



Office of the City Clerk

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

Legislation Text

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S U B S I I I U E O R D I N A N C E

WHEREAS, Each year the City of Chicago enters into a banking relationship with banks who are recipients of the City's municipal deposits as approved by the Chicago City Council; and

WHEREAS, The City of Chicago is required to consider which banks are the best responsible bidders; and

WHEREAS, The City Council has the power to consider the protection of the city's interests in selecting municipal depositories; and

WHEREAS, These banks are required to report through the RFP process the following data on conventional and F.H.A./A. residential home purchase loans on an individual loan basis for residential properties within the City of Chicago: census tract; original loan amount; amount of down payment; effective interest rate; term of loan; purchase price; loan application date; points and fees; secured or unsecured; the amount of each construction loan made on residential properties by census tract; the amount of each home improvement or rehabilitation loan made on residential properties by census tract; the amount of each residential home refinancing made on residential properties by census tract; and

WHEREAS, With recent data showing a vast disparity in home lending by race and neighborhood in the City, transparency is needed to inform Chicagoans about the institutions where their public funds are being deposited; and

WHEREAS, The City should make the data collected through the RFP process accessible to all members of City Council and the public; now, therefore,

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

SECTION 1. Article V of Chapter 2-32 of the Municipal Code of Chicago is hereby amended by deleting the language struck through, and by inserting the language underscored, as follows:

ARTICLE V. MUNICIPAL DEPOSITARIES DEPOSITORIES (2-32-400 et seq.)

2-32-400 Bids awarded annually - Conditions.

(a) Advertising, Transmittal, and Award of Bids. It shall be the duty of the ~~comptroller~~ Comptroller, at least once each year before the first day of December, to advertise for bids, from national and state banks and federal and state savings and loan associations seeking to be designated as municipal depositories depositories, for the payment of interest upon the funds of the City of Chicago and Chicago Board of Education. Provided, however, that Chicago local school funds which are designated by the Chicago Board of Education as school internal accounts which, in general, are funds raised and expended for educational programs and for the benefit of students, shall be excluded from the funds of the Chicago Board of Education that are subject to the provisions of this Article V.

1

Such bids and all information collected pursuant to this Article V shall be transmitted concurrently reported by the comptroller Comptroller to the City Council city council for its information and consideration no later than the fifteenth day of December of each year, to the end that an award or awards may be made upon such bids by the City Council city council before the beginning of each fiscal year. Concurrently with the transmission to the City Council of the information required under this paragraph, the Comptroller shall publish such information on the Comptroller's website and the City of Chicago Data Portal, except to the extent that the information to be published has been redacted because it is exempted from disclosure by the Illinois Freedom of Information Act or any other applicable law.

Prior to the City Council approving any award to a prospective municipal depository, at least one subject matter hearing, at which no vote will be taken, shall be held annually by the Committee on Finance to discuss such information transmitted by the Comptroller to the City Council under this section.

Such awards shall be made to the highest and best responsible bidder or bidders. The City Council city council shall have the power to reject any or all bids and to designate as many depositories municipal depositories as it deems necessary to protect the city's interests. Only state or national banks or federal or state savings and loan associations that are regularly organized, and are federally insured under the Federal Deposit Insurance Act, and maintain an office within the corporate limits of the City of Chicago shall be designated as depositories municipal depositories.

b) Duplicate Copy of Bid to Be Submitted to the Treasurer. Each bank or savings and loan association that submits a bid to the Comptroller comptroller pursuant to subsection (a) of this section shall simultaneously submit a duplicate copy of its bid submission, including any subsequent amendments thereto, to the treasurer Treasurer.

c) Failure to Designate - Legal Effect. If, prior to the beginning of any fiscal year, the City Council city council fails to enact an ordinance designating municipal depositories depositories for such fiscal year, the municipal depositories depositories in existence as of 11:59 P.M. on the last day of the year immediately preceding commencement of the applicable fiscal year shall retain their designation as municipal depositories depositories until ten days after any such ordinance takes legal effect.

d) Acquisition, Merger or Consolidation - Legal Effect on Municipal Depository Depository Designation. If a municipal depository depository acquires or is acquired by, or merges or consolidates with, any other bank or savings and loan association or subsidiary thereof, regardless of whether such bank or savings and loan association or subsidiary thereof is a municipal depository depository, such newly created or successor bank or savings and loan association shall be deemed, by operation of law, to be a municipal depository depository as of the date of acquisition, merger or consolidation. Such designation shall remain in effect until ten days after an ordinance designating municipal depositories depositories for the next applicable fiscal year takes legal effect.

2-32-440 Lending and deposit specifications required.

With each bid for interest upon city and school funds, the Comptroller comptroller shall obtain, in a form prescribed by the Comptroller, from each bidder, the lending and deposit information for its home office and for each branch office or facility the following information:

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(a) Residential lending information. The following information to be reported on residential loans shall be classified separately for property containing (1) dwelling units for not more than four families and condominium and cooperative units; and (2) dwelling units for more than four families in the aggregate. Only loans closed within the previous calendar year shall be reported. Bidders must provide this data in a machine-readable format following a template provided by the Comptroller.

- 1) The number and total amount of all loans made on residential property within the City of Chicago;
- 2) The number and total amount of all loans made on residential property outside the City of Chicago, but located in the Chicago-Naperville-Arlington Heights, IL Metropolitan Division of the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area ~~six-county Chicago Standard Metropolitan Statistical Area ("Chicago StM.S.A."); which include DuPage, Kane, Will, McHenry and Lake;~~
- 3) The average effective interest rate for all loans, calculated separately according to the following loan purposes, made on residential property within the City of Chicago:
 - A) Home purchase loans;
 - B) Home refinancing loans;
 - C) Home improvement loans; and
 - D) Home equity loans; and
 - E) Construction loans;
- 4) The average effective interest rate for all loans, calculated separately according to the following loan purposes, made on residential property outside the City of Chicago, but located in the ~~six-county Chicago StM.S.A.:~~
 - A) Home purchase loans;
 - B) Home refinancing loans;
 - C) Home improvement loans; and
 - D) Home equity loans; and
 - E) Construction loans;
- 5) The average downpayment as a percentage of purchase price on all home purchase loans made on property (1) within the City of Chicago and (2) outside the City of Chicago, but limited to the ~~six-county Chicago StM.S.A.;~~
- 6) The following data on conventional and F.H.A./V.A. residential home purchase loans shall be reported on an individual loan basis for residential properties within the City of Chicago:
 - A) Census tract;
 - B) Original loan amount;
 - C) Amount of downpayment;
 - D) Effective interest rate;
 - E) Term of loan;
 - F) Purchase price;
 - G) Loan application date (not required for loans on dwelling units for more than four families in the aggregate);
 - H) Points and fees (not required for loans on dwelling units for more than four families in the aggregate);
 - (I) Secured or unsecured (not required for loans on dwelling units for more than four families in the aggregate);

3

- 7) The amount of each construction loan made on residential properties within the City of Chicago by census tract;

8) The amount of each home improvement or rehabilitation loan made on residential properties within the City of Chicago by census tract;

9) The amount of each residential home refinancing loan made on residential properties within the City of Chicago by census tract;

10) The amount of each home equity loan made on residential properties within the City of Chicago by census tract;

(4-Q11) If the bidder is unable to produce the information regarding the interest rates and points and fees required under subsection (6) of this section from its information systems, the bidder shall provide: (i) a certificate in a form prescribed by the Comptroller ~~city comptroller~~ certifying that it is unable to produce this information from its information systems; and (ii) any similar information that is available, which information may include rate sheets and weighted interest rates and points and fees.

(b) *Consumer lending information.*

1) The number and total amount of all consumer loans made within the City of Chicago;

2) The number and total amount of all consumer loans made within each census tract in the City of Chicago;

3) The number and total amount of all consumer loans made outside Chicago but limited to the ~~six-county~~ Chicago StM.S.A.

(c) *Commercial lending information.*

1) The number and total amount of all commercial loans made within the City of Chicago;

2) The number and total amount of all commercial loans made within each census tract in the City of Chicago;

3) The number and total amount of all commercial loans made outside Chicago but limited to the ~~six-county~~ Chicago StM.S.A.

d) Savings and checking account information. The number of savings accounts and checking accounts and the total dollar balances in the savings and checking accounts stated separately for each census tract within the City of Chicago. The Comptroller ~~city comptroller~~ is authorized to establish reporting dates for each bidder.

e) Community Reinvestment Act information. A copy of the most recent evaluation performed by the United States Comptroller of the Currency of each bidder's performance under the Community Reinvestment Act, as amended, and a copy of the public section of the most recent written evaluation under the Illinois Community Reinvestment Act, 205 ILCS 735/35-1. et sea., as applicable. The City Comptroller ~~city comptroller~~ shall transmit copies of all evaluations received to the City Council ~~city council~~ with the report of bids required by Sections 2-32-400 of this Code.

(f) Optional. Each bidder may submit such additional material that is deemed relevant to consideration of the bid.

g) Additional residential loan information. In addition to the information required in subdivision (a) of this section and the pledge required in Section 2-32-455, the following information is to be reported concerning residential loans made by the bidder and its affiliates on dwellings that are for not more than

four families or that are condominium or cooperative units:

1) The amount, application date, and term of each refinancing loan, including the amount refinanced on the original loan and the amount of new money financed (if any), as reported pursuant to subsection (V)(A)(8)(d) of Appendix A to Part 203 of Title 12 of the Code of Federal Regulations, as amended from time to time, by census tract for loans made within the City of Chicago. The report shall also indicate whether each loan is secured or unsecured;

2) The amount, application date, and term of each home improvement loan including originations and purchases, and multiple purpose loans that are classified as home improvement loans because they involve a home improvement purpose, as reported pursuant to subsection (V)(A)(8)(b) of Appendix A to Part 203 of Title 12 of the Code of Federal Regulations, as amended from time to time, by census tract for loans made within the City of Chicago. The report shall also indicate whether each loan is secured or unsecured;

3) The amount, application date, and term of each home loan classified as a construction loan made on property within the City of Chicago by census tract. The report shall also indicate whether each loan is secured or unsecured;

4) The interest rates and points and fees paid on each of the loans reported under subdivisions (1), (2) and (3), respectively, unless the bidder is unable to produce this information from its information systems, in which case the bidder shall provide: (i) a certificate in a form prescribed by the ~~chief financial officer~~ Chief Financial Officer or the Comptroller City ~~comptroller~~ certifying that it is unable to produce this information from its information systems, and (ii) any similar information that is available, which information may include rate sheets and weighted interest rates and points and fees; and

(5) (A) The total number of loans secured by residential real property located within the City of Chicago that were made by the bidder;

B) The total number of loans secured by residential real property located within the City of Chicago that had been made by the bidder and that were foreclosed by the bidder by census tract; regardless of when the loan was made;

C) The total number of loans reported in clause (A) where the premium of any single premium credit life, credit disability, credit unemployment or any other life or health insurance was financed directly or indirectly into the loan; and

D) The total number of loans reported in clause (B) where the premium of any single premium credit life, credit disability, credit unemployment or any other life or health insurance was financed directly or indirectly into the loan.

The information required to be reported in this subsection (g) shall be reported separately for each financial institution and affiliate.

h) Mortgage applications not approved. The denial reasons for mortgage applications for residential properties within the City of Chicago, as reported pursuant to the federal Home Mortgage Disclosure Act. 12 U.S.C. 2801, et seq., by race, sex, and census tract.

(i) Depository information. The number and locations of each of the bidder's facilities located within the City of Chicago, and the census tract of each facility, as reported pursuant to the Community Reinvestment Act. Further, it is requested that bidders with more

15

than 500 employees provide employment and demographic data consistent with that provided with EEO-1, required by the U.S. Equal Employment Opportunity Commission.

2-32-450 Loan policy - Pledge requirements and consumer protection statement.

With each bid for interest upon city and school funds, the Comptroller shall obtain signature by either the chairman of the board, chief executive officer, or an officer acceptable to the city Comptroller, of the bidding bank or savings and loan association on the following pledge:

We pledge not to arbitrarily reject mortgage loans for residential properties within a specific geographic area in Chicago because of the location and/or age of the property, or in the case of proposed borrower to arbitrarily vary the terms of those loans or the application procedures for those loans on the basis of race, color, religion, national origin, age, sex, gender identity, marital status, ancestry, sexual orientation, parental status, source of income, disability or military status. In addition, we pledge to make loans available to low- and moderate-income residential property in the neighborhoods of the City of Chicago within the limits of our legal restriction and prudent financial practices.

We understand that arbitrarily rejecting or varying the terms and/or application procedures of mortgage loans on the basis of the factors listed above may result in the loss of our designation as a municipal depository.

We certify on information and belief that we are in substantial compliance with consumer financial protection laws, subject to any previous disclosures made by us or by regulatory agencies.

HARRY OSTERMAN Alderman, 48th Ward

SECTION 2. This ordinance shall take effect upon passage and publication.

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