

MortgageCreditcertificate03.txt  
ORDINANCE

WHEREAS, there exists within the borders of the City of Chicago (the "City") a recognized need for decent, safe, sanitary and well structured and maintained housing which persons of 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"), which entitle qualifying individuals to a credit against their individual federal income tax, in lieu of qualified mortgage bonds as defined in Section 143(a) of the Code ("Qualified Mortgage Bonds"); and

WHEREAS, the City is a home rule unit under the provisions of Section 6 of Article VII of the 1970 Constitution of the State of Illinois, and constitutes a constitutional home rule city within the meaning of Section 146(d)(3)(C) of the Code; and in furtherance of its home rule powers, the City hereby finds and determines that it is necessary and desirable and will provide for and promote the public health, safety and welfare of the citizens of the City to establish and implement a qualified mortgage credit certificate program and to issue Certificates; and

WHEREAS, to provide for the issuance of the Certificates it is necessary for the City to authorize the issuance of a form of Mortgage Credit Certificate Election of the City as more particularly described in Section 6 hereof (the "Election") and to approve and ratify the publication of a public notice relative to the issuance of the Certificates; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof by reference.

SECTION 2. Declaration of Public Purpose. It is hereby determined that the purpose of this ordinance is to take steps designed to reduce the cost of financing for the acquisition, rehabilitation or improvement of principal residence housing located in the City, and to provide decent, safe and sanitary housing for qualifying persons of moderate income. It is further hereby determined that such principal residence ownership, rehabilitation 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. Establishment of Qualified Mortgage Certificate Program.

(a) There is hereby established and implemented a qualified mortgage credit certificate program under Section 25 of the Code to be known as the City of Chicago Single-Family Mortgage Credit Certificate Program, Series 2000 (the "Program") for the purpose of issuing Certificates. The Certificates shall be issued to taxpayers qualified to receive Certificates ("Borrowers") pursuant to Section 25 of the Code and the Treasury Regulations promulgated thereunder (the "Program Regulations") in connection with the acquisition, rehabilitation or improvement of each Borrower's principal residence housing within the incorporated area of the City (the "Program Area").

(b) The Certificates shall carry (1) a Certificate Credit Rate (as defined in the Program Regulations) which Certificate Credit Rate shall be not less than 10 percent nor more than 50 percent and (2) a Certified Indebtedness Amount (as

defined in Section 25(b) of the Code and in the Program Regulations) specified in each Certificate. The Commissioner of Housing (the "Commissioner") shall establish the actual Certificate Credit Rate from time to time, provided that the Certificate Credit Rate shall not be less than 10 percent nor greater than 50 percent.

(c) The City hereby elects not to issue Qualified Mortgage Bonds in a principal amount not to exceed \$10,000,000 that are otherwise authorized to be issued by the City during calendar year 2000 pursuant to Sections 103, 143(a) and 146 of the Code and the Treasury Regulations promulgated thereunder (the "Unissued Bonds"). The amount of Unissued Bonds shall be specified in the Election.

(d) There is hereby allocated to the Unissued Bonds an amount of the City's unused "volume cap" (as defined in Section 146 of the Code) for the calendar year 1999 or 2000 (to be determined by the Chief Financial Officer at the time the Election is filed) not exceeding \$10,000,000 and as shall be specified in the Election (the "Unused Cap").

(e) The Commissioner is directed to file timely, or to cause the timely filing of, all reports as are or may be required by Section 25 of the Code and the Program Regulations in connection with the Program.

(f) The Certificates authorized herein shall be provided in the manner, amounts and time frames as are required by the Program Regulations in connection with owner-financed residences within the Program Area.

SECTION 4. Aggregate Limit of Certificates. The Total Proceeds of the Certificates (as defined in the Program Regulations) shall not exceed 25 percent of the principal amount of Unissued Bonds specified in the Election. Total Proceeds shall be determined as provided in the Program Regulations.

SECTION 5. Certificates. For the purpose of lowering borrowing costs for Borrowers, there is hereby authorized to be issued, executed and delivered pursuant to this ordinance, Certificates, the Total Proceeds of which shall be limited as provided in Section 4 hereof. The Certificates shall be designated "City of Chicago, Single-Family Mortgage Credit Certificates, Series 2000." The Certificates shall be executed by the manual or facsimile signature of the Mayor and the City Clerk of the City, and the seal of the City or a facsimile thereof shall be affixed thereto or printed thereon. The Certificates shall be countersigned by the manual signature of the Commissioner or his designee in writing.

The form of the Certificates shall be that prescribed by the Internal Revenue Service. If no form is prescribed or if such form is not readily available, the Certificates shall be issued in the form prepared by the City. The Certificates shall contain the information required by the Program Regulations and such other information as the Commissioner may deem necessary.

SECTION 6. Mortgage Credit Certificate Election. The Election in substantially the form attached hereto as Exhibit A is hereby approved in all respects. The principal amount of Unissued Bonds shall be \$10,000,000 or such lesser amount as is set forth in the Election as executed by the Mayor, his execution thereof to constitute conclusive evidence of this Council's approval of such lesser amount. The Mayor is hereby authorized to execute, deliver and file the Election on behalf of the City in substantially the form set forth in Exhibit A, with such changes therein as shall be approved by the Mayor, his execution thereof to constitute conclusive evidence of the approval of such changes.

SECTION 7. Public Notice. The publication by the Commissioner of a public notice in a newspaper of general circulation in the City in conformity with the provisions of the Code and the Program Regulations is hereby ratified and approved.

SECTION 8. Program Restrictions. Except as permitted by the Program Regulations: (1) no Certificates shall be issued with regard to any residence financed in whole or in part through the proceeds of Qualified Mortgage Bonds or Qualified Veterans Mortgage Bonds (as defined in Section 143(b) of the Code), (ii) the Program shall not be limited to indebtedness incurred from particular lenders, (iii) Certificates shall not be transferable and (iv) no block of Certificates may be allocated for use in connection with a particular development unless the developer shall certify that the price of each residence is no higher than it would be without the use of the Certificate.

SECTION 9. Administration of Program. The City, acting through the Commissioner, shall administer the Program. Subject to the approval of the Corporation Counsel, the Commissioner is authorized to execute Lender Participation Agreements ("Lender Participation Agreements") in substantially the form attached hereto as Exhibit B, and other agreements, certificates and documents as may be required for the Program and the Certificates to comply with Section 25 of the Code and the Program Regulations. The Commissioner may permit each Lender identified in the respective Lender Participation Agreement to charge and collect from an applicant a Program fee (the "Program Fee") of not less than \$200 and not more than \$300 in connection with each Certificate. Of the Program Fee, up to \$100 may be retained by the Lender (or, at the option of such Lender, such amount may be waived) and \$200 shall be remitted to the City by the Lender upon the issuance of the Certificate. The Program Fee shall be in addition to reasonable and customary fees which may be charged by a Lender in connection with a mortgage loan. All Program Fees received by the City are hereby appropriated to pay the costs of implementing and administering the Program including, but not limited to, the costs of training participating lenders, purchasing equipment, printing materials, marketing and other customer service activities.

SECTION 10. City Employee Participation. Current and former employees of the City (other than those persons described in the next succeeding sentence) who meet the eligibility requirements of a Borrower under the Program shall not be subject to the restrictions of Section 2-156-110 of the Municipal Code of Chicago (the "Municipal Code"), but only as that section pertains to the participation of said employees as Borrowers under the Program. The following current employees of the City, and the following former employees of the City, for a one-year period after termination of their employment by the City, shall be subject to the restrictions of Section 2-156-110 of the Municipal Code, as that section pertains to the participation of said employees as Borrowers under the Program: any employee who, during his/her tenure of employment by the City (i) exercises or has exercised any contract management authority with respect to the Program, (ii) is or was in a position to participate in a decision-making process with respect to the Program, or (iii) gains or has gained confidential information with regard to the Program. Any current or former employee of the City described in the immediately preceding sentence, who, through fraud or misrepresentation, obtains a Certificate under the Program, shall be subject to legal sanction by the City to recover any loss suffered by the City as occasioned by such fraud or misrepresentation, or any benefit received by such current or former employee as a result of such fraud or misrepresentation. Any such employee of the City shall also, in such circumstances, be subject to termination of his/her employment by the City.

SECTION 11. Approval of Further Actions. From and after the execution and delivery of the documents hereby approved, the proper officials, agents and employees of the City are hereby authorized and empowered to do all such acts and things and to execute and file 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 which are in conformity with the purposes and intent of this ordinance and in furtherance of the issuance of

MortgageCreditcertificate03.txt

the Certificates and the establishment of the Program are hereby in all respects approved and confirmed. The City reserves the right to make a further election in 2000 not to issue Qualified Mortgage Bonds in order to issue additional Certificates.

SECTION 12. Ordinances and Resolutions. To the extent that any ordinance, resolution, rule, order or provisions of the Municipal Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments, documents or agreements authorized hereby; provided further that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the provisions of this ordinance.

SECTION 13. Effective Date. This ordinance shall be effective upon its passage.