



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: O2016-2534, Version: 1

O R D I N A N C E

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and as such may legislate as to matters which pertain to its local government and affairs; and

WHEREAS, the City Council of the City (the "City Council") has determined that the continuance of a shortage of rental housing affordable to persons of low and moderate income is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, the City programmed Section 108 Program ("Section 108") funds whereby acquisition and rehabilitation loans were made available to owners of rental properties, and the Section 108 Program is administered by the City's Department of Planning and Development ("DPD"); and

WHEREAS, the City Council, pursuant to an ordinance enacted on February 26, 1997, and published at pages 40133-40137 of the Journal of the Proceedings of the City Council (the "Journal of Proceedings") of that date, authorized DPD to provide Section 108 financing in the amount of \$592,500 (the "Loan") for the acquisition of a parking lot located at 1456-58 South Hamlin Avenue, which contains 13 parking spaces (the "Parking Lot"), and rehabilitation of a building (the "Building," and collectively with the Building, the "Property") located at 1451-53 South Avers Avenue, in Chicago, Illinois, and 13 residential dwelling units therein (the "Project"); and

WHEREAS, LMR United, Inc., an Illinois corporation (the "Borrower"), is the owner of 100% of the beneficial interest and power of direction, in, to and under that certain Illinois land trust created pursuant to that certain Trust Agreement dated November 26, 1996 and known as Trust No. 1103389 of The Chicago Trust Company, as trustee (the "Owner," and collectively with the Borrower, the "Mortgagor"); and

WHEREAS, the Property is held in trust by the Owner for the benefit of the Borrower;
and

WHEREAS, in connection with the Project, the City made the Loan to the Mortgagor on June 3, 1998 with an interest rate of zero percent per annum, which Loan is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated June 3, 1998 and recorded on June 3, 1998 in the Office of the Recorder of Deeds of Cook County, Illinois as document number 98465361, made by the Mortgagor in favor of the City (the "Mortgage"); and

WHEREAS, the Mortgage was subordinated to that certain mortgage dated as of April 1, 1998, securing a loan in the amount of \$268,000 (the "Original Senior Loan"), made by the Mortgagor in favor of Community Investment Corporation, an Illinois not-for-profit corporation (the "Senior Lender"); and

WHEREAS, the Borrower has met with certain financial difficulties in the operation of the Building, and requested that DPD approve a proposed restructuring of the Loan; and

WHEREAS, in order to secure the long-term affordability of the Property, DPD has

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agreed to allow the Borrower to refinance and repay the Original Senior Loan and to receive the proceeds of a new loan from the Senior Lender in an amount not to exceed \$312,000 at a fixed interest rate not to exceed 4.75% per annum, or another rate or rates acceptable to DPD, for a term not to exceed ten years (the "New Senior Financing"); and

WHEREAS, the New Senior Financing will be secured by a new mortgage made by the Mortgagor in favor of the Senior Lender (the "New Senior Mortgage"); and

WHEREAS, DPD has approved a restructuring of the Loan (the "Restructuring") in a manner which (1) will not alter the principal amount of the Loan, (2) will not alter the interest rate on the principal balance of the Loan, (3) will alter the maturity date of the Loan, (4) will alter the repayment terms of the Loan, (5) Will defer certain delinquent payments, (6) will waive certain default interest and fees, and (7) will subordinate the Mortgage to any liens which will secure the New Senior Financing, including but not limited to the New Senior Mortgage (collectively, the "Material Terms"); now, therefore,

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

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Restructuring is hereby approved as described above. The Commissioner of DPD (the "Commissioner") or a designee of the Commissioner, are each hereby authorized, subject to approval by the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Restructuring which do not substantially modify the Material Terms as described herein. The Commissioner, or a designee of the Commissioner, are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Restructuring. The Commissioner or a designee of the Commissioner are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable, in connection with any future restructuring of the Loan, which do not substantially modify the Material Terms.

SECTION 3. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. 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 other provisions of this ordinance. Sections 2-45-110 and 2-45-115 of the Municipal Code of Chicago shall not apply to the Building 'in connection with the Restructuring. ,C

SECTION 4. This ordinance shall be effective as of the date of its passage and approval. T

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OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL MAYOR

March 16,2016

TO THE HONORABLE, THE CITY COUNCIL OF THE
CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing execution of a loan modification and subordination agreement with LMR United.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

CHICAGO April 13.2016 To the President

**and Members of the City Council: Your Committee on Finance having had under
consideration**

An ordinance concerning the authority to enter into and execute a Loan Modification Agreement for LMR United, Inc.

02016-2534

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith
dissenting vote(s)T

**This recommendation was concurred in by
of members of the committee with**

Respectfully submitted

Chairman

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