuer, all quarterly and annual reports described in Article VI of this Administration Agreement. The Program Administrator shall also maintain such files and records as will enable it to report to the Issuer, from time to time, on the then current status of the Program, including the amount of Certificates issued, the average annual income of the Holders and the average Purchase Price of Homes for which Certificates have been issued.

*Section 4.02. The Local Administrator.* The Local Administrator hereby covenants and agrees to administer and supervise the processing of Applications, issuance of Certificates, dissemination of information regarding the Program and distribution of Applications all in a manner designed to promote the success of the Program throughout the Program Area.

As a part of its duties and responsibilities hereunder the Local Administrator shall take the following actions:

(a) *Applications.* The Local Administrator shall mail an Application to any person in any part of the Program Area requesting one within three (3) business days of receipt of the request. In addition, the Local Administrator shall provide a reasonable number of Applications to any Lending Institution requesting Applications in bulk for redistribution to prospective Applicants. In addition, if there are any Targeted Areas located within the Issuer, the Local Administrator shall provide with the Application a description of the location of such Targeted Areas.

(b) *Processing Applications.* Upon receipt of a completed, or partially completed, Application the Local Administrator shall make the determinations required in Section 4.02(c) hereof and, within seven (7) business days of receipt of the Application, depending on the appropriate response, either (1) issue an Approval Letter or a Certificate, as appropriate, (2) reject the Application as ineligible and mail the Applicant an explanation of the rejection or (3) return the incomplete Application, together with an explanatory letter, to the Applicant. An extension of the seven day period may be obtained from the Program Administrator upon a showing of good cause.

(c) *Applicant Eligibility.* The Local Administrator shall determine whether or not the Applicant is eligible to participate in the Program. To be eligible, an Applicant must satisfy each of the following conditions and the Local Administrator hereby represents, warrants and covenants with the Issuer and Program Administrator that it will determine that each of the following conditions is satisfied before issuing an Approval Letter or a Certificate, as appropriate:

(1) The Certificate will be provided in connection with a loan for the acquisition of a Home or a Qualified Home Improvement Loan which, at the time the financing on the Home is executed, can reasonably be expected to become (or, in the case of a Qualified Home Improvement Loan, to continue to be) the Principal Residence of the Holder of the Certificate within a reasonable time (not to exceed 60 days) after the financing is executed or incurred. The Local Administrator shall also determine that the Applicant has pledged to provide notification to such Local Administrator in the event the Home ceases to be the Applicant's Principal Residence. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application.

(2) The Home is located in the Program Area. The requirement of this subsection will be met if the Local Administrator relies on the address provided in a properly executed Application.

(3) The Applicant is a First Time Homebuyer. This subsection shall not apply with respect to any Qualified Home Improvement Loan or any Home located in any Targeted Area. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Borrower Affidavit together with copies of the Applicant's federal income tax returns for the preceding three (3) years, which the Local Administrator examines to determine that the Applicant has not claimed a deduction for taxes on property which was the Applicant's Principal Residence pursuant to Section 164(a)(1) of the Code or a deduction pursuant to Section 163 of the Code for interest paid on a mortgage secured by property which was the Applicant's Principal Residence. In the event the Applicant states that the Applicant was not required to file a Federal Income Tax Return, the Local Administrator may rely on a statement contained in the Borrower's Income Tax Return Affidavit that the Applicant was not required by law to file a Federal Income Tax Return for any of the three (3) years in lieu of its review of a tax return for the year(s) in question. Where the mortgage is executed during the period between January 1 and February 15 and the Applicant has not yet filed a federal income tax return with the Internal Revenue Service, the Local Administrator may, with respect to such year, rely on provisions of the Borrower's Income Tax Return Affidavit which indicates that the Applicant is not entitled to claim deductions for taxes or interest on indebtedness with respect to property constituting the Borrower's Principal Residence for the preceding calendar year. In determining that this subsection does not apply, the

Local Administrator may rely on the relevant provisions of a properly executed Application.

(4) The Purchase Price of the Home does not exceed the applicable Maximum Home Value. The requirements of this subsection shall not apply with respect to any Certificate provided in connection with a Qualified Home Improvement Loan. The requirements of this subsection will be met if the Local Administrator determines, based on the relevant provisions of a properly executed Application and a properly executed Seller Affidavit, that such requirements are met.

(5) The Annual Income of the Applicant does not exceed the applicable Maximum Annual Income. This requirement shall not apply to up to one-third of the Proceeds of Certificates for Homes located in Targeted Areas, if any. The requirements of this subsection will be met if the Administrator relies on (i) a properly executed Application, (ii) the amount specified in the loan documents as the income used to qualify the Borrower for the loan together with (iii) copies of the Applicant's federal income tax returns for the preceding three (3) years, which the Administrator examines to determine that the Applicant's Annual Income for each year did not exceed the applicable Maximum Annual Income. In the event that the Borrower's Annual Income as reflected in the Borrower Affidavit or the loan application exceeds the Maximum Annual Income then the Borrower is not eligible for the Program because the Annual Income exceeds the Maximum Annual Income. In the event that the Borrower's Annual Income, as reflected on the prior years' income tax returns, exceeds the Maximum Annual Income, but the Borrower's current Annual Income as reflected by the Borrower's Affidavit and the loan documents is less than the Maximum Annual Income, then the Local Administrator shall exercise its reasonable judgment in determining whether or not the current Annual Income requirement is met.

(6) The Certificate is not issued in connection with the acquisition or replacement of an Existing Mortgage, and except in the case of a Certificate provided in connection with a Qualified Home Improvement Loan, the Applicant did not have an Existing Mortgage. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application.

(7) The Applicant knows that the Certificate is not transferable. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application.

(8) None of the financing of the Home has been or will be provided from proceeds of a Qualified Mortgage Bond or a Qualified Veterans Bond. In addition, in the case of a Qualified Home Improvement Loan, no qualified home improvement loan has been made with respect to the Home (by any lender)

from the proceeds of a Qualified Mortgage Bond or a Qualified Veterans Bond or that is or was subject to a mortgage credit certificate under any program at any time that any person who has, at the time the Qualified Home Improvement Loan is made, a Present Ownership Interest in the Home had a Present Ownership Interest in the Home. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application and a properly executed Lender Certificate.

(9) The Issuer, directly or indirectly, has not prohibited the Applicant from obtaining financing from one or more lenders and has not required the Applicant to obtain financing from one or more lenders. For the purposes of the preceding sentence, a lender is any person or entity, including an issuer of mortgage credit certificates, that provides financing for the acquisition or qualified home improvement of a residence. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application.

(10) The interest on the Indebtedness Amount is not payable or paid to a person who is a related person to the Applicant. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application and a properly executed Lender Certificate.

(11) Any points (other than the Program Fee), origination fees, servicing fees, loan application fees, survey fees, credit report fees, insurance fees or similar financing costs, and any other fees paid to the Lending Institution providing the indebtedness, or any other person, are reasonable and not in excess of amounts customarily charged in the area or by the person receiving the fee, with respect to mortgages not provided in connection with Mortgage Credit Certificates and the applicant has not and will not pay, directly or indirectly, any other fee. The requirements of this subsection will be met if the Local Administrator relies on the relevant provisions of a properly executed Application and a properly executed Lender Certificate.

(12) The Applicant has applied for a mortgage loan for the Home to be financed in connection with the Program. The requirements of this section will be met if the Local Administrator relies on a loan application submitted with the Application. The mortgage loan must be incurred no later than December 31, 1994.

(13) If the home is a two- to four-family Home, it was first occupied for residential purposes at least five years before the execution of the mortgage loan to which the certificate relates.

(14) Except in the case of a Qualified Home Improvement Loan, the Applicant has been supplied with a completed notice in the form attached hereto

as Exhibit I at the closing of the mortgage loan for the Home and the Applicant has been supplied with a complete notice in the form attached hereto as Exhibit J within 90 days after the closing of the mortgage loan for the Home. The notices in Exhibits I and J may be given simultaneously at the closing of the mortgage loan for the Home. If one or both of these notices are supplied to an Applicant and that Applicant is not issued a Certificate, the Local Administrator will give the Applicant prompt written notice that the federal subsidy recapture provisions discussed in the notices are not applicable.

(15) If the mortgage loan has a cosignor or guarantor in addition to the Applicant, either (i) the cosignor/guarantor has executed an Application and is considered an additional Applicant for purposes of meeting the foregoing requirement or (ii) the cosignor/guarantor has executed an Affidavit of Cosignor/Guarantor in the form attached hereto as *Exhibit C*.

*Section 4.03. Approval Letter.* In the event that an Applicant, as evidenced by its Application and materials submitted in connection therewith, has satisfied the requirements of Section 4.02(c) hereof other than the submission of the Borrower Affidavit, the Seller Affidavit, the Certificate and the Cosignor/Guarantor Affidavit, if applicable, the Local Administrator shall determine that the Applicant is eligible for the Program. An eligible Applicant shall be issued an Approval Letter provided that the Proceeds of such Approval Letter, if issued, would not cause the Unused Allocation to be less than \$1. If issuance of the Approval Letter would cause the Unused Allocation to be less than \$1 the Applicant shall be reclassified as ineligible for the Program because the Certificate Authority is expended. The Local Administrator shall so inform the Applicant as provided in Section 4.02(b)(2) hereof.

[The following two paragraphs apply only in the event that there are Targeted Areas located in the jurisdiction of the Issuer, as set forth in the definition of "*Targeted Area*" herein.]

On or prior to the Targeted Area Reservation Date, before issuing an Approval Letter for a Home not located in a Targeted Area, the Local Administrator shall calculate the Total Proceeds of all Approval Letters issued for Homes not located in a Targeted Area and the Local Administrator shall not issue an Approval Letter for a Home not located in a Targeted Area if the Proceeds of such Approval Letter, if issued, would cause the Unused Allocation minus the Targeted Area Reservation to be less than \$1.

If on or prior to the Targeted Area Reservation Date, issuance of the Approval Letter for a Home not located in a Targeted Area would cause the Unused Allocation minus the Targeted Area Reservation to be less than \$1 and there remains unallocated Certificate Authority that is reserved until the Targeted Area Reservation Date for use in Targeted Areas, then the Local Administrator shall reclassify the Applicant as temporarily ineligible. The Applicant shall be informed of its status and also that additional amounts may be available after the Targeted Area Reservation Date. The Applicant shall be further informed that there can be no guarantees regarding the availability of additional amounts. Applicants classified as temporarily ineligible shall be given first priority, in order of application, if additional amounts become available after the Targeted Area Reservation Date

because the Targeted Area Reservation was not fully expended in Targeted Areas before such date.

The Local Administrator shall issue its Approval Letters in the form attached hereto as Exhibit H with such changes and modifications as it shall determine. The Approval Letter shall contain the following information:

- (a) The name, address and taxpayer identification number of the Applicant;
- (b) The address of the Home to be financed in connection with the Program;
- (c) Whether the financing is in connection with financing the purchase of the Home or in connection with a Qualified Home Improvement Loan;
- (d) The Indebtedness Amount that has been set aside on behalf of the Applicant;
- (e) The Credit Rate;
- (f) A list of materials and verifications that must be provided before a Certificate will be issued to the Applicant; and
- (g) The Expiration Date of the Approval Letter.

The Approval Letter, together with a form of Borrower Affidavit, Seller Affidavit, Lender Certificate and, if applicable, Cosignor/Guarantor Affidavit, shall be mailed by first-class mail, postage prepaid, to the Applicant. The Borrower Affidavit, Seller Affidavit, Lender Certificate and, if applicable, Cosignor/Guarantor Affidavit shall indicate the Applicant's name, social security number and a reference number, if necessary, to enable the Local Administrator to assemble the application materials efficiently. A copy of the Approval Letter shall be mailed to the Lending Institution designated by the Applicant. In addition, a copy of the Approval Letter shall be retained by the Local Administrator.

*Section 4.04. Issuance of Certificate.* Upon a determination by the Local Administrator that an Applicant has submitted all the necessary materials including (a) the Borrower Affidavit reflecting no material changes from the Application of the Applicant that would cause the Applicant to be ineligible to receive a Certificate; (b) the Seller Affidavit (except in the case of a Qualified Home Improvement Loan), (c) the Lender Certificate, (d) income tax returns for the most recent three (3) years, (e) the loan application, (f) the Program Fee, (g) the Cosignor/Guarantor Affidavit, if applicable, and (h) such additional materials as the Local Administrator shall deem necessary, the Local Administrator shall make a final determination of the Applicant's eligibility for the Program. Such determination shall assure that each of the following is true:

- (a) That the Applicant satisfies each of the conditions set forth in Section 4.02(c) hereof;

(b) That the Program Fee has been paid by or on behalf of the Applicant or that provision for payment of the Program Fee has been arranged with the escrow agent (or a similar entity) handling the closing of the related mortgage loan;

(c) That the Proceeds of the Applicant's Certificate, if issued, would not cause the Unused Allocation (after taking into account cancellation of the related Approval Letter) to be less than \$1;

(d) That (if applicable), if the Home is not located in a Targeted Area and the Certificate is issued on or before the Targeted Area Reservation Date, the Proceeds of the Applicant's Certificate, if issued, would not cause the Unused Allocation (after taking into account cancellation of the related Approval Letter) minus the Targeted Area Reservation to be less than \$1; and

(e) That the Issue Date is (1) at least ninety-one (91) days after the Publication Date and (2) on or before the Program Expiration Date.

Upon completion of each of the above determinations and its finding that issuance of the Certificate will not violate the terms of Section 25 of the Code and the terms of this Administration Agreement, the Local Administrator is hereby authorized and directed to prepare and complete on behalf of the Issuer, a Certificate for the Applicant. The Certificate shall be in the form referenced in the Ordinances and as set forth in Exhibit A hereto with such additions, substitutions and completions as are necessary. The Certificates shall be executed by the manual or facsimile signatures of the officers of the Issuer authorized by the Ordinances and shall be countersigned by the manual signature of the Local Administrator.

The original Certificate shall be mailed, by first-class mail, postage prepaid, to the Applicant. One copy of the Certificate shall be retained by the Local Administrator on behalf of the Issuer. A second copy shall be mailed to the Lending Institution providing the indebtedness for its records. The Issuer hereby instructs that a copy of the Certificate need not be mailed to the official of the Issuer providing the certification required to be attached to the Issuer's Election. A copy of the Certificate also shall be provided to the Program Administrator.

Upon issuance of the Certificate, the Local Administrator shall cancel the related Approval Letter and treat it as expired.

*Section 4.05. Reservation of Certificates for the Target Area.* This Section shall only apply in the event that there are Targeted Areas located in the jurisdiction of the Issuer, as set forth in the definition of "Targeted Area" herein. On or prior to the Targeted Area Reservation Date, a portion of the Certificate Authority with Proceeds equal to the Targeted Area Reservation shall be set aside and reserved for issuance of Certificates in connection with Homes located in the Target Area. The Local Administrator may not issue any Certificate on or prior to the Targeted Area Reservation Date to the extent that issuance of the Certificate would cause the Unused Allocation minus the Targeted Area Reservation to

be less than \$1. The Program Administrator and the Local Administrator shall use due diligence to issue Certificates for Homes located in Targeted Areas.

*Section 4.06. Numbering of the Certificates.* The Certificates shall be numbered consecutively upward from Number 100. The Local Administrator shall be certain that no two (2) certificates bear the same number.

*Section 4.07. Revocation of Certificates.* In the event that information shall come to the Program Administrator's or the Local Administrator's attention that any of the representations contained in a Borrower Affidavit or Application of a Holder were false at the time made or that the Home is no longer the Holder's Principal Residence, then such Administrator shall revoke the Holder's Certificate. Revocation shall be effected by mailing such notice to the Home for which the Certificate was issued and by notifying the Internal Revenue Service on Form 8330, which is required to be filed pursuant to Section 6.01 hereof. Written notice of such revocation shall be promptly given to the other Administrator.

*Section 4.08. Mutilated, Lost, Stolen or Destroyed Certificates.* In the event any Certificate is mutilated, lost, stolen or destroyed, the Issuer may execute and the Local Administrator may countersign and deliver a new Certificate for the Home specified in the original Certificate at the same Credit Rate and Indebtedness Amount; provided that (a) in the case of a mutilated Certificate, such mutilated Certificate shall first be surrendered to such Local Administrator, and (b) in the case of any lost, stolen or destroyed Certificate, there shall first be furnished to such Local Administrator evidence of such loss, theft or destruction satisfactory to it. The Local Administrator may charge an administrative or processing fee not to exceed twenty-five dollars (\$25) in connection with the execution and issuance of a new Certificate as provided in this section.

## ARTICLE V PROGRAM FEES

*Section 5.01. Collection of Program Fee.* Prior to issuing a Certificate, the Local Administrator shall have received the Program Fee or provision for payment of the Program Fee shall have been arranged with the escrow agent handling the closing of the related mortgage loan.

*Section 5.02. Distribution of Program Fee.* On or before the fifth (5th) day of each month following the month in which they are collected, Program Fees shall be remitted to the Program Administrator for payment of the Issuer's costs of implementing and administering the Program. Program fees shall be distributed as follows:

- (a) One percent (1.0%) of the principal amount of the indebtedness paid to the Program Administrator;
- (b) One-half percent (0.5%) of the principal amount of the indebtedness paid to Chapman and Cutler, as bond counsel;



## ARTICLE VI REPORTING REQUIREMENTS

*Section 6.01. Quarterly Reports of Issuer.* At least twenty (20) days prior to each Quarterly Report Date the Local Administrator shall, on behalf of the Issuer, prepare and submit to the Program Administrator a quarterly report for the preceding quarter. The report shall be submitted to the Program Administrator on Form 8330 and shall contain the information required therein, including:

- (a) The name, address, and taxpayer identification number of the Issuer of the Certificates;
- (b) The date of the Issuer's Election and the Nonissued Bond Amount;
- (c) The sum of the products determined by multiplying:
  - (1) The Indebtedness Amount of each Certificate issued under the Program by such Local Administrator during the calendar quarter, by
  - (2) The Credit Rate with respect to each Certificate; and
- (d) A listing of the name, address and taxpayer identification number of each Holder of a Certificate which has been revoked during the calendar quarter.

The report filed for the quarter that is the last quarter in which a Certificate may be issued under the Program shall contain a statement to that effect.

*Section 6.02. Filing of Quarterly Reports.* At least ten (10) days prior to each Quarterly Report Date, the Program Administrator shall examine the quarterly report of the Local Administrator specified in Section 6.01 hereof and execute and file (by certified mail, return receipt requested) the report on behalf of the Issuer. The Program Administrator may, but is not required to, review the quarterly reports for accuracy. The reports required by this section are to be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

*Section 6.03. Information Report.* On or before the July 20th next following a Reporting Period the Local Administrator shall compile, assemble, prepare and submit to the Program Administrator an annual report for the most recent Reporting Period. The annual report shall be in the format and contain the information required by Section 1.25-4T(e) of the Income Tax Regulations.

*Section 6.04. Assembly and Filing of Information Report.* On or before the August 5th next following a Reporting Period the Program Administrator, on behalf of the Issuer, shall prepare, based on the annual report provided to it as required in Section 6.03 hereof, execute and file the Mortgage Credit Certificate Information Report required by Section 1.25-4T(e) of the Income Tax Regulations. The Mortgage Credit Certificate

Information Report shall be in the format and on the form, if available, prescribed in Section 1.25-4T(e) of the Income Tax Regulations. The report required by this section shall be filed by certified mail, return receipt requested, at the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

## ARTICLE VII PROGRAM ADMINISTRATOR AND LOCAL ADMINISTRATOR

*Section 7.01. Status of Program Administrator.* In the performance of all its activities hereunder, the Program Administrator shall be an independent contractor acting on its own behalf and for its own account, unless otherwise specifically provided herein. The Program Administrator shall have full power and authority to do and perform any and all things that the Program Administrator may deem necessary or desirable to carry out its duties and responsibilities under this Administration Agreement.

*Section 7.02. Status of Local Administrator.* In the performance of all its activities hereunder, the Local Administrator shall be an independent contractor acting on its own behalf and for its own account, unless otherwise specifically provided herein. The Local Administrator shall have full power and authority, subject to review by the Program Administrator, to do and perform any and all things that such Local Administrator may deem necessary or desirable to carry out its duties and responsibilities under this Administration Agreement.

*Section 7.03. Merger or Consolidation of Program Administrator.* Any entity into which the Program Administrator may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which the Program Administrator shall be a party, or any entity succeeding to the business of the Program Administrator shall be the successor of the Program Administrator hereunder without the execution or filing of any document or instrument or any further ordinance on the part of the parties hereto.

*Section 7.04. Merger or Consolidation of Local Administrator.* Any entity into which the Local Administrator may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which the Local Administrator shall be a party, or any entity succeeding to the business of the Local Administrator shall be the successor of the Local Administrator hereunder without the execution or filing of any document or instrument, except as provided in Section 2.03(b) of this Administration Agreement, or any further ordinance on the part of the parties hereto.

*Section 7.05. Program Administrator Not to Resign; Removal.* The Program Administrator may not resign from the obligations and duties imposed and accepted by the terms of this Administration Agreement without express written permission of the Issuer unless determination is made that its obligations and duties hereunder are no longer authorized under applicable law or regulation. Any such determination shall be supported by an opinion of counsel acceptable to the Issuer. No such resignation shall become effective until a successor shall have assumed the obligations and duties imposed by the terms of this

Administration Agreement. There shall be no removal of the Program Administrator except as provided in Article VIII hereof.

*Section 7.06. Delegation of Duties of Program Administrator.* The Program Administrator may delegate any of the obligations and duties imposed and accepted by it hereunder only with the prior written consent of the Issuer.

*Section 7.07. Local Administrator Not to Resign.* The Local Administrator may not resign from the obligations and duties imposed and accepted by the terms of this Administration Agreement without express written permission of the Issuer and the Program Administrator unless determination is made that its obligations and duties hereunder are no longer authorized under applicable law or regulation. Any such determination shall be supported by an opinion of counsel acceptable to the Issuer. No such resignation shall become effective until a successor shall have assumed the obligations and duties imposed by the terms of this Administration Agreement.

*Section 7.08. Delegation of Duties of Local Administrator.* The Local Administrator may delegate any of the obligations and duties imposed and accepted by it only with the prior written consent of the Program Administrator and the Issuer.

## ARTICLE VIII EVENTS OF DEFAULT

*Section 8.01. Administrator Events of Default Defined.* The happening of any one or more of the following shall constitute an "Event of Default" by the Program Administrator or by a Local Administrator under this Administration Agreement:

(a) Failure to observe or perform in any material respect any covenant, condition or agreement in this Administration Agreement to be observed or performed for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to it by the Issuer or, in the case of a default by the Local Administrator, the Program Administrator, unless the Issuer and, in the case of a default by a Local Administrator, the Program Administrator shall agree in writing to an extension of such time prior to its expiration; *provided, however,* if the failure stated in the notice cannot be corrected within the applicable period, Issuer, and in the case of a default by the Local Administrator, the Program Administrator will not unreasonably withhold consent to an extension of such time if corrective action is instituted within the applicable period and so long as such corrective action is being diligently pursued until the failure is corrected.

(b) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises shall have been entered against the Program Administrator or Local Administrator for the appointment of a conservator or receiver or liquidator in any insolvency readjustment of debt, marshalling of assets and liabilities or other similar proceedings, or for the winding up or liquidation of its affairs, and such

decree or order shall have remained in force and undischarged or unstayed for a period of sixty (60) days.

(c) The Program Administrator or the Local Administrator shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or other similar proceedings, or for the winding up or the liquidation of the affairs of or relating to such Administrator or of or relating to all or substantially all of its property.

(d) The Program Administrator or the Local Administrator shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statutes, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

(e) Failure by a Local Administrator to remit the Program Fee as required by Section 5.02 hereof.

(f) The determination that any representation of or warranty by the Program Administrator or the Local Administrator in this Administration Agreement shall have been knowingly or recklessly false in any material respect when made.

*Section 8.02. Administrator Default Remedies.* Upon the occurrence of an Event of Default by the Program Administrator or the Local Administrator, Issuer, or in the case of a default by the Local Administrator, the Program Administrator:

(a) By notice in writing to the defaulting Administrator may, subject to applicable state and federal law, terminate all of such Administrator's rights, duties and obligations hereunder; and

(b) May take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Administration Agreement or to enforce performance and observance of any obligation, agreement or covenant of such Administrator under this Administration Agreement.

At the time the Issuer (or the Program Administrator with respect to a default by the Local Administrator) notifies any Administrator of its termination, all rights, duties and obligations of such Administrator hereunder shall be terminated and shall pass to and vest in such successor Administrator that the Issuer, or in the case of a default by a Local Administrator, the Program Administrator shall appoint with the written consent of the Issuer (which consent may be evidenced by the written consent of the Mayor or other Authorized officer). Such successor forthwith shall execute an agreement, in form and substance satisfactory to the Issuer, or, in the case of a default by a Local Administrator, the Program Administrator, confirming its assumption of all such rights, duties and obligations.

*Section 8.03. No Remedy Exclusive.* Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Administration Agreement or existing at law or in equity. No delay or omission to exercise any right or power occurring upon the happening of any event set forth in Section 8.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Program Administrator to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

*Section 8.04. Agreement to Pay Attorneys Fees and Expenses.* In the event the Program Administrator or the Local Administrator fails to perform its obligations under any of the provisions of this Administration Agreement and the Issuer, or in the case of a default by a Local Administrator, the Program Administrator, employs attorneys or incurs other expenses in connection with such default or for the enforcement of the performance of any obligation or agreement on the part of such Administrator herein contained, the Program Administrator and the Local Administrator agree severally, with respect to its own actions and not jointly, to pay or reimburse the Issuer, or in the case of a default by a Local Administrator, the Program Administrator, on demand the reasonable fee of such attorneys and such other incurred expenses as a result of action or inaction by such Administrator. The Local Administrator's obligation to pay such attorney fees and other incurred expenses shall not, in the aggregate, exceed the Program Fees theretofore collected, *provided, however,* that this limitation shall not extend to damages for improperly administering the Program.

## ARTICLE IX MISCELLANEOUS PROVISIONS

*Section 9.01. Amendments, Changes and Modifications.* This Administration Agreement may not be effectively amended, changed, modified or altered without the written consent of the Program Administrator, the Local Administrator and Issuer. No such amendment shall become effective unless accompanied by an opinion or opinions of counsel acceptable to the Issuer and the Program Administrator that if such amendment takes effect the Program will remain a "qualified mortgage credit certificate program" as defined in the Code and will remain valid and authorized under the Ordinances.

*Section 9.02. Filing of the Administration Agreement.* This Administration Agreement, or a memorandum of any portion or portions hereof executed by the Issuer, the Program Administrator and the Local Administrator may be filed in the office of the clerk of the Issuer.

*Section 9.03. Limitation on Rights of Holders and Applicants.* No Holder or Applicant shall have any right to institute a suit against the Issuer with respect to this Administration Agreement.

*Section 9.04. Governing Law.* This Administration Agreement shall be construed in accordance with the laws of the State and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws. The Issuer, Program Administrator and the Local Administrator hereby agree to comply in all respects with the Ordinances and Section 25 of the Code. In the event any of the provisions of this Administration Agreement conflict with any provision of the Ordinances or Section 25 of the Code, the provisions of the Ordinances and Section 25 of the Code shall govern and take precedence over the provisions hereof.

*Section 9.05. Severability.* In the event any provision of this Administration Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

*Section 9.06. Further Assurances and Corrective Instruments.* To the extent permitted by law, the Issuer, the Program Administrator and the Local Administrator agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Administration Agreement.

*Section 9.07. Term of Agreement.* This Administration Agreement shall be in full force and effect from the date hereof and shall continue in effect until the later of (a) December 31, 1994, and (b) such time as any Certificates issued hereunder are eligible for the income tax credit provided by Section 25 of the Code.

*Section 9.08. Immunity of Officers and Directors; Limited Liability.* No recourse shall be had for any claim based on any of the Certificates or upon any obligation, covenant or agreement in this Agreement against any past, present or future officer or director of the Issuer, or any incorporator, officer, director or trustee of any successor to the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officers, directors or trustees as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement and issuance of such Certificates.

IN WITNESS WHEREOF, the Issuer acting also in its capacity as Local Administrator and the Program Administrator have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 1992.

CITY OF URBANA,  
CHAMPAIGN COUNTY, ILLINOIS

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

[SEAL]

ATTEST:

\_\_\_\_\_  
City Clerk

**GEORGE K. BAUM & COMPANY,  
as Program Administrator**

**By: \_\_\_\_\_  
Authorized Officer**



**EXHIBIT A**

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS**

**CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS**

**SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE**

**SERIES 1992**

**CERTIFICATE NUMBER \_\_\_\_\_**

**THIS MORTGAGE CREDIT CERTIFICATE ENTITLES the hereinafter named Holder to the federal income tax credit authorized by Section 25 of the Internal Revenue Code of 1986 (the "Code") in an amount equal to the Certificate Credit Rate multiplied by the interest paid or accrued by the Holder on the indebtedness incurred in connection with this Certificate during the taxable year. If the Certificate Credit Rate exceeds twenty percent (20%), the amount of the federal income tax credit may not exceed \$2,000.00. If the federal income tax credit permitted by this Certificate exceeds the Holder's tax liability (after proper adjustment for other tax credits) then the Holder may carry forward the unused credit for up to three (3) years as provided in Section 25(e)(1) of the Code. This Certificate and the issue of which it forms a part, constitutes the City of Urbana, Champaign County, Illinois (the "Issuer"), Single Family Mortgage Credit Certificate Program, Series 1992 (the "Program"). This Certificate shall remain valid and in effect from the date of closing of the related mortgage loan until such time as (a) the Issuer or its agent revokes the Certificate for any misrepresentation or misstatement of fact by the Holder regarding the Holder's eligibility for the Program, (b) the residence financed in connection with this Certificate ceases to be the Holder's principal residence, or (c) the indebtedness incurred in connection with this Certificate is repaid.**

**This Certificate is *not transferable* and is automatically revoked if the residence financed in connection with this Certificate ceases to be the Holder's principal residence. The Holder has agreed, and is required by law, to notify the Local Administrator named below if the residence financed in connection with this Certificate ceases to be the Holder's principal residence.**

**Based on its review of the materials submitted by the Holder, and such independent investigation as it deemed necessary, the City of Urbana, Champaign County, Illinois (the "Local Administrator") has determined that:**

**1. This Certificate meets the residence requirements of Section 1.25-3T(d) of the United States Treasury Regulations (the "Treas. Regs."), because the Holder has indicated an**

intention to occupy the Home as a principal residence and the Home is located in the Program Area.

2. This Certificate meets the first-time homebuyer requirements of Treas. Regs. Section 1.25-3T(e) because the Holder has provided evidence and made assurances that the Holder had no present ownership interest in a principal residence at any time during the preceding three (3) years or the requirements of Treas. Regs. Section 1.25-3T(e) do not apply because the Certificate Indebtedness Amount represents a Qualified Home Improvement Loan.

3. This Certificate meets the new mortgage requirements of Treas. Regs. Section 1.25-3T(g) because the Holder has made assurances that the Certificate Indebtedness Amount represents a new mortgage and not the acquisition or replacement of an existing mortgage.

4. This Certificate meets the prohibited mortgage requirement of Treas. Regs. Section 1.25-3T(i) because the Holder and the Lender of the Certificate Indebtedness Amount have made assurances that none of the financing of indebtedness was provided from the proceeds of a tax-exempt bond issue.

5. This Certificate meets the particular lender requirements of Treas. Regs. Section 1.25-3T(j) because the Program is not limited to particular lenders and the Holder has made assurances to that effect.

6. This Certificate meets the requirements regarding allocations to particular developers contained in Treas. Regs. Section 1.25-3T(k) because no proceeds of the Program were allocated to any developers.

7. This Certificate meets the requirements regarding payment of interest to related persons of the Holder contained in Treas. Regs. Section 1.25-3T(n) because the Holder and the Lender of the Certificate Indebtedness Amount have both provided assurances that interest on the indebtedness will not be paid to a related person to the Holder.

8. The Home financed in connection with this Certificate is \_\_\_\_\_ is not \_\_\_\_\_ located in a Targeted Area.

9. The Certificate meets the requirement of Section 25(c)(2)(iii)(iv) of the Code because the Holder's Annual Income does not exceed the Applicable Maximum Annual Income.

I, the undersigned, an officer of the Local Administrator with authority to execute this Certificate, hereby certify, under penalty of perjury, that I made each of the determinations specified in items number 1 through 9 above and each of the determinations required to complete the reverse of this Certificate and each requirement necessary for issuance of this Certificate to the Holder has to the best of my knowledge and belief been fulfilled.

IN WITNESS WHEREOF, the Issuer acting also in its capacity as Local Administrator has caused this Certificate to be executed by the manual or facsimile signature of its Mayor, attested by the manual or facsimile signature of its City Clerk and its corporate seal to be affixed hereto or imprinted hereon, and executed by the manual signature of the Local Administrator.

CITY OF URBANA,  
CHAMPAIGN COUNTY, ILLINOIS

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

[SEAL]

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

CITY OF URBANA  
CHAMPAIGN COUNTY, ILLINOIS,  
as Local Administrator

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

**EXHIBIT B**

**APPLICATION AFFIDAVIT  
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT  
READ IT CAREFULLY BEFORE SIGNING**

1. I (We) the undersigned, as part of my (our) application for a mortgage credit certificate ("MCC") from the City of Urbana, Illinois, (the "Sponsor"), under the Sponsor's Single Family Mortgage Credit Certificate Program, Series 1992 (the "Program"), in connection with a mortgage loan (the "Mortgage Loan") from a lender of the undersigned's choosing (the "Lender"), for the undersigned's purchase or qualified improvement of a single-family home (the "Residence"), being first duly sworn, state the following:

I (We) certify that the following are:

- a. My (our) legal name(s): \_\_\_\_\_  
\_\_\_\_\_
- b. Current residence: \_\_\_\_\_
- c. Telephone: work ( ) \_\_\_\_\_  
home ( ) \_\_\_\_\_
- d. Social Security Number: \_\_\_\_\_  
\_\_\_\_\_

2. The Residence being purchased or improved is a single-family home located in the incorporated areas of the City of Urbana, Illinois, at the following address:

\_\_\_\_\_  
\_\_\_\_\_

3. I (We) applied for a Mortgage Loan from the following Lender:

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

Loan Officer: \_\_\_\_\_

I (We) have enclosed a copy of the Loan Application with this Application Affidavit.

4. The Residence will be occupied and used (or in the case of a home improvement loan the Residence is and will continue to be used) as my (our) principal place of residence within a reasonable time not to exceed sixty (60) days after the date of the Mortgage Loan closing. The Residence will not be used as an investment property, vacation home, or recreational or "second" home and not more than 15% of the area of the Residence will be used on a regular basis in a trade or business qualifying it for deductions under Section 280A of the Internal Revenue Code of 1986, as amended (except for the rental of all but one of the units of a two to four family Residence). I (We) understand the certificate will be automatically revoked if the Residence ceases to be my (our) principal residence and I (we) agree to notify the Local Administrator in writing within sixty (60) days after the Residence ceases to be my (our) principal residence.

5. The land adjoining the Residence purchased and financed in conjunction with the Residence will only maintain the basic livability of the Residence and will not provide a source of income to me (us).

6. I (We) certify that either (initial appropriate blank) (i) \_\_\_\_\_ the Residence is not a mobile home or similar factory-made housing or (ii) \_\_\_\_\_ the Residence is a mobile home or similar factory made housing with at least 400 square feet of living space, a minimum width of 102 inches, is permanently affixed on a permanent foundation to real property.

7. Initial and complete one of the following sentences, whichever applies to you.

\_\_\_\_\_ a. The Residence is a new home that has never been permanently financed by any other person or previously occupied as a residence and the proceeds of the Mortgage Loan will not be used to replace an existing mortgage (whether or not it was previously repaid and whether in the form of a conditional sales contract, pledge, agreement to hold title in escrow, or other form of owner financing) unless the existing mortgage is for: (1) a construction period loan of 24 months or less and that does not provide for scheduled payments of principal during such term or (2) a bridge loan or similar temporary initial financing of 24 months or less and that does not provide for scheduled payments of principal during such term.

\_\_\_\_\_ b. The Residence is a previously occupied existing home (i.e. not a new home) and the proceeds of the Mortgage Loan will not be used to replace an existing mortgage (whether or not it was previously repaid and whether in the form of a conditional sales contract, pledge, agreement to hold title in escrow, or other form of owner financing) unless the existing mortgage is for a bridge loan or similar temporary initial financing of 24 months or less and that does not provide for scheduled payments of principal during such term.

\_\_\_\_\_ c. I (We) already own the Residence and will use the proceeds of the Mortgage Loan for qualified home improvements. For these purposes, qualified home improvements have the same meaning as defined in paragraph 8(c) of this Application Affidavit.

8. Initial and complete one or more of the three following sections, whichever applies to you.

\_\_\_\_\_ a. I (We) have not had a present ownership interest in a principal residence (other than the Residence) at any time within the three year period prior to the date on which the Mortgage Loan is executed. For this purpose a "*present ownership interest*" means any manner of ownership including the right to property that one spouse in a marriage has with respect to real property held in the other spouse's name; but not including a remainder interest, lease with or without an option to purchase, a mere expectancy to inherit or any interest that was acquired on the execution of the purchase contract (other than a land contract or a contract for deed). "*Ownership*" includes a fee simple interest, a joint tenancy, a tenancy in common or a tenancy by the entirety, a land contract under which possession and the burdens and benefits of ownership are transferred although legal title is not transferred until some later date, a life estate, stock of a tenant-shareholder in a cooperative and an interest held in trust for you. For this purpose a "*principal residence*" includes a single family home, a condominium, a share in a housing cooperative, any factory-made housing (such as a manufactured home, mobile home or house trailer) that is permanently affixed to the ground or occupancy in a multifamily residence owned by me (us). I (We) have listed below all places of residence, whether owned or not, for a three-year period prior to the date this application was signed.

Previous Residences (Over the Preceding Three-year Period)

ADDRESS OF RESIDENCE	INDICATE WHETHER RESIDENCE WAS OWNED, RENTED OR OTHER*	BEGINNING/END DATE OF RESIDENCY	
		From	/To
_____	_____	From	/To
_____	_____	From	/To
_____	_____	From	/To

Name, Address and Telephone of the Owner or  
Landlord Who Can Verify Each Residence Listed  
Above Which Was Not Owned by the Applicant:

NAME	ADDRESS	TELEPHONE NO.
_____	_____	_____
_____	_____	_____
_____	_____	_____

\*All answers of "Other" must be fully explained; use additional paper if necessary.

\_\_\_\_\_ b. The Residence is located in a "Targeted Area" as that term is described on the Targeted Area description, if any, provided with this Application Affidavit. [If no Targeted Area description has been provided, there are no Targeted Areas in the jurisdiction of the Sponsor.]

\_\_\_\_\_ c. I (We) already own the Residence and am (are) applying for my (our) first MCC (whether or not from the Sponsor) in connection with financing qualified home improvements. For this purpose "qualified home improvements" means improvements to or alterations or repairs of, the Residence, but only to the extent the improvements, alterations and repairs substantially protect or improve the basic livability or energy efficiency of the Residence. For this purpose renovation of plumbing or electrical facilities, installation of a new furnace or air conditioner, the addition of living space, renovation of a kitchen area, or similar improvements "substantially protect or improve the basic livability or energy efficiency" of the Residence. Installation of a swimming pool, tennis courts, a decorative fountain, saunas, hot tubs or other recreational or entertainment facilities do NOT "substantially protect or improve the basic livability or energy efficiency" of the Residence. No loan has been made for the Residence (whether or not by the Lender) in connection with (1) the issuance of an MCC (even if not from this Program), (2) any issue of qualified mortgage bonds or mortgage subsidy bonds, or (3) qualified veterans' mortgage bonds, if any person who now has a "present ownership interest" (as defined in part (a)) in the Residence had, at the time of such loan, a present ownership interest in the Residence. I (We) have listed below a brief description of all the improvements I (we) financed and I (we) certify that the improvements have been or will be completed.

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9. (We) certify that either (initial appropriate blank) (i) \_\_\_\_\_ I (we) will hereby submit true and complete copies of my (our) actual signed federal tax returns as filed for the preceding three (3) tax years or such other written verification that is acceptable to the MCC Program or (ii) \_\_\_\_\_ that for one or more of the preceding three years I (we) was (were) not required by law to file a Federal Income Tax return and I (we) have prepared and signed the Borrower's Income Tax Return Affidavit (available from the Local Administrator listed below) for those years as a substitute for the tax returns.

10. The total purchase price for the Residence and the land appurtenant thereto will be \$\_\_\_\_\_. (Note: This paragraph 10 does not need to be completed for qualified home improvement loans.) For this purpose "total purchase price" includes the cost of acquiring the Residence as a complete unit from the seller. "Total purchase price" includes amounts paid by or on behalf of the borrower for (i) the Residence, (ii) items attached to the Residence (such as carpeting, curtain rods, and light fixtures), (iii) commissions and builder's or architect's fees, (iv) site improvements, (v) fees for permits (including hook-up and tap-in fees), (vi) the capitalized value of ground rent, (vii) subcontracted items, (viii) construction loan interest and (ix) points if the points are paid by the seller. "Total purchase price" also includes, if the Residence is incomplete, the reasonable cost of completing it, whether or not such cost is to be financed with the Mortgage Loan. "Total purchase price" does not include (i) title and transfer costs, survey fees, title insurance, appraisal fees, legal fees, credit reference fees, points if paid by the buyer, but only to the extent that such costs do not exceed the usual and reasonable costs that would be paid in this area for a mortgage loan not covered by an MCC, (ii) the uncharged value of work performed by the buyer or the buyer's immediate family (parents, grandparents, spouse, siblings or children or grandchildren) or (iii) the cost of land owned by the borrower for at least two years before commencement of construction of the Residence.

The Residence is either (initial appropriate blanks)

- \_\_\_\_\_ a. not subject to a ground rent (rent paid for land the Residence is on).
- \_\_\_\_\_ b. subject to a ground rent and the capitalized value of the ground rent (using a discount rate equal to the interest rate on the Mortgage Loan) has been included in the above purchase price.

11. No side deal or agreement, either verbal or written, is in place or contemplated for the completion of or the addition to the Residence unless the estimated cost of the completion or addition is included in the purchase price stated above.



12. Apart from any normal real estate agents' commissions, no money is being paid, no promissory note is being delivered, nor is anything else of value (including, without limitation, personal property) being exchanged for or transferred to the Seller of the Residence or any other persons by me or, to my knowledge, by any other person in connection with the purchase of the property except as indicated in the escrow and settlement documents.

13. I have not entered into any agreement with the Seller of the Residence, the developer, the contractor, or any other person pursuant to which any portion of the Residence has been left unfinished or any fixtures or other necessary architectural appointments have been omitted or removed from the Residence in order to reduce the purchase price of the Residence.

14. I am not buying any unattached items of personal property from the Seller in connection with the Residence, except as stated below:

DESCRIPTION	PRICE
_____	_____
_____	_____
_____	_____

The purchase price for the unattached personal property listed above does not exceed the fair market value of such property.

15. Other Owners of Residence. There are no persons who have or who are expected to have a "present ownership interest" (as defined in paragraph 8(a) hereof) in the Residence following execution of the Mortgage Loan who have not executed this affidavit or one substantially the same as this affidavit.

16. No portion of the financing of the acquisition of the Residence is or will be provided from the proceeds of a tax-exempt bond issue. Furthermore, if the Mortgage Loan is for home improvements, none of the financing on the Residence that is outstanding was provided from the proceeds of a tax-exempt bond issue.

17. No person related to me (for federal tax purposes) has or is expected to have, an interest as a creditor in, or will be paid interest on, the Mortgage Loan.

18. I (We) understand and agree that if an MCC is issued to me (us), it may not be transferred.

19. I (We) understand and agree that I (we) may seek financing from any lender of my (our) choosing and that I (we) am (are) in no way prohibited from seeking financing from any potential lender so long as the Lender executes and complies with the terms of the Certificate of Lender.

20. An accurate calculation of my (our) family income, including the income of all persons who intend to reside with me (us) in the Residence, is shown on Worksheet One attached hereto.

21. To the best of my (our) knowledge any points, origination fees, servicing fees, credit report fees, insurance fees and other fees paid to the Lender, or upon the Lender's request, are reasonable and not in excess of amounts customarily charged.

22. If the Residence is a two-to four-family Residence, it was first occupied for residential purposes at least five years prior to the execution of the Mortgage Loan.

23. I (We) understand and agree that in order to be eligible for an MCC I (we) must apply for an MCC and receive notice of approval before closing on my (our) Mortgage Loan.

24. I (We) understand, acknowledge, and agree that if I (we) dispose of (for example, by sale) the Residence within nine (9) years from the date that the Mortgage Loan is originated, the Internal Revenue Service may levy a tax on me (us) upon such disposition up to a maximum of fifty percent (50%) of the amount of gain that I (we) realize upon the disposition, depending upon my (our) income level, the amount of the Mortgage Loan, and the number of years I (we) hold the Residence. I (we) acknowledge that I (we) have received and read the Recapture Tax Notice to Mortgagor that describes the potential interest recapture in detail and that was provided to me (us) by the Lender. (This paragraph does not apply to a qualified home improvement loan.)

25. I (We) acknowledge and understand that this Application Affidavit (including Worksheet One attached hereto) will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge that a material misstatement negligently made in this affidavit (including Worksheet One attached hereto) or in any other statement made by me (us) in connection with an application for an MCC will constitute a federal violation punishable by a fine; and a material misstatement fraudulently made in this affidavit or in any other statement made by me (us) in connection with application for an MCC, will constitute a federal violation punishable by up to a \$10,000 fine and revocation of the Certificate, which may be in addition to any criminal penalty imposed by law. In addition, any misstatement or false statement which affects my (our) eligibility for an MCC will result in a denial of my (our) application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate revocation of the MCC issued.

26. In addition, I (we) hereby acknowledge and understand that any false pretense, including any false statement or representation; or the fraudulent use of any instrument, facility, article, or other valuable thing or service pursuant to my (our) participation in the program, may be punishable by imprisonment or by a fine.

Dated:\_\_\_\_\_.

Signature of Applicant(s):

\_\_\_\_\_  
\_\_\_\_\_

State of \_\_\_\_\_ )  
  )ss  
County of \_\_\_\_\_ )

Subscribed to and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1992.

\_\_\_\_\_

Notary Public

My Commission Expires:  
\_\_\_\_\_

## **WHERE TO APPLY**

This Application Affidavit should be mailed to the Local Administrator at the following address:

(To be supplied)

## **INCOME TAX RETURNS**

**YOU MUST SUBMIT YOUR INCOME TAX RETURNS FOR THE PAST THREE YEARS WITH THIS APPLICATION.** The three year period begins from the date of application to participation in the Program. The applicant must sign the returns (live signature) stating that "this is a true and exact copy of the returns submitted to the IRS." Tax returns are required for each person whose name will be on the MCC. If a person has taken deductions the Lender will need a copy of the Schedule A. If a person has taken a mortgage interest or real estate tax deduction, the Lender will need an explanation for the deduction and proof that the property was never occupied as a principal place of residence during that period. If an applicant has filed the short form (1040A or 1040EZ), the Lender will accept a letter from IRS verifying the filing status of the Applicant.

## **LOAN APPLICATION**

You must submit a copy of your loan application with this application.

**WORKSHEET ONE - FAMILY INCOME**

I/We, the undersigned, state that I/we have read and answered fully and truthfully each of the following questions for all members of the Mortgagor's family\* who are to occupy the Residence to be financed by a Mortgage Loan, all of whom are listed below:

\*The income to be taken into account in determining "Family Income" is the income of the Mortgagor(s) and any other person who is expected both to live in the Residence being financed and to be liable on the Mortgage.

Mortgagor's Address to be financed by Mortgage Loan:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Part A

	(1) NAME OF MEMBERS OF THE MORTGAGOR'S FAMILY	(2) RELATIONSHIP TO MORTGAGOR	(3) AGE	(4) SOCIAL SECURITY NUMBER
(a)	_____	_____	_____	_____
(b)	_____	_____	_____	_____
(c)	_____	_____	_____	_____
(d)	_____	_____	_____	_____
(e)	_____	_____	_____	_____

(5)  
PLACE OF EMPLOYMENT

(a) \_\_\_\_\_  
 (b) \_\_\_\_\_  
 (c) \_\_\_\_\_  
 (d) \_\_\_\_\_  
 (e) \_\_\_\_\_

(6) For each of the above persons, the amount of current monthly income reported either on (1) lines 23D (current monthly full-time employment salary) and 23E (current monthly full-time employment overtime) of the Application for VA or FMHA Home Loan Guaranty or for a HUD/FHA Insured Mortgage (VA Form 26-1802A, HUD 92900, Jan. 1982) or (2) the total line from the Gross Monthly Income section of FHLMC Residential Loan Application Form (FHLMC 65 Rev. 8/78) is as follows (if such forms were not

completed within four-months of the closing of the Mortgage Loan, updated figures within such four month period must be obtained and used in completing this Section 6):

NAME	REPORTED INCOME FORM
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL INCOME	\$ _____ (line 6(g))

(7) For each of the above persons, all income received during the twelve (12) month period preceding the date the application for the Mortgage Loan is submitted to the Lender and which income has not been included in the income reported by such person in Section 6 above, including, but not limited to, part-time employment compensation, commissions, fees, tips and bonuses, and other compensation for personal services, before payroll deductions, net income from the operation of a business or profession (without deducting expenditures for business expansion or amortization of capital indebtedness or an allowance for depreciation of capital assets), or withdrawals of cash or assets from the operation of a business or profession, any interest, dividends, royalties, and other net income of any kind from any investment or from real or personal property (without deducting expenditures for amortization of capital indebtedness or an allowance for depreciation of capital assets), all income received from trusts, the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, Veterans Administration (VA) compensation, disability or other benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of periodic payments, payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation, and severance pay, the maximum amount of welfare assistance or any other form of public assistance available to the above persons, periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling, all regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse or other person whose dependents are residing in the Residence, and any earned income tax credit to the extent it exceeds income tax liability, is as follows:

NAME

AMOUNT OF INCOME (ANNUAL)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL INCOME:	\$ _____
TOTAL INCOME DIVIDED BY TWELVE:	\$ _____ (line 7(h))

(8) The total monthly gross income for the above persons is \$\_\_\_\_\_ (calculated by adding the figures contained in line 6(g) in Section 6 above and line 7(h) in Section 7 above).

(9) The Family Income for all of the above persons, or the monthly gross income figure in Section 8 above, multiplied by twelve (12) is \$\_\_\_\_\_.

(10) The number of persons in my family who are to reside in this Residence is \_\_\_\_\_.

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

\_\_\_\_\_  
Head of Household

\_\_\_\_\_  
Spouse

SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
Notary Public in and for the  
State of \_\_\_\_\_

[SEAL]

My Commission Expires: \_\_\_\_\_





**EXHIBIT D**

NAME OF APPLICANT: \_\_\_\_\_  
SOCIAL SECURITY NO.: \_\_\_\_\_  
REFERENCE NO.: \_\_\_\_\_

**BORROWER'S CLOSING AFFIDAVIT  
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT;  
READ IT CAREFULLY BEFORE SIGNING**

1. I (We) the undersigned, as part of my (our) application for a Mortgage Credit Certificate ("MCC") under the City of Urbana, Illinois, Single Family Mortgage Credit Certificate Program, Series 1992 (the "MCC" Program), in connection with a mortgage loan (the "Mortgage Loan") from the lender of the undersigned's choosing (the "Lender") of the undersigned's purchase or improvement of a single-family home (the "Residence"), being first duly sworn, state the following:

2. I (We) executed the Application Affidavit as part of my (our) application for a Mortgage Credit Certificate on \_\_\_\_\_, 19\_\_ (date Application Affidavit was signed).

3. (Initial and complete Section (a) or (b), whichever applies.)

\_\_\_\_ (a) I (We) have reviewed the Application Affidavit and declare that there has been no change in any of the statements made in the Application Affidavit and those statements remain true and accurate.

\_\_\_\_ (b) I (We) have reviewed the Application Affidavit and declare that the following changes have occurred from the statements made in the Application Affidavit.

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4. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge and understand that a material misstatement negligently made by me (us) on this Affidavit or in

any other statement made by me (us) in connection with an application for an MCC will constitute a federal violation punishable by a fine and a material misstatement fraudulently made in this Affidavit or in any other statement made by me (us) in connection with application for an MCC will constitute a federal violation punishable by a \$10,000 fine and revocation of the certificate, which will be in addition to any criminal penalty imposed by laws. In addition, any false statement which affects my (our) eligibility under Section 25 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder will result in denial of my (our) application for an MCC or, if an MCC has been issued prior to discovery of the false statement, immediate cancellation of the MCC issued.

5. In addition, I (We) hereby acknowledge and understand that any false pretense, including false statement or representation or the fraudulent use of any instrument, facility, article, or other valuable thing or service pursuant to my (our) participation in the program, may be punishable by imprisonment or by a fine.

Dated: \_\_\_\_\_.

Signature of Applicant(s):

\_\_\_\_\_  
\_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the  
County of \_\_\_\_\_  
State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

Note: This form must be completed and signed by the applicant. All blanks must be completed in order for the form to be valid. The Program Fee must accompany this Closing Affidavit unless the Local Administrator has approved other arrangements. The Program Fee must be in the form of a certified or cashier's check or money order.

**EXHIBIT E**

NAME OF APPLICANT: \_\_\_\_\_  
SOCIAL SECURITY NO.: \_\_\_\_\_  
REFERENCE NO.: \_\_\_\_\_

**BORROWER'S INCOME TAX RETURN AFFIDAVIT  
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

1. I (We) the undersigned, being first duly sworn state the following:

(Complete Paragraph 2 only if you were not required by law to file Federal Income Tax returns for any year during the preceding three years. Disregard if inapplicable.)

2. I (We) hereby certify that I (we) was (were) not required by law to file a Federal Income Tax return for the following year(s) \_\_\_\_\_ (Complete blank with appropriate date). State the reason(s) no tax return was filed below (attach documentation to support reasons):

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(Initial Paragraph 3 only if the closing for the financing in connection with which you are seeking a Mortgage Credit Certificate ("MCC") will occur between January 1 and February 15 and you have not filed your Federal Income Tax return for the immediately preceding year. Disregard if inapplicable.)

3. \_\_\_\_\_ The closing in connection with which I (we) am (are) seeking an MCC is occurring between January 1 and February 15, and I (we) have not yet filed my (our) Federal Income Tax return for the prior tax year.

4. I (We) hereby certify that I (we) was (were) not entitled to claim deductions on my (our) Federal Income Tax return for taxes or for interest paid with respect to property which was my principal residence during the tax years referred to in paragraphs 2 and 3 hereof.

5. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge that a material misstatement negligently made by me (us) in connection with an application for an MCC will constitute a federal violation punishable by a fine and a material misstatement fraudulently made in this Affidavit or in any other statement made by me (us) in connection with the application for an MCC will constitute a federal violation punishable by up to a \$10,000 fine, revocation of the certificate and any other penalty imposed by law. In addition, any material misstatement or false statement which affects my (our) eligibility for an MCC will result in a denial of my (our) application for an MCC, or, if an MCC has been issued prior to the discovery of the false statement, immediate cancellation of the MCC issued.

6. I (We) further acknowledge that if any information or certification I (we) provide contains a material misstatement which is due to fraud, then any MCC issued will automatically become null and void without any need for further action on the part of the Sponsor.

7. In addition, I (we) hereby acknowledge and understand that any false pretense, including any false statement or representation; or the fraudulent use of any instrument, facility, article, or other valuable thing or service pursuant to my (our) participation in the program may be punishable by imprisonment or by a fine.

Dated: \_\_\_\_\_

Signature of Applicant(s):

\_\_\_\_\_  
\_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

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

My Commission Expires:

\_\_\_\_\_

Note: This Affidavit must be accompanied with documented proof that the person was a renter or otherwise did not own a principal residence during that period, e.g. notarized letter from the landlord or manager, rent receipts.

**EXHIBIT F**

NAME OF APPLICANT: \_\_\_\_\_  
SOCIAL SECURITY NO.: \_\_\_\_\_  
REFERENCE NO.: \_\_\_\_\_

**CERTIFICATE OF LENDER  
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

I, the undersigned, an authorized officer \_\_\_\_\_  
\_\_\_\_\_ {NAME OF LENDER} located at  
\_\_\_\_\_, \_\_\_\_\_, {ADDRESS} (the "Lender"),  
hereby certify, represent and warrant to the City of Urbana, Illinois, (the "Issuer") and to  
the Local Administrator for the Issuer (the "Local Administrator") that:

1. An authorized representative of the Lender has read the Affidavit of Borrower  
and the Affidavit of Seller (except for a home improvement loan) executed in connection  
with participation in the Issuer's Mortgage Credit Certificate Program, Series 1992 by:

\_\_\_\_\_  
\_\_\_\_\_ {Borrower Name(s)}

(hereafter the "Borrower")

2. The Lender has agreed to originate a mortgage loan to the Borrower in the  
amount of \$ \_\_\_\_\_ (the "Mortgage Loan") with respect to a residence located at:

\_\_\_\_\_ (Street Address)  
\_\_\_\_\_ (City, County, State, Zip)

3. No facts have come to my attention which would cause me to disbelieve or  
doubt the trustworthiness of the affidavit(s) or any portion thereof.

4. Except for the Program Fee, the points, origination fees, servicing fees,  
application fees, survey fees, credit report fees, insurance fees or similar financing costs  
charged by or on behalf of the Lender in connection with the Borrower's indebtedness are  
reasonable and do not exceed the amounts customarily charged by the Lender with respect to  
loans not provided in connection with a mortgage credit certificate program.

5. The funds loaned to the Borrower are not, directly or indirectly, the proceeds  
of a tax-exempt bond issue.

6. Neither I nor the Lender, if it is not an individual, nor any other person expected to receive interest on the Borrower's loan, is a related person to the Borrower.

7. The Borrower was qualified for the Mortgage Loan on the basis of monthly income of \$\_\_\_\_\_, which (together with \$\_\_\_\_\_ of monthly income not used to qualify the Borrower), to the best of my knowledge, reflects the total gross monthly income of the Borrower.

8. The Mortgage Loan was closed, or is expected to close, on \_\_\_\_\_, 19\_\_.

9. This Section 9 applies only in the case of a Mortgage Loan for home improvements. I hereby certify that the loan amount will not exceed the lesser of \$15,000 or the cost of the improvements. I have reviewed the plans for home improvements. The description of the home improvements contained in the Borrower's Application Affidavit is consistent with the plans. To the best of my knowledge, the improvements made or contemplated are qualified home improvements. For this purpose "*qualified home improvements*" means improvements to or alterations or repairs of, the Residence, but only to the extent the improvements, alterations and repairs substantially protect or improve the basic livability or energy efficiency of the Residence. For this purpose renovation of plumbing or electrical facilities, installation of a new furnace or air conditioner, the addition of living space, renovation of a kitchen area, or similar improvements "substantially protect or improve the basic livability or energy efficiency of the Residence. Installation of a swimming pool, tennis courts, a decorative fountain, saunas, hot tubs or other recreational or entertainment facilities do NOT "substantially protect or improve the basic livability or energy efficiency" of the Residence.

10. An authorized representative of the Lender has read the Lender Guidelines provided in connection with the Issuer's Mortgage Credit Certificate Program, Series 1992.

11. The Lender is aware of the requirement imposed by Section 1.25-8T(a) of the Income Tax Regulations with respect to annual reports by the Lender on Form 8329 due to be filed with the Internal Revenue Service by January 31 of years following those in which the Lender finances indebtedness in connection with the Issuer's Single Family Mortgage Credit Certificate Program, Series 1988. The Lender is also aware that there are penalties imposed by the Internal Revenue Service for noncompliance with the reporting requirement.

12. The Lender is aware of the recordkeeping requirement imposed by Section 1.25-8T(a) of the Income Tax Regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_.

\_\_\_\_\_  
Name of Lender

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**EXHIBIT G**

NAME OF APPLICANT: \_\_\_\_\_  
SOCIAL SECURITY NO.: \_\_\_\_\_  
REFERENCE NO.: \_\_\_\_\_

**SELLER AFFIDAVIT**

**SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT:  
READ IT CAREFULLY BEFORE SIGNING**

1. I (We), the undersigned, an essential participant in the application for a Mortgage Credit Certificate ("MCC") to be issued by the City of Urbana, Illinois ("Sponsor") pursuant to its Single Family Mortgage Credit Certificate Program, Series 1992 (the "Program"), being submitted by \_\_\_\_\_ (the "Buyer"), in connection with the Buyer's purchase from the undersigned of a single-family home (the "Residence"), being first duly sworn, hereby state the following:

2. I (We) am (are) the Seller of the Residence located in the City of \_\_\_\_\_,  
\_\_\_\_\_ County, at the following address: \_\_\_\_\_  
\_\_\_\_\_.

3. The Residence is a one-to four-family residence.

4. The total purchase price for the Residence and the land appurtenant thereto will be \$\_\_\_\_\_. For this purpose "total purchase price" includes the cost of acquiring the Residence as a complete unit from me (us). "Total purchase price" includes amounts paid by or on behalf of the Buyer for (i) the Residence, (ii) items attached to the Residence (such as carpeting, curtain rods, and light fixtures), (iii) commissions and builder's or architect's fees, (iv) site improvements, (v) fees for permits (including hook-up and tap-in fees), (vi) the capitalized value of ground rent, (vii) subcontracted items, (viii) construction loan interest and (ix) points if the points are paid by the seller. "Total purchase price" also includes, if the Residence is incomplete, the reasonable cost of completing it. "Total purchase price" does not include (i) title and transfer costs, survey fees, title insurance, appraisal fees, legal fees, credit reference fees, points if paid by the Buyer, but only to the extent that such costs do not exceed the usual and reasonable costs that would be paid in this area for a mortgage loan not covered by an MCC, (ii) the uncharged value of work performed by the Buyer or the Buyer's immediate family (parents, grandparents, spouse, siblings or children or grandchildren) or (iii) the cost of land owned by the borrower for at least two years before commencement of construction of the Residence.



The Residence is either (initial appropriate blanks)

\_\_\_\_\_ a. not subject to a ground rent (rent paid for land the Residence is on).

\_\_\_\_\_ b. subject to a ground rent and the capitalized value of the ground rent (using a discount rate equal to the interest rate on the mortgage loan being used to finance the purchase of the Residence) has been included in the above purchase price.

Apart from any normal real estate agents' commissions, no money is being paid, no promissory note is being delivered, nor is anything else of value (including, without limitation, personal property) being exchanged for or transferred to me (us) or any other persons by the Buyer or, to my knowledge, by any other person in connection with the purchase of the property, except as indicated in the escrow and settlement documents.

I (we) have not entered into any agreement with the Buyer, the developer, the contractor, or any other person pursuant to which any portion of the Residence has been left unfinished or any fixtures or other necessary architectural appointments have been omitted or removed from the Residence in order to reduce the purchase price of the Residence.

5. No side deal or agreement, either verbal or written, is in place or contemplated for the completion of or the addition to the Residence unless the actual, reasonable estimated cost of the completion or addition is included in the purchase price stated above.

6. The Buyer is not purchasing any unattached items from me (us) in connection with the purchase of the Residence at a price in excess of the fair market value of the item. The list below is a full and complete list of unattached items purchased by the Buyer and the price paid for the items:

UNATTACHED ITEM

PRICE

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(If none indicate none)

The purchase price for such unattached personal property listed above does not exceed the fair market value of such property.

7. The land sold to the Buyer along with the Residence only maintains the basic livability of the Residence and does not provide, other than incidentally, a source of income to me (us).

8. If the Residence was occupied by the Buyer prior to closing of the Mortgage Loan, the rent charged the Buyer did not exceed a fair market rent.

9. I (We) certify that either (initial appropriate blank) (i) \_\_\_\_\_ the Residence is not a mobile home or similar factory made housing or (ii) \_\_\_\_\_ the Residence is a mobile home or similar factory made housing with at least 400 square feet of living space, a minimum width of 102 inches and is permanently affixed to real property.

10. At no time prior to the date hereof has there been a mortgage on the Residence (whether in the form of a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow or other form of owner financing) securing a loan to the Buyer, other than a construction loan, construction bridge loan or other temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within twenty-four months from the date of execution of the Buyer's permanent mortgage and having an original term not exceeding twenty-four months.

11. If the Residence is a two-to four-family Residence, it was first occupied for residential purposes at least five years prior to the execution of the mortgage loan being used for the purchase of the Residence.

**12. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining the Buyer's eligibility for an MCC. I (We) acknowledge that a material misstatement negligently made in this affidavit or in any other statement made by me (us) in connection with the Buyer's MCC will constitute a federal violation punishable by a fine; and a material misstatement fraudulently made in this affidavit or in any other statement made by me (us) in connection with the Buyer's application for an MCC will**

**constitute a federal violation punishable by up to a \$10,000 fine and revocation of the certificate, which will be in addition to any criminal penalty imposed by law.**

13. In addition, I (we) hereby acknowledge and understand that any false pretense, including false statement or representation; or the fraudulent use of any instrument, facility, article or other valuable thing or service pursuant to participation in the program, may be punishable by imprisonment or by a fine.

Signature of Seller(s): \_\_\_\_\_  
\_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

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

My Commission Expires:  
\_\_\_\_\_

**EXHIBIT H**

**REFERENCE NO.:** \_\_\_\_\_

**APPROVAL LETTER**

**SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

\_\_\_\_\_  
(Local Administrator Name)

\_\_\_\_\_  
(Local Administrator Address)

\_\_\_\_\_  
\_\_\_\_\_

Upon completion of the review of the application for a Mortgage Credit Certificate ("MCC"), I hereby state, subject to the "Terms and Conditions" listed below, an MCC will be issued to:

\_\_\_\_\_  
(Names)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Social Security Number)

who shall be known as "*Applicant*".

**TERMS AND CONDITIONS**

1. An MCC will be issued to the Applicant, entitling the Applicant to a Federal Income Tax credit of \_\_\_\_% of the interest paid on a mortgage loan, in the amount of \$\_\_\_\_\_ (mortgage amount).

2. The mortgage loan will be financed by the following lender:

\_\_\_\_\_  
(Lender Name)

\_\_\_\_\_  
(Lender Address)

\_\_\_\_\_  
(City, State and Zip Code)

3. The MCC is to be used in connection with the acquisition, \_\_\_\_\_  
improvement and repair (check appropriate response) of a \_\_\_\_\_ new, \_\_\_\_\_  
previously occupied (check appropriate response) single-family home located in:

\_\_\_\_\_  
(Street Address of Residence to be Purchased)

\_\_\_\_\_  
(City, County, State, Zip)

the purchase price (not applicable for home improvement loans) of which is \$\_\_\_\_\_.

4. This Commitment will expire on \_\_\_\_\_, \_\_\_\_\_ (Expiration Date). A  
thirty (30) day extension of this commitment may be obtained by payment of \$10.00 to the  
Local Administrator.

5. The home \_\_\_\_\_ is \_\_\_\_\_ is not (check appropriate response) located in  
Targeted Area.

6. THE ITEMS INDICATED BELOW MUST BE PROVIDED TO THE LOCAL  
ADMINISTRATOR BEFORE AN MCC WILL BE ISSUED:

- A. \_\_\_\_\_ Federal Income Tax Returns for the most recent three years;
- B. \_\_\_\_\_ A copy of the loan application;
- C. \_\_\_\_\_ The Borrower Closing Affidavit;
- D. \_\_\_\_\_ Affidavit of Cosignor/Guarantor, if any;
- E. \_\_\_\_\_ The Seller Affidavit (except for home improvement loans);
- F. \_\_\_\_\_ The Certificate of Lender;

- G. \_\_\_\_\_ The Income Tax Return Affidavit;
- H. \_\_\_\_\_ The Program Fee; and
- I. \_\_\_\_\_ Other (explain) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_.

7. This Approval Letter has been issued in reliance upon the Application Affidavit of the Applicant that the requirements necessary for issuance of a qualified Mortgage Credit Certificate have been met. If the Local Administrator becomes aware of any change in the circumstances under which this Approval Letter was issued, or any material misstatement made in the Application Affidavit for an MCC, this Approval Letter shall be revoked. Further, if any such material misstatement shall be due to fraud, this Approval Letter or any MCC issued shall be automatically null and void without any need for further action on the part of the Local Administrator.

8. This Approval Letter will remain valid if the Applicant obtains financing for the home from another lender provided that the Applicant must provide the Local Administrator with a copy of the loan application of such lender.

9. An MCC will be issued to the Applicant upon the Local Administrator's verification of the closing of the aforesaid financing and receipt of the materials listed above. No MCC will be issued in connection with any financing which closes before \_\_\_\_\_, \_\_\_\_\_, or after December 31, 1994.

10. You may contact \_\_\_\_\_ at (\_\_\_\_) \_\_\_\_\_ if you have any questions regarding this Approval Letter or the Program.

\_\_\_\_\_  
 Local Administrator

By \_\_\_\_\_  
 Title \_\_\_\_\_

## **EXHIBIT I**

### **NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME**

If you receive a mortgage credit certificate with your mortgage loan, you will receive the benefit of a credit against your federal income taxes. If you sell or otherwise dispose of your home during the next nine years, this benefit may be "recaptured." The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax. [Within the next 90 days, you will be given] [Along with this notice, you are being given] [\*\*] additional information that will be needed to calculate the recapture tax.

[\*\*Local Administrator: The actual notice to the mortgagor should contain one of the two bracketed phrases, depending on whether the notice in Exhibit J of this Agreement is also provided at closing of the loan.]

## EXHIBIT J

### NOTICE TO MORTGAGOR OF MAXIMUM RECAPTURE TAX AND OF METHOD TO COMPUTE RECAPTURE TAX ON SALE OF HOME

#### A. INTRODUCTION

1. **GENERAL.** When you sell your home you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.
2. **EXCEPTIONS.** In the following situations, no recapture tax is due and you do not need to do the calculations:
  - a. You dispose of your home later than nine years after you close your mortgage loan;
  - b. Your home is disposed of as a result of your death;
  - c. You transfer your home either to your spouse or to your former spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under section 1041 of the Internal Revenue Code; or
  - d. You dispose of your home at a loss.

#### B. MAXIMUM RECAPTURE TAX

The maximum recapture tax that you may be required to pay as an addition to your federal income tax is \$ \_\_\_\_\_ [LOCAL ADMINISTRATOR: INSERT THE ACTUAL DOLLAR AMOUNT RESULTING FROM THE PRODUCT OF 6.25% MULTIPLIED BY THE HIGHEST PRINCIPAL AMOUNT OF THE MORTGAGE LOAN.] This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

#### C. ACTUAL RECAPTURE TAX

The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether



you have to include that gain in your income for federal income tax purposes, or (2) your RECAPTURE AMOUNT determined by multiplying the following three numbers:

(i) \$\_\_\_\_\_ [PARTICIPANT: INSERT THE ACTUAL DOLLAR AMOUNT RESULTING FROM THE PRODUCT OF 6.25% MULTIPLIED BY THE HIGHEST PRINCIPAL AMOUNT OF THE MORTGAGE LOAN] (THE MAXIMUM RECAPTURE TAX, as described in paragraph B above),

(ii) The HOLDING PERIOD PERCENTAGE, as listed in Column 1 in the Table, and

(iii) The INCOME PERCENTAGE, as described in paragraph D below.

#### D. INCOME PERCENTAGE

You calculate the income percentage as follows:

(i) SUBTRACT the applicable ADJUSTED QUALIFYING INCOME in the taxable year in which you sell your home, as listed in Column 2 in the Table, FROM your MODIFIED ADJUSTED GROSS INCOME in the taxable year in which you sell your home.

Your modified adjusted gross income means your adjusted gross income shown on your federal income tax return for the taxable year in which you sell your home, with the following two adjustments: (a) your adjusted gross income must be INCREASED by the amount of any interest that you receive or accrue in the taxable year from tax-exempt bonds that is excludable from your gross income (under section 103 of the Internal Revenue Code); and (b) your adjusted gross income must be DECREASED by the amount of any gain included in your gross income by reason of the sale of your home.

(ii) If the amount calculated in (i) above is zero or less, you owe no recapture tax and do not need to make any more calculations. If it is \$5,000 or more, your income percentage is 100%. If it is greater than zero but less than \$5,000, it must be divided by \$5,000. This fraction, expressed as a percentage, represents your income percentage. For example, if the fraction is \$1,000/\$5,000, your income percentage is 20%.

#### E. LIMITATIONS AND SPECIAL RULES ON RECAPTURE TAX

1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.

2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.
4. If you repay your loan in full during the nine-year recapture period and you sell your home during this period, your holding period percentage may be reduced under the special rule in section 143(m)(4)(C)(ii) of the Internal Revenue Code.
5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See section 143(m) of the Internal Revenue Code generally.

**TABLE**

	(COLUMN 1)		(COLUMN 2)
DATE THAT YOU SELL YOUR HOME	HOLDING PERIOD PERCENTAGE	2 OR LESS	ADJUSTED QUALIFYING INCOME  NUMBER OF FAMILY MEMBERS LIVING IN YOUR HOME AT THE TIME OF SALE  3 OR MORE
Before the first anniversary of closing	20%	\$ _____	[*] \$ _____ [*]

(See note below)

On or after the first anniversary of closing, but before the second anniversary of closing	40%	\$ _____[*] \$ _____[*]
On or after the second anniversary of closing, but before the third anniversary of closing	60%	\$ _____[*] \$ _____[*]
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%	\$ _____[*] \$ _____[*]
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%	\$ _____[*] \$ _____[*]
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%	\$ _____[*] \$ _____[*]
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%	\$ _____[*] \$ _____[*]
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%	\$ _____[*] \$ _____[*]
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%	\$ _____[*] \$ _____[*]

Note: Closing means the closing date for your loan.

[\*LOCAL ADMINISTRATOR: The actual notice to the mortgagor must provide the actual dollar figures for adjusted qualifying incomes for each of the years covered by the table. The entries in the first row are the highest qualifying incomes which, as of the date of

the loan closing, would have met the low income requirement of Section 143(f) of the Code, taking into account whether the home financed with the subsidized mortgage loan is located in a targeted area as described in Section 143(j) of the Code (but determined without regard to whether the Mortgage Loan may be made without regard to the Mortgagor's family income), or, if applicable, in a high housing cost area as described in Section 143(f)(5) of the Code.. The entries in each subsequent row equal the entries in the immediately preceding row, times 1.05. The formula for determining these numbers is set forth in Section 143(m)(5) of the Code.]