Annual Performance + Credit Review Report to Investors

FISCAL YEAR 2023

(10/1/2022 - 9/30/2023)

CIC

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.

In FY 2023, 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 year we launched a new strategic plan, focused on maintaining a strong portfolio, and delivered on new programs, even as multifamily loan volume declined in the face of higher interest rates. Alongside lending activities, CIC also carried out the innovative community development work that differentiates us as a one-stop shop for neighborhood impact.

Here are some highlights of FY 2023:

–CIC provided over $46.4 million in loans and grants to acquire, rehab, and preserve 1,054 units of affordable rental housing and 32 commercial units throughout the Chicago area.

–The new Community Equity Partner Fund deployed $1.2 million in 4 projects. Using $5 million of MacKenzie Scott grant dollars, this Fund bridges both the racial and financial equity gap by investing equity alongside small- to mid-sized Black, Indigenous, and People of Color (BIPOC) developers.

–In partnership with the City of Chicago, CIC financed $3.7 million in 3 properties to preserve Single Room Occupancy (SRO) buildings through the new SRO Preservation Fund.

–CIC received three new grants: a $5 million Equitable Recovery Program grant from the CDFI Fund to support neighborhoods affected by COVID, $500,000 from JPMorgan Chase, and $450,000 from ComEd to launch new energy and climate resiliency offerings.

–Like many lending institutions in today's environment, multifamily loan delinquencies crept up in recent months, though thanks to diligent portfolio management and newly instituted stress test protocols, reserves covered all losses and no losses were passed to investors.

–Community Initiatives, Inc. (CII) stepped up to take on the receivership of a 1,000 unit subsidized supportive housing portfolio, in addition to carrying out ongoing troubled buildings work to recover 48 buildings with 665 units.

–The Preservation Compact launched a new national initiative to preserve Naturally Occurring Affordable Housing, and continued supporting owners and the Assessor's office to deploy new property tax relief.

–Property Management Training combined in-person events and webinars, collaborating with partners on timely topics to reach over 1,800 participants.

–CIC and CII achieved a Consolidated Net Operating Surplus of $441,000. Overall Net Assets increased to $50 million.

To make it easy for partners to see our impact, we again augmented the detail of the PCR with a web-based Executive Summary.

We are proud of our work over the past year, even while uncertainty and more challenges are likely to lie ahead. We are grateful to CIC's partners and investors who continue to stand by us and our borrowers, ensuring we remain nimble and responsive to the neighborhoods we serve.

Whatever the future brings, we commit to being good stewards of your investment, and transforming it into real impact.

Stacie Young
President/CEO

David Dykstra
Board Chair

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BOARD AND COMMITTEE MEMBERS

CIC Board Members

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

Karen Case, CIBC (1)

Collete English Dixon, Roosevelt University (4)

Scott Ferris, BMO Bank (2, 5)

John Gholar, JPMorgan Chase

Timothy Hadro (3, 4)

John Hein, Fifth Third Bank (4, 6)

Robert Marjan, The Marjan Group (3, 5)

Angie Marks, University of Chicago

Jeff Newcom, Old National Bank (2, 6)

Frank Pettaway, Northern Trust (Vice Chair) (1, 3, 5)

Erika Poethig, Civic Committee of the Commercial Club of Chicago*

Andrew Salk, First Eagle Bank (2, 5, 6)

Daniel Watts, Forest Park National Bank & Trust (3, 5)

Stacie Young, Community Investment Corporation (President) (1)

Notes: *Nominated and elected in FY2024. Numbers in parentheses indicate committee membership. (1) Executive Committee, (2) Finance Committee, (3) Access to Capital Committee, (4) Portfolio Oversight Committee, (5) Performance and Credit Review Committee, (6) Human Resources Committee.

CII Board Members

Stacie Young, Community Investment Corporation (President)

Vicki Arroyo, BMO Bank

John Gholar, JPMorgan Chase

Rondella Hunt, JPMorgan Chase

Robert Marjan, The Marjan Group

Angie Marks, University of Chicago

Frank Pettaway, Northern Trust

CIC Multifamily Loan Committee

Chas Hall, Providence Bank & Trust (Chair) (4)

Brian Bianchi, Northern Trust

Brooke Cullen, Wintrust Bank

Amy Ignatoski, JPMorgan Chase

Marcia Nicholson, PNC Community Development Banking

Courtney Olson, First Bank Chicago

David Patchin, Fifth Third Bank

Teresa Rubio, Associated Bank

James Turner, CIBC

James West, BMO Bank

Esther Sorrell, City of Chicago Department of Housing*

*Non-voting Member

CIC 1-4s Loan Committee

Brian Bianchi, Northern Trust

Brooke Cullen, Wintrust Bank

Loretta Minor, BMO Bank

Opportunity Investment Fund Investment Committee

Carl Jenkins, BMO Bank (Chair)

Jim Horan, City of Chicago

Edward Wood, Northern Trust

Amber David, Fifth Third Bank

Tony Hernandez, CIBC

CIC Overview

CIC OVERVIEW

For over 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, 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 $1.7 billion of financing since 1984 to stabilize and preserve over 68,400 units.

– CIC's achievements are made possible by the long-term support of Chicago area institutions investing in CIC's programs. Currently, 39 investors have committed $330,300,000 to purchase notes through September 15, 2025 under the Multifamily Loan Program, 11 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 access resources and best practices to 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 to enable responsible new owners to improve the properties and provide stable management. (See page 34.)
- CIC convenes the Preservation Compact, which brings together government agencies, building owners, tenant advocates, and other housing stakeholders to develop effective strategies to preserve the affordable rental housing stock. (See page 38.)

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.

Make efficient use of private and public funds.

Provide expert advice to clients.

Provide property management training.

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

- 52% are full-time owner-operators and/or managers.
- Have an average of 4 employees, but 39% have no employees.

–62% of CIC borrowers are minority or women owned businesses.

-Experienced: 74% have been in business more than 10 years.

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

–Almost 60% 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.)

–On average, about 85% 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, or about 55% of area median income (AMI).

–Loans are typically in 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

FY 2023 marked the first year of implementation under CIC's new strategic plan. The planning process was led by the CIC Board of Directors and the Strategic Planning Committee in FY 2022, and informed by internal and external stakeholders, and a Board retreat featuring local housing and community development industry experts.

The strategic plan offers a bold yet pragmatic approach to tackling the next phase of the market by leveraging its lending platform and existing initiatives and strategies for increased impact, while being prepared to pivot with market changes.

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

- **Leverage Transformative Lending Platform:** Leverage 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.

–Key activities under the strategic plan in FY 2023 included:

- Completed internal process mapping project for several CIC business lines
- Launched customer survey
- Launched Diversity, Equity, and Inclusion efforts with the assistance of an external consultant
- Increased collaboration with other Chicago CDFIs
- Enhanced IT infrastructure
- Expanded HR offerings and staff programming, including development of organizational core values (see page 11.)

CIC Core Values

Organizational values are key to creating a supportive and productive environment, giving staff a common sense of purpose, and serving as a compass for expectations.

While CIC has operated with a shared understanding of culture for many years, in FY 2023 we formalized CIC's values with an outside facilitator. After two all-staff workshops with lively conversation and robust feedback, four major themes emerged. The following values statements capture these themes to articulate CIC's values both internally and externally.

Invested. Reliable. Resourceful. Respectful.

CIC's Core Values help shape identity, guide behavior and provide a consistent framework for decision making and problem solving. These values assist in aligning actions with CIC's goals and priorities.

- **Invested**

  We are invested in our customers, our neighborhoods, and our mission. Demonstrating passion and commitment to our work, we walk the talk, while being high-impact and staying grounded.

- **Reliable**

  We are effective, responsive, trustworthy partners, who operate with integrity and remain accountable to our customers, investors, and ourselves.

- **Resourceful**

  We are creative in our problem-solving and practical in our execution. Our mix of expertise, innovation, and fun allows us to continually evolve and be transformative in all that we do.

- **Respectful**

  We put people over process, working closely with customers and each other as mentors and advisors, while remaining fair, approachable, flexible, courteous, and caring.

Economic Context and Market Challenges in FY 2023

Uncertainty related to interest rate hikes dominated the lending and asset management landscape in FY 2023. Higher rates meant a steep cost increase for adjusting and maturing loans, a dynamic not seen in many years. Climbing rates also led to an overall decline in loan volume as buyers held out for prices to drop. In response, CIC:

–Executed a new Stress Test Protocol. This includes early outreach to borrowers with upcoming adjustments and maturities, as well as an analysis to project estimated debt service coverage ratios after adjustments. For those loans with low estimated ratios, Loan Officers and other staff conduct special outreach to borrowers to discuss keeping loans stable.

–Marketed specialty loan and grant programs. The TIF Purchase Rehab Program, the Woodlawn Loan Fund, and the new SRO Preservation Fund helped drive volume as the Multifamily Loan Program saw less activity. These programs targeted to specific geographies and building types served as a counterbalance to help keep volume steady during this time of economic uncertainty.

Organizational Strength

CIC worked hard to provide excellent service to clients in spite of the challenging environment. In addition to garnering new resources, the first year of CIC's new Strategic Plan propelled a number of efforts forward, including laying the groundwork for improvements and better understanding the needs of our partners and stakeholders. Resources and efforts to bolster internal infrastructure included:

–Receiving a new $5 million Equitable Recovery Program grant from the CDFI Fund. CIC is using the grant to help local, responsible borrowers compete with out of town cash buyers, many of whom do not have a local presence, let alone knowledge of local neighborhood dynamics and needs.

–Implementing a new Customer Relationship Management (CRM) system, completing a comprehensive partner and client survey, and documenting CIC program processes. These efforts help identify efficiencies and changes that will improve customer experiences and internal communications.

–Transitioning smoothly to a Managed Service Provider (MSP) for Information Technology and implementing a number of security measures. Shifting to an MSP ensures CIC's IT infrastructure integrates new systems and keeps up with the latest updates. Aside from providing comfort to stakeholders in a fast-moving IT world, this move also takes pressure off of internal staff to monitor and understand appropriate IT choices for CIC.

–Several of these organizational infrastructure projects were funded in part by CIC's MacKenzie Scott grant funds. In FY 2021, CIC received an unsolicited $8 million grant, of which $5 million is being used to launch the new Community Equity Partner (CEP) Fund, which provides equity financing to build the capacity of small and mid-scale BIPOC developers (see page 27.) The remaining $3 million in MacKenzie Scott grant funds were designated to support projects to strengthen CIC's operations and infrastructure.

After a three-year hiatus, the Neighborhood Forum made a triumphant return, drawing an impressive turnout. The event featured an outstanding panel, including CIC borrowers Mark Ainley, Bonita Harrison, Elliot Williams, Jon Womack, and Vladimir Ladouceur.

CIC Lending and Grant Programs

FY 2023 Lending Report

Overview

In FY 2023, CIC closed $44.7 million in loans for 1,054 units of affordable rental housing and 32 commercial units throughout the Chicago area. (See Exhibits 4a, 4b and 5.)

CIC financed $32.6 million in Standard and Flex Fund Multifamily loans, as well as other loans using the 1-4 Redevelopment Loan Program, mezzanine debt, Single Room Occupancy (SRO) Preservation Fund, and construction financing. CIC also provided $1.7 million in TIF, TBI Acquisition, and energy and climate program grants, for an overall total of $46.4 million.

In FY 2023, CIC closings included:

–A $720,000 Woodlawn Construction Loan Fund loan to acquire and rehab a 16 unit, mixed-use property.

–A $1.9 million SRO Preservation loan to rehab 77 units in Hyde Park for very low income residents.

–A $4.7 million Multifamily loan, combined with $670,000 in Opportunity Investment Fund mezzanine debt, to acquire 66 units in the Clearing neighborhood. A portion of these units are affordable for tenants at 50% area median income or less.

–A $950,000 Multifamily loan paired with a Community Equity Partner Fund equity investment (see page 28), to acquire a 21-unit, mixed-use property in Chatham.

Table 1

Lending Activity FY 2023

Multifamily Loans	**#**	**$(000)**
Multifamily Standard	45	31,955
Flex Loan	1	645
Energy Flex	0	-
Multifamily Subtotal	46	32,600
1-4 Unit Program Loans		
1-4	3	3,505
Opportunity Investment Fund		
Mezzanine Debt	3	2,694
Woodlawn Construction Loan Fund		
Woodlawn Construction Loans	3	2,246
SRO Preservation Fund		
SRO Preservation Second Mortgage	3	3,684
Total Lending	58	$44,728

Grants FY 2023

	#	**$(000)**
TBI Acquisition Grants	1	70
TIF Grants	4	1,600
Energy Program Grants	1	26
Total Grants	6	1,696

–In all of the buildings financed by CIC in FY 2023, 85.9% were affordable at 60% AMI, and 78.7% were affordable at or below 50% AMI.

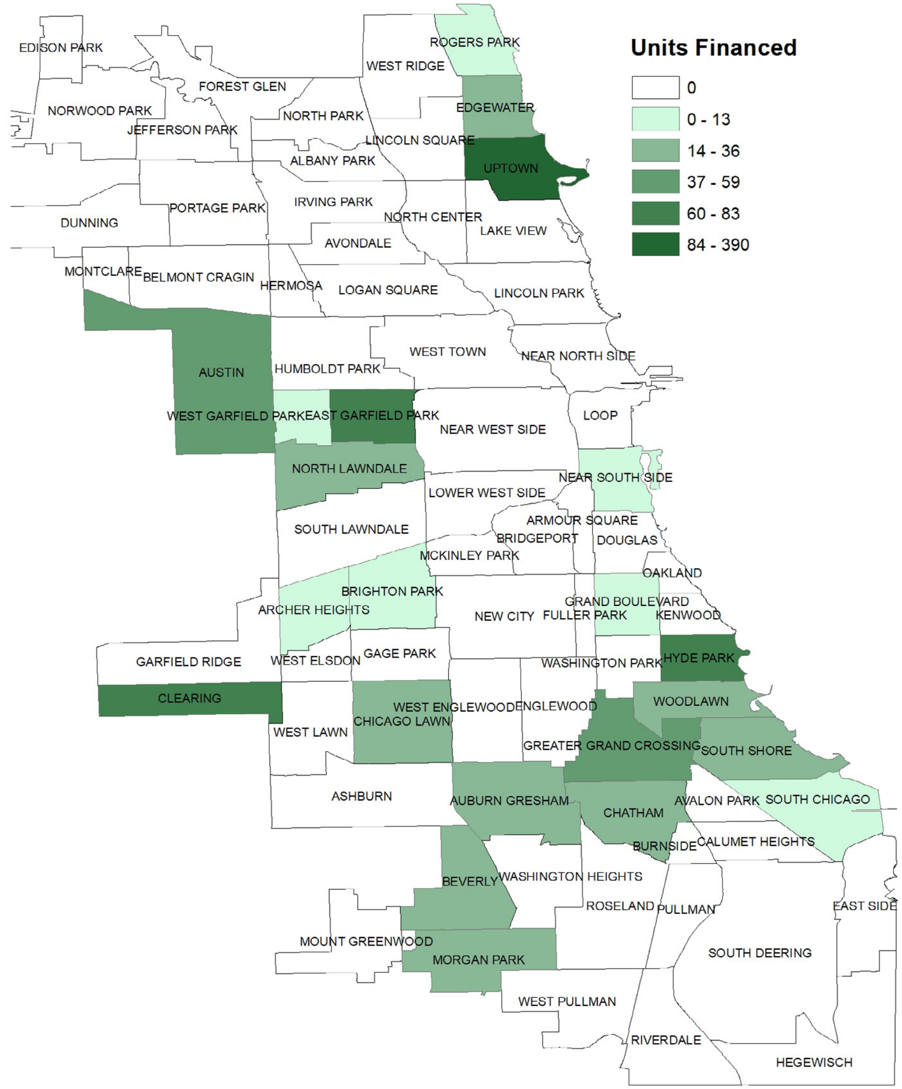
–Most loans closed by CIC were located in low and moderate-income census tracts in the city and suburbs of Chicago.

–Of the 58 loans closed by CIC, 54 were made in 23 Chicago communities and four were in four 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 2023.

CIC Lending By Chicago Community Area FY 2023



Multifamily Loan Program

Originations

In FY 2023, CIC closed on a total of 46 Standard Multifamily and Flex loans, for $32.6 million in closings (see Exhibits 4 and 6):

–45 Multifamily loans for a total of $31.9 million.

–1 Multifamily Flex loan totaling $645,000.

- 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 9/30/23, the aggregate principal of all Flex Fund loans is $7.9 million. Flex Fund loans sold to investors are limited to 20% of total multifamily loans sold in any 12 month period.

–$1.6 million in TIF grants also funded the acquisition and rehabilitation of four vacant properties with 62 apartments and 8 commercial units. (See page 28.)

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

PROGRAM SPOTLIGHT

Multifamily Lending - The Glipsies

"CIC and Tony have been our blessed assurance on this journey. They've not only provided us with financial solutions but have been our trusted guides, ensuring our success in this marathon of real estate."

- Anthony Glipsie, FBF Kinseeds, LLC

Number of Units	**6**
Style	**3 story brick walk up**
Location	**South Shore**
Loan Type	**Refinance with Rehab**

To access the full profile, scan the QR code.

Delinquencies

Delinquencies and REO in Multifamily Notes Sold to Investors were elevated as of 9/30/23, totalling $8 million (5.9%), compared to $5.4 million (3.5%) last year. (See Table 2.)

–REO is included in this calculation because CIC does not charge off REO loans in the investor-owned portfolio until disposition when the loss is realized, and the funds are released from the Investor First Loss Fund.

–Of this total, non-performing loans (90+ days past due plus foreclosures and workouts) are $2.4 million (1.7% of notes sold).

–Overall delinquencies are above our threshold 5% rate on delinquencies. Non-performing loans remain below our threshold 2% rate. While delinquencies exceed CIC thresholds, asset management remains vigilant, and our monitoring has been further strengthen by new stress test protocols (see page 12).

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. Risk ratings are established for CIC portfolio management analysis, and provided to investors for informational purposes only. Table 3 lists the risk ratings in the Multifamily NPA at the close of FY 2023.

–On September 30, 2023, loans representing 95.4% of the overall portfolio of Multifamily Notes Sold to Investors were rated as Pass or Acceptable. Last year, on September 30, 2022, 97.2% of loans were rated as Pass or acceptable. (See Table 3.)

Table 2

Summary of Delinquent Multifamily Notes Sold to Investors

Delinquent & Non-Performing Loans	**9/30/2023**		**9/30/2022**	
	$(MM)	%	$(MM)	%
30 days	2.8	2.1%	1.1	0.7%
60 days	1.8	1.3%	1.1	0.7%
Delinquent Sub Total	**4.6**	**3.4%**	**2.2**	**1.4%**
90+ days	0.5	0.4%	0.4	0.3%
Foreclosure	1.8	1.3%	2.3	1.5%
Non-Performing Sub Total	**2.4**	**1.7%**	**2.7**	**1.8%**
Total	**7.0**	**5.1%**	**4.9**	**3.2%**
REO Properties	1.0	0.8%	0.5	0.3%
Total REO Plus Delinquency & Non-Performing	**8.0**	**5.9%**	**5.4**	**3.5%**
Multifamily Notes Outstanding	136.9		152.6	

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. For loans with a DCSR less than 1.0 (expenses exceed income), CIC follows up with borrowers to discuss changes to current income and expenses compared to underwritten values, and any other potential issues such as physical inspection ratings and upcoming interest rate changes. Low DSCRs can be caused by many factors, including higher than expected vacancies, increased utility, insurance and real estate tax costs, and unforeseen maintenance expenditures. See Table 4 for a summary of the financial reports submitted to CIC in FY 2023.

Table 3

Risk Ratings of Multifamily Notes Sold to Investors as of 9/30/23

Rating	Balance ($MM)	# of Loans	%
Pass	126.7	251	92.5%
Acceptable	3.8	12	2.8%
Special Mention	1.3	6	1.0%
Substandard	0.4	2	0.3%
Doubtful	4.3	10	3.1%
Loss	0.3	1	0.2%
Total Lending	**136.9**	**282**	**100.0%**

Table 4

Annual Statements Summary Report for Multifamily Investor Loans as of 9/30/23

Total Multifamily Loans Sold to Investors as of 9/30/23	Loans	$(MM)	%
Balance ≥ $500,000	68	81.6	59.6%
Balance < $500,000	214	55.3	40.4%
Total	282	136.9	100.0%

Reporting Status of All Multifamily Loans as of 9/30/23	Loans	$(MM)	%
Financial Reports Received	212	108.7	75.2%
Financial Reports Not Received	44	11.1	15.6%
Not Required to Report*	26	17.1	9.2%
Total	282	136.9	100.0%

DSCR for All Multifamily Loans - Financial Reports Received	Loans	$(MM)	%
Loans Reporting with DSCR ≥ 1.0	164	83.1	76.5%
Loans Reporting with DSCR < 1.0	48	25.6	23.5%
Total	212	108.7	100.0%

Note: Of the 48 loans with DSCR < 1.0, 47 are current

Reporting Status of Multifamily Loans ≥ $500,000 as of 9/30/23	Loans	$MM	%
Financial Reports Received	58	69.4	85.0%
Not Required to Report*	10	12.2	15.0%
Total	68	81.6	100.0%

DSCR for Multifamily Loans ≥ $500,000 - Financial Reports Received	Loans	$MM	%
Loans Reporting with DSCR ≥ 1.0	48	53.8	77.6%
Loans Reporting with DSCR < 1.0	10	15.6	22.4%
Total	58	69.4	100.0%

Note: Of the 10 loans with DSCR < 1.0, all 10 are current

**Includes loans recently closed, in construction, or in default*

Losses

In FY 2023, there were no losses on the portfolio of Multifamily Notes Sold to Investors. As of 9/30/23, the Multifamily portfolio balance was $137 million, and the Multifamily Investor First Loss Fund balance was $8.4 million. (See Exhibit 8a.)

Note Sales

In FY 2023, CIC conducted one Multifamily Note Sale for a total of $12 million. Payoffs and amortizations slowed in FY 2023 compared to FY 2022, though refinancing activity and sales still drove $22 million in payoffs and amortizations in FY 2023. In total, there are $136.9 million in notes sold to investors. (See Exhibit 6.)

Table 5

Multifamily Investor Loss Fund

Beginning Balance (10/01/22)	Charges	Portfolio %	Additions to Reserve	Ending Balance (9/30/23)	Multifamily Portfolio Balance
$6,400,191	$0	0.00%	$1,916,215	$8,316,406	$136,896,588

Multifamily Investor First Loss Fund

As of 9/30/23, the Multifamily Investor First Loss Fund stands at $8.3 million. Over the next year, CIC expects the Fund to continue to be more than sufficient to cover all projected losses in the Multifamily Notes Sold to Investors portfolio. Investor and CIC contributions to the Investor First Loss Fund increased at the onset of COVID. CIC staff and the Portfolio Oversight Committee will continue to be vigilant as they monitor and balance contribution and loss levels. (See Exhibit 8b 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 2023 was 2.92%, similar to 2.90% in FY 2022.

–For the past 30 years, the investors' net weighted return has averaged 5.4%, an average margin of 1.7% over the rolling average for the three-year Treasury. In FY 2023, this margin was 0.64%. (See Exhibit 9a. See Exhibit 9b 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 demonstrate 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.

–In FY 2022, CIC took a fresh look at what small owners need to succeed. CIC reframed its 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 learned over the years that 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.

–In FY 2023, CIC relaunched its energy and climate resiliency offerings. A new full-time staff position was created to manage this work. Kenyatta Parker joined CIC and is leading program outreach efforts, identifying energy and climate grant fund resources, and assisting recipients with appropriate funding and completion of comprehensive resiliency building assessments.

–Five multifamily building owners with a total of 155 units were identified for significant climate-resiliency retrofits in FY 2023. One grant was disbursed, which helped to improve a building with 26 units through extensive flood remediation work (see sidebar.)

–Since the launch of Energy Savers in 2008, CIC has provided 262 loans for $23.5 million; 35 grants for $2.9 million; and improved over 11,385 units with energy saving retrofits.

PROGRAM SPOTLIGHT

ComEd Climate-Friendly Nonprofit Grants

In the Summer of 2023, major weather events affected property owners across the Chicago region, including Melanie Short, an experienced real estate investor who works for her family-run business and lives on Chicago's West side. Devastating floods resulted in damage to one of Melanie's buildings and disruption of her tenant's lives. Faced with the daunting task of securing $25,000 for vital repairs, Melanie connected with CIC, and was the first recipient of ComEd Climate-Friendly Grant funds.

CIC was awarded a $450,000 ComEd grant in FY 2023 to expand its energy and climate resiliency program by directly funding multifamily building upgrades. For Melanie's 25-unit building in the Austin community, that meant completing essential repairs to mitigate the risk of future flooding such as main sanitary sewer line replacement, and installation of a drain line backwater valve and ejector pump. While all remaining CIC ComEd grant funds are now committed to other building owners, CIC continues to facilitate energy and climate improvements through other grant and loan programs.

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 commit to keeping 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 2023, CIC closed OIF loans in Beverly, Clearing, and Uptown, totaling $2.7 million in OIF financing. Buildings included 149 total units of mixed income housing, of which 39 are affordable to households at 50% AMI. These transactions also included $5.2 million in CIC first mortgage debt. Total activity is summarized on Table 6. The OIF has no delinquencies.

Table 6

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	5	91	21	5,400,000	630,900	Galewood, Beverly, Hermosa, Oak Park
FY 2019	7	163	33	14,027,000	1,638,000	Galewood, Des Plaines, Evanston, Hyde Park, Montclare, Morgan Park
FY 2020	2	52	11	3,585,000	455,000	Evanston, Oak Lawn
FY 2021	3	96	23	3,670,000	582,500	Ashburn, Hyde Park, Rogers Park
FY 2022	3	97	20	3,700,000	952,500	Berwyn, Des Plaines, Oak Forest
FY 2023	3	149	39	5,228,950	2,693,500	Beverly, Clearing, Uptown
Total	**23**	**648**	**147**	**35,610,950**	**6,952,400**	

1-4 Redevelopment Loan Program

In the wake of the 2009 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.)

–The 1-4 Redevelopment Loan Program helped redevelop 719 units, while the CII revolving acquisition pool (see page 34) acquired and sold 779 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 these programs were active, and virtually no homebuying activity was occurring back in 2014.

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

–Exhibit 10 provides detail on FY 2023 activity and historical program data, 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 second mortgage Energy Savers loans and first mortgage loans on properties that also have pilot Community Equity Partner Fund investments.

–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 2023, CIC earned $3.9 million of net interest income on in-house loans, which comprises 44% of CIC's overall operating revenue. As a result, each year CIC budgets to hold a target amount of loans in-house before selling notes to the Multifamily Investor Owned Pool. In FY 2023, $12 million in notes were sold to investors (see page 21 and Exhibit 6). CIC expects to conduct quarterly note sales in FY 2024.

–As of 9/30/23, CIC held a total portfolio of $107.3 million of in-house loans, up from $94.1 million at 9/30/22. Of this total, $96.3 million are in permanent loans and $11 million are in construction loans.

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

Table 7

CIC In-House Loan Delinquencies (Loans in Permanent Servicing - September 30, 2023)

	Multifamily ($MM)	Energy Savers ($MM)	1-to-4 ($MM)	Total ($MM)	% of Portfolio
Portfolio Balance	92.0	0.1	4.2	96.3	
Delinquencies & Non-Performing					
30 days	1.5			1.5	1.5%
60 days					
Delinquency Subtotal	**1.5**			**1.5**	**1.5%**
90 days	2.7			2.7	2.8%
Foreclosure	1.0			1.0	1.1%
Workout					0.0%
Non-Performing Subtotal	**3.7**			**3.7**	**3.9%**
Total	**5.2**			**5.2**	**5.4%**
REO					
Total REO Plus Delinquencies & Non-Performing	**5.2**	**0.00**	**0.00**	**5.2**	**5.4%**

–CIC uses its risk rating system to calculate loan loss reserves for all in- house loans. Of the total in-house portfolio of $107.3 million, $98.4 million is rated Pass or Acceptable (91.7%).

–Based on historic experience, CIC has established reserve percentages for each category of risk. Applying the risk ratings and percentages, CIC has established a loan loss reserve of approximately $1.6 million as of 9/30/2023.

–In FY 2023, CIC incurred one loss of $47,301 on in-house loans.

Table 8

Risk Ratings of CIC In-House Loans (September 30, 2023)

Rating	Balance ($MM)	% of Volume	# of Loans	Loan Loss Reserve ($MM)
Pass	70.8	66.0%	116	0.4
Acceptable	27.6	25.7%	33	0.3
Special Mention	6.1	5.7%	6	0.3
Substandard	0.2	0.2%	1	0.0
Doubtful	2.6	2.4%	5	0.6
Loss	0.2	0.0%	0	0.0
Total	107.3	100%	161	1.6

Community Equity Partner Fund

In FY 2023, CIC launched a new pilot program, the Community Equity Partner (CEP) Fund. The goal is to help stabilize communities by bridging the equity gap for BIPOC developers who may not otherwise have access to third-party capital.

–The pilot program supports small to mid-sized BIPOC developers by providing more favorable terms than typical market-rate equity funds, as well as providing one-on-one technical assistance and guidance throughout the process. In addition to stabilizing neighborhoods, a key goal of this pilot is to increase the capacity of these vetted developers and help position them to grow and strengthen their businesses.

–In FY 2022, CIC staff and an Advisory Committee of the Board of Directors evaluated the need for an equity program targeting smaller projects, and researched structures to meet the unique needs of small to mid-sized BIPOC borrowers. Based on research of existing market-rate and non-profit equity fund program parameters, the Advisory Committee and staff established terms and eligibility for the new pilot program, and began working with targeted developers.

–To date, CIC has approved seven CEP Fund transactions, which provides nearly $3 million in CEP Fund equity financing to improve and preserve 108 units in buildings ranging from 2 - 22 units. Of the total approvals and as of 9/30/23, $1.2 million has been closed for four projects. Funds are recycled and will be redeployed as projects are sold or refinanced. In cases where CIC originates first mortgage loans in conjunction with a CEP Fund project, those mortgage notes will not be sold to investors.

PROGRAM SPOTLIGHT

CEP Fund Pilot Projects

In FY 2023, CIC approved the first seven deals under the new Community Equity Partner (CEP) Fund. This equity financing fills a specific gap in the marketplace, and aims to not only increase BIPOC developer capacity but also improve and preserve multifamily and single-family properties across low- and moderate-income communities. Below are two examples of CEP Fund deals closed in FY 2023.

Multifamily Property in Greater Grand Crossing

This experienced part-time developer is using the CEP Fund to free up investment capital for operating capital needs. This will allow the developer to add one property management employee to his business and ultimately boost his own capacity to increase his multifamily portfolio.

- Number of Units: 42 multifamily units
- Current business profile: 1 FTE; 7 years part-time real estate experience

Single Family Properties in West Woodlawn

This developer has rehabbed 25 units of single family homes for homeownership and is using the CEP Fund to increase capital and transition full time into development and property management. He previously served as general contractor for many projects, including the City of Chicago's Renew Woodlawn program, and is seeking to work on more projects to build his company.

- Number of Units: 2 single-family homes to be sold to owner-occupants
- Current business profile: Sole entrepreneur; seven years part-time experience

PROGRAM SPOTLIGHT

TIF Multifamly Purchase Rehab

"Getting the TIF grant is the only way we were able to make this project work. We were way in over our heads with construction and the project was beginning to become far too expensive. Thanks to Doug (Program Officer with CII/CIC), we were able to get the grant and figure out ways to make this project work."

- Sheyla Padilla, GMO Properties

Program:	TIF Multifamily Purchase Rehab
Objective:	Assist private developers to rehab vacant or underutilized buildings within designated TIF districts
Type:	Grant; affordability commitment of at least 30% of units affordable at 80% AMI for 15 years
Geography:	13 TIF Areas
Funding:	$17 million
In FY 2023:	-4 grants for $1.6 million -91 residential units and 12 commercial units

To access the full profile, scan the QR code.

Community Development Activities

COMMUNITY DEVELOPMENT ACTIVITES

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 providing good housing for their tenants and their communities while operating buildings that perform well financially. Since its inception, the program's centerpiece has been its eight-hour course, the Basics of Residential Property Management, which includes core topics such as Fair Housing and the Residential Landlord Tenant Ordinance. Additional topics have included crime prevention, keeping units filled by partnering with housing agencies, and securing vacant properties. PMT also offers sessions that concentrate on a single topic, such as property taxes, building maintenance, evictions, marketing, and tenant screening.

–In FY 2023, CIC celebrated 25 years of PMT programming. While the format and topics of these educational classes have evolved over the past 25 years, the purpose has remained - to connect participants to needed resources and information, and provide opportunities for networking and building connections.

–This year, Erica Myles joined CIC as the new Training and Technical Assistance Manager, and is developing, implementing, and leading all CIC educational efforts.

–PMT sessions are typically offered at a variety of locations throughout the metropolitan area, including meeting facilities of investor banks. Last year, CIC offered a variety of classes online as well as in-person. In April, CIC hosted a PMT Fair Housing Month breakfast at the Discovery Shine Bright Community Center in Chicago's Chatham community.

–PMT coordinated closely throughout the year with the Preservation Compact, the City of Chicago, the Cook County Assessor's Office, and Neighborhood Housing Services of Chicago. Joint educational offerings included webinars on the Cook County Affordable Housing Special Assessment Program, energy and climate resiliency for multifamily buildings, and property management for 1-4 unit owner occupied properties.

–Many PMT webinars are accessible for later viewing through an On-Demand video library on CIC's website.

–Overall, in FY 2023 CIC provided 30 training sessions attended by over 1,800 current or prospective managers and owners of affordable rental housing.

–Since program inception, over 27,500 managers and owners have benefited from PMT programming.

Table 9

Contributors to Property Management Training FY 2023

Associated Bank	$12,000
BMO Bank	$10,000
Byline Bank	$4,000
CIBC	$15,000
Fifth Third Bank	$8,000
First Eagle Bank	$2,500
Old National Bank	$7,500
First Bank of Chicago	$2,500
Forest Park National Bank	$2,000
Huntington Bank	$10,000
JPMorgan Chase Foundation	$25,000
PNC Bank	$15,000
Northern Trust Bank	$25,000
Providence Bank	$5,000
US Bank	$10,000
Wintrust Financial	$15,000
City of Chicago	$40,000
Total	**$208,500**

At the start of 2023, marking the 25th year of Property Management Training, CIC's Property Management Training hosted an event focusing on fair housing and paying tribute to former directors Taft West and Jessica Sivels.

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. Through TBI, 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 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. This work continued in 2023 as TBI identified and addressed troubled portfolios owned by some out of state investors that have not properly managed or maintained their buildings. A large portfolio of supportive housing units was also assigned to TBI in 2023, significantly increasing CII's caseload. Because addressing this portfolio includes coordinating many government, private, and nonprofit partners, CII worked closely with the Preservation Compact to educate and convene partners to ensure properties are transferred to responsible new owners. (See page 40 for more details on this portfolio.)

–Despite this challenging workload, CII added 75 buildings with 2,393 units to the program and recovered 48 buildings with 665 units in FY 2023. As of 9/30/23, CII is the court appointed receiver on 29 buildings with 1,097 units. Since the beginning of the program in 2003, TBI has taken action on 1,239 buildings with 22,028 units, and 883 buildings with 15,837 units have been recovered.

Table 10

Troubled Buildings Initiative 2003-2023

	FY 2023		2003 to 2023	
	Buildings	Units	Buildings	Units
Buildings Recovered	48	665	883	15,837
Buildings Demolished	1	14	84	1,019
Buildings Added to Program	75	2,393	1,239	22,028

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 2023, CII transferred two multifamily properties with 13 units to capable new owners, and CII acquired one multifamily building with seven units during the fiscal year.

–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 program, CIC collaborated on different 1-4s-focused programs with Neighborhood Housing Services of Chicago (NHS) and the Chicago Community Loan Fund (CCLF). CIC used its portion of the grant to create a fund to acquire distressed 1-4 unit properties to facilitate the assembly of buildings for 1-4 unit rehabbers.

–In FY 2023, CII acquired 76 1-4 unit buildings with 80 units and sold 68 buildings with 74 units to qualified developers to rehab buildings to manage as rental properties or to rehab and sell to new owner occupants. In many areas, recovering homebuyer demand continues to be a significant component of CII's strategy and activities.

–While rising interest rates and an unsure market translated to fewer dispositions in the first half of FY 2023, activity picked up significantly in the second half, leading to more robust activity than in recent years.

–Since the 1-4 acquisitions initiative started in 2015, CII has sold/transferred 779 buildings with 995 units for rehab and reuse.

Table 11

CIC & CII Acquisition/Disposition Activity

	FY 2023 Sold/Transferred to New Owners		Since Inception	
	Buildings	Units	Buildings	Units
Multifamily (2003-)	2	13	263	4,310
Condos (2009-)	0	0	96	784
1-4 Units* (2015-)	68	74	779	995
Total	**70**	**87**	**1,138**	**6,089**

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 1-4 unit properties. While demand for these buildings remains strong, 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.

–Funded by an $800,000 grant from the JPMorgan Chase Foundation, this credit facility provides streamlined financing to developers acquiring distressed 1-4 unit properties.

–In FY 2023, five line of credit loans were approved for $1,066,000, financing properties in Washington Heights, Greater Grand Crossing, Calumet Heights, and West Englewood. As of 9/30/23, $2,091,000 in total line of credit funds have been committed since inception.

Micro Market Recovery Program

Following the 2009 housing crash, the City of Chicago launched the Micro Market Recovery Program (MMRP) in 2012 in an effort to geographically target housing redevelopment efforts. CIC's role is to provide support related to 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 $46.5 million in loans for 82 multifamily buildings with 1,310 units in MMRP areas.
- Reoccupied a total of 114 multifamily buildings with 1,545 units.
- Acquired 17 multifamily buildings with 175 units and 74 1-4 unit buildings in MMRP areas and transferred them to be rehabbed by new owners.

Table 12

MMRP Activity (2012-2023)

		FY2023	Program Total FY 2012-2023
Troubled Buildings Initiative	Buildings	2	198
	Units	88	3,062
CIC Loans	Amount ($MM)	2,198,000	46,458,000
	Buildings	5	82
	Units	52	1,310
Reoccupied Buildings	Buildings	3	114
	Units	22	1,545
Multifamily Acquisitions/Dispositons	Buildings	0	17
	Units	0	175
1-4 Unit Acquisitions/Dispositions	Buildings	2	74
	Units	2	118

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 Center, 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 2023:

–**Establishing Statewide Property Tax Relief.** The Preservation Compact collaborated with partners for years to create new statewide rental property tax relief legislation, which passed in 2021. In the first year of the program in Cook County, the Compact worked closely with the Assessor's Office to support outreach and education, resulting in over 700 approved applications. The Compact continues to host webinars to promote the program, with over 400 people attending in FY 23.

–**NOAH Preservation.** With the support of a $250,000 grant from the Chan Zuckerberg Initiative, the Compact and the Institute for Housing Studies (IHS) at DePaul University launched a new 2-year project called "Breaking Up the NOAH Monolith." The goal is to create a clearer understanding of the naturally occurring affordable housing (NOAH) stock in different markets, and to match NOAH preservation strategies to different market types. This year IHS created a new data analysis tool to identify distinct rental housing market typologies across the country. On a parallel track, the Compact convened a diverse local advisory group with non-profit, for-profit and government stakeholders to inform the NOAH and neighborhood context. Next year the Compact and IHS will engage with stakeholders in different cities to highlight effective local preservation strategies, which will drive richer and more informed national NOAH discussions into the future.

–**Additional Dwelling Units.** In an effort to support the implementation of the Additional Dwelling Unit (ADU) Pilot Program Ordinance, the Preservation Compact collaboratively organized an in-person event with over 100 participants that featured discussions about ADU policies, design, construction, and financing. The Compact continues to collaborate with advocates, building owners, and policymakers to explore equitable expansion of the program. To date, the City has received 725 applications for the ADU pilot program since it launched in May 2021, including 487 applications for new basement units. 183 new units have been proposed in multifamily buildings, of which at least 57 will be deed-restricted for long-term affordability.

–**Promoting Preservation Resources.** As part of ongoing efforts to support the efficient and equitable distribution of emergency rental assistance that was launched in response to the COVID-19 pandemic, the Compact has continued to convene state, county and local government partners to support program implementation and coordination. The Compact has also worked closely with partners to provide supports to tenant and owner-based organizations. As pandemic-related programs have wound down, the Compact has continued to work with partners to identify, promote, and streamline additional resources for emerging challenges.

–**Coordinating Public Agencies.** The Compact has coordinated the Interagency Council for more than 15 years. Bringing together housing agencies at all government levels: federal (HUD), City of Chicago, the state of Illinois (IHDA), Cook County, and the Chicago Housing Authority (CHA), the Interagency Council identifies at-risk government assisted properties and coordinates preservation strategies. In FY 2023, Interagency Council partners identified and helped preserve three government assisted properties with a total of 577 units. Since 2007, a total of 69 properties with over 8,868 units have been preserved. Through this intergovernmental coordination, the Compact has also convened agencies to stabilize a large portfolio which consists of over 1,000 units of subsidized supportive housing across Chicago. These efforts are ongoing and will continue into FY 2024 (see page 40 for more details.)

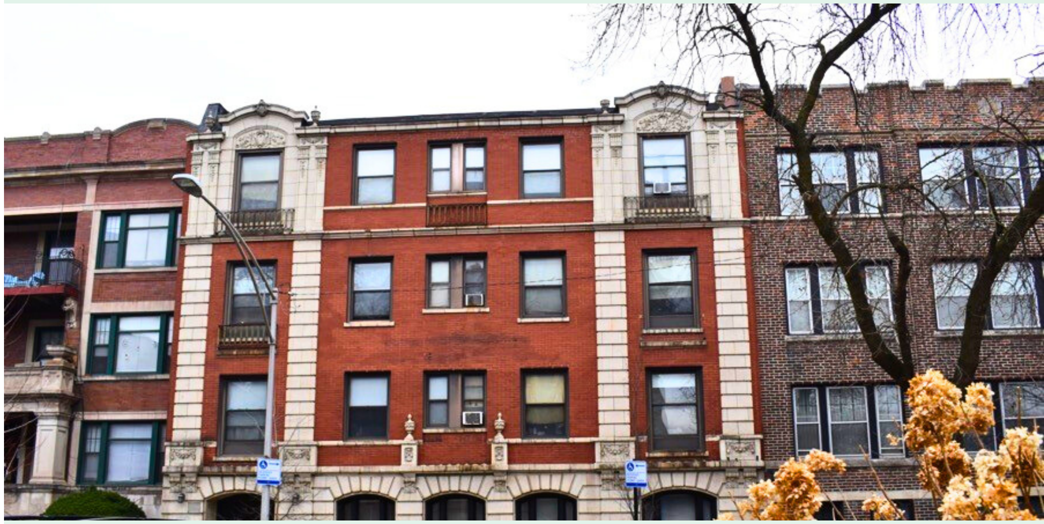
–Preserving SROs. In response to grassroots groups and building owners highlighting the loss of Single-Room Occupancy (SRO) units, the Compact convened SRO stakeholders and the City of Chicago to develop preservation strategies. Those efforts drove the City of Chicago to create a new SRO Preservation Fund, which is administered by CIC. With $8.4 million allocated so far, this Fund efficiently leverages public and private funding to secure long-term affordability to preserve SROs. CIC's pipeline of projects is robust, with strong interest in the program exceeding the available funding. In FY 2023, CIC closed three loans for the rehabilitation of 406 SRO units.

–Expanding Energy Retrofits. In FY 2023, the Compact worked with energy and housing advocates in the Illinois Energy Efficiency For All (IL EEFA) coalition to improve energy efficiency programs offered by the utilities. The coalition's major wins for affordable rental housing included improving energy efficiency programs for 2-unit rental housing, and laying the groundwork to streamline processes for building owners seeking efficiency resources. The Compact has also closely monitored the Inflation Reduction Act, which includes current and upcoming Federal, State, and local climate related resources.

Preservation Compact

PROGRAM SPOTLIGHT

SRO Preservation Loan Fund



With nearly 20 years of real estate experience, Michele Jarrell is leading a groundbreaking project in Hyde Park, to preserve affordability in a large Single Room Occupancy (SRO) building. Coming from a family with deep ties to the real estate industry, Michele is making her own legacy. Utilizing the City of Chicago's SRO Preservation Loan Fund, adminstered by CIC, she is actively working to update her building, enhancing conditions, and establishing a foundation for long-term affordability in the historic Hyde Park neighborhood. The SRO Preservation Loan Fund is designed to finance the acquisition and construction of SRO housing, perfectly aligning with Michele's vision for uplifting communities in Chicago. Construction is still underway on this 77-unit building in Hyde Park, with anticipated completion in Spring 2024, bringing affordable and sustainable housing solutions for Chicago residents.

Partnering to Preserve 1,000 Unit Portfolio

CIC is committed to ensuring that a sufficient supply of credit is available to acquire, rehab, and maintain affordable rental housing, most of which is located in Chicago's low and moderate income communities. At the same time, CIC's community development activities (code enforcement, receiverships, acquisitions/dispositions, training property managers, and policy development) help build an environment that supports the investments of CIC and other responsible investors. In certain cases, CII and the Preservation Compact work closely together to tackle unforeseen challenges in Chicago's affordable rental market through both direct intervention as well as facilitating collaboration between government and nonprofit stakeholders.

–In March 2023, the City of Chicago contacted the Preservation Compact to activate the Interagency Council regarding the financial instability of 1,000 units of government subsidized supportive housing in 14 projects across Chicago.

–For the past 15 years, the Compact's Interagency Council has convened government partners to identify subsidized properties at risk of loss and coordinate preservation strategies. (See page 38 for more details on the Compact). Because of this experience, the Compact was a natural partner to convene government agencies to stabilize this portfolio, owned by a non-profit housing developer.

–Early in this effort, the City of Chicago and public agencies agreed that the buildings should be put into receivership through the Troubled Buildings Initiative (TBI) - a City of Chicago program administered by CIC's affiliate, Community Initiatives Inc. (CII). (See page 34 for more details on CII and the TBI program.)

–Through the tireless work of the City's Department of Law, the properties went to housing court and CII was appointed as receiver. In this role, CII secured insurance and began bringing the portfolio's physically distressed buildings up to code to improve the quality of life for tenants.

–The Compact also worked quickly to secure a one-time grant to retain a consultant who compiled information about the buildings, and identified potential purchasers.

–The Compact continues to convene and lead meetings with key staff from all of the public agencies and other partners to strategize for the long term responsible disposition of the properties. CII continues to serve as receiver for 941 units in the portfolio, and 1 property with 89 units has been released from receivership. To date, four of the properties are moving toward new General Partners who will replace the owner and be responsible stewards of the properties into the future.

In March 2023, the Preservation Compact, Chicago Cityscape, CMAP, and Sightline Planning and Zoning hosted a joint event to advance equitable ADU expansion in Chicago through expert panels, project insights, and resource development discussions.

Financial Condition

FINANCIAL CONDITION

In FY 2023, CIC's activities generated income that drove a Consolidated Net Operating Surplus of $441,000. This compares to $157,000 in FY 2022. (See Table 15).

–Grants included $5 million from the CDFI Equitable Recovery Program, $500,000 from JPMorgan Chase Foundation and $450,000 from ComEd to support energy and climate resiliency work (see page 23), and $208,000 in grant contributions from CIC investors to support Property Management Training (Table 9.) The Preservation Compact secured grants from Movement Strategy, Polk Bros, The Chan Zuckerberg Foundation, the Harris Family Foundation, and Circle of Service.

–In FY 2023, CIC's Total Consolidated Net Assets increased by $103,027, to a total of $50.1 million.

–CIC's Total Unrestricted Net Assets decreased by $338,306, to a total of $46.7 million. This decrease was due to IT infrastructure upgrades and start-up costs for the new Community Equity Partner (CEP) Fund. Those costs will be recovered over time as the CEP Fund generates revenue in upcoming months. CEP Fund is a pilot program established using MacKenzie Scott grant dollars to provide equity to small-scale and emerging BIPOC developers. (See page 28 for more details on this program.)

–Each year, CIC obtains an independent audit of the financial statements of CIC and CII. For FY 2022, the audit was performed by Plante Moran, PLLC. Plante Moran provided an unmodified opinion, which was published on January 11, 2023. The audit for FY 2023 is again being performed by Plante Moran. It is expected to be published in January 2024.

Table 13

CIC and CII Net Assets as of 9/30/23

	9/30/2023	9/30/2022	Change
CIC Unrestricted Net Assets	42,738,710	43,015,215	-276,505
CII Unrestricted Net Assets	4,216,320	4,031,577	184,743
CEPF Unrestricted Net Asset	-246,544	0	-246,544
Total Unrestricted Net Assets	**46,708,486**	**47,046,792**	**-338,306**
CIC Temporarily Restricted	3,441,333	3,000,000	441,333
Total Consolidated Net Assets	**50,149,819**	**50,046,792**	**103,027**

Table 14

CIC, CII, and Community Equity Partner (CEP) Fund* Consolidated Statement of Financial Position 9/30/23

	FY 2023 Actual (000)	FY 2022 Actual (000)	Change
Total Assets			
Cash-Unrestricted	12,974	14,674	(1,700)
Cash-Restricted	55,255	48,592	6,663
MF Program Investor, Notes, Net	128,580	146,202	(17,662)
1-4 Loan Program Investor Notes, Net	9,136	11,716	(2,580)
CIC In-House Loans, Net	105,399	92,661	12,738
CEP Fund Equity Investments in JV’s	1,232	0	1,232
CII Developer Line of Credit	1,280	510	770
CII Acquisition Program	2,210	1,850	360
CII Troubled builings Initiatives	6,059	3,964	2,095
CII Grants Receivable	2,430	1,132	1,298
Other Assets	4,650	2,610	2,040
Total Assets	329,205	323,911	5,294
Total Liabilities			
Other Liabilities	31,101	24,809	6,292
Investor and Borrower Escrow	14,357	17,240	(2,883)
Line of Credit and PRI’s	73,643	56,522	17,121
MF Program Collateral Notes	136,897	152,603	(15,706)
1-4 Program Collateral Notes	9,584	12,193	(2,609)
CII Accounts Payable-TBI & Heat Lien	12,673	10,417	2,256
Unearned Revenue -Developer LOC	800	800	0
Total Liabilities	279,055	273,864	5,191
Net Assets			-
Unrestricted	46,709	47,047	(338)
Temporarily Restricted	3,441	3,000	441
Total Net Assets	50,150	50,047	103
Total Liabilities and Net Assets	329,205	323,911	5,294
Adjusted Net Asset Ratio	27.9%	32.0%	-

*See page 28 for details on the Community Equity Partner (CEP) Fund.

Table 15

CIC, CII, and Community Equity Partner (CEP) Fund* Income Statements as of 9/30/23

	FY 2023 Actual (000)	FY 2022 Actual (000)	Change
CIC Income Statement			
Fee Income	953	1,289	-336
Net Interest Income	3,903	3,090	813
Loan Servicing	1,009	1,200	-191
Contracts and Grants	3,117	2,628	489
Total Income	8,982	8,207	775
Personnel Expense	6,619	6,296	323
Other Operating Expense	1,860	1,608	252
Total Expenses	8,479	7,904	575
Total Net Operating Income	503	303	200
CII Income Statement			
Contracts and Grant Income	1,118	996	122
Program Income	1,019	598	421
Total Income	2,137	1,594	543
(CIC Personnel) Consulting Expense	1,650	1,428	222
Other Operating Expense	303	312	-9
Total Expenses	1,953	1,740	213
Total Net Operating Income	184	-146	330
CEP Fund Income Statment			
Fair Value Adjustment	24	0	24
Cash Flow Income	4	0	4
Total Income	28	0	28
Fund Management	135	0	135
Other Operating Expense	139	0	139
Total Expenses	274	0	274
Total Net Operating Income	-246	0	-246
Consolidated Net Operating Income	441	157	284

*See page 28 for details on the Community Equity Partner (CEP) Fund.

Exhibits

Exhibit 1: Investors in CIC Loan Programs as of 9/30/2023

	Multifamily Loan Program ($)	1-4 Unit Loan Program ($)	Opportunity Investment Fund[5] ($)	Program Related Investments (PRIs) ($)	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
Bank of America [3]				15,000,000	15,000,000
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[4]	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
Old Second National Bank	9,000,000				9,000,000
MacArthur Foundation				8,333,333	8,333,333
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			5,000,000		5,000,000
Community Investment Corporation			3,000,000		3,000,000
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	$43,833,333	$438,133,333

Note: Dollar figures represent overall financial commitments.
[1] *Wintrust Financial Corporation Banks (Total Investment: $25,500,000)*
[2] *PRIs provided by investor institutions are available to fund the Woodlawn Construction Loan Fund.*
[3] *Bank of America PRI funds available for SROfirst mortgage financing.*
[4] *Associated Bank has committeed a line of credit of up to $10 million not repressented on this chart. No outstanding balance as of 9/30/23.*
[5] *In 2021, CIC bought ARC Chicago's $5 million commitment. In the same year, CIC as Fund Manager informed investors that no more than $17 million in OIF Funds will be deployed.*

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 40 years by providing a fair return on their investments and not passing through any losses since 2001. Currently, 39 investors have committed $330,300,000 to purchase notes through September 15, 2025 under the Multifamily Loan Program, 11 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, finance 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 primarily 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.

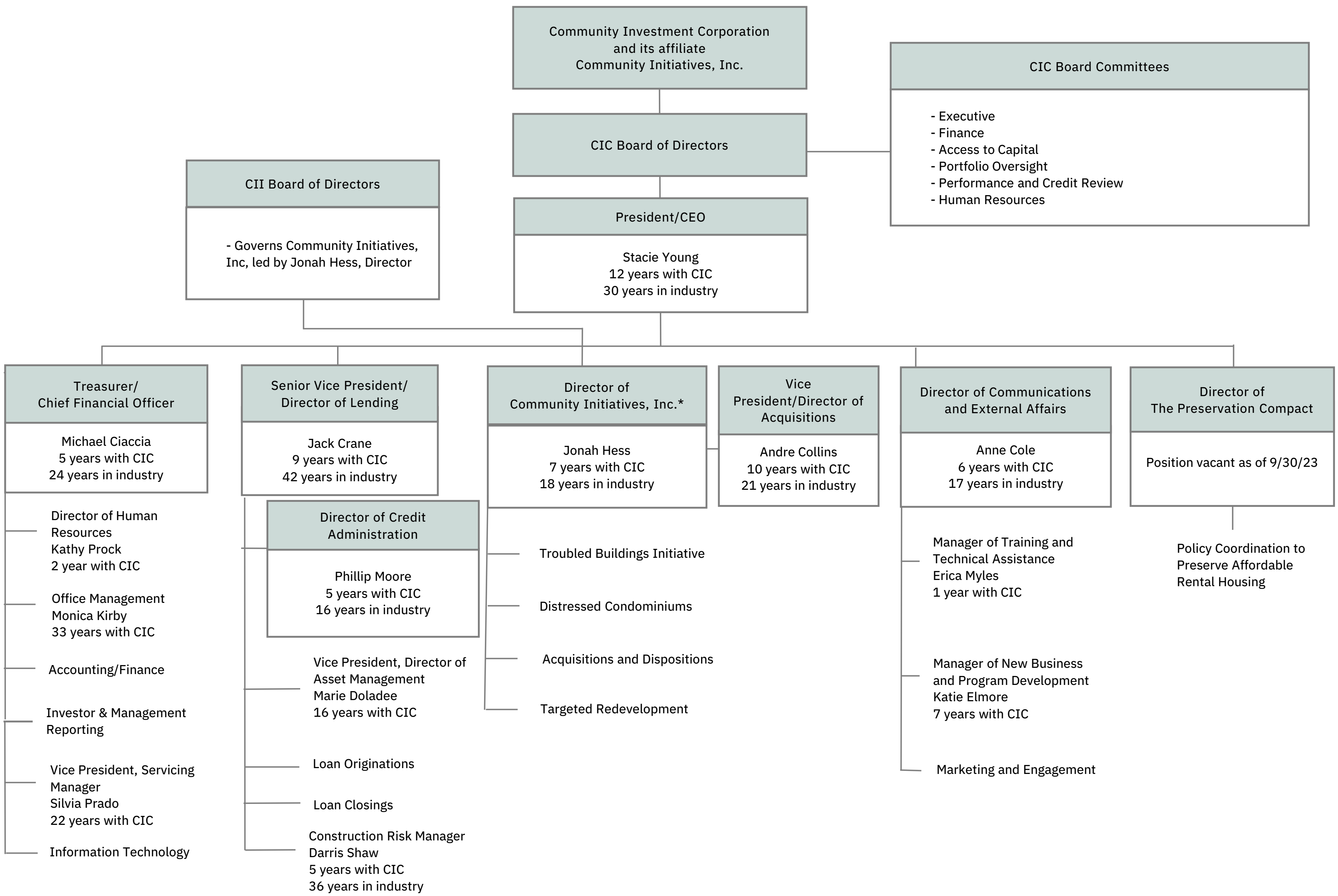
3. **Committee on Access to Capital** – Guides the process of raising capital for CIC's lending activity, including renewing the multifamily note purchase agreements, and developing other sources of funding. Guides strategy for approaching new and existing investors to finance CIC programs, and weighs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

6. **Human Resources Committee** – Works with staff to strategize on advancing CIC's internal programs to build on company culture, employee career advancement and meeting the goals of the strategic plan.

Exhibit 2b: Organizational Structure



+ Staff names and titles indicate members of CIC management team

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

Exhibit 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, partners, and other stakeholders. Anne has held previous roles at NHS of Chicago and MCIC.

Exhibit 2c: Senior Management Bios and Staff Directory


Andre Collins
VP, Director of Acquisitions


Anita Cobbs
Loan Servicing Representative


Anne Cole
Director of Communications and External Affairs


Anthony Hawthorne
Senior Loan Officer


Armando Reyes
Data Specialist


Cassidy Kraimer
Program Officer, Preservation Compact

Cathy Gerlach
Senior Program Officer, CII


Chaston Montgomery
Senior Loan Officer


Darris Shaw
Construction Risk Manager


Dedric Richardson
Manager of Acquisitions and Dispositions Strategy

Douglas Stepnicka
Program Officer, CII


Elizabeth Castaneda
TBI Acquisition and Condo Program Manager


Emily Bloom-Carlin
Senior Program Officer, Preservation Compact


Erica Myles
Training and Technical Assistance Manager

Guadalupe Castaneda
Closing Officer


Jack Crane
SVP, Director of Lending


Jessie Perez
Accountant


Jonah Hess
Director of Community Initiatives, Inc.


Jose Ramos
Senior Acquisitions Manager


Katherine Elmore
Manager of Business Development and New Programs


Kathy Prock
Director of Human Resources


Kenyatta Parker
Energy Programs Manager


Laura Armgardt
Senior Portfolio Analyst


Maria Bojczuk
Senior Construction Data and Lending Support Administrator


Marie Doladee
VP, 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, CII


Phillip Moore
Director of Credit Administration


Raquel Hernandez
Escrow Representative


Rene Barraza
Construction Inspector


Rosamond Meerdink
Senior Loan Officer


Ruth Thompson
Receptionist & Administrative Assistant


Ryan Akridge
Senior Associate, Marketing and Engagement


Shemeka Atkins
Construction Processing Assistant


Silvia Prado
VP, Servicing Manager


Sonya Sadler
Administrative Assistant


Spencer Henderson
Acquisitions Analyst - Fellow


Stacie Young
President & CEO


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 an outside 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 5.)

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 Exhibits 8a and 8b.)

Portfolio Reviews

–Monthly review of status of delinquent loans and REO by CIC Senior Management and CIC Committees.

–Quarterly Status review of the Portfolio Watch List by Loan and Investment Committees and semi-annual review by the Portfolio Oversight Committee.

–Board Portfolio Oversight Committee provides advice and counsel and acts as Board liaison to the Multifamily and 1-4 Unit Loan Committees.

Diversification

–Limit total exposure to any single borrower to $7.5 million ($10 million with board approval) for the Multifamily program and $2.5 million for the 1-4 Unit program.

–In the neighborhoods of highest concentration, spread risk across multiple borrowers and properties.

–In FY 2023, made loans for projects in 23 Chicago communities and in 4 suburban communities in the metropolitan area.

Exhibit 3b: Loan Underwriting Policies and Note Sale Requirements

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

Program	Multifamily Standard	Multifamily Flex	1-4 Unit Program 1st Mortgage	OIF Mezzanine Debt
Maximum Loan to Value	80% 3-year ARM or 5-year ARM	Can be > 80%	70%	90%
		3- or 5-year ARM		
Standard Loan Term	10 years	10 years	10 years	10 years
Amortization	25 - 30 years	25 - 30 years	Up to 30 years	Interest only
Rate Adjustment (above Comp. Treasury)*	250 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 4a: Loans and Grants by Geography in FY 2023

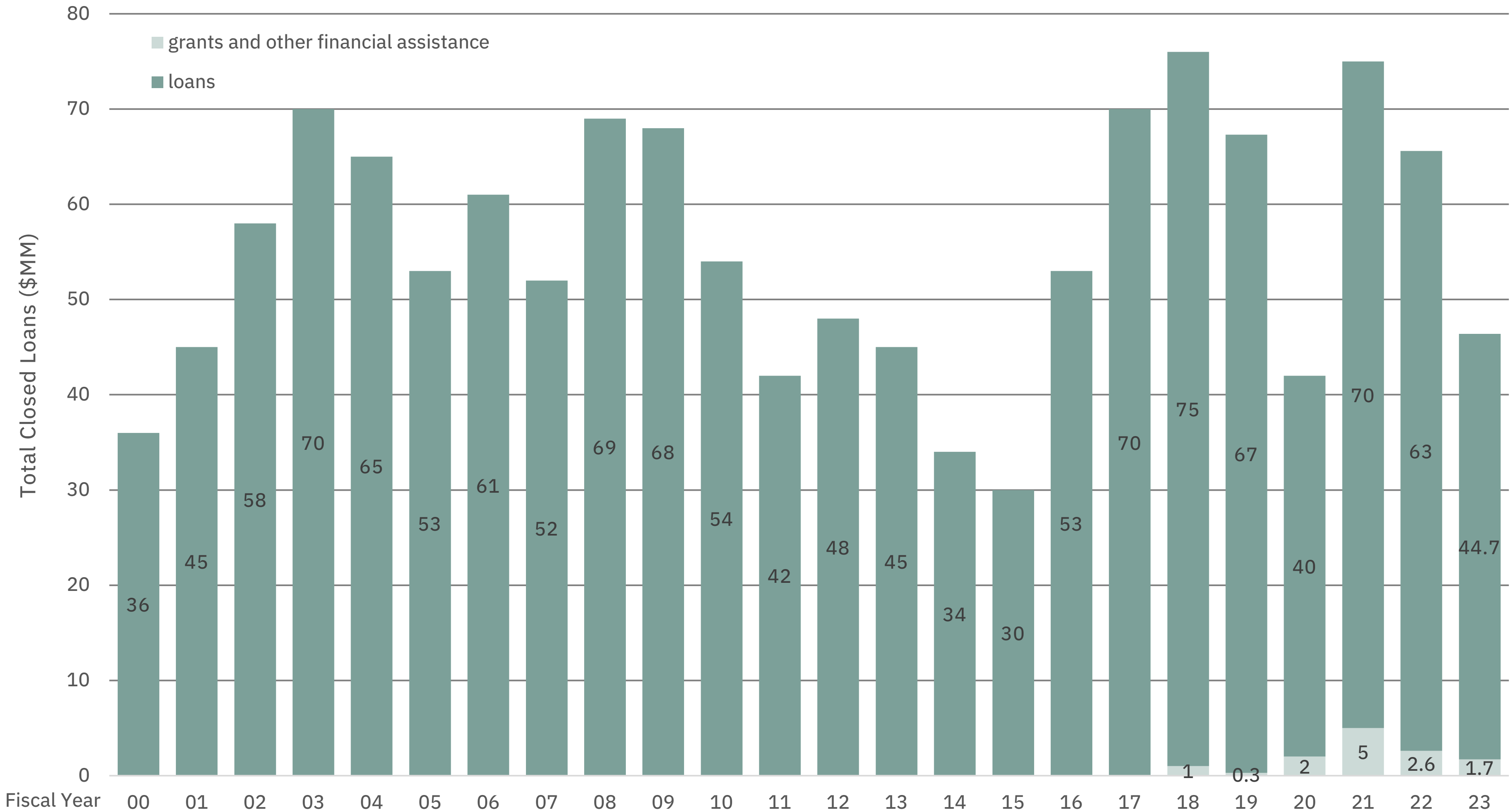
	LENDING TOTAL			GRANTS TOTAL			TOTAL FINANCIAL ASSISTANCE		
CHICAGO COMMUNITY	#	$	units	#	$	units	#	$	units
Archer Heights	1	420,000	6				1	420,000	6
Auburn Gresham	4	1,585,543	36	1	500,000	28	5	2,085,543	64
Austin	4	4,016,000	59	1	26,000	26	5	4,042,000	85
Beverly	3	1,252,450	16				3	1,252,450	16
Brighton Park	1	528,000	7				1	528,000	7
Chatham	3	1,012,000	18				3	1,012,000	18
Chicago Lawn	4	1,489,200	32				4	1,489,200	32
Clearing	2	5,410,000	66				2	5,410,000	66
East Garfield Park	5	4,114,116	83				5	4,114,116	83
Edgewater	1	3,152,829	30				1	3,152,829	30
Englewood				2	620,000	24	2	620,000	24
Grand Boulevard	1	1,532,000	10				1	1,532,000	10
Greater Grand Crossing	5	2,140,894	51				5	2,140,894	51
Hyde Park	1	1,931,729	77				1	1,931,729	77
Morgan Park	2	1,913,000	24				2	1,913,000	24
Near South Side	1	204,000	6				1	204,000	6
North Lawndale	3	2,013,460	22	2	550,000		5	2,563,460	22
Rogers Park	2	1,425,850	12				2	1,425,850	12
South Chicago	1	580,000	12				1	580,000	12
South Shore	3	1,945,000	24				3	1,945,000	24
Uptown	2	3,266,000	393				2	3,266,000	393
West Garfield Park	2	1,045,500	13				2	1,045,500	13
Woodlawn	3	2,245,811	20				3	2,245,811	20
CHICAGO SUBTOTALS	54	43,223,382	1,017	6	1,696,000	78	60	44,919,382	1,095
Central Stickney	1	400,000	5				1	400,000	5
Chicago Heights	1	225,000	15				1	225,000	15
Franklin Park	1	280,000	10				1	280,000	10
Woodridge	1	600,000	7				1	600,000	7
SUBURBAN SUBTOTALS	4	1,505,000	37				4	1,505,000	37
PROGRAM TOTALS	58	44,728,382	1,054	6	1,696,000	78	64	46,424,382	1,132

Notes:
Grants Total include activity under TIF Purchase Rehab, TBI Acquisition, and Energy programs.
Unit counts for OIF, SRO, and Grant programs are only shown if the project did not have an associated Multifamily loan.

Exhibit 4b: Loans by Geography and Program in FY 2023

	Multifamily Standard (Regular Program)			Multifamily Flex Fund (Energy and Flex)			1-4 Unit Program Loans			OIF Mezzanine Debt			Woodlawn Construction Loan Fund			SRO Preservation Fund (Second Mortgage)			LENDING TOTAL		
CHICAGO COMMUNITY	#	$	units	#	$	units	#	$	units	#	$	units	#	$	units	#	$	units	#	$	units
Archer Heights	1	420,000	6																1	420,000	6
Auburn Gresham	4	1,585,543	36																4	1,585,543	36
Austin	4	4,016,000	59																4	4,016,000	59
Beverly	2	1,188,950	16							1	63,500								3	1,252,450	16
Brighton Park	1	528,000	7																1	528,000	7
Chatham	3	1,012,000	18																3	1,012,000	18
Chicago Lawn	4	1,489,200	32																4	1,489,200	32
Clearing	1	4,740,000	66							1	670,000								2	5,410,000	66
East Garfield Park	2	609,116	6				3	3,505,000	77										5	4,114,116	83
Edgewater	1	3,152,829	30																1	3,152,829	30
Englewood																					
Grand Boulevard	1	1,532,000	10																1	1,532,000	10
Greater Grand Crossing	5	2,140,894	51																5	2,140,894	51
Hyde Park																1	1,931,729	77	1	1,931,729	77
Morgan Park	2	1,913,000	24																2	1,913,000	24
Near South Side	1	204,000	6																1	204,000	6
North Lawndale	3	2,013,460	22																3	2,013,460	22
Rogers Park	1	980,000	12													1	445,850		2	1,425,850	12
South Chicago	1	580,000	12																1	580,000	12
South Shore	2	1,300,000	18	1	645,000	6													3	1,945,000	24
Uptown										1	1,960,000	76				1	1,306,000	317	2	3,266,000	393
West Garfield Park	2	1,045,500	13																2	1,045,500	13
Woodlawn													3	2,245,811	20				3	2,245,811	20
CHICAGO SUBTOTALS	41	30,450,492	444	1	645,000	6	3	3,505,000	77	3	2,693,500	76	3	2,245,811	20	3	3,683,579	394	54	43,223,382	1,017
Central Stickney	1	400,000	5																1	400,000	5
Chicago Heights	1	225,000	15																1	225,000	15
Franklin Park	1	280,000	10																1	280,000	10
Woodridge	1	600,000	7																1	600,000	7
SUBURBAN SUBTOTALS	4	1,505,000	37																4	1,505,000	37
PROGRAM TOTALS	45	31,955,492	481	1	645,000	6	3	3,505,000	77	3	2,693,500	76	3	2,245,811	20	3	3,683,579	394	58	44,728,382	1,054

Exhibit 5: Loans and Grants Provided by Fiscal Year FY 2000 - FY 2023($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 (10/1/2022-12/31/2022)	152,602,645	-	5,471,083	1,364,665	145,766,896
Quarter 2 (1/1/2023-3/31/2023)	145,766,896	12,050,274	9,429,210	1,732,396	146,655,565
Quarter 3 (4/1/2023-6/30/2023)	146,655,565	-	2,373,462	1,348,891	142,933,212
Quarter 4 (7/1/2023-9/30/2023)	142,933,212	-	4,769,492	1,267,132	136,896,588
	Totals	12,050,274	22,043,247	5,713,084	

SF 1-4 Program Notes - Tier 1

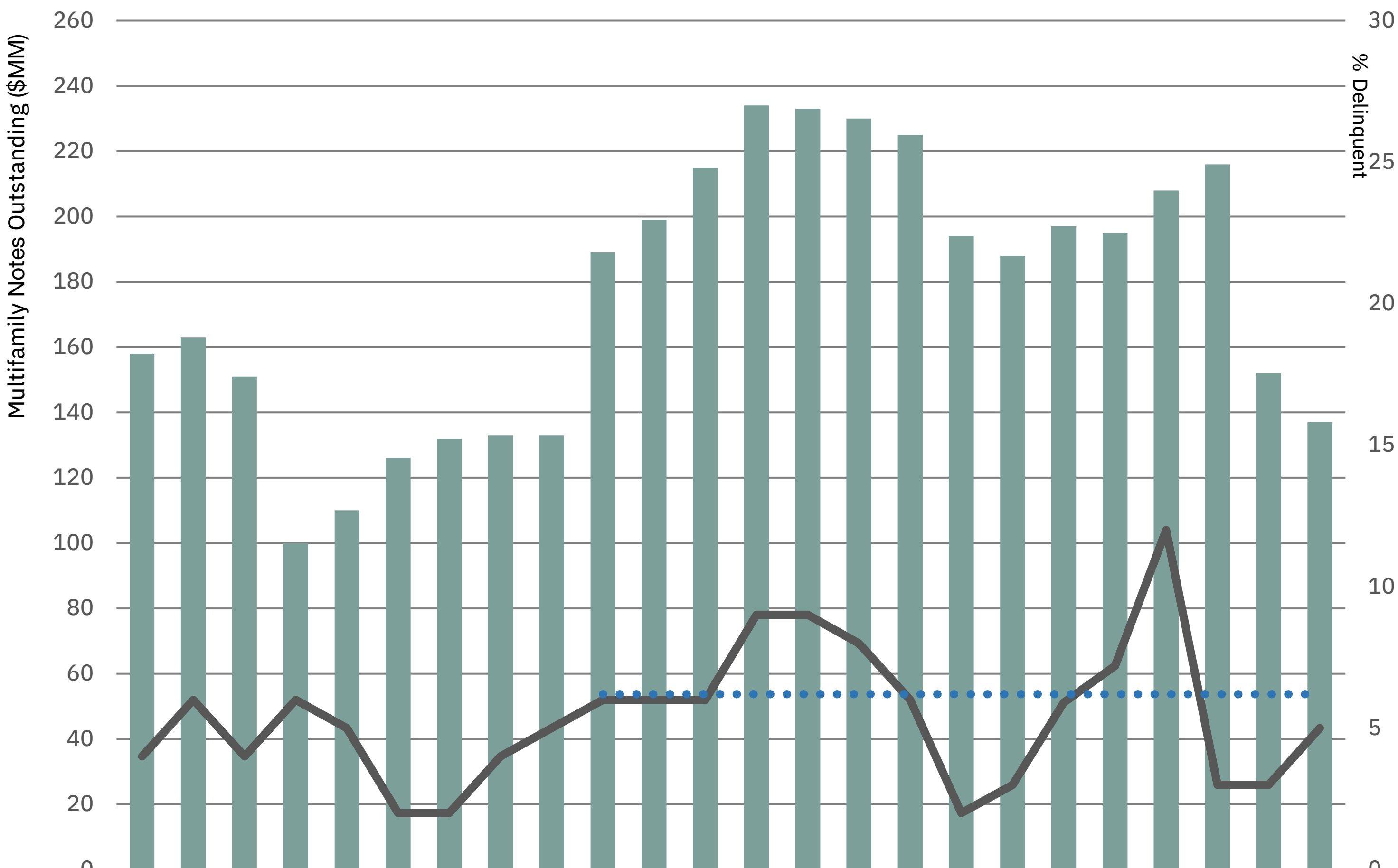
Quarter	Beginning Balance	Note Sales	Payoffs	Payments	Ending Balance
Quarter 1 (10/1/2022-12/31/2022)	11,373,645	-	851,795	107,731	10,414,119
Quarter 2 (1/1/2023-3/31/2023)	10,414,119	-	-	293,495	10,120,624
Quarter 3 (4/1/2023-6/30/2023)	10,120,624	-	-	445,153	9,675,471
Quarter 4 (7/1/2023-9/30/2023)	9,675,471	-	623,919	61,650	8,989,902
	Totals	-	1,475,714	908,029	

SF 1-4 Program Notes - Tier 2

Quarter	Beginning Balance	Note Sales	Payoffs	Payments	Ending Balance
Quarter 1 (10/1/2022-12/31/2022)	1,664,390	-	-	14,110	1,650,280
Quarter 2 (1/1/2023-3/31/2023)	1,650,280		-	29,693	1,620,587
Quarter 3 (4/1/2023-6/30/2023)	1,620,587	-	-	27,871	1,592,717
Quarter 4 (7/1/2023-9/30/2023)	1,592,717	-	352,872	11,475	1,228,370
	Totals	-	352,872	83,149	

Total SF 1-4 Program Notes-Tier 1 & 2	-	1,828,586	991,178

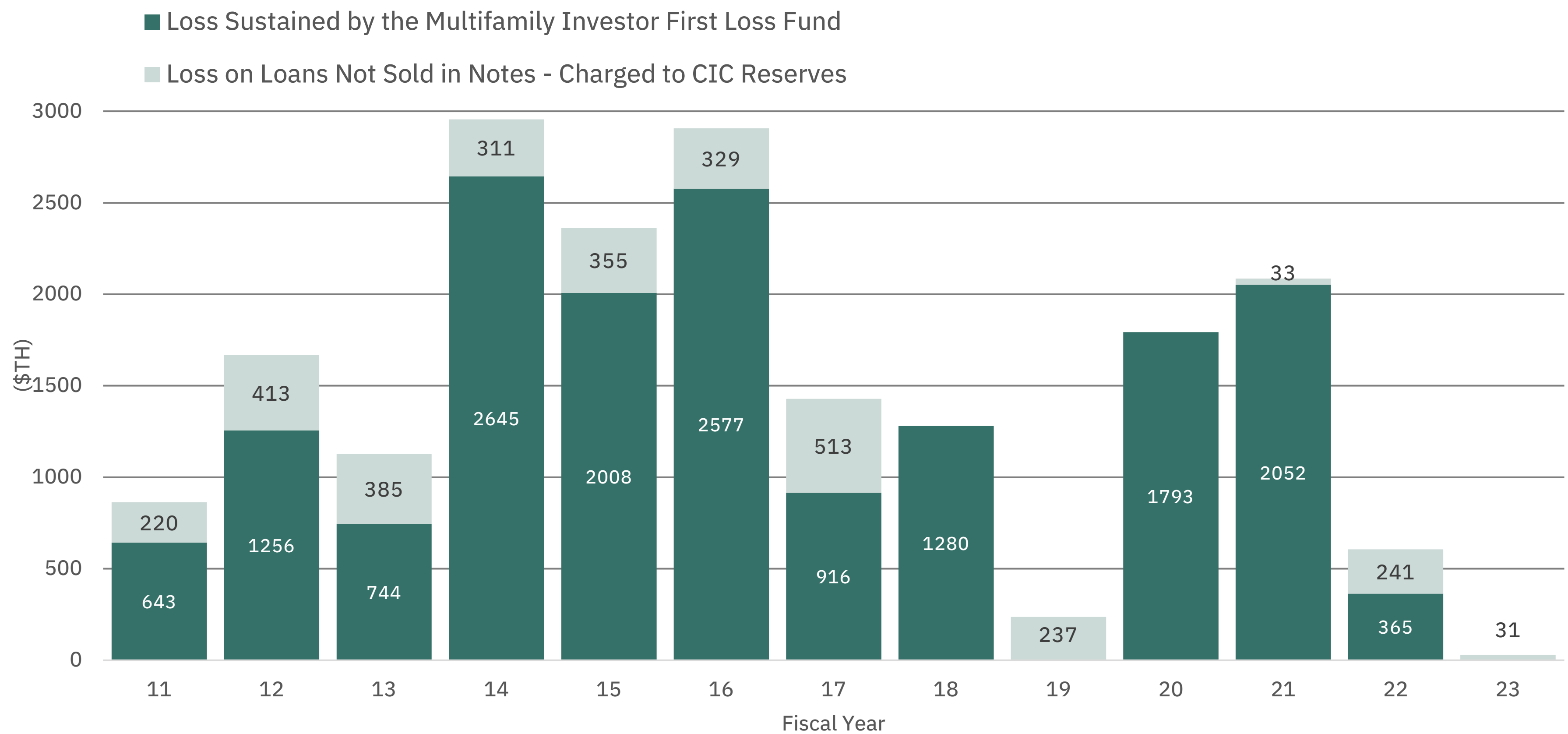
Exhibit 7: Multifamily Notes Outstanding and Delinquency Rates



	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
$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	137
$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	7
$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	1
% Delinquent	4	6	4	6	5	2	2	4	5	6	6	6	9	9	8	6	2	3	6	7	12	3	3	5
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.
There were no loans in Workout at 9/30/23

Exhibit 8a: Loan Losses on Multifamily Loans Originated Since 2011



Multifamily Loan Losses

	11	12	13	14	15	16	17	18	19	20	21	22	23
Losses by Year ($TH)	1,255	1,944	1,131	2,960	2,381	2,919	1,435	1,289	237	1,793	2,085	606	31
Portfolio Balance* ($M)	307	317	316	306	281	278	275	285	286	275	270	252	240
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	0.2	0.01

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

** No Multifamily Investor First Loss Fund losses recognized in FY 2023. Projected losses as of 9/30/23 include three loans for $900,000.

Exhibit 8b Description of Multifamily Investor First Loss Fund

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 60 basis points (bps). The contribution from CIC was 2.5 bps.

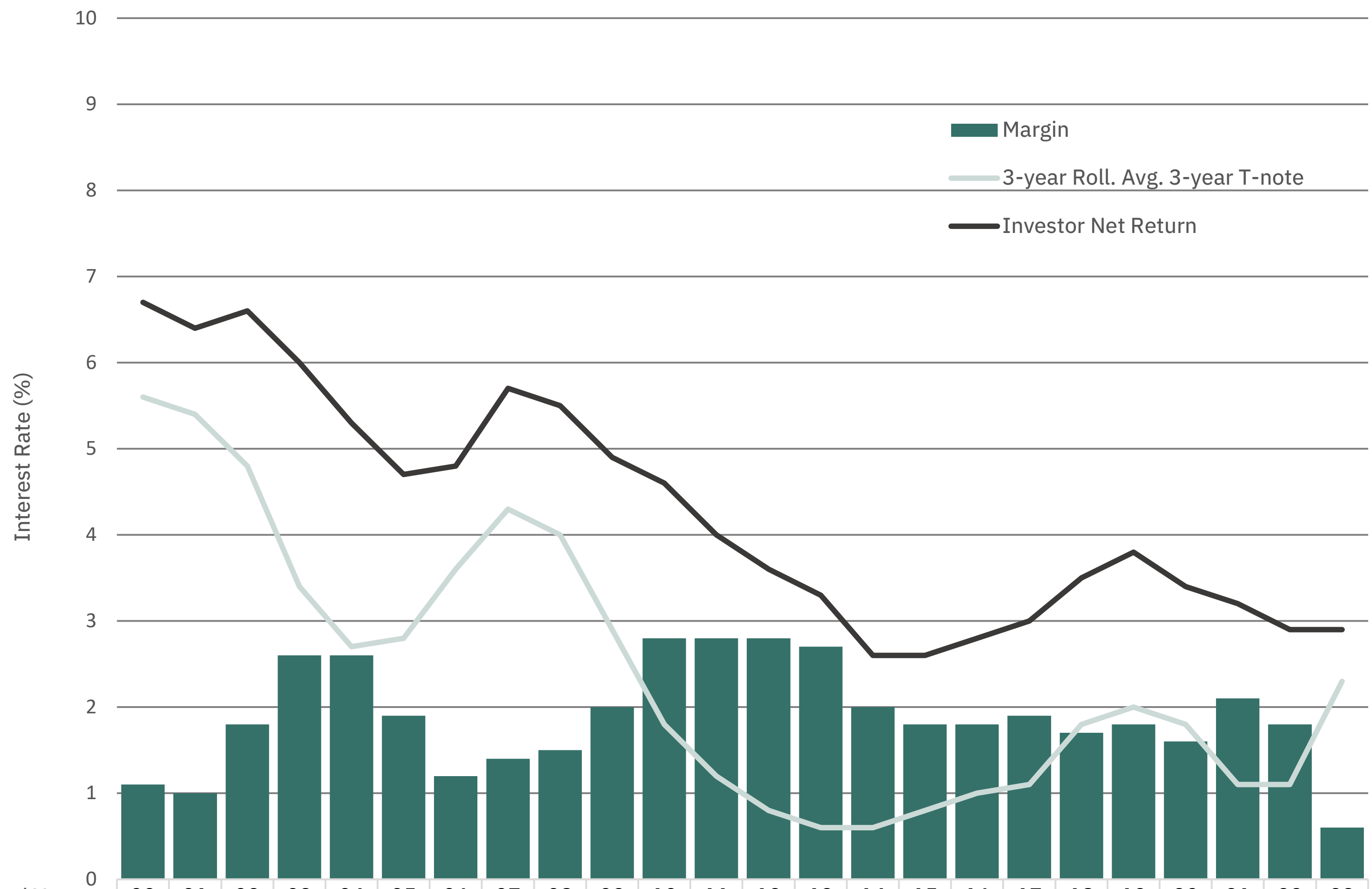
–In response to uncertainty about future market conditions resulting from COVID, the CIC Board of Directors voted to increase the investor contribution into the Multifamily Investor First Loss Fund by an additional 45 bps.

–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, 2023, the Multifamily Investor First Loss Fund stands at $8.3 million. Over the next year, CIC expects the Fund to continue to be sufficient to cover all projected losses in the Multifamily portfolio.

Exhibit 9a: 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	23
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	0.6
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	2.3
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	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.

–Every three to five years, CIC adjusts loans to a spread 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.)

–Since most loans in the Multifamily portfolio are three-year adjustable rate loans, 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.

See Exhibit 9a and page 21 for FY 2023 data on Multifamily Returns and Exhibit 8b for the Description of Multifamily Investor First Loss Fund.

Exhibit 10: 1-4 Unit Loan Program - Summary of Activity

1-4 Unit Loan Program - Closings

		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
1st or 2nd Mortgage		1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd
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
	#	3	3	9	9	11	8	11	9	8	7
	units		30		146		130		190		100

		FY 2020	FY 2021	FY 2022	FY 2023	Total FY2015 - FY 2023
Closings	$	1,467,000	2,050,000	752,000	3,505,000	44,284,100
	#	2	1	1	3	85
	units	20	15	11	77	719

1-4 Unit Loan Program - Loans Sold to Investors

	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
1st of 2nd Mortgage	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd
Notes Sold			$3,012,496.00	$534,473.00	$7,793,766.00	$1,697,497.00	$10,515,399.00	$2,590,394.00	$3,157,833.00	$545,263.00
Outstanding Notes Sold			$2,933,353.00	$521,414.00	$10,109,981.00	$2,079,144.00	$17,581,614.00	$4,184,904.00	$19,007,628.00	$4,247,704.00
Delinquencies **			None	None	None	None	$408,054.00	None	$408,054.00	$272,036.00
			None	None	None	None	(30 days)	None	(90+ days)	(90+ days)
			None	None	None	None	2.30%	None	2.10%	6.40%
Losses			None	None	None	None	None	None	None	None
Investor First Loss Fund	$250,000.00	$500,000.00	$262,405.00	$502,203.00	$329,486.00	$511,591.00	$392,641.00	$524,277.00	$475,896.00	$543,789.00
Return to Investors	N/A	N/A	5.13%	5.13%	5.13%	5.13%	5.13%	5.13%	5.13%	5.13%

**Delinquencies on 1-4 Notes Sold to Investors

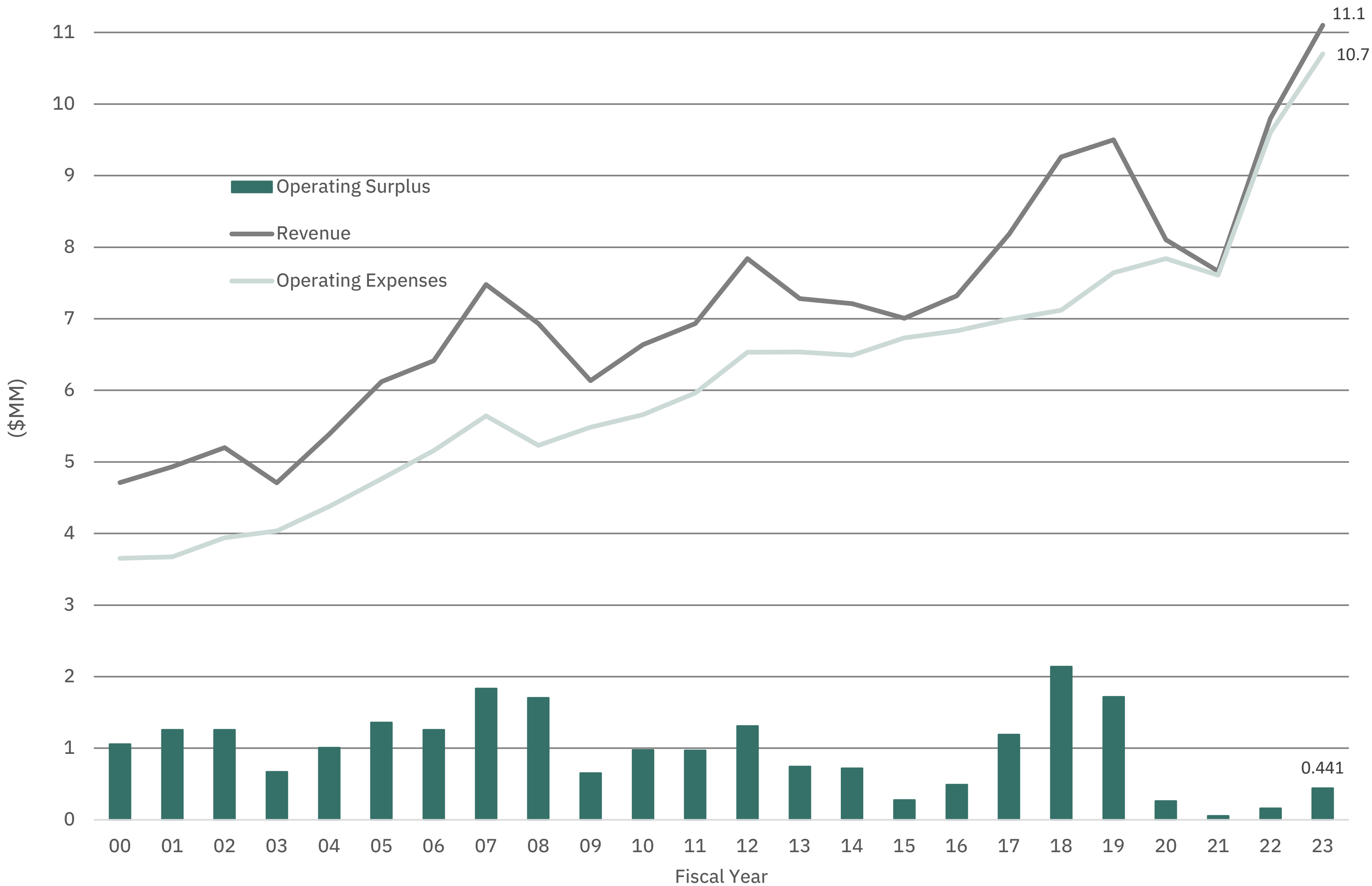
	FY 2020		FY 2021		FY 2022		FY 2023		Total
1st of 2nd Mortgage	1st	2nd	1st	2nd	1st	2nd	1st	2nd	
Notes Sold	$1,194,658.00	$237,333.00	$2,292,721.00	$0.00	$0.00	$0.00	$0.00	$0.00	$33,571,833.00
Outstanding Notes Sold	$17,432,323.00	$3,612,068.00	$16,424,770.00	$2,957,101.00	$11,373,654.00	$1,664,381.00	$8,989,902.00	$1,228,370.00	
Delinquencies **	$1,235,820.00	299946	$1,235,820.00	$299,946.00	$1,235,820.00	$299,946.00	$1,581,452.00	$60,856.00	
	(90+ days)	(Foreclosure)	(Foreclosure)	(Foreclosure)	(Foreclosure)	(Foreclosure)	0	0	
	7.10%	8.30%	7.52%	10.14%	10.50%	18.00%	17.59%	4.95%	
Losses	None	None	None	None	None	None	None	$299,946	
Investor First Loss Fund	$569,279.00	$563,908.00	$657,859.00	$579,787.00	$730,089.00	$592,067.00	$781,845.00	$299,995	
Return to Investors	5.00%	5.00%	5.00%	5.00%	5.00%	500.00%	4.24%	4.30%	

**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 9/30/23			
Rating	Balance $	# of Loans	%
Pass	7,153,680	16	70.00%
Acceptable	856,116	4	8.40%
Special Mention	134,661	1	1.3
Substandard	837,995	3	8.2
Doubtful	123,820	1	12.10%
Loss	0	0	0.00%
Total	$10,218,272	10.2	100.00%

Exhibit 11: CIC/CII Consolidated Operating Revenue and Expenses, FY 2000 - FY 2023 ($MM)



Note
CIC operates on a fiscal year ending September 30.