

SUMMARY TERM SHEET: CIC'S 1-4 UNIT LOAN POOL

The 2020 1-4 Unit Rental Redevelopment Note Purchase Agreement describes the terms under which investors provide funds for Community Investment Corporation (CIC) to make loans to borrowers to invest in 1-4 unit buildings throughout the Chicago area.

Purpose. To promote community development and affordable housing by providing take-out term loans for groups of distressed 1-4 unit buildings purchased by investors in targeted areas to provide rental housing for low and moderate income households.

Total Commitment. \$45 million initial commitment (approximate).

Number of Investors. 13 (approximate).

Size of Investments. \$1 million to \$15 million.

Means of Investment. Investors purchase Limited Recourse Collateral Trust Notes issued by CIC and secured by individual mortgages on properties. Each investor is obligated to purchase CIC's notes up to a maximum total commitment. As purchased notes are paid, the repaid principal becomes available to purchase new notes.

Service Area. Cook, McHenry, Lake, DuPage, Will, and Kane Counties.

Term of Agreement. Loans originated from March 16, 2020 through March 15, 2025. Notes sold from March 16, 2020 through September 15, 2025.

Eligible Buildings. Rental buildings containing 1-4 dwelling units for residential use and not owner-occupied by a Borrower, with a minimum of nine (9) units per loan.

Loan Approvals. All loans originated under the 1-4 Unit Rental Redevelopment Note Purchase Agreement must receive approval of the CIC 1-4 Unit Loan Committee, which is comprised of representatives of all lenders investing in the 1-4 Unit Rental Redevelopment NPA.

Loan Policies. Established by the CIC Board of Directors and the 1-4 Unit Loan Committee.

Loan Product. Under the 1-4 Unit Loan Program, CIC will offer long-term (10 years), fixed rate loans.

Loan Eligibility. Most loans under the 1-4 Unit Loan Program will be for stabilized portfolios that are occupied and in good condition when they are presented to the Loan Committee. These loans are immediately eligible for sale to investors. In situations where CIC provides financing to rehab the properties, a loan becomes eligible for sale to investors when the following conditions are met:

- Construction is complete;
- Loan is not in default; and
- Project has achieved a 1.25 debt service coverage ratio (DSCR).

Loan Terms/Interest Rate. Established by the 1-4 Unit Loan Committee.

Security. CIC holds a first mortgage on each property.

Summary Term Sheet:
CIC's 1-4 Unit Loan Pool (continued)

Loan Servicing. Performed by CIC for a fee of 1/2%. In addition, CIC collects 50 basis points that is placed in the Investor First Loss Fund to cover losses of principal for noteholders under CIC's Loss Sharing Policy. (See Loss Sharing Policy below.)

Repayment. Payments of principal and interest on the loans are passed through proportionally to investors. (Principal payments from loans or proceeds from the sale of loans are "recycled" into the investors' commitments set forth in the 1-4 Unit Note Purchase Agreement.)

Loss Sharing Policy. An Investor First Loss Fund has been established by CIC to reimburse noteholders for losses of principal on notes sold to the investors. The Investor First Loss Fund was initially funded by CIC with \$250,000. From monthly loan payments, CIC deposits the sum equal to 50 basis points into the Fund. CIC reimburses noteholders for losses of loan principal up to the balance of funds available in the First Loss Fund.

Losses on Loans not Sold. CIC absorbs all losses on loans not sold to the investors.

Amendments. Require approval of 67% of investors, based on commitments; except that approval of all affected investors is needed for amendments to increase an investor's commitment, extend time of payment for notes, extend the term of the Agreement, or reduce the percentage required to approve amendments.

Program Trustee. Each mortgage loan pledged for CIC's notes sold to the investors will be delivered to Amalgamated Bank of Chicago as trustee under a Collateral Trust Indenture.

1-4 Unit Loan Product Offered by CIC

Under policies established by the Board of Directors and the 1-4 Unit Loan Committee, CIC offers the following 1-4 Unit Loan Product. (The following description is for illustrative purposes only. Specific rates and terms for each loan are set by the 1-4 Unit Loan Committee.)

Fixed Rate, Term Debt for an Occupied Portfolio of 1-4 Unit Buildings in Good Condition

Size	\$100,000 to \$2.5 million	Loan-to-Value	70% maximum
Number of Units	9 minimum	Debt Coverage	1.25 minimum
Term	10 years	Security	First mortgage on all buildings
Interest Rate	Currently 6%, fixed over the term of the loan	Prepayment	No prepayment penalty
Amortization	up to 30 years	Recourse	Full recourse to the borrower