



Community Investment Corporation • Chicagoland's Leading Multifamily Rehab Lender

DEVELOPMENTS

cic preserves more housing with 94 loans in 2010

Looking back at fiscal year 2010 which ended September 30, we can report that there were many highlights for Community Investment Corporation. First among them is the successful completion of a new five-year “note purchase agreement,” the contract between CIC and its investor banks that ensures the continued flow of lending capital. This year 32 banks committed more than \$408 million to the CIC loan pool through 2015.

Despite significant upheavals in the economy in general and in multifamily lending in particular, CIC has been able to weather this financial storm due to strong management, committed staff, and the participation of our investor institutions.

highlights of the year

■ Loans

In FY2010, CIC approved 94 loans for \$53 million to preserve buildings with 1,614 affordable housing units through CIC regular-program loans, Flex loans and other lending products. Of the 94 CIC loans, 85% were affordable to people with 50% of Area Median Income or less.

■ Troubled Buildings

This year the program completed rehab on 37 of the city's toughest buildings with 600 units. Another 77 buildings with 1,244 units have rehab in progress. Since it began, the Troubled Buildings Initiative partnership of four City departments, Housing Court, and CIC/CII (Community Initiatives, Inc.), has addressed 494 buildings and recovered more than 4,000 units.

■ Property Management Training

In 2010, a record 926 landlords and managers learned the basics of property management in 48 presentations throughout the six-county metropolitan area from CIC's Property Management Training. From its inception in 1998, CIC has provided training to more than 7,000 building owners and managers.

■ Energy Savers

Together with the Center for Neighborhood Technology, CIC continued the innovative Energy Savers program in FY2010. The program, which helps owners conserve energy and reduce their utility bills on rental buildings, conducted 132 energy audits (394 total to date), covering 6,903 units (15,203 to date). CIC approved 24 loans for almost \$2 million this year (43 loans totaling \$3.4 million since its inception). Energy Savers is a model program that has drawn national attention.

■ The Totals

Since we began multifamily rehab lending in 1984, CIC has approved 1,610 loans and a total of \$998,000,000, resulting in the rehab of 45,000 units.

cic highlights

2010

45,000 UNITS
rehabbed through
cic loans since 1984



\$3.4 MILLION
in **cic** Energy Savers
loans since 2007



85 PERCENT
of 2010 **cic** loans
were affordable with rents
to people with
50% or less AMI



1,844 MORE UNITS
brought under control
this year by the
Troubled Buildings Initiative



**926 LANDLORDS/
MANAGERS**
attended 48
cic Property Management
Training sessions



32 BANKS
committed their funds
for five years to the
cic loan pool

cic investors

2010-2015

BANK OF AMERICA MERRILL LYNCH

JP MORGAN CHASE BANK NA

CITIBANK

THE NORTHERN TRUST COMPANY

HARRIS TRUST NA

PNC COMMUNITY DEVELOPMENT BANK, LLC

RBS CITIZENS NA

U.S. BANK NATIONAL ASSOCIATION

FIFTH THIRD BANK

THE PRIVATEBANK & TRUST

MB FINANCIAL BANK NA

FIRST MIDWEST BANK

COLE TAYLOR BANK

FIRST BANK OF HIGHLAND PARK

NORTH SHORE COMMUNITY BANK & TRUST CO.

ALLSTATE BANK

NORTHBROOK BANK & TRUST COMPANY

LAKE FOREST BANK & TRUST COMPANY

SEAWAY NATIONAL BANK OF CHICAGO

BRIDGEVIEW BANK

OXFORD BANK

STANDARD BANK AND TRUST COMPANY

FIRST SAVINGS BANK OF HEGEWISCH

INLAND BANK & TRUST

AMALGAMATED BANK OF CHICAGO

ASSOCIATED BANK OF CHICAGO

POPULAR COMMUNITY BANK

DELAWARE PLACE BANK

FIRST EAGLE BANK

FOREST PARK NATIONAL BANK AND TRUST

HOYNE SAVINGS BANK

REPUBLIC BANK OF CHICAGO



Taft West, Director of Property Management Training

Keep those radiators running smoothly

Q: Taft, a couple of the buildings I own have radiators, and I admit they're a bit of a mystery sometimes. What should I know about them before we get too far into the winter?

A: You're certainly not alone. Let's talk about radiators:

Troubleshooting radiators

Steam and hot water radiation units, whether old-fashioned upright or baseboard convectors, are simply pipes that dissipate heat. Maintaining them consists of making sure steam or water can flow through their pipes.

steam

If a steam radiator doesn't heat well, check its air vent. Liquids and gases can't get into a pipe that's full of air. See that the radiator slopes toward the return pipe, because trapped water will keep the radiator from heating up. Steam radiators are difficult to regulate; turning a valve to an in-between position won't modulate the heat; it just causes the radiator to bang. What is needed is an adjustable air vent available from a plumbing supply house. Decreasing the size of the vent's aperture slows the rate at which steam enters the radiator.

If a steam radiator warms only slightly, but evenly, water may be trapped inside. Poke the vent's air hole with a wire to clear it or replace the vent.

hot water

Hot water radiators, especially those farthest from the boiler, should get bled every fall. Heat can be adjusted by turning the inlet valve. If the upper portion of a hot water unit does not warm up, it needs to be bled. Hold a rag or small cup under the bleeder valve, and open it using a screwdriver, pliers or special key. Air and/or sputtering water will come out; when only water spurts out, close the valve.

Maintaining piped systems

In many hot water heating systems, the water reaches 240° F, far above the 212° F needed to produce steam. Yet, because the water travels slowly through the pipes and loses heat along the way, hot water radiators are less hot than steam radiators when the heat is on. The main difference between the two is that hot water systems are sealed and contain carefully controlled amounts of air in the radiators, piping and boiler.

Steam radiators, on the other hand, are open-ended and must "breathe." This explains why you can often hear hissing radiators and banging pipes in a steam system. The steam has to push the air ahead of it up to the riser (vertical) pipes and out the vents on each radiator.

Conversely, hot water has little air to impede its progress and circulates smoothly through the system, generally with nothing more than a few muffled thumps to let you know that it is operating. You may also hear a circulating pump come on from time to time.

A hot water system may have heavy radiators or more compact convectors; however, because steam heat is so hot, it always uses heavy cast-iron radiators. Steam boilers require regular monitoring because they must be continually filled to the proper level; hot water boilers require less maintenance.

A frequent annual challenge for building owners is balancing the heat evenly throughout the building. Try regulating the heat in individual radiators by adjusting the steam valves in a steam system, and the inlet valve in a hot water system. However, you may need to consult a heating professional if your attempts are not successful.

I hope this information helps you keep your tenants warm this season!

Until next time, *Taft*



Anthony Hawthorne, Senior Loan Officer

It's fulfilling to see a building go from eyesore to gem

How did you get into this kind of work?

I started working with Continental Bank in 1979 as a proof machine operator from 3-11p.m., Monday-Friday and some Saturdays, while attending school full time during the day. I was promoted several times.

Since my undergraduate degree was not in business, it took me a long time to convince department heads that I'd be a good fit for their area. After receiving a degree in Criminal Justice with a minor in Management from Chicago State University, I accepted a position within Human Resources, where I had the opportunity to see banking from the inside. I moved into a Corporate Banking Analyst position 18 months later and serviced the banking needs of Fortune 100 customers in the chemicals and gas industry, structuring multi-billion dollar credit facilities and participations.

After 16 years at Continental Bank, a good friend challenged me to align my professional life and skills with what was important to me and what would genuinely make me happy. I was coaching little league baseball in Cabrini Green, mentoring a group of African American professionals in the Henry Horner housing development and was active in my college fraternity, Alpha Phi Alpha. After some soul searching, I decided to work with a smaller bank where I would interact with regular people as opposed to billion-dollar corporations. I joined South Shore Bank as an entry-level loan officer in the Austin neighborhood on Chicago's West Side.

Once, while attending a bank officers' gathering, I criticized the bank's marketing efforts. The following Monday I was summoned to the Human Resources department and offered the marketing manager position for the bank. I subsequently worked with the team who was responsible for the transformation of South Shore Bank into Shorebank.

How did you come to work at cic?

I was serving on the board of directors for a microloan fund called FaithFund with Yvette LeGrand, who was then marketing manager at CIC. One afternoon while reading the CIC quarterly newsletter, I became interested in what CIC was doing and phoned Yvette for more information. She returned my call and talked with me at length about what CIC did; I was impressed. Several days later, Yvette phoned again. Although at the time I was not looking for a job, Yvette informed me that CIC was in search of a new loan officer, and the rest is history.

What's your favorite part of working at cic?

My favorite part of working here is the transformation. I grew up on the Southeast Side of Chicago and have lived in many of the properties that CIC currently has mortgaged. When I go with a customer to see a vacant and boarded-up property, it is truly a fulfilling experience to see it transformed from an eyesore into the gem of the block. Even more fulfilling is when I personally shepherd a deal for a customer for a building where I once lived.

What are some interesting things about you that most people don't know?

I'm a consummate optimist. My life mantras are that "the glass is always half full" and "there is a lesson to be learned from every experience that life deals you."

I sing Second Tenor in a 100-voice Men's Choir. I've sung in Dallas, Kentucky, Michigan, New York and eight cities in Switzerland. I have a sick sense of humor and no problem laughing at myself if I happen to be the butt of the joke.

One of my favorite things to do in the world is to cook a full breakfast, complete with fresh brewed coffee, juice and fresh fruit for my wife and two daughters on Saturday morning. I'm a pretty good cook but I'm also a bit picky about the presentation – the food has to look good on the plate. The home cooked meal and breakfast dialogue before we get the day rolling makes it all worthwhile.



Jack Markowski

As we look back on 2010, I am impressed once more by the vital work performed by CIC and our partners. You can see from this year's accomplishments that CIC approved 97 loans for \$53 million to preserve 1,614 units of affordable rental housing (see

page 1). But to truly appreciate CIC, you need to ask: If not for CIC, who would have provided this financing?

Today, in the midst of continuing challenges in our economy, CIC stands virtually alone as a provider of credit to acquire and rehab affordable rental housing, especially in communities that are most in need. CIC's willingness to invest demonstrates our confidence in our borrowers and in the neighborhoods of Chicago. We continue to make loans, to provide funds to conserve energy and reduce utility bills, to train owners and managers in property management, and to intervene to rescue troubled properties. In the midst of turmoil, we are building a foundation for recovery and growth.

Throughout the country, there is an ongoing discussion about the future of credit for mid-sized multi-unit buildings (5 to 100 units). These are the buildings that dominate many of our neighborhoods and provide a significant portion of our affordable rental housing. In today's marketplace, however, banks are reluctant to hold long-term debt, and the secondary market only offers financial products for single-family homes and larger multifamily projects.

CIC provides one answer to this gap in financial services. Our lending pool provides a vehicle for banks to share the risk so that they can responsibly invest their funds to meet this important need. Ultimately, there will need to be many other lenders. But, for now, in many neighborhoods CIC is keeping alive the market and offering hope for the future.

CIC's signature accomplishment this year was raising more than \$408 million in commitments from 32 investors to provide loan capital for the next five years. Thanks to these investors (see page 2), CIC will continue to have money available to preserve affordable housing.

Of course, one of the greatest strengths of CIC is the talent and commitment of our staff. This issue of the newsletter features Senior Loan Officer Tony Hawthorne, who exemplifies the dedication and contributions of CIC staff to their communities (see page 4).

CIC also benefits from the wisdom and support of an immensely talented board of directors. Recently, we held our annual election, and I want to extend congratulations and thanks to all of our new and returning board members. I want to give special acknowledgment to Gary Washington, who retired from the board after many years of service including four years as chairman of the board, and to Pat Nash, our incoming board chairman.

Money, expertise, hard work, dedication – from our board, our staff, our investors, and our borrowers – we need it all to be successful, and we are fortunate to receive plenty of these resources to continue to preserve affordable rental housing throughout the Chicago area.

A handwritten signature in black ink, appearing to read 'J. Markowski', written in a cursive style.

Jack Markowski
CIC President

congratulations to our new board!

The CIC Board of Directors filled six board positions for the next three years at its annual meeting in October. Board members **Mitchell Feiger** (MB Financial), **Timothy Hadro** (LM Solutions), **Saul Klibanow** (Klibanow Strategic Consulting), and **Javier Nunez** (Northern Trust) were re-elected to new terms, and **Karen Case** (President of Commercial Real Estate for The PrivateBank) and **Susanne Cannon** (Chair of the Department of Real Estate of DePaul University) were newly elected to the board.

Gary Washington, after many years as a board member and four years as chairman, did not stand for re-election. **Patrick Nash** (JP Morgan Capital Corp) was elected as new board chairman. **Mitchell Feiger** was elected vice chairman.



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cic RATE WATCH

Adjustable Rate

5.50% for 3-year ARM*
6.00% for 5-year ARM*

CIC adjustable-rate loans typically have a 20-year term, with a 25-year amortization. Rate adjustments are capped and there is no prepayment penalty.

***Rates as of December 6, 2010**
All rates and terms subject to change.

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you
money
year
after
year