

**AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY
OF AN INTERGOVERNMENTAL COOPERATION AGREEMENT
AND CERTAIN DOCUMENTS IN CONNECTION THEREWITH;
AND RELATED MATTERS**

(Bond Allocation)

WHEREAS, pursuant to Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the City of Urbana, Champaign county, Illinois, is a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Municipality"); and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the Municipality is authorized to issue its revenue bonds in order to aid in providing an adequate supply of safe, decent and sanitary residential housing for low and moderate income persons and families within the Municipality, which such persons and families can afford, which constitutes a valid public purpose for the issuance of revenue bonds by the Municipality; and

WHEREAS, the Municipality has now determined that it is necessary, desirable and in the public interest to issue revenue bonds to provide an adequate supply of safe, decent and sanitary residential housing for low and moderate income persons and families within the Municipality, which such persons and families can afford; and

WHEREAS, pursuant to Section 10 of Article VII of the 1970 Constitution of the State of Illinois and the Intergovernmental Cooperation Act (5 *Illinois Compiled Statutes* 2000, 220/1 *et seq.*, as supplemented and amended), public agencies may exercise and enjoy with any other public agency in the State of Illinois any power, privilege or authority which may be exercised by such public agency individually, and, accordingly, it is now determined that

it is necessary, desirable and in the public interest for the Municipality to enter into an Intergovernmental Cooperation Agreement (the "Cooperation Agreement") dated as of March 1, 2003, by and among the Municipality and certain other units of local government named therein (the "Units"), to provide for the joint issuance of such revenue bonds to aid in providing an adequate supply of residential housing in such Units (the "Program"); and

WHEREAS, to provide for the Program, the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois and the City of Springfield, Sangamon County, Illinois (the "Issuers") proposes to issue, sell and deliver its Collateralized Single Family Mortgage Revenue Bonds, Series 2003 in an aggregate principal amount not to exceed \$300,000,000 (the "Bonds") in one or more series to obtain funds to finance the acquisition of mortgage-backed securities (the "GNMA Securities") of the Government National Mortgage Association ("GNMA"), evidencing a guarantee by GNMA of timely payment, the acquisition of mortgage-backed securities (the "FNMA Securities") of the Federal National Mortgage Association ("FNMA"), evidencing a guarantee by FNMA of timely payment, and the acquisition of mortgage-backed securities (the "FHLMC Securities") of the Federal Home Loan Mortgage Corporation ("FHLMC"), evidencing a guarantee by FHLMC of timely payment, of monthly principal of and interest on certain qualified mortgage loans under the Program (the "Mortgage Loans"), on behalf of the Municipality and the other Units all under and in accordance with the Constitution and laws of the State of Illinois; and

WHEREAS, a notice of combined public hearing with respect to the plan of finance has been published in the *News-Gazette*, a newspaper of general circulation in the Municipality, pursuant to Section 147(f) of the Internal Revenue code of 1986, as amended (the "Code"), on January 22, 2003, and an appropriately designated hearing officers of the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois, the City of Champaign, Champaign County, Illinois, and the City of East Moline, Rock Island County, Illinois,

and the County of St. Clair, Illinois have conducted said combined public hearing on February 7, 2003; and

WHEREAS, a form of the Cooperation Agreement has been presented to and is before this meeting;

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

Section 1. That it is the finding and declaration of the City Council of the Municipality that the issuance of the Bonds by the Issuers is advantageous to the Municipality, as set forth in the preamble to this authorizing ordinance, and therefore serves a valid public purpose; that this authorizing ordinance is adopted pursuant to the Constitution and the laws of the State of Illinois, Section 6(a) of Article VII of the 1970 Constitution, Section 10 of Article VII of the 1970 Constitution of the State of Illinois and the Intergovernmental Cooperation Act; and that, by the adoption of this authorizing ordinance, the City Council of the Municipality hereby approves the issuance of the Bonds for the purposes as provided in the preamble hereto, the text hereof and the notice of public hearing referred to in the preamble hereto, which notice is hereby incorporated herein by reference, and which public approval shall satisfy the provisions of Section 147(f) of the Code.

Section 2. That the form, terms and provisions of the proposed Cooperation Agreement be, and they are hereby, in all respects approved; that the Mayor of the Municipality be, and is hereby authorized, empowered and directed to affix the official seal of the Municipality to, the Cooperation Agreement in the name and on behalf of the Municipality, and thereupon to cause the Cooperation Agreement to be delivered to the other Units; that the Cooperation Agreement is to be in substantially the form presented to and before this meeting and thereby approved or with such changes herein as shall be approved by the officer of the Municipality executing the Cooperation Agreement, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all changes or revisions herein from the form

of the Cooperation Agreement before this meeting; that from and after the execution and delivery of the Cooperation Agreement, the officers, officials, agents, and employees of the Municipality are hereby authorized, empowered and directed 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 Cooperation Agreement as executed; and that the Cooperation Agreement shall constitute and is hereby made a part of this authorizing ordinance, and a copy of the Cooperation Agreement shall be placed in the official records of the Municipality, and shall be available for public inspection at the principal office of the Municipality.

Section 3. That the Mayor, the City Clerk and the proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to carry out and comply with the provisions of the Cooperation Agreement and to further the purposes and intent of this authorizing ordinance, including the preamble to this authorizing ordinance.

Section 4. That all acts of the officers, officials, agents and employees of the Municipality heretofore or hereafter taken, which are in conformity with the purposes and intent of this authorizing ordinance and in furtherance of the issuance and sale of the Bonds, and the same hereby are, in all respects, ratified, confirmed and approved, including without limitation the publication of the notice of public hearing.

Section 5. That the Municipality hereby transfers its 2001 unified volume cap in the amount of \$0.00 to the Issuers, together with all unified Volume Cap to be received by the Municipality from the Office of the Governor in 2003 for the Bonds; if any, which is hereby allocated by the Municipality to the issuance of the Bonds; and that the Municipality, by adoption of this authorizing ordinance, hereby represents and certifies that such volume cap has not been allocated to any other bond issue or transferred to any other party.

Section 6. That after the Cooperation Agreement is executed by the Municipality, this authorizing ordinance shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, cancelled and discharged.

Section 7. That the provisions of this authorizing ordinance are hereby declared to be separable, and if any section, phrase or provision of this authorizing ordinance shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this authorizing ordinance.

Section 8. That all ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this authorizing ordinance are, to the extent of such conflict, hereby superseded; and that this authorizing ordinance shall be in full force and effect upon its adoption and approval as provided by law.

PASSED by the City Council this 17th day of February,
2003.

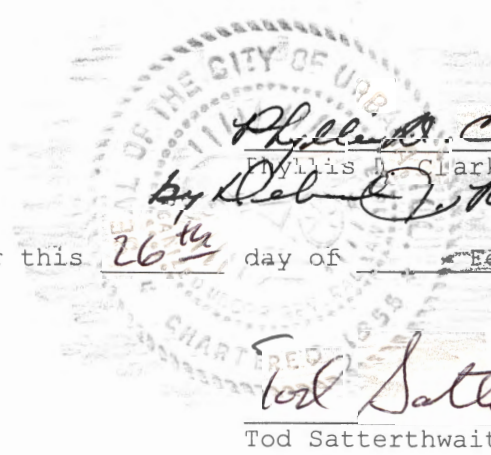
AYES: Chynoweth, Hayes, Huth, Otto, Patt, Wyman

NAYS:

ABSTAINS:

APPROVED by the Mayor this 26th day of February,

2003.



Phyllis D. Clark
Phyllis D. Clark, City Clerk
by Robert J. Hubert
Deputy Clerk
Tod Satterthwaite
Tod Satterthwaite, Mayor

Phyllis D. Clark
Phyllis D. Clark, City Clerk

INTERGOVERNMENTAL COOPERATION AGREEMENT

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT (the "*Cooperation Agreement*") dated as of March 1, 2003, by and among the CITY OF AURORA, KANE, DUPAGE, WILL AND KENDALL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Aurora*"), the VILLAGE OF BARTONVILLE, PEORIA COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Bartonville*"), the CITY OF BELLEVILLE, ST. CLAIR COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Belleville*"), the VILLAGE OF BELLWOOD, COOK COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Bellwood*"), the CITY OF BELVIDERE, BOONE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Belvidere*"), the VILLAGE OF BRIDGEVIEW, COOK COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Bridgeview*"), the CITY OF CHAMPAIGN, CHAMPAIGN COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Champaign*"), the CITY OF CHARLESTON, COLES COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Charleston*"), the TOWN OF CICERO, COOK COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Cicero*"), the CITY OF COLLINSVILLE, MADISON AND ST. CLAIR COUNTIES, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Collinsville*"), the CITY OF CREST HILL, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Crest Hill*"), the VILLAGE OF CREVE COEUR, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Creve Coeur*"), the CITY OF DANVILLE, VERMILION COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Danville*"), the CITY OF DECATUR, MACON COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Decatur*"), the CITY OF DEKALB, DEKALB COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*DeKalb*"), the VILLAGE OF DOLTON, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly authorized and validly existing under the Constitution and the laws of the State of Illinois ("*Dolton*"), the CITY OF EAST MOLINE, ROCK ISLAND COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*East Moline*"), the CITY OF EAST PEORIA, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*East Peoria*"), the CITY OF EDWARDSVILLE, MADISON COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Edwardsville*"), the CITY OF ELGIN, COOK AND KANE COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois

("Elgin"), the CITY OF FREEPORT, STEPHENSON COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Freeport"), the VILLAGE OF GODFREY, MADISON COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Godfrey"), the CITY OF HARVEY, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Harvey"), the CITY OF JOLIET, WILL AND KENDALL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Joliet"), the VILLAGE OF JUSTICE, COOK COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Justice"), the CITY OF LASALLE, LASALLE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("LaSalle"), the CITY OF LOCKPORT, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Lockport"), the CITY OF LOVES PARK, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Loves Park"), the VILLAGE OF MACHESNEY PARK, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Machesney Park"), the CITY OF MARQUETTE HEIGHTS, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Marquette Heights"), the CITY OF MATTOON, COLES COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Mattoon"), the CITY OF MENDOTA, LASALLE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and laws of the State of Illinois ("Mendota"), the VILLAGE OF MINOOKA, GRUNDY, KENDALL AND WILL COUNTIES, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Minooka"), the VILLAGE OF MONTGOMERY, KANE AND KENDALL COUNTIES, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Montgomery"), the CITY OF NAPERVILLE, DUPAGE AND WILL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Naperville"), the VILLAGE OF NORTH PEKIN, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("North Pekin"), the VILLAGE OF OAK PARK, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Oak Park"), the VILLAGE OF PARK FOREST, COOK AND WILL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Park Forest"), the CITY OF PEKIN, TAZEWELL AND PEORIA COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Pekin"), the CITY OF PEORIA, PEORIA COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Peoria"), the VILLAGE OF PEORIA HEIGHTS, PEORIA COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("Peoria Heights"), the CITY OF PERU, LASALLE COUNTY, ILLINOIS, a municipality and a home rule unit

of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Peru*"), the CITY OF PRINCETON, BUREAU COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Princeton*"), the VILLAGE OF RANTOUL, CHAMPAIGN COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rantoul*"), the VILLAGE OF ROBBINS, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Robbins*"), the CITY OF ROCHELLE, OGLE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rochelle*"), the CITY OF ROCKFORD, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rockford*"), the VILLAGE OF ROCKTON, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rockton*"), the VILLAGE OF ROMEVILLE, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Romeoville*"), the VILLAGE OF SCHAUMBURG, COOK AND DUPAGE COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Schaumburg*"), the VILLAGE OF SHOREWOOD, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Shorewood*"), the CITY OF SOUTH BELOIT, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*South Beloit*"), the CITY OF SPRINGFIELD, SANGAMON COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Springfield*"), the CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Urbana*"), the CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Washington*"), the CITY OF WOOD RIVER, MADISON COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Wood River*"), and the UNITED CITY OF YORKVILLE, KENDALL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Yorkville*"), THE COUNTY OF COLES, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Coles County*"), THE COUNTY OF COOK, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Cook County*"), THE COUNTY OF DEKALB, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*DeKalb County*"), THE COUNTY OF DUPAGE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*DuPage County*"), THE COUNTY OF KANKAKEE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Kankakee County*"), THE COUNTY OF LAKE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Lake County*"), THE COUNTY OF MACON, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Macon County*"), THE COUNTY OF

MADISON, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Madison County*"), THE COUNTY OF MCLEAN, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*McLean County*"), THE COUNTY OF PEORIA, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Peoria County*"), THE COUNTY OF ROCK ISLAND, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rock Island County*"), THE COUNTY OF ST CLAIR, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*St. Clair County*"), THE COUNTY OF TAZEWELL, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Tazewell County*"), and THE COUNTY OF WINNEBAGO, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Winnebago County*");

WITNESSETH:

WHEREAS, Section 10 of Article VII of the Constitution of the State of Illinois authorizes units of local government and school districts to contract or otherwise associate among themselves in any manner not prohibited by law or by ordinance, and to use their credit, revenues and other reserves to pay cash and to service debt related to intergovernmental activities; and

WHEREAS, the Intergovernmental Cooperation Act (*5 Illinois Compiled Statutes 2000, 220/1 et seq.*, as supplemented and amended), authorizes public agencies to exercise any power or powers, privileges or authority which may be exercised by any such public agency individually to be exercised and enjoyed jointly with any other public agency in the State of Illinois; and

WHEREAS, Aurora, Bartonville, Belleville, Bellwood, Belvidere, Bridgeview, Champaign, Charleston, Cicero, Collinsville, Crest Hill, Creve Coeur, Danville, Decatur, DeKalb, Dolton, East Moline, East Peoria, Edwardsville, Elgin, Freeport, Godfrey, Harvey, Joliet, Justice, LaSalle, Lockport, Loves Park, Machesney Park, Marquette Heights, Mattoon, Mendota, Minooka, Montgomery, Naperville, North Pekin, Oak Park, Park Forest, Pekin, Peoria, Peoria Heights, Peru, Princeton, Rantoul, Robbins, Rochelle, Rockford, Rockton, Romeoville, Schaumburg, Shorewood, South Beloit, Springfield, Urbana, Washington, Wood River, United City of Yorkville, Coles County, Cook County, DeKalb County, DuPage County, Kankakee County, Lake County, Macon County, Madison County, McLean County, Peoria County, Rock Island County, St. Clair County, Tazewell County, and Winnebago County (collectively, the "*Units*") are each a unit of local government and a public agency of the State of Illinois; and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, in the case of the Units which are home rule units of government, *65 Illinois Compiled Statutes 2000, 5/11-74.5-1 et seq.*, as supplemented and amended, in the case of the Units which are municipalities, but are not home rule units of government, and *50 Illinois Compiled Statutes 2000, 456/1 et seq.*, as supplemented and amended, in the case of Units which are counties, each

Unit has the power to issue its revenue bonds for public purposes, including the financing and purchase of mortgage loans to finance single family residences for low and moderate income persons within its corporate boundaries, and to pledge to the payment of the principal of, premium, if any, and interest on such revenue bonds the payments made with respect to the mortgage loans purchased with and financed by the proceeds of such revenue bonds; and

WHEREAS, the Units have determined that it is necessary and desirable to have Aurora and/or Springfield (the "*Issuers*") issue such revenue bonds on behalf of all of the Units for the purpose of financing and purchasing mortgage loans to finance single family residences for low and moderate income persons within the corporate boundaries of the Units (the "*Program*"); and

WHEREAS, to provide for the Program, the Issuers propose to issue, sell and deliver their Collateralized Single Family Mortgage Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$300,000,000 (the "*Bonds*") on behalf of all of the Units to obtain funds to finance the acquisition of mortgage-backed securities (the "*GNMA Securities*") of the Government National Mortgage Association ("*GNMA*"), evidencing a guaranty by GNMA of timely payment of, mortgage-backed securities (the "*Fannie Mae Securities*") of Fannie Mae, evidencing a guaranty by Fannie Mae of timely payment of, and mortgage-backed securities (the "*FHLMC Securities*") of the Federal Home Loan Mortgage Corporation ("*FHLMC*"), evidencing a guaranty by FHLMC of timely payment of, monthly principal of and interest on certain qualified mortgage loans under the Program (the "*Mortgage Loans*"), all under and in accordance with the Constitution and laws of the State of Illinois; and

WHEREAS, *30 Illinois Compiled Statutes 2000, 345/6 et seq.*, as supplemented and amended, permits the corporate authorities of any home rule unit of government to reallocate its private activity bond allocation to another home rule unit, and to allocate volume cap which has been allocated to it toward the issuance of the Bonds, subject to certain restrictions, guidelines and procedures, which guidelines and procedures also permit units of government (including without limitation non-home rule units of government) to allocate volume cap which has been allocated to it toward the issuance of the Bonds and to pool allocations of volume cap received from the Office of Governor of the State of Illinois;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Units hereby agree, as follows:

Section 1. Bonds/Approval. The Issuers (or either of them) hereby agree to issue the Bonds in one or more series on behalf of all of the Units, as provided in the trust indenture or indentures pursuant to which the Bonds will be issued, for the purpose of purchasing GNMA Securities, Fannie Mae Securities and FHLMC Securities to finance mortgage loans for single family residences for low and moderate income persons within the corporate boundaries of each Unit, to pay interest on the Bonds and to pay the costs of issuance of the Bonds. The Bonds shall be issued in such aggregate principal amounts, shall be issued in such series and classes, shall have such stated maturity or maturities, shall bear interest at such rate or rates, payable on such date or dates, shall be subject to redemption prior to maturity, shall be payable at such date or dates and at such place or places, and shall have such other terms, all as shall be agreed upon by

the Issuers and approved by ordinances of the respective governing bodies of each Issuer (or either of them). The proceeds of the Bonds shall be applied to such public purposes and to the payment of the costs of issuance as shall be approved by ordinances of the respective governing bodies of each Issuer (or any of them). Each Unit hereby ratifies the conduct of the combined public hearings held in connection with the issuance of the Bonds, and hereby approves the issuance of the Bonds as described in the notice of public hearing published in connection with the issuance of the Bonds (which is hereby incorporated by reference).

Section 2. Transfer and Allocation of Unified Volume Cap. Certain Units which are home rule units of government, other than the Issuers, hereby transfer to the Issuers and/or allocate unified volume cap that they have reserved to issue private activity bonds, as set forth in *Exhibit A* attached to and made a part of this Cooperation Agreement. Certain Units which are not home rule units of government have received allocation of unified volume cap from the State of Illinois as set forth in *Exhibit A* attached to and made a part of this Cooperation Agreement. The Units, including without limitation the Issuers, hereby allocate the unified volume cap referred to in this Section to the issuance of the Bonds. Each Unit that has received or hereafter receives an allocation of unified volume cap from the State of Illinois for the Program, after January 1, 2003, for calendar year 2003, as set forth in *Exhibit A* attached hereto and made a part hereof, which Exhibit may be supplemented from time to time by exclusive action of either Issuer in the event that volume cap is received by a Unit for the Program after the date hereof, hereby allocates such volume cap to the issuance of the Bonds.

Section 3. Allocation of Program Allocation. The origination and servicing agreement or agreements and the trust indenture or indentures relating to the issuance of the Bonds shall provide, that from the date of issuance of the Bonds through a date 120 days after the date of issuance of such Bonds (the "*Reservation Period*"), the proceeds of the Bonds shall be made available to each Unit which is not a home rule unit of government in the amounts set forth in *Exhibit A* attached hereto and made a part hereof, as such *Exhibit A* may be supplemented from time to time (the "*Program Allocation*"), subject to the requirements of Section 143 of the Code. There shall be no Reservation Period for Units which are home rule units of government; *provided*, that if a Unit which is a home rule unit of government receives an allocation of volume cap from the Governor of the State of Illinois, the proceeds of the Bonds shall be made available only to such Unit in the amount of such allocation for the Reservation Period. The Program Allocation allocated to a Unit may not be reallocated during the Reservation Period; *provided*, that, after the Reservation Period, the program administrator with respect to the Bonds may reallocate the Program Allocation in the manner set forth in the origination and servicing agreement or agreements or the trust indenture or indentures relating to the Bonds.

Section 4. Pledge of Collateral. The Issuers hereby agree to assign and pledge to the trustee with respect to the Bonds all of the GNMA Securities, the Fannie Mae Securities and the FHLMC Securities purchased with the proceeds of the Bonds. The Issuers hereby further agree to assign and pledge to such trustee all other such documents, instruments, securities and moneys as shall be approved by ordinances of the respective governing bodies of the Issuers.

Section 5. Documents and Instruments. The Issuers hereby agree to enter into all such documents and instruments as shall be necessary or appropriate in connection with the issuance

of the Bonds, including without limitation origination and servicing agreements, trust indentures, bond purchase contracts or agreements, official statements, continuing disclosure undertakings and closing certificates. The Issuers hereby further agree to enter into all such other documents and instruments as shall be necessary or appropriate in connection with the issuance of the Bonds, including without limitation closing certificates.

Section 6. Absolute and Irrevocable Conditions; Amendment. All terms and conditions contained herein are intended to be absolute and irrevocable conditions hereof and are agreed to by the Units. Except as otherwise provided herein, this Cooperation Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of all of the Units, authorized by ordinances adopted by their respective governing bodies, certified copies of which shall be filed with the other Municipalities.

Section 7. Units' Obligations Unconditional. The Units shall have no right to terminate, cancel or rescind this Cooperation Agreement, it being the intent hereof that the Units shall be absolutely and unconditionally obligated to perform all covenants contained in this Cooperation Agreement.

Section 8. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed to the appropriate address set forth in *Exhibit B* attached to and made a part of this Cooperation Agreement. A duplicate copy of each notice, certificate or other communication given hereunder to any Unit shall also be given to the others. Any Unit, by notice given hereunder, may designate a different or further address to which subsequent notices, certificates or other communications will be sent.

Section 9. Binding Effect. This Cooperation Agreement shall inure to the benefit of and shall be binding upon the Units and their respective successors and assigns.

Section 10. Severability. In the event any provision of this Cooperation Agreement shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Cooperation Agreement.

Section 11. Further Assurances and Corrective Instruments. The Units 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 expressed intention of this Cooperation Agreement.

Section 12. Execution in Counterparts. This Cooperation Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be original and all of which counterparts shall constitute but one and the same instrument.

Section 13. Applicable Law. This Cooperation Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 14. Effective Date. This Cooperation Agreement shall be in full force and effect on March 1, 2003, or on the date when it is executed by all Units, whichever is later. Time is of the essence.

Section 15. Filing of Authorizing Ordinances. Each Unit shall file with the other Units a certified copy of the ordinance adopted by the governing body of such Unit, authorizing the execution of this Cooperation Agreement within thirty (30) days of the adoption of such ordinance.

CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS

By Tal Sattelmeyer
Mayor

