



Developments

Community Investment Corporation • Chicagoland's Leading Multifamily Rehab Lender

CIC Well-Positioned After Strong Year

Fiscal Year 2008, which ended September 30, was a very strong year for CIC.

In the midst of great uncertainty in the financial marketplace and challenging economic conditions, CIC provided a steady, predictable source of capital to acquire and rehabilitate multifamily housing throughout the Chicago area.

Highlights of this year include:

- More than \$68 million in loan approvals — an all-time high.
- Financing for 1,905 rental units, 89% of which are affordable to households under 50% of Area Median Income (AMI).
- Loan reserves fully funded and at all-time highs.
- Initiation of the new Cook County Energy Savers Program to help rental property owners conserve energy and reduce their utility bills.
- 507 people attending 35 sessions of Property Management Training.
- 78 troubled multifamily properties with 1,416 units brought under control through the Troubled Building Initiative, including completion of rehab in 32 buildings with 700 units.
- Successful intervention nearing completion to preserve almost 3,500 units of affordable housing in the Chicago Equity Fund portfolio and the Lawndale Restoration project.

With continuing difficulties in the national economy, especially with increasing unemployment, it is likely that CIC will confront some challenges in the future. But CIC is financially strong, practices sound underwriting, and maintains close relationships with our borrowers. We are well positioned to weather any difficulties brought by the current economy and to maintain and expand our role as Chicagoland's leading force in neighborhood revitalization and in the preservation of affordable rental housing.

2008 CIC Highlights

81 CIC loans for \$68 million with 1,905 units



89% of CIC-financed units affordable to households under 50% AMI.



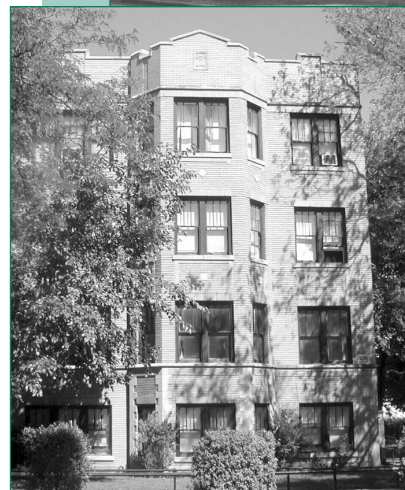
32 Troubled Buildings with **700** units completed rehab.



716 units put into receivership.



507 Landlords/managers attended **35** CIC Property Management Training sessions.



CIC Profile: Mike Bielawa

“Our product benefits lenders, owners AND residents”

Next in our continuing series about CIC staff is Vice President Michael Bielawa, Sr. With extensive experience in housing and community development, Mike has worked at CIC since 1985 and has overseen all multifamily lending since 1986. Mike has been primarily responsible for originating and servicing CIC’s entire loan portfolio, which currently stands at about \$200 million.

Mike, how did you get into the financing business?

I never dreamed I would be in the financing business. My interest was in neighborhoods and what kept them vibrant. After completing my M.A. in Urban Studies

at Loyola University, I went to work for the Beverly Area Planning Association (BAPA) and was assigned to work with their real estate and economic development task forces. In 1975 a BAPA board member and fellow Loyola Urban studies alum (Pat Nash) told me about this new rehab

and finance program starting up in Chicago: Neighborhood Housing Services (NHS). I learned a great deal about what makes owner-occupied housing work while at NHS and also became a board member of the Oak Park Residence Corporation (OPRC), at the same time, where I was exposed to rental management and rehab. In 1981 I became Executive Director of OPRC and learned hands on management of properties and rehab by doing it. Everywhere I went, as employee or volunteer, I wound up keeping the books. I guess I sort of moved into finance because I loved housing and came to realize that the essential piece to make communities work is the availability of capital.

How did you come to work at CIC?

In 1985 I left the world of tenant complaints, fire losses, middle of the night phone calls from tenants who were locked out of their apartment, i.e. “property management.” I returned to finance working for

Pat Nash at CIC and was reunited with several bankers who had been board members at NHS as well as CIC. The loan portfolio was growing at CIC and John Pritscher, then Vice President of CIC, needed someone to be a loan officer and assist him in managing operations from approval through closing and collection.

What’s your favorite part of working at CIC?

The staff, board and loan committee are all terrific people to work with. I am proud of the fact that we have built a solid business that makes quality, affordable housing a reality for so many people by bringing together resources from financial institutions (people and capital) with resources from neighborhoods (quality owners, managers, contractors). The resulting product benefits lenders, owners AND residents. I also am proud of the fact that we are a different kind of not-for-profit. We support our core business (pay our bills including salaries) with the fees earned by our efforts. We fulfill our mission in an effective, efficient and valuable way.

What changes do you see on the horizon for this business?

When this credit crunch (we don’t have any more problems; everything’s automatically a “crisis”) is finally sorted out and the banking world returns to “normal,” we will see less competition among banks for meeting the credit needs of the neighborhoods from which they draw their deposits. There will be more focus on macro-economics and less on the opportunities available in individual neighborhoods. Specialized, pooled-risk lenders like CIC need to be prepared to play a larger role in neighborhoods in the future along with newer, community-based banks that have been or will be created.

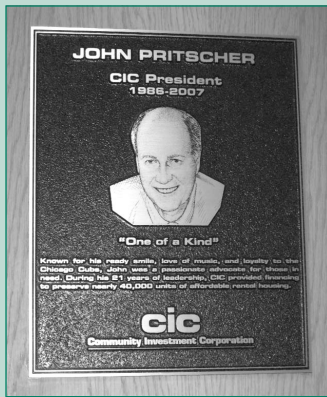
What is something interesting about you that most people don’t know?

I am an avid fisherman and part of a group that has gone on an annual fishing trip to the Boundary Waters in Minnesota every June for the last 27 years. I have also been a Boy Scout leader for over 20 years. One of the most rewarding things I do is mentoring young men who are completing the requirements to become Eagle Scouts.



Michael Bielawa, Sr.

Board Room dedicated to John Pritscher



On October 9 CIC dedicated the board room to former CIC President John Pritscher, who had passed away one year earlier. CIC Chairman Gary Washington and Board Member Patrick Nash unveiled a plaque at a gathering attended by John's widow Sally and their children Sarah, Elizabeth and Daniel, and two of their four grandchildren, Capri and Dylan.

Yes, We Have Money to Lend!

There's no apartment lending crisis at CIC.

The headlines sound grim. With today's uncertain mortgage climate, other lenders have demanded more equity and tightened their terms — or even left the multifamily market. But at CIC, we have money available to lend with our usual terms at our usual attractive rates, with our usual attention to customer service.

CIC is able to do that because we are specialists in apartment lending, not single-family lending, and the two markets are very different. Our financial position is strong, and we are more committed than ever to preserving quality multifamily housing in the six-county Chicago area. In fact, because of the credit crisis and the increased number of foreclosures on single-family homes, the demand for apartments is stronger than ever.

That means this an excellent time to consider acquiring and rehabbing a multifamily building. Come in or call for a free consultation. Just ask for a Loan Officer.

CIC makes financing fit YOUR needs:

- 3-Year or 5-Year Adjustable Rate Mortgages (ARM)
- No ARM prepayment penalty, 20-year term, 30-year amortization
- We do buildings with 5+ units (or mixed-use with at least 5 apts.)
- We can finance more than 80% LTV with extensive rehab
- Construction and permanent financing in the same loan
- Other programs for experienced developers, including fixed rate loans
- Energy Savers loans at HALF of prime rate.

Winterize Your Building

By Taft West, CIC Director of
Property Management Training

Winter is a time to stay inside and keep warm, but you can accomplish this only if your building and heating systems are up to par. Before the start of the cold season, heating systems should be checked and serviced. Planning ahead and taking a few precautions will ensure a safe, warm building.

Keep pipes from freezing and bursting

Frozen pipes are probably the most common cold-weather problem that building owners face. Water expands as it freezes and eventually pipes — whether they're PVC plastic, galvanized or copper — give way. The most susceptible pipes are ones that take water to outside faucets or sprinkling systems. Burst pipes can ruin floors, rugs, furniture and other belongings. There will be added distress caused to your tenants by inconveniencing them when water is shut off while the repairs are being made. To prevent these headaches, try the following:

- Consider having a plumber relocate exposed pipes.
- Insulate and seal your basement and crawl spaces.
- Before the first freeze, drain sprinkler supply lines and shut off outside faucets. Do not use antifreeze solutions in these pipes unless instructed to do so by the manufacturer. Antifreeze is harmful to humans, pets and landscaping.
- Disconnect hoses from outdoor faucets, drain them and store them indoors. Turn off the valves that control the water supply to these faucets and open the faucets a bit to allow any stored water to drain.
- Insulate pipes that run through unheated spaces, including those that carry hot water. These pipes will freeze when the hot water heater is not operating.
- Keep the building temperature at levels required by local ordinances. In Chicago, the heating season runs from September 15 to June 1. During this season, a minimum temperature of 68 degrees is required from 8:30 a.m. to 10:30 p.m. From 10:30 p.m. to 8:30 a.m. the minimum is 66 degrees.
- When weather is bitterly cold, open doors to cabinets and sinks that house pipes; this allows warm air in these spaces and will prevent occasional freezing of the pipes.

cic

Keep your building warm and cozy

Follow these suggestions throughout the winter to keep out the cold:

- Clean gutters and downspouts in late Autumn — after the leaves have fallen; this prevents ice blockage and helps runoff.
- Check areas that let in cold air, such as basements, crawl spaces, attics, garages, and spaces under kitchen and bathroom cabinets. Caulk any open cracks or add insulation.
- Check to make sure storm windows are shut tight and locked; unlocked windows can be pushed up by strong winds and quickly lower the temperature in the unit. Seal window drafts with caulk.
- Remove window air-conditioners or insulate the units this way: a) remove the front panel; b) insert plastic sheeting inside; and c) replace the panel and cover the unit.
- If the building will be empty during the winter, have a plumber drain your water system.
- Obtain tenants' phone numbers and make sure they have your emergency contact number and numbers for the community's emergency services.



Was it Colonel Mustard with the revolver in the library?

Who killed the American housing market and sent shockwaves of economic meltdown rippling throughout the world? Predatory lenders? Lax regulators? Irresponsible brokers? Ignorant rating agencies? Reckless buyers? Careless underwriters? Unsuspecting investors? Deceitful developers? An infatuation with homeownership?



Jack Markowski

There's plenty of blame to go around. As financial commentator Terry Savage put it, there were "unbelievable levels of greed and stupidity" throughout our financial marketplace.

But, please, let's not blame the Community Reinvestment Act (CRA). CRA was enacted by Congress in 1977 to combat "mortgage redlining," the practice by which financial institutions actually drew red lines on maps to delineate the areas in which they would

not lend. Under CRA, financial institutions were required to serve the credit needs of the communities from which they drew their deposits.

Does anyone really believe that the law had a delayed impact of 30 years before it caused havoc in the economy?

CRA has been widely credited with dramatically increasing lending and investment in low and moderate income communities and access to capital for minority populations. Under CRA, over \$1.5 trillion have been lent for community development. Comptroller of the Currency John C. Dugan recently said that he has "personally witnessed the positive impact that CRA partnerships have had in transforming communities, expanding homeownership, and promoting job creation and economic development."

While CRA-regulated institutions have provided a significantly higher share of their loans to African-American and Hispanic households than non-CRA-regulated lenders, according to Comptroller Dugan, "the lenders most prominently associated with subprime mortgage lending abuses and high rates of foreclosure are not

subject to CRA." Indeed, he cites 2006 data showing that "banks subject to CRA and their affiliates originated or purchased only **six percent** (emphasis added) of the reported high cost loans made to lower income borrowers within their CRA assessment areas."

No, CRA did not encourage reckless, predatory lending. CRA encouraged responsible lending and investment, exactly the type of activity that CIC has undertaken since its creation by a group of socially minded bankers in 1974. Since 1984, CIC has lent more than \$900 million to acquire and rehab 40,000 units of affordable rental housing. CIC lending is not a short-term activity that maximizes profit at the expense of communities. CIC loans are long-term investments that preserve housing and build communities. And the important community building work of CIC can only take place because of the \$550 million in commitments made by CIC's 47 investors, who by investing in CIC are carrying out the best intentions of CRA.

As we look ahead to rebuilding our communities and our economy, we need more, not less, of CRA. Lawrence K. Fish, Chairman of RBS America and Citizens Financial Group (and a CIC investor through Charter One), has said that "we need to broaden the number of financial service providers that CRA covers, and redefine 'community reinvestment' as 'community responsibility' — the understanding that all financial institutions have an obligation to reinvest where they operate."

So whether it was Colonel Mustard, Miss Scarlet, Mr. Green, or any other culprit that killed the housing market, it certainly was not the Community Reinvestment Act. In fact, in these troubled times, we need a responsible and expanded implementation of CRA to guide us on our path to recovery.


Jack Markowski
CIC President



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Property Management Training

Experts in building management teach a wide range of topics in a 12-hour property management overview.
Cost: \$40 in advance, \$50 at door. Call CIC to register.

January 12-15 6-9 p.m.

South Shore Cultural Center • 7059 South Shore Drive

Call us for information about our free evening seminars:

- **Pest Management** Thursday, January 8 at Illinois Institute of Technology
- **Budgeting** Thursday, January 29 at Garfield Park Conservatory



ADJUSTABLE RATE

5.25% for 3-year ARM*
5.75% 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 November 21, 2008*

FIXED RATE

Fixed rates vary daily; call CIC

All rates and terms subject to change. For latest rates, call us at (312) 258-0070.



Contact CIC For All Your Multifamily Housing Needs!

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Energy Saver Loans • Buildings for Sale**

**Call (312) 258-0070 or visit
www.cicchicago.com**