# Annual Performance + Credit Review Report to Investors

FISCAL YEAR 2022

(10/1/2021 - 9/30/2022)


CIC is a certified Community Development Financial Institution (CDFI) and a member of the Federal Home Loan Bank of Chicago.

# LETTER TO CIC INVESTORS

Community Investment Corporation (CIC) is pleased to present this year's Performance and Credit Review (PCR) Report to Investors, which is refreshed to expand the reach of CIC's story and impact.

In FY 2022, CIC remained committed to our mission of being a leading force in affordable housing and neighborhood revitalization through innovative financing, programs, and policy leadership. This past year at CIC was marked by new activities, fresh transitions, and unexpected challenges, as COVID concerns shifted to inflation and sharp increases in interest rates.

In the midst of these economic headwinds, CIC had a strong finish to FY 2022, delivering higher than expected loan volume. Here are some highlights of FY 2022:

–CIC provided over $65 million in loans and grants to acquire, rehab, and preserve 1,130 units of affordable rental housing and 38 commercial units throughout the Chicago area.

–Multifamily loan delinquencies stayed steady and low. Reserves covered all losses, no losses were passed to investors, and we instituted new stress test protocols for the portfolio and new loans.

–Community Initiatives, Inc. (CII) continued to identify irresponsible owners, taking creative and strategic steps to address troubled buildings, recovering 47 buildings with 567 units.

–The Preservation Compact (the Compact) hired a new Director, Dunni Cosey Gay, and continued to lead the implementation of new rental tax relief known as the Affordable Housing and Special Assessment Program.

–The Compact, CII and the lending team partnered with the City of Chicago, building owners, and an intergovernmental team to drive a new $5 million City of Chicago partnership to preserve Single Room Occupancy (SRO) buildings.

–Property Management Training combined in-person events and webinars, collaborating with partners on timely topics to reach over 1,400 participants.

–CIC and CII achieved a Consolidated Net Operating Surplus of $157,000. Unrestricted Net Assets increased by $1.5 million to $47 million, and Overall Net Assets increased to $50 million.

In addition to these achievements, CIC focused on new ideas and innovation:

–We structured a new pilot program to invest equity alongside our small- to mid-sized BIPOC developers using MacKenzie Scott grant dollars. This pilot will bridge both the racial equity gap and the financial equity gap; and it will build both neighborhood businesses and generational wealth.

–We developed and launched a new strategic plan; welcomed new staff, including a new Human Resources Director and new Preservation Compact Director; and joined other offices in bringing staff back into a hybrid environment.

–We launched a new web-based Executive Summary of the PCR. This online component shares voices of CIC's owner-operators, who make the impact concrete in our neighborhoods. And for those who prefer a deeper dive into the numbers, the following PCR report still provides comprehensive data on CIC's FY 2022 performance and results.

**We are proud of our work over the past year, yet realize there are challenging months ahead. While COVID's effects rippled worst in our neighborhoods, CIC's partners and investors stood by us and our borrowers, ensuring we remained nimble and responsive. We believe this resilience will guide us over any new bumps ahead.**

Your partnership and investment in CIC is an investment in our owners and the neighborhoods that need it most. We commit to being good stewards of your investment, and transforming it into real impact. We are grateful for your continued support.

Stacie Young
President/CEO

David Dykstra
Board Chair

# CONTENTS

# CONTENTS

## Exhibits

# BOARD AND COMMITTEE MEMBERS FY2022

## CIC Board Members

David Dykstra, Wintrust Financial Corporation (Chair) (1)

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, Old National 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)

Rondella Hunt, JP 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

Brooke Cullen, Wintrust Bank

Amy Ignatoski, Chase Bank

Courtney Olson, First Bank Chicago

David Patchin, Fifth Third Bank

Teresa Rubio, Associated Bank

James Turner, CIBC

James West, BMO Harris Bank

Esther Sorrell, Chicago Department of Housing*

*Non-voting Member

## CIC 1-4s Loan Committee

Brian Bianchi, Northern Trust

Brooke Cullen, Wintrust Bank

Loretta Minor, BMO Harris Bank

## Opportunity Investment Fund Investment Committee

Carl Jenkins, BMO Harris Bank (Chair)

Bryan Esenberg, City of Chicago

Edward Wood, Northern Trust

Susan Thomas, Fifth Third Bank

Tony Hernandez, CIBC

# Organizational Overview

# ORGANIZATIONAL OVERVIEW

For 30 years, CIC has prepared a Performance and Credit Review Report (PCR) to inform investors and other partners about CIC's performance, as well as the structure and governance of its many activities. As in past years, this PCR uses data, descriptions, and case studies to illustrate how CIC's work stabilizes the Chicago area's low and moderate income communities by financing the acquisition and rehabilitation of affordable multifamily housing stock, while also keeping investments safe and sound, and generating a fair return to investors.

**Organizational Overview**

–CIC builds vibrant communities, strengthens local businesses, and provides well maintained homes for families by serving as a one-stop resource for local owner-operators and property managers of affordable rental housing.

–Lending for the acquisition, rehab, and preservation of affordable rental housing is the foundation of CIC's work. As a nonprofit Community Development Financial Institution (CDFI), CIC has provided over $1.6 billion of financing since 1984 to stabilize and preserve over 67,000 units.

–CIC's achievements are made possible by the long-term support of Chicago area institutions investing in CIC's programs. Currently, 42 investors have committed $330,300,000 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 eight investors have committed $34 million to participate in the Opportunity Investment Fund. (See Exhibit 1.)

–Building on the foundation of its Multifamily and other loan programs, CIC has developed a wide array of programs and services that broaden and strengthen CIC's impact on affordable rental housing and community development in the Chicago area.

- CIC offers timely and topical workshops and trainings to help current and aspiring owner-operators grow and strengthen their businesses. (See page 31.)
- Community Investment, Inc. (CII), CIC's affiliate, intervenes directly on buildings that are vacant and distressed. In partnership with the City of Chicago, CII administers the Troubled Buildings Initiative (TBI) to correct deferred maintenance and code violations, and acquires distressed real estate so that responsible new owners can rehab the properties and provide stable management. (See page 33.)
- CIC convenes the Preservation Compact, which brings together government agencies, nonprofits, building owners, tenant advocates, and other housing stakeholders to develop effective policy strategies to preserve the affordable rental housing stock. (See page 37.)

See Exhibits 2a, 2b, and 2c for additional details on CIC organizational structure, board governance, and staff.

# CIC Balances Two Objectives

## Improve affordable rental buildings.

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

Provide expert advice to clients.

Provide property management training.

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.

–Robust credit process involving staff, management, and Loan Committees.

–CIC Loss Reserve Policies.

–Diverse and growing investor base to share risk.

# 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: 66% have been in business more than 10 years.

- 13% have come into business within the last 5 years.

–Over 50% of CIC borrowers own five buildings or less.

–Own an average of 35 units.

–90% self-manage their properties.

–33% got their first loan from CIC.

**Where does CIC lend?**

–Loans are throughout the six Illinois counties, but primarily in Chicago's south and west side communities. (On average, 90% of loans are in Chicago.)

–86% of loans are in majority African American census tracts. (5% Hispanic, 3% White, 6% no majority)

–Most loans are 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 are African American.

–37% of households have at least one child.

–92% of households 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.

# Strategic Plan FY 2023 – FY 2026

## Ready. Nimble. Investing in the Next Chapter.

Collaborating to preserve affordable housing and revitalize neighborhoods.

### 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

–In FY 2022, CIC executed a strategic planning process that originally began in FY 2020, but was suspended due to COVID as well as the organization's leadership transition.

–CIC approached this phase of the planning process within the context of transformed local and national housing markets, defined by economic challenges for local owner-operators and their tenants, alongside new corporate and philanthropic opportunities to help neighborhoods recover and stabilize.

–The process was led by the CIC Board of Directors and the Strategic Planning Committee. The process was informed by internal and external stakeholders, and a Board retreat featuring local housing and community development industry experts.

–The resulting strategic plan offers a bold yet pragmatic approach to tackling the next four years. Under the guidance of the new FY 2023 – FY 2026 strategic plan, CIC will leverage its lending platform and existing initiatives and strategies for increased impact, while being prepared to pivot if the market changes.

–CIC's FY 2023 – FY 2026 strategic priorities are:

- **Leverage Transformative Lending Platform:** Leveraging CIC's multifamily lending platform to advance existing and new products and initiatives to preserve affordable housing in a way that strengthens the core business and furthers impact.
- **Enhance Support of CIC's Customer Base:** Enhance support of CIC's customer base of rental housing developers and owner-operators by better understanding their evolving needs; tailoring offerings and the CIC process to improve their experience; and supporting customers throughout their journey.
- **Increase Collaborative Neighborhood Impact:** Contribute to neighborhood stability and revitalization by increasing collaboration with partners in and across neighborhoods via CIC's multifamily lending products, community development services, and policy expertise.
- **Through the lens of mission and racial equity,** continue to support internal talent and fortify CIC's infrastructure, allowing for continued growth and impact.

–CIC began to implement activities under the new strategic plan in October at the beginning of FY 2023.

# COVID and New Economic Challenges

## COVID and Economic Challenges in FY 2022

Despite hopes in early FY 2022 that COVID and the world might stabilize somewhat, spikes in inflation and interest rates drove continued uncertainty and economic hardship.

–In response, many borrowers rushed to refinance and lock in rates. While this drove more loan volume, it also prompted CIC to implement new protocols. Stress tests were developed and instituted with the Loan Committee's guidance to evaluate portfolio loans facing rate adjustments, and to more effectively analyze and review new loan approvals in light of likely ongoing rate increases.

## Resources for Borrowers and Neighborhoods

CIC remained a reliable hub of information and resources for owners and others struggling to navigate the new COVID world.

–From the pandemic's outset, both Property Management Training and The Preservation Compact (see pages 31 and 37) 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 and other challenges.

–The Preservation Compact continued to convene the governmental agencies administering different Emergency Rental Assistance programs to help owners and tenants navigate the different programs.

–CIC completed deployment of a $2 million Wells Fargo Grant to stabilize small owners affected by COVID, powered by a platform to underwrite borrower eligibility and allocate grants. In total, grants supported 98 buildings and 72 owner-operators. (See sidebar.)

## Meeting Unprecedented Challenges with New Borrower Resources

CIC explored and identified available resources to help building owners and their tenants through the pandemic. Two such programs were completed in FY 2022:

**CIC Borrower Assistance Program**

In March 2020, CIC developed the Borrower Assistance Program 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. CIC 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. See Exhibit 8 for detailed Borrower Assistance Program activity data.

**Wells Fargo Open for Business Housing Assistance Grant Program**

In FY 2021, Wells Fargo Open for Business Fund awarded CIC a $2 million grant to support small rental building owners experiencing financial hardship as a result of the pandemic. Grant activities included direct assistance to property owners and education and outreach by way of The Preservation Compact and Property Management Training. Completed in FY 2022, this program provided $1.7 million in one-time direct grants of up to $30,000 per property for eligible small building owners in the region. Program eligibility was designed to avoid overlap with state and local Emergency Rental Assistance funds, and covered costs including increased water bills, lost rent due to vacancy, and increased cleaning and maintenance costs.


Leon Stenneth came to CIC with a goal of growing his portfolio. With the help of his loan officer, Phillip Moore, Mr. Stenneth made the challenging transition from residential to commercial investment.

# CIC Lending and Grant Programs

# CIC LENDING AND GRANT PROGRAMS

## FY 2022 Lending Report

**Overview**

In FY 2022, CIC closed $63.1 million in loans for 1,130 units of affordable rental housing and 38 commercial units throughout the Chicago area. (See Exhibits 4 and 5.)

CIC financed $59.9 million in Standard and Flex Fund Multifamily loans, as well as other loans using the 1-4 Redevelopment Loan Program, mezzanine debt, and construction financing. CIC also provided $2.6 million in TIF grants, for an overall total of $65.7 million.

In FY 2022, CIC closings included:

–A major renovation of a blighted 24 unit mixed use property in the Austin neighborhood by a nonprofit organization that included a $1.2 million CIC loan and a $950,000 TIF grant.

–A $990,000 SRO acquisition loan in the Brighton Park neighborhood preserving 45 homes for very low income residents.

–A $352,500 Opportunity Investment Fund (OIF) loan, combined with a $2.8 million CIC multifamily loan, secured the acquisition of a 44 unit mixed-use property in Berwyn.

–Single Family new construction loans totaling $1.485 million to build three 3 flats in the West Woodlawn neighborhood.

## Lending Activity FY 2022

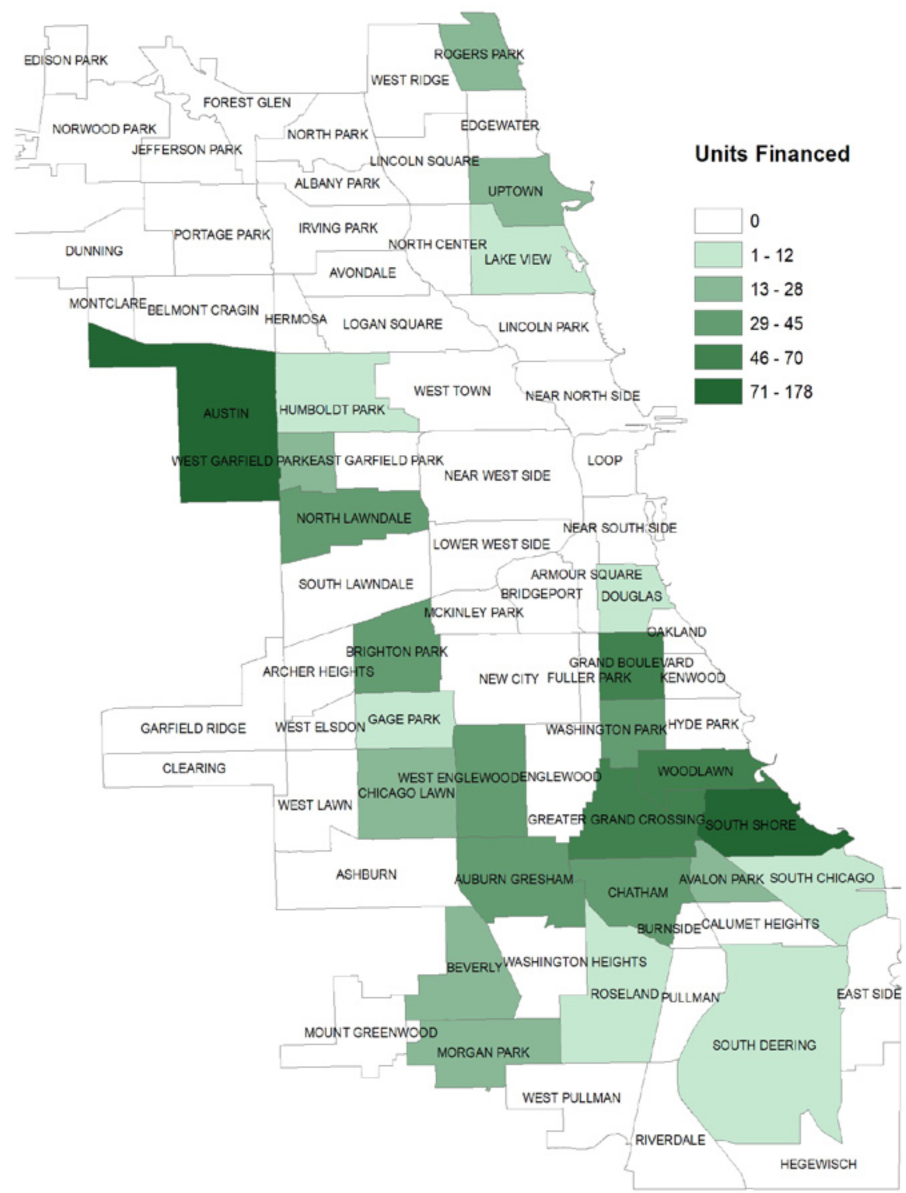
| **Multifamily Loans** | # | $(000) |
|---|---|---|
| Multifamily Standard | 73 | 58,039 |
| Flex Loan | 2 | 1,728 |
| Energy Flex | 2 | 150 |
| Multifamily Subtotal | 77 | $59,917 |
| 1-4 Unit Program Loans | | |
| 1-4 | 1 | 752 |
| Opportunity Investment Fund | | |
| Mezzanine Debt | 3 | 952 |
| Single Family New Construction | | |
| Construction Loans | 3 | 1,485 |
| TOTAL LENDING | 84 | $63,107 |

## Grants FY 2022

| | # | $(000) |
|---|---|---|
| TIF Grants | 5 | 2,629 |
| TOTAL GRANTS | 5 | $2,629 |

- In all of the buildings provided with financial assistance by CIC in FY 2022, 99.5% of the units were affordable at 80% of area median income (AMI). Furthermore, 91% were affordable at 60% AMI, and 70% were affordable at or below 50% AMI.
- Most loans closed by CIC were located in low and moderate-income census tracts in the city and suburbs of Chicago.
- Of the 84 loans approved by CIC, 70 were made in 25 Chicago communities and 14 were in 10 suburbs.
- 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 2022.

## Lending by Community Area FY 2022



# Multifamily Loan Program

### Originations

In FY 2022, CIC closed on a total of 77 Standard Multifamily and Flex loans, for $59.9 million in closings (see exhibits 4 and 6):

–73 Multifamily loans for a total of $58 million.

–2 Multifamily Flex loans totaling $1.7 million and 2 energy flex loans for energy retrofits that totaled $150,000.

- The Multifamily Flex Fund was initiated in 1998 to provide financing for innovative and complex projects requiring increased levels of rehab activity. In order to achieve this goal, loan-to-value and debt service coverage ratios can be less stringent than Standard Multifamily loans.
- As of 9/30/22, the aggregate principal of all Flex Fund loans is $11.9 million, or 3.6% of the $330.3 million in Note Purchase commitments. Flex Fund loans sold to investors are limited to 20% of total multifamily loans sold in any 12 month period.

–$2.6 million in TIF grants also funded the acquisition and rehabilitation of five vacant properties with 62 apartments and 8 commercial units. (See sidebar on page 29.)

All closed loans by program and geography are detailed in Exhibit 4.

**PROGRAM SPOTLIGHT**

## Jay & LaJune Yancy

"Going to CIC for the refi was a no brainer. Just the relationship makes it easy, and I feel like our years of experience mean something."
**- Lajune Yancy, LJ Promise Realty Management**

Read a full profile here to learn more about Jay and LaJune Yancy.

| | |
|---|---|
| Number of Units | 20 |
| Style | 3 story brick walk up |
| Location | South Shore |
| Loan Type | Refinance with Rehab |

### Delinquencies

–Delinquencies and REO remain relatively low in Multifamily Notes Sold to Investors, totalling $5.4 million (3.5%), compared to $6.1 million (3.1%) last year. (See table on this page and Exhibit 7.)

–Of this total, non-performing loans (90+ days past due plus foreclosures and workouts) are $2.7 million (1.8% of notes sold).

–Overall delinquencies remain below our targeted 5% rate on delinquencies and 2% rate on non-performing loans.

### 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 table on page 18 lists the risk ratings in the Multifamily NPA at the close of FY 2022.

–On September 30, 2022, loans representing 97.2% of the overall portfolio of Multifamily Notes Sold to Investors are rated as Pass or Acceptable. On September 30, 2021, the number was the same. See table on page 19.

### 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. See page 19 for a summary of the financial reports submitted to CIC in FY 2022.

## Summary of Delinquent Multifamily Notes Sold to Investors

| Delinquent & Non-Performing Loans | 9/30/2022 | | 9/30/2021 | |
|---|---|---|---|---|
| | $MM | % | $MM | % |
| 30 days | 1.1 | 0.7 | 1.8 | 1.0 |
| 60 days | 1.1 | 0.7 | 0.0 | 0.0 |
| Delinquent Sub Total | $2.2 | 1.4% | $1.8 | 1.0% |
| 90+ days | 0.4 | 0.3 | 2.1 | 1.1 |
| Foreclosure | 2.3 | 1.5 | 2.2 | 1.1 |
| Workout | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Performing Sub Total | $2.7 | 1.8% | $4.3 | 2.2% |
| Total | $4.9 | 3.2% | $6.1 | 3.1% |
| REO Properties | 0.5 | 0.3 | 0.0 | 0.0 |
| Total REO Plus Delinquency & Non-Performing | $5.4 | 3.5% | 6.1 | 3.1% |
| Multifamily Notes Outstanding | $152.6 | | $196.8 | |

## Risk Ratings of Multifamily Notes Sold to Investors as of 9/30/22

| Rating | Balance ($MM) | # of Loans | % |
|---|---|---|---|
| Pass | 140.3 | 290 | 92.2% |
| Acceptable | 7.6 | 20 | 5.0% |
| Special Mention | 0.3 | 1 | 0.2% |
| Substandard | 1.2 | 2 | 0.8% |
| Doubtful | 2.5 | 6 | 1.6% |
| Loss | 0.3 | 1 | 0.2% |
| TOTAL LENDING | $152.2 | 320 | 100.0% |

## Annual Statements Summary Report for Investor & CIC Loans as of 9/30/22

**DSCR for Loans Sold to Investors as of 9/30/22**

| | Loans | $MM | % |
|---|---|---|---|
| Balance ≥ $500,000 | 115 | 135.7 | 68% |
| Balance < $500,000 | 236 | 64.77 | 32% |
| Total | 351 | $200.4 | 100% |
| Financial Reports Received | 280 | $170.720 | 85% |
| DSCR ≥ 1.0 | 232 | 143.23 | 84% |
| DSCR < 1.0 | 48* | 27.5 | 16% |

*45 of these 48 loans are current.

**DSCR for Multifamily Loans ≥ $500,000 Sold to Investors as of 9/30/22**

| | Loans | $MM | % |
|---|---|---|---|
| Total Loans ≥ $500,000 | 89 | 103.4 | |
| Financial Reports Submitted | 80 | $96.2 | 93% |
| Loans Reporting with DSCR ≥ 1.0 | 62 | 79 | 82% |
| Loans Reporting with DSCR < 1.0 | 18* | 17.2 | 18% |
| Loans Not Reporting** | 9 | 7.2 | 8% |

*16 of these 18 loans are current.

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

### Losses

–In FY 2022, the portfolio of Multifamily Notes Sold to Investors incurred $364,640 in loan losses on two loans, 0.23% of the $152.6 million portfolio balance at 9/30/22. (See Exhibit 9a.)

–All of these losses were anticipated and were fully absorbed by CIC's Multifamily Investor First Loss Fund resulting in no losses being passed on to participating investors.

### Note Sales

–In FY 2022, CIC conducted two Multifamily Note Sales for a total of $15 million. Given rising interest rates and higher values, increased refinancing activity and sales drove higher than usual payoffs, with $52.9 million in payoffs and amortizations in FY 2022. In total, there are $152.6 million in notes sold to investors. (See Exhibit 6.)

## Multifamily Investor Loss Fund

| Beginning Balance (10/01/21) | Charges | Portfolio % | Additions to Reserve | Ending Balance (9/30/22) | Multifamily Portfolio Balance |
|---|---|---|---|---|---|
| $4,798,622 | ($364,640) | 0.23% | $1,966,209 | $6,400,191 | $152,602,645 |

### Multifamily Investor First Loss Fund

–As of 9/30/22, the Multifamily Investor First Loss Fund stands at $6.4 million. Over the next year, CIC expects the Fund to continue to be sufficient to cover all projected losses in the Multifamily Notes Sold to Investors portfolio. (See Exhibit 9b for a description of the Multifamily Investor First Loss Fund.)

### Return to Multifamily Note Purchasers

–CIC provides a fair return to its investors. The net weighted yield of the Multifamily Notes Sold to Investors in FY 2022 was 2.9%, down slightly from 3.2% in FY 2021. The decreased yield was due to increased refinance activity, with higher rate loans refinancing to lower-rate loans.

–For the past 30 years, the investors' net weighted return has averaged 5.4%, an average spread of 1.7% over the rolling average for the three-year Treasury. In FY 2022, this margin was 1.8%. (See Exhibit 10a. See Exhibit 10b for a description of how Multifamily returns are determined.)

## Energy & Climate Resilience

–Since 2008, CIC has partnered with Elevate to offer Energy Savers, a program that helps multifamily building owners reduce their operating costs by saving energy and cutting utility bills. In the early days, Energy Savers piloted a program to demostrate how financing can be used in conjunction with technical assistance and utility resources to reduce the cost of energy retrofits. In 2017, after proving the concept, the Energy Savers pilot financing program became integrated into CIC's core multifamily platform.

–Over the past year, CIC began re-thinking energy work based on its experience with the unique retrofit needs of existing buildings, the challenges facing smaller owners, and upcoming opportunities with new federal climate resources.

–CIC is now taking a fresh look at what small owners need to succeed. In addition to resources to retrofit buildings for energy and climate resiliency, smaller owners - especially BIPOC owners - need hands-on experience, and an incentive to come to the table. To carry out this shift in focus, CIC secured a $450,000 grant from ComEd and a $500,000 grant from JPMorgan Chase to match resources with building needs, and to build the capacity of small and mid-sized BIPOC owners.

## Energy Retrofit Achievements

Since the launch of Energy Savers in 2008, CIC has provided:

–262 loans for $23.5 million

–34 grants for $2.8 million

–And improved over 11,360 units with energy saving retrofits

# Opportunity Investment Fund

The Opportunity Investment Fund (OIF) is an innovative fund that provides low-cost mezzanine debt for properties in high-cost markets that keep 20 percent of units affordable for 15 years. The OIF includes $34 million from public, private, and social impact investors. (See Exhibit 1).

–The OIF was created in response to Preservation Compact partners identifying the need for a quick, private source of capital that provides low income families access to affordable units in higher-cost markets near quality schools, economic opportunities, and amenities.

–In FY 2022, CIC closed three OIF loans in Oak Forest, Des Plaines and Berwyn, totaling $952,500 in OIF financing. Buildings included 97 total units of mixed income housing, of which 20 are affordable to households at 50% AMI. These transactions also included $3.7 million in CIC first mortgage debt. Total activity is indicated on the chart below. The OIF has no delinquencies.

–In 2022, investors approved an extension of the OIF origination period through November, 2023.

–CIC is the OIF Fund Manager, and major OIF investors make up the Investment Committee.

## 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 |
| FY 2021 | 2 | 19 | 7 | $2,020,000 | $252,500 | Ashburn, Rogers Park |
| FY 2022 | 3 | 97 | 20 | $3,700,000 | $952,500 | Oak Forest, Des Plaines, Berwyn |
| TOTAL | 20 | 499 | 112 | $30,382,000 | $4,258,900 | |

# 1-4 Redevelopment Loan Program

In the wake of the housing crash, CIC launched the 1-4 Unit Rental Redevelopment Loan Program in 2014 to rehab and reclaim the blighted and vacant 1-4 unit buildings that were scattered across Chicago's neighborhoods. The unique fund structure was designed to accommodate low values and strong cash flows. (See Exhibit 1 for a list of investors in the 1-4 Redevelopment Loan Program.)

–Parallel to CIC creating the lending program, the JPMorgan Chase Foundation awarded CIC and two other Chicago CDFIs a $5 million grant, a portion of which was used to establish a revolving acquisition pool housed at Community Initiatives, Inc. (CII) (also see page 33).

–The 1-4 Redevelopment Loan Program helped redevelop 642 units, while the CII revolving acquisition pool (see page 34) acquired and sold 921 units to responsible owners. As further evidence of the impact and success of the programs, homeownership is now the predominant end-use in neighborhoods where virtually no homebuying activity was occurring back in 2014.

–As program activity declines and neighborhoods begin to revitalize, CIC expects to wind down the 1-4s Redevelopment Loan Program in FY 2023.

–Exhibit 12 provides detail on FY 2022 activity and historical program data for this program including loan approvals and closings, investor portfolio status, delinquencies and risk ratings.

# CIC In-House Loans

–The Note Purchase Agreement (NPA) requires CIC to hold loans in-house through acquisition, rehab, and rent-up. Loans are not eligible for sale to investors until rehab is complete and rent-up has reached a 1.1 DSCR. Additionally, loans from some programs are not intended to be sold to investors and are held in-house, including Flex Fund loans and second mortgage Energy Savers loans.

–CIC funds in-house loans through a combination of cash on hand, cash advances from the Federal Home Loan Bank of Chicago, and $29.7 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 2022, CIC earned $3.1 million of net interest income on in-house loans, 37% of the overall consolidated operating revenue.

–As of 9/30/22, CIC held a total portfolio of $94.1 million of in-house loans, up from $73.3 million at 9/30/21. Of this total, $70.7 million are in permanent loans and $23.4 million are in construction loans.

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

## CIC In-House Loan Delinquencies (Loans in Permanent Servicing - September 30, 2022)

| | Multifamily ($MM) | Energy Savers ($MM) | 1-to-4 ($MM) | Total ($MM) | % of Portfolio |
|---|---|---|---|---|---|
| Portfolio Balance | 69.3 | .4 | 1 | 70.7 | |
| Delinquencies & Non-Performing | | | | | |
| 30 days | 1.8 | 0 | 0 | 1.8 | 2.48% |
| 60 days | 0 | 0 | 0 | 0 | 0.00% |
| Delinquency Subtotal | $1.8 | $0 | $0 | $1.8 | 2.48% |
| 90 days | $0 | 0 | 0 | 0 | 0.00% |
| Foreclosure | 1.1 | 0 | 0 | 1.1 | 1.58% |
| Workout | 0 | 0 | 0 | 0 | 0.00% |
| Non-Performing Subtotal | $1.1 | $0 | | $1.1 | 1.58% |
| Total | $2.9 | $0 | $0 | $2.9 | 4.07% |
| REO | 0 | 0 | 0 | 0 | 0.00% |
| Total REO Plus Delinquencies & Non-Performing | $2.9 | $0 | $0 | $2.9 | 4.07% |

–CIC uses its risk rating system to calculate loan loss reserves for all in- house loans. Of the total in-house portfolio of $94.1 million, $90.8 million is rated Pass or Acceptable (96.4%).

–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 $1.23 million as of 9/30/2022.

–In FY 2022, CIC incurred one loss of $241,500 on in-house loans.

## Risk Ratings of CIC In-House Loans (September 30, 2022)

| CIC Risk Ratings | Balance ($MM) | % of Volume | # of Loans | Loan Loss Reserve ($MM) |
|---|---|---|---|---|
| Pass | 62.0 | 65.8% | 93 | $.30 |
| Acceptable | 28.8 | 30.6% | 37 | $.30 |
| Special Mention | 0.2 | 0.3% | 1 | $.01 |
| Substandard | 1.0 | 1.1% | 2 | $.10 |
| Doubtful | 2.1 | 2.2% | 5 | $.50 |
| Loss | 0.2 | 0.0% | $0 | |
| TOTAL | $94.1 | 100% | 138 | $1.21 |

# MacKenzie Scott Grant

CIC was honored to receive an $8 million unrestricted grant from philanthropist MacKenzie Scott in FY 2021. When considering how to deploy this remarkable and flexible resource, CIC drew from its years of experience: many small, undercapitalized BIPOC owner-operators need equity to expand their portfolios. A new $5 million pilot equity fund will bridge this gap, and help to bridge the racial equity gap at the same time by supporting these developers in their efforts to create generational wealth. In FY 2022, CIC evaluated the need for a new equity pilot program, and researched structures to meet the unique needs of small to mid-sized BIPOC borrowers.

–An Advisory Committee of CIC Board Members reviewed the research findings and discussed case studies to test different program terms and structures.

–The Advisory Committee agreed that the pilot program goal is to provide favorable terms to grow the portfolios of targeted owner-operators, to preserve multifamily and for-sale residential projects in LMI neighborhoods, and to ensure the program is sustainable and self-sufficient for CIC.

–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.

–The new pilot program will launch in FY 2023. If the pilot is successful, CIC will consider seeking out investors to build a new leveraged fund to achieve greater scale and impact.

–Given the nature of the unconditional operating grant, CIC recognized the grant as FY 2021 income, and is holding it in a Board Designated Fund.

–In addition to funding this pilot program, a portion of the MacKenzie Scott Grant funds will support the work of the Preservaton Compact.

PROGRAM SPOTLIGHT

## Woodlawn Construction Loan Fund

"Sometimes the things we look at lightly are the things that will stabilize the neighborhood. Sweeping up the curbs, talking to people, being a presence."- **Elliot Williams, Williams & Sykes**

Read a full profile here to learn more about Elliot Williams, the first borrower to use the Woodlawn Construction Loan Fund.

| | |
|---|---|
| Program: | Woodlawn Construction Loan Fund |
| Objective: | Promote equitable growth in Woodlawn while securing long term affordability.<br><br>In 2020, the City of Chicago passed the Woodlawn Housing Preservation Ordinance. Among other objectives, the Ordinance enabled this new fund and designated CIC to provide low-interest construction loans. |
| Type: | 2.5% interest construction loan for rental and homeownership; affordability commitment of 50% of rental units affordable at or below 80% AMI for 10 years |
| Geography: | Woodlawn Community Area |
| Funding: | $7 million |
| Funders: | Chase, Fifth Third, Wintrust Bank, Beverly Bank & Trust, CIBC, Byline Bank, Old National Bank, Huntington Bank |
| In FY 2022: | -4 applications for $2.9 million and 19 units<br>-2 approved loans for $2.1 million<br>-Since program inception, 2 loans closed for $1.3 million and 20 units |

← Contents

**PROGRAM SPOTLIGHT**

## TIF Multifamly Purchase Rehab

"It was CIC who told us about the TIF Purchase Rehab grant funds—capital available to developers who are willing to meet certain affordability requirements. CIC administers that program for the city. To make a project like this work, financially, you need to piece together resources, and one of the great things about working with CIC is that they don't just leave you in the wind. They give you everything you need to make a proper choice about a troubled building and everything you need to take on the property."- **Rosie Dawson, Westside Health Authority**

Read a full profile here to learn more about the Westside Health Authority.

| | |
|---|---|
| Program: | TIF Multifamily Purchase Rehab |
| Objective: | Assist private developers to rehab vacant or underutilized buildings within designated TIF districts.<br><br>CIC has partnered with the City of Chicago over the years to implement the TIF Purchase Rehab program, which recently expanded to prioritize key corridors of the City's INVEST South/West initiative. |
| Type: | Grant; affordability commitment of at least 30% of units affordable at 80% AMI for 15 years |
| Geography: | 13 TIF Areas, priority on key INVEST South/West corridors |
| Funding: | $17 million |
| In FY 2022: | -5 grants for $2.6 million<br>-62 residential units and 8 commercial units |

# Community Development Activities

## Property Management Training

CIC's Property Management Training program (PMT) provides 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, 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. After two years of offering its trainings exclusively online, in FY 2022 CIC brought back some of its in-person programming, while continuing to offer topical online workshops and webinars. CIC continued to focus much of its PMT efforts this year 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, including webinars on the Cook County Affordable Special Assessment Program and the City of Chicago Additional Dwelling Units (ADU) ordinance.

–Other single-topic webinars in FY 2022 included Crime Prevention for Landlords and Property Managers, Introduction to Mixed-Use Ownership, Fair Housing, Pest Control, and more. All PMT webinars are accessible for later viewing through an On-Demand video library on CIC's website.

–Overall, in FY 2022, CIC provided 32 training sessions attended by over 1,400 current or prospective managers/owners of affordable rental housing.

### Contributors to Property Management Training FY 2022

| | |
|---|---|
| Associated Bank | $10,000.00 |
| BMO Harris Bank | $10,000.00 |
| Byline Bank | $4,000.00 |
| CIBC | $15,000.00 |
| Fifth Third Bank | $8,004.97 |
| First Eagle Bank | $2,500.00 |
| Old National Bank | $7,500.00 |
| First Bank of Highland Park | $2,500.00 |
| Forest Park National Bank | $1,000.00 |
| Huntington Bank | $5,000.00 |
| JPMorgan Chase Foundation | $25,000.00 |
| PNC Bank | $15,000.00 |
| Northern Trust Bank | $25,000.00 |
| Providence Bank | $5,000.00 |
| US Bank | $10,000.00 |
| Wells Fargo | $25,000.00 |
| Wintrust Financial | $15,000.00 |
| City of Chicago | $34,500.00 |
| TOTAL | $220,004.97 |


CIC's Property Management Training has held over 30 in-person and online events this year. Next year, CIC's Property Management Training will be celebrating its 25th year of programming.

# Community Initiatives, Inc (CII)

## Troubled Buildings Initiatives (TBI)

–In FY 2003, CIC initiated the Troubled Buildings Initiative (TBI), which is administered by its affiliate company, Community Initiatives, Inc. (CII). This program uses code enforcement to improve physical conditions and management to 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 by getting owners to rehab or sell to more responsible owners.

–TBI continued to face lingering challenges from the pandemic, including labor shortages, rising construction prices, and changes to Housing Court. Since TBI relies on Housing Court to keep cases moving, having a virtual Housing Court process has resulted in process delays, as well as decreased opportunities for informal coordination and discussion, as compared to in-person court.

–TBI, in partnership with the City of Chicago, has led the way for many years in identifying irresponsible owners. In years past, this included high profile cases with very large portfolios, which represented nearly 2,000 troubled units that took years to unwind. This work continued in 2022 as TBI identified and addressed troubled portfolios owned by some out of state investors that have not properly managed or maintained their buildings.

–In this challenging environment, CII added 44 buildings with 646 units to the program and recovered 47 buildings with 567 units in FY 2022. As of 9/30/22, CII is the court appointed receiver on 32 buildings with 400 units. Since the beginning of the program in 2003, TBI has taken action on 1,164 buildings with 19,635 units, and 835 buildings with 15,172 units have been recovered.

## Troubled Buildings Initiative 2003-2022

| | FY 2022 | | 2003 to 2022 | |
|---|---|---|---|---|
| | Buildings | Units | Buildings | Units |
| Buildings Recovered | 47 | 567 | 835 | 15,172 |
| Buildings Demolished | 2 | 8 | 83 | 1005 |
| Buildings Added to Program | 44 | 646 | 1,164 | 19,635 |

## 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 2022, CII transferred four multifamily properties with 46 units to capable new owners. CII acquired four multifamily buildings with 29 units during the fiscal year. CII ended the year with an inventory of four multifamily buildings with 35 units.

–Since 2007, CII has worked with lenders, developers, and government agencies to address distressed, often fraudulent, condominium conversions. Since this work began, CII has filed deconversion orders on 117 buildings with 1,076 units, and sold or transferred a total of 96 buildings with 784 units for conversion back to rental housing.

–In recent years, CII has supported partners at the Center for Shared Ownership, administered by the Chicago Community Loan Fund and the Chicago Rehab Network, to improve declining co-op and condo buildings.

## 1-4 Unit Acquisitions and Dispositions

–In 2015, as a complement to CIC's 1-4 Unit Rental Redevelopment Loan Program, CIC received a $5 million grant from the JPMorgan Chase Foundation to further address conditions in 1-4 unit buildings. Under this Chicago Collaborative program, 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 2022, CII acquired 48 1-4 unit buildings with 68 units and sold 34 buildings with 39 units to qualified developers to rehab buildings to manage as rental properties or to rehab and sell to new owner occupants. In several areas, 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.

–CII continued to see inventory constraints in FY 2022 that have been present since the pandemic hit. Simultaneously, rising interest rates and an unsure market translated to fewer dispositions. If these trends continue, delays will lead to decreased activity in the new fiscal year.

–Since the 1-4 acquisitions initiative started in 2015, CII has sold/ transferred 711 buildings with 921 units for rehab and reuse.

## CIC & CII Acquisition/Disposition Activity

| | FY 2022 Sold/Transferred to New Owners | | SInce Inception | |
|---|---|---|---|---|
| | Buildings | Units | Buildings | Units |
| Multifamily (2003- ) | 4 | 46 | 261 | 4,297 |
| Condos (2009- ) | 0 | 0 | 96 | 784 |
| 1-4 Units* (2015- ) | 34 | 39 | 711 | 921 |
| TOTAL | 38 | 85 | 1,068 | 6,002 |

## 1-4 Unit Developer Line of Credit

–Since the inception of the 1-4 acquisitions initiative, 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 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 2022, four line of credit loans were approved for $650,000, financing properties in South Shore, Englewood and Auburn Gresham. As of 9/30/22, $1.025 million in total line of credit funds has been committed since inception.

### 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 2012.

–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, TBI intervened on 196 troubled multifamily buildings with 2,974 units in MMRP areas.

–Since program inception in 2012, CIC has:

- Provided $44.6 million in loans for 77 multifamily buildings with 1,258 units in MMRP areas.
- Acquired 17 multifamily buildings with 175 units and 72 1-4 unit buildings in MMRP areas and transferred them to be rehabbed by new owner.
- Reoccupied a total of 111 multifamily buildings with 1,523 units.

## MMRP Activity (2012-2022)

| | | Total MMRP |
|---|---|---|
| | | Program Total FY 2012-2022 |
| *Troubled Buildings Initiative | Buildings | 196 |
| | Units | 2,974 |
| CIC Loans | Amount ($MM) | $44.26 |
| | Buildings | 77 |
| | Units | 1,258 |
| Reoccupied Buildings | Buildings | 111 |
| | Units | 1,523 |
| Multifamily Acquisitions/Dispositons | Buildings | 17 |
| | Units | 175 |
| 1-4 Unit Acquisitions/Dispositions | Buildings | 72 |
| | Units | 116 |

•

# The Preservation Compact

Coordinated by CIC, the Preservation Compact brings together the region's public, private, for-profit, and non-profit leaders to drive policy and program strategies to preserve affordable rental housing. The Compact's work has been featured in national publications and conferences, including Crain's, Shelterforce, Harvard University, and the Brookings Institution. The Compact continues to receive funding from a variety of public, private, and philanthropic sources - including Movement Strategy, the Polk Bros. Foundation, the Harris Family Foundation, the Chan Zuckerberg Initiative, and the Circle of Service.

Through its Leadership Committee and working groups, The Preservation Compact focused on the following in FY 2022:

–**Establishing Statewide Property Tax Relief.** The Compact worked with a number of partners over several years to craft new statewide rental property tax relief legislation, which passed the Illinois General Assembly in 2021. In Cook County's first year of operating the new tax relief program, the Compact worked closely with the Assessor's Office on implementation, with nearly 700 applications submitted. (See sidebar on page 37.) The Compact did aggressive outreach, including hosting webinars with partners that reached nearly 400 attendees. In addition to serving as a critical thought leader for this incentive, the Compact's website serves as a vital resource about the program, with more than 2,600 visitors in 2022, and over 1,000 downloads of the Compact's program fact sheet.

–**NOAH Preservation: National Research.** Since its inception, the Preservation Compact has worked to increase awareness of the importance of Natural Occuring Affordable Housing (NOAH) preservation with policymakers. While many now recognize NOAH as an important element of the affordable rental stock, they may not understand how preservation strategies should differ based on local market conditions. In FY 2022, the Compact received a $250,000 grant from the Chan Zuckerberg Foundation to further examine NOAH preservation strategies, and how they interact with different market types and building stock types across the country.

–**Additional Dwelling Units:** In FY 2022, the Compact supported the successful launch of the Additional Dwelling Unit (ADU) Ordinance to streamline the City's processes to help create basement units in 2-4 unit and multifamily buildings. To date, the City has received 562 applications for the ADU pilot program since it launched in May 2021, including 371 applications for new basement units. 142 new units have been proposed in multifamily buildings, of which at least 45 will be deed-restricted for long-term affordability.

–**Promoting Preservation Resources in Times of Emergency.** As part of ongoing efforts to support the efficient and equitable distribution of emergency rental assistance, the Compact continues its work with the National Low Income Housing Coalition and in national and local forums to discuss strategies, and provide supports to tenant and owner-based organizations.

–**Coordinating Public Agencies.** The Compact has coordinated the Interagency Council for more than 15 years. It is comprised of housing agencies at all government levels: federal (HUD), City of Chicago, the state of Illinois (IHDA), Cook County, and the Chicago Housing Authority (CHA) in order to identify at-risk government assisted properties and coordinate preservation strategies. In FY 2022, Interagency Council partners identified and helped preserve four government assisted properties with a total of 503 units. Since 2007, a total 66 properties with over 11,800 units have been preserved.

–**Preserving SROs:** In FY 2022, the Chicago City Council allocated $5 million to fund a new SRO Preservation Loan Fund program. This was the result of an interagency group convened by the Compact to explore SRO preservation strategies. Administered by CIC, the new loan fund is an efficient vehicle to improve and preserve SROs, and to secure long-term affordability.

–**Expanding Energy Retrofits:** The Compact will continue to play an active role in implementing energy efficiency programs through ongoing participation in Illinois Energy Efficiency for All, the Stakeholder Advisory Group, and the Income Qualified Energy Efficiency North Committee. The Compact will coordinate on CIC's new energy efforts to fund climate resilient measures in small to mid-sized unsubsidized multifamily buildings and build the capacity of smaller, local NOAH building owners.

–**Building Code Relief:** Based on recommendations developed by the Preservation Compact, the Chicago City Council passed an ordinance allowing alternative plumbing materials. The ordinance was informed by the Alternative Plumbing Materials Pilot Program, which was created based on recommendations from the Compact and its partners. The Pilot program saved Chicago developers and property owners more than $38 million over the past four years. The Compact continues educating multifamily building owners on these changes to incorporate cost saving measures into their rehabs.

–**Celebrating Accomplishments, Looking to the Future.** In FY 2022, the Preservation Compact celebrated 15 Years of Preserving Affordable Housing. Many current and past members of the Leadership Committee attended a celebratory reception to commemorate the milestones and moments that have shaped the Compact's work.

Preservation Compact

**PROGRAM SPOTLIGHT**

## Robert Waz & Marcin Kania

"When policymakers incentivize investments in affordability, people like our tenants can afford to stay in their neighborhood and see it get better."
**- Robert Waz, Exterplexy Real Estate & Management**

These borrowers applied for the new Affordable Housing Special Assessment Program, a new property tax incentive that was crafted by the Preservation Compact and its partners. Read a full profile here to learn more about Robert Waz and Marcin Kania.

| | |
|---|---|
| Number of Units | 7 |
| Style | 3 story brick walk up |
| Location | North Lawndale |
| Loan Type | Acquisition and rehab financing |

← Contents


2022 marks the 15 year anniversary of The Preservation Compact promoting policies and programs to preserve affordable rental housing in Cook County.

# Financial Condition

# FINANCIAL CONDITION

–In FY 2022, CIC's activities generated income that drove a Consolidated Net Operating Surplus of $157,000. This compares to $56,000 in FY 2021. (See page 42).

–In FY 2021, CIC applied for and received an SBA Paycheck Protection Program loan of $863,000. This loan was forgiven in FY 2022 and recognized as grant income.

–Other grants include $525,000 from the CDFI fund and $220,000 in grant contributions from CIC investors to support Property Management Training (See page 31.) The Preservation Compact secured grants from Movement Strategy, the Chan Zuckerberg Foundation, the Harris Family Foundation, and Circle of Service.

–In FY 2022, CIC's Total Consolidated Net Assets increased by $1.5 million, to a total of $50.0 million.

–CIC's Total Unrestricted Net Assets increased $1.5 million, to a total of $47.0 million.

–Each year, CIC obtains an independent audit of the financial statements of CIC and CII. For FY 2021, the audit was performed by Plante Moran, PLLC. Plante Moran provided an unmodified opinion, which was published on January 7, 2022. The audit for FY 2022 is again being performed by Plante Moran. It is expected to be published in January 2023.

## CIC and CII Net Assets as of 9/30/22

| | 9/30/2022 | 9/30/2021 | Change |
|---|---|---|---|
| CIC Unrestricted Net Assets | 43,015,215 | 41,391,493 | 1,623,722 |
| CII Unrestricted Net Assets | 4,031,577 | 4,177,473 | (145,896) |
| Total Unrestricted Net Assets | $47,046,792 | $45,568,966 | $1,477,826 |
| CIC Temporarily Restricted | 3,000,000 | 3,000,000 | - |
| Total Consolidated Net Assets | $50,046,792 | $48,568,966 | $1,477,826 |

## CIC and CII Consolidated Statement of Financial Position

| | FY 2022 Actual (000) | FY 2021 Actual (000) | Change |
|---|---|---|---|
| **Total Assets** | | | |
| Cash-Unrestricted | 14,674 | 20,083 | (5,409) |
| Cash-Restricted | 48,592 | 31,972 | 16,620 |
| MF Program Investor, Notes, Net | 146,202 | 192,023 | (45,821) |
| 1-4 Loan Program Investor Notes, Net | 11,716 | 18,144 | (6,428) |
| CIC In-House Loans, Net | 92,661 | 71,392 | 21,269 |
| CII Developer Line of Credit | 510 | 231 | 279 |
| CII Acquisition Program | 1,850 | 500 | 1,350 |
| CII Troubled builings Initiatives | 3,964 | 4,093 | (129) |
| Cii Grants Receivable | 1,132 | 1,437 | (305) |
| Other Assets | 2,610 | 3,034 | (424) |
| Total Assets | $323,911 | $342,909 | $(18,998) |
| **Total Liabilities** | | | |
| Other Liabilities | 24,089 | 9,752 | 14,337 |
| Investor and Borrower Escrow | 17,240 | 15,699 | 1,541 |
| Line of Credit and PRI's | 56,522 | 43,078 | 13,444 |
| MF Program Collateral Notes | 152,603 | 196,822 | (44,219) |
| 1-4 Program Collateral Notes | 12,193 | 17,903 | (5,710) |
| CII Accounts Payable-TBI & Heat Lien | 10,417 | 10,271 | 146 |
| Unearned Revenue -Developer LOC | 800 | 815 | (15) |
| Total Liabilities | $273,864 | $294,340 | $(20,476) |
| **Net Assets** | | | - |
| Unrestricted | 47,047 | 45,569 | 1,478 |
| Temporarily Restricted | 3,000 | 3,000 | - |
| Total Net Assets | $50,047 | $48,569 | $1,478 |
| Total Liabilities and Net Assets | $323,911 | $342,909 | $(18,998) |
| **Adjusted Net Asset Ratio** | 32.0% | 39.3% | - |

## CIC and CII Income Statements as of 9/30/22

| | FY 2022 Actual (000) | FY 2021 Actual (000) | Change |
|---|---|---|---|
| **CIC Income Statement** | | | |
| Fee Income | 1,289 | 1,036 | 253 |
| Net Interest Income | 3,090 | 2,924 | 166 |
| Loan Servicing | 1,200 | 1,343 | (143) |
| Contracts and Grants | 2,628 | 2,426 | 202 |
| Total Income | $8,207 | $7,729 | $478 |
| Personnel Expense | 6,296 | 6,149 | 147 |
| Other Operating Expense | 1,608 | 1,433 | 175 |
| Total Expenses | $7,903 | $7,582 | $321 |
| Total Net Operating Income | $304 | $147 | $157 |
| **CII Income Statement** | | | |
| Contracts and Grant Income | 996 | 1,094 | (98) |
| Program Income | 598 | 624 | (26) |
| Total Income | $1,594 | $1,718 | $(124) |
| (CIC Personnel) Consulting Expense | 1,428 | 1,439 | (11) |
| Other Operating Expense | 312 | 370 | (58) |
| Total Expenses | $1,740 | 1,809 | $(69) |
| Total Net Operating Income | $(146) | $(91) | $(55) |
| **Consolidated Net Operating** | $157 | $56 | $101 |

# Exhibits

## Exhibit 1: Investors in CIC Loan Programs as of 9/30/22

| | 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 |
| JP Morgan Chase | 30,000,000 | | | | 30,000,000 |
| CIBC Bank USA[2] | 20,000,000 | | 5,000,000 | 1,000,000 | 26,000,000 |
| PNC Community Development | 25,000,000 | | | | 25,000,000 |
| Huntington Bank[2] | 20,000,000 | | 2,000,000 | 1,000,000 | 23,000,000 |
| Old National Bank[2] | 18,000,000 | | | 1,000,000 | 19,000,000 |
| Providence Bank (includes prior Leaders Bank commitment) | 9,000,000 | 5,500,000 | | | 14,500,000 |
| Federal Home Loan Bank of Chicago | | | | 10,500,000 | 10,500,000 |
| Associated Bank | 10,000,000 | | | | 10,000,000 |
| Byline Bank[2] | 8,000,000 | | 1,000,000 | 1,000,000 | 10,000,000 |
| MUFG Union Bank | 10,000,000 | | | | 10,000,000 |
| MacArthur Foundation | | | | 9,222,221 | 9,222,221 |
| Old Second National Bank | 9,000,000 | | | | 9,000,000 |
| First Bank of Highland Park | 8,100,000 | | | | 8,100,000 |
| Wintrust Bank[1,2] | 6,000,000 | 750,000 | | 500,000 | 7,250,000 |
| City of Chicago | | | 6,500,000 | | 6,500,000 |
| Community Investment Corporation | | | 6,500,000 | | 6,500,000 |
| First Savings Bank of Hegewisch | 3,500,000 | 2,500,000 | | | 6,000,000 |
| Northbrook Bank and Trust Company[1] | 4,000,000 | 1,500,000 | | | 5,500,000 |
| First Bank and Trust Company of Illinois | 4,800,000 | | | | 4,800,000 |
| Inland Bank and Trust | 4,500,000 | | | | 4,500,000 |
| Heartland Bank & Trust | 4,000,000 | | | | 4,000,000 |
| Liberty Bank for Savings | 3,000,000 | 1,000,000 | | | 4,000,000 |
| Lake Forest Bank and Trust Company[1] | 3,000,000 | 750,000 | | | 3,750,000 |
| First National Bank of Brookfield | 3,500,000 | | | | 3,500,000 |
| 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 |
| Beverly Bank and Trust[1,2] | 2,000,000 | | | 500,000 | 2,500,000 |
| Amalgamated Bank of Chicago | 2,000,000 | | | | 2,000,000 |
| Barrington Bank and Trust[1] | 1,000,000 | 1,000,000 | | | 2,000,000 |
| Forest Park National Bank and Trust | 2,000,000 | | | | 2,000,000 |
| Greenstate Credit Union | 2,000,000 | | | | 2,000,000 |
| International Bank of Chicago | 2,000,000 | | | | 2,000,000 |
| Lakeside Bank | 2,000,000 | | | | 2,000,000 |
| Wheaton Bank and Trust[1] | 2,000,000 | | | | 2,000,000 |
| Hinsdale Bank & Trust Company[1] | 1,000,000 | 750,000 | | | 1,750,000 |
| Evergreen Bank | 1,400,000 | | | | 1,400,000 |
| Burling Bank | 1,000,000 | | | | 1,000,000 |
| Devon Bank | 1,000,000 | | | | 1,000,000 |
| Old Plank Trail Community Bank[1] | 1,000,000 | | | | 1,000,000 |
| Village Bank and Trust[1] | | 750,000 | | | 750,000 |
| Total | $330,300,000 | $35,000,000 | $34,000,000 | $29,722,221 | $429,022,221 |

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

# Organizational Overview and Governance

–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 67,000 units of rental housing 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 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 38 years by providing a fair return on their investments and not passing through any losses since 2001. Currently, 42 investors have committed $330,300,000 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 eight 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:

- Code enforcement, receivership, and repair of troubled multifamily properties;
- Purchase of delinquent mortgages and distressed properties and sale to capable new owners; and
- Coordinated redevelopment efforts in targeted areas.

–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 the Chicago metropolitan area. Many CIC programs and initiatives have been developed to address issues originally identified by the Preservation Compact.

–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, some who have been with the company for many years, and some who have joined in recent months. (See Exhibits 2b and 2c).

–CIC's Loan and Investment Committees are comprised 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 includes 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.

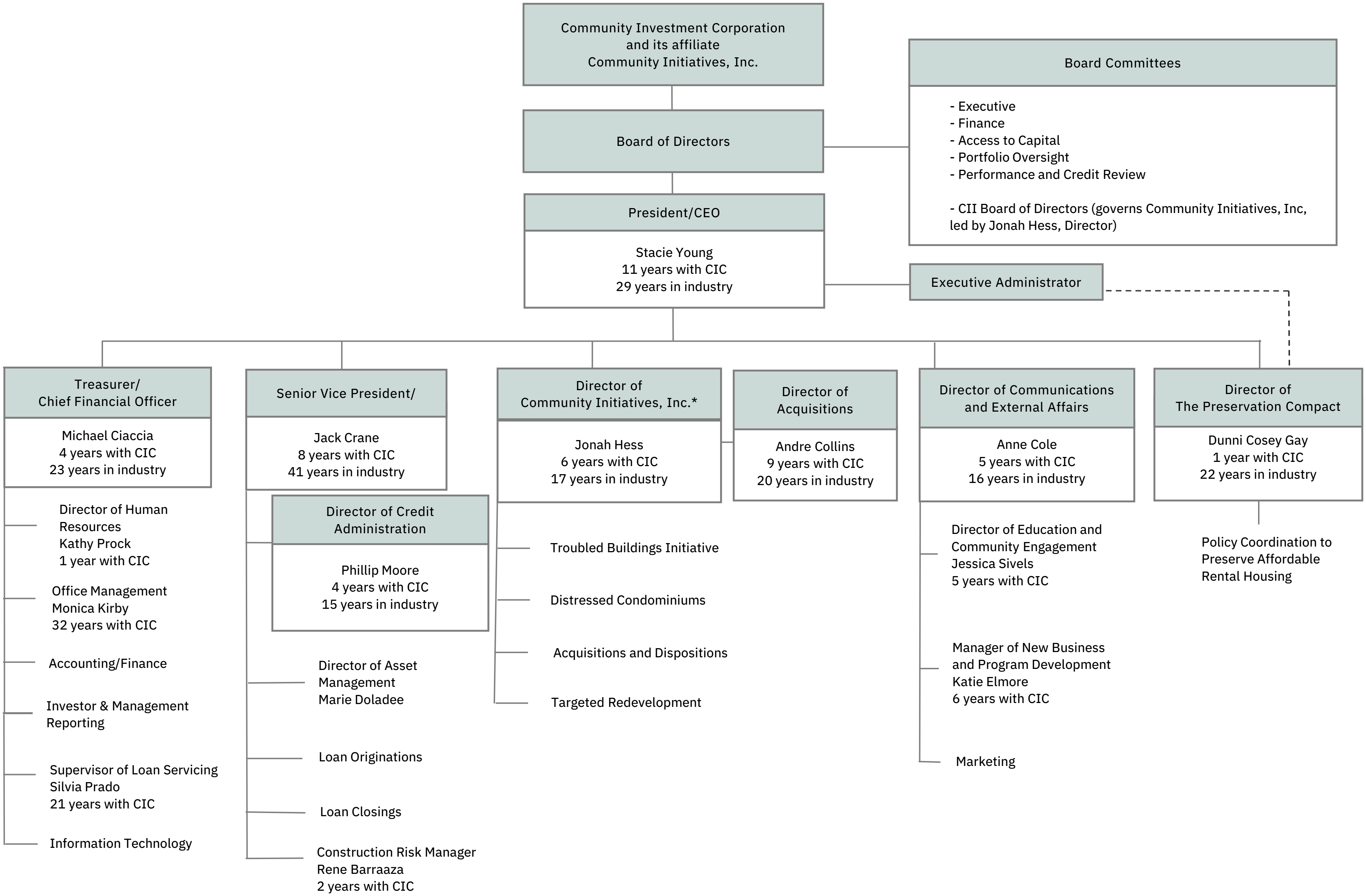
2. Finance Committee – Guides financial management and reporting, including the strategic management of capital resources, and reviews CIC's financial performance. This committee also reviews the annual budget with staff and recommends action to the whole board, and reviews annual audit reports with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

# Exhibit 2b: Organizational Structure




** 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*

## Exhibit 2c: Senior Management Bios and Staff Directory

**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.

**Phillip Moore**
Vice President
Director of Credit Administration

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

**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.

**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 2c: Senior Management Bios and Staff Directory


**Andre Collins**
Vice President, Acquisitions & Dispositions


**Anita Cobbs**
Loan Servicing Representative


**Anne Cole**
Director of Communications and External Affairs


**Anthony Hawthorne**
Senior Loan Officer

**Armando Reyes**
Lien Foreclosure Administrator


**Cassidy Kraimer**
Program Officer, Preservation Compact

**Cathy Gerlach**
Senior Program Officer


**Chaston Montgomery**
Senior Loan Officer


**Darris Shaw**
Construction Inspector


**Dedric Richardson**
Manager of Acquisitions

**Douglas Stepnicka**
Program Officer


**Dunni Cosey Gay**
Director, Preservation Compact


**Elizabeth Castaneda**
TBI Acquisition and Condo Program Manager


**Emily Bloom-Carlin**
Senior Program Officer, Preservation Compact

**Guadalupe Castaneda**
Closing Officer


**Jack Crane**
Director of Lending


**Jessica Sivels**
Director, Education and Community Engagement


**Jessie Perez**
Accountant


**Jonah Hess**
Director of Community Initiatives, Inc.

**Jose Jara**
Executive Project Administrator


**Jose Ramos**
1-4 Acquisitions Analyst


**Katherine Elmore**
Manager of Business Development and New Programs


**Kathy Prock**
Director of Human Resources


**Laura Armgardt**
Portfolio Analyst


**Maria Bojczuk**
Construction Data Assistant


**Marie Doladee**
Director of Asset Management


**Marissa Martinez**
Senior Loan Officer


**Matthew Hansard**
Director of Compliance and Risk


**Michael Bielawa, Jr.,**
Administrative Assistant


**Michael Ciaccia**
Chief Financial Officer


**Monica Kirby**
Office Manager

**Patrick Shaughnessy**
Program Officer


**Phillip Moore**
Director of Credit Administration


**Raquel Hernandez**
Escrow Representative


**Rene Barraza**
Construction Risk Manager


**Rosamond Meerdink**
Senior Loan Officer


**Ruth Thompson**
Receptionist & Administrative Assistant


**Ryan Akridge**
Marketing & Engagement Specialist


**Shemeka Atkins**
Construction Processing Assistant


**Silvia Prado**
Supervisor of Loan Servicing


**Sonya Sadler**
Administrative Assistant

**Spencer Henderson**
Program Officer


**Stacie Young**
President & CEO


**Tom Jackson**
Senior Loan Officer


**Vivian Bouza**
Accountant

# 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.

CIC's credit process and structure includes:

**Underwriting and Loan Structure**

–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 6.)

**Shared Risk**

–The Investor First Loss Funds absorb the first loss of any 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.

–Provide access to other resources such as free energy assessments, utility rebates, property tax incentives, 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 COVID and uncertain economic conditions, CIC has increased payments into the Multifamily First Loss Fund to the maximum amount permissible under the Multifamily NPA. (See page 59.)

**Portfolio Reviews**

–Monthly review of status of delinquent loans and REO

–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 2022, made loans for projects in 22 Chicago communities and in 10 suburban communities in the metropolitan area.

## Underwriting

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

| 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:

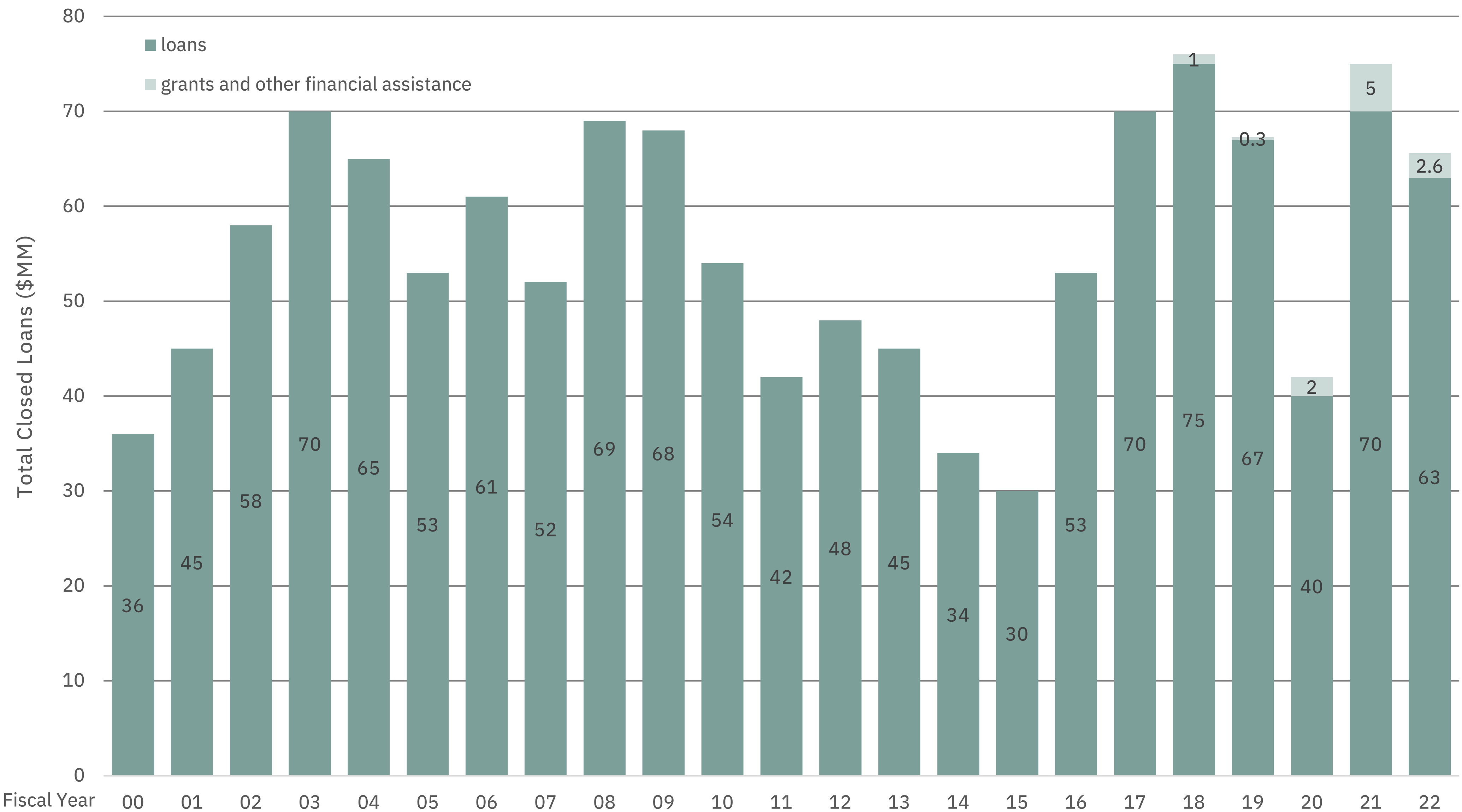
- Construction is complete
- Loan is not in default
- Project has achieved a 1.10 debt service coverage ratio (DSCR).

## Exhibit 4: Loans and Grants by Geography in FY 2022

| | Multifamily Loans (Regular) | | | Multifamily Loans (Energy/Flex) | | | 1-4 Unit Loans | | | OIF Mezzanine Debt | | | Single Family New Construction | | | LENDING TOTAL | | | Other Financing & Grants | | | TOTAL FINANCIAL ASSISTANCE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHICAGO COMMUNITY | # | $ | units | # | $ | units | # | $ | units | # | $ | units (affordable only) | # | $ | units | # | $ | units | # | $ | units | # | $ | units |
| AUBURN GRESHAM | 4 | 1,660,000 | 37 | | | | | | | | | | | | | 4 | 1,660,000 | 37 | | | | 4 | 1,660,000 | 37 |
| AUSTIN | 8 | 9,294,000 | 162 | 1 | 738,000 | 8 | | | | | | | | | | 9 | 10,032,000 | 170 | 2 | 1,236,031 | 15 | 11 | 11,268,031 | 185 |
| AVALON PARK | 1 | 500,000 | 22 | | | | | | | | | | | | | 1 | 500,000 | 22 | | | | 1 | 500,000 | 22 |
| BEVERLY | 2 | 2,237,600 | 28 | | | | | | | | | | | | | 2 | 2,237,600 | 28 | | | | 2 | 2,237,600 | 28 |
| BRIGHTON PARK | | | | 1 | 990,000 | 45 | | | | | | | | | | 1 | 990,000 | 45 | | | | 1 | 990,000 | 45 |
| CHATHAM | 4 | 1,743,000 | 34 | | | | | | | | | | | | | 4 | 1,743,000 | 34 | | | | 4 | 1,743,000 | 34 |
| CHICAGO LAWN | 2 | 1,133,000 | 23 | | | | | | | | | | | | | 2 | 1,133,000 | 23 | | | | 2 | 1,133,000 | 23 |
| DOUGLAS | 1 | 650,000 | 12 | | | | | | | | | | | | | 1 | 650,000 | 12 | | | | 1 | 650,000 | 12 |
| GAGE PARK | 1 | 332,000 | 6 | | | | | | | | | | | | | 1 | 332,000 | 6 | | | | 1 | 332,000 | 6 |
| GRAND BOULEVARD | 3 | 2,485,000 | 70 | 1 | 90,000 | 0 | | | | | | | | | | 4 | 2,575,000 | 70 | | | | 4 | 2,575,000 | 70 |
| GREATER GRAND CROSSING | 3 | 2,235,000 | 52 | | | | | | | | | | | | | 3 | 2,235,000 | 52 | | | | 3 | 2,235,000 | 52 |
| HUMBOLDT PARK | 1 | 950,000 | 6 | | | | | | | | | | | | | 1 | 950,000 | 6 | 1 | 675,000 | | 2 | 1,625,000 | 6 |
| LAKE VIEW | 1 | 847,500 | 5 | | | | | | | | | | | | | 1 | 847,500 | 5 | | | | 1 | 847,500 | 5 |
| MORGAN PARK | 3 | 1,775,625 | 27 | | | | | | | | | | | | | 3 | 1,775,625 | 27 | | | | 3 | 1,775,625 | 27 |
| NORTH LAWNDALE | 5 | 2,513,310 | 38 | | | | | | | | | | | | | 5 | 2,513,310 | 38 | 2 | 718,000 | | 7 | 3,231,310 | 38 |
| ROGERS PARK | 2 | 1,442,527 | 28 | | | | | | | | | | | | | 2 | 1,442,527 | 28 | | | | 2 | 1,442,527 | 28 |
| ROSELAND | 1 | 232,000 | 5 | | | | | | | | | | | | | 1 | 232,000 | 5 | | | | 1 | 232,000 | 5 |
| SOUTH CHICAGO | 1 | 282,000 | 7 | | | | | | | | | | | | | 1 | 282,000 | 7 | | | | 1 | 282,000 | 7 |
| SOUTH DEERING | | | | | | | 1 | 752,000 | 11 | | | | | | | 1 | 752,000 | 11 | | | | 1 | 752,000 | 11 |
| SOUTH SHORE | 8 | 7,389,500 | 121 | | | | | | | | | | | | | 8 | 7,389,500 | 121 | | | | 8 | 7,389,500 | 121 |
| UPTOWN | 3 | 2,960,289 | 22 | | | | | | | | | | | | | 3 | 2,960,289 | 22 | | | | 3 | 2,960,289 | 22 |
| WASHINGTON PARK | 3 | 2,010,000 | 36 | | | | | | | | | | | | | 3 | 2,010,000 | 36 | | | | 3 | 2,010,000 | 36 |
| WEST ENGLEWOOD | 1 | 1,014,000 | 33 | | | | | | | | | | | | | 1 | 1,014,000 | 33 | | | | 1 | 1,014,000 | 33 |
| WEST GARFIELD PARK | 1 | 1,250,000 | 18 | | | | | | | | | | | | | 1 | 1,250,000 | 18 | | | | 1 | 1,250,000 | 18 |
| WOODLAWN | 4 | 3,205,000 | 51 | | | | | | | | | | 3 | 1,485,000 | 9 | 7 | 4,690,000 | 60 | | | | 7 | 4,690,000 | 60 |
| CHICAGO SUBTOTALS | 63 | 48,141,351 | 843 | 3 | 1,818,000 | 53 | 1 | 752,000 | 11 | 0 | 0 | 0 | 3 | 1,485,000 | 9 | 70 | 52,196,351 | 916 | 5 | 2,629,031 | 15 | 75 | 54,825,382 | 931 |
| SUBURBAN COMMUNITY | | | | | | | | | | | | | | | | | | | | | | | | |
| AURORA | 1 | 1,375,000 | 56 | | | | | | | | | | | | | 1 | 1,375,000 | 56 | | | | 1 | 1,375,000 | 56 |
| BERWYN | 1 | 2,820,000 | 40 | | | | | | | 1 | 352,500 | 8 | | | | 2 | 3,172,500 | 40 | | | | 2 | 3,172,500 | 40 |
| BLUE ISLAND | 1 | 1,380,000 | 24 | | | | | | | | | | | | | 1 | 1,380,000 | 24 | | | | 1 | 1,380,000 | 24 |
| BROADVIEW | 2 | 726,000 | 11 | | | | | | | | | | | | | 2 | 726,000 | 11 | | | | 2 | 726,000 | 11 |
| DES PLAINES | | | | | | | | | | 1 | 490,000 | 7 | | | | 1 | 490,000 | 0 | | | | 1 | 490,000 | 0 |
| EVANSTON | 1 | 355,278 | 25 | | | | | | | | | | | | | 1 | 355,278 | 25 | | | | 1 | 355,278 | 25 |
| JOLIET | 1 | 608,000 | 7 | | | | | | | | | | | | | 1 | 608,000 | 7 | | | | 1 | 608,000 | 7 |
| LANSING | 1 | 349,600 | 6 | | | | | | | | | | | | | 1 | 349,600 | 6 | | | | 1 | 349,600 | 6 |
| OAK FOREST | 1 | 880,000 | 24 | | | | | | | 1 | 110,000 | 5 | | | | 2 | 990,000 | 24 | | | | 2 | 990,000 | 24 |
| OAK PARK | 1 | 1,404,000 | 6 | 1 | 60,000 | 0 | | | | | | | | | | 2 | 1,464,000 | 6 | | | | 2 | 1,464,000 | 6 |
| SUBURBAN SUBTOTALS | 10 | 9,897,878 | 199 | 1 | 60,000 | 0 | 0 | 0 | 0 | 3 | 952,500 | 20 | 0 | 0 | 0 | 14 | 10,910,378 | 219 | 0 | 0 | 0 | 14 | 10,910,378 | 199 |
| PROGRAM TOTALS | 73 | 58,039,229 | 1,042 | 4 | 1,878,000 | 53 | 1 | 752,000 | 11 | 3 | 952,500 | 20 | 3 | 1,485,000 | 9 | 84 | 63,106,729 | 1,135 | 5 | 2,629,031 | 15 | 89 | 65,735,760 | 1,130 |

Notes:
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: Loans and Grants Provided by Fiscal Year FY 2000 ($MM)




Notes

Includes all CIC loans and grants. Beginning in FY 2018, loans and grants/other financial assistance displayed separately. Begining in FY 2022, report includes closed loans only, and not approved loans not yet closed.

Exhibit 6: Note Sales, Payoffs, and Payments in the Multifamily and 1-4 unit Portfolios

### Multi-Family Program Notes

| Quarter | Beginning Balance | Note Sales | Payoffs | Payments | Ending Balance |
|---|---|---|---|---|---|
| Quarter 1 (10/1/2021-12/31/2021) | 196,821,822 | - | 14,874,702 | 1,632,008 | 180,315,113 |
| Quarter 2 (1/1/2022-3/31/2022) | 180,315,113 | - | 13,870,162 | 1,570,416 | 164,874,534 |
| Quarter 3 (4/1/2022-6/30/2022) | 164,874,534 | 5,913,904 | 13,688,385 | 1,528,356 | 155,571,698 |
| Quarter 4 (7/1/2022-9/30/2022) | 155,571,698 | 9,090,074 | 10,557,069 | 1,502,057 | 152,602,645 |
| | Totals | 15,003,978 | 52,990,318 | 6,232,837 | |

### SF 1-4 Program Notes - Tier 1

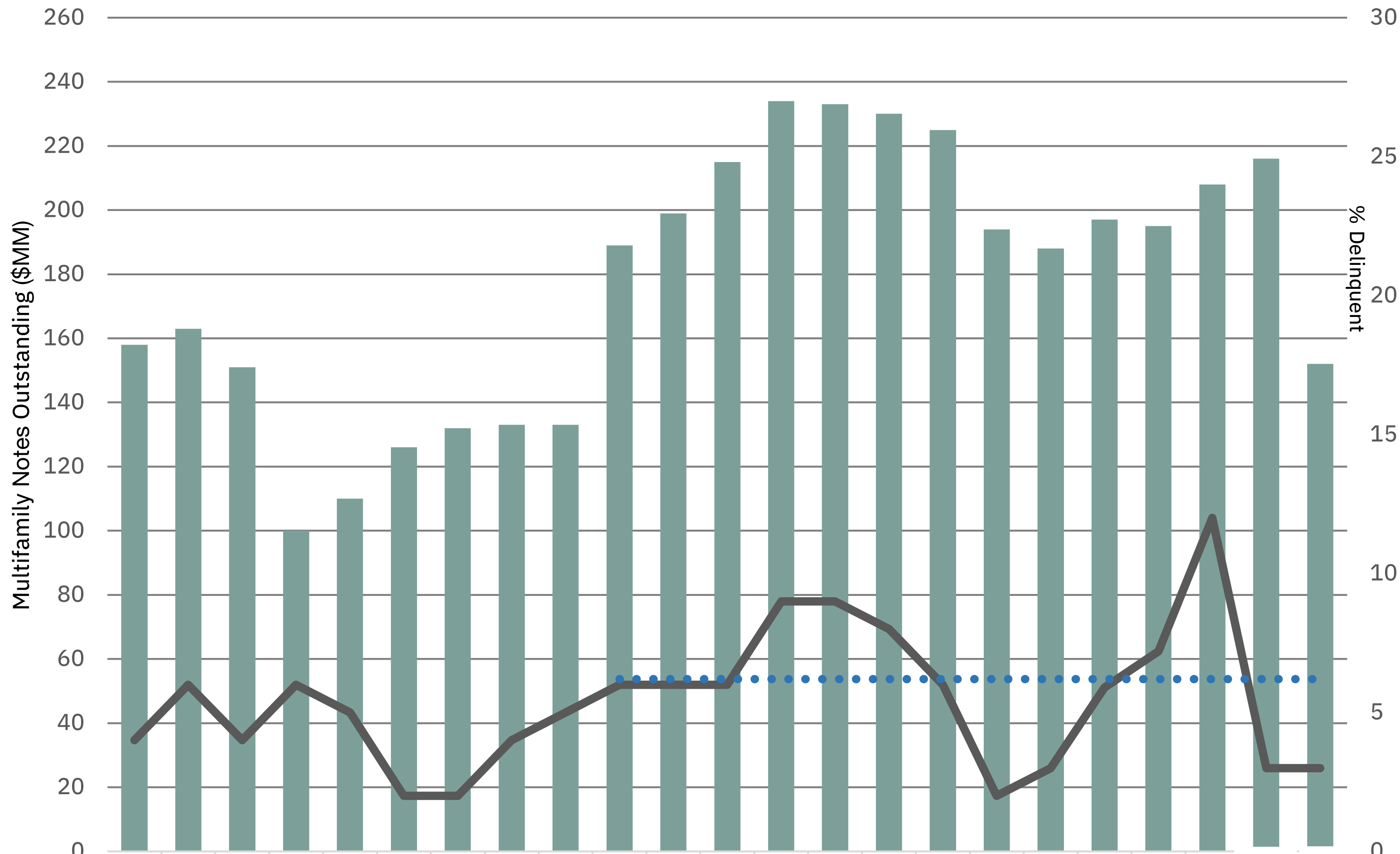
| Quarter | Beginning Balance | Note Sales | Payoffs | Payments | Ending Balance |
|---|---|---|---|---|---|
| Quarter 1 (10/1/2021-12/31/2021) | 16,424,769 | - | 533,385 | 147,659 | 15,743,725 |
| Quarter 2 (1/1/2022-3/31/2022) | 15,743,725 | - | 566,713 | 157,839 | 15,019,173 |
| Quarter 3 (4/1/2022-6/30/2022) | 15,019,173 | - | 3,208,809 | 234,040 | 11,576,324 |
| Quarter 4 (7/1/2022-9/30/2022) | 11,576,324 | - | 103,500 | 99,169 | 11,373,654 |
| | TOTAL | - | 4,412,408 | 638,707 | |

### SF 1-4 Program Notes - Tier 2

| Quarter | Beginning Balance | Note Sales | Payoffs | Payments | Ending Balance |
|---|---|---|---|---|---|
| Quarter 1 (10/1/2021-12/31/2021) | 2,957,102 | - | 170,368 | 21,938 | 2,764,796 |
| Quarter 2 (1/1/2022-3/31/2022) | 2,764,796 | | 70,036 | 25,417 | 2,669,343 |
| Quarter 3 (4/1/2022-6/30/2022) | 2,669,343 | - | 956,899 | 18,553 | 1,693,891 |
| Quarter 4 (7/1/2022-9/30/2022) | 1,693,891 | - | 19,167 | 10,344 | 1,664,381 |
| | TOTAL | - | 1,216,469 | 76,252 | |

| | | | |
|---|---|---|---|
| Total SF 1-4 Program Notes-Tier 1 & 2 | - | 5,628,877 | 714,959 |

Exhibit 7: Multifamily Notes Outstanding and Delinquency Rates




| Fiscal Year | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $MM Portfolio Balance | 158 | 163 | 151 | 100 | 110 | 126 | 132 | 133 | 133 | 189 | 199 | 215 | 234 | 233 | 230 | 225 | 194 | 188 | 197 | 195 | 208 | 216 | 152 |
| $MM Delinquent | 3 | 9 | 5 | 5 | 5 | 3 | 3 | 5 | 7 | 5 | 11 | 8 | 16 | 15 | 19 | 14 | 4 | 6 | 11 | 14 | 25 | 6 | 5 |
| $MM REO Property | 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 | 0.5 |
| % Delinquent | 4 | 6 | 4 | 6 | 5 | 2 | 2 | 4 | 5 | 6 | 6 | 6 | 9 | 9 | 8 | 6 | 2 | 3 | 6 | 7 | 12 | 3 | 3 |
| Average Delinquency % Since 2009 | | | | | | | | | | | | | | | | | | | | | | | 6.2 |

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.

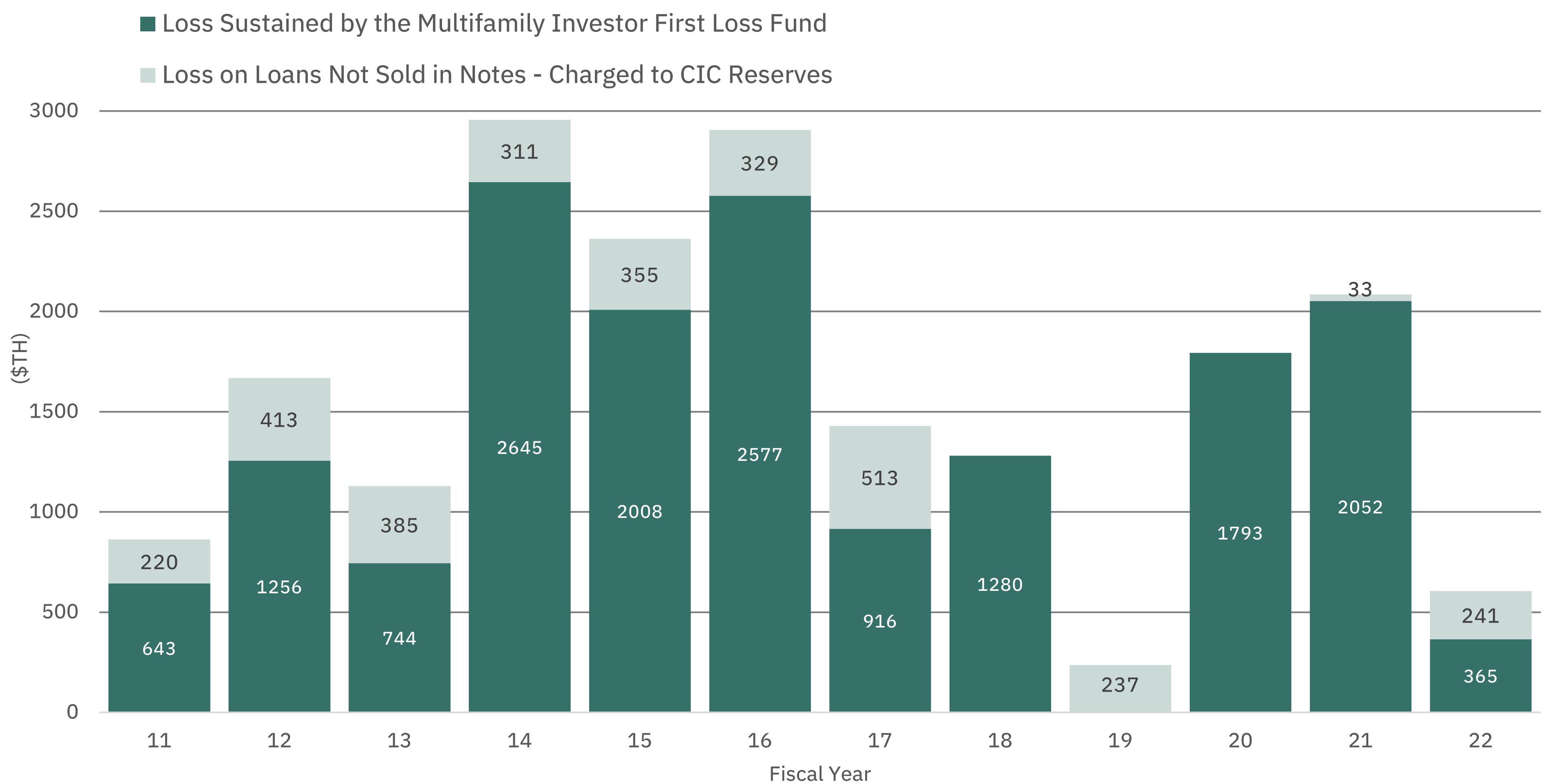
## All BAP Loan Modifications as of 9/30/22

| | 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 9/30/22

| | 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 Active Loan Types | 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 |

Exhibit 9a: Loan Losses on Multifamily Loans Originated Since 2011




**Multifamily Loan Losses**

| | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Losses by Year ($TH) | 1,255 | 1,944 | 1,131 | 2,960 | 2,381 | 2,919 | 1,435 | 1,289 | 237 | 1,793 | 2,085 | 606 |
| Portfolio Balance* ($M) | 307 | 317 | 316 | 306 | 281 | 278 | 275 | 285 | 286 | 275 | 270 | 252 |
| Loss as % of Portfolio | 0.41 | 0.61 | 0.36 | 0.94 | 0.85 | 1.05 | 0.52 | 0.45 | 0.08 | 0.65 | 0.77 | 0.24 |

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

## 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.

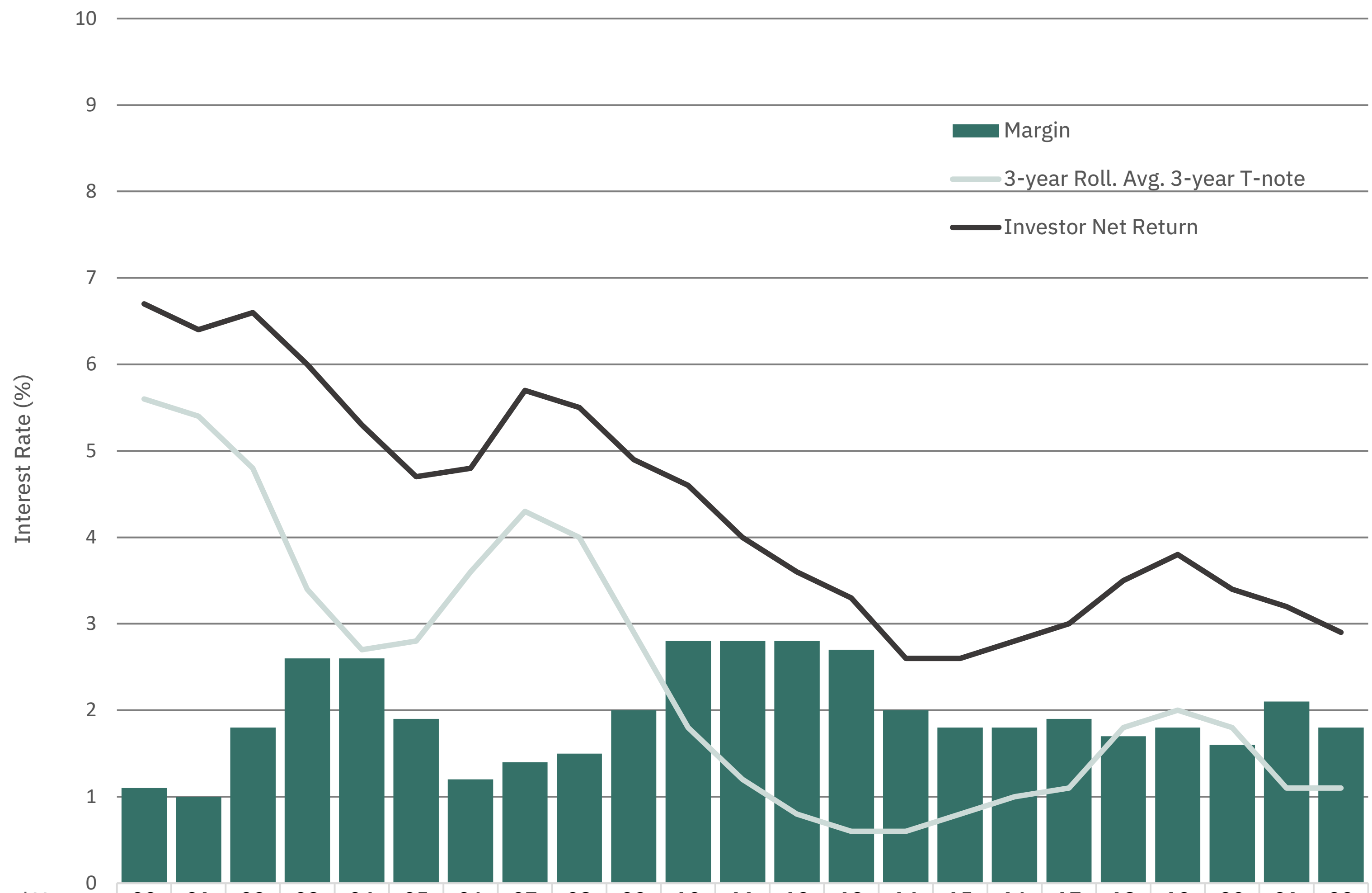
–In response to uncertainty about future market conditions resulting from COVID, the CIC Board of Directors voted to increase the investor contribution into the Multifamily Investor First Loss Fund by an additional 45 bps.

–This increase took effect in two steps. By the end 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, 2022, the Multifamily Investor First Loss Fund stands at $6.4 million. Over the next year, CIC expects the Fund to continue to be sufficient to cover all projected losses in the Multifamily portfolio.

Exhibit 10a: Multifamily NPA Investor Net Return on Notes




| Fiscal Year | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Margin | 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 | 1.8 |
| 3-year Roll. Avg. 3-year T-note | 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 | 1.1 |
| Investor Net Return | 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 | 2.9 |

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.

# Description of Multifamily Returns

–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.

–Since most loans in the Multifamily portfolio are three-year adjustable rate loans, with adjustments based on the three-year Treasury rate plus 3.5%, 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.

–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.

–Every three to five years, CIC adjusts loans to a spread of 3.5% over Treasuries. (For FY 2023, CIC decreased the adjustable rate from 3.5% over Treasury to 2.5% over Treasury, to match current market spreads.) 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 3b.)

See Exhibit 10a and page 20 for FY 2022 data on Multifamily Returns and Exhibit 9b for the Description of Multifamily Investor First Loss Fund.

## Exhibit 11: 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 | FY 2022 | 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 | $752,000 | $40,779,100 |
| # | 5 | 5 | 8 | 8 | 11 | 8 | 11 | 9 | 7 | 6 | 2 | 1 | 1 | 82 |
| units | | 73 | | 112 | | 131 | | 191 | | 89 | 20 | 15 | 11 | 642 |
| 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 | $752,000 | $40,779,100 |
| # | 3 | 3 | 9 | 9 | 11 | 8 | 11 | 9 | 8 | 7 | 2 | 1 | 1 | 82 |
| units | | 30 | | 146 | | 130 | | 190 | | 100 | 20 | 15 | 11 | 642 |

1-4 Unit Loan Program - Loans Sold to Investors

| | FY 2015 | | FY 2016 | | FY 2017 | | FY 2018 | | FY 2019 | | FY 2020 | | FY 2021 | | FY 2022 | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1st or 2nd mortgage | 1st | 2nd | 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 | $0 | $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 | $11,373,654 | $1,664,381 | $13,038,035 |
| 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% | $1,235,820 (Foreclosure) 10.50% | $299,946 (Foreclosure) 18.00% | |
| Losses | - | - | None | None | 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 | $730,089 | $592,067 | |
| 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% | 5.00% | 5.00% | |

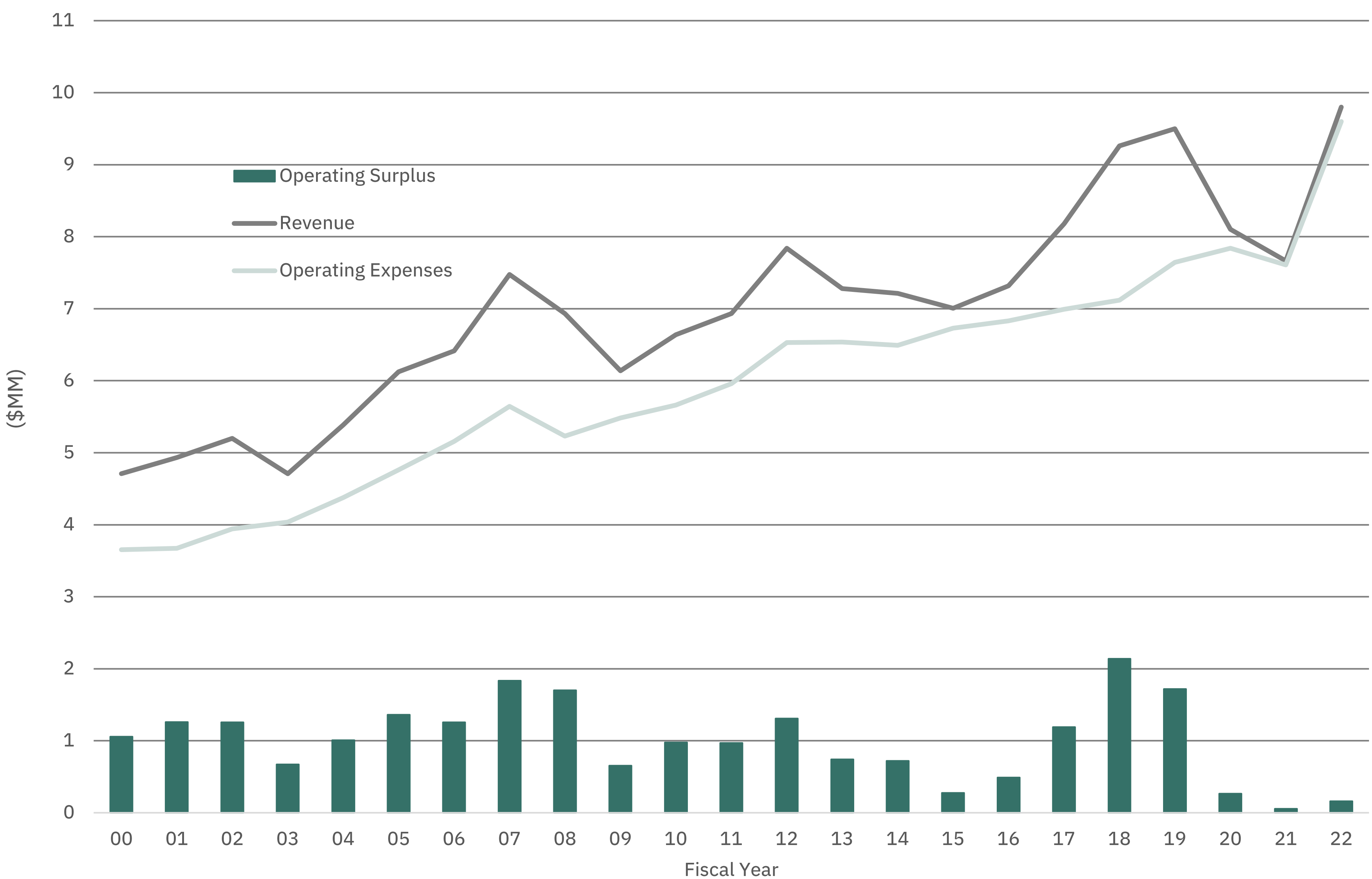
*Delinquencies on 1-4 Notes Sold to Investors

1-4 Unit Loan Program - Risk Ratings

| Risk Ratings of 1-4 Unit Notes Sold to Investors as of 9/30/22 | | | |
|---|---|---|---|
| Rating | Balance $ | # of Loans | % |
| Pass | 10,495,330 | 23 | 80.50% |
| Acceptable | | 3 | 7.70% |
| Special Mention | - | - | - |
| Substandard | | | - |
| Doubtful | 1,235,820 | 1 | 9.50% |
| Loss | 299,946 | 1 | 2.30% |
| Total | $13,038,035 | 28 | 100.00% |

← Contents

Exhibit 12: CIC/CII Consolidated Operating Revenue and Expenses




Note
CIC operates on a fiscal year ending September 30.