BUILDING ON A LEGACY

ANNUAL PERFORMANCE +
CREDIT REVIEW REPORT TO INVESTORS

FISCAL YEAR 2024

(10/1/2023 - 9/30/2024)

CIC | 50 YEARS

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. FY 2024 marked a special year in CIC's history – our 50th year of impact. When CIC was established in 1974, the founders set out to fill a market gap for rental housing finance in underinvested Chicago neighborhoods. What started as a $17 million loan pool with 14 bank investors has grown to a $330 million pool with 45 investors and over $1.8 billion in total loans originated. Our 50th anniversary theme – Building on a Legacy – underscores the importance of celebrating our past while looking ahead to future opportunities to provide affordable rental housing and to support the local business owners who operate it. As you learn about our recent FY 2024 achievements in the following pages, we invite you to also reflect on CIC's 50-year legacy, noted in borrower profiles and video links throughout the report.

Here are some highlights of FY 2024:

— CIC provided over $62.1 million in loans and grants to acquire, rehab, and preserve 1,454 units of affordable rental housing and 31 commercial units throughout the Chicago area.

— CIC made more deals work by deploying $1.3 million in Equitable Recovery Program mezzanine debt, an innovative tool CIC created with a grant from the CDFI Fund at the US Treasury Department.

— In partnership with the City of Chicago, CIC financed $2.7 million in two properties to preserve Single Room Occupancy (SRO) buildings through the SRO Preservation Fund.

— Demand was strong for the Opportunity Investment Fund in FY 2024, financing $4.5 million to create and preserve affordable rental units in strong markets.

— Multifamily loan delinquencies declined slightly in recent months, and thanks to diligent portfolio management, reserves covered all losses and no losses were passed to investors.

— CIC made significant progress towards renewing our next Note Purchase Agreement, set to take effect in 2025.

— Community Initiatives, Inc. (CII) continued to serve as receiver for a troubled 1,000 unit subsidized supportive housing portfolio, in addition to carrying out ongoing troubled buildings work to recover 52 buildings with 1,229 units.

— The Preservation Compact completed a national Naturally Occurring Affordable Housing (NOAH) analysis and created a new NOAH Clearinghouse as a capstone to its two-year Chan Zuckerberg grant.

— Property Management Training hosted 34 in-person and virtual events, collaborating with partners on timely topics to reach more than 1,500 participants.

— CIC and CII achieved a Consolidated Net Operating Surplus of $772,000. Overall Net Assets increased to $66 million.

Our fiscal year ended with a tremendous surprise when CIC received news about a second unsolicited and unrestricted gift from Yield Giving, the vehicle through which philanthropist MacKenzie Scott facilitates her grantmaking, for $15 million. We remain honored and profoundly grateful for this generous award. We are energized by the possibilities it affords CIC to expand our efforts in providing crucial support for affordable housing and building generational wealth for the small developers leading this work.

And as we concluded the calendar year, CIC and its many partners gathered to celebrate our many joint achievements at our 50th Anniversary Gala. Staff, board, investors, borrowers, government and philanthropic partners reflected on CIC's role within Chicago's rich history of community development and toasted to our future work together.

While uncertainty and challenges may lie ahead both at a local and national level, CIC remains steadfast in our mission. 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.

Thank you for your unwavering support.

Stacie Young

Stacie Young, President and CEO

David A. Dykstra

Dave Dykstra, Board Chair

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BOARD AND COMITTEE MEMBERS

CIC Board Members

- David Dykstra, Wintrust Financial Corporation (Chair) (1)
- Karen Case, CIBC (1)
- Collete English Dixon, Roosevelt University (4)
- Scott Ferris, BMO (1,2,5)
- John Gholar, JPMorgan Chase
- Timothy Hadro (1,3,4)
- John Hein, Fifth Third Bank (4,6)
- Terrence Johnson, Greenwood Archer Capital*
- R. Patricia Kelly (2)
- Robert Marjan, The Marjan Group (3, 4, 5)
- Angie Marks, University of Chicago
- Jeff Newcom, Old National Bank (1,2,6)
- Daryl Newell, PNC (2)
- Frank Pettaway, Northern Trust (Vice Chair) (1,3,5)
- Erika Poethig, Civic Committee of the Commercial Club of Chicago (3,5)
- Andrew Salk, First Eagle Bank (2,5,6)
- Daniel Watts, Forest Park National (1,3,5)
- Stacie Young, Community Investment Corporation (President) (1)

*Notes: * Nominated and elected in FY 2025. Number in parentheses indicate committee membership: (1) Executive, (2) Finance, (3) Access to Capital, (4) Portfolio Oversight, (5) Performance and Credit Review, (6) Human Resources*

CII Board Members

- Stacie Young, Community Investment Corporation (Chair) (President)
- Vicky Arroyo, BMO
- 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
- Esther Sorrell, City of Chicago Department of Housing *

**Non-voting Member*

Opportunity Investment Fund Investment Committee

- Amber David, Fifth Third Bank
- Carl Jenkins, BMO
- Jack Wambach, CIBC
- Edward Wood, Northern Trust

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 borrower spotlights 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 $1.8 billion of financing to stabilize and preserve over 69,370 units.

CIC's achievements are made possible by the long-term support of Chicago area institutions investing in CIC's programs. Currently, 45 investors have committed $330,300,000 to purchase notes through September 15, 2025 under the Multifamily Loan Program. Eight investors have committed $34 million to participate in the Opportunity Investment Fund. CIC is actively recruiting existing and new investors to participate in the renewed five-year Note Purchase Agreement, set to take effect in March 2025. (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 24.)

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 26.)

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 30.)

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

Impact Investing

CIC achieves its mission by increasing access to capital for local entrepreneurs — many led by women and people of color — 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?

CIC borrowers are typically small businesses with varying levels of experience. The diversity of their backgrounds and experience leads to a range of business models.

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

— Borrowers have an average of 4 employees, but 39% have no employees.

— 52% are full-time owner-operators and/or managers.

— 74% have been in business more than 10 years, and 13% have come into business within the last 5 years.

— Almost 60% of CIC borrowers own five buildings or less.

— CIC borrowers own an average of 35 units.

— 90% self-manage their properties.

— 33% got their first loan from CIC.

Whatever their business model, all CIC borrowers build local wealth that not only improves their lives and business, but helps drive the neighborhood economy. They strengthen communities by investing in their properties, hiring local residents, and patronizing other local businesses.

Where does CIC lend?

— Loans are throughout the six metropolitan counties, but primarily in Chicago's south and west side neighborhoods. (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.

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 Impact.

Real Returns.

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.

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In May 2024, over 200 local multifamily owner-operators and other housing industry stakeholders gathered for CIC's Annual Neighborhood Forum at Malcolm X College. Collete English Dixon, Executive Director of the Marshall Bennett Institute of Real Estate at Roosevelt University, moderated a dynamic panel discussion featuring Jacqueline Orange, The Orange Zone, LLC; Nneka Onwuzurike, First Deputy, Business and Neighborhood Development, City of Chicago Mayor's Office; Carolyn Sood, Nautilus Investments; and Marcus Dailey, Summer Qwest Holdings.

CIC Lending and Grant Programs

CIC LENDING AND GRANT PROGRAMS

FY 2024 Lending Report

In FY 2024, CIC closed $61.4 million in loans for 1,322 units of affordable rental housing and 26 commercial units throughout the Chicago area.

CIC financed $56.9 million in multifamily loans, including specialty loan programs (Equitable Recovery Program [ERP] and Single Room Occupancy [SRO] Preservation Fund). An additional $4.5 million of Mezzanine Debt was deployed from the Opportunity Investment Fund (OIF). See Exhibit 4a for a description of specialty loan and grant programs. CIC also made $717,000 in TIF and energy and climate program grants, for an overall total of $62.1 million. See Exhibits 4a, 4b, and 4c for more information about CIC's specialty lending programs and all communities served by CIC in FY 2024.

In FY 2024, CIC closings included:

— A $790,000 first mortgage to acquire and make renovations on a 15-unit building in the Chicago Lawn neighborhood.

— A $900,000 first mortgage to refinance a 34-unit SRO apartment in the Logan Square community. This transaction allowed the non-profit organization to refinance and make improvements including a new roof, tuck-pointing, updating plumbing within units, and upgrades to bathrooms and unit renovations. The financing also included an SRO Preservation Grant for $510,000 to assist with the improvements.

— A $638,000 first mortgage and a $669,000 Equitable Recovery Program (ERP) second mortgage to refinance a three-story, mixed-use building in South Shore. This refinance allowed a group of local residents to refinance their first mortgage and make additional renovations to the property. The project also received a $1.5 million Chicago Recovery Plan Community Development Grant to renovate the commercial spaces for a sit-down restaurant and a business incubator for food catering services.

— A $3 million Opportunity Investment Fund (OIF) loan as part of a refinancing for a 134 unit residential property in Edgewater. While the OIF loan mandates that 20% (27 units) of the units are rented to tenants at 50% AMI or less, the owners committed to providing 30% (40 units) affordable. The refinancing leveraged a low-cost loan from Benefit Chicago as well.

— A $775,000 first mortgage to finance the purchase of a three-story, 6- unit apartment building for a new customer in the Pilsen community.

— A first mortgage for $1.9 million to finance the purchase and rehabilitation of two properties totaling 17 units in Washington Park. The financing included a $350,000 Equitable Recovery Program (ERP) loan.

Table 1:

Lending Activity FY 2024

Multifamily Loans	**#**	**$(000)**
Multifamily Standard	66	52,901
Equitable Recovery Program	6	1,313
Subtotal	**72**	**54,213**
SRO Preservation Program		
SRO Preservation Second Mortgage	2	2,660
Multifamily Subtotal	**74**	**56,873**
Opportunity Investment Fund		
Mezzanine Debt	4	4,518
TOTAL LENDING	**78**	**61,391**

Grants FY 2024

	#	**$(000)**
TIF Grants	1	470
Energy Program Grants	16	247
TOTAL GRANTS	**17**	**717**

— In the buildings financed by CIC in FY 2024, 99.8% of units were affordable at or below 80% of AMI, 94.8% of the units were affordable at or below 60% of AMI, and 67.4% of the units were affordable at or below 50% of AMI.

— CIC closed loans for 25 new borrowers.

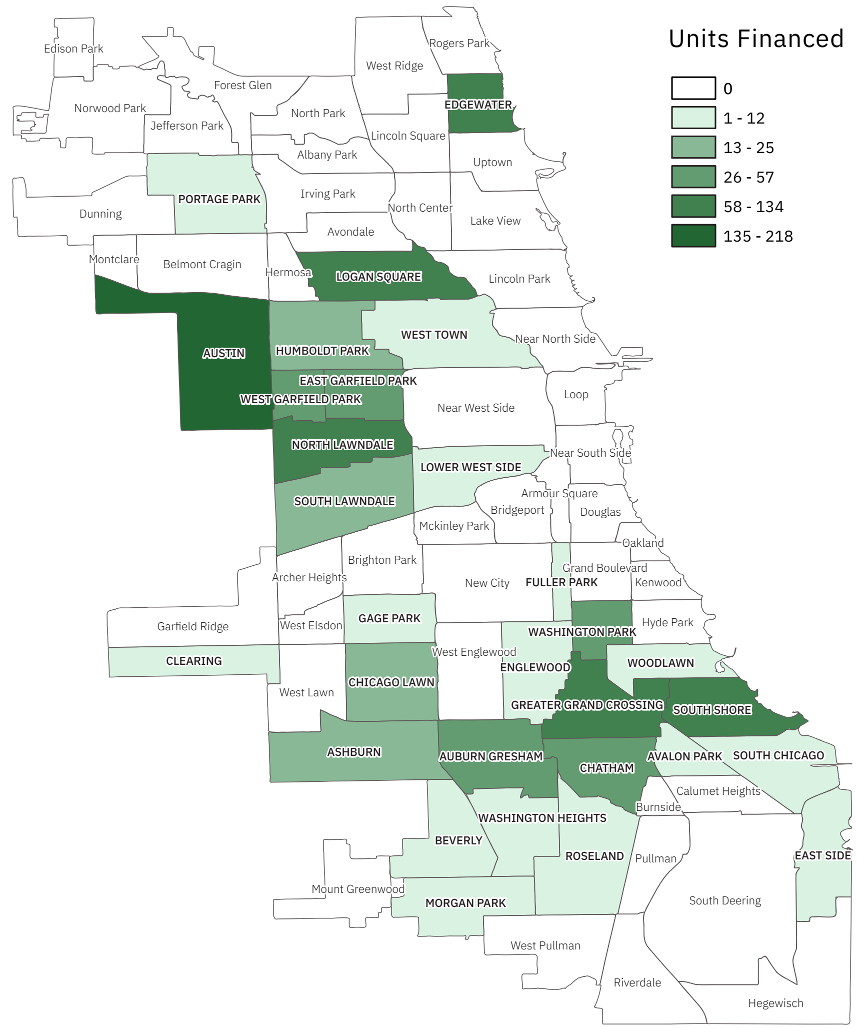
— A growing portion of CIC clients are Spanish speaking. Approximately 10% of CIC's FY 2024 clients were Spanish speaking or bilingual.

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

— Of the 78 loans closed by CIC, 73 were made in 30 Chicago communities and five were in three suburbs.

— The map below illustrates the distribution of units financed by CIC in the City of Chicago.

CIC LENDING BY CHICAGO COMMUNITY AREA FY 2024



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The Viere Family

> *"To have a well-run property, you have to be here. You have to be a hands-on manager."*

Urban Alternatives, a family business led by the Viere family, has been a CIC borrower since 1988, with a portfolio of approximately 1,000 units, primarily on the west side of Chicago and in Berwyn. They are actively involved in building groups such as the Greater Austin Development Association (GADA), have helped shape plumbing code changes through the Preservation Compact, and have collaborated with the CII. Over the years, they have witnessed neighborhoods like Austin improve and continue to invest in the community through hands-on property management.

Saul Lopez

> *"I like CIC's way of doing business. Frankly, as an investor, I like that CIC gives us what I call 'bumper guides.' They really help us make decisions about good investments."*

Saul Lopez has been working with CIC since 2009, securing financing for the 33-unit walk-up building at 6101 S. Laflin more than once. With extensive experience in real estate and property management, Saul took on the property when it was in poor condition and in need of substantial rehabilitation. He has managed rental properties in Chicago since 2004, taking a hands-on approach to ensure the quality and affordability of his units for tenants. Saul's strong partnership with CIC, particularly with Senior Loan Officer Marissa Martinez, has played a crucial role in helping him achieve his investment objectives and improve his properties.

[Learn more about our borrowers' historic impact on Chicago's affordable rental housing]

Bryon Williams

> *"CIC has been an invaluable partner in helping to revitalize neighborhoods. For us, we've taken on projects that were eyesores in the community. With the support and funding from CIC, we've been able to transform those properties into some of the best in the neighborhood."*

- **Properties with CIC: 4**
- **Service Area: South & Southeast Side of Chicago**
- **Customer Tenure: 1 Year**

Steve and Deona Thomas

5T Management

> *"It's in CIC's DNA to find good owner-operators and provide them with the resources to grow their business if that's what they want to do."*

- **Properties with CIC: 6**
- **Service Area: South Side of Chicago**
- **Customer Tenure: 26 Years**

Learn more about our borrowers' important role in CIC's future and our work ahead

Portfolio Status

As of 9/30/24, there were $169.8 million of Multifamily Notes Sold to Investors. Delinquencies in this portfolio (including REO) decreased to $7.3 million (4.3%), from $8 million (5.9%) the previous year. This included $4 million of non-performing loans (2.3%), from $3.4 million (2.5%) the previous year. The delinquency rate improved and moved below the target of 5%. The non-performing rate, at 2.3%, though improved, was still above the target of 2%.

CIC uses a Risk Rating System to assess the condition of loans, with 94.5% of the investor-owned portfolio rated as Pass or Acceptable as of 9/30/24, down slightly from 95.3% in 2023. Additionally, CIC requests annual financial reports to evaluate debt service coverage ratios (DSCR), focusing on loans over $500,000. CIC follows up on loans with a DSCR below 1.0, which can result from factors like higher vacancies or unexpected maintenance costs.

CIC holds loans in-house through acquisition, rehab, and rent-up, only selling them to investors once rehab is complete and a 1.1 DSCR is reached. Certain loans, like Energy Flex and first mortgage loans on properties that also have pilot Community Equity Partner Fund investments, are permanently held in-house. CIC funds these loans through cash, Federal Home Loan Bank advances, and $29.7 million in Program Related Investments.

In FY 2024, CIC earned $4.7 million in net interest income from in-house loans, comprising 47% of its operating revenue. As of 9/30/24, CIC's in-house loan portfolio totaled $102.7 million, including $88.2 million in permanent loans and $14.5 million in construction loans.

Table 2:

Delinquencies of Multifamily Notes Sold to Investors

Delinquent & Non-Performing Loans	9/30/2024		9/30/2023	
	($MM)	% of Portfolio	($MM)	% of Portfolio
30 days	1.6	1.0%	2.8	2.1%
60 days	1.8	1.0%	1.8	1.3%
Subtotal	**3.4**	**2.0%**	**4.6**	**3.4%**
90+ days	1.4	0.8%	0.5	0.4%
Foreclosure	1.6	0.9%	1.8	1.3%
REO Properties	1.0	0.6%	1.0	0.8%
Non-Performing Subtotal	**4.0**	**2.3%**	**3.4**	**2.5%**
Total Delinquencies	**7.3**	**4.3%**	**8.0**	**5.9%**
Multifamily Portfolio Balance	169.8		136.9	

Table 3:

Risk Ratings of Multifamily Notes Sold to Investors as of 9/30/24

Rating	Balance ($MM)	# of Loans	%
Pass	153.0	278	90.1%
Acceptable	7.5	15	4.4%
Special Mention	3.3	9	1.9%
Substandard	1.6	7	1.0%
Doubtful	4.4	10	2.6%
Loss	-	-	0.0%
TOTAL LENDING	**169.8**	**319**	**100.0%**

Of the total investor-owned portfolio of $169.8 million, $160.5 million is rated Pass or Acceptable (94.5%).

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Table 4:

Annual Statements Summary Report for Multifamily Loans Sold to Investors as of 9/30/24

Total Multifamily Loans Sold to Investors

Total Balance as of 9/30/24	**Loans**	**$(MM)**	**%**
Balance ≥ $500,000	97	$108,822,978	64.1%
Balance < $500,000	222	$60,981,068	35.9%
Total	**319**	**$169,804,046**	**100.0%**

Reporting Status as of 9/30/24	**Loans**	**$(MM)**	**%**
Financial Reports Received	222	$130,430,576	76.8%
Financial Reports Not Received	40	$11,329,198	6.7%
Not Required to Report*	57	$28,044,272	16.5%
Total	**319**	**$169,804,046**	**100.0%**

DSCR - Financial Reports Received	**Loans**	**$(MM)**	**%**
Loans Reporting with DSCR ≥ 1.0	167	$99,029,582	75.9%
Loans Reporting with DSCR< 1.0	55	$31,400,994	24.1%
Total	**222**	**$130,430,576**	**100.0%**

Note: Of the 55 loans with DSCR < 1.0, 55 are current

Multifamily Loans Sold to Investors ≥ $500,000

Reporting Status as of 9/30/24	**Loans**	**$(MM)**	**%**
Financial Reports Received	75	$91,710,671	84.3%
Financial Reports Not Received	3	$1,862,134	1.7%
Not Required to Report*	19	$15,250,173	14.0%
Total	**97**	**$108,822,978**	**100.0%**

DSCR - Financial Reports Received	**Loans**	**$(MM)**	**%**
Loans Reporting with DSCR ≥ 1.0	58	$69,296,518	75.6%
Loans Reporting with DSCR< 1.0	17	$22,414,153	24.4%
Total	**75**	**$91,710,671**	**100.0%**

Note: Of the 17 loans with DSCR < 1.0, 17 are current

**Includes loans recently closed or in default.*

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Table 5:

Multifamily Investor First Loss Fund

Beginning Balance (10/01/23)	Charges	Portfolio %	Additions to Reserve	Ending Balance (9/30/24)	Multifamily Portfolio Balance
$8,316,406	$366,160	0.22%	$2,420,494	$10,370,740	**$169,804,046**

Table 6:

CIC In-House Delinquencies (Loans in Permanent Servicing as of 9/30/24)

Delinquent & Non-Performing Loans	Multifamily ($MM)	Energy Savers ($MM)	Total ($MM)	% of Portfolio
30 days	-	-	-	0.0%
60 days	-	-	-	0.0%
Subtotal	**-**	**-**	**-**	**0.0%**
90 days	0.02	-	0.02	0.03%
Foreclosure	3.5	-	3.5	4.0%
REO Properties	-	-	-	0.0%
Non-Performing Subtotal	**3.6**	**-**	**3.6**	**4.0%**
Total Delinquencies	**3.6**	**-**	**3.6**	**4.0%**
Portfolio Balance	88.1	0.1	88.2	

Table 7:

CIC In-House Risk Ratings (Loans in Permanent Servicing as of 9/30/24)

Rating	Balance ($MM)	% of Volume	# of Loans
Pass	69.2	78.5%	100
Acceptable	11.2	12.7%	16
Special Mention	4.2	4.8%	6
Substandard	-	0.0%	-
Doubtful	3.6	4.0%	5
Loss	-	0.0%	-
TOTAL	**88.2**	**100%**	**127**

Of the total in-house portfolio of $88.2 million, $80.4 million is rated Pass or Acceptable (91.2%)

Risk ratings are shown only for loans in permanent servicing. Loans in construction are not included and are rated acceptable or lower by default.

Community Development Activities

Property Management Training

CIC's Property Management Training (PMT) program provides information and resources to owners and managers of multifamily rental properties. The program's goal is to help participants succeed in providing quality housing for residents and communities while ensuring their buildings perform well financially. Since its inception, the program's centerpiece has been the eight-hour course: The Basics of Residential Property Management. Each training session includes two core topics: Fair Housing and the Residential Landlord Tenant Ordinance. Additional topics have covered crime prevention, partnering with housing agencies to keep units filled, and securing vacant properties. PMT also offers both in-person and virtual educational opportunities focused on single topics such as saving on property taxes, effective building maintenance, tenant screening, marketing vacant units, and navigating the eviction process.

— After celebrating 25 years of PMT programming in FY 2023, CIC continues to provide high-quality training, meeting the expectations of attendees as indicated in surveys. Attendee feedback is regularly used to develop fresh programming that addresses the evolving needs of today's borrowers.

— While the format and topics of CIC's educational classes evolve, the purpose remains the same: to connect participants with valuable information and foster opportunities for building connections.

PMT works closely with the Preservation Compact and collaborates with the City of Chicago, Neighborhood Housing Services of Chicago, the Law Center for Better Housing, the Cook County Sheriff's Office, and others. Joint educational offerings have included webinars on landlord responsibilities for supporting survivors of domestic violence and assisting residents in avoiding eviction. Many PMT webinars are also accessible for later viewing through an OnDemand video library on CIC's website.

— In FY 2024, CIC conducted 34 training sessions, which were attended by 1,569 current or prospective managers and owners of affordable rental housing.

— Since 1998, more than 29,000 managers and owners have benefited from PMT programming

Table 8:
Contributors to Property Management Training FY 2024

	$
Associated Bank	10,000
BMO Harris Bank	10,000
Byline Bank	5,000
CIBC	15,000
City of Chicago	40,000
First Eagle Bank	2,500
Forest Park National Bank	2,000
Huntington Bank	10,000
Northern Trust Bank	25,000
Old National Bank	7,500
PNC Bank	15,000
Providence Bank	5,000
US Bank	10,000
Wintrust Financial	15,000
TOTAL	**172,000**

CIC Training and Technical Assistance Manager, Erica Myles, works with a Property Management Training attendee at one of 34 classes offered in FY 2024. CIC's trainings and workshops provide participants valuable networking opportunities and timely information on fair housing, building maintenance, tenant screening, and other property management topics.

Community Initiatives, Inc (CII)

CII was established in 2002 to undertake direct action on distressed properties. Since that time CII has addressed and preserved more than 30,200 units of housing in Chicago through its various interventions, including acquisitions, targeted code enforcement, and administration of City of Chicago programs. CII uses several approaches to take action on troubled properties:

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. Under TBI, CII addresses distressed rental buildings with five or more units as well as distressed condo buildings. The TBI programs are a versatile tool used to preserve housing stock. Most recently the TBI Multifamily program has played a role in stabilizing a troubled government-assisted housing portfolio containing over 1,000 affordable units across the north, west and south sides of Chicago.

Table 9:

Troubled Buildings Initiative 2003-2024

	FY 2024		2003 - 2024	
	Buildings	Units	Buildings	Units
Buildings Recovered	52	1,229	935	17,066
Buildings Demolished	1	7	85	1,026
Buildings Added to Program	12	452	1,251	22,480

Acquiring Distressed Properties for Responsible New Ownership

CII uses a variety of tools to acquire distressed properties and transfer them to responsible new owners to rehab, provide stable management, and preserve affordable housing. Those tools include direct purchase of real estate and mortgages, implementing the Distressed Condominium Act, and foreclosing on liens. While CII's focus has historically been on multifamily properties for acquisition, in 2015 CII launched the 1-4 unit acquisition program. Since its inception the 1-4 unit program has grown steadily and become one of the most effective ways for CII to both preserve housing and work with new clients focused on this asset type.

More recently CII has launched a small program to provide flexible acquisition and rehab lines of credit to developers rehabbing distressed 1-4 unit properties acquired from CII.

Table 10:
CIC & CII Acquisition/Disposition Activity

	FY 2024 Sold/Transferred to New Owners		Since Inception	
	Buildings	Units	Buildings	Units
1-4 Units (2015-)	82	105	861	1,100
Multifamily (2003-)	-	-	263	4,310
Condos (2009-)	-	-	96	784
TOTAL	**82**	**105**	**1,220**	**6,194**

Targeted Redevelopment

In certain areas, CIC and CII coordinate and focus the full array of lending, TBI, and acquisition activities to maximize impact. CII can assist targeted efforts by coordinating the deployment of the CIC/CII products and programs. This can be done to support areas of focus either through CIC initiatives or in support of other partners' initiatives and can range from a focus on a single block up through an entire neighborhood. A notable example of this work was when CII and CIC worked closely with the City of Chicago to implement the Chicago Neighborhood Recovery Program (CNRP) (formerly Micro Market Recovery Program [MMRP]), a City program that focused efforts across 13 target areas throughout the City's south and west sides.

Table 11:

Chicago Neighborhood Recovery Program Activity (FY 2012 - FY 2024)

		FY 2024	Program Total 2012 - 2024
	Buildings	2	200
Troubled Buildings Initiative	Units	65	3,127
	Amount	6,093,000	52,551,000
	Buildings	8	90
CIC Loans	Units	96	1,406
	Buildings	2	116
Reoccupied Buildings	Units	30	1,575
	Buildings	1	18
Multifamily Acquisitions/Dispositions	Units	10	185
	Buildings	4	78
1-4 Unit Acquisitions/Dispositions	Units	6	124

Community Equity Partner (CEP) Fund

When CIC received an $8 million gift from Yield Giving, the vehicle through which philanthropist MacKenzie Scott facilitates her grantmaking, in 2020, $5 million was committed to create a new pilot equity fund, recognizing that very few – if any - existing equity funds invest in small to mid-sized, local owner-operators who buy and rehabilitate existing multifamily buildings with 5-50 units in underinvested neighborhoods.

The resulting fund, the Community Equity Partner (CEP) Fund, was launched in 2023. Through FY 2024, the Fund has committed investments for eight transactions, providing $3.8 million in equity to improve and preserve 136 units across buildings ranging from 2 to 42 units. The pilot bridges the gap for BIPOC developers who otherwise could not access equity capital.

The pilot is intended to demonstrate that smaller developers and buildings can perform successfully as equity partners, illustrating to more conventional equity funds that these are worthy and important investments, and should not be overlooked.

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Preservation Compact

Housed at CIC, the Preservation Compact brings together the region's public, private, for-profit, and non-profit leaders to collaborate and 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, Schrieber Philanthropy, the Chan Zuckerberg Initiative, and the Chicago Community Trust.

Through its Leadership Committee and working groups, the Preservation Compact focused on the following in FY 2024:

Statewide Property Tax Relief

The Compact led the effort that resulted in statewide legislation in 2021, creating a new property tax incentive which established Cook County's Affordable Housing Special Assessment Program (AHSAP). Since then, the Compact continues to champion the adoption of the property tax incentive across the state and serves as an expert resource to property owners. Cook County's program has over 750 properties enrolled as of August 2024. Key activities included hosting a naturally occurring affordable housing (NOAH) owners webinar attended by 130 people, presenting AHSAP as a national model at the International Association of Assessment Officers conference, and providing direct assistance to more than 40 building owners. The Compact also responded extensively to Chicago's triennial reassessment in FY 2024, updating appeals guides and providing technical assistance to owners in appealing their assessments.

SRO Preservation

The SRO Preservation Loan Fund saw significant progress in FY 2024, with two closed projects for 120 units. Of those, one project completed construction, preserving 34 units. The Compact convenes quarterly meetings of the SRO Interagency Working Group with community partners, and coordinates monthly with City partners.

National NOAH Picture

FY 2024 was the second year of a two-year grant from the Chan Zuckerberg Initiative to explore and showcase effective strategies across different market types to preserve unsubsidized affordable rental housing, or NOAH. The Compact built on major research completed by the DePaul Institute for Housing Studies during year one, connecting that quantitative work with qualitative insights to build out a comprehensive national overview of NOAH markets and preservation strategies. This culminated in a successful conference with over 140 diverse attendees. The Compact also created a new webtool that ties together DePaul's cluster analysis, deep-dive case studies, and an updated and refreshed interactive NOAH policy clearinghouse, the Compact's existing resource for preservation strategies.

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Combating Damaging Investor Activity

Chicago's multifamily rental housing market faces significant challenges due to the mismanagement of properties by unscrupulous owners. These ill-intentioned entities acquire large portfolios of unsubsidized rental properties, particularly in lower-cost neighborhoods, without the capacity or commitment to manage them responsibly. This neglect leads to the rapid deterioration of buildings, resulting in unsafe and unhealthy living conditions for tenants. Current interventions are primarily reactive and limited in their ability to address the deeper, systemic issues at play. To address this cyclical problem, the Compact and CII launched a project to establish targeted coordination to prevent future schemes, intervene swiftly when misconduct arises, and rebuild impacted communities. The Compact facilitated a knowledge-sharing meeting with 23 stakeholders from legal aid, community organizations, public agencies, and research groups. Areas of potential action include opportunities for state legislation and targeted regulatory changes. The Compact received funding from Schreiber Philanthropy to support this long-term project.

Public Agency Coordination

For over 15 years, the Preservation Compact has been a trailblazer in coordinating public agencies to preserve government-assisted properties. With its Interagency Working Group, the Compact and partners identified and helped preserve four government-assisted properties with a total of 212 units. The Compact also continues working with public partners to unwind a troubled government-assisted housing portfolio containing over 1,000 affordable units and continues to assist local public agencies in convening and coordinating stakeholders to preserve affordable housing units, protect residents, and ensure stable ownership transitions while maintaining affordability.

A new Portfolio Health initiative focuses on addressing post-COVID challenges in subsidized housing portfolios. A partnership with the Illinois Housing Council, the initiative combines on the ground information from local working groups and partners with national engagement in an effort to prevent future portfolio collapses. The Compact and Illinois Housing Council were recently awarded funding from the Chicago Community Trust to support this work in FY 2025.

Energy Efficiency

Working with the Illinois Energy Efficiency For All Coalition, the Compact partnered with a number of energy, utility, and grassroots partners through the Illinois Energy Efficiency Stakeholder Advisory Group to develop new utility reporting metrics for late 2025. These metrics will better track program activities and outcomes, including detailed accounting of multifamily buildings served and energy-saving measures implemented. The Compact also contributed to planning for the 2026-2029 Efficiency Plans cycle.

Megan Romero, pictured with her husband Alfredo, got her first CIC loan in FY 2024. The pair started with West Town 2-flats and have grown into multifamily property owners, expanding their real estate work to strengthen communities on Chicago's south and southwest sides.

Learn more about how our borrowers are improving buildings, blocks, neighborhoods and the lives of their tenants.

Financial Condition

FINANCIAL CONDITION

In FY 2024, CIC's activities generated income that drove a Consolidated Net Operating Income of $772,000. This compares to $441,000 in FY 2023. (See Table 14).

— Grants included $172,000 in contributions from CIC investors to support Property Management Training (Table 8), and a $15 million unsolicited and unrestricted grant from Yield Giving, the vehicle through which philanthropist MacKenzie Scott facilitates her grantmaking. The Preservation Compact secured grants from Movement Strategy, Polk Bros, the Chan Zuckerberg Foundation, the Harris Family Foundation, Schrieber Philanthropy, and the Chicago Community Trust.

— In FY 2024, CIC's Total Consolidated Net Assets increased by $15.7 million, to a total of $66.2 million.

— CIC's Total Unrestricted Net Assets increased by $15.9 million, to a total of $62.2 million.

— As of 9/30/2024, CIC had an adjusted net asset ratio of 36.19 percent. CIC's debt covenants require an adjusted net asset ratio of at least 25 percent. This is calculated by taking Total Net Assets divided by Total Assets, less Collateral Notes. (See Table 13).

— Each year, CIC obtains an independent audit of the financial statements of CIC and CII. For FY 2023, the audit was performed by Plante Moran, PLLC. Plante Moran provided an unmodified opinion, which was published on January 11, 2024. The audit for FY 2024 is again being performed by Plante Moran. It is expected to be published by the end of January 2025.

Table 12:
CIC, CII and CEPF Net Assets as of 9/30/24

	9/30/2024 ($)	9/30/2023 ($)	Change ($)
CIC Unrestricted Net Assets	57,914,327	42,337,813	15,576,514
CII Unrestricted Net Assets	4,348,217	4,186,036	162,181
CEPF Unrestricted Net Asset	(26,066)	(173,417)	147,351
Total Unrestricted Net Assets	**62,236,478**	**46,350,432**	**15,886,046**
CIC Temporarily Restricted	3,986,942	4,145,600	(158,658)
Total Consolidated Net Assets	**66,223,420**	**50,496,032**	**15,727,388**

Table 13:

CIC, CII and CEPF Consolidated Statement of Financial Position

	FY 2024 Actual $(000)	FY 2023 Actual $(000)	Change $(000)
Total Assets			
Cash - Unrestricted	9,672	12,974	(3,302)
Cash - Restricted	61,583	55,255	6,328
MF Program Investor, Notes, Net	160,527	128,580	31,947
1-4 Loan Program Investor Notes, Net	11,982	9,136	2,846
CIC In-House Loans, Net	100,007	105,399	(5,392)
CEPF Equity Investments in JV's	3,839	1,232	2,607
CII Developer Line of Credit	1,103	1,280	(177)
CII Acquisition Program	2,054	2,210	(156)
CII Troubled Buildings Initiative	8,488	6,059	2,429
CII Grants Receivable	1,772	2,430	(658)
Other Assets	4,695	4,650	45
Total Assets	**365,722**	**329,205**	**36,517**
Total Liabilities			
Other Liabilities	48,721	39,755	17,966
Investor and Borrower Escrow	11,108	14,357	(3,249)
Line of Credit and PRI's	54,350	73,643	(19,293)
MF Program Collateral Notes	169,804	136,897	32,907
1-4 Program Collateral Notes	12,930	9,584	3,346
CII Accounts Payable - TBI & Heat Lien	1,786	12,673	(10,887)
Unearned Revenue - Developer LOC	800	800	-
Total Liabilities	**299,499**	**279,055**	**20,444**
Net assets			
Unrestricted	62,236	46,350	15,886
Temporarily Restricted	3,987	4,146	(159)
Total Net Assets	**66,223**	**50,496**	**15,727**
Total Liabilities and Net Assets	**365,722**	**329,205**	
Adjusted Net Asset Ratio	36.19%	27.90%	

Table 14:

CIC and CII Income Statements as of 9/30/24

	FY 2024 Actual $(000)	FY 2023 Actual $(000)	Change $(000)
CIC Income Statement			
Fee Income	1,018	953	65
Net Interest Income	4,714	3,903	811
Loan Servicing	1,087	1,009	78
Contracts and Grants	3,282	3,117	165
Total Income	**10,101**	**8,982**	**1,119**
Personnel Expense	7,599	6,619	980
Other Operating Expense	1,947	1,860	87
Total Expenses	**9,546**	**8,479**	**1,067**
Total Net Operating Income	**555**	**503**	**52**
CII Income Statement			**-**
Contracts and Grant Income	1,011	1,118	(107)
Program Income	1,197	1,019	178
Total Income	**2,208**	**2,137**	**71**
(CIC Personnel) Consulting Expense	1,818	1,650	168
Other Operating Expense	320	303	17
Total Expenses	**2,138**	**1,953**	**185**
Total Net Operating Income	**70**	**184**	**(114)**
CEPF Income Statement			
Fair Value Adjustment	448	24	424
Cash Flow Income	64	4	60
Total Income	**512**	**28**	**484**
Fund Management	226	135	
Other Operating Expense	139	139	
Total Expenses	**365**	**274**	**91**
Total Net Operating Income	**147**	**(246)**	**393**
Consolidated Net Operating Income	**772**	**441**	**331**

Exhibits

Exhibit 1:

Investors in CIC Loan Programs as of 9/30/24

	Multifamily Loan Program ($)	1-4 Unit Loan Program ($)	Opportunity Investment Fund ($)	Program Related Investments ($)	Total Investment ($)
The Northern Trust Company	42,500,000	12,500,000	4,000,000	5,000,000	64,000,000
BMO Bank	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 USA2	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]				14,100,000	14,100,000
Providence Bank (includes prior Leaders Bank commitment)	9,000,000	5,500,000			14,500,000
Federal Home Loan Bank of Chicago[6]				25,249,844	25,249,844
Associated Bank[4]	10,000,000				10,000,000
Byline Bank (Acquired Inland Bank and Trust)[2]	12,500,000		1,000,000	1,000,000	14,500,000
MUFG Union Bank (Acquired by U.S. Bank)	10,000,000				10,000,000
MacArthur Foundation				5,000,000	5,000,000
Old Second National Bank	9,000,000				9,000,000
First Bank Chicago (AKA 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			8,125,000		8,125,000
Community Investment Corporation[5]			4,875,000		4,875,000
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
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**	**54,349,844**	**453,649,844**

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 SRO first mortgage financing.

[4]Associated Bank has committed a line of credit of up to $10 million not represented on this chart.

[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.

[6]FHLBC amount includes Advances of $14,749,844

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Exhibit 2a:

Organizational Overview and Governance

CIC is a not-for-profit 501(c)(3) corporation. Incorporated in 1974, 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 $1.8 billion to finance the acquisition and rehabilitation of more than 69,000 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 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 more recently. (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), 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

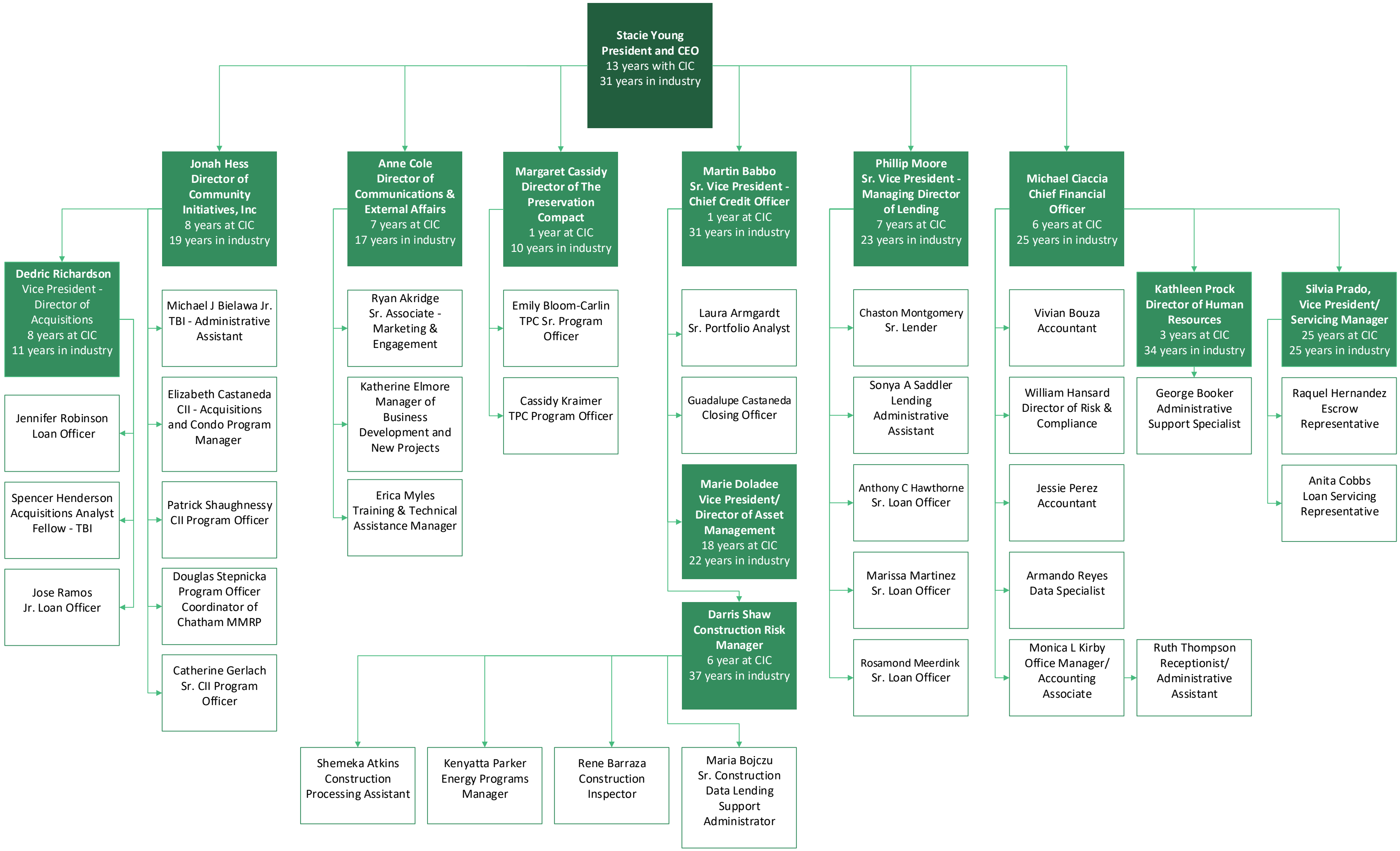


Exhibit 2c:

Senior Management Bios and Staff Directory

Stacie Young
President and CEO

Stacie Young is President and CEO of CIC. Prior to becoming CEO, Young was Director of The Preservation Compact, a policy collaborative to drive preservation strategies for the unsubsidized, Naturally Occurring Affordable Housing stock, as well as the government assisted stock. Accomplishments include working with partners to design groundbreaking new statewide rental property tax relief, creating a $34 million mezzanine debt fund for high cost markets; convening an intergovernmental group to preserve 6,200 subsidized units; driving building code relief for multifamily rental rehab; creating a $48 million loan pool for 1-4 unit buildings, and a $5 million CDFI partnership to preserve 1-4 unit buildings.

Young 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 Impact for Equity (formerly 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.

Phillip Moore

Senior Vice President Managing Director of Lending

Phillip Moore oversees all commercial lending activities at CIC including business development, underwriting, and loan production.

Phillip is an experienced community development banking leader and has held previous roles at Seaway Bank and Trust, Urban Partnership Bank, and LISC. He is also a licensed Illinois Real Estate professional.

Marty Babbo

Chief Credit Officer

Marty Babbo is responsible for measuring and managing the risk in CIC's loan portfolio. He oversees credit approval, credit administration, and coordinates any necessary collections, restructurings or write-offs.

Marty has held previous roles at BMO Harris, Northern Trust, Wells Fargo and Truist Bank.

Jonah Hess

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

Jonah Hess is responsible for all of CII's service contracts and programs, including the Troubled Buildings Initiative. His work combines community development and direct real estate interventions.

Jonah has held previous roles with NHS of Chicago, Mercy Portfolio Services, and the City of Chicago.

Anne Cole

Director of Communications and External Affairs

Anne Cole is responsible for the development an 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.

Maggie Cassidy

Director of the Preservation Compact

Maggie Cassidy directs the work of the Preservation Compact, leading diverse efforts to preserve affordable rental housing. Prior to joining CIC in 2004, Maggie helped create this City of Chicago's land sales platform, Chiblockbuilder.com.

Maggie holds a Masters degree in Urban Planning from UIC.

Exhibit 3a:

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. The review was last performed in FY 2023 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. In FY 2024, CIC hired its first Chief Credit Officer to further strengthen its credit process.

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 Committee and the Opportunity Investment Fund (OIF) Investment Committee, which are composed solely of senior representatives of investing institutions.
— In the 2020 renewal of the NPA, 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 Committees.
— The Multifamily Loan Committee represents at least 51% of the total dollars committed to the Multifamily NPA. 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 Fund absorbs the first loss of the Multifamily NPA. Investors and CIC fund these accounts each month. See Exhibit 8b for more information about the First Loss Fund.

— 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 Loan Committee.

Diversification

— Limit total exposure to any single borrower to $9.375 million. Any exposure in excess of this amount requires Executive Board Committee approval. In the neighborhoods of highest concentration, spread risk across multiple borrowers and properties.

— In FY 2024, CIC made loans for projects in 30 Chicago communities and three 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 Committee, CIC currently offers loans with the following terms:

Program	Multifamily Standard	Multifamily Flex	OIF Mezzanine Debt
Maximum Loan to Value	80% 3-year ARM or 5-year ARM	Can be > 80% 3- or 5-year ARM	90%
Standard Loan Term	10 years	10 years	10 years
Amortization	25 - 30 years	25 - 30 years	Interest only
Rate Adjustment (above comparable Treasury)	250 basis points	250 basis points	Fixed Rate
Maximum Loan to Cost	80%	95%	90%
Minimum Equity	20%	5%	10%
Minimum DSCR	1.25	1.15	1.10
Pre-Payment Penalty	No	No	No
Floors	Initial Rate	Initial Rate	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)

Exhibit 4a:

Description of CIC Specialty Loan Programs

CIC offers numerous lending programs in addition to its standard multifamily product.

Energy and Climate Resiliency

Since 2008, CIC has offered Energy Savers, a program that helps multifamily building owners reduce their operating costs by saving energy and cutting utility bills. CIC offers both a Flex Energy Loan and grant assistance supported by one-time grants to CIC of $450,000 from ComEd and $500,000 from JPMorgan Chase.

Equitable Recovery Program

Launched in FY 2024, the Equitable Recovery Program is supported by a CDFI Fund Grant. Using these funds, CIC can offer mezzanine debt to make deals feasible in low-cost markets.

Flex Program

The Multifamily Flex Fund was initiated in 1998 to provide financing for innovative and complex projects requiring increased levels of rehab activity. To achieve this goal, loan-to-value and debt service coverage ratios can be less stringent than Standard Multifamily loans.

Opportunity Investment Fund – Mezzanine Debt

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.

SRO Preservation Program

The SRO Preservation Fund, funded by the City of Chicago and administered by CIC, provides grants to improve conditions in Single Room Occupancy (SRO) buildings. Through the fund, CIC offers an SRO Preservation Second Mortgage, which is fully reimbursed by the City once the borrower meets program requirements. Participants must comply with affordability requirements set by the City.

TIF Multifamily Purchase Rehab Program

The City of Chicago's Tax Increment Financing Multifamily Purchase Rehab program, administered by CIC, offers grants for upgrading distressed multifamily properties within 13 designated TIF districts. Participants must comply with affordability requirements set by the City.

Woodlawn Construction Loan Fund

In 2020, the City of Chicago passed the Woodlawn Housing Preservation Ordinance, which enabled the Woodlawn Construction Loan Fund. The fund of $7 million, supported by public and private investors, provides low-cost construction loans for local owner-developers in the Woodlawn community. (See Exhibit 1 for a list of investors in CIC programs.) Participants must comply with affordability requirements set by the City.

Exhibit 4b:

Loans and Grants by Geography

	LENDING TOTAL			OTHER FINANCING AND GRANTS			TOTAL FINANCIAL ASSISTANCE		
CHICAGO COMMUNITY	**#**	**$**	**units**	**#**	**$**	**units**	**#**	**$**	**units**
Archer Heights	-	-	-	1	9,000	6	1	9,000	6
Ashburn	3	1,145,000	25	-	-	-	3	1,145,000	25
Auburn Gresham	3	1,279,500	45	-	-	-	3	1,279,500	45
Austin	8	7,400,000	218	2	32,578	17	10	7,432,578	235
Avalon Park	1	320,000	5	-	-	-	1	320,000	5
Beverly	1	960,000	10	2	25,176	17	3	985,176	27
Brighton Park	-	-	-	2	10,700	7	2	10,700	7
Chatham	3	1,045,500	39	1	41,545	6	4	1,087,045	45
Chicago Lawn	2	1,370,000	22	2	15,250	8	4	1,385,250	30
Clearing	1	800,000	11	-	-	-	1	800,000	11
East Garfield Park	4	3,032,120	57	-	-	-	4	3,032,120	57
East Side	1	528,000	6	-	-	-	1	528,000	6
Edgewater	2	7,000,000	134	-	-	-	2	7,000,000	134
Englewood	1	640,000	10	-	-	-	1	640,000	10
Fuller Park	1	420,000	6	-	-	-	1	420,000	6
Gage Park	1	410,000	6	2	19,600	6	3	429,600	12
Greater Grand Crossing	6	4,525,000	87	1	10,000	22	7	4,535,000	109
Humboldt Park	2	1,264,000	18	1	470,000	13	3	1,734,000	18
Logan Square	3	4,110,000	85	-	-	-	3	4,110,000	85
Lower West Side	2	1,130,000	9	-	-	-	2	1,130,000	9
Morgan Park	2	852,500	8	-	-	-	2	852,500	8
North Lawndale	2	2,040,000	96	-	-	-	2	2,040,000	96
Portage Park	3	4,678,000	91	-	-	-	3	4,678,000	91
Roseland	2	300,000	6	-	-	-	2	300,000	6
South Chicago	2	705,000	12	-	-	-	2	705,000	12
South Lawndale	2	1,300,000	23	-	-	-	2	1,300,000	23
South Shore	9	5,077,687	90	3	83,337	43	12	5,161,024	133
Washington Heights	1	592,000	9	-	-	-	1	592,000	9
Washington Park	2	2,420,000	38	-	-	-	2	2,420,000	38
West Garfield Park	1	36,585	42	-	-	-	1	36,585	42
West Town	1	825,000	6	-	-	-	1	825,000	6
Woodlawn	1	455,000	8	-	-	-	1	455,000	8
CHICAGO SUBTOTALS	**73**	**56,660,892**	**1,222**	**17**	**717,186**	**138**	**90**	**57,378,078**	**1,354**
Dolton	1	280,000	6	-	-	-	1	280,000	6
Evanston	2	2,645,000	24	-	-	-	2	2,645,000	24
Oak Park	2	1,805,000	70	-	-	-	2	1,805,000	70
SUBURBAN SUBTOTALS	**5**	**4,730,000**	**100**	**-**	**-**	**-**	**5**	**4,730,000**	**100**
PROGRAM TOTALS	**78**	**61,390,892**	**1,322**	**17**	**717,186**	**138**	**95**	**62,108,078**	**1,454**

Exhibit 4c:

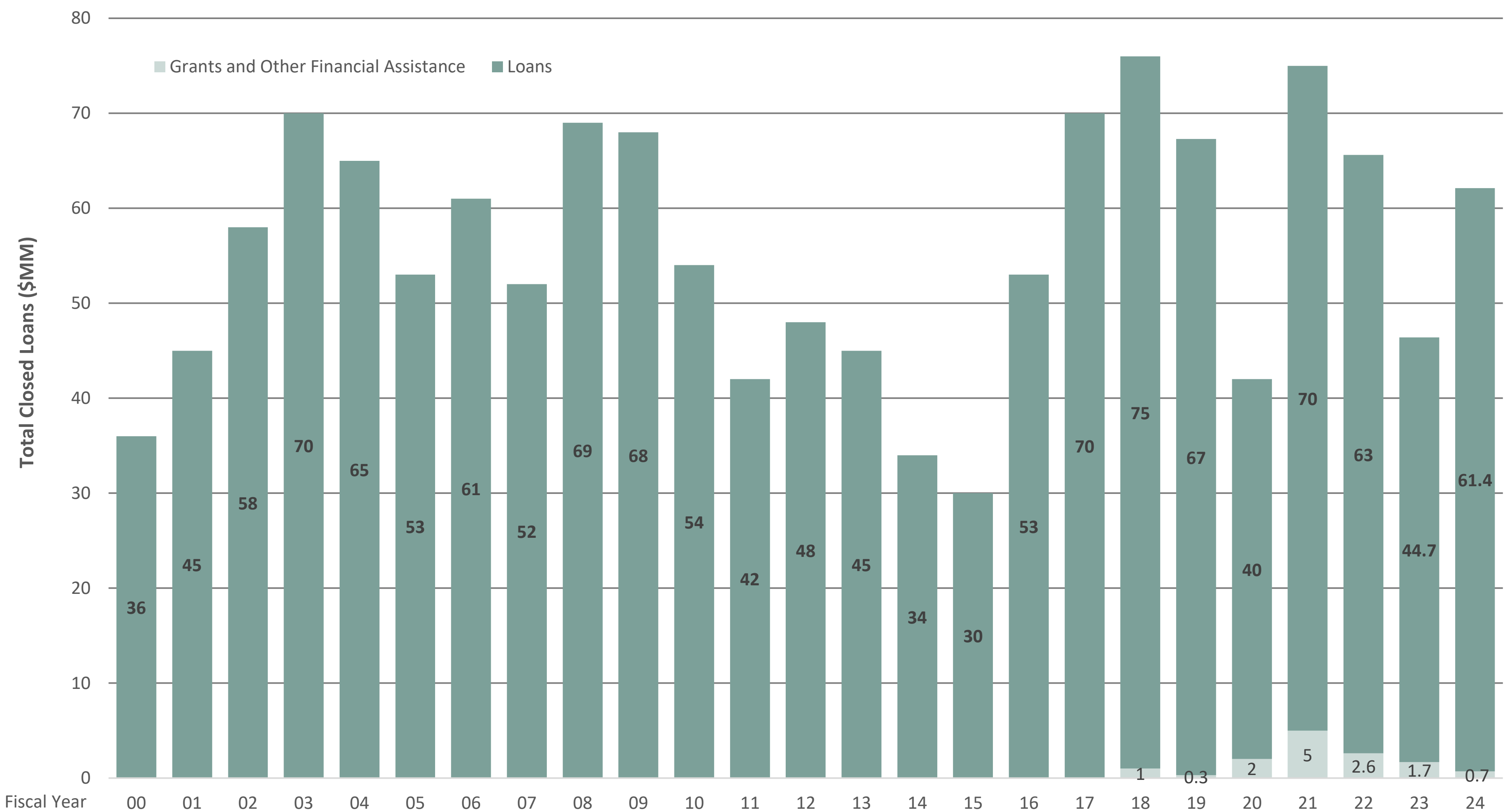
Loans by Geography and Program

CHICAGO COMMUNITY	Multifamily Standard (Regular Program) #	Multifamily Standard (Regular Program) $	Multifamily Standard (Regular Program) units	Equitable Recovery Program #	Equitable Recovery Program $	Equitable Recovery Program units	OIF Mezzanine Debt #	OIF Mezzanine Debt $	OIF Mezzanine Debt units	SRO Preservation Fund (Second Mortgage) #	SRO Preservation Fund (Second Mortgage) $	SRO Preservation Fund (Second Mortgage) units	LENDING TOTAL #	LENDING TOTAL $	LENDING TOTAL units
Ashburn	3	1,145,000	25										3	1,145,000	25
Auburn Gresham	3	1,279,500	45										3	1,279,500	45
Austin	8	7,400,000	218										8	7,400,000	218
Avalon Park	1	320,000	5										1	320,000	5
Beverly	1	960,000	10										1	960,000	10
Chatham	3	1,699,620	33	1	43,000	18							4	1,742,620	51
Chicago Lawn	2	1,370,000	22										2	1,370,000	22
Clearing	1	800,000	11										1	800,000	11
East Side	1	528,000	6										1	528,000	6
Edgewater	1	4,000,000	134				1	3,000,000	134				2	7,000,000	134
Englewood	1	640,000	10										1	640,000	10
Fuller Park	1	420,000	6										1	420,000	6
Gage Park	1	410,000	6										1	410,000	6
Greater Grand Crossing	7	4,960,000	103										7	4,960,000	103
Humboldt Park	2	1,264,000	18										2	1,264,000	18
Logan Square	2	3,600,000	85							1	510,000	34	3	4,110,000	85
Lower West Side	2	1,130,000	9										2	1,130,000	9
Morgan Park	1	760,000	8				1	92,500	8				2	852,500	8
North Lawndale	2	2,040,000	96										2	2,040,000	96
Portage Park	2	2,528,000	91							1	2,150,000	86	3	4,678,000	91
Roseland	1	260,000	6	1	40,000	6							2	300,000	6
South Chicago	2	705,000	12										2	705,000	12
South Lawndale	2	1,300,000	23										2	1,300,000	23
South Shore	6	4,198,049	96	3	879,638	28							9	5,077,687	102
Washington Heights	1	592,000	9										1	592,000	9
Washington Park	2	2,420,000	38										2	2,420,000	38
West Garfield Park	1	36,585	42										1	36,585	42
West Town	1	825,000	6										1	825,000	6
Woodlawn	2	2,005,000	25	1	350,000	17							3	2,355,000	25
CHICAGO SUBTOTALS	**63**	**49,595,754**	**1,198**	**6**	**1,312,638**	**69**	**2**	**3,092,500**	**142**	**2**	**2,660,000**	**120**	**73**	**56,660,892**	**1,222**
Dolton	1	280,000	6										1	280,000	6
Evanston	1	2,220,000	24				1	425,000	24				2	2,645,000	24
Oak Park	1	805,000	6				1	1,000,000	64				2	1,805,000	70
SUBURBAN SUBTOTALS	**3**	**3,305,000.00**	**36**	**2**	**$0.00**	**0**	**2**	**1,425,000.00**	**88**	**5**	**$0.00**	**4**	**5**	**4,730,000**	**100**
PROGRAM TOTALS	**66**	**52,900,754**	**1,234**	**6**	**1,312,638**	**69**	**4**	**4,517,500**	**230**	**2**	**2,660,000**	**120**	**78**	**61,390,892**	**1,322**

In FY 2024 there were no Flex or Energy Flex, 1-4 Unit Program, or Woodlawn Construction Loan Fund loans.

Exhibit 5:

Loans and Grants Provided by Fiscal Year FY 2000 - FY 2024 $(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 Portfolio

Multifamily Program Notes

Quarter		Beginning Balance ($)	Note Sales ($)	Payoffs ($)	Payments ($)	Ending Balance ($)
Quarter 1 (10/1/2023-12/31/2023)		136,896,588	11,749,191	4,104,101	1,246,940	143,294,738
Quarter 2 (1/1/2024-3/31/2024)		143,294,738	8,293,632	3,460,999	1,282,906	146,844,465
Quarter 3 (4/1/2024-6/30/2024)		146,844,465	9,371,120	3,884,050	1,285,197	151,099,240
Quarter 4 (7/1/2024-9/30/2024)		151,099,240	21,760,325	1,754,406	1,301,112	169,804,046
	Totals		**51,174,268**	**13,203,557**	**5,116,155**	

SF 1-4 Program Notes - Tier 1, First Mortgage Notes

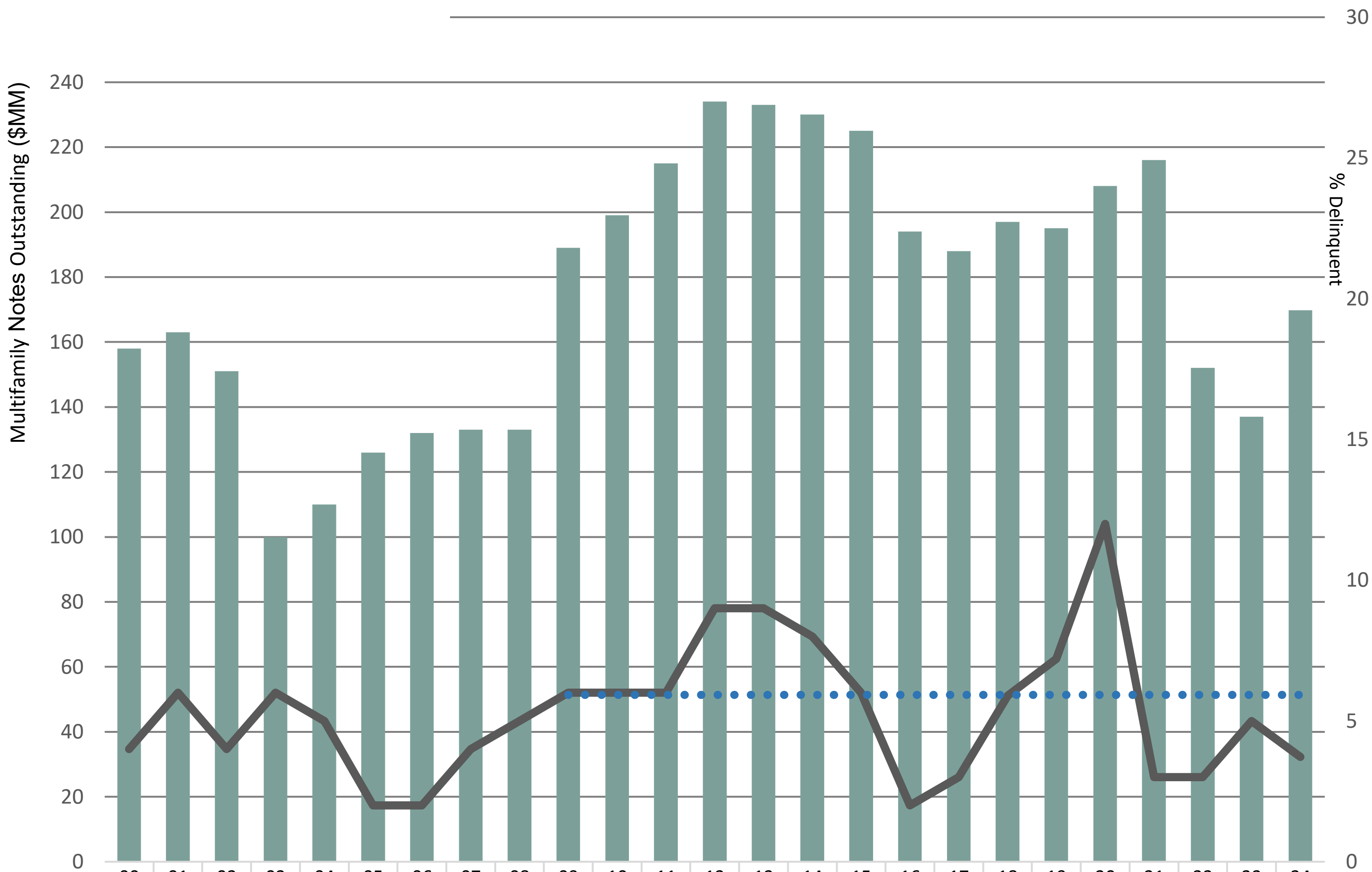
Quarter		Beginning Balance ($)	Note Sales ($)	Payoffs ($)	Payments ($)	Ending Balance ($)
Quarter 1 (10/1/2023-12/31/2023)		8,989,902	-	-	56,600	8,933,303
Quarter 2 (1/1/2024-3/31/2024)		8,933,303	-	-	56,951	8,876,352
Quarter 3 (4/1/2024-6/30/2024)		8,876,352	4,117,444	416,553	71,136	12,506,107
Quarter 4 (7/1/2024-9/30/2024)		12,506,107	-	75,116	91,383	12,339,608
	Totals		**4,117,444**	**491,669**	**276,069**	

SF 1-4 Program Notes - Tier 2, Second Mortgage Notes

Quarter		Beginning Balance ($)	Note Sales ($)	Payoffs ($)	Payments ($)	Ending Balance ($)
Quarter 1 (10/1/2023-12/31/2023)		1,228,370	-	-	11,520	1,216,850
Quarter 2 (1/1/2024-3/31/2024)		1,216,850		-	11,696	1,205,154
Quarter 3 (4/1/2024-6/30/2024)		1,205,154	-	-	11,534	1,193,620
Quarter 4 (7/1/2024-9/30/2024)		1,193,620	-	-	12,397	1,181,223
	Totals		**-**	**-**	**47,147**	
Total SF 1-4 Program Notes-Tier 1 & 2			4,117,444	491,669	323,216	

Exhibit 7:

Multifamily Notes Outstanding and Delinquency Rates



Fiscal Year	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
$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	170
$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	6
$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	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	4
Average Delinquency % Since 2009										5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9

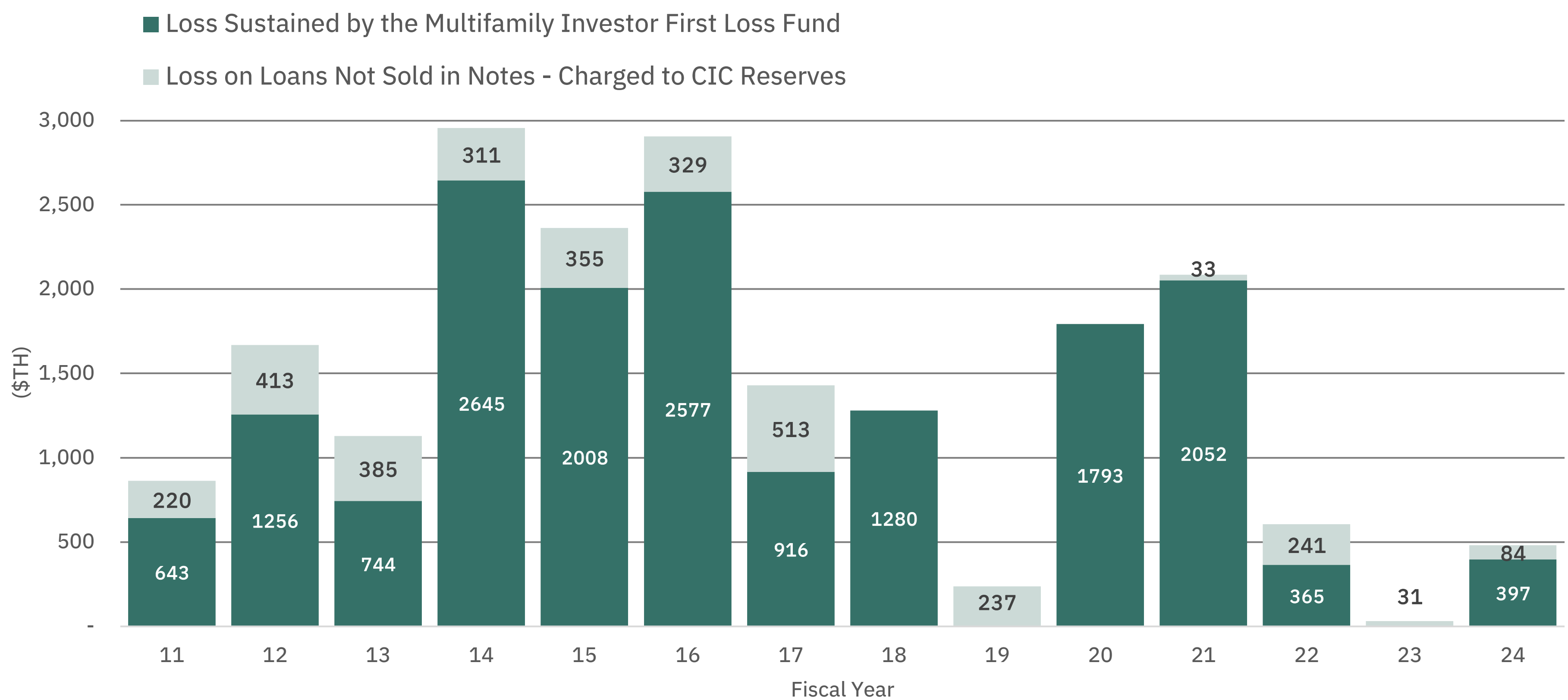
Notes

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 9/30/24

Exhibit 8a:

Multifamily Loan Losses



Multifamily Loan Losses

	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Losses by Year ($TH)	1,255	1,944	1,131	2,960	2,381	2,919	1,435	1,289	237	1,793	2,085	606	31	397
Portfolio Balance* ($M)	307	317	316	306	281	278	275	285	286	275	270	252	240	272
Loss as % of Portfolio	0.41	0.61	0.36	0.97	0.85	1.05	0.52	0.45	0.08	0.65	0.77	0.24	0.01	0.15

Notes

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.

Exhibit 8b:

Description of 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.

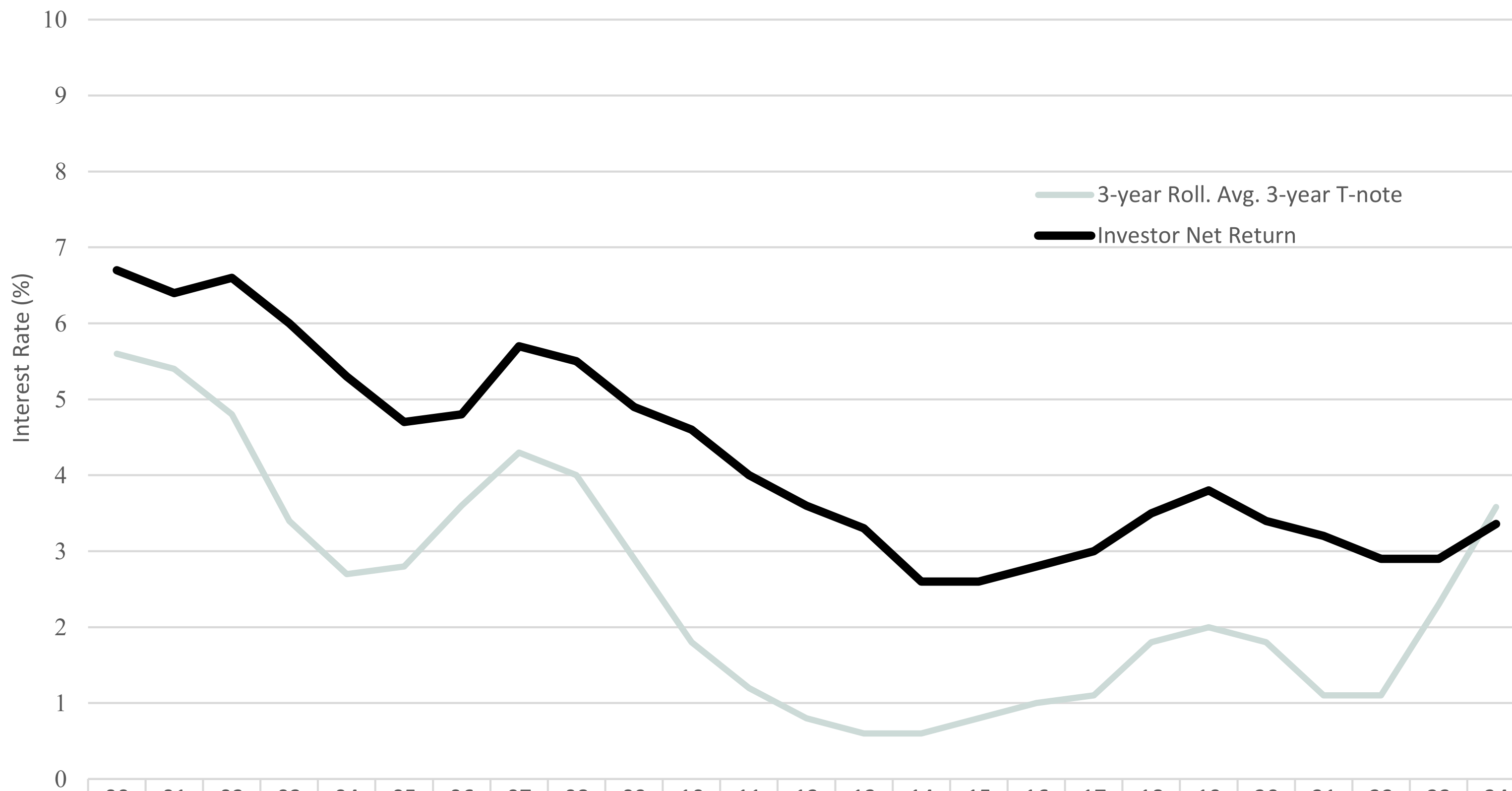
— This increase took effect in two steps. By the end of FY 2021, and currently, the total investor contribution is now 100 bps. At the same time the investor contribution increased by an additional 45 bps, CIC increased its contribution to the Multifamily Investor First Loss Fund by an additional 22.5 bps, increasing CIC's total contribution to 25 bps.

— As of September 30, 2024, the Multifamily Investor First Loss Fund stands at $10.4 million. Over the next year, CIC expects the Fund to continue to be sufficient to cover all projected losses in the Multifamily portfolio.

— Looking ahead to the 2025 Note Purchase Agreement, staff and board are expecting to decrease CIC and investor contributions, given the relatively high reserve balance and stabilization of COVID-related economic uncertainty.

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	24
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	3.6
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	3.4

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

Exhibit 9b:

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.

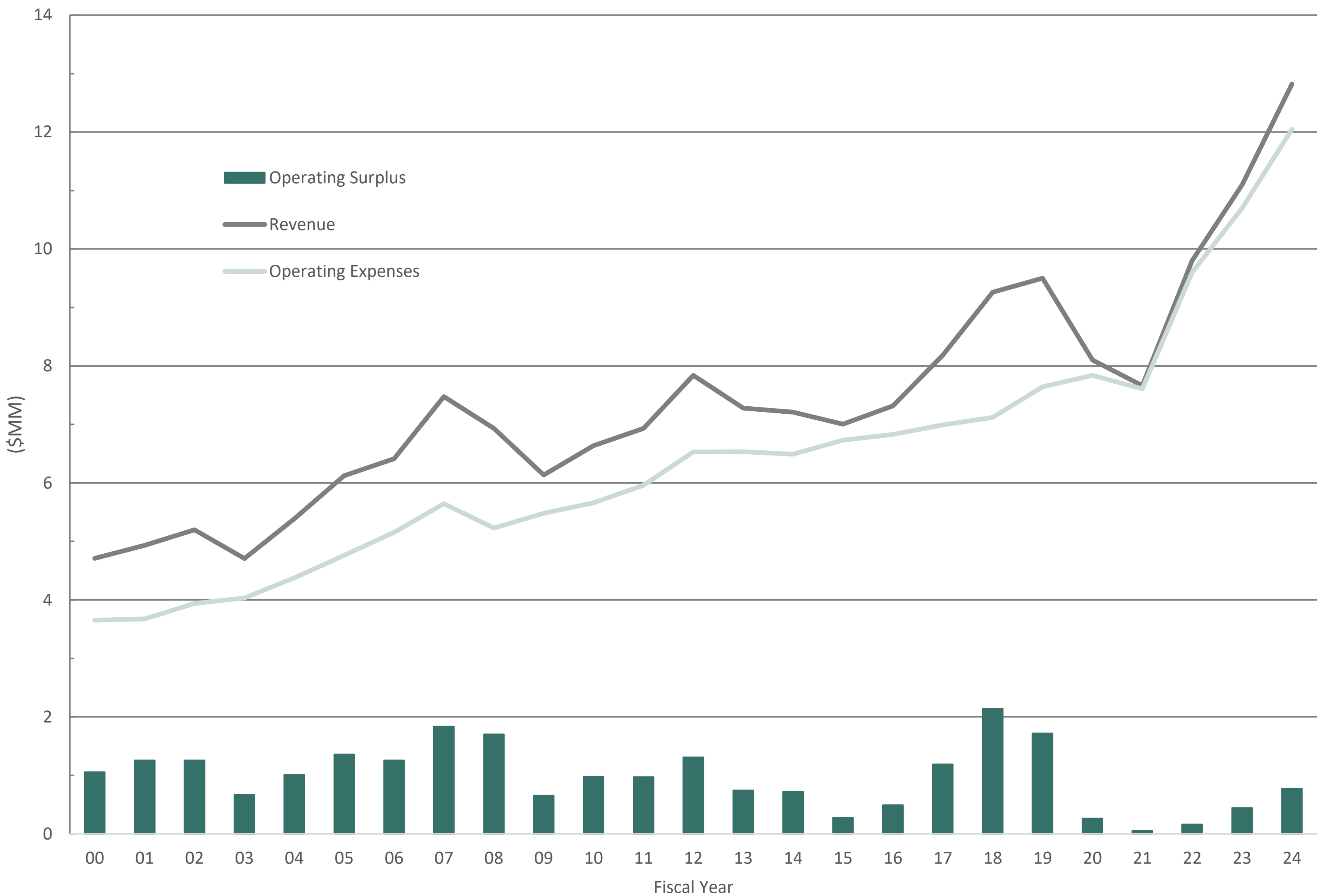
— Every three to five years, CIC adjusts loans to a spread over Treasuries. (For FY 2023, CIC decreased the adjustable rate from 3.5% over Treasury to 2.5% over Treasury, to match current market spreads.) In 2010, in response to historically low interest rates, CIC instituted a floor on all loans, generally 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 16 for FY 2024 data on Multifamily Returns and Exhibit 8b for the Description of Multifamily Investor First Loss Fund.

Exhibit 10:

CIC/CII Consolidated Operating Revenue and Expenses, FY 2000 - FY 2024 ($MM)



Note

CIC operates on a fiscal year ending September 30.