

SUMMARY TERM SHEET: CIC'S MULTIFAMILY LOAN POOL

The 2020 **Multifamily Note Purchase Agreement** describes the terms under which investors provide funds for Community Investment Corporation (CIC) to make loans to borrowers for multifamily rental housing throughout the Chicago area.

Purpose. Provide funding for CIC's mortgage loans for acquisition, rehabilitation, refinancing, and/or new construction of multifamily rental housing that is affordable to low and moderate income households and contributes to community development in low and moderate income communities.

Total Commitment. \$293,000,000 initial commitment (approximate).

Number of Investors. 39 (approximate).

Size of Investments. \$1 million to \$50 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. CIC has the option of participating as a purchaser for up to 30% of a specific note sale.

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 properties containing five or more dwelling units that are primarily for residential use.

Loan Approvals. All loans originated under the Multifamily Note Purchase Agreement must receive approval of the CIC Multifamily Loan Committee, except for loans up to \$500,000 and less than \$1,000,000 of total borrower exposure, which are approved by CIC management. The Multifamily Loan Committee is composed of investor institutions representing at least 51% of total program commitments. All multifamily investors with total commitments of at least \$20 million are entitled to membership on the Multifamily Loan Committee.

Loan Policies. Established by the CIC Board of Directors and the Multifamily Loan Committee.

Loan Products. Under the Multifamily Loan Program, CIC will offer a Standard Loan (for acquisition, rehab, refinance, and/or new construction), a Limited Rehab Standard Loan (for acquisition or refinance only, with little or no rehab), and an Innovative and Complex ("Flex") loan. Flex loans shall not exceed 20% of the notes sold to investors in any 12 month period. The total of all outstanding balances of all Flex loans shall not exceed 20% of the total of all investor commitments. (See attached description of current Multifamily loan products.)

Loan Eligibility. For loans to become eligible for sale to the investors under the Multifamily Note Purchase Agreement, the following conditions are required:

- Construction is complete;
- Loan is not in default; and
- Project has achieved a 1.1 debt service coverage ratio (DSCR).

Summary Term Sheet:
CIC's Multifamily loan pool (continued)

Loan Terms/Interest Rate. Established by the Multifamily Loan Committee.

Security. CIC holds a first or second mortgage on each property. Second mortgage loans are only made behind CIC originated first mortgages and must meet an overall DSCR of at least 1.15.

Loan Servicing. Performed by CIC for a fee of 1/2%. In addition, CIC collects 55 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 Multifamily 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 \$1,200,000. From monthly loan payments, CIC deposits the sum equal to 55 basis points into the Investor First Loss Fund and contributes an additional 2.5 basis points from CIC corporate income. (Of these total deposits

into the Investor First Loss Fund, 5 basis points from investors and the 2.5 basis points from CIC were the result of an amendment to the 2010 Multifamily NPA, under which additional deposits are made to the Investor First Loss Fund to ensure that it will be able to cover projected loan losses. CIC has the authority to increase this additional deposit up to a total of 50 basis points from investors as long as any increase from investors is matched on a 1:2 basis by a contribution from CIC corporate income.) 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.

Summary Term Sheet:
CIC's Multifamily loan pool (continued)

Multifamily Loan Products Offered by CIC

The 2020 Multifamily Note Purchase Agreement describes the terms under which investors provide funds for Community Investment Corporation (CIC) to make loans to borrowers for multifamily rental housing throughout the Chicago area.

	Standard Loan (Three Year or Five Year Adjustable Rate Mortgage) For acquisition, refinance, acquisition/rehab, or refinance/rehab		Limited Rehab Standard Loan (Three Year or Five Year Adjustable Rate Mortgage) For acquisition or refinance only with little or no rehab		Innovative and Complex (Flex Loans)	
Size	\$100,000 to \$5 million		\$100,000 to \$5 million		≤ \$5 million	
Term	10 years		10 years		10 years	
Amortization	25 - 30 years		25 - 30 years		25 - 30 years	
Loan-to-Value	80% maximum		75% maximum		May exceed 80%	
Debt Coverage	1.25 minimum		1.25 minimum		1.15 minimum	
Security	First mortgage on the property (occasionally a small second mortgage behind a CIC originated first mortgage)†		First mortgage on the property (occasionally a small second mortgage behind a CIC originated first mortgage)†		First mortgage on the property (occasionally a second mortgage behind a CIC originated first mortgage)†	
Prepayment	No prepayment penalty		3-2-1-0 (year 4 and after)		No prepayment penalty	
Recourse	Full recourse to the borrower		Full recourse to the borrower		Full recourse to the borrower	
	Three Year ARM	Five Year ARM	Three Year ARM	Five Year ARM	Three Year ARM	Five Year ARM
Current Initial Rate *	5%	5.25%	4.5%	4.75%	5%	5.25%
Adjustment Period	Three years	Five years	Three years	Five years	Three years	Five years
Adjustment Limit (Each Period)	2%	3%	2%	3%	2%	3%
Adjustment Limit (Life of Loan)	5%	6%	5%	6%	5%	6%
Adjustment Calculation	350 bps over comparable Treasuries	350 bps over comparable Treasuries	350 bps over comparable Treasuries	350 bps over comparable Treasuries	350 bps over comparable Treasuries	350 bps over comparable Treasuries
Floor	Initial rate, currently 5%	Initial rate, currently 5.25%	Initial rate, currently 4.5%	Initial rate, currently 4.75%	Initial rate, currently 5%	Initial rate, currently 5.25%

* Initial Interest Rate is set at each meeting of the Loan Committee.

† Note: The combined debt service coverage ratio of a first and second mortgage loan must be at least 1.15. If the second mortgage loan does not meet all of the requirements of a Standard Loan, it will be considered a Flex Loan. A second mortgage Energy Loan behind a CIC first mortgage loan, with a combined loan-to-value of up to 90% and a combined debt service coverage ratio of at least 1.15, is classified as a Flex Loan.