

CITY OF WASHINGTON

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MEMORANDUM

TO: Mayor Manier and City Council
FROM: Joanie Baxter, Controller *JB*
DATE: February 1, 2018
SUBJECT: Ordinance – First Time Homebuyers' Program

Attached is an ordinance authorizing the use of the annual volume cap for the Assist 2018 – First Time Homebuyers' Program. As you may recall, the City has participated in this program over the last seventeen years, which provides qualifying first-time homebuyers, assistance with obtaining a mortgage by offering a 30-year fixed-rate mortgage with a 3% contribution toward down payment and closing costs. An option for utilizing mortgage credit certificates (MCC) is also included. The private activity bonding authority granted to the City is based on \$100 per capita and equals \$1,589,070 for 2018. This ordinance is necessary to show the intent of the City in regard to the allocation of tax-exempt private activity bonding authority and must be approved prior to May 1.

During 2017, 43 loans were made to Washington home buyers totaling more than \$4.5 million and thus this program continues to be very successful in the greater Washington area.

The ordinance is scheduled for First Reading on February 5, 2018 with Second Reading and approval scheduled for February 19, 2018.

C: Jim Culotta, City Administrator

ORDINANCE NO. ____

AN ORDINANCE APPROVING THE TRANSFER OF VOLUME CAP IN
CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, AND
RELATED MATTERS.

WHEREAS, the City of Washington, Tazewell County, Illinois (the "*Municipality*") is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "*Code*"), provides that the Municipality has volume cap equal to \$105 per resident of the Municipality in calendar year 2018, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 *Illinois Compiled Statutes 2008*, 345/1 *et seq.*, as supplemented and amended (the "*Act*"), provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer its entire volume cap allocation for calendar year 2018 to the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois (the "*Issuer*") to be applied toward the issuance of single family mortgage revenue bonds by the Issuer (the "*Bonds*") or for such other purpose permitted by this Ordinance;

NOW, THEREFORE, Be It Ordained by the City Council of the City of Washington, Tazewell County, Illinois, as follows:

SECTION 1. That, pursuant to Section 146 of the Code and the Act, the entire volume cap of the Municipality for calendar year 2018 is hereby transferred to the Issuer, which shall issue the Bonds using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or other private activity bonds.

SECTION 2. That the Municipality and the Issuer shall maintain a written record of this Ordinance in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

SECTION 3. That the Mayor, the City Clerk and all other 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 further the purposes and intent of this Ordinance.

SECTION 4. That the provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision of this Ordinance shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this Ordinance.

SECTION 5. That all ordinances, resolutions or orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Ordinance shall be in full force and effect upon its adoption and approval.

Presented, passed, approved and recorded this ____ day of _____, 2018.

Approved:

Mayor

[SEAL]

ATTEST:

City Clerk

Ayes: _____

Nays: _____

Absent or Not Voting: _____



Want a home of your own, but can't meet the down payment and closing costs?

The City of Washington, in association with a number of Illinois communities, offer a two-pronged approach to assist homebuyers: The Assist program provides families with funds to pay all or most of their closing costs and down payment and the Mortgage Credit Certificate ("MCC") program reduces the homebuyer's ongoing cost of borrowing.

What is Assist?

Assist is a program that offers individuals and families with a FHA/VA/RD, 30-year, fixed-rate mortgage and offers a full 3.00% cash grant on the amount borrowed on a mortgage to qualified home buyers for homes in Washington. The cash assistance may be used to offset some or all of the home loan's down payment and closing costs. The Assist program minimizes the amount of money you need on hand to purchase your home.

What are Mortgage Credit Certificates?

MCC's are a federally authorized program created as an alternative to tax-exempt housing bonds to reduce effective interest costs for qualifying homebuyers. MCC's allow the homebuyer to qualify for a federal income tax credit equal to a percentage of the interest paid on their home loan each year. MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan.

	Without MCC	With MCC
Mortgage Amount	\$100,000	\$100,000
Mortgage Interest Rate*	4.50%	4.50%
Monthly Mortgage Payment (first year interest = \$4,467.00)	\$506.69	\$506.69
MCC Rate	N/A	25%
Monthly Credit Amount (First Year Average) (25% of \$4,467.00 is first year credit)	N/A	\$93.06
"Effective" Monthly Mortgage Payment	\$506.69	\$413.63

*The interest rate indicated is only for representation purposes. Please check the Illinois Assist website: <http://www.ehousingplus.com/available-programs/illinois/illinois-assist/> or the contact below for today's rate.



What Type of Home Can I Buy And How Much Can I Spend?

Homes that meet the program guidelines are new or existing, owner-occupied, single family homes, town homes and condominiums. Purchase Price and Income Limits are as follows:

Purchase Price Limits:	Non-Targeted Area		Targeted Area	
	1 or 2 persons	3 or more	1 or 2 persons	3 or more
	\$253,809	\$85,215	\$88,920	\$103,740

Income Limits:

How Do I Sign Up?

1. **Contact Angela Conover at (312) 664-5656 or angelaconover@earthlink.net**
2. Meet the program guidelines and qualify for the new home.
3. Close on your purchase and enjoy your new home.