Annual Performance and Credit Review Report to Investors

Fiscal Year 2021 (10/1/2020 - 9/30/2021)

Community Investment Corporation and Community Initiatives, Inc.

CIC

222 South Riverside Plaza, Suite 380, Chicago, IL 60606
(312) 258-0070 cicchicago.com

CIC is a certified Community Development Financial Institution (CDFI), a member of the Federal Home Loan Bank of Chicago, and an approved FHA Multifamily lender.

DECEMBER 2021

To: Community Investment Corporation Investors

The achievements of Community Investment Corporation (CIC) and Community Initiatives, Inc. (CII) are possible because of the many investors who have made CIC the Chicago area's leader in financing the rehabilitation and preservation of affordable rental housing.

CIC's fiscal year (10/1/20) started at the height of the pandemic. CIC's resilience was evidenced by positive financial results and real impact in the neighborhoods. CIC drove higher than expected loan volume, pursued new resources, and stabilized operations with sound fiscal management – all under the cloud of COVID, and while preparing for the departure of Jack Markowski, CIC's CEO for the past 14 years. CIC's strong infrastructure and talented staff not only ensured a smooth leadership transition, but also delivered a solid performance in a very unpredictable year. Here are some highlights of FY 2021 that are more fully described in the report:

Lending Programs

- In FY 2021, CIC provided nearly $70 million across several lending programs to acquire, rehab, and preserve 2,500 units of affordable rental housing and 25 commercial units throughout the Chicago area. This higher than anticipated volume was complemented by the launch of new initiatives, including the Woodlawn Construction Loan Fund, and CII's work on a revamped $17 million TIF Purchase Rehab Program with 13 new TIF areas to support the City's Invest Southwest Initiative.
- Loans and grants were provided in 22 Chicago communities and 10 suburbs. 99% of the units financed by CIC were affordable to households at or below 80% of area median income (AMI).
- Multifamily loan delinquencies decreased significantly, and CIC successfully completed its temporary COVID loan forbearance program. All losses were covered by reserves, and no losses were passed on to investors.
- Investors in the Multifamily Loan Program received a return of 3.2%, and investors in the 1-4 Unit Loan Program received a return of 5%.
- At the close of FY 2021, the balances of loans sold to investors stood at $196.8 million for Multifamily loans, $19.4 million for 1-4 Unit loans, and $1.1 million for the Opportunity Investment Fund, with an additional $580,000 pending sale, which will bring the total balance to $1.7 million.

New Resources and Community Development Activities

- CIC received grants from new sources, including an unsolicited, unrestricted MacKenzie Scott grant for $8 million, as well as support from JPMorgan Chase Foundation, Wells Fargo, the Paycheck Protection Program, and the CDFI Fund.
- CII recovered 49 buildings with 735 units under the Troubled Buildings Initiative.
- The Preservation Compact led the way for groundbreaking new rental property tax relief, new local plumbing code relief, and an intergovernmental effort to coordinate emergency rental assistance to stabilize buildings during the ongoing pandemic.
- Property Management Training continued to operate fully online and provided training and information for 1,639 people, bringing the total number of attendees since 1998 to more than 24,300.

Financial Condition and Performance of CIC and CII

- CIC and CII achieved a Consolidated Net Operating Surplus of $56,000 in FY 2021. The MacKenzie Scott and other grants helped increase Unrestricted Net Assets by $10.8 million to $45.6 million, and Overall Net Assets increased to $48.6 million.

Leadership Transition

- Following Jack Markowski's retirement announcement, CIC began a national search in early 2021. The executive search firm of Koya Partners was engaged to identify and qualify potential candidates. In June, CIC announced Stacie Young as the new President and CEO.

- CIC owes a debt of gratitude to Jack Markowski for his enormous contributions to CIC and to the members of the Board Search Committee, who worked tirelessly through the search process. Chaired by Mitch Feiger, Committee members included Karen Case, Dave Dykstra, Bob Marjan, Angie Marks, Frank Pettaway, and Dan Watts.

We appreciate your investment in CIC. CIC is committed to using it prudently and effectively. Thank you for your continued support.

Stacie Young
President/CEO

David Dykstra
Board Chair

Table of Contents

Table of Contents

Board and Committee Members

FY 2021

CIC BOARD MEMBERS

David Dykstra, Wintrust Financial Corporation (Chair)

Vicky Arroyo*, The Resurrection Project
Karen Case, CIBC (1)
Collete English Dixon, Roosevelt University (4)
Mitchell Feiger (1)
Scott Ferris, BMO Harris Bank (2, 5)
Timothy Hadro (3, 4)
John Hein, Fifth Third Bank (4)
R. Patricia Kelly, Huntington Bank (2)
Robert Marjan, The Marjan Group (3, 5)
Angie Marks, University of Chicago
Jeff Newcom, First Midwest Bank (2)
Frank Pettaway, Northern Trust (Vice Chair) (1, 3, 5)
Andrew Salk, First Eagle Bank (2, 4, 5)
Thurman Smith, PNC Community Development Bank (1, 4)
Daniel Watts, Forest Park National Bank & Trust (3, 5)
Stacie Young, Community Investment Corporation (President) (1)

*Notes: *Nominated and elected in FY2022. Numbers in parentheses indicate committee membership. (1) Executive Committee, (2) Finance Committee, (3) Access to Capital Committee, (4) Portfolio Oversight Committee, and (5) Performance and Credit Review Committee.*

CII BOARD MEMBERS

Stacie Young, Community Investment Corporation (President)
Tom Hinterberger
Rondella Hunt, J.P. Morgan Chase
Robert Marjan, The Marjan Group
Angie Marks, University of Chicago
Frank Pettaway, Northern Trust
Thurman Smith, PNC Community Development Bank

CIC MULTIFAMILY LOAN COMMITTEE

Chas Hall, Leaders Bank (Chair) (4)
Brian Bianchi, Northern Trust
Rogelio Lopez, PNC Bank
Courtney Olson, First Bank of Highland Park
David Patchin, Fifth Third Bank
Teresa Rubio, Associated Bank
James Turner, CIBC
James West, BMO Harris Bank
Esther Sorrell, Chicago Department of Housing*
Stephen Gladden, Illinois Housing Development Authority*
** Non-voting Member*

CIC 1-4 LOAN COMMITTEE

Lynn Backofen, First Savings Bank of Hegewisch
Brian Bianchi, Northern Trust
Loretta Minor, BMO Harris Bank

OPPORTUNITY INVESTMENT FUND INVESTMENT COMMITTEE

Carl Jenkins, BMO Harris Bank (Chair)
Bryan Esenberg, City of Chicago
Lindsay Durr, Northern Trust
Susan Thomas, Fifth Third Bank
Tony Hernandez, CIBC

SECTION A

Overview and Organization

Overview and Organization

- This 29th annual Performance and Credit Review Report confirms that Community Investment Corporation (CIC) remains centrally focused on stabilizing the Chicago area's low and moderate income communities by financing the acquisition and rehabilitation of affordable multifamily housing stock safely and soundly while generating a fair return to investors.

- CIC is a not-for-profit 501(c)(3) corporation. Incorporated in 1973, CIC's mission is to be a leading force in affordable housing and neighborhood revitalization through innovative financing, programs, and policy leadership. CIC is an important and reliable source of capital for redeveloping and maintaining affordable rental housing. Since 1984, CIC has provided $1.6 billion to finance the acquisition and rehabilitation of more than 66,200 units of rental housing. CIC is the leading multifamily lender in Chicago's low and moderate income communities, which contain most of the region's affordable rental housing.

- CIC is managed as a self-sustaining Social Enterprise, generating income through its operations to cover its costs and provide an operating surplus while maintaining a focus on its mission. The surplus gives CIC the means to initiate new programs and expand existing efforts.

- Since 1996, CIC has been certified by the U.S Department of the Treasury as a Community Development Financial Institution (CDFI).

- CIC is an approved FHA Multifamily Lender and is a member of the Federal Home Loan Bank of Chicago.

- CIC is a pooled risk lender. CIC's success is the direct result of the long term support of Chicago area institutions investing in CIC's programs. CIC has been able to maintain the strong support of its investors for the past 37 years by providing a fair return on their investments and not passing through any losses since 2001. Currently, 39 investors have committed $289,900,000 to purchase notes through September 15, 2025 under the Multifamily Loan Program, 12 investors have committed $35 million to purchase notes through September 15, 2025 under the 1-4 Unit Loan Program, and nine investors have committed $34 million to participate in the Opportunity Investment Fund. (See Exhibit 1.)

- CIC's affiliate company, Community Initiatives, Inc. (CII), is also a not-for-profit 501(c)(3) corporation, incorporated in 2002. The corporation was created to more directly engage in real estate activities to further the mission of CIC. CII's governing board is elected by the CIC Board of Directors. Specifically, CII preserves troubled and deteriorating low and moderate income residential buildings through:

    1. Code enforcement, receivership, and repair of troubled multifamily properties;
    2. Purchase of delinquent mortgages and distressed properties and sale to capable new owners;
    3. Coordinated redevelopment efforts in targeted areas; and
    4. Re-assembly and return to the rental housing stock of buildings that have been lost through failed and/or fraudulent condominium conversions.

- Since 2011, CIC has been the coordinator for The Preservation Compact, a collaborative policy forum composed of government, non-profit, and for-profit housing leaders working to preserve affordable rental housing in Cook County. Many CIC programs and initiatives have been developed to address issues originally identified by The Preservation Compact.

- CIC is well equipped to manage its programs. CIC's top executives and managers have many years of experience in real estate lending and community development. CIC is characterized by a stable workforce, with a mix of employees who have been with the company for a long time and some who have joined in recent years. (See Management Structure in Exhibit 2.)

- CIC's Loan and Investment Committees are composed solely of senior lending officers of investing institutions. As provided in their respective governing documents, members of the Multifamily Loan Committee represent at least 51% of total committed dollars for the Multifamily Note Purchase Agreement (NPA), all investors in the 1-4 Unit Loan Program are eligible for membership on the 1-4 Unit Loan Committee, and members of the Opportunity Investment Fund (OIF) Investment Committee are drawn from major OIF investors.

- CIC's Board is composed of leading banking professionals and community leaders in the Chicago area. The Board provides oversight for CIC through regular meetings, an Executive Committee, and other committees. The Board has established the following committees:

    1. **Executive Committee** – Reviews policy issues between board meetings, provides counsel to staff, acts as Compensation Committee, and nominates new board members and company officers.

    2. **Finance Committee** – Guides financial management and reporting, including the strategic management of capital resources, and reviews CIC's financial performance. This committee also reviews the annual budget with staff and recommends action to the whole board, and reviews annual audit reports with auditors before presentation of the audit report to the whole board.

    3. **Committee on Access to Capital** – Guides the process of raising capital for CIC's lending activity, including renewing the multifamily and 1-4 unit note purchase agreements, and developing other sources of funding. Guides strategy for approaching new and existing investors to finance CIC programs and weighs the relative risks and benefits of various new sources of funding.

    4. **Portfolio Oversight Committee** – Exercises Board management authority with respect to CIC's overall loan portfolio. Acts as the Board's liaison to loan committees. Works with the loan committees and CIC staff to implement the risk rating system. Provides advice and counsel to CIC staff regarding timely, streamlined reports on loan delinquencies and loan losses; watch list procedures and policies; establishment of appropriate loan loss reserves; and other matters regarding management and reporting on the loan portfolio.

    5. **Performance and Credit Review Committee** – Works with staff to prepare the annual report to the Board and investors on the company's performance, policies, loan portfolio, credit procedures, and controls.

Overview and Organization

Strategic Plan

Mission Statement

CIC's mission is to be a leading force in affordable housing and neighborhood revitalization through innovative financing, programs, and policy leadership.

Strategic Goals

- CIC's strategic plan details organizational priorities and strategies. The most recent strategic plan identified four main goals focused on lending, mission impact, public policy, and strategic financial management:

    - Offer a full range of lending products and financing tools that meet the needs of the multifamily affordable housing market and generate income to support CIC operations.

    - Increase CIC's mission impact in low and moderate income communities through targeted neighborhood interventions and services that are complementary to CIC's lending business.

    - Lead the policy conversation and development of financing tools to expand the availability and quality of affordable rental housing.

    - Advance CIC's financial management systems and capabilities to provide CIC with a greater ability to strategically use its resources and capital and enhance its self-sustaining business model.

- In FY 2020, CIC started the process of developing a new multiyear strategic plan which would begin in 2021. Given the ongoing external changes brought by COVID 19 as well as the leadership transition, the Board of Directors decided to suspend the planning process, extend the current plan through 2021, and re-engage in a comprehensive strategic planning process when CIC returns to a more stable environment.

CIC Balances Two Objectives

Improve the condition and increase the supply of rental units that are affordable to low and moderate income households.

Provide fairly priced financing for acquisition and rehab of rental housing.

Provide advice and oversight regarding scopes of work, costs, and quality of construction.

Provide financing for energy efficient upgrades to reduce utility costs.

Provide training and technical assistance to ensure high quality property management.

Make efficient use of private and public funds.

Advocate for public policies that support affordable rental housing.

Real Returns.
Real Impact.

Generate fair return to investors.

Provide acceptable yield on every loan.

Manage investors' risk of loss through:

- Thorough underwriting of all aspects of every loan proposal.
- Robust credit process involving staff, management, and Loan Committees.
- CIC Loss Reserve Policies.
- Large investor base to share risk.
- Portfolio concentration limits.

Remit payments monthly.

Service loans in-house.

Capitalize on experience. Multifamily rehab lending has been CIC's core business since 1984.

Credit Process

CIC's Credit Process and policies are designed to mitigate potential investor risk.

The Credit Process Review is performed periodically by a participating Note Purchaser or other entity. This year, the review was performed by Plante Moran, which also performs CIC's annual audit. The review found that CIC was fully complying with the requirements of the 2020 Multifamily NPA.

Underwriting and Loan Structure (See Exhibit 3.)

- Adhere to sound underwriting standards and credit processes.
- Perform sensitivity analysis for all loans.
- Limit exposure on any single loan to a maximum of $5 million.
- Personal recourse to borrower.
- Careful review and monitoring of the contractors and the construction progress.

Loan and Investment Committees

- Loans are approved by the Multifamily and 1-4 Loan Committees and the Opportunity Investment Fund (OIF) Investment Committee, which are composed solely of senior representatives of investing institutions.
- In the 2020 renewal of the NPAs, approval of loans by CIC management was increased to $500,000 per individual loan, not to exceed a total of $1 million exposure per borrower. All loans approved by CIC management are reported to the respective Loan Committee.
- The Multifamily Loan Committee represents at least 51% of the total dollars committed to the Multifamily NPA. All 1-4 Note Purchasers are invited to sit on the 1-4 Loan Committee. The OIF Investment Committee is composed of major OIF investors. (Current members of the Loan and Investment Committees are listed on page 4.)

Shared Risk

- Funded Investor First Loss Funds pursuant to the Multifamily and 1-4 Unit NPAs. Investors and CIC fund these accounts each month.
- Returns and risk on all loans are shared proportionally based on investor participations.

Loan Servicing and Asset Management

- Performed by CIC on all loans.
- Ongoing efforts to maintain close contact with borrowers.
- Employ early intervention and workouts where appropriate.
- Access to other resources such as free energy assessments, utility rebates, referrals for property tax appeals, and sources for grants.
- Annual inspections of all properties with additional inspections for problem loans.
- Annual financial reports and reporting of DSCR.
- In anticipation of potential losses caused by the coronavirus pandemic, CIC has increased payments into the Multifamily First Loss Fund to the maximum amount permissible under the Multifamily NPA. (See page 22.)

Portfolio Reviews

- Monthly review of status of delinquent loans and REO by CIC Senior Management and CIC Committees.
- Quarterly Status review of the Portfolio Watch List by Loan and Investment Committees and semi-annual review by the Portfolio Oversight Committee.
- Board Portfolio Oversight Committee provides advice and counsel and acts as Board liaison to the Multifamily and 1-4 Unit Loan Committees.

Diversification

- Limit total exposure to any single borrower to $7.5 million ($10 million with board approval) for the Multifamily program and $2.5 million for the 1-4 Unit program.
- In the neighborhoods of highest concentration, spread risk across multiple borrowers and properties.
- In FY 2021, made loans for projects in 22 Chicago communities and in 10 suburban communities in the metropolitan area.

Overview and Organization

Impact Investing

CIC achieves its mission by increasing access to capital for local entrepreneurs — with a focus on minority and women-owned businesses — investing in low and moderate-income neighborhoods, and providing quality homes to Chicago area residents. CIC achieves these mission impacts while also providing a consistent return to its investors.

Who does CIC lend to?

The following describes CIC borrowers:

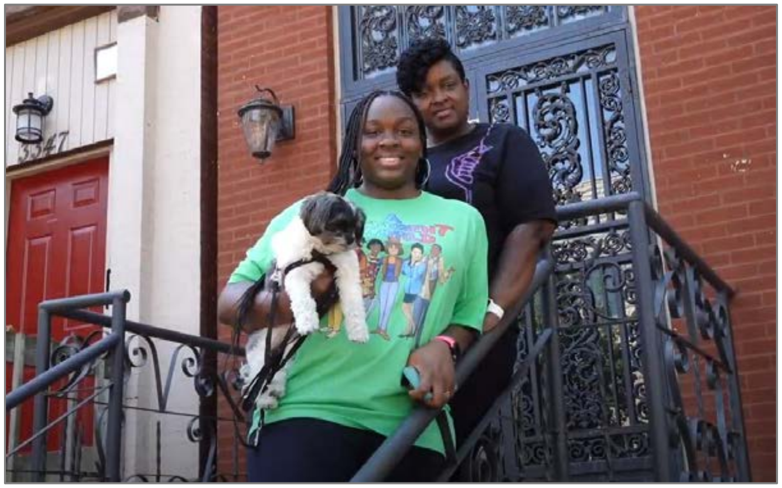
- Small businesses
  - 50% are full-time owner-operators and/or managers.
  - Have an average of 4 employees, but 39% have no employees.
- 54% of CIC borrowers are minority or women owned businesses.
- Experienced: Two-thirds have been in business more than 10 years.
  - 1/8 have come into business within the last 5 years.
- Over half of CIC borrowers own five buildings or less.
- Own an average of 35 units.
- 90% self-manage their properties.
- One-third got their first loan from CIC.
- 63% have received an Energy Savers assessment, and 71% of those borrowers completed the recommended upgrades.

Where does CIC lend?

- Throughout the six Illinois counties in the Chicago MSA, but primarily in Chicago's south and west side communities. (On average, 90% of loans are in Chicago.)
- 86% of loans in majority African American census tracts (5% Hispanic, 3% White, 6% no majority)
- In census tracts with an average median income of $42,290 (about 55% of Area Median Income)
- Areas of high unemployment and low Labor Market Engagement. (Average: 17 on a scale of 1-100)

Who lives in the buildings CIC finances?

- 86% of tenants living in CIC-financed buildings are African American.
- 37% of households living in CIC-financed buildings have at least one child.
- 92% of households living in CIC-financed buildings have an income of less than $40,000 per year. 34% have an income of less than $20,000 per year.
- Virtually all rents in CIC financed buildings are affordable to households at 80% of AMI, and nearly three-quarters of CIC financed units are affordable at 50% of AMI.
- 35% of tenants in CIC-financed properties receive some form of rental assistance.



Data are from a 2018 survey of CIC borrowers and their businesses; a 2016 analysis of the location of loans in CIC's multifamily portfolio; and a 2016 demographic survey of tenants living in a sample of buildings financed by CIC.

COVID-19: Context, Support, and Trajectory

- CIC's FY 2021 consolidated operating surplus, though relatively small at $56,000, was far stronger than anticipated at the start of the fiscal year, when no one could predict when vaccines would become available, or when the economy would start inching toward stability. The FY 2021 budget contemplated nearly 30 percent less income than the FY 2020 budget, driven by loan volume projections of $33 million, less than half the loan volume achieved in prior years.

- As a result, for the first time in its history, the CIC board adopted a deficit budget for FY 2021. This reflected a decision by the CIC Board to avoid layoffs in order to keep the CIC infrastructure intact, and to be ready to quickly resume lending activities as the market recovered.

- FY 2021 outcomes evidence how strong, nimble and effective CIC's infrastructure was in the face of the pandemic. Not only did CIC's loan volume far exceed projections, but CIC became a reliable hub of information and resources for owners and others struggling to navigate the new COVID world.

Lending Activity

- CIC created a temporary forbearance program (the Borrower Assistance Program, or BAP) in FY 2020 in response to COVID pressures. The BAP program has proven successful, approving over $50 million since inception for 67 borrowers (see page 23).

- At the outset of COVID, CIC pivoted loan officers from underwriting to asset management. Throughout FY 2021, markets began to stabilize and employment improved, which gradually drove loan volume. As a result, CIC's intact lending infrastructure was able to judiciously analyze and capture pent up loan demand, increasing lending approvals to nearly $70 million.

Resources for Borrowers and Neighborhoods

- From the pandemic's outset, both Property Management Training and The Preservation Compact (see pages 45-46; 51-52) helped organize and communicate information about COVID resources. Several webinars helped owners and tenants access resources, and highlighted best management practices in the face of COVID challenges.

- In January, the Compact began regularly convening the governmental agencies administering different Emergency Rental Assistance (ERA) programs. Aside from ongoing intergovernmental coordination, this work culminated in an innovative joint ERA webpage —*ChiCookIlRentHelp.org* — to help owners and tenants navigate the different programs. This webpage has seen nearly 100,000 unique visitors in the past six months.

- CIC received a $2 million Wells Fargo grant (see page 42) to stabilize small owners affected by COVID, and quickly created a platform to underwrite borrower eligibility and allocate grants. So far, these grants have supported 31 buildings and 26 owner-operators. The remainder of grant funds are anticipated to be disbursed before the end of the calendar year.

New Grants

- CIC also secured several large grants in FY 2021 from a variety of public and private sources. The $8 million unsolicited, unrestricted grant from MacKenzie Scott (see page 43) was unexpected, and an impressive testament to CIC's strength, stature and leadership.

- Related to federal COVID-19 dollars, CIC was awarded a second Paycheck Protection Loan for $863,000, which was forgiven in October 2021. The first $963,000 PPP loan awarded in FY 2020 was also forgiven by the SBA, and CIC received $1.8 million from the CDFI Fund Rapid Response Program. The Preservation

Compact (see pages 51-52) also garnered an additional $60,000 across three new grant awards, including for its intergovernmental ERA coordination.

- A new $2.5 million grant from JPMorgan Chase Foundation is supporting lending activities, including a new Line of Credit program for undercapitalized small 1-4 unit borrowers (see page 49), and the new Woodlawn Construction Loan Fund (see page 41).

Investor Outreach and COVID FAQ

- Over the summer, CIC circulated an FAQ to investors, outlining CIC performance and activities in the COVID context. CIC staff followed up with a number of investors to discuss COVID impacts, and CIC's new leadership and trajectory moving forward (see Exhibit 14).

SECTION B

CIC Lending and Grant Programs

CIC Lending and Grant Programs

FY 2021 Lending Report

Overview

In FY 2021, CIC provided $69.8 million in different loans for 2,524 affordable rental housing and commercial units throughout the Chicago area (2,499 units of housing and 25 commercial units). (See Exhibits 4 and 5.)

In addition to $66 million in standard multifamily lending and $3.6 million in other lending activities, CIC provided $5 million in other financing and grant funds, for an overall total of $74.8 million in financial assistance for 2,724 affordable rental housing and commercial units.

While the ongoing disruption and uncertainty caused by COVID-19 impacted lending overall, multifamily loan applications were up from 2020 by 53%, and loan approvals and closings were up about 45% compared to FY 2020.

In FY 2021, CIC approved and closed or had closings pending for:

- 80 standard multifamily loans for $66 million and two Energy Flex loans for $252,530 under the Multifamily NPA.
- One loan for $2.1 million under the 1-4 Unit Rental Redevelopment Loan Program.
- Two low-cost construction loans for $1.3 million under a new initiative, the Woodlawn Construction Loan Fund.
- $252,500 of mezzanine debt for 2 loans under the Opportunity Investment Fund.
- The $5 million in other financing and grants included:
    - o Two loans for $3.4 million in correspondent lending of agency debt.
    - o Two TIF Vacant Building grants for $683,000, and one Affordable Housing Program grant from the Federal Home Loan Bank of Chicago for $900,000.

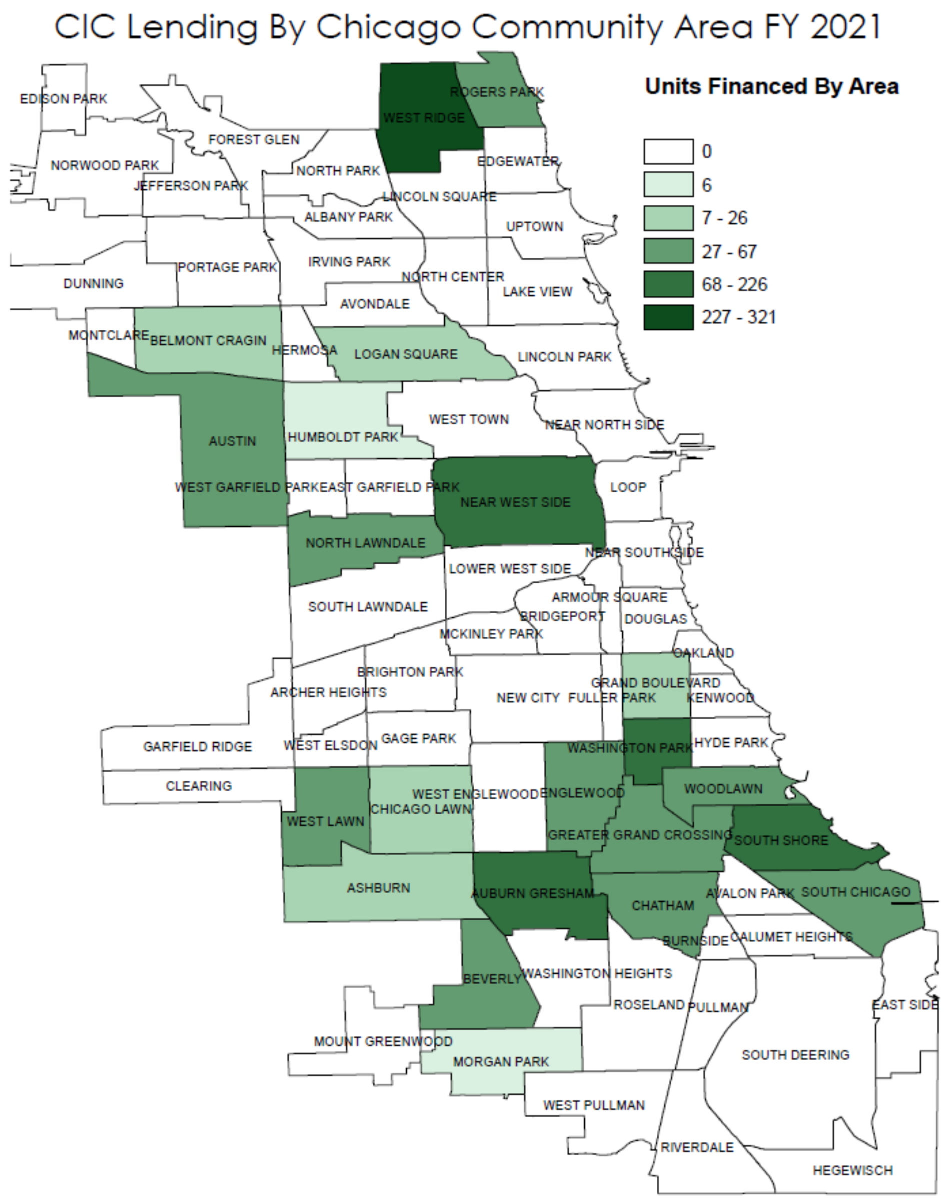
LENDING ACTIVITY FY 2021		
	#	$ (000)
Multifamily Loans		
Multifamily Standard	80	65,981
Energy Flex	2	253
1-4 Unit Program Loans		
1-4	1	2,050
Opportunity Investment Fund		
Mezzanine Debt	2	253
Woodlawn Construction Loan Fund		
Construction Loans	2	1,299
TOTAL LENDING	**87**	**$69,835**

OTHER FINANCING AND GRANTS FY 2021		
	#	$ (000)
Other Financing & Grants		
Agency Debt	2	3,400
TIF Grants	2	683
FHLB AHP Grants	1	900
TOTAL OTHER FINANCING & GRANTS	**5**	**$4,983**

- In all of the buildings provided with financial assistance by CIC in FY 2021, 99% of the units were affordable at 80% of area median income (AMI). For buildings financed within the City of Chicago, 100% of units were affordable at 80% AMI, 97% were affordable at 60% AMI, and 78% were affordable at 50% AMI.

FY 2021 Lending Report

- Most loans approved by CIC were located in low and moderate-income census tracts in the city and suburbs of Chicago.
- Of the 87 loans approved by CIC, 72 were made in 22 Chicago communities and 15 were in 10 suburbs.
- The Opportunity Investment Fund provided mezzanine debt for seven affordable housing units (19 units overall) in Ashburn and Rogers Park. OIF is more fully described on pages 29-30.
- The map on this page illustrates the distribution of units financed by CIC in the City of Chicago.
- Exhibit 4 provides a complete list of all communities served by CIC financing programs in FY 2021.



Borrower Spotlight: Building Community, Building Generational Wealth

Jeff Osuji has multiple entrepreneurial endeavors with one common goal: to invest in people and communities in a way that builds generational wealth and supports Black-owned enterprises.

"We know that most people build and pass along generational wealth through real estate, but it's not really something that's taught in school. The people I saw who were building their own successful businesses were people in real estate. And I've always known that what would make me most happy was to work for myself. I'm using real estate as a way to not only build my own wealth but to support my other business ventures."

Mr. Osuji, a local broker with Kale Realty and cofounder of technology start-up Eventnoire, came to CIC in 2020 looking to acquire his first multifamily investment property. Building on his experience rehabbing and selling several two- and three-flats for homeownership, Mr. Osuji was ready to leverage his portfolio and purchase a six-unit rental building in Chicago's Chatham community.

He was eager to take the plunge from single-family to multifamily. He explains, "I learn by doing. I've learned about multifamily property investment and management by just jumping in and doing it. And learning from other people with vast experience."

To that end, Mr. Osuji actually purchased the Chatham property from an existing, long-time CIC borrower that owns and manages over 500 units throughout Chicago neighborhoods. He also retained the seller as property manager. This unique relationship has allowed Mr. Osuji to not only learn the ins-and-outs of this particular building, but also gain experience in property management overall, including building maintenance and tenant screening. "I wanted to learn from someone who's been doing it for years," he says.

Creating space for others to enter real estate as a means of wealth building is a priority for Mr. Osuji. In his role as a broker, he has helped form small investor groups of 4-5 individuals to come together and purchase multifamily properties. He also works with many first time homeowners. Mr. Osuji explains that helping to guide people through the homeownership and investment processes as a means of building wealth is a role he finds extremely valuable.

He was born and raised in Chicago's Rogers Park neighborhood, and both of his parents immigrated to Chicago from Nigeria. As Mr. Osuji explains, he works with some immigrant clients that have different perspectives about real estate, accessing loans, and taking on debt. "In Nigeria, many people are used to building their own homes and only using cash, and getting a loan is thought of as a big burden. So I work with a lot of first generation immigrant clients to share knowledge about the benefits of accessing credit and the fact that getting a mortgage or loan is not a bad thing at all."

In addition to his real estate activities, Mr. Osuji is cofounder of Eventnoire, a technology start up and event ticketing platform that seeks to support and promote Black enterprises and cultural events. They are currently raising the next round of seed funding for this venture, and were last year featured in Forbes for their work to address racial discrimination in the social events industry.

CIC Lending and Grant Programs

Multifamily Loan Program

Originations

- In FY 2021, CIC approved 80 Multifamily loans for a total of $66 million, and two energy flex loans for $252,530. These loans financed the acquisition and rehab of 2,489 affordable rental housing and commercial units. (See Exhibits 4 and 6.)

- Of the 80 Multifamily loans, two of these loans for $2.02 million provided first mortgage financing for buildings that also received mezzanine debt under the Opportunity Investment Fund (see pages 29-30).

- In addition to standard Multifamily First Mortgage Loans, CIC provided $1.3 million for two buildings under the new Woodlawn Construction Loan Fund (see page 41).

- CIC provided $5 million in other types of specialty financing and grants in FY 2021, including:

  - Two Agency Debt loans for $3.4 million through a correspondent lending partnership),

  - Two grants for $683,000 to financing vacant and distressed buildings under the TIF Purchase-Rehab Program (see page 40), and

  - One grant for $900,000 through the Federal Home Loan Bank of Chicago Affordable Housing Program.

- CIC's Flex Fund enables CIC to use a portion of the Multifamily Loan Program for "Innovative and Complex" lending in order to reach unmet neighborhood needs or spur an increased level of rehab activity in neighborhoods needing an intervention stimulus. The Flex Fund is most useful in addressing situations in which a building's cash flow can support debt in excess of usual LTV limits. In recent years, however, with increasing building values but little change in underlying income and expenses, the Flex Fund's typical use has been limited.

- CIC has been using The Flex Fund for energy upgrades, and financed $252,530 in Energy Flex in 2021 (The Flex Fund is more fully described in Exhibits 3 and 7.)

- CIC conducted four Multifamily Note Sales for a total of $42.1 million, and there were $52.9 million in payoffs and amortizations in FY 2021. In total, there are $196.8 million of notes sold to investors. (See Exhibit 8.)

CIC Lending and Grant Programs

Multifamily Loan Program

Portfolio Performance

Delinquencies

- Delinquencies and REO on loans in the portfolio of Multifamily Notes Sold to Investors are $6.1 million (3.1%) as of 9/30/21 versus $25.6 million (12.3%) as of 9/30/2020. (See table on this page and Exhibit 9.) Of this total, non-performing loans (90+ days past due plus foreclosures and workouts) are $4.3 million (2.2% of notes sold). The significant decline in delinquencies in comparison to last year was the result of a concerted effort by the Credit Administration staff to ensure borrower relationships with significant balances remained current.

- In FY 2021, CIC resolved the high FY 2020 delinquency rate — largely due to two borrowers —by negotiating a modification that aligned a large borrower's payments with his projected collectionswhich were severely affected by the COVID-19 pandemic. 90+ day delinquencies also declined due to the successful resolutions of several long-standing delinquent loans.

Summary of Delinquent Multifamily Notes Sold to Investors

Delinquent & Non-Performing Loans	**9/30/2021**		**9/30/2020**	
	$MM	**%**	**$MM**	**%**
30 days	1.8	1.0	12.5	6.0
60 days	0.0	0.0	2.0	1.0
Delinquent Sub Total	$1.8	1.0%	$14.5	7.0%
90+ Days	2.1	1.1	7.3	3.5
Foreclosure	2.2	1.1	3.1	1.5
Workout	0.0	0.0	0.0	0.0
Non-performing Sub Total	$4.3	2.2%	$10.5	5.0%
Total	$6.1	3.1%	$25.0	12.0%
REO Properties	0.0	0.0	0.6	0.3
Total REO plus Delinquency & Non-Performing	**$6.1**	**3.1%**	**$25.6**	**12.3%**
Multifamily Notes Outstanding	**$196.8**		**$210.2**	

Multifamily Loan Program

Delinquencies

- In recent years, multifamily foreclosures have been largely driven by a single, seven-building portfolio in Roseland. In FY 2021, CIC sold 6 of these 7 foreclosed properties, and secured a foreclosure judgment for the remaining property that was previously on hold due to the moratorium. The remaining balance consists of protracted foreclosures on properties ranging from 5-12 units in the Auburn Gresham, Chatham, West Englewood and Washington Park neighborhoods.

- CIC finalized the disposition of remaining REO inventory during FY 2021. One of these properties, which had been in CIC's inventory for over 2 years, finally received HUD approval and closed shortly thereafter with a well-capitalized buyer. The other property was part of the seven-building portfolio mentioned above. It sold in conjunction with the 6 properties. The losses associated with the sale of the properties were fully covered by the Multifamily Investor First Loss Fund.

Multifamily Loan Program

Portfolio Performance - Borrower Assistance Program

- In March 2020, CIC developed the Borrower Assistance Program (BAP) which allowed borrowers to defer either 50% or 100% of principal and interest payments for three months and repay that portion over a 2-year period along with their regular payment. While CIC is no longer taking applications, it approved over 72 requests with an outstanding balance of approximately $50 million from March 2020 – May 2021. All loans have completed the deferral period and are completing their post-deferral payment.

All BAP Loan Modifications as of 9/30/21		
	Loans	**Principal Balance**
Completed Deferral Period	72	$49,966,372
Active Forbearance	0	$0
Total	**72**	**$49,966,372**

Payment Status for Loans With Completed Deferral Period as of 9/30/21									
	Completed Deferral Period Loans- CURRENT			**Completed Deferral Period Loans- PAID IN FULL**			**Completed Deferral Period Loans- 30 DAYS PAST DUE**		
	CIC-owned	Investor-owned	Principal Balance	CIC-owned	Investor-owned	Principal Balance	CIC-owned	Investor-owned	Principal Balance
ALL LOAN TYPES- Active	5	53	$35,046,146	0	11	$14,260,220	0	3	$659,957
Multifamily	5	50	$33,629,133	0	1	$14,260,220	0	3	$659,957
1-4	0	2	$1,417,012	0	0	$0	0	0	$0

Multifamily Loan Program

Portfolio

Risk Ratings

- CIC uses a Risk Rating System to evaluate the condition of loans in the multifamily portfolio. Each loan is assigned a risk rating. The ratings are included in the Annual Multifamily NPA Report for the period ending September 30 and in the Mid-Year NPA Report for the period ending March 31, which are sent to all investors. The chart below lists the risk ratings in the Multifamily NPA at the close of FY 2021.

- On September 30, 2021, loans representing 96.8% of the overall portfolio of Multifamily Notes Sold to Investors are rated as *Pass* or *Acceptable*. On September 30, 2020, the number was 90%.

Risk Ratings of Multifamily Notes Sold to Investors as of 9/30/21

Rating	Balance	# of Loans	%
Pass	$174,828,896	355	80.9%
Acceptable	$34,380,411	52	15.9%
Special Mention	$1,168,249	2	0.5%
Substandard	$3,387,953	5	1.6%
Doubtful	$2,438,184	6	1.1%
Loss	0	0	0.0%
Total	**$216,203,693**	**420**	**100.0%**

Debt Service Coverage Ratios

- Under the 2020 Multifamily Note Purchase Agreement, CIC requests annual financial reports from borrowers for all loans in order to determine their debt service coverage ratios (DSCR). CIC gives special emphasis to obtaining reports for loans greater than $500,000. Below is a summary of the financial reports submitted to CIC in 2021.

Debt Service Coverage Ratios on Multifamily Notes Sold to Investors as of 9/30/21

	Loans	$MM	%
Balance ≥ $500,000	105	$126.1	64%
Balance < $500,000	268	$70.7	36%
Total	**373**	**$196.8**	**100%**
Financial Reports Received	**270**	**$135.3**	
DSCR ≥ 1.0	221	$114.3	84%
DSCR < 1.0	49	$21.0	16%

- 48 of these 49 loans are current. ($19.9 million of the $21 million)

DSCR for Multifamily Loans ≥ $500,000 Sold to Investors as of 9/30/21

	Loans	$MM	%
Total Loans ≥ $500,000	105	$126.1	
Financial Reports Submitted	74	$84.2	
Loans Reporting with DSCR ≥ 1.0	62	$72.0	86%
Loans Reporting with DSCR < 1.0	12	$12.2	14%

- 11 of these 12 loans are current. ($40.8 million of the $41.9 million)

	Loans	$MM	%
Loans Not Reporting†	31	$41.9	

† *Includes loans recently closed or to servicing, foreclosure, REO, or payoff/sale in process.*

Multifamily Loan Program

Portfolio

Losses

- In FY 2021, the portfolio of Multifamily Notes Sold to Investors incurred $2.05 million in loan losses on three loans, 0.77% of the $268 million portfolio balance at 9/30/21. (See Exhibit 10.)
- All of these losses were anticipated and were fully covered for participating investors by the Multifamily Investor First Loss Fund.

Multifamily Investor First Loss Fund				
Beginning Balance (10/01/20)	**Charges**	**% Portfolio**	**Additions to Reserve**	**Ending Balance (9/30/21)**
$3,716,114	$2,052,416	0.77%	$3,134,924	$4,798,622

Multifamily Portfolio Balance
$267,600,000

Multifamily Investor First Loss Fund

- Beginning with the 2010 Multifamily Note Purchase Agreement, CIC established a Multifamily Investor First Loss Fund, from which CIC reimburses note holders for losses of principal on notes sold. Each month, CIC deposits one-half of one percent (0.5%) from the 1.0% Loss and Administrative Fee into the Multifamily Investor First Loss Fund. Investor and CIC-funded contributions into the Fund have been adjusted at several points since 2010, to respond to market changes and to ensure that investor losses remain fully covered.
- At the beginning of FY 2020, before COVID hit, the total investor contribution to the Multifamily Investor First Loss Fund was 55 bps. The contribution from CIC was 2.5 bps.
- In response to uncertainty about future market conditions resulting from COVID, the CIC Board of Directors voted to increase the investor contribution into the Multifamily Investor First Loss Fund by an additional 45 bps.
- This took effect in two steps, with the first increase of 20 bps occurring with the June 15, 2020 remittances, and 25 bps occurring with the November 15, 2020 remittances. For the remainder of FY 2021, and currently, the total investor contribution is now 100 bps.
- At the same time the investor contribution increased by an additional 45 bps, CIC increased its contribution to the Multifamily Investor First Loss Fund by an additional 22.5 bps, increasing CIC's total contribution to 25 bps.
- As of September 30, 2021, the Multifamily Investor First Loss Fund stands at $4.8 million. Over the next year, CIC expects the Fund to continue to be sufficient to cover all projected losses in the Multifamily portfolio.

CIC Lending and Grant Programs

Multifamily Loan Program

Return to Multifamily Note Purchasers

CIC's Multifamily Loan Program allows CIC to pursue its affordable housing mission while providing a fair return to investors and minimizing investor loss exposure.

- The net weighted yield of the notes sold under the Multifamily NPA to investors in FY 2021 was 3.2%, down slightly from 3.4% in FY 2020. (See Exhibit 11.)

- Since most loans in the Multifamily portfolio are three-year adjustable rate loans based on the three-year Treasury rate plus 3.5% at the time of adjustment, CIC compares the investor net weighted yield to a three-year rolling average of the three-year Treasury rate. When Treasury rates decrease, the margin between CIC's net yield and the rolling average increases. When the Treasury rates increase, the margin between CIC's net yield and the rolling average decreases.

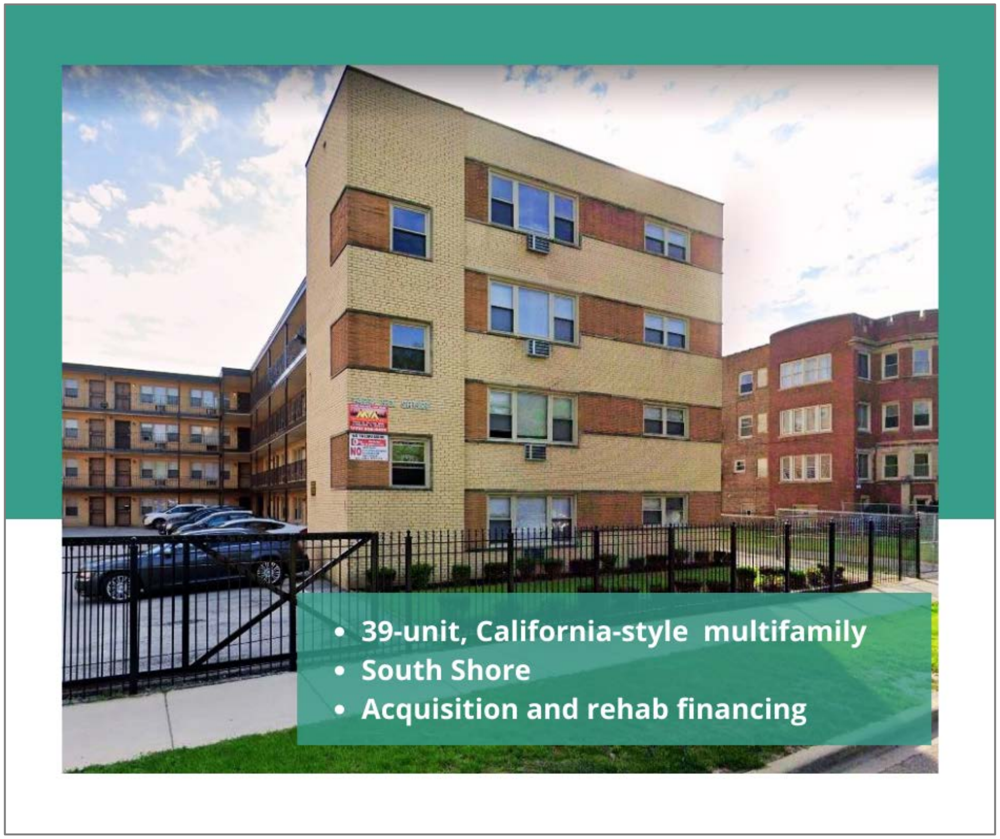
- For the past 30 years, the investors' net weighted return has averaged 5.5%, an average spread of 1.7% over the rolling average for the three-year Treasury certificates. In FY 2021, this margin was 2.1%. (See Exhibit 11.)

- Pursuant to the 2020 Multifamily Note Purchase Agreement, CIC passes through to investors all funds (principal and interest) received, less 1.05%, (0.5.% to CIC for loan servicing and 0.55% for deposit into the Multifamily Investor First Loss Fund). As described on page 22, as of 9/30/21, 1% of borrower payments are deposited into the Investor First Loss Fund.

- Every three to five years, CIC adjusts loans to a spread of 3.5% over Treasuries. In 2010, in response to historically low interest rates, CIC instituted a floor on all loans, generally at the initial interest rate for a loan. All Multifamily loans have ten-year terms. (See Exhibit 3.)

- The Multifamily Loan Committee sets the initial rate on CIC loans. This rate adjusts every three or five years after the month of commitment. Loans are eligible for sale to investors after construction has been completed and the building is operating at a 1.1 DSCR. Typically, this is six to twelve months after the Loan Committee approves a loan. Therefore, the first adjustment on a three-year adjustable rate loan usually occurs 24 to 30 months after the sale of the loan to the investors.

Property Spotlight:
Multifamily Closed in FY 2021



CIC financed this 39-unit building in the South Shore community in FY 2021. This building is typical of the multifamily properties that CIC preserves through its lending programs and the borrowers are repeat CIC customers who work extensively in the area. It is the largest rental building on the block, and its preservation will help to stabilize the block and surrounding community, and provide high-quality, naturally affordable housing for tenants.

CIC Lending and Grant Programs

Energy Savers

- Since 2008, CIC has partnered with Elevate Energy to offer Energy Savers, a program that helps multifamily building owners reduce their operating costs by saving energy and cutting utility bills. Energy Savers was one of the first programs of its kind, and continues to be a national model for multifamily energy efficiency.

- Building owners who participate in Energy Savers achieve significant reductions in their energy use and operating expenses as a result of the energy retrofit improvements to their properties. On average, owners achieve savings of 25-30% in their energy use and cost. Energy Savers retrofits have benefitted the environment by reducing greenhouse gas emissions, reducing electricity demand, and conserving water resources. Lower operating costs help keep rents affordable, while tenants experience enhanced comfort, health, and safety. Virtually all of the units in buildings retrofitted through Energy Savers loans have rents that are affordable to tenants with household incomes at or below 60% of the Area Median Income.

- CIC's energy and water retrofits are incorporated into our standard Multifamily Loan Program. To the extent that energy retrofit work exceeds standard underwriting guidelines, that portion of a loan is now treated as a second mortgage Energy Flex loan, as part of the Flex Fund. (The Flex Fund enables CIC to use a portion of Multifamily funds for innovative and complex lending, and is more fully described in Exhibit 7.) Beginning in 2017, CIC began using Flex Fund Second mortgages to fund Energy Savers loans in order to more fully integrate energy lending in the CIC Multifamily platform.

- In FY 2021, CIC financed energy efficiency retrofits in six properties with 61 affordable housing units using second mortgage Energy Flex loans, first mortgage loans, and utility incentives. This included two Energy Flex second mortgages, and four properties that financed energy efficiency upgrades through CIC first mortgages and available utility company incentives.

- Energy Savers encourages CIC borrowers to take advantage of expanded energy retrofit resources from Illinois utility companies, which include free energy assessments and free or reduced-cost installation of energy-saving measures.

- Since the launch of Energy Savers, CIC has approved 260 loans for $23.3 million and 34 grants for $2.8 million, representing 11,351 units. Of the total $26.1 million in energy retrofit loans, approximately $4.6 million has been financed with first mortgages in CIC's Multifamily Loan Program.

- At the close of FY 2021, CIC carries a portfolio of $1.9 million in Energy Savers loans approved under the original Energy Savers loan program. These are CIC in-house loans and have not been sold to investors. Generally secured by second mortgages, CIC bears all liability for losses on these loans (see page 37.)

CIC Lending and Grant Programs

Opportunity Investment Fund

- In November 2018, CIC closed on the Opportunity Investment Fund (OIF), an innovative, streamlined vehicle to finance multifamily rental buildings and create affordable housing in high cost neighborhoods. OIF efficiently combines $34 million in resources from public, private, and social impact investors. (See table on this page.)
- Growing out of discussions among housing stakeholders convened by The Preservation Compact, OIF provides low income households access to excellent schools and the economic advantages found in vibrant communities.
- OIF provides existing, functioning multifamily rental buildings with low-cost mezzanine debt. In return, owners keep 20% of their units affordable for 15 years. Owners may choose to use Housing Choice Vouchers or other types of operating subsidy to help offset reduced rents on the affordable units.
- CIC is the Fund Manager, and major OIF investors make up the Investment Committee.
- In FY 2021, CIC approved and closed two loans for $252,500 in OIF mezzanine debt. In addition, CIC approved $2,020,000 in first mortgage loans as part of the OIF transactions. These loans were for buildings with a total of 19 units of mixed income housing, of which 7 are affordable to households at 50% AMI. The buildings are located in Ashburn and Rogers Park.
- Overall, $3.3 million in OIF loans have been approved to finance 402 units of mixed income housing, including 92 affordable units, and CIC has provided $26.7 million in associated first mortgage financing (see page 30). There are no delinquencies in the OIF portfolio. All borrowers are paying as agreed.
- In 2019, increasing property values in target markets and lower than expected interest rates made the OIF program terms less competitive, which led to fewer OIF loans and volume than anticipated. In 2020, the pandemic exacerbated the problem, with multifamily loan transactions virtually coming to a standstill. As a result, investors approved an amendment to the LLC agreement that revises the waterfall so when the market returns the program will be more competitive. This will allow more flexibility in loan pricing for borrowers, and drive loan volume in FY 2022.

Investors in the Opportunity Investment Fund†

	Amount
CIBC*	$5,000,000
BMO Harris*	5,000,000
Fifth Third Bank*	4,000,000
Northern Trust*	4,000,000
Huntington Bank	2,000,000
Byline Bank	1,000,000
City of Chicago, CIC, and Social Impact**	13,000,000
Total	**$34,000,000**

†JP Morgan Chase Foundation provided a grant of $300,000 to fund pilot loans and start-up expenses.
*OIF Investment Committee
** Benefit Chicago, the social impact investor, declined to participate in the first LLC amendment. The City of Chicago and CIC bought out Benefit Chicago's investment.

Opportunity Investment Fund

Opportunity Investment Fund – Summary of Activity						
	Total Loans	Total Units	Affordable Units	CIC 1st Mortgage Loans	OIF Loans	Location of OIF Financed Projects
FY 2018	6	112	26	$6,600,000	$780,900	Galewood, Hermosa, Morgan Park, Oak Park
FY 2019	6	142	32	$12,827,000	$1,488,000	Des Plaines, Evanston, Harwood Heights, Hyde Park, Morgan Park
FY 2020	3	129	27	$5,235,000	$785,000	Evanston, Oak Lawn, Hyde Park
FY2021	2	19	7	$2,020,000	$252,500	Ashburn, Rogers Park
Total	**17**	**402**	**92**	**$26,682,000**	**$3,306,400**	

Borrower Spotlight: Persistence and Patience the Keys to Success for Husband and Wife Development Team

Marcus Perkins and Tracy Hughes are a husband and wife team that together meticulously rehabbed and restored a 10-unit rental property in Bronzeville. As first-time CIC borrowers, Mr. Perkins and Ms. Hughes built on the investment knowledge they gained while undertaking several small projects before taking on this larger property in Bronzeville.

Mr. Perkins' primary occupation is as a construction worker in the concrete trades, and Ms. Hughes is a Human Resources Executive at a global Freight Services corporation.

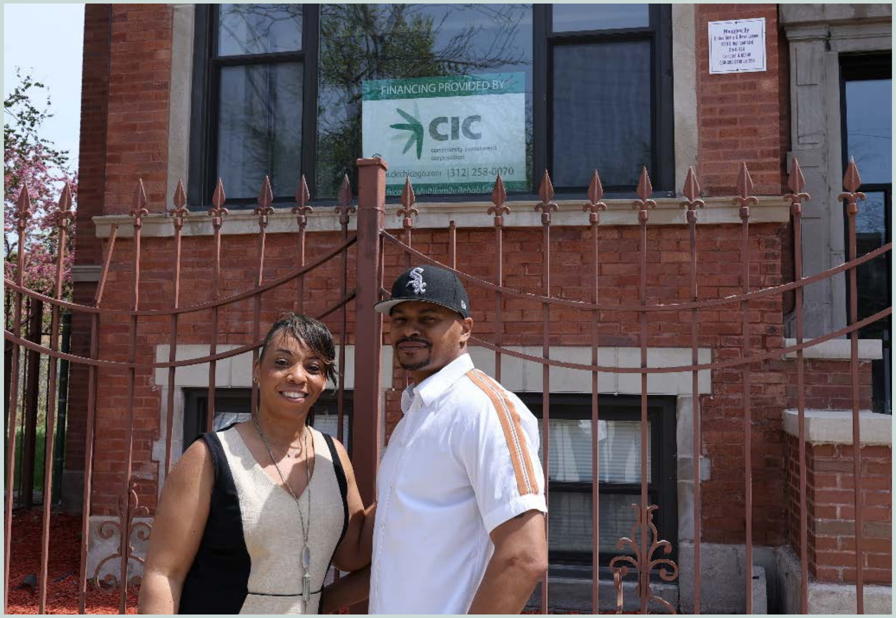
What led you to investing in Bronzeville and in this particular property?
Marcus Perkins (MP): I grew up in this neighborhood, actually right around the corner from our building. It was important to me to find the right property in this specific area. After looking for a while, the previous owner – a doctor who had served the community through his office for many years – told me he was looking to sell. He knew I was a local resident and connected to the community, so the building was ours to buy in 2016 before it went to market. Getting this property was a real blessing.

This building was in need of significant rehab when you purchased it. How was that process and were there any surprises along the way?
Tracy Hughes (TH): This whole project was full of surprises! When you are taking on a gut rehab, you never know what issues you may discover and unexpected costs that may arise. We had additional masonry work, for example, and learning how to work with the City on all of the permitting, zoning, and other processes was also a learning curve.

Tell us about your rehab strategy and approach.
TH: Each unit was completely redesigned to update the floor plan to a better and more modern flow. We moved the kitchen to the front to provide a true living room and open entertaining space, and the bedrooms were moved toward the back of the unit. Dealing with COVID over the past year, we knew people have been spending more time outside. We redesigned the back deck so that tenants could enjoy more outdoor space.

MP: The property was originally a 6-flat, so we sought zoning approvals to add two 1-bedrooms and two studio units to the previously unused basement. We were also able to include energy efficiency upgrades in the project scope. Our CIC loan included financing for this type of work, including new high efficiency windows and HVAC systems.

What would you say are your biggest lessons learned from this first major renovation project?
MP: I would say that you need to pull together the right team from the start. Your lender, contractor, architect, and more. And make connections with those that can recommend the right team members from their own network. Our loan officer, Tom, was with us from the start and able to make those connections.
TH: Stay persistent, and expect the unexpected. It makes me feel good to see people living here after so many years of work.



1-4 Unit Loan Program

- In 2014, CIC launched the 1-4 Unit Rental Redevelopment Loan Program to rehab and reclaim vacant 1-4 unit buildings that had formerly been owner-occupied and for which there was no homebuyer demand. Initially, the program also provided second mortgage loans to overcome the challenge of very low appraised values. The program was launched with $26 million in lending capital from 12 financial institutions and the MacArthur Foundation.

- Parallel to the lending program, CIC, Community Initiatives, Inc. (CII) and The Preservation Compact also developed a complementary building acquisition pool. CIC used a portion of $5 million in grant funds from the JPMorgan Chase Foundation to establish a revolving acquisition pool.

- The result was a two-fold approach: increase access to capital for the redevelopment of groups of smaller buildings, and acquire 1-4 unit properties to help assemble and sell to responsible investors. The second strategy, 1-4 Acquisitions, is more fully described on page 48.

- In FY 2020, concurrent with renewal of the Multifamily NPA, CIC renewed the 1-4 Unit Note Purchase Agreement. Twelve financial institutions committed $35 million, which will provide financing for 1-4 unit properties through 2025. In the new NPA, because of increases in appraised values since the start of the program, CIC was able to eliminate the second mortgage tier and will finance buildings solely by providing first mortgage loans up to 70% loan-to-value.

Participants in the CIC 1-4 Unit Note Purchase Agreement as of 9/30/21

	Commitments
First Mortgage Purchasers	
Northern Trust	$12,500,000
BMO Harris	8,000,000
Providence Bank	3,000,000
First Savings Bank of Hegewisch	2,500,000
Leaders Bank	2,500,000
Northbrook Bank*	1,500,000
Liberty Bank for Savings	1,000,000
Wheaton Bank & Trust*	1,000,000
Hinsdale Bank and Trust Company*	750,000
Lake Forest Bank and Trust*	750,000
Village Bank and Trust Company*	750,000
Wintrust Bank*	750,000
Total	**$35,000,000**

* Wintrust banks (Total commitment: $5,500,000)

CIC Lending and Grant Programs

1-4 Unit Loan Program

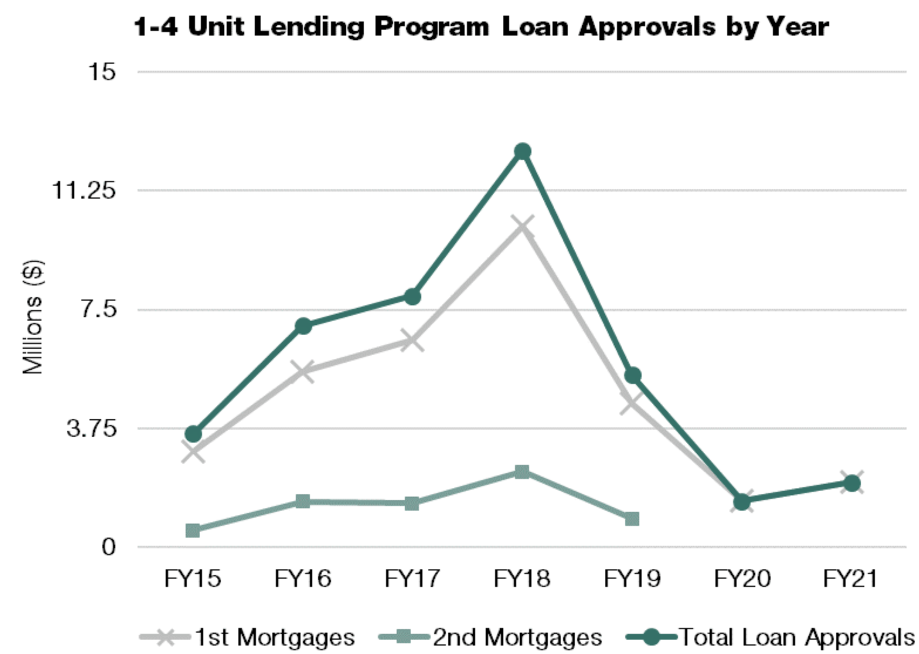
Lending Activity

- Over six years of the 1-4 Unit Loan Program, CIC has approved 81 loans for $40 million for buildings with 631 residential units. Activity under the 1-4 Unit Loan Program is summarized in Exhibit 12.

- In FY 2021, CIC approved one first mortgage loan for $2.1 million for one building in Richton Park with 15 residential units. Loan volume was down considerably due to COVID-19, but also due to increasing homebuyer demand for 1-4 unit properties.

- Before and even during the pandemic, homebuyer demand has been steadily increasing in many communities in the Chicago area. As a result, CIC has been experiencing slowing demand for loans to redevelop 1-4 unit buildings for rental housing. Property values have increased, and the cost of financing homes for new homebuyers has been near historic lows.

- With continued increases in homebuyer demand, it is quite possible that 1-4 Unit rental lending will be significantly reduced over the next five years.



Note: The 2nd mortgage tier was eliminated from the 1-4 Unit loan program in FY20.

1-4 Unit Loan Program

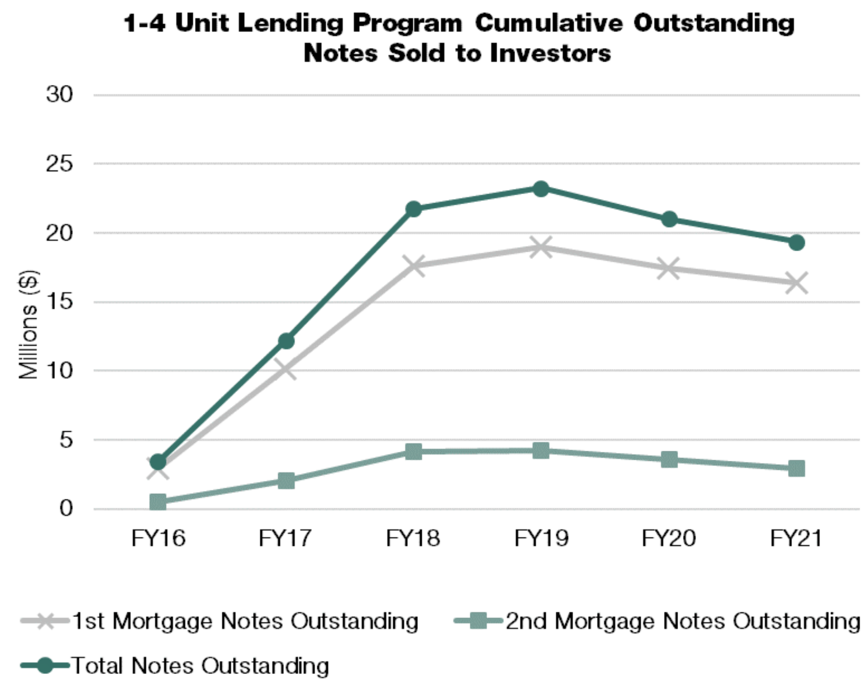
Notes Sold to Investors

- CIC conducted one Note Sale for a total of $2.3 million for the 1-4 program in FY 2021. (See Exhibit 8.)

- At the end of FY 2021, the portfolio of Notes Sold to Investors in the 1-4 Unit Loan Program was $19.4 million ($16.4 million in the first mortgage tier and $3.0 million in the second mortgage tier). (See Exhibits 8 and 12.)

- In the 1-4 Unit Loan Program, the first and second mortgage loans for one project is in foreclosure. The first mortgage delinquency is $1.2 million (7.5% of the 1-4 portfolio of first mortgage notes sold to investors), and the second mortgage foreclosure is $299,946 (10.1% of the second mortgage portfolio of notes sold). CIC is pursuing a sale and has not projected a loss on these loans.

- As of 9/30/21, there are no other delinquencies in the 1-4 Unit Loan Program.



1-4 Unit Loan Program

- CIC uses a Risk Rating System to evaluate the condition of loans in the 1-4 Unit Loan Program. At the close of FY 2021, 92.1% of these loans were rated *Pass* or *Acceptable.* The two loans in foreclosure discussed above were rated *Substandard*.

- To date, there have been no losses in the 1-4 Unit Loan Program.

- Per the 1-4 Unit Loan Program Note Purchase Agreement, Loan Loss Reserves were initially funded in the amount of $250,000 for the first mortgage tier and $500,000 for the second mortgage tier. Additional contributions of 0.5% are made monthly to the Investor First Loss Funds for each tier from CIC's Loss and Administrative Fee of 1.00%. At year end of FY 2021, the first mortgage Investor First Loss Fund stands at $657,859 and the second mortgage fund stands at $579,787.With the servicing fees established in the March 15, 2020 Note Purchase Agreement, investors in the 1-4 NPA are now receiving a return of 5.00%.

- Exhibit 12 summarizes activity under the 1-4 Unit Rental Redevelopment Loan Program.

Risk Ratings of 1-4 Unit Note Purchase Agreement Loans as of 9/30/21

Rating	Balance	# of Loans	%
Pass	$16,705,968	42	86.2%
Acceptable	1,140,137	3	5.9%
Special Mention	-	-	-
Substandard	1,535,766	2	7.9%
Doubtful	-	-	-
Loss	-	-	-
Total	**$19,381,871**	**47**	**100.0%**

CIC Lending and Grants Programs

CIC In-House Loans

- Beginning with the 2010 Multifamily Note Purchase Agreement, CIC has been required to hold loans in-house through acquisition, rehab, and rent-up. Under the Multifamily NPA and the 1-4 Unit NPA, loans are not eligible for sale to investors until rehab is complete and rent-up has reached a 1.1 DSCR

- Under the Multifamily Flex Fund, CIC may also hold short-term acquisition loans that are not intended to be sold to investors.

- CIC also holds second mortgage Energy Savers loans, Initiatives loans, and other loans (e.g. fixed rate loans), which are not intended to be sold to investors.

- CIC funds in-house loans through a combination of cash-on-hand, cash advances from the Federal Home Loan Bank of Chicago, and $33.8 million in Program Related Investments (PRIs). (PRIs are included on Exhibit 1.)

- Over the years, income generated by in-house loans has become a significant source of revenue for CIC. In FY 2021, CIC earned more than $2.9 million of interest income on in-house loans, 38% of the overall consolidated operating revenue. This was the largest category of CIC income, but the amount of interest income was almost 6.5% less than FY 2020. This reduction in income resulted from CIC's decision to maximize liquidity by selling all eligible loans to investors in the face of the disruption caused by COVID-19.

- As of 9/30/21, CIC held a total portfolio of $73.3 million of in-house loans, up from $65.0 million at 9/30/20. Of this total, $48.3 million is in permanent loans, and $25 million is in construction.

- Of the $48.3 million in permanent loans, $1.3 million is delinquent (2.7%), consisting only of non-performing loans. The non-performing loans are a borrowing relationship of three loans for three, six-unit properties in the East Chatham neighborhood; a first and second mortgage for a 24-unit mixed-use building on West Madison; and a 6-unit in North Lawndale. CIC is pursuing foreclosure on all of these projects. (See table on page 32.)

- In September 2021, CIC secured a $12.5 million Line of Credit Agreement with Associated Bank. This line will provide much-needed liquidity for future construction projects.

- CIC bears full liability for any losses on in-house loans, whether in permanent servicing or construction.

CIC In-House Loan Delinquencies
Loans in Permanent Servicing
September 30, 2021

	Multifamily	Energy Savers	1-to-4	Initiatives	Total	% of Portfolio
Portfolio Balance	$43,813,990	$1,904,090	2,289,265	$263,383	$48,270,727	
Delinquencies & Non-Performing						
30 days	$0	$0	$0	$0		
60 days	$0	$0	$0	$0	$0	0.00%
Delinquency subtotal		$0	$0	$0		
90 days	487,405	$0	$0	$0	487,405	1.01%
Foreclosure	766,431	44,588	0	0	811,019	1.68%
Workout	0	$0	$0	$0	0	0.00
Non-Performing	1,253,837	$44,588			1,298,424	2.69
Total	**$1,253,837**	**$44,588**	**0**	**0**	**1,298,425**	**2.69**
REO	$0	$0	$0	$0	$0	0.0%
Total REO Plus Delinquencies & Non-	**$1,253,837**	**$44,588**	**0**	**0**	**1,298,425**	**2.69**

CIC In-House Loans

- CIC uses its risk rating system to calculate loan loss reserves for all in-house loans. As described previously, on 9/30/21, CIC held a total of $73.3 million of in-house loans - - $48.2 in permanent loans and $25.1 million in construction. Of the total in-house portfolio of $73.3 million, $68.0 million is rated *Pass* or *Acceptable* (92.9%).

- Based on historic experience, CIC has established reserve percentages for each category of risk. Applying the risk ratings and percentages, CIC has established a loan loss reserve of approximately $1.6 million as of 9/30/2021. CIC expects this reserve to fully cover any future loses on CIC's in-house loans.

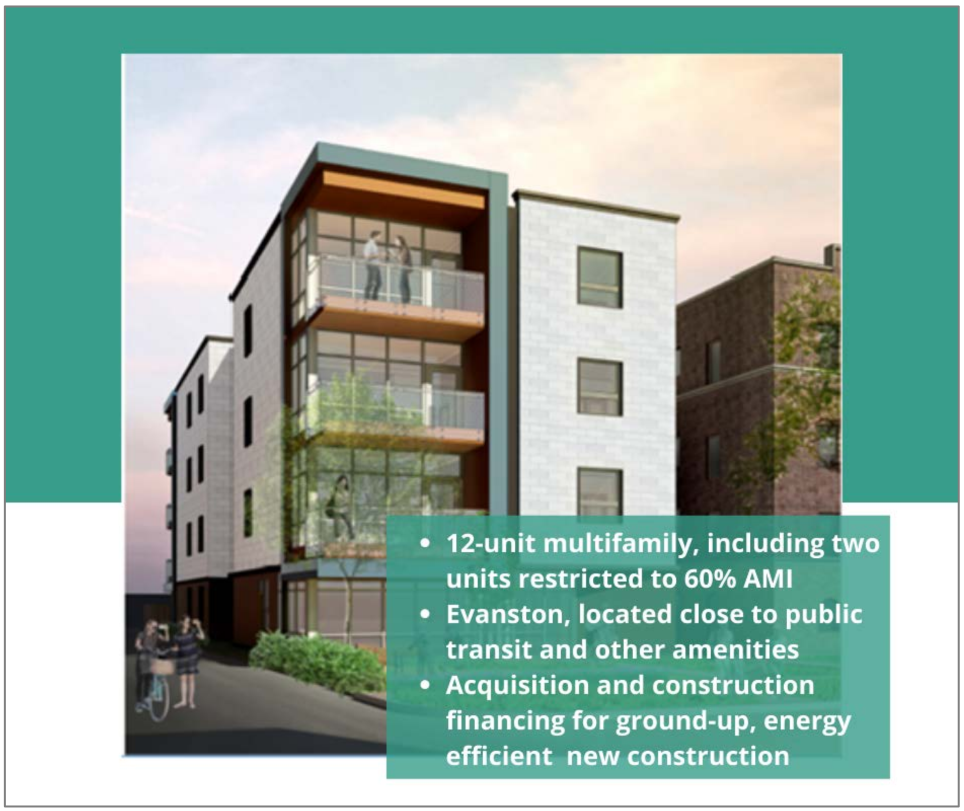
- In FY 2021, CIC incurred $1.7 million in losses on in-house loans, the majority of which was from a portfolio of 1-to-4 unit loans from a single borrower.

Risk Ratings of CIC In-House Loans*
September 30, 2021

CIC Risk Ratings	Balance	% of Volume	# of Loans	Loan Loss Reserve
Pass	21,146,842	28.9%	40	$100,850
Acceptable	46,876,854	64.0%	60	465,846
Special Mention	1,181,061	1.6	5	59,053
Substandard	3,032,674	4.1	8	522,695
Doubtful	766,431	1.0	2	191,608
Loss	286,161	0.4	2	286,161
Total	**73,290,023**	**100.0%**	**117**	**1,626,213**

* Includes permanent loans and loans in construction.

Property Spotlight: Multifamily Closed in FY 2021



This 12-unit new construction in Evanston highlights a less typical style of CIC project financed in FY 2021. The developers are providing two on-site inclusionary housing affordable at 60% AMI, and also including many energy efficient components — financed by an Energy Flex loan — such as efficient windows, extensive insulation, and high efficiency HVAC. The project is scheduled for completion and lease up by September 2022.

CIC Lending and Grant Programs

TIF Purchase-Rehab

- CIC administers Tax Increment Financing (TIF) for Multifamily properties on behalf of the City of Chicago through the TIF Purchase-Rehab Program. Over the past 20 years, CIC has administered approximately 50 TIF grants and provided about $7 million to rehab and improve multifamily vacant and distressed properties.

- In 2021, the TIF Purchase Rehab Program was significantly expanded by the City of Chicago to provide $17 million to cover 13 different geographic areas. This program is closely aligned with the City's Invest South/West Initiative. Projects that fall within the boundaries of both TIF areas and Invest South/West target areas are prioritized.

- These funds support renovation of existing buildings by covering up to 50% of total development costs and must be paired with private capital, which may include CIC first mortgage financing or another private lender.

- In FY 2021, CIC provided two TIF grants for $683,000 to finance two buildings in North Lawndale.

TIF District	Funds Available
Englewood Neighborhood *	$1,000,000
47th Ashland *	$500,000
79th Street Corridor *	$500,000
Avalon Park/South Shore *	$1,500,000
Commercial Ave. *	$2,000,000
43rd Street Cottage Grove Ave. *	$2,000,000
Austin Commercial * Chicago Ave. Austin Corridor	$1,500,000
Roseland/Michigan *	$500,000
63rd Ashland	$1,500,000
Chicago/Central Park * Chicago Ave. Humboldt Park Corridor	$2,000,000
Midwest	$1,500,000
47th King *	$1,000,000
South Chicago *	$1,500,000
Total	**$17,000,000**
INVEST South West Corridor *	

Woodlawn Construction Loan Fund

- In September 2020, The City of Chicago passed the Woodlawn Housing Preservation Ordinance, which sets forth an overall housing and economic development strategy for the Woodlawn community. Acknowledging ongoing development pressures and affordability challenges facing the community, the main goals for the ordinance include protecting residents from displacement, and creating quality rental and for-sale housing opportunities to promote inclusive income diversity.

- A key piece of this strategy is the Woodlawn Construction Loan Fund, which was created by the City of Chicago Department of Housing, is administered by CIC, and is capitalized by eight financial and philanthropic institutions. The goal of the Fund is to promote equitable growth and investment in Woodlawn while securing long-term rental affordability and promoting affordable homeownership. The Fund provides low-cost construction financing for eligible projects.

- The Fund totals $7 million and is capitalized by Beverly Bank & Trust, Byline Bank, CIBC, Fifth Third Chicagoland Foundation, First Midwest Bank, JPMorgan Chase Foundation, Huntington Bank (formerly TCF), Wintrust Bank, and CIC.

- CIC expects to create and preserve approximately 40 multifamily rental and 1-4 unit for-sale buildings with 200 units over the next five years.

- In FY 2021, CIC financed the first two construction loans under the Fund for a total of $1,299,000 for 20 units.

Contributors to the Woodlawn Construction Loan Fund as of 9/30/21	
Commitments	
Grants	
Chase	$1,200,000
Fifth Third	500,000
Total Grants	**1,700,000**
Program Related Investments	
Wintrust Bank	500,000
Beverly Bank & Trust	500,000
CIBC	1,000,000
Byline Bank	1,000,000
First Midwest	1,000,000
Huntington Bank	1,000,000
Total PRIs	**5,000,000**
CIC Contribution*	300,000
Total Funding	**$7,000,000**
**Funds for CIC's contribution held in unrestricted cash account.*	

CIC Lending and Grant Programs

Wells Fargo Open for Business Housing Assistance Grant Program

- CIC has continuously explored and identified available resources to help building owners and their tenants through the pandemic. In FY2021, CIC was awarded a $2 million grant from the Wells Fargo Open for Business Fund to support small rental building owners experiencing financial hardship as a result of the pandemic. Grant activities include direct assistance to property owners, and education and outreach by way of The Preservation Compact and Property Management Training.

- Of the $2 million in grant funds, $1,710,000 is designated for use as one-time direct grants of up to $30,000 per property for eligible small building owners local to the Chicagoland area. To avoid overlap with state and local Emergency Rental Assistance (ERA) funds, this program only covered costs that were ineligible under ERA, including increased water bills, lost rent due to vacancy, and increased cleaning and maintenance costs.

- Through this program, CIC expects to stabilize 55-70 small businesses while preserving 500 – 1,000 units of affordable housing in 55-70 properties located in Chicago's low- and moderate-income communities.

- As of 9/30/21, CIC has provided one-time grants to assist 26 building owners and stabilize 31 properties for a total of $631,232 in total assistance. An additional 21 applications for 13 building owners were under consideration as of 9/30/21. The remaining grant funds are expected to be fully disbursed by the end of the calendar year.

Borrower Spotlight: Stabilizing Small Businesses with Wells Fargo Open for Business Grants

CIC's Wells Fargo Open for Business Housing Assistance Grant program provided critical, emergency funds to 26 building owners in FY 2021.

One such owner was a CIC borrower, a minority owner-operator local to the Chicagoland area who owns one investment property. This owner had experienced significant challenges with his 11-unit building located in the Englewood community. By spring 2021, nearly half of his tenants were seriously impacted by COVID. Tenants in two units lost their jobs soon after the start of the pandemic. The owner agreed to let the tenants break their leases and move out, but it was then hard to re-lease the units in the pandemic economy. Two other tenants stopped paying rent but did not move out, and the owner was unable to evict due to the eviction moratorium. Unfortunately, one other tenant passed away from CVOID in the unit. In addition to lost rent, the owner spent significant funds to clean and remediate the unit after the tenant's passing.

Overall, the owner collected just 79% of total potential rents from March 2020 through June 2020. Fortunately, the owner was eligible for CIC's Wells Fargo Open for Business grant program. The owner was approved for approximately $21,000 to cover lost rent due to vacant units and increased cleaning and remediation costs. These grant funds bridged the gap so that this small owner-operator collected closer to 90% of his potential income, ultimately stabilizing and preserving these 11 rental units in Englewood and supporting a small, locally-owned business.

CIC Lending and Grant Programs

MacKenzie Scott $8 Million Grant

In FY 2021, CIC was one of 384 organizations that received $4.2 billion in grants from philanthropist MacKenzie Scott. The grant was unsolicited, there was no application process, and the uses are unrestricted. In September, CIC launched research into creating a new fund to help support the development of small, undercapitalized minority borrowers.

Background

- Over the years, CIC staff on both the multifamily and 1-4s side have shared anecdotes about strong, responsible minority borrowers who sought to expand their portfolios and grow their businesses, but were stymied by a lack of access to equity.
- Given CIC's core experience is with traditional mortgage debt, a new fund or equity vehicle outside of this experience presents risks to CIC. With the MacKenzie Scott grant however, CIC has an opportunity to mitigate those risks. CIC's expertise translates into a natural capacity to identify and evaluate local, undercapitalized borrowers with growth potential, while also maximizing impact in the neighborhoods that need it most.
- Attention to disinvested neighborhoods and bridging the racial equity gap reached new heights in the wake of George Floyd's death. Corporate and other investors seem eager to publicly commit dollars to support urban neighborhoods. While this poses an opportunity for CIC to build a new fund, it also raises a challenge: other funds are being built to support these neighborhoods, and investors unfamiliar with our work may not be able to distinguish between CIC's fund and others with different purposes.

Research Components

- The research will document the need for a new fund, scan the environment for other new funds and potential investors, and recommend next steps.

Financial Treatment of MacKenzie Scott Grant

- Given the nature of the unconditional operating grant, CIC was advised to recognize the grant as FY 2021 income, and to hold it in a Board Designated Fund.

SECTION C

Community Development Activities

Property Management Training

- CIC's Property Management Training program (PMT) is an initiative designed to provide information and resources to owners and managers of multifamily rental properties to help them succeed in operating buildings that perform well financially and provide good housing for their tenants and their communities. Since its inception, the program's centerpiece has been its eight-hour course entitled The Basics of Residential Property Management. PMT also offers sessions that concentrate on a single topic, such as property taxes, building maintenance, marketing, and tenant screening.

- PMT sessions are typically offered at a variety of locations throughout the metropolitan area, including meeting facilities of investor banks. However, since March 2020, CIC trainings and workshops are offered exclusively online. In FY 2021, CIC continued to focus much of its PMT efforts on connecting building owners and borrowers with resources and information to help them through the pandemic.

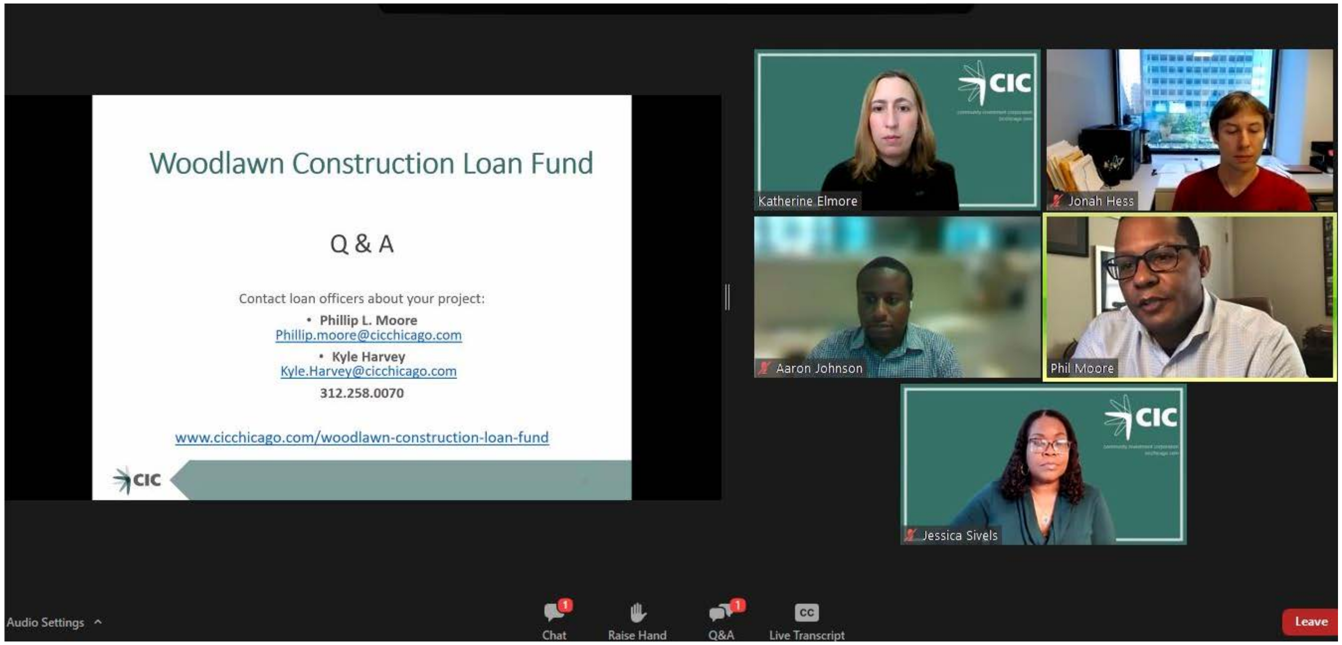
- PMT coordinated closely throughout the year with the Preservation Compact, IHDA, and The City of Chicago to offer education to housing providers on available Emergency Rental Assistance (ERA) and other resources to support owners and tenants through the pandemic.

Contributors to Property Management Training FY 2021	
Associated Bank	$10,000
Bank of America	15,000
BMO Harris Bank	10,000
Byline Bank	2,000
CIBC	15,000
Fifth Third Bank	8,021
First Eagle Bank	2,500
First Midwest Bank	7,500
First Bank of Highland Park	2,500
Forest Park National Bank	1,000
Huntington Bank	10,000
JPMorgan Chase Foundation	25,000
MUFG Union Bank	24,010
PNC Bank	15,000
Northern Trust Bank	25,000
Providence Bank	3,000
US Bank	10,000
Wells Fargo	25,000
Wintrust Financial	15,000
City of Chicago	34,500
Total	**$260,031**

- Other single-topic webinars in FY 2021 included updates on the eviction moratorium, tenant screening, introduction to supportive housing, and updates to the new Cook County Landlord-Tenant Ordinance. CIC collaborated with Neighborhood Housing Services of Chicago to offer a series four, four-hour training sessions for investors in the Tax Increment Financing Purchase Rehab program. All PMT webinars are accessible for later viewing through an On-Demand video library on CIC's website.

- Overall, in FY 2021 CIC provided 26 training sessions attended by 1,639 current or prospective managers/owners of affordable rental housing.

CIC's Property Management Training Informational Session on the Woodlawn Construction Loan Fund, offered in FY 2021.



Troubled Buildings Initiative (TBI)

- In FY 2003, CIC initiated the Troubled Buildings Initiative (TBI), which is run under its affiliate company, Community Initiatives, Inc. (CII). The purpose of the program is to use code enforcement to improve physical conditions and property management in buildings and prevent abandonment and demolition of multifamily rental buildings in Chicago. Troubled buildings are referred to CII from a variety of sources, including community groups, the Police Department, and the Departments of Buildings, Housing, Planning and Development, and Law. CII and the city departments make Housing Court more effective in getting owners to rehab or sell to someone who will fix the buildings.

- As with many aspects of CIC/CII, the ongoing pandemic had a significant impact on TBI activities in FY 2021. Housing court remained in a virtual only setting making hearings more difficult to hold. Building inspections by City inspectors and CII staff continued to be slowed by new health and safety procedures necessitated by the coronavirus. On a positive note, TBI started to see improvements on the buildings piled up under the collapse of the EquityBuild and Better Housing Foundation portfolios. New owners have stepped in to those buildings and most new owners have completed rehab and reached full compliance.

- In this challenging environment, CII added 26 buildings with 1,190 units to the program and recovered 49 buildings with 735 units in FY 2021. As of 9/30/21, CII is the court appointed received on 21 buildings with 187 units. Since the beginning of the program in 2003, TBI has taken action on 1,130 buildings with 19,623 units, and 788 buildings with 14,605 units have been recovered.

Troubled Buildings Initiative 2003 - 2021				
	FY 2021		2003 to 2021	
	Buildings	Units	Buildings	Units
Buildings Recovered	49	735	788	14,605
Buildings Demolished	1	40	81	997
Buildings Added to Program	26*	1,190*	1,130	19,623

Acquisitions and Dispositions

Multifamily Acquisitions and Dispositions

- In 2003, CII began acquiring multifamily buildings and mortgages to expedite the transfer of troubled multifamily housing to new owners to rehab and provide good management for the buildings. In FY 2008, the MacArthur Foundation provided a $2 million Program Related Investment (PRI) to support this effort.

- In FY 2021, CII transferred nine multifamily properties with 60 units to capable new owners. CII acquired seven multifamily buildings with 55 units during the fiscal year. CII ended the year with an inventory of five multifamily buildings with 55 units.

- Since 2007, CII has worked with lenders, developers, and government agencies to address the plight of distressed, often fraudulent, condominium conversions. This includes acquiring, stabilizing, and transfering all individual condominium units in targeted distressed buildings to single owner/developers to de-convert the buildings back to viable multifamily rental buildings.

- In FY 2021, CII sold/transferred one re-assembled buildings with 8 units. Since 2009, CII has filed deconversion orders on 117 buildings with 1,076 units and sold/transferred a total of 96 buildings with 784 units for conversion back to rental housing.

1-4 Unit Acquisitions and Dispositions

- In 2015, as a complement to CIC's 1-4 Unit Rental Redevelopment Loan Program, CIC obtained a $5 million grant from the JPMorgan Chase Foundation to further address conditions in 1-4 unit buildings. Under the Chicago Collaborative, CIC worked with Neighborhood Housing Services of Chicago (NHS) and the Chicago Community Loan Fund (CCLF), who used their grant proceeds to provide loan capital for owner occupants and investors to rehab distressed 1-4 unit buildings. CIC used its own portion of the grant to create a fund to acquire distressed properties to facilitate the assembly of buildings for 1-4 unit rehabbers.

- In FY 2021, CII acquired 28 1-4 unit buildings with 35 units and sold 38 buildings with 46 units to qualified developers to rehab and manage as rental properties or to rehab and sell to new owner occupants. In several areas where CII aquires 1-4 unit properties, recovering homebuyer demand has led to a substantial portion of properties being rehabbed for homeownership. While the JP Morgan Chase grant period ended in FY 2017, 1-4 unit acquisition continues to be a significant component of CII's strategy and activities.

CIC & CII Acquisition/Disposition Activity

	FY 2021 Sold/Transferred to New Owners		Since Inception	
	Buildings	**Units**	**Buildings**	**Units**
Multifamily (2003-)	9	60	257	4,251
Condos (2009-)	1	8	96	784
1-4 Units* (2015-)	38	46	677	882
Total	48	114	1,030	5,917

* Includes individual condo units bought and sold apart from the condo de-conversion program.

- In FY 2021, CII saw a significant dip in acquisition activity in large part due to the foreclosure and other moratoria put in place during the

Community Development Activities

Community Initiatives, Inc. (CII)

COVID-19 pandemic. Even as municipalities began to open back up for business, many of the processes associated with the buying and selling of properties were slowed down. In the last quarter of the year, CII has seen signs of the pipeline and process returning to a more normal state, and is seeing strong demand from developers for inventory. The 1-4s Program continued seeing the trend of homeownership as the end use, with more than two-thirds of the acquired 1-4 unit properties being rehabbed and sold to new homeowners.

- Since the 1-4 Acquisitions Initiative started in 2015, CII has acquired 684 buildings with 887 units and sold/transferred 677 buildings with 882 units for rehab and re-use.

1-4 Unit Developer Line of Credit

- Since the inception of the 1-4 Acquisitions program, CIC has identified a growing capital challenge for smaller, local developers of single-family and 2-4 unit properties. While demand for these types of developments has remained strong during the COVID-19 pandemic, construction financing has become harder to secure. Without access to credit, these smaller developers are unable to compete for available properties for sale and finance necessary rehab costs. To address this financing gap, CII and CIC developed and launched the 1-4 Unit Developer Line of Credit product in FY 2021.

- This credit facility provides streamlined financing to developers acquiring distressed 1-4 unit properties. The line of credit is funded by an $800,000 grant from the JPMorgan Chase Foundation.

- In FY 2021, three line of credit loans were approved for $375,000, financing properties in West Englewood and Chicago Lawn. As of 9/30/21, $187,500 in total line of credit funds had been disbursed.

1-4 Unit Developer Line of Credit		
	Committed Amount	**Disbursed Amount**
Number of Loans	3	3
Amount of Loans	$375,000	$187,500
Fund Limit	$800,000	$800,000
Available Funds as of 9/30/21	$425,000	$612,500

Micro Market Recovery Program

- Following the 2009 housing crash, the City of Chicago embraced and expanded CIC's approach of targeting redevelopment activities as they launched the Micro Market Recovery Program (MMRP) in 2011.
- CIC is now focused on providing loan products, acquisitions, and troubled buildings interventions for multifamily housing across all 13 designated MMRP areas.
- Under CII's leadership, 194 troubled multifamily buildings with a total of 2,956 units have been addressed through Troubled Buildings Initiative interventions in the MMRP areas.
- Since program inception, CIC has provided $38.9 million in loans for 72 multifamily buildings with 1,200 units in MMRP areas.
- Since 2012, CII has acquired 14 multifamily buildings with 154 units in MMRP areas and transferred them to be rehabbed by new owners.
- Overall, a total of 109 multifamily buildings with 1,515 units have been reoccupied in MMRP areas since 2012.
- In addition to its multifamily work, since 2012, CII has acquired 69 distressed 1-4 unit buildings and transferred them to new owners in MMRP areas

MMRP Activity (2012-2021)		
	Total MMRP	
Troubled Buildings Initiative*	Buildings	194
	Units	2,956
CIC Loans	Amount ($ million)	$ 38.9
	Buildings	72
	Units	1,200
Reoccupied Buildings	Buildings	109
	Units	1,515
Multifamily Acquisitions/ Dispositions	Buildings	14
	Units	154
1-4 Unit Acquisitions/ Dispositions	Buildings	69
	Units	113

*Includes multifamily and condo buildings assigned to CII as receiver.

Community Development Activities

The Preservation Compact

In FY 2011, CIC became the coordinator of The Preservation Compact. Originally supported entirely by the MacArthur Foundation, in recent years the Compact has received funding from a variety of public, private, and philanthropic sources - - including the Energy Foundation, the Polk Bros. Foundation, the JPMorgan Chase Foundation, the Chicago Community Trust, and the CDFI Fund. The Compact brings together the region's public, private, for-profit, and non-profit leaders to promote policies and programs to preserve affordable rental housing in Cook County. The Compact's work has been featured in national publications and conferences, including Politico, Shelterforce, Harvard University, and the Brookings Institution.

Through a Leadership Committee and working groups, The Preservation Compact has focused on the following:

- **Establishing Statewide Property Tax Relief:** The Compact led efforts with partners to create and pass a new state law to encourage owners to invest in and keep multifamily rental buildings affordable. The Compact created materials on the incentive structure, hosted a webinar to inform owners, and is working with the Assessor's Office to create a practical implementation process as the program launches in 2022.

- **Expanding the Preservation Lab:** The Preservation Lab is a joint effort of The Preservation Compact and DePaul's Institute for Housing Studies (IHS). The mission of the Lab is to engage diverse stakeholders to investigate challenging and complex preservation topics by developing research and analysis, and capturing conclusions in a policy brief.

  The second Preservation Lab process and report focused on the Naturally Occurring Affordable Housing (NOAH) stock by examining building types, neighborhood dynamics, ownership, and risk factors. This more nuanced perspective guides more targeted preservation strategies to inform policymakers.

  The Lab also launched a new NOAH Clearinghouse and Research Library to provide models and best practices for NOAH preservation programs across the country. (See sidebar on following page.)

- **Stabilizing tenants and buildings during COVID-19 pandemic:** The Compact has been regularly convening the City of Chicago, Cook County, the Illinois Housing Development Authority (IHDA), and the Department of Human Services to coordinate Emergency Rental Assistance (ERA) programs. The Compact created a unified ERA webpage to provide a one-stop shop for all programs, has hosted joint ERA webinars, and curates a comprehensive COVID resource page for owners and tenants.

- **Creating affordability in strong markets:** The Compact drove more attractive borrower loan terms to expand the reach of the Opportunity Investment Fund (OIF) to create affordable rental units in higher cost markets. (OIF is fully described on pages 29-30.)

- **Coordinating Public Agencies:** The Compact convenes an Interagency Council of city, county, state, and federal agencies to develop and pursue strategies to preserve affordable housing in publicly funded properties. In FY 2021, Compact partners helped preserve four assisted properties with 746 affordable units. The Interagency is also completing a targeted analysis of subsidized properties in Woodlawn to support the City of Chicago's Woodlawn Housing Preservation Ordinance.

- **Preserving SROs:** The Compact created a new Single-Room Occupancy (SRO) Interagency group to identify and preserve targeted SRO properties in Chicago, and is working with the City of Chicago to develop a new financing tool to preserve more SROs.

- **Expanding Energy Retrofits:** The Compact works with energy advocates and utilities to increase energy resources for multifamily buildings in low and moderate income neighborhoods.

- **Building Code Relief:** Based on recommendations developed by The Preservation Compact, the Chicago City Council passed an ordinance allowing alternative pluming materials. The Compact is educating multifamily building owners on these changes to incorporate cost saving measures into their rehabs.

- **Accessory Dwelling Units:** The Preservation Compact Director co-chaired the policy committee of the ULI Accessory Dwelling Unit initiative to streamline the City's processes to help create basement units in 2-4 unit and multifamily buildings. The Compact is engaged in ongoing discussions with City of Chicago and community advocates to shape effective outreach, including a new ADU webpage and exploring CIC's role in financing.

Preservation Compact

Expanding NOAH Preservation Work

The Preservation Compact expanded the work and reach of the Preservation Lab in FY 2021.

As part of the Lab's most recent NOAH Preservation efforts, the Compact partnered with the Chan-Zuckerberg Initiative to host a webinar that highlighted a new NOAH preservation program recently launched in Los Angeles. Over 150 participants from across the country attended the webinar, representing 15 cities and states.

The national interest inspired the Compact to develop and launch a web-based clearinghouse that features NOAH preservation strategies and resources from around the country.

The new NOAH Clearinghouse and Library highlights local and national NOAH preservation strategies to help guide more targeted and effective preservation. IHS and the Compact are also exploring a data tool to identify NOAH peer city groupings and connect local practitioners to build best practices.

SECTION D

Financial Condition and Performance of CIC/CII

Financial Condition and Performance of CIC and CII

- When COVID began in FY 2020, high unemployment related to the pandemic had a direct effect on the ability of residents in CIC financed buildings to pay rent, and thereby on building owners to pay their scheduled debt service. The temporary shutdown of County courts and eviction moratoria added to a challenging situation. Demand for multifamily loan products were down and CIC lending activity significantly decreased. Accordingly, CIC's FY 2021 budget estimated just $33 million in loans closed, resulting in a first ever budgeted consolidated loss of $1.1 million. During this time, management and the board kept all staff and infrastructure in place.
- In FY 2021, decreased unemployment, available vaccines and increased economic activity drove higher than expected loan volume. This volume, as well as federal Paycheck Protection Program assistance and careful financial management, drove CIC to exceed our financial goals compared to budget. CIC achieved a Consolidated Net Operating Surplus and maintained its solid financial condition. (See Exhibit 13.)
- In FY 2021, income generated by program activities led to a Consolidated Net Operating Surplus of $56,000 ($147,000 for CIC and an operating loss of $91,000 for CII. CII's activity was affected by COVID conditions, see page 47).
- In FY 2020, CIC applied for and received an SBA Paycheck Protection Program loan of $963,000. This loan was forgiven in the Q1 FY 2021 and recognized as grant income.
- In FY 2021, CIC applied for and received an SBA Paycheck Protection Program loan of $863,000. This loan was forgiven in October 2021 and recognized as grant income in FY 2022.

	FY 2021 Actual (000)	FY 2020 Actual (000)	Change (000)
CIC Income Statement			
Fee Income	1,036	688	348
Interest Income	2,924	3.139	(215)
Loan Servicing	1,343	1,294	49
Contracts and Grants	2,426	2,809	(383)
Total Income	7,729	7,930	(201)
Personnel Expense	6,149	6,357	(208)
Other Operating Expense	1,433	1,469	(36)
Total Expenses	7,582	7,826	(244)
Total Net Operating	**147**	**104**	**43**
CII Income Statement			
Contracts and Grant Income	1,094	1,306	(212)
Program Income	624	1,029	(405)
Total Income	1,718	2,335	(617)
(CIC Personnel) Consulting Expense	1,439	1,789	(350)
Other Operating Expense	370	386	(16)
Total Expenses	1,809	2,175	(366)
Total Net Operating	**(91)**	**160**	**(251)**
Consolidated Net Operating Income	**$56**	**$264**	**($208)**

Financial Condition and Performance of CIC and CII

- In FY 2021, CIC's Total Consolidated Net Assets increased $10.1 million to a total of $48.6 million. The large jump is due to CIC's recognition of an $8 million unsolicited MacKenzie Scott grant, which is being held as an unrestricted Board Designated Fund.

- CIC's Total Unrestricted Net Assets increased $10.8, to a total of $45.6 million.

- Each year, CIC obtains an independent audit of the financial statements of CIC and CII. For FY 2020, the audit was performed by Plante Moran, PLLC. Plante Moran provided an unmodified opinion, which was published on January 15, 2021. The audit for FY 2021 is again being performed by Plante Moran. It is expected to be published in January 2022.

	9/30/2021	9/30/2020	Change
CIC Unrestricted Net Assets	41,391,493	30,465,810	10,925,683
CII Unrestricted Net Assets	4,177,473	4,268,566	(91,093)
Total Unrestricted Net Assets	**$45,568,966**	**$34,734,376**	**$10,834,590**
CIC Temporarily Restricted	3,000,000	3,746,500	(746,500)
Total Consolidated Net Assets	**$48,568,966**	**$38,480,876**	**$10,088,090**

EXHIBITS

Exhibit 1: Investors in CIC Loan Programs as of 9/30/2021

	Multifamily Loan Program ($)	1-4 Unit Loan Program ($)	Opportunity Investment Fund ($)	Program Related Investments ($)	Total Investment ($)
The Northern Trust Company	$42,500,000	$12,500,000	$4,000,000	$5,000,000	$64,000,000
BMO Harris	25,000,000	8,000,000	5,000,000		38,000,000
Fifth Third Bank	30,000,000		4,000,000		34,000,000
CIBC Bank USA	20,000,000		5,000,000	1,000,000	26,000,000
PNC Community Development	25,000,000				25,000,000
First Midwest Bank	18,000,000			1,000,000	19,000,000
Huntington Bank(formerly TCF)	15,000,000		2,000,000	1,000,000	18,000,000
MacArthur Foundation				11,777,777	11,777,777
Associated Bank of Chicago	10,000,000				10,000,000
MUFG Union Bank	10,000,000				10,000,000
Byline Bank	8,000,000		1,000,000	1,000,000	10,000,000
Federal Home Loan Bank of Chicago				9,000,000	9,000,000
First Bank of Highland Park	8,100,000				8,100,000
Bank of America				3,000,000	3,000,000
Leaders Bank	5,000,000	2,500,000			7,500,000
Providence Bank	4,000,000	3,000,000			7,000,000
Wintrust Bank*	6,000,000	750,000		500,000	7,250,000
First Savings Bank of Hegewisch	3,500,000	2,500,000			6,000,000
Northbrook Bank and Trust Company*	4,000,000	1,500,000			5,500,000
City of Chicago			6,500,000		6,500,000
West Suburban Bank	5,000,000				5,000,000
First Bank and Trust Company of Illinois	4,800,000				4,800,000
Inland Bank and Trust	4,500,000				4,500,000
Liberty Bank for Savings	3,000,000	1,000,000			4,000,000
Old Second National Bank	4,000,000				4,000,000
Lake Forest Bank and Trust Company*	3,000,000	750,000			3,750,000
First National Bank of Brookfield	3,500,000				3,500,000
Community Investment Corporation			6,500,000		6,500,000
First American Bank	3,000,000				3,000,000
First Eagle Bank	3,000,000				3,000,000
Republic Bank of Chicago	3,000,000				3,000,000
Wheaton Bank and Trust*	2,000,000	1,000,000			3,000,000
Amalgamated Bank of Chicago	2,000,000				2,000,000
Beverly Bank and Trust*	2,000,000			500,000	2,500,000
Forest Park National Bank and Trust	2,000,000				2,000,000
International Bank of Chicago	2,000,000				2,000,000
Lakeside Bank	2,000,000				2,000,000
Oxford Bank	2,000,000				2,000,000
JP Morgan Chase Foundation					
Hinsdale Bank & Trust Company*	1,000,000	750,000			1,750,000
Barrington Bank and Trust*	1,000,000				1,000,000
Burling Bank	1,000,000				1,000,000
Devon Bank	1,000,000				1,000,000
Old Plank Trail Community Bank*	1,000,000				1,000,000
Village Bank and Trust*		750,000			750,000
Total	$289,900,000	$35,000,000	$34,000,000	$33,777,777	$392,677,777

Note: Dollar figures represent overall financial commitments.
**Wintrust Financial Corporation Banks (Total Investment: $25,500,000)*

Exhibit 2: CIC Organizational Structure

- **Community Investment Corporation and its affiliate Community Initiatives, Inc.**
  - Board of Directors
    - Board Committees
      - Executive
      - Finance
      - Access to Capital
      - Portfolio Oversight
      - Performance and Credit Review
      - CII Board of Directors (governs Community Initiatives, Inc, led by Jonah Hess, Director)
    - President/CEO: Stacie Young, 10 years with CIC, 28 years in industry
      - Executive Administrator: Angela Dixon
      - Treasurer/ Chief Financial Officer: Michael Ciaccia, 3 years with CIC, 22 years in industry
        - Director of Human Resources: Kathy Prock
        - Office Management: Monica Kirby, 31 years with CIC
        - Accounting/Finance
        - Investor & Management Reporting
      - Senior Vice President/ Director of Lending: Jack Crane, 7 years with CIC, 40 years in industry
        - Director of Credit Administration: Jerri Edwards, 2 years with CIC, 15 years in industry
          - Director of Asset Management: Marie Doladee, 14 years with CIC
          - Director of Loan Closings: Guadalupe Castaneda, 10 years with CIC, 25 years in industry
        - Loan Originations
        - Construction Risk Manager: Rene Barraaza, 1 year with CIC, 19 years in industry
      - Director of Community Initiatives, Inc.*: Jonah Hess, 5 years with CIC, 16 years in industry
        - Troubled Buildings Initiative
        - Distressed Condominiums
        - Acquisitions and Dispositions
        - Target Areas
      - Director of Communications and External Affairs: Anne Cole, 4 years with CIC, 15 years in industry
        - Director Education and Community Engagement: Jessica Sivels, 4 years with CIC, 15 years in industry
        - Manager of New Business and Program Development: Katie Elmore, 5 years with CIC
      - Chief Operating Officer: Giuseppe Papavero, 15 years with CIC, 20 years in industry
        - Supervisor of Loan Servicing: Silvia Prado, 21 years with CIC
        - Information Technology
      - Director of The Preservation Compact: Dunni Cosey Gay, Joined CIC in FY 2022, 22 years in industry
        - Policy Coordination to Preserve Affordable Rental Housing

** Community Initiatives, Inc. (CII) is a 501(c)3 not-for-profit corporation and is an affiliate of Community Investment Corporation (CIC). CIC is the sole member of CII,and CIC has sole authority to elect the Board of CII. All staff of CII are employees of CIC.*

Exhibit 2: CIC Organizational Structure - *Staff Bios*

Stacie Young
President and CEO

Stacie Young is President and CEO of CIC. Appointed in June 2021, Stacie guides the direction and sets strategy for all of CIC's lending and complementary community development activities. Prior to her role as CEO, Stacie was Director of The Preservation Compact, a policy collaborative housed at CIC that drives preservation strategies for unsubsidized, or Naturally Occurring Affordable Housing stock, as well as government assisted stock. Stacie also served as Assistant to the Mayor for Affordability in the City of Chicago's Office of the Mayor, and at Diversity Inc., a fair housing coalition in the south suburbs of Chicago. She currently serves on the boards of BPI and Housing Choice Partners.

She completed her undergraduate degree at Northwestern University, and received her master's degree from the Harris School at the University of Chicago.

Michael Ciaccia
Treasurer
Chief Financial Officer

Michael Ciaccia manages note sales and other activity governing CIC's $330 million in investment pools. He also manages financial planning, including access to capital, budgeting, and compliance. Michael came to CIC from Northern Trust, and is a licensed Certified Public Accountant.

Jack Crane
Senior Vice President
Director of Lending

Jack Crane is responsible for overseeing the marketing, underwriting, closing, construction services and asset management for all CIC loans. He is an award-winning community development banking leader, including positions at Harris Bank, Good News Partners, Organization of the Northeast (ONE), and ShoreBank.

Jerri Edwards
Vice President
Director of Credit Administration

Jerri Edwards is responsible for managing the credit quality of CIC's loan portfolio. She oversees all aspects of credit administration and risks, and coordinates any necessary restructuring or write-offs. Jerri has held previous roles at Seaway Bank and Trust and Urban Partnership Bank.

Jonah Hess
Senior Vice President
Director of Community Initiatives Inc. (CII)

Jonah Hess is responsible for all of CII's service contracts and programs, including the Troubled Buildings Initiative. His work combines community development and direct real estate interventions. Jonah has held previous roles with NHS of Chicago, Mercy Portfolio Services, and the City of Chicago.

Anne Cole
Director of Communications and External Affairs

Anne Cole is responsible for the development and implementation of all communications strategies for CIC programs and services, including marketing financial products to potential customers and engaging with investors, policy makers, and other partners. Anne has held previous roles at NHS of Chicago and MCIC.

Giuseppe Papavero
Chief Operating Officer

Giuseppe Papavero oversees administrative operations of CIC, including information management, technology infrastructure, loan servicing activities, as well as collateral management. A Certified Public Accountant and an attorney, Giuseppe previously served as Controller for CIC.

Dunni Cosey Gay
Director of The Preservation Compact

Dunni Cosey Gay coordinates policy and programmatic initiatives of The Preservation Compact, a collaborative effort to stem the loss of affordable rental housing in the region. Dunni comes to CIC from previous roles held at the Cook County Bureau of Economic Development, the Chicago Cook Workforce Partnership, and City of Chicago.

Exhibit 3: CIC Loan Underwriting Policies and Note Sale Requirements

Underwriting
Under policies established by the Board of Directors and the Multifamily and 1-4 Unit Loan Committees, CIC currently offers loans with the following terms:

Program	Multifamily Standard	Multifamily Flex	1-4 Unit Program 1st Mortgage	OIF Mezzanine Debt
Maximum Loan to Value	80% 3-year ARM or 5-year ARM	Can be > 80%	70%	90%
		3- or 5-year ARM		
Standard Loan Term	10 years	10 years	10 years	10 years
Amortization	25 - 30 years	25 - 30 years	Up to 30 years	Interest only
Rate Adjustment (above Comp. Treasury)	350 basis points	350 basis points	Fixed Rate	Fixed Rate
Maximum Loan to Cost	80%	95%	80%	90%
Minimum Equity	20%	5%	20%	10%
Minimum DSCR	1.25	1.15	1.25	1.10
Pre-Payment Penalty	No	No	No	No
Floors	Initial Rate	Initial Rate	N/A	N/A

Initial Rates are set by the Loan Committee.

Note Sales
For loans to become eligible for sale to the Investors under the Multifamily Note Purchase Agreement, the following conditions must by met:

- Construction is complete
- Loan is not in default
- Project has achieved a 1.10 debt service coverage ratio (DSCR)

For loans to become eligible for sale to the Investors under the Single Family Note Purchase Agreement, the following conditions must be met:

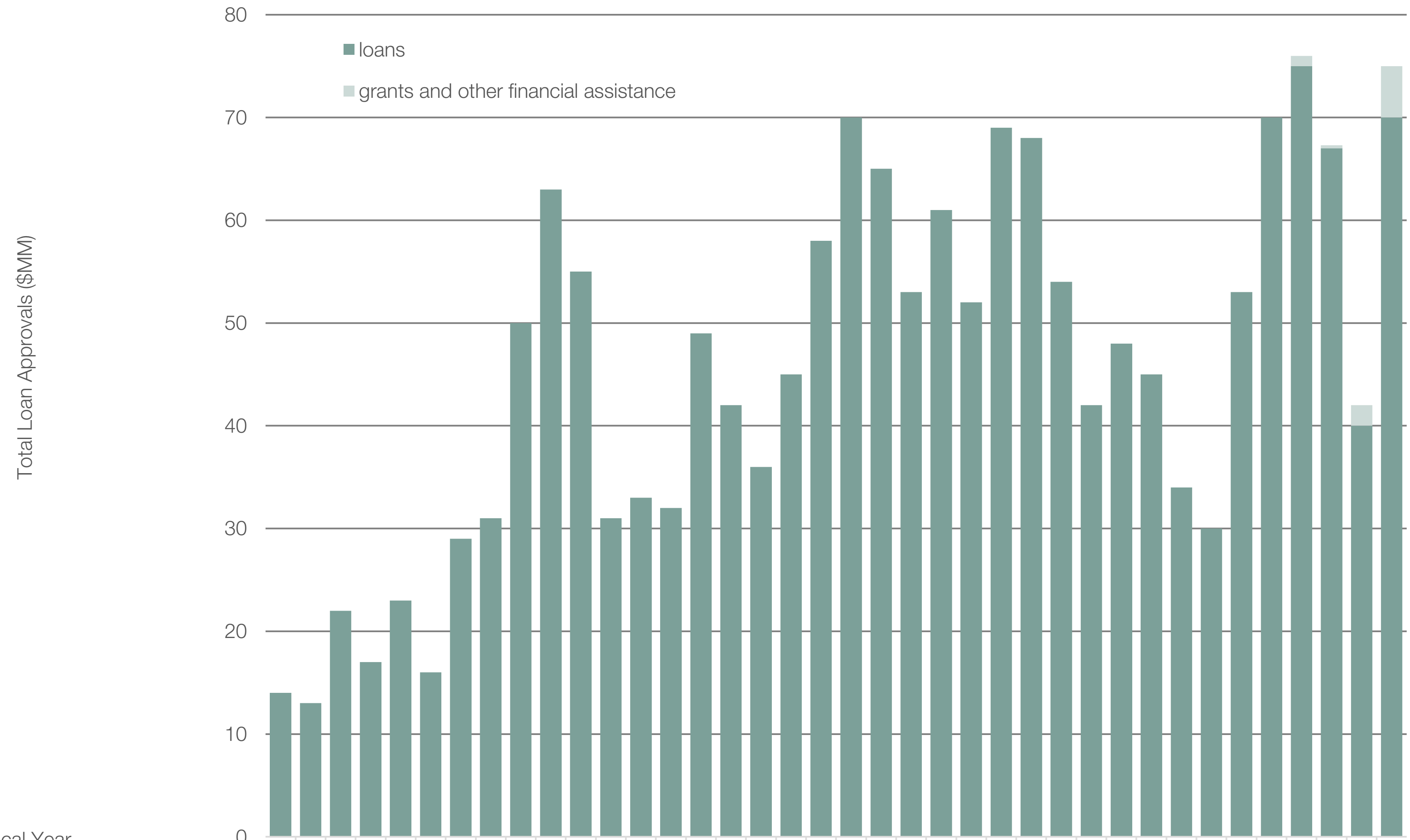
- Construction is complete
- Loan is not in default

Exhibit 4: CIC Loans and Grants by Community Area

	Multifamily Loans (Regular & Energy Flex)			1-4 Unit Loans			OIF Mezzanine Debt			Woodlawn Construction Loan Fund			LENDING TOTAL			Other Financing & Grants			TOTAL FINANCIAL ASSISTANCE		
CHICAGO COMMUNITY	#	$	units	#	$	units	#	$	units (affordable only)	#	$	units	#	$	units	#	$	units	#	$	units
ASHBURN	1	900,000	11				1	112,500	3				2	1,012,500	11	0	0	0	2	1,012,500	11
AUBURN GRESHAM	10	8,967,250	226										10	8,967,250	226	0	0	0	10	8,967,250	226
AUSTIN	6	2,545,500	50										6	2,545,500	50	0	0	0	6	2,545,500	50
BELMONT CRAGIN	1	908,000	11										1	908,000	11	0	0	0	1	908,000	11
BEVERLY	4	4,032,850	56										4	4,032,850	56	0	0	0	4	4,032,850	56
CHATHAM	7	2,799,000	54										7	2,799,000	54	0	0	0	7	2,799,000	54
CHICAGO LAWN	2	708,000	14										2	708,000	14	0	0	0	2	708,000	14
ENGLEWOOD	1	1,690,000	37										1	1,690,000	37	0	0	0	1	1,690,000	37
GRAND BOULEVARD	1	690,000	24										1	690,000	24	0	0	0	1	690,000	24
GREATER GRAND CROSSING	4	2,039,750	62										4	2,039,750	62	0	0	0	4	2,039,750	62
HUMBOLDT PARK	2	508,750	6										2	508,750	6	0	0	0	2	508,750	6
LOGAN SQUARE	2	1,312,000	26										2	1,312,000	26	0	0	0	2	1,312,000	26
MORGAN PARK	1	330,000	6										1	330,000	6	0	0	0	1	330,000	6
NEAR NORTH SIDE													0	0	0	1	900,000	148	1	900,000	148
NEAR WEST SIDE	1	3,717,000	98										1	3,717,000	98	0	0	0	1	3,717,000	98
NORTH LAWNDALE	6	2,461,310	50										6	2,461,310	50	2	683,000	0	8	3,144,310	50
ROGERS PARK	4	3,837,527	60				1	140,000	4				5	3,977,527	60	0	0	0	5	3,977,527	60
SOUTH CHICAGO	2	3,742,000	67										2	3,742,000	67	0	0	0	2	3,742,000	67
SOUTH SHORE	5	6,080,000	154										5	6,080,000	154	0	0	0	5	6,080,000	154
WASHINGTON PARK	3	3,656,000	87										3	3,656,000	87	2	3,400,000	52	5	7,056,000	139
WEST LAWN	1	340,000	6										1	340,000	6	0	0	0	1	340,000	6
WEST RIDGE	2	1,070,142	321										2	1,070,142	321	0	0	0	2	1,070,142	321
WOODLAWN	2	790,000	22							2	1,299,000	20	4	2,089,000	42	0	0	0	4	2,089,000	42
CHICAGO SUBTOTALS	68	53,125,079	1448	0	0	0	2	252,500	7	2	1,299,000	20	72	54,676,579	1,468	5	4,983,000	200	77	59,659,579	1668
SUBURBAN COMMUNITY																			0	0	0
BLUE ISLAND	2	975,000	27										2	975,000	27	0	0	0	2	975,000	27
CICERO	1	475,000	6										1	475,000	6	0	0	0	1	475,000	6
CRESTWOOD	1	351,000	6										1	351,000	6	0	0	0	1	351,000	6
EVANSTON	3	3,877,430	33										3	3,877,430	33	0	0	0	3	3,877,430	33
MCHENRY	1	2,000,000	6										1	2,000,000	6	0	0	0	1	2,000,000	6
MERRIONETTE PARK	1	400,000	11										1	400,000	11	0	0	0	1	400,000	11
OAK PARK	2	3,400,000	34										2	3,400,000	34	0	0	0	2	3,400,000	34
RICHTON PARK				1	2,050,000	15							1	2,050,000	15	0	0	0	1	2,050,000	15
SCHILLER PARK	1	431,250	6										1	431,250	6	0	0	0	1	431,250	6
WOODRIDGE	2	1,198,877	912										2	1,198,877	912	0	0	0	2	1,198,877	912
SUBURBAN SUBTOTALS	14	13,108,557	1,041	1	2,050,000	15	0	0	0	0	0	0	15	15,158,557	1,056	0	0	0	15	15,158,557	1,056
PROGRAM TOTALS	82	66,233,636	2,489	1	2,050,000	15	2	252,500	7	2	1,299,000	20	**87**	**69,835,136**	**2,524**	5	4,983,000	200	**92**	**74,818,136**	**2,724**

Multifamily Loans include Regular loans (80) and Energy Flex second loans (2)
The 2,524 units that were financed through CIC lending include 2,499 rental units and 25 commercial units
Other Financing & Grants includes Agency Debt correspondent lending and grants (TIF and AHP)
OIF Mezzanine Debt and Other Financing & Grants unit counts are shown for informational purposes, but are not included inthe total unit count, because they are counted in the associated Multifamily loan
Unit counts under 'Other Financing & Grants' are only shown if they are additive to the total, and not included in an associated Multifamily regular loan

Exhibit 5: Total Financial Resources Provided by CIC by Fiscal Year

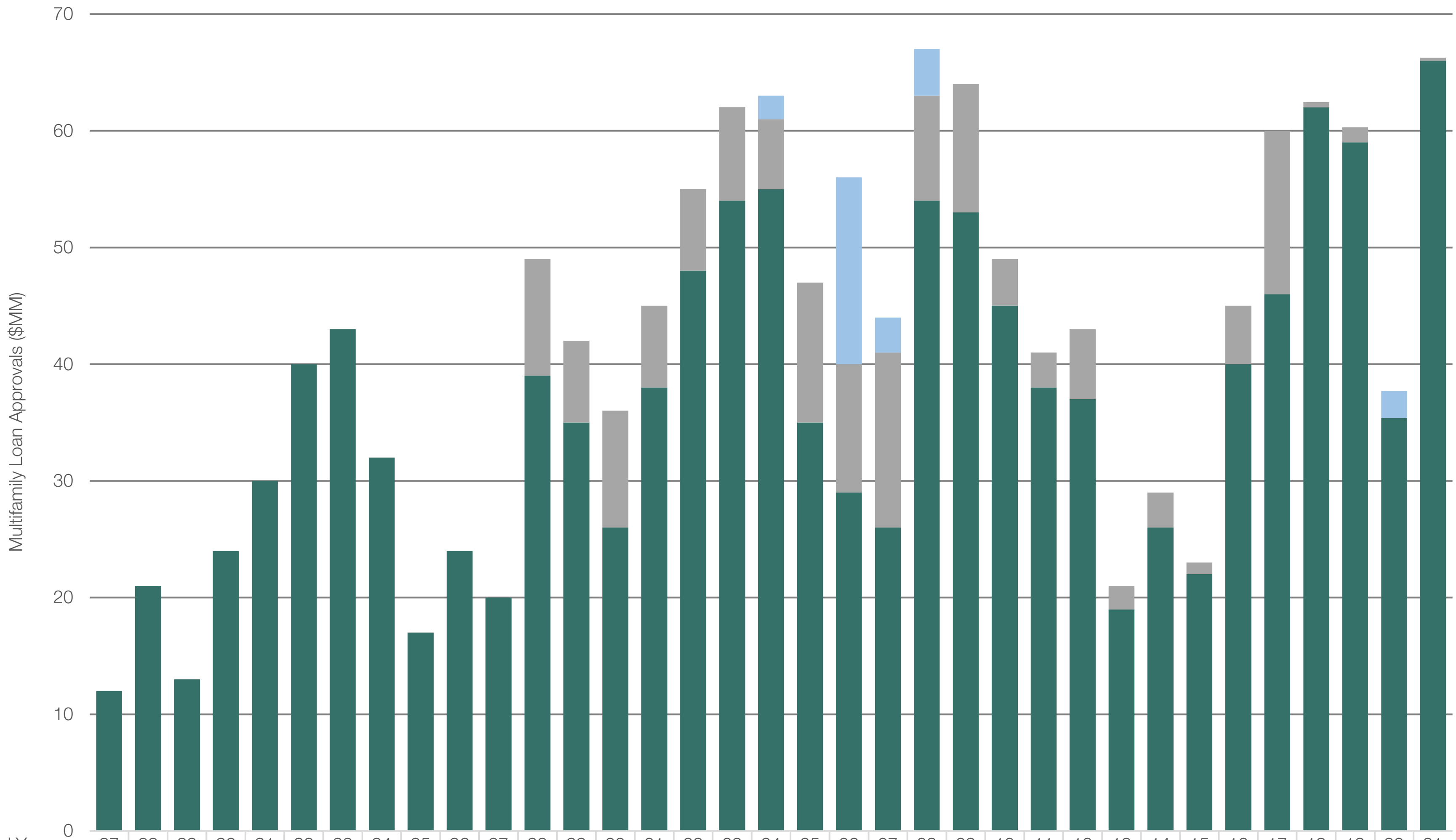


Fiscal Year	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99
grants and other financial assistance																
loans	14	13	22	17	23	16	29	31	50	63	55	31	33	32	49	42

Fiscal Year	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
grants and other financial assistance																			1	0.3	2	5
loans	36	45	58	70	65	53	61	52	69	68	54	42	48	45	34	30	53	70	75	67	40	70

Note
Includes all CIC loans and grants. Beginning in FY 2018, loans and grants/other financial assistance displayed separately.

Exhibit 6: CIC Multifamily Lending by Fiscal Year of Approval



Fiscal Year	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04
Loan Volume ($MM)		21	13	24	30	40	43	32	17	24	20	49	42	36	45	55	62	63
Avg per Loan ($TH)	364	656	419	686	714	800	843	914	680	571	444	557	532	600	549	519	525	643
Number of Units	941	1210	752	1317	1671	2335	2182	1936	970	1429	901	2288	2088	1497	1848	2064	2010	2825
Avg Loan per Unit ($TH)	13	17	18	18	18	17	19	17	18	17	22	22	20	24	24	27	31	20
Fixed Rate ($MM)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Multifamily Flex ($MM)	0	0	0	0	0	0	0	0	0	0	0	10	7	10	7	7	8	6
Multifamily Regular ($MM)	12	21	13	24	30	40	43	32	17	24	20	39	35	26	38	48	54	55

Fiscal Year	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
Loan Volume ($MM)	47	56	44	67	64	49	41	43	21	29	23	45	60	62	60	38	66
Avg per Loan ($TH)	580	878	710	971	878	754	567	673	456	521	428	667	696	760	941	877	808
Number of Units	1498	2313	1849	1969	1849	1565	1576	1474	725	977	731	2009	1693	1658	1061	941	2489
Avg Loan per Unit ($TH)	31	24	24	35	35	31	24	25	28	30	32	23	35	38	57	40	27
Fixed Rate ($MM)	0	16	3	4	0	0	0	0	0	0	0	0	0	0	0	2.3	0
Multifamily Flex ($MM)	12	11	15	9	11	4	3	6	2	3	1	5	14	0.44	1.3	0	0.25
Multifamily Regular ($MM)	35	29	26	54	53	45	38	37	19	26	22	40	46	62	59	35.4	66

Exhibit 7: Multifamily Flex Fund

The Multfamily Flex Fund was initiated in 1998 to reach unmet neighborhood needs and encourage increased levesl of rehab activity in neighborhoods needing an intervention stimulus. In order to achieve this goal, loan-to-value and debt service coverage ratios can be less stringent than standard Multifamily loans. Of the 250 Flex Fund loans for $156 million originated under the program, 155 have been sold to investors for $96.4 million, of which $84.6 million has been fully repaid.

In FY 2017, in order to more fully integrate Energy Savers loans into CIC's multifamily lending platform, CIC began to use the Flex Fund program for Energy Savers second mortgage loans that are originated behind a CIC first mortgage. In FY 2021, two second mortgage Energy Savers loans for $252,530 were categorized as Flex Fund loans. One Energy Flex loan was sold to investors.

Since the beginning of the Multifamily Flex Fund in 1998, there have been losses on 13 loans in the amount of $6.5 million. Two of these loans were not sold to investors, and the losses were sustained by CIC. The $4.8 million in losses on the other 11 loans were absorbed by the Multifamily Investor Loan Loss Reserve. No losses have been experienced by note purchasers participating in the Multifamily Investor First Loss Fund under the Flex Fund loan program.

According to the 2020 Multifamily Note Purchase Agreement, the aggregate principal amount of all Flex Fund loans may not exceed 20% of the total dollar commitments of the Multifamily Note Purchasers. As of September 30, 2021, the aggregate principal of all Flex Fund loans is $18.1 million, or 6.1% of the $294.9 million in Purchaser commitments. ($11.8 million of Flex Fund loans have been sold to investors.) In addition, total Flex Fund loans sold to investors is limited to 20% of total multifamily loans sold in any 12 month period. In the past 12 months, there was one Flex Fund loan sold for $38,869, which is 0.1% of the total multifamily notes sold in that period.

Approved Flex Loans	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total or Avg
Number of Loans (#)	18	16	15	14	16	12	17	13	10	6	4	9	4	4	1	6	21	7	7	0	2	250
Value of Loans ($MM)	$7	$7	$8	$6	$12	$11	$15	$11	$11	$4	$1	$6	$5	$4	$1	$5	$15	$0.4	$1.3	$0.0	$0.3	$156
Average LTV (%)	103%	97%	87%	78%	86%	106%	73%	90%	91%	80%	80%	84%	104%	91%	68%	95%	97%	87%	88%	-	83%	88%
Average Debt Coverage Ratio	1.2	1.2	1.5	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.4	1.5	1.6	1.3	-	1.4	1.3

Flex Fund Notes as a Portion of EOY Balance of Multifamily Notes Sold to Investors	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Portfolio ($MM - Flex Fund Notes Sold)	$15.6	$12.9	$18.4	$16.4	$13.2	$17.9	$22.1	$18.6	$32.4	$37.2	$40.4	$38.0	$38.0	$38.9	$34.0	$32.1	$31.1	$26.2	$20.1	$14.5	$11.8
Portfolio ($MM - All Multifamily Notes Sold)																		$196.7	$194.7	$207.6	$196.8
% of Total Portfolio	9.5%	8.6%	18.9%	14.6%	10.5%	13.6%	16.7%	14.1%	17.1%	18.9%	18.8%	16.2%	16.0%	16.0%	15.0%	16.6%	16.5%	13.3%	10.3%	7.0%	6.0%

Principal of Flex Fund Loans as a Percentage of Multifamily Investor Commitments	
Current Outstanding Principal of Flex Fund Loans	$18.1 million
Multifamily Investor Commitments	$294.9 million
% of Commitments	6.1%

Flex Fund Notes Sold to Investors in Previous 12 Months	
Flex Fund Notes Sold	$38,869
All Multifamily Notes Sold	$42.1 million
%	0.1%

Exhibit 8: Note Sales, Payoffs, and Payments in the Multifamily and 1-4 Unit Portfolio

Multi-Family Program Notes

Quarter	Beginning Balance	Note Sales	Payoffs	Payments	Ending Balance
Quarter 1 (10/1/2020-12/31/2020)	207,631,000	7,350,786	11,785,989	1,568,188	201,627,609
Quarter 2 (1/1/2021-3/31/2021)	201,627,609	2,432,242	3,271,420	2,285,915	198,502,516
Quarter 3 (4/1/2021-6/30/2021)	198,502,516	6,877,562	19,408,691	1,630,855	184,340,531
Quarter 4 (7/1/2021-9/30/2021)	184,340,531	25,477,379	11,230,817	1,765,271	196,821,822
	Totals	**42,137,969**	**45,696,917**	**7,250,229**	

SF 1-4 Program Notes - Tier 1

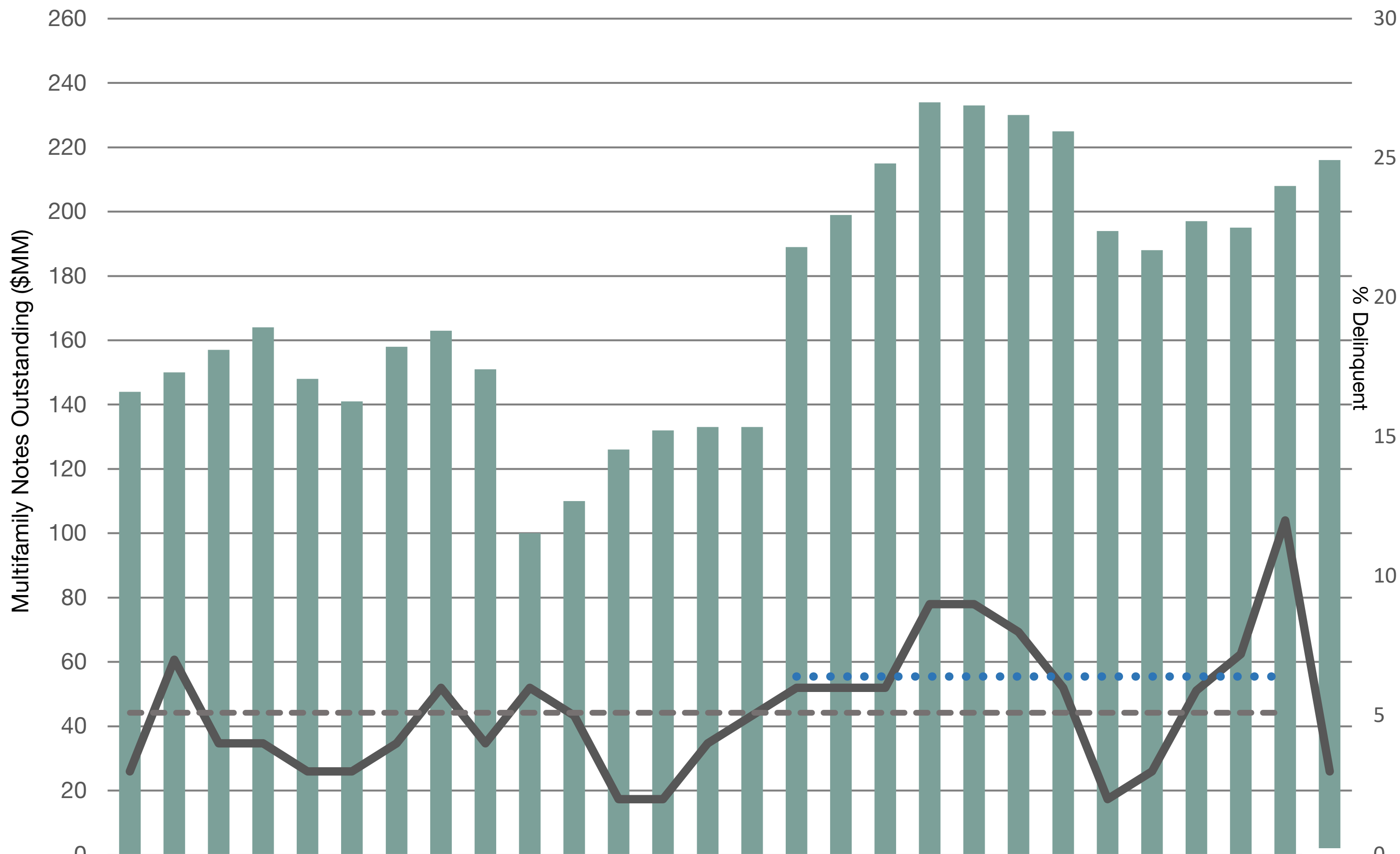
Quarter	Beginning Balance	Note Sales	Payoffs	Payments	Ending Balance
Quarter 1 (10/1/2020-12/31/2020)	17,432,323	2,292,721	1,183,421	147,772	18,393,851
Quarter 2 (1/1/2021-3/31/2021)	18,393,851	-	370,618	132,802	17,890,431
Quarter 3 (4/1/2021-6/30/2021)	17,890,431	-	919,742	123,127	16,847,562
Quarter 4 (7/1/2021-9/30/2021)	16,847,562	-	283,377	139,416	16,424,769
	Totals	**2,292,721**	**2,757,157**	**543,118**	

SF 1-4 Program Notes - Tier 2

Quarter	Beginning Balance	Note Sales	Payoffs	Payments	Ending Balance
Quarter 1 (10/1/2020-12/31/2020)	3,612,068	-	395,261	23,158	3,193,648
Quarter 2 (1/1/2021-3/31/2021)	3,193,648		110,135	21,619	3,061,894
Quarter 3 (4/1/2021-6/30/2021)	3,061,894	-	58,441	21,720	2,981,734
Quarter 4 (7/1/2021-9/30/2021)	2,981,734	-	-	24,632	2,957,102
	Totals	**-**	**563,838**	**91,129**	

Total SF 1-4 Program Notes-Tier 1 & 2		2,292,721	3,320,995	634,247

Exhibit 9: Multifamily Notes Outstanding and Delinquency Rates

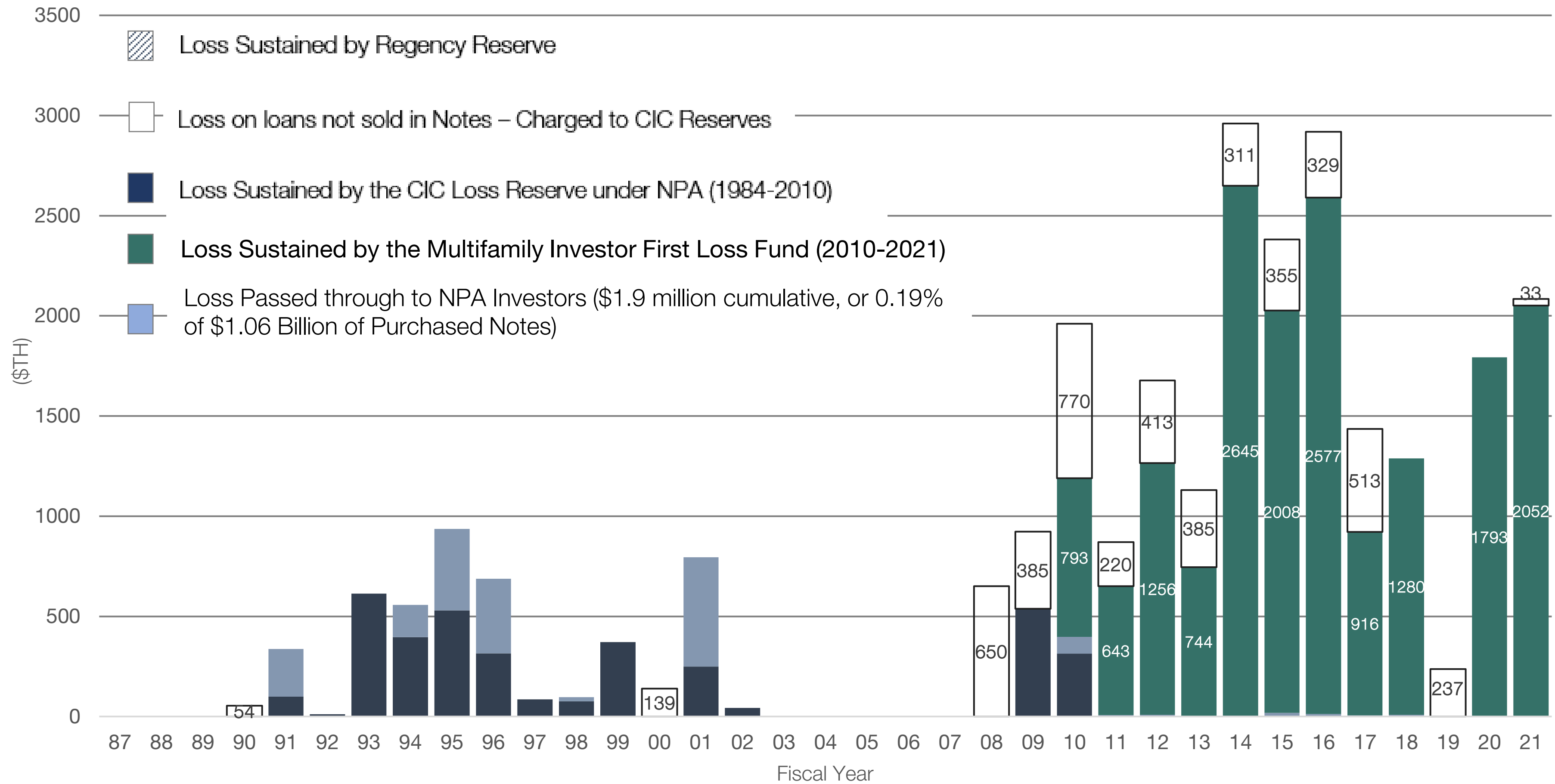


Fiscal Year	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
$MM Portfolio Balance	144	150	157	164	148	141	158	163	151	100	110	126	132	133	133	189	199	215	234	233	230	225	194	188	197	195	208	216
$MM Delinquent	5	5	3	6	2	2	3	9	5	5	5	3	3	5	7	5	11	8	16	15	19	14	4	6	11	14	25	6
$MM REO Property	2	1	1	1	1	1	1	0	0	0	0	0	1	0	2	1	1	2	2	2	3	5	2	1	0.3	0.3	0.6	0
% Delinquent	3	7	4	4	3	3	4	6	4	6	5	2	2	4	5	6	6	6	9	9	8	6	2	3	6	7	12	3
Average Delinquency % Since 1991																												
Average Delinquency % Since 2009																												

Notes

The delinquency percentage line on the chart includes loans 30 days or more delinquent, loans in foreclosure, and loans in workout. It does not include REO.
There were no loans in Workout at 9/30/21.

Exhibit 10: Loan Losses on CIC Multifamily Loans Originated Since 1984



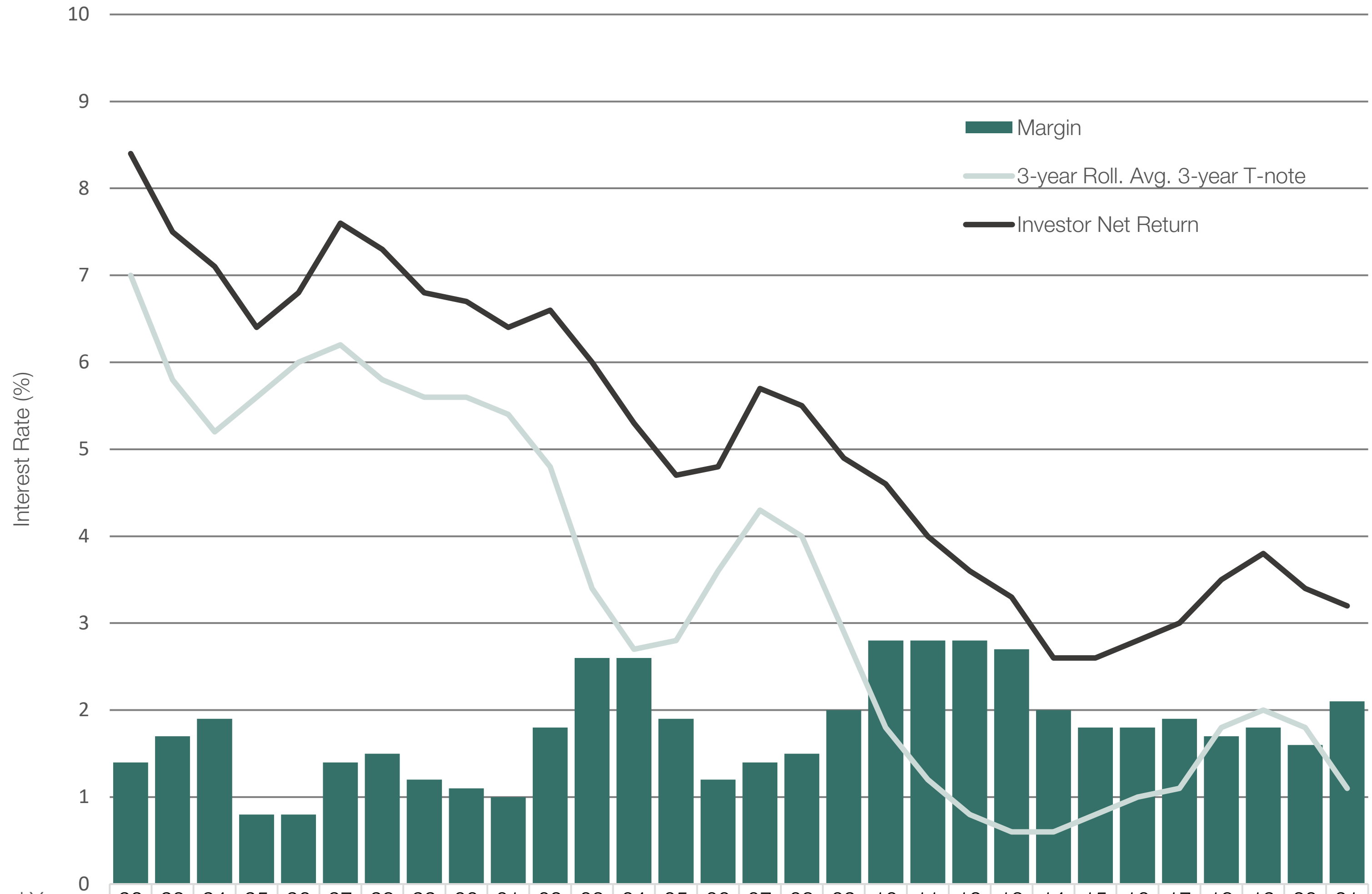
Multifamily Loan Losses

	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03
Losses by Year ($TH)				54	337	12	614	557	936	688	85	96	371	139	795	43	
Portfolio Balance* ($M)	24	37	33	43	63	84	135	162	168	172	173	171	167	183	189	188	180
Loss as % of Portfolio					0.5	0	0.5	0.3	0.6	0.4	0.1	0.1	0.2	0.1	0.4	0	

	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
Losses by Year ($TH)					650	923	2255	1255	1944	1131	2960	2381	2919	1435	1289	237	1793	2085
Portfolio Balance* ($M)	192	192	207	214	220	256	285	307	317	316	306	281	278	275	285	286	275	270
Loss as % of Portfolio					0.3	0.4	0.79	0.41	0.61	0.36	0.94	0.85	1.05	0.52	0.45	0.08	0.65	0.77

* Note: 1984 to 1992 Portfolio Balance included notes sold to purchasers. 1993 to 2021 Portfolio Balance includes Multifamily notes sold to purchasers, plus in-house and construction CIC loans, Regency sale loans, and fixed rate pool.

Exhibit 11: Multifamily NPA Investor Net Return on Notes



Fiscal Year	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
Margin	1.4	1.7	1.9	0.8	0.8	1.4	1.5	1.2	1.1	1	1.8	2.6	2.6	1.9	1.2	1.4	1.5	2	2.8	2.8	2.8	2.7	2	1.8	1.8	1.9	1.7	1.8	1.6	2.1
3-year Roll. Avg. 3-year T-note	7	5.8	5.2	5.6	6	6.2	5.8	5.6	5.6	5.4	4.8	3.4	2.7	2.8	3.6	4.3	4	2.9	1.8	1.2	0.8	0.6	0.6	0.8	1	1.1	1.8	2	1.8	1.1
Investor Net Return	8.4	7.5	7.1	6.4	6.8	7.6	7.3	6.8	6.7	6.4	6.6	6	5.3	4.7	4.8	5.7	5.5	4.9	4.6	4	3.6	3.3	2.6	2.6	2.8	3	3.5	3.8	3.4	3.2

Notes

The Multifamily investor return is calculated by averaging each month's net interest remitted (gross interest less servicing fee, funding to First Loss Fund, and unreimbursed principal losses, if any) divided by the month's beginning portfolio balance. CIC rates quoted represent full-year averages. Individual investor spreads will vary depending on loan mix and investor share of losses, if any.

Exhibit 12: 1-4 Unit Loan Program: Summary of Activity

1-4 Unit Loan Program - Approvals and Closings

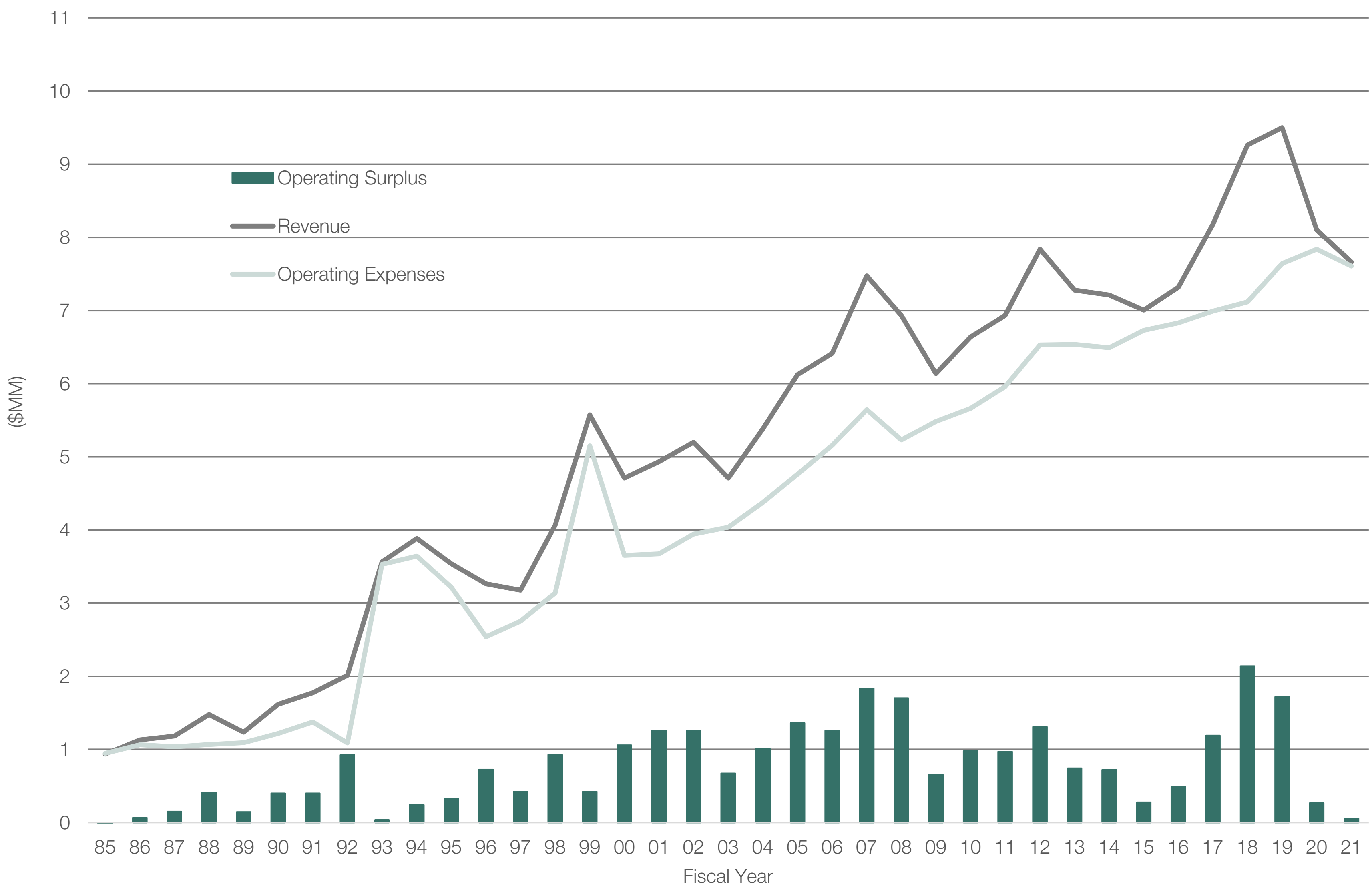
		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	FY 2021	Total
1st or 2nd mortgage		**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**1st**	
Approvals														
	$	$3,046,000	$540,000	$5,551,000	$1,454,000	$6,550,000	$1,389,000	$10,146,000	$2,385,850	$4,530,500	$917,750	$1,467,000	$2,050,000	$40,027,100
	#	5	5	8	8	11	8	11	9	7	6	2	1	81
	units		73		112		131		191		89	20	15	631
Closings														
	$	$1,101,000	$201,000	$6,920,000	$1,649,000	$6,501,000	$1,428,000	$9.981,000	$2.350,850	$5,320,500	$1,057,750	$1,467,000	2050000	$27,695,250
	#	3	3	9	9	11	8	11	9	8	7	2	1	81
	units		30		146		130		190		100	20	15	631

1-4 Unit Loan Program - Loans Sold to Investors

	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021		Total
1st or 2nd mortgage	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	**1st**	**2nd**	
Notes Sold	$-	$-	$3,012,496	$534,473	$7,793,766	$1,697,491	$10,515,339	$2,590,394	$3,157,833	$545,263	$1,194,658	$237,333	$2,292,721	0	$33,571,767
Outstanding Notes Sold	-	-	$2,933,353	$521,414	$10,109,981	$2,079,144	$17,581,614	$4,184,904	$19,007,628	$4,247,704	$17,432,323	$3,612,068	$16,424,770	$2,957,101	$19,381,871
Delinquencies*	-	-	None	None	None	None	$408,054 (30 days) 2.30%	None	$408,054 (90+ days) 2.10%	$272,036 (90+ days) 6.40%	$1,235,820 (90+ days) 7.10%	$299,946 (90+ days) 8.30%	$1,235,820 (Foreclosure) 7.52%	$299,946 (Foreclosure) 10.14%	
Losses	-	-	None	None	None	None	None	None	None	None	None	None	None	None	
Investor First Loss Fund	$250,000	$500,000	$262,405	$502,203	$329,486	$511,591	$392,641	$524,277	$475,896	$543,789	$569,279	$563,908	$657,859	$579,787	
Return to Investors	NA	NA	5.13%	5.13%	5.13%	5.13%	5.13%	5.13%	5.13%	5.13%	5.00%	5.00%	5.00%	5.00%	

*Delinquencies on 1-4 Notes Sold to Investors

Exhibit 13: CIC/CII Consolidated Operating Revenue and Expenses



Note
CIC operates on a fiscal year ending September 30.

Exhibit 14: Investor FAQs 2021

CIC
community investment corporation

COVID-19 FREQUENTLY ASKED QUESTIONS (FAQ)
as of 6/30/2021
Circulated to all CIC Investors in 2021

- **What is the condition of the CIC portfolio?**
  As of June 30, 2021, CIC's loan portfolio consisted of 597 loans totaling $303.2MM.

  For Notes Sold to Investors, delinquencies in the Multifamily portfolio were at 33 loans for ~$14 million (or 7.6%). This is a favorable decline when compared to delinquencies during the same period last year at 61 loans for $33.5 million (or 15.1%)

  For Notes Sold to Investors, delinquencies in the 1-4 portfolio were at 5 loans for $2.9 million (or 14.6%) vs. the prior year of 7 loans for $3.2 million (or 14.6%). The high delinquency percentage is more so the result of a smaller portfolio year over year ($22.2 million in FY2021 vs. $19.8 million in FY2020), than a rise in delinquent loans.

  For CIC-owned loans, delinquencies were 7 loans for $1.8 million in the Multi-family portfolio and 1 loan for $1.6 million in the 1-4 portfolio. This compares favorably to the prior year of 8 loans for $2.4 million in the Multifamily portfolio, and 2 loans for $2 million in the 1-4 portfolio. The remaining delinquent loan in the 1-4 portfolio is currently under contract with an anticipated close date of July 2021.

  The overall decline in delinquencies is largely attributable to the success of CIC's COVID-19 Borrower Assistance Program (BAP) and the portfolio management efforts of the Asset Management and Lending teams.

- **Does CIC offer any COVID-19 assistance programs?**

  Borrower Assistance Program
  In March of 2020, CIC developed the Borrower Assistance Program (BAP) which allowed borrowers to defer either 50% or 100% of principal and interest payments for three months and repay that portion over a 2-year period. While CIC is no longer taking applications, it approved over 72 loan requests with an outstanding balance of ~$50 million from March 2020 – May 2021. All loans have completed the deferral period and are completing their post-deferral payments.

  As of June 30, 2021, there are currently 52 investor-owned loans totaling $36.2 million in BAP. All loans have completed the 3-month deferral period and are completing their post-deferral payments. For Notes Sold to Investors, six loans totaling $1.5 million are 30 days delinquent. There are 5 CIC-owned loans totaling $2.3 million. There are no delinquencies.

Exhibit 14: Investor FAQs 2021

Loans in forbearance are not considered to be delinquent as long as they're in compliance with the terms of the BAP.

Wells Fargo Open for Business Housing Assistance Grant
CIC was recently awarded a $2 million grant to assist small building owners with increased maintenance and other building expenses incurred between March 2020 and June 2021 resulting from the coronavirus pandemic. Borrowers may apply for up to $30,000 in reimbursable costs or lost income per loan. Eligible costs include:

- Water bills
- Lost rents due to recently vacated units
- Cleaning/maintenance costs

  Applicants must submit supporting documentation for consideration and meet the grant qualifications. Applicants will be notified of their approval and receive the one-time grant upon their self-certification.

- **Is the Multifamily Investor First Loss Fund adequately funded for future losses?**
  Yes, management requested and received board approval to increase the investor contribution into the Multifamily Investor First Loss Fund by an additional 45 bps, increasing to a total of 100 bps from 55 bps. This took effect in two steps with the first increase of 20 bps occurring with the June 15, 2020 remittances and 25 bps occurring with the November 15, 2020 remittance. In addition, CIC has increased its contribution to the Multifamily First Loss Fund by an additional 22.5 bps, increasing to a total of 25 bps from 2.5 bps. As of June 30, 2021, the Investor First Loss Fund reflected a balance of $5.2 million. We are projecting an additional $1.9 million of losses to occur this FY which would bring the balance in the fund to $4.1 million at September 30, 2021. Management is very comfortable with this level.

- **Is the Single Family Investor First Loss Fund adequately funded for future losses?**
  Yes, CIC management believes that the Single Family Investor First Loss Funds will have funds sufficient to absorb any losses and has no plans to increase contributions into these Funds.

- **What does CIC see as the condition in the overall marketplace?**
  When COVID began, high unemployment related to the pandemic had a direct effect on the ability of residents in CIC financed building to pay rent, and thereby on building owner to pay their scheduled debt service. The temporary shutdown of County courts and eviction moratoria added to a challenging situation.

  The federal government sought to soften the blow with enhanced unemployment, and Emergency Rental Assistance. Enhanced federal unemployment benefits have provided some cushion for lost jobs, but benefits are set to end on September 6, 2021.
  The federal government also committed a significant amount of emergency rental assistance to support households affected by the pandemic. In Illinois, about $270 million of emergency rental assistance was deployed in 2020, serving approximately 60,000 households. In 2021, about $700 million of assistance is in the process of being allocated by government agencies.

An additional $1.5 billion in rental assistance for Illinois was provided through the American Rescue Plan Act, enacted in March 2021. These dollars will be allocated in rounds starting this fall. While all of this rental assistance still will not offset all rental arrearages due to COVID, even owners who received only a portion of their assistance request are now able to pay more bills, and begin to address deferred maintenance.

Exhibit 14: Investor FAQs 2021

Overall, CIC clients have proven to be resilient along with their tenants as the economy gradually improves. CIC projects in construction have continued to proceed, although often at a slower than expected pace due to materials shortages, reduced government schedules, and other challenges posed by the pandemic. Unlike the Great Recession, where we saw major reductions of 30 to 50% percent in apartment building values, sales of apartment buildings have increased as investors see long term appreciation and solid ROI's in CIC's markets.

- **Is CIC making loans?**
  CIC has seen a gradual increase in loan applications over the past six months. The applicants range from long planned new developments to clients taking advantage of lower interest rates to new acquisition opportunities. In general, clients and prospects are shifting from triage mode to cautious optimism as we begin to turn the corner of the pandemic. CIC remains vigilant with our underwriting standards as we carefully assess the match between investor experience and a subject investment opportunity. YTD through June 30, 2021, CIC approved $58.7M in loans and closed $47.9M versus a budget of $33MM

- **Is CIC selling notes to investors now and looking forward?**
  Yes, $22.3 million of Multi-family notes were sold on April 3, 2020, and $4.1 million of Multi-family notes were sold on June 19, 2020. $1.4 million of 1-4 Unit notes were sold on April 3, 2020. As of June 30, 2021, CIC has sold $19 million of Multifamily notes and is projecting it will sell an additional $10-20 million before the end of the FY. $2.3 million of 1-4 Unit notes have been sold during the current FY. We are not projecting any further 1-4 Unit note sales in the current FY.

- **How will COVID-19 impact CIC's financial performance?**
  To maximize liquidity and reduce overall financial exposure, at the beginning of the pandemic, CIC sold virtually all loans that were eligible for sale under the 2015 and 2020 Note Purchase Agreements. Internally, CIC focused on completing loans that were in construction. As a result, CIC absorbed a significant decrease in net interest income on in-house loans during that time. With a dramatic slowdown in the real estate market from spring through fall of 2020, CIC generated very little fee income associated with new loans. Even so, at the end of FY 2020, second half declines were offset by a very strong first half of FY 2020, and finished FY 2020 with a slight profit of $183k.

  In FY 2021, the first nine months have seen better results than expected. Our FY 2021budget projected a loss of $1.2 million. As of June 30, 2021, CIC has generated $5.8 million of revenue, which is $887 thousand better than budget. This resulted in an operating surplus of $174 thousand, which is $1.3 million better than budget. Factoring in grants that we've recognized, CIC has a net change in total assets of $1 million better than budget by $1.8 million. We also have been awarded $1.8 million from the CDFI Rapid Response Program grant which will be received in August.

- **Did CIC apply for and receive any COVID-19 assistance?**
  Yes, CIC received $963 thousand from the Payroll Protection Program. This was forgiven in November 2020 and is reflected in our grant income line item. CIC also applied for a second round of PPP and received approximately $863 thousand and expects to have the full amount forgiven.