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CONFIDENTIAL

JULY 18, 1994

Re: Case No. 94021.0
Financial Interest in City Business

Dear

You are a _____ in City's Department
You have signed a contract to
purchase a house located at _____
Chicago, Illinois. The entire
transaction will amount to approximately \$82,443.
You are paying \$2,500 of your own money to be used
toward the down payment, and have applied for a
\$75,000 loan from the Bank.

The Bank itself evaluated this
portion of the loan package. According to
a loan officer, the Bank would be funding
this loan with a combination of its own monies and
federal funds that it does not administer on the
City's behalf or in connection with any City
program. The remainder of the money needed for
closing and the final portion of the down payment--
approximately \$4,943--is to come from the Down
Payment and Closing Costs Assistance Program, a
program of the City's Department of Housing. The
assistance received from the Department of Housing
would be supported by its own set of loan documents.
The Bank, however, would process and administer the
entire loan package. It acts as the City's agent to
evaluate your application under the City's
guidelines, and then administers the City loan
portion.

As we discussed, \$2-156-110 of the Ordinance (a copy
of which is enclosed) provides that no City employee
shall have a financial interest in any contract,
work, or business of the City, or in the sale of any
article, if paid with funds belonging to or
administered by the City. A financial interest is
defined in relevant part of \$2-156-010(1) as "...
any interest with a cost or present value of
\$5,000 or more."

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EMK

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Interpreting these provisions, the Board has held that the Ordinance prohibits City employees from receiving a total of \$5,000 or more in grants or loans provided by the City or administered by the City. This prohibition includes funds provided directly through City Departments, such as Housing, as well as funds administered by the City, such as, for example, state or federal loans or grants administered by the City through another institution acting on the City's behalf.

When an entire loan package is evaluated and administered by an institution other than the City and the package includes loans or grants from private sources as well as from the City (or from other governmental funds administered by the City through private institutions), only that part of the total loan package that derives from funds provided or administered by the City is City business. Case No. 90076.A. In such cases, a City employee may receive only up to \$5,000 in funds provided or administered by the City.

You would receive approximately \$4,943 from the City's Department of Housing, and approximately \$75,000 from the Bank (including federal funds from a program which the Bank is not administering on the City's behalf), although the Bank is administering the entire loan package. Thus, the transaction meets the conditions described above. So long as this remains the case through closing, staff concludes that the transaction is not prohibited by the Ethics Ordinance.

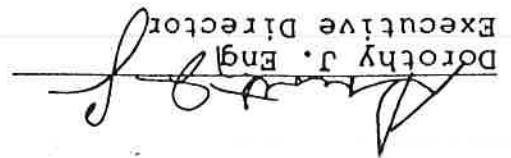
Staff's conclusion is based on the application of the City's Governmental Ethics Ordinance to the facts stated in this letter. If any of the facts presented are incorrect or incomplete, please notify us immediately, as a change in the facts may alter our conclusions. Please note that other rules or laws may be applicable to this situation.

We appreciate your bringing this matter to our attention, and your willingness to abide by the standards embodied in the Ethics Ordinance. We hope this clarifies the requirements of the City's Ethics Ordinance for you. Please call us if you have further questions.

Yours very truly,

[Signature]
Steven I. Berlin
Deputy Director

Approved:


Dorothy J. Eng
Executive Director

cc:

(w/encs)

cc: Susan Sher, Department of Law
(w/encs)

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