

In the opinion of Ice Miller LLP, Chicago, Illinois (“Bond Counsel”), under existing federal statutes, decisions, regulations and rulings existing on this date, interest on the Series 2023B/C Bonds (as herein defined) is excludable for federal income tax purposes from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not a specific preference item for purposes of the federal alternative minimum tax. Such opinion is conditioned on continuing compliance by the Authority and the Series 2023B/C Borrower with the Tax Covenants (each as herein defined). Interest on the Series 2023B/C Bonds is exempt from income taxation in the State of Illinois. For a more complete description, see “TAX MATTERS” herein, and APPENDIX E – “Form of Bond Counsel Opinion.”

\$17,070,000

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES B (NON-AMT)
(SUSTAINABILITY BONDS)

\$11,730,000

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES C (NON-AMT)
(VARIABLE RATE)
(SUSTAINABILITY BONDS)

Dated: Date of delivery**Due: As shown on the inside cover hereof**

The Illinois Housing Development Authority (the “Authority”) is offering \$17,070,000 in aggregate principal amount of its Multifamily Revenue Bonds, 2023 Series B (Non-AMT) (Sustainability Bonds) (the “Series 2023B Bonds”) and \$11,730,000 in aggregate principal amount of its Multifamily Revenue Bonds, 2023 Series C (Non-AMT) (Variable Rate) (Sustainability Bonds) (the “Series 2023C Bonds”) and, together with the Series 2023B Bonds, the “Series 2023B/C Bonds”). The Series 2023B/C Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2016 (the “General Indenture”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee thereunder (the “Trustee”) and a 2023 Series B/C Indenture, dated as of February 1, 2023 (the “Series 2023B/C Indenture”) and together with the General Indenture, the “Indenture”) between the Authority and the Trustee.

The Series 2023B/C Bonds have been designated as “Sustainability Bonds.” See “DESIGNATION OF THE SERIES 2023B/C BONDS AS SUSTAINABILITY BONDS” herein.

Interest on the Series 2023B Bonds will be payable semiannually on each January 1 and July 1, commencing July 1, 2023, and also at maturity or earlier redemption. The Series 2023B Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or any integral multiple of \$5,000.

The Series 2023C Bonds (the “Variable Rate Bonds”) will initially bear interest for a Weekly Interest Rate Period, payable semiannually on each January 1 and July 1, with the first interest payment date being July 1, 2023. The Variable Rate Bonds are issuable in the form of fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. The Variable Rate Bonds may be adjusted to bear interest for a Daily Interest Rate Period, a Short-Term Interest Rate Period or a Long-Term Interest Rate Period. **With respect to the Variable Rate Bonds only, this Official Statement is intended to describe the terms of any such Bond only while it bears interest at the Weekly Interest Rate and only while the Initial Liquidity Facility (as defined below) is in effect.**

The Series 2023B/C Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchases will be made in book-entry only form and no physical delivery of the Series 2023B/C Bonds will be made to Beneficial Owners (as herein defined). Payment of principal of, and interest and premium, if any, on the Series 2023B/C Bonds will be made by the Trustee to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Direct Participants (as herein defined) and thereafter to Beneficial Owners. See “THE SERIES 2023B/C BONDS” herein.

The Trust Estate for the Series 2023B/C Bonds, all other series of bonds Outstanding under the Indenture and any Additional Bonds (collectively, the “Bonds”) includes Revenues, Funds and Accounts established under the Indenture, rights in the Loans and security for the rights in the Loans which rights are part of the Trust Estate, solely to the extent such items are subject to the pledge, assignment, lien and security interest as provided in the Indenture, including the investments, if any, of such amounts, and the earnings, if any, on such investments until applied in accordance with the terms of the Indenture; all right, title and interest of the Authority in and to the Loans and the documents evidencing and securing the Loans; all right, title and interest of the Authority in and to insurance proceeds and liquidation proceeds, but excluding Loans accrued interest not purchased by the Authority. The Trust Estate for the Bonds also includes all Contributed Assets, except as otherwise provided in a Series Indenture. The pledge of Funds and Accounts established under the Indenture may be limited in purpose and time, as set forth in the Indenture and security for the rights in Loans which rights are part of the Trust Estate, solely to the extent such items are subject to the pledge, assignment, lien and security interest as provided in the Indenture. The Series 2023B/C Bonds, and unless subordinated, all Bonds (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the General Indenture. See “SECURITY FOR THE SERIES 2023B/C BONDS AND SOURCES OF PAYMENT” herein.

During a Weekly Interest Rate Period, the Variable Rate Bonds are subject to tender for purchase on any Business Day at the option of the registered owners thereof upon seven days’ prior notice given to The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois (the “Tender Agent”). The Variable Rate Bonds are subject to mandatory tender for purchase (i) on the first day of each Interest Rate Period, (ii) upon the termination or expiration of the Initial Liquidity Facility or the reduction, modification or replacement of the Initial Liquidity Facility with the effect that the purchase price of such Variable Rate Bonds thereafter would no longer be payable from the Initial Liquidity Facility, and (iii) in certain circumstances following an event of default under the Initial Liquidity Facility. See “THE SERIES 2023B/C BONDS – The Series 2023C Bonds,” APPENDIX I – “The Variable Rate Bonds,” and APPENDIX J – “Initial Liquidity Facility and Initial Liquidity Provider.”

Funds for the timely payment of the purchase price of Variable Rate Bonds tendered for purchase and not remarketed are expected to be provided pursuant to a Standby Bond Purchase Agreement (the “Initial Liquidity Facility”), entered into among the Authority, the Trustee, the Tender Agent and Bank of Montreal, acting through its Chicago Branch (the “Initial Liquidity Provider”). The Initial Liquidity Facility is scheduled to expire on February 9, 2028, subject to earlier termination or extension as described herein. Variable Rate Bonds will be subject to mandatory tender for purchase upon the expiration of the Initial Liquidity Facility if it is not extended upon the occurrence of certain other events as described herein. The obligations of the Initial Liquidity Provider to purchase Bonds under the Initial Liquidity Facility may be terminated, in some circumstances without notice to the Trustee or to Holders of the Series 2023C Bonds, as described herein. See APPENDIX J – “Initial Liquidity Facility and Initial Liquidity Provider.”

The Series 2023B/C Bonds are subject to special, optional and mandatory sinking fund redemption prior to maturity under certain circumstances described herein and as set forth in the Indenture. See “THE SERIES 2023B/C BONDS – Redemption” herein.

THE SERIES 2023B/C BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE SERIES 2023B/C BONDS AND INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS, A LIABILITY, A GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH OR LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE AUTHORITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2023B/C BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND ASSETS PLEDGED WITH RESPECT THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE UNITED STATES OF AMERICA, THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023B/C BONDS OR OTHER COSTS INCIDENT THERETO. THE SERIES 2023B/C BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF AND ARE NOT GUARANTEED BY THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2023B/C BONDS AND OTHER BONDS ISSUED UNDER THE GENERAL INDENTURE WILL BE SECURED SOLELY BY THE REVENUES, INCOME AND RECEIPTS PLEDGED TO THE PAYMENT THEREOF UNDER THE INDENTURE. THE AUTHORITY HAS DETERMINED BY RESOLUTION THAT THE PROVISIONS OF SECTION 26.1 OF THE ILLINOIS HOUSING DEVELOPMENT ACT, WHICH REQUIRES THE GOVERNOR TO SUBMIT TO THE GENERAL ASSEMBLY THE AMOUNT CERTIFIED BY THE AUTHORITY AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE INSUFFICIENT MONEYS ARE AVAILABLE FOR SUCH PURPOSES, SHALL NOT APPLY TO THE SERIES 2023B/C BONDS.

The Series 2023B/C Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriters, subject to prior sale and to withdrawal or modification of the offer without notice and the approval of legality by Ice Miller LLP, Chicago, Illinois, Bond Counsel to the Authority. Certain legal matters will be passed on for the Authority by its general counsel, Maureen G. Ohle, Esq., and for the Underwriters by their counsel, MWH Law Group LLP, Milwaukee, Wisconsin. Delivery of the Series 2023B/C Bonds to the Trustee on behalf of DTC under the DTC FAST system of registration is expected on or about February 9, 2023.

UBS[†]

BofA Securities
Drexel Hamilton, LLC

Loop Capital Markets⁺⁺
Melvin Securities

Piper Sandler & Co.

Raymond James
PNC Capital Markets LLC

Dated: January 26, 2023

[†] Sole Underwriter of the Series 2023C Bonds.

⁺⁺ Remarketing Agent for the Series 2023C Bonds.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

\$17,070,000

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES B (NON-AMT)
(SUSTAINABILITY BONDS)

\$15,110,000 Serial Bonds

Maturity	Principal Amount	Interest Rate	Price	CUSIP [†] (45202B)	Maturity	Principal Amount	Interest Rate	Price	CUSIP [†] (45202B)
November 1, 2025	\$13,000,000	2.850%	100.000%	LS3	January 1, 2031	\$105,000	3.350%	100.000%	MD5
January 1, 2026	90,000	2.750	100.000	LT1	July 1, 2031	105,000	3.400	100.000	ME3
July 1, 2026	90,000	2.800	100.000	LU8	January 1, 2032	110,000	3.500	100.000	MF0
January 1, 2027	95,000	2.850	100.000	LV6	July 1, 2032	110,000	3.550	100.000	MG8
July 1, 2027	95,000	2.900	100.000	LW4	January 1, 2033	115,000	3.600	100.000	MH6
January 1, 2028	95,000	2.950	100.000	LX2	July 1, 2033	115,000	3.650	100.000	MJ2
July 1, 2028	100,000	3.000	100.000	LY0	January 1, 2034	115,000	3.750	100.000	MK9
January 1, 2029	100,000	3.050	100.000	LZ7	July 1, 2034	120,000	3.800	100.000	ML7
July 1, 2029	100,000	3.050	100.000	MA1	January 1, 2035	120,000	3.900	100.000	MM5
January 1, 2030	100,000	3.200	100.000	MB9	July 1, 2035	125,000	3.950	100.000	MN3
July 1, 2030	105,000	3.250	100.000	MC7					

\$795,000 4.150% Term Bonds due July 1, 2038 – Price 100.000%; CUSIP No. 45202B MP8[†]

\$1,165,000 4.350% Term Bonds due July 1, 2042 – Price 100.0000%; CUSIP No. 45202B MQ6[†]

\$11,730,000

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES C (NON-AMT) (VARIABLE RATE)
(SUSTAINABILITY BONDS)

\$11,730,000 Variable Rate Term Bonds due July 1, 2065 – Price 100.000%; CUSIP No. 45202B LQ7[†]

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data used in this Official Statement is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP numbers listed are being provided solely for the convenience of the registered owners of the Series 2023B/C Bonds only at the time of issuance of the Series 2023B/C Bonds and neither the Authority nor the Underwriters makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2023B/C Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023B/C Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority or by the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, and if given or made such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023B/C Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Authority and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or changes involving the Loans since the date hereof.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation of the Authority or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The forecasts, projections and estimates have not been examined or compiled by the Authority's auditors, nor have its auditors expressed an opinion or any other form of assurance on the information or its achievability.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2023B/C Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2023B/C Bonds to certain dealers and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

No registration statement relating to the Series 2023B/C Bonds has been filed with the Securities and Exchange Commission (the "*Commission*") or with any state securities agency. The Series 2023B/C Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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\$17,070,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES B (NON-AMT)
(SUSTAINABILITY BONDS)

and

\$11,730,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES C (NON-AMT)
(VARIABLE RATE)
(SUSTAINABILITY BONDS)

This Official Statement provides certain information concerning the Illinois Housing Development Authority (the “*Authority*” or “*IHDA*”) in connection with the sale of the Authority’s \$17,070,000 aggregate principal amount of Multifamily Revenue Bonds, 2023 Series B (Non-AMT) (Sustainability Bonds) (the “*Series 2023B Bonds*”) and \$11,730,000 aggregate principal amount of Multifamily Revenue Bonds, 2023 Series C (Variable Rate) (Sustainability Bonds) (the “*Series 2023C Bonds*” or the “*Variable Rate Bonds*” and, together with the Series 2023B Bonds, the “*Series 2023B/C Bonds*”). The Series 2023B/C Bonds are authorized to be issued pursuant to the Illinois Housing Development Authority Act, 20 ILCS 3805/1 *et seq.*, as amended from time to time (the “*Act*”), and a Resolution adopted by the Board of Directors of the Authority on August 19, 2022 (the “*Bond Resolution*”). The Series 2023B/C Bonds are being issued pursuant to the general terms of a Trust Indenture dated as of September 1, 2016 (the “*General Indenture*”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), and a Series 2023B/C Indenture, dated as of February 1, 2023 (the “*Series 2023B/C Indenture*” and together with the General Indenture, the “*Indenture*”), between the Authority and the Trustee. The Trust Estate created under the Indenture secures the Series 2023B/C Bonds and any other Series of bonds or other obligations issued or to be issued and Outstanding (collectively, the “*Bonds*”) under the General Indenture on an equal and ratable basis. The Series 2023B/C Bonds will be the thirteenth and fourteenth Series of parity Bonds issued under the General Indenture.

Certain terms used in this Official Statement, the General Indenture and the Series 2023B/C Indenture have the meanings set forth in APPENDIX C – “Form of Series 2023B/C Indenture” and APPENDIX D – “Execution Copy of General Indenture,” both attached hereto.

INTRODUCTORY STATEMENT

The Series 2023B/C Bonds are being issued to provide moneys to (i) make a loan to AR Preservation LP, an Illinois limited partnership (“*Series 2023B/C Borrower*”) in the initial principal amount of \$15,800,000 (the “*Series 2023B/C Risk Share Loan*”) to finance a portion of the acquisition, rehabilitation and equipping by the Series 2023B/C Borrower of an existing affordable multifamily residential housing development to be known as “Autumn Ridge Apartments” and located at 326 South President Street in the Village of Carol Stream, Illinois that upon completion will consist of 210 units (the “*Series 2023B/C Financed Development*”), (ii) make a loan to the Series 2023B/C Borrower in the initial principal amount of \$13,000,000 (the “*Series 2023B Collateralized Loan*” and together with the Series 2023B/C Risk Share Loan, the “*Series 2023B/C Loans*”) to finance a portion of the rehabilitation and equipping by Series 2023B/C Borrower of Series 2023B/C Financed Development; and (iii) deposit into other Funds and Accounts the amounts specified in the Series 2023B/C Indenture. See “PLAN OF FINANCE—The Series 2023B/C Financed Development” herein for a description of the Series 2023B/C Borrower and the Series 2023B/C Financed Development.

The Series 2023B/C Risk Share Loan is secured by a fee mortgage on the Series 2023B/C Financed Development and evidenced by a fee mortgage promissory note from the Series 2023B/C Borrower to the Authority evidencing the obligation of the Series 2023B/C Borrower to repay the Series 2023B/C Risk Share Loan financed with proceeds of the Series 2023B/C Bonds. See APPENDIX B – “Certain Information Regarding the Series 2023B/C Loans.”

The Series 2023B/C Risk Share Loan will be insured by the Federal Housing Administration (“FHA”), pursuant to a mortgage insurance program (the “Risk-Sharing Program”) established by the Federal Housing and Community Development Act of 1992 and the regulations promulgated thereunder, as more fully described herein. The Risk-Sharing Program provides for payment by the United States Department of Housing and Urban Development (“HUD”) of 100% of the unpaid principal balance of the Series 2023B/C Risk Share Loan as of the date of default and interest on Series 2023B/C Risk Share Loan from the date of default to the date of the initial claim payment. Monies received from HUD pursuant to the Risk-Sharing Program with respect to the Series 2023B/C Risk Share Loan are further pledged as security for the payment of the Bonds. To the extent permitted by law, including applicable HUD regulations, while the Series 2023B/C Bonds are outstanding, the Authority agrees to name the Trustee as payee with respect to any claims for Risk-Sharing Insurance proceeds relating to the Series 2023B/C Risk Share Loan or to otherwise provide that such proceeds are delivered to the Trustee for deposit under the Indenture. See “SECURITY FOR THE SERIES 2023B/C BONDS AND SOURCES OF PAYMENT.” For a description of the Risk-Sharing Program, see “APPENDIX F—FHA Risk-Sharing Program.”

The Series 2023B Collateralized Loan is being cash collateralized by a bridge loan (the “Autumn Ridge Bridge Loan”) from the Authority, which will be available for deposit to the Cash Collateral Subaccount established under the Series 2023B/C Indenture (the “Cash Collateral Subaccount”) as disbursements are made on the 2023B Collateralized Loan. Under the terms of the Series 2023B/C Indenture, the proceeds of the Series 2023B Bond maturing November 1, 2025 will be disbursed to fund the Series 2023B Collateralized Loan only if at the time of each such disbursement, the Authority has approved funding a disbursement for draw request under the Autumn Ridge Bridge Loan, and an amount equal to such disbursement is deposited into the Cash Collateral Subaccount. Amounts on deposit in Cash Collateral Subaccount will comprise a portion of the Trust Estate and may only be used to pay the principal of and interest on the Series 2023B Bonds (but shall first be used to pay principal of and interest on the Series 2023B Bond maturing November 1, 2025).

The Series 2023B/C Bonds are special, limited obligations of the Authority secured solely by a pledge of the Trust Estate pledged under the Indenture on an equal and ratable basis with all Bonds Outstanding under the Indenture. With respect to the Bonds, the pledged revenues (the “Revenues”) consist of (i) principal and interest and related payments on the Loans, payments of service and other fees or charges to the Authority with respect to the Loans, payments on the Loans to reimburse the Authority for costs of issuance of the Series 2023B/C Bonds (or other costs of the Authority with respect to the Bonds payable from the Revenue Fund established under the Indenture) and also including, without limitation, Loan Prepayments with respect to the Loans, and Recovery Payments; (ii) Insurance Proceeds with respect to the Loans; (iii) Proceeds; (iv) any Derivative Payments by a counterparty with respect to the Bonds to the extent the Authority provides written directions for those Derivative Payments to be included in Revenues; and (v) subject to the provisions of the Indenture, interest and other investment earnings received on the investment of amounts in any Account or Fund established under the Indenture. “Revenues” do not include (A) discount, points or other initial Loan fees charged by the Authority; (B) any payment of interest on the Loans or other payments with respect to the Loans to the extent to be used for paying mortgage insurance premiums or other fees for credit enhancement of the Loans; or (C) Development Receipts. “Revenues” do include amounts collected with respect to the Loans representing housing assistance payments under any applicable agreements with the U.S. Department of Housing and Urban Development. See “SECURITY FOR THE SERIES 2023B/C BONDS AND SOURCES OF REPAYMENT.”

The Series 2023B/C Bonds are subject to special, optional and mandatory sinking fund redemption prior to maturity as described under “THE SERIES 2023B/C BONDS – Redemption.”

The Variable Rate Bonds will initially bear interest for a Weekly Interest Rate Period. During a Weekly Interest Rate Period, the Variable Rate Bonds are subject to tender for purchase on any Business Day at the option of the registered owners thereof upon seven days’ prior notice given to The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois (the “Tender Agent”). The Variable Rate Bonds are subject to mandatory tender for purchase (i) on the first day of each Interest Rate Period, (ii) upon the termination or expiration of the Initial Liquidity Facility (as defined below) or the reduction, modification or replacement of the Initial Liquidity Facility with the effect that the purchase price of such Variable Rate Bonds are no longer payable from such Initial Liquidity Facility, and (iii) in certain circumstances following an event of default under the Initial Liquidity Facility. See “THE SERIES 2023B/C BONDS—The Series 2023C Bonds,” APPENDIX I—“The Variable Rate Bonds” and APPENDIX J—“Initial Liquidity Facility and Initial Liquidity Provider.”

The Series 2023B/C Bonds will be the thirteenth and fourteenth Series of parity Bonds issued under the General Indenture. The Authority has previously issued its (i) \$41,550,000 Multifamily Revenue Bonds, 2019 Series A (Non-AMT), (ii) \$5,750,000 Multifamily Revenue Bonds, 2020 Series A (Non-AMT), (iii) \$2,935,000 Multifamily Revenue Bonds, 2020 Series B (Non-AMT), (iv) \$1,650,000 Multifamily Revenue Bonds, 2020 Series C (Non-AMT), (v) \$1,695,000 Multifamily Revenue Bonds, 2020 Series D (Taxable), (vi) \$84,895,000 Multifamily Revenue Bonds, 2021 Series A (Non-AMT), (vii) \$28,700,000 Multifamily Revenue Bonds, 2021 Series B (Non-AMT), (viii) \$78,005,000 Multifamily Revenue Bonds, 2021 Series C (Non-AMT), (ix) \$21,810,000 Multifamily Revenue Bonds, 2022 Series A (Non-AMT), (x) \$10,815,000 Multifamily Revenue Bonds, 2022 Series B (Non-AMT) (Sustainability Bonds), and (xi) \$23,570,000 Multifamily Revenue Bonds, 2022 Series C (Federally Taxable Variable Rate) (Social Bonds) (the “*Series 2022C Bonds*”) all of which are fixed rate bonds except the Series 2022C Bonds which are variable rate bonds and all currently remain outstanding. The Authority expects to issue its Multifamily Revenue Bonds, 2023 Series A (Non-AMT) in February 2023.

The Authority has also previously issued three series of its Multifamily Revenue Bonds, each of which series was issued as Separately-Secured Bonds under the General Indenture and related Series Indenture and does not constitute Bonds Outstanding under the General Indenture.

There follows in this Official Statement a description of the Authority, certain information regarding the Series 2023B/C Borrower, the Series 2023B/C Financed Development and the Series 2023B/C Loans, together with other information, including summaries of certain terms of the Series 2023B/C Bonds, the General Indenture, the Series 2023B/C Indenture and certain provisions of the Act. See also APPENDIX A— “Audited Financial Statements of the Authority for the Fiscal Year Ended June 30, 2022.” All references herein to the Act, the General Indenture and the Series 2023B/C Indenture are qualified in their entirety by reference to such laws and the regulations promulgated thereunder and such instruments or documents, copies of which are available from the Authority or the Underwriters, and all references to the Series 2023B/C Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Series 2023B/C Indenture. Definitions of certain terms used herein and not otherwise defined are set forth in APPENDIX C—“Form of Series 2023B/C Indenture” and APPENDIX D—“Execution Copy of General Indenture.”

With respect to the Variable Rate Bonds only, this Official Statement refers to such Bonds only while they are in the Weekly Interest Rate Period and only while the Initial Liquidity Facility is in effect.

DESIGNATION OF THE SERIES 2023B/C BONDS AS SUSTAINABILITY BONDS

The Authority is designating the Series 2023B/C Bonds as “Sustainability Bonds” based on the intended use of proceeds of the Series 2023B/C Bonds to finance the Series 2023B/C Loans that are expected to provide affordable housing and to include energy efficiency standards and features. The Authority’s Sustainability Bonds designation reflects the use of the proceeds of the Series 2023B/C Bonds in a manner that is consistent with the *Green Bond Principles*, *Social Bond Principles*, and *Sustainability Bond Guidelines* as promulgated by the International Capital Markets Association (“*ICMA*”). In addition, by reference to the ICMA’s *Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals*, the Authority has determined that its Sustainability Bonds designation reflects the use of the proceeds of the Series 2023B/C Bonds in a manner that is consistent with “Goal 1: No Poverty,” “Goal 7: Affordable and Clean Energy” and “Goal 11: Sustainable Cities and Communities” of the United Nations 17 Sustainable Development Goals (referred to as “*UNSDGs*” generally and “*SDG 1*,” “*SDG 7*” and “*SDG 11*” specifically). The ICMA’s *Green, Social and Sustainability Bonds: A High Level Mapping to the Sustainable Development Goals* maps SDG 1.4 to Social Bond Principle “Affordable Housing,” SDG 7.3 to Green Bond Principle “Energy Efficiency,” and SDG 11.1 to Social Bond Principles “Affordable Housing” and “Affordable Basic Infrastructure.”

Use of Proceeds. The proceeds of the Series 2023B/C Bonds are expected to be used to fund the Series 2023B/C Loans.

Series 2023B/C Loans. The Series 2023B/C Loans are expected to be made in the aggregate amount of \$28,800,000 to finance the acquisition, rehabilitation and equipping of the Series 2023B/C Financed Development. The Series 2023B/C Financed Development is expected to benefit from an allocation of 4% Low Income Housing Tax Credits (“*LIHTC*”) and is expected to include energy efficiency standards and features consistent with the and the State of Illinois’ 2021 Qualified Allocation Plan (“*QAP*”). Additionally, the Series 2023B/C Financed Development

must satisfy the Illinois Energy Conservation Code, the Authority's Standards for Architectural Planning and Construction and its Sustainable Design Checklist, all of which are incorporated by reference in the QAP. See "PLAN OF FINANCE—The Series 2023B/C Financed Development" and APPENDIX B – "Certain Information Regarding the Series 2023B/C Loans" for additional project information and APPENDIX K – "Green Standards" for additional information on the Authority's Standards for Architectural Planning and Construction.

Series 2023B/C Financed Development. The Series 2023B/C Financed Development consists of 210 residential revenue-generating units across seven 3-story and 2-story buildings and one 1-story leasing office in Carol Stream, Illinois. The development consists of 118 one-bedroom units and 92 two-bedroom units. Of the 210 revenue-generating units, 199 units will be reserved for households with incomes at or below 60% of AMI, and 11 units will be reserved for households with incomes at or below 30% of AMI. The development is a recipient of LIHTC allocation and therefore has satisfied the Energy Efficiency and Sustainability requirements of the QAP. Additionally, 132 units are expected to receive subsidy payments under the federal Housing Assistance Payment Program (Section 8). The scope of work will include remodeling 22 units into Type A/Adaptable units, 20 units into Adaptable units, and five units into Sensory units such that 47 units will be altered to accommodate a variety of mobility and sensory disabilities. Additional accessibility work includes remodeling of toilet rooms in the recreation building to comply with requirements of the ADA; replacing pavement leading to four buildings to create accessible entrances; relocating resident mailboxes to an accessible location; and providing ten Universal Design features in all units.

Sustainability work involves installation of new Energy Star certified appliances; installation of LED light fixtures throughout; EPA WaterSense fixtures for toilets, showerheads, kitchen faucets, and bathroom faucets; and replacement of thru-wall air conditioners with new Energy Star certified air conditioning units. For more information about the Series 2023B/C Financed Development, see below and APPENDIX B – "Certain Information Regarding the Series 2023B/C Loans."

Project Evaluation and Selection. To advance the Authority's mission to finance the creation and preservation of affordable housing throughout the State in order to increase the supply of decent and safe places for people of low or moderate means to live, the Authority issues bonds to finance mortgage or other loans to nonprofit corporations and limited-profit entities for the acquisition, construction or rehabilitation of dwelling accommodations. As part of its ongoing multifamily program and loan commitment process, the Authority reviews whether a project is expected to provide safe, quality housing at rent levels which low and moderate income individuals and families can afford. In addition, loan applicants must satisfy the Authority's standards for closing and other requirements of the State that include energy efficiency standards and features. The Series 2023B/C Loans have satisfied the loan underwriting standards under the Authority's Standards for Architectural Planning and Construction and are expected to receive LIHTC. See APPENDIX K – "Green Standards" for additional information on the Authority's Standards for Architectural Planning and Construction.

Management of Proceeds. Net of certain transaction costs, the proceeds of the Series 2023B/C Bonds will be deposited in segregated accounts under the Indenture and invested in Permitted Investments until disbursed to finance the Series 2023B/C Loans. Such disbursements will be tracked by the Authority. See APPENDIX D – "Execution Copy of General Indenture" for additional information on Permitted Investments.

Post-Issuance Reporting. The Authority expects to provide annual updates, as of the last day of each calendar year commencing with calendar year 2023, regarding the disbursement of the proceeds of the Series 2023B/C Bonds to finance the Series 2023B/C Financed Development. The Authority expects that such annual updates will consist of the information outlined in APPENDIX L – "Form of Sustainability Bonds Annual Reporting"; the specific form and content of such updates are in the absolute discretion of the Authority. Once all proceeds of the Series 2023B/C Bonds have been disbursed, no further updates will be provided. While the Authority expects to post such annual updates as voluntary filings on the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB"), this reporting is separate from the Authority's obligations described under "CONTINUING DISCLOSURE" herein. Failure by the Authority to provide such updates is not a default or an event of default under the Indenture or the Continuing Disclosure Undertaking.

The term "Sustainability Bonds" is neither defined in nor related to provisions in the Indenture. The use of such term herein is for identification purposes only and is not intended to provide or imply that an owner of Sustainability Bonds is entitled to any additional security beyond that provided therefor in the Indenture. Holders of

the Series 2023B/C Bonds do not assume any specific risk with respect to the Series 2023B/C Financed Development by reason of the Series 2023B/C Bonds being designated as Sustainability Bonds and such Series 2023B/C Bonds are secured on parity with all other Bonds issued and to be issued under the General Indenture.

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Series 2023B/C Financed Development Summary

Project Name	Physical Structure	Revenue Generating Units	Expected Unit Set-Aside Breakdown at or Below ⁽¹⁾									LIHTC Allocation	Subsidy Programs ⁽²⁾	Expected Green Building Standards and Features ⁽³⁾
			25% AMI	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	90% AMI	100% AMI	110% AMI			
Autumn Ridge	Seven 3 and 2-story buildings and one 1-story building	210	0	11	0	0	199	0	0	0	0	Yes	Section 8 (132 units)	ENERGY STAR certified appliances, LED lighting, EPA WaterSense fixtures, high efficiency furnaces

- (1) The Authority will enter into a Regulatory Agreement with respect to the Series 2023B/C Financed Development that requires a certain number of units in the project to be occupied by households with incomes at or below a specified percentage of AMI. The unit set-aside breakdown set forth above reflects the current expectation of the Authority; the final breakdown may differ.
- (2) Subsidy programs that provide ongoing subsidy payments for the Series 2023B/C Financed Development include project-based Section 8 subsidies.
- (3) For a description of the green standards and features, see APPENDIX K – “Green Standards.” The failure to meet (or exceed) a particular standard is not a default under the Series 2023B/C Financed Development.

THE AUTHORITY

Powers and Duties

The Authority is a body politic and corporate of the State of Illinois (the “*State*”) created by the Act for the purposes of assisting in the financing of decent, safe and sanitary housing for persons and families of low and moderate income in the State and assisting in the financing of residential mortgages in the State. To accomplish its purposes, the Authority is authorized by the Act to make mortgage or other loans to nonprofit corporations and limited-profit entities for the acquisition, construction or rehabilitation of dwelling accommodations, to make loans for housing related commercial facilities, to issue or provide for the issuance of obligations secured by or representing an ownership interest in residential mortgages, to acquire, and to contract and enter into advance commitments to acquire residential mortgage loans from lending institutions, and to develop and own rental housing developments. The Act also authorizes the Authority to issue its bonds and notes to fulfill its corporate purposes, including the financing of mortgage and construction loans, the acquisition of residential mortgage loans, the making of loans for housing related commercial facilities and the refunding of bonds and notes previously issued to finance mortgage and construction loans. The Authority has issued various bonds and notes to finance mortgage loans and construction loans, to purchase residential mortgage loans from lending institutions and to make loans to private lending institutions for making new residential mortgage loans.

The Authority has the power under the Act to have up to \$7,200,000,000 of bonds and notes outstanding, excluding those issued to refund its outstanding bonds and notes. As of December 31, 2022, the Authority had debt outstanding in the amount of \$4,007,119,104.32, which consisted of general obligation debt, special limited obligation debt and conduit debt. The conduit debt, which is special limited obligation debt, accounts for \$1,762,081,917.85 of the total as of that same date. See also APPENDIX A – “Audited Financial Statements of the Authority for the Fiscal Year Ended June 30, 2022.”

Membership

The Authority consists of nine Members appointed by the Governor of the State (the “*Governor*”) with the advice and consent of the State Senate. The Act provides that not more than three Members may be from any one county in the State, not more than five must be of any one political party, and at least one must be a person of age 60 or older. Members hold office from the second Monday in January of the year of their respective appointments for a term of four years, and until their successors are appointed and qualified. The concurrence of five Members is required for action by the Authority. The Governor designates a Chairman from among the Members, and the Chairman is considered to be a Member for purposes of concurrence. The Chairman is the Authority’s chief executive officer. The Members of the Authority serve without compensation. The Authority has determined by resolution to indemnify its Members and officers for any actions taken or omitted to be taken in performing their duties, except actions or omissions which constitute gross negligence or malfeasance.

The Members of the Authority are:

MEMBERS	OFFICE
King Harris	Chairman — Chairman, Harris Holdings
Luz Ramirez	Vice Chairman — Chief Administrative Officer, YWCA Northwestern Illinois
Salvatore Tornatore	Treasurer — Principal, Tornatore Law Office
Tommy Arbuckle	Secretary — Developer
Sonia Berg	Member — Realtor, Ruhl & Ruhl Realtors
Brice Hutchcraft	Member — Market President, First State Bank (Monticello)

MEMBERS

OFFICE

Thomas Morsch	Member — Managing Director, H2C Securities Inc.
Daniel Hayes	Member — Senior Director of Structured Debt, New York Life Real Estate Investors

There is currently one vacancy in the Authority’s membership.

Management

The Authority employs a staff of approximately 343 persons, including persons who have experience and responsibilities in the areas of finance, accounting, law, mortgage loan underwriting, loan servicing, housing development, market analysis, construction, housing marketing and housing management.

KRISTIN FAUST, Executive Director, was appointed Executive Director of the Authority on November 12, 2019, bringing more than 25 years of affordable housing industry experience to the Authority. As the state’s chief affordable housing official, Executive Director Faust provides leadership in state housing policy to advance the Authority’s mission of financing the creation and preservation of affordable housing throughout Illinois. Prior to joining the Authority, Executive Director Faust served as President of Neighborhood Housing Services of Chicago (NHS), a community development organization committed to helping homeowners and strengthening neighborhoods. As President, Ms. Faust’s strong leadership and holistic vision helped spur community revitalization by creating homeownership opportunities for those most vulnerable, improving not only their lives, but their neighborhoods as well. Before joining NHS, Executive Director Faust was Chief Credit Officer and Director of Lending & Network Services at Partners for the Common Good. In that role, she was responsible for the growth and oversight of the domestic and international loan portfolio. In addition, Executive Director Faust served as president of the Enterprise Community Loan Fund, one of the largest non-depository community development financial institutions in the country. Earlier in her career, Executive Director Faust spent fifteen years in community development banking in Chicago, primarily with LaSalle National Bank, where she started the Community Development Lending Department. Her work in Chicago earned her distinction in Crain’s Chicago Business “Forty Under 40” list. Ms. Faust is a graduate of Harvard University, where she obtained a Masters in City and Regional Planning and Brown University, where she holds a Bachelor of Arts in Political Science and Philosophy.

LAWRENCE GRISHAM, Assistant Executive Director/Chief of Staff, joined the Executive Staff of IHDA in October 2021. Prior to IHDA, Mr. Grisham oversaw the City of Chicago’s affordable housing programs and activities which included multifamily rental projects, single-family purchase/rehab assistance, foreclosure prevention/mitigation programs and housing preservation efforts. Financing tools included Low Income Housing Tax Credits, Donations Tax Credits, New Markets Tax Credits, tax exempt bonds, HOME/CDBG funds, TIF Funds and corporate funds. He also oversaw the Chicago Low Income Housing Trust Fund, which administers the largest locally-funded rental subsidy program for very low-income families in the country. Before working for Chicago, Mr. Grisham was a Senior Vice President at The Habitat Company where he managed the Community Development Group that focused on developing affordable and mixed income housing. Among his duties was the day-to-day management of Habitat’s duties as the court-appointed Gautreaux Development Manager for the development of all new family housing for the Chicago Housing Authority. Prior to joining The Habitat Company, Mr. Grisham was Senior Vice President for Operations for Bethel New Life, a long-established community development corporation on Chicago’s West Side. Mr. Grisham also worked for the City of Chicago in health planning and served as a Legislative Assistant to U.S. Senator Charles H. Percy and Congressman Ralph H. Metcalfe. While with Senator Percy, Mr. Grisham was instrumental in the passage of legislation that created the U.S. Department of Education. Mr. Grisham received a Master of Science in Human Services Administration from Spertus College and a Bachelor of Arts from Northwestern University.

KAREN DAVIS, Deputy Executive Director, joined the Authority in August of 2020. Ms. Davis most recently served as Vice-Chairman and Audit Committee Chair for the Illinois Housing Development Authority Board of Directors and the Executive Director of the Greater Peoria Local Initiatives Support Corporation (LISC), where she led a team dedicated to transforming distressed neighborhoods into healthy and sustainable communities of choice and opportunity. She has been passionately involved in community and economic development activities over the last 20 years, holding executive level positions within corporate America and with socially responsible not-for-profits

focusing on strategic solutions to propel community and economic development initiatives. Before accepting the position with Greater Peoria LISC, Ms. Davis was Director of the Office of Planning and Economic Development for the city of Springfield, Illinois where she oversaw the city planning initiatives for housing and business development. Prior to her position with the city of Springfield, Ms. Davis was Senior Vice President and Regional Community Affairs Manager of Regions Bank, where she directed community and economic development initiatives across the Midwest. In that role, Ms. Davis, with the help of designated staff, identified and promoted programs that fostered and spurred community and economic development in Illinois, Indiana, Missouri, Iowa, Kentucky, Texas, and Arkansas. Ms. Davis received both a Bachelor of Arts Degree in Management and a Master of Arts Degree in Community Development from the University of Illinois at Urbana-Champaign. Ms. Davis is also the Past President of the National Association of State Housing Boards (NCSHB).

EDWARD GIN, Chief Financial Officer, joined IHDA in 2020 as Chief Financial Officer. Mr. Gin possesses over 20 years of CFO experience leading bank holding companies, manufacturing businesses, private equity, and family offices. He served as a CFO in the Commercial Bank of J.P. Morgan Chase and for a global manufacturing company with 20 plants in 12 countries. Prior to this, he was the CFO of a leading Chicago-based private equity firm after beginning his career as a banker. Mr. Gin earned his M.B.A. in Finance and Marketing from the Kellogg School of Management at Northwestern University and his undergraduate degree in Economics and Statistics from Loyola University. He is a Certified Public Accountant, a licensed Illinois real estate broker, and Series 7 & 66 securities licensee. Mr. Gin also serves on the audit committee of the Chinese American Service League which provides social services and educational outreach. He has always been active in early-stage communities having served on the boards of the West Loop Gate, Near South Loop Planning Board, and Friends of Downtown.

MAUREEN G. OHLE, General Counsel and Assistant Secretary, joined the Authority in November 2010 as Senior Counsel and was promoted to General Counsel in August 2011. Before joining the Authority, she worked in the real estate group at Sidley Austin LLP, practicing in the firm's Chicago office. Prior to this, she worked for J.P. Morgan Chase Bank, N.A. in the commercial mortgage-backed securities group, having started her career at Sidley Austin's Washington, D.C. office from 2001 to 2007. Ms. Ohle holds a Bachelor of Arts degree in Political Studies from the University of Illinois-Springfield and a Juris Doctorate degree from The Catholic University of America Columbus School of Law.

TIMOTHY HICKS, Controller, joined the Authority in January 2019. Mr. Hicks is a Certified Public Accountant with over 23 years of public, financial and governmental experience. Before joining the Authority, Mr. Hicks worked at the Forest Preserve District of Cook County as the Comptroller. In that capacity, he was responsible for managing all aspects of Accounting and Finance including financial planning and reporting, budgeting, treasury, accounts payable, fixed assets and payroll. Prior to this, he worked as the Assistant City Treasurer for the City of Chicago. Mr. Hicks received his Master of Business Administration in Finance and Marketing from University of Illinois, Chicago and his Bachelor of Science degree from Alabama State University in Accounting.

The offices of the Authority are located at 111 East Wacker Drive, Suite 1000, Chicago, Illinois 60601. The telephone number of the Authority is (312) 836-5200.

THE SERIES 2023B/C BONDS

Series 2023B Bonds

The Series 2023B Bonds will mature in the years and in the amounts set forth on the inside cover of this Official Statement. Interest on the Series 2023B Bonds accrues from the date of delivery of the Series 2023B Bonds and is payable by the Authority semiannually on each January 1 and July 1, commencing July 1, 2023, (each, an "*Interest Payment Date*"), and at maturity or earlier redemption, as applicable. Interest on the Series 2023B Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The interest on the Series 2023B Bonds on an Interest Payment Date shall be payable to the Holder by check or draft mailed to such Holder's address appearing on the Record Date (which is the fifteenth day of the month next preceding such Interest Payment Date), or upon the written request of a registered owner of at least \$1,000,000 in principal amount of Series 2023B Bonds Outstanding, by wire transfer in immediately available funds to an account designated by such registered owner, which request will be effective for all dates on which interest is due until such notice is canceled by the registered owner. The principal and Redemption Price of the Series 2023B Bonds shall be payable at the designated corporate trust

operations office of the Trustee. If the date for making any payment of principal or premium, if any, or interest on the Series 2023B Bonds, or the last date for performance of any act or the exercising of any right in connection with the Series 2023B Bonds is a legal holiday or a day on which banking institutions in the city where the Trustee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided for such payment.

The Series 2023B Bonds are issuable only as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple of \$5,000. When issued, the Series 2023B Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series 2023B Bonds. Individual purchases of the Series 2023B Bonds will be made in book-entry-only form, and purchasers of Series 2023B Bonds will not receive certificates representing their interest in such Series 2023B Bonds. So long as Cede & Co. is the sole registered owner of the Series 2023B Bonds, references herein to the registered owners or the Series 2023B Bonds shall mean Cede & Co., as nominee of DTC, and shall not mean the beneficial owners of the Series 2023B Bonds. See “THE SERIES 2023B/C BONDS – Book-Entry-Only System.”

So long as the Series 2023B Bonds are registered in book-entry-only form, principal or Redemption Price, and interest on the Series 2023B Bonds will be payable to Cede & Co., as aforesaid.

Series 2023C Bonds

The following information is furnished solely to provide summary information regarding the terms of the Series 2023C Bonds (also sometimes referred to as the “Variable Rate Bonds”), the Initial Liquidity Facility and the Initial Liquidity Provider (as such terms are defined below) and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions and definitions appearing in Appendices I and J to this Official Statement and by reference to the portions of the Indenture relating to the Variable Rate Bonds and should be read together therewith.

With respect to the Variable Rate Bonds only, this Official Statement is intended to describe the terms of any such Bond only while it bears interest at a Weekly Interest Rate and only while the Initial Liquidity Facility is in effect.

General

The Variable Rate Bonds will be dated the date of their delivery and will mature on the maturity date set forth on the inside cover page of this Official Statement. The Variable Rate Bonds are issuable only in registered form in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

The Variable Rate Bonds initially will be registered in the name of Cede & Co., as Owner and nominee of DTC, which will act as securities depository for the Variable Rate Bonds. Purchasers of the Variable Rate Bonds will not receive physical delivery of the bond certificates representing their beneficial ownership interests. See “THE SERIES 2023B/C BONDS – Book-Entry-Only System.”

The Variable Rate Bonds will initially bear interest for a Weekly Interest Rate Period. The Variable Rate Bonds will continue to bear interest for a Weekly Interest Rate Period until adjusted at the option of the Authority to bear interest for a Daily Interest Rate Period, a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, at the rate or rates determined during such Interest Rate Period. Variable Rate Bonds shall not bear interest at a rate higher than the Maximum Rate except for Purchased Bonds. As used herein, the term “Maximum Rate” means, with respect to all Variable Rate Bonds other than Purchased Bonds, the lesser of (i) 12%, or (ii) the maximum interest rate permitted by applicable law (currently under applicable law, there is no maximum interest rate limitation).

Funds for the timely payment of the purchase price of Variable Rate Bonds tendered for purchase and not remarketed will be provided pursuant to a Standby Bond Purchase Agreement (the “Initial Liquidity Facility”), entered into among the Authority, the Trustee, the Tender Agent and Bank of Montreal, acting through its Chicago Branch (the “Initial Liquidity Provider”). The Initial Liquidity Facility is scheduled to expire on February 9, 2028, subject to earlier termination or extension as described herein. Variable Rate Bonds will be subject to mandatory tender for purchase upon the expiration of the Initial Liquidity Facility if it is not extended and an Alternate Liquidity Facility

has not been substituted for it. The obligations of the Initial Liquidity Provider to purchase Bonds under the Initial Liquidity Facility may be terminated or suspended, in some circumstances without notice to the Trustee, as described herein. A summary of the Initial Liquidity Facility appears in APPENDIX J – “Initial Liquidity Facility and Initial Liquidity Provider” to this Official Statement and is qualified in its entirety by reference to the Initial Liquidity Facility, copies of which are available from the Trustee. Information pertaining to the Initial Liquidity Provider is also included in APPENDIX J – “Initial Liquidity Facility and Initial Liquidity Provider.”

As described herein, the Variable Rate Bonds are subject to mandatory tender for purchase (i) generally, on the first day of each new Interest Rate Period (or on the day which would have been the first day of a new Interest Rate Period had (a) the Authority not rescinded its election to have the Variable Rate Bonds bear interest at a Long-Term Rate, or (b) there not occurred a failed delivery of a Favorable Opinion of Bond Counsel in connection with an adjustment of the Interest Rate Period, which failure resulted in the interest rate on the Variable Rate Bonds not being adjusted); and (ii) upon the termination, expiration or suspension of the Initial Liquidity Facility or the reduction, modification or replacement of the Initial Liquidity Facility (other than a reduction in connection with a redemption of Variable Rate Bonds) as described below. The Trustee shall give notice by first-class mail of an adjustment to a new Interest Rate Period and the mandatory tender in connection with such intended adjustment to the holders of the Variable Rate Bonds not less than 15 days prior to the intended effective date of such new Interest Rate Period. The Trustee shall give notice of a mandatory tender in connection with the termination, expiration or suspension of the Initial Liquidity Facility or the reduction, modification or replacement of the Initial Liquidity Facility (other than a reduction in connection with a redemption of Variable Rate Bonds) as described below.

Payment of the purchase price for tendered Variable Rate Bonds is expected to be made from (i) proceeds of sale of such remarketed Variable Rate Bonds, (ii) money received from draws on the Liquidity Facility, and (iii) moneys furnished to the Trustee or the Tender Agent representing moneys legally available therefor under the Indenture. If the amounts described in (i) – (iii) above are insufficient to pay the purchase price for all Variable Rate Bonds so tendered or deemed tendered for purchase on the date such purchase price is due, then no such tendered or deemed tendered Variable Rate Bonds shall be purchased. Instead, all outstanding Variable Rate Bonds (x) shall thereafter bear interest in the Weekly Interest Rate Period, at a rate, reset weekly, equal to the SIFMA Rate plus 3% (not to exceed the Maximum Rate), and (y) Owners of such Bonds shall have no further right to tender their Bonds for purchase.

See APPENDIX I – “The Variable Rate Bonds” under the heading “Purchase of Bonds” for certain other information regarding circumstances under which the Variable Rate Bonds are subject to optional and mandatory tender for purchase and the purchase price of Variable Rate Bonds that are tendered for purchase.

The following summarizes certain terms of the Variable Rate Bonds while they bear interest at a Weekly Interest Rate.

Weekly Interest Rate Period

Interest Rate. The Weekly Interest Rate during the Weekly Interest Rate Period shall be determined by the Remarketing Agent by 4:30 p.m. New York City time on Wednesday of each week or on the next succeeding Business Day if any such Wednesday is not a Business Day. The initial Weekly Interest Rate shall be determined by UBS Financial Services Inc. on or prior to the date of delivery of the Variable Rate Bonds and shall apply to the period commencing on the delivery date of the Variable Rate Bonds and ending on February 15, 2023. Subsequently, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Thursday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period.

The Weekly Interest Rate shall be a rate determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum rate which, if borne by the Variable Rate Bonds, would enable the Remarketing Agent to sell such Variable Rate Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing

Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 110% of the SIFMA Rate made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 125% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined in accordance with the provisions of the Indenture for such Weekly Interest Rate Period, in either case as determined by the Authority.

Interest during a Weekly Interest Rate Period shall be computed on the basis of a 365-or 366- day year, as appropriate, for the actual number of days elapsed.

Interest Payment. Interest shall accrue from the date of delivery through and including June 30, 2023, and thereafter from an Interest Payment Date through and including the calendar day immediately preceding the next Interest Payment Date. Until an adjustment from the Weekly Interest Rate Period, the Interest Payment Date shall be each January 1 and July 1. The initial Interest Payment Date for the Variable Rate Bonds is July 1, 2023. The “Record Date” for Variable Rate Bonds is the Business Day immediately preceding any Interest Payment Date.

Bondholder Election to have Variable Rate Bonds Purchased. During any Weekly Interest Rate Period when a Book Entry System is in effect, a Beneficial Owner (through its direct Participant in the Book Entry Depository) may tender its interest in a Bond on any Business Day to be purchased, upon delivery to the Tender Agent at its principal corporate trust office for delivery of notices, with a copy to the Remarketing Agent, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

Not later than 12:00 noon, New York City time, on the date for purchase specified in the notice, the Beneficial Owner shall effect delivery of such Bonds by causing the transfer of its interest in such Bonds. During any Weekly Interest Rate Period when a Book-Entry System is not in effect, an owner of a Bond may tender the Variable Rate Bond by delivery of the notice described above by the time set forth above and shall also deliver the Variable Rate Bond to the Tender Agent on the date specified for purchase.

Change of Interest Rate Period. The Interest Rate Period may be adjusted at any time during a Weekly Interest Rate Period to an alternative Interest Rate Period upon notice being sent to the owner at least 15 days prior to the effective date of such adjustment. The Variable Rate Bonds are subject to mandatory tender for purchase on the first day (or, under certain circumstances, on the day that otherwise would have been the first day) of each Interest Rate Period at a purchase price, payable in immediately available funds, equal to the principal amount of the Variable Rate Bonds.

Mandatory Tender for Purchase Upon Termination, Expiration, Modification or Replacement of the Liquidity Facility.

The Variable Rate Bonds are subject to mandatory tender for purchase upon notice from the Trustee that the Variable Rate Bonds shall, on the date specified in such notice, cease to be payable from such Liquidity Facility as a result of (i) (A) the termination or expiration of the term of the Initial Liquidity Facility, or (B) the Initial Liquidity Facility being reduced, replaced or modified (other than a reduction or modification in connection with the redemption of Variable Rate Bonds) with the effect that the Variable Rate Bonds are no longer payable from the Initial Liquidity Facility (in each case, whether or not an Alternate Liquidity Facility has been obtained (unless the mandatory tender notice is conditioned on the receipt of an Alternate Liquidity Facility)), or (ii) the Initial Liquidity Provider notifying the Trustee of the occurrence of an event of default under the Initial Liquidity Facility and the Initial Liquidity Provider’s determination to terminate the Initial Liquidity Facility (a “*Liquidity Facility Event of Default*”) in accordance with its terms (unless such Liquidity Facility Event of Default is also an Automatic Termination Event or Suspension Event) as described in APPENDIX J – “Initial Liquidity Facility and Initial Liquidity Provider.” Notice will be given by the Trustee (a) on or before the 20th day preceding the scheduled expiration of any Liquidity Facility in accordance with its terms, or on or before the 20th day preceding any reduction, replacement or modification of the terms of the Liquidity Facility in accordance with the Series 2023B/C Indenture (or, in the case of replacement with

an Alternate Liquidity Facility, if the existing Liquidity Facility is being replaced in accordance with the Series 2023B/C Indenture, on or before the 15th day preceding the replacement date), or (b) in the case of receipt by the Trustee of notice from the Liquidity Provider that a Liquidity Facility Event of Default has occurred under the Liquidity Facility (but only if such Event of Default would result in the Variable Rate Bonds being subject to tender), within one Business Day following the receipt of such notice of an “Event of Default”. Notwithstanding the foregoing, no mandatory tender for purchase shall occur as a result of a Liquidity Facility Event of Default if such event of default is also an Automatic Termination Event, which results in the immediate termination of the obligation of the Liquidity Provider to purchase Variable Rate Bonds thereunder, or a Suspension Event, which results in the automatic suspension of the obligation of the Liquidity Provider to purchase Variable Rate Bonds thereunder. See APPENDIX I – “The Variable Rate Bonds” under the heading “Purchase of Bonds – Mandatory Tender for Purchase Upon Termination, Expiration, Modification or Replacement of the Liquidity Facility” and APPENDIX J – “Initial Liquidity Facility and Initial Liquidity Provider” under the heading “Liquidity Facility Events of Default.”

Duration of Weekly Interest Rate Period

The Weekly Interest Rate Period shall continue until the date on which an adjustment to an alternative Interest Rate Period occurs or the redemption date or Maturity Date, whichever is earlier.

Purchased Bonds

Purchased Bonds will bear interest at the rate or rates and shall be payable and subject to redemption in such amounts and in such manner, as provided in the Initial Liquidity Facility.

Redemption

Optional Redemption of Series 2023B Bonds. Except as provided below for the Series 2023B Bond maturing November 1, 2025, the Series 2023B Bonds are subject to redemption, at the option of the Authority, from any money available to the Authority for that purpose, in whole or in part, at any time on or after July 1, 2032 at the principal amount thereof, plus accrued interest, if any, to the redemption date. The Series 2023B Bond maturing November 1, 2025 is subject to redemption, at the option of the Authority, from any money available to the Authority for that purpose, in whole or in part, at any time on or after November 1, 2024 at the principal amount thereof, plus accrued interest, if any, to the redemption date.

Optional Redemption of Series 2023C Bonds. The Variable Rate Bonds in a Weekly Interest Rate Period are subject to redemption prior to their stated maturity date at the option of the Authority on any date, in whole or in part, from any moneys available for such purpose at a Redemption Price equal to 100 percent of the principal amount of such Variable Rate Bonds so redeemed, plus accrued interest, if any, to the date of redemption, without premium.

Sinking Fund Redemption. The Series 2023B Bonds maturing on July 1, 2038 are subject to mandatory redemption on January 1 and July 1 at the times and in the amounts shown below, at a Redemption Price equal to 100% of the principal amount of such Series 2023B Bonds so redeemed plus accrued interest to the date of redemption, without premium:

	SINKING FUND		SINKING FUND
REDEMPTION DATE	REQUIREMENT (\$)	REDEMPTION DATE	REQUIREMENT (\$)
01/01/2036	\$125,000	07/01/2037	\$135,000
07/01/2036	130,000	01/01/2038	135,000
01/01/2037	130,000	07/01/2038 [†]	140,000

[†]Maturity.

The Series 2023B Bonds maturing on July 1, 2042 are subject to mandatory redemption on January 1 and July 1 at the times and in the amounts shown below, at a Redemption Price equal to 100% of the principal amount of such Series 2023B Bonds so redeemed plus accrued interest to the date of redemption, without premium:

REDEMPTION DATE	SINKING FUND REQUIREMENT (\$)	REDEMPTION DATE	SINKING FUND REQUIREMENT (\$)
01/01/2039	\$145,000	07/01/2041	\$160,000
07/01/2039	145,000	01/01/2042	165,000
01/01/2040	150,000	07/01/2042 [†]	85,000
07/01/2040	155,000		
01/01/2041	160,000		

[†]Maturity.

The Series 2023C Bonds maturing on July 1, 2065 are subject to mandatory redemption on January 1 and July 1 at the times and in the amounts shown below, at a Redemption Price equal to 100% of the principal amount of such Series 2023C Bonds so redeemed plus accrued interest to the date of redemption, without premium:

REDEMPTION DATE	SINKING FUND REQUIREMENT (\$)	REDEMPTION DATE	SINKING FUND REQUIREMENT (\$)
07/01/2042	\$85,000	01/01/2055	\$255,000
01/01/2043	170,000	07/01/2055	260,000
07/01/2043	175,000	01/01/2056	260,000
01/01/2044	175,000	07/01/2056	265,000
07/01/2044	180,000	01/01/2057	270,000
01/01/2045	180,000	07/01/2057	275,000
07/01/2045	185,000	01/01/2058	280,000
01/01/2046	190,000	07/01/2058	280,000
07/01/2046	190,000	01/01/2059	290,000
01/01/2047	195,000	07/01/2059	295,000
07/01/2047	200,000	01/01/2060	300,000
01/01/2048	200,000	07/01/2060	305,000
07/01/2048	205,000	01/01/2061	310,000
01/01/2049	210,000	07/01/2061	315,000
07/01/2049	210,000	01/01/2062	320,000
01/01/2050	215,000	07/01/2062	325,000
07/01/2050	220,000	01/01/2063	330,000
01/01/2051	220,000	07/01/2063	335,000
07/01/2051	225,000	01/01/2064	340,000
01/01/2052	230,000	07/01/2064	345,000
07/01/2052	235,000	01/01/2065	350,000
01/01/2053	235,000	07/01/2065 [†]	360,000
07/01/2053	240,000		
01/01/2054	245,000		
07/01/2054	250,000		

[†]Maturity.

Special Redemption. The Series 2023B/C Bonds of each series are also subject to special redemption at the option of the Authority, in any order of maturity as determined by the Authority, and within a maturity by lot, at any time, in whole or in part, at their principal amount plus accrued interest, if any, to the date fixed for redemption, from the following sources:

- (i) Loan Prepayments and Recovery Payments with respect to any Loans; the Loan Prepayments may include, without limitation, voluntary prepayments from proceeds of any Loans made by the Authority, including Loans financed by other Bonds or other obligations of the Authority and may also include money received upon a voluntary sale or disposition by the Authority of a Loan not in default, including a sale to secure obligations of the Authority other than Bonds;

(ii) payments made by the Authority, to the extent Loan Prepayments or Recovery Payments (excluding, in each case, amounts received for Bond redemption premium or other redemption costs) to be used to redeem Series 2023B/C Bonds are less than the Outstanding principal amount of the Bonds that financed the portion of the Loans with respect to which that Loan Prepayment or Recovery Payment was received;

(iii) money available from a reduction in the Reserve Requirement;

(iv) available funds (including excess Revenues) under the Indenture, upon filing of a Compliance Certificate or Cash Flow Certificate, as appropriate, in accordance with the Indenture; and

(v) in the case of the Series 2023B Bonds, any moneys remaining in the 2023 Series B Account of the Program Fund which are not applied to the financing of the Series 2023B Loan.

Selection of Bonds to be Redeemed. If less than all of the Series 2023B/C Bonds of a series are redeemed pursuant to an “Optional Redemption” or a “Special Redemption,” as described above, the amounts and maturities of the Series 2023B/C Bonds of a series to be so redeemed shall be selected by the Authority and within a specific maturity by lot or in accordance with the procedures of the Securities Depository.

Notice of Redemption. For any redemption of the Series 2023B/C Bonds described under “THE SERIES 2023B/C BONDS – Redemption – Optional Redemption” and “– Special Redemption” above, the Trustee will give notice of redemption by Electronic Means, first class mail, postage prepaid, not more than 60 days nor less than 20 days prior to the specified Redemption Date, to the registered owner of each Series 2023B Bond or Series 2023C Bond, or portions thereof, to be redeemed at the address of such registered owner as shown on the Bond Register. With respect to Book-Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. In the case of an optional redemption, the notice of redemption shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Series 2023B/C Bonds of such series, and such notice and optional redemption shall be of no effect if by no later than the scheduled Redemption Date, sufficient moneys to redeem the Series 2023B/C Bonds of such series have not been deposited with the Trustee, or, if such moneys deposited, are not available. The Trustee will cause a second notice of redemption to be sent by first class mail, postage prepaid, on or within ten days after the 30th day after the Redemption Date to any Owner who has not submitted its Series 2023B/C Bond to the Trustee for payment. Failure to mail such notice of redemption to any registered owner of any Series 2023B/C Bond or any defect in such notice will not affect the validity of the redemption of any other Series 2023B/C Bond for which the required notice was given. Any failure on the part of DTC or failure on the part of a nominee of a beneficial owner of Series 2023B/C Bonds to notify the beneficial owner of the redemption of such Series 2023B/C Bond shall not affect the validity of the redemption. If notice of redemption shall have been given as aforesaid, and if on the redemption date monies for the redemption of all Series 2023B/C Bonds of a series or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payments, then from and after the redemption date interest on such Series 2023B/C Bonds or portions thereof shall cease to accrue and become payable.

Purchase in Lieu of Redemption

Series 2023B/C Bonds that are called for redemption may be purchased in lieu of redemption, at the option of the Authority from any funds available to the Authority, in whole or in part, on the Redemption Date, at the principal amount thereof plus accrued interest, if any, to the Redemption Date for such Bonds scheduled to be redeemed. Purchase in lieu of redemption shall be available for all of the Series 2023B/C Bonds of a series that have been called for redemption or for such lesser portion of such Series 2023B/C Bonds as constitute Authorized Denominations. The Authority may direct the Trustee to purchase all or such lesser portion of the Series 2023B/C Bonds of a series so called for redemption.

Additional Bonds

Under the General Indenture, the Authority may issue Additional Bonds on parity with the Outstanding Bonds by issuance of a separate Series Indenture. Additional Bonds may only be issued upon filing of a Rating Certificate with the Trustee. See APPENDIX D – “Execution Copy of General Indenture.”

The Series 2023B/C Bonds will be the thirteenth and fourteenth Series of parity Bonds issued under the General Indenture. The Authority has previously issued its (i) \$41,550,000 Multifamily Revenue Bonds, 2019 Series A (Non-AMT), (ii) \$5,750,000 Multifamily Revenue Bonds, 2020 Series A (Non-AMT), (iii) \$2,935,000 Multifamily Revenue Bonds, 2020 Series B (Non-AMT), (iv) \$1,650,000 Multifamily Revenue Bonds, 2020 Series C (Non-AMT), (v) \$1,695,000 Multifamily Revenue Bonds, 2020 Series D (Taxable), (vi) \$84,895,000 Multifamily Revenue Bonds, 2021 Series A (Non-AMT), (vii) \$28,700,000 Multifamily Revenue Bonds, 2021 Series D (Non-AMT), (viii) \$78,005,000 Multifamily Revenue Bonds, 2021 Series E (Non-AMT), (ix) \$21,810,000 Multifamily Revenue Bonds, 2022 Series A (Non-AMT), (x) \$10,815,000 Multifamily Revenue Bonds, 2022 Series B (Non-AMT) (Sustainability Bonds), and (xi) \$23,570,000 Multifamily Revenue Bonds, 2022 Series C (Federally Taxable Variable Rate) (Social Bonds) all of which are fixed rate bonds except the Series 2022C Bonds which are variable rate bonds and all currently remain outstanding. The Authority expects to issue its Multifamily Revenue Bonds, 2023 Series A (Non-AMT) in February 2023.

The Authority has also previously issued three series of its Multifamily Revenue Bonds, each of which series was issued as Separately-Secured Bonds under the General Indenture and related Series Indenture and does not constitute Bonds Outstanding under the General Indenture.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2023B/C Bonds. The Series 2023B/C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of Series 2023B/C Bonds in the aggregate principal amount of such series and maturity, and will be deposited with DTC, or its custodial agent.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants includes both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2023B/C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2023B/C Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023B/C Bond (each, a “*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023B/C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2023B/C Bonds, except in the event that use of the book-entry system for the Series 2023B/C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023B/C Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an

authorized representative of DTC. The deposit of Series 2023B/C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023B/C Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023B/C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2023B/C Bonds within a single maturity of a series of the Series 2023B/C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023B/C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023B/C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2023B/C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The requirement for physical delivery of Series 2023C Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2023C Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2023C Bonds to the Tender Agent's DTC Account.

DTC may discontinue providing its services as securities depository with respect to the Series 2023B/C Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023B/C Bond certificates are required to be printed and delivered for the affected Series 2023B/C Bonds.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023B/C Bond certificates will be printed and delivered for the affected Series 2023B/C Bonds.

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC. Such information is believed to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.

NEITHER THE TRUSTEE NOR THE AUTHORITY SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2023B/C BONDS UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN IN THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A REGISTERED OWNER OF SERIES 2023B/C BONDS WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PRICE OR PURCHASE PRICE, IF ANY, OR INTEREST ON THE SERIES 2023B/C BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO REGISTERED OWNERS OF THE SERIES

2023B/C BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2023B/C BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE SERIES 2023B/C BONDS.

If the Book-Entry-Only System is discontinued and Series 2023B/C Bond certificates have been delivered, the Beneficial Owner, upon registration of certificates held in the Beneficial Owner’s name, will become the registered owner of such Series 2023B/C Bonds. Thereafter, Series 2023B/C Bonds may be exchanged for an equal aggregate principal amount of such Series 2023B/C Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Series 2023B/C Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender thereof to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of Series 2023B/C Bonds, the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2023B/C Bonds.

PLAN OF FINANCE

Sources and Uses of Funds

The proceeds of the Series 2023B/C Bonds and other amounts will be applied as follows (rounded to the nearest dollar):

SOURCES OF FUNDS	
Proceeds of Series 2023B Bonds.....	\$17,070,000
Proceeds of Series 2023C Bonds.....	11,730,000
Series 2023B/C Borrower’s Contribution of Other Funds.....	<u>854,633</u>
TOTAL.....	<u>\$29,654,633</u>
 USES OF FUNDS	
Deposit to 2023 Series B/C Risk Share Loan Subaccount of Program Fund.....	\$15,800,000
Deposit to Series B 2023 Collateralized Loan Subaccount of Program Fund.....	13,000,000
Deposit to 2023 Series B/C Account of Reserve Fund.....	454,631
Costs of Issuance*.....	<u>400,002</u>
TOTAL.....	<u>\$29,654,633</u>

* Includes Underwriters’ compensation.

In addition to the proceeds of the Series 2023B/C Bonds, the Series 2023B/C Borrower will finance a portion of the acquisition, rehabilitation and equipping of the Series 2023B/C Financed Development from an equity contribution from the limited partner of the Series 2023B/C Borrower (resulting in a low income housing tax credit to such limited partner), the portion of the Autumn Ridge Bridge Loan in excess of the amount of the Series 2023B Collateralized Loan, the Trust Fund Loan, the IAHTC Equity Loan, the Seller Loan, and the Sponsor Loan (each as defined below).

The Trust Fund Loan. The Authority has agreed to fund an aggregate amount equal to \$3,550,000 in connection with the rehabilitation and equipping of the Series 2023B/C Financed Development (the “Trust Fund Loan”). The Trust Fund Loan is not part of the Trust Estate.

The IAHTC Equity Loan. The Project will also utilize an IAHTC equity loan in the principal amount of \$4,550,000 (the “IAHTC Equity Loan”). The obligation to repay the IAHTC Equity Loan will be set forth in a promissory note (the “IAHTC Equity Note”) from the Borrower to Full Circle Communities, Inc., an Illinois not-for-profit corporation (“FCC”), and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The IAHTC Equity Note will be secured by a fifth position mortgage on the Project (the “IAHTC Equity Mortgage”). The IAHTC Equity Note will have a term equal to that of the Series 2023B/C Risk

Share Loan and will bear interest at a rate of the Applicable Federal Rate (“AFR”) with annual principal and interest not otherwise paid, due at maturity. The IAHTC Equity Loan is not part of the Trust Estate.

The Sponsor Loan. The Project will also utilize a Sponsor loan in the principal amount of \$2,400,000 (the “Sponsor Loan”). The obligation to repay the Sponsor Loan will be set forth in a promissory note (the “Sponsor Note”) from the Borrower to FCC and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Sponsor Note will be secured by a fourth-position mortgage on the Project (the “Sponsor Mortgage”). The Sponsor Note will have a term equal to that of the Series 2023B/C Risk Share Loan and will bear interest at AFR, with annual principal and interest not otherwise paid, due at maturity. The Sponsor Loan is not part of the Trust Estate.

The Seller Loan. The Project will also utilize a seller loan in the principal amount of \$11,531,006 (the “Seller Loan”). The obligation to repay the Seller Loan will be set forth in a promissory note (the “Seller Note”) from the Borrower to FCC and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Seller Note will be secured by a third-position mortgage on the Project (the “Seller Mortgage”). The Seller Note will have a term equal to that of the Series 2023B/C Risk Share Loan and will bear interest at AFR, with annual principal and interest not otherwise paid, due at maturity. The Seller Loan is not part of the Trust Estate.

Deferred Developer Fee. The Project will utilize a deferred developer fee in the anticipated amount of \$1,564,524. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

Use of Proceeds

Proceeds of the Series 2023B/C Bonds, together with other funds available to the Authority from the Series 2023B/C Borrower as described above, will be used to fund the Series 2023B/C Loans and to make the deposits and payments set forth above under “PLAN OF FINANCE – Sources and Uses of Funds.” The proceeds of the Series 2023B/C Loans, together with other moneys available to the Series 2023B/C Borrower as described herein, will be used to finance a portion of the acquisition, rehabilitation and equipping of the Series 2023B/C Financed Development.

The Series 2023B/C Loans

Description. The Series 2023B/C Risk Share Loan is expected to be originated in an aggregate principal amount of \$15,800,000 for the financing of a portion of the acquisition, rehabilitation and equipping of the Series 2023B/C Financed Development. It is anticipated that the Series 2023B/C Borrower will enter into a Loan Agreement (the “*Risk Share Loan Agreement*”) with the Authority, which shall set forth the terms of the Series 2023B/C Risk Share Loan.

The Series 2023B Collateralized Loan is expected to be originated in an aggregate principal amount of \$13,000,000 for the financing of a portion of the Series 2023B/C Financed Development. It is anticipated that the Series 2023B/C Borrower will enter into a Loan Agreement (the “*Collateralized Loan Agreement*”) with the Authority which sets forth the terms of the Series 2023B Collateralized Loan.

See APPENDIX B – “Certain Information Regarding the Series 2023B/C Loans” for a table of the significant details of the Series 2023B/C Loans.

Loan Terms. The Series 2023B/C Risk Share Loan will pay interest monthly at a rate of 5.15% per annum (including a servicing fee and mortgage insurance premium as described below), calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2023B/C Risk Share Loan is expected to amortize over 40 years commencing on May 1, 2025. The Series 2023B/C Risk Share Loan is expected to have a maturity date of May 1, 2065.

The Series 2023B Collateralized Loan will pay interest monthly at a rate of 3.20% per annum (including a servicing fee as described below), calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2023B Collateralized Loan will have a maturity date of May 1, 2025.

FHA Risk-Sharing Insurance. The Series 2023B/C Risk Share Loan is expected to be insured by FHA under the Risk-Sharing Program. Endorsement for such FHA insurance is expected to be received no later than February 3, 2023 and is expected to become effective as of the issuance of the Series 2023B/C Bonds. Such insurance provides for payment of 100% of the unpaid principal of the Series 2023B/C Risk Share Loan as of the date of default and interest on the Series 2023B/C Risk Share Loan from the date of default to the date of the initial claim payment; *provided* that the amount of interest paid will reflect the payment of interest in arrears. See APPENDIX F – “FHA Risk-Sharing Program.”

Loan Servicing. The Series 2023B/C Risk Share Loan and the Series 2023B Collateralized Loan will be serviced by the Authority and a servicing fee in the amount of 0.25% per annum payable to the Authority is included in the above-noted interest rates on the Series 2023B/C Risk Share Loan and the Series 2023B Collateralized Loan, and such rate on the Series 2023B/C Risk Share Loan also includes a mortgage insurance premium of 0.25% per annum; which servicing fees and mortgage insurance premium are not pledged under the Indenture. Prior to the Authority making any disbursements to the Series 2023B/C Borrower under the Series 2023B/C Risk Share Loan or the Series 2023B Collateralized Loan, the conditions for disbursement must be satisfied pursuant to the Risk Share Loan Agreement or the Collateralized Loan Agreement, respectively. Interest and principal payments under the Series 2023B/C Risk Share Loan and the Series 2023B Collateralized Loan will be made to the Authority (to be thereupon transferred to the Trustee, net of such servicing fees and mortgage insurance premium) pursuant to the Risk Share Loan Agreement and the Collateralized Loan Agreement, respectively.

Prepayment. Under the Risk Share Loan Agreement, the Series 2023B/C Borrower and the Authority will agree that the Series 2023B/C Risk Share Loan may not be prepaid in whole or in part at the option of the Series 2023B/C Borrower at any time prior to May 1, 2035 (the “*Lockout Date*”). (However, the Authority may waive a prohibition on prepayments contained in any Loan.)

The Series 2023B Collateralized Loan may be prepaid in whole but not in part at any time on or after March 1, 2025.

Section 42 Compliance Period. Under Section 42 of the Internal Revenue Code of 1986, as amended (the “*Code*”), the Series 2023B/C Financed Development is subject to affordable rent restrictions for 15 years after (i) the “placed in service” date, or (ii) the year following the “placed in service” date at the owner’s election. Based on the construction schedule for the Series 2023B/C Financed Development, the latest “placed in service date” for the Series 2023B/C Financed Development is projected to be February 7, 2039. See APPENDIX B – “Certain Information Regarding the Series 2023B/C Loans.”

“Due on Sale” Provisions. The Series 2023B/C Risk Share Loan does not contain “due on sale” clauses restricting sale or transfer of the mortgaged property.

Assumability. The Series 2023B/C Risk Share Loan may be assumed, subject to HUD review and approval, upon the sale of the Series 2023B/C Financed Development.

Lien on Fee Simple Estate. The Series 2023B/C Risk Share Loan is secured by a first-lien mortgage on the Series 2023B/C Borrower’s fee interest in the Series 2023B/C Financed Development.

Funding of Series 2023B/C Risk Share Loan

The Authority is expected to disburse the proceeds of the Series 2023B/C Risk Share Loan pursuant to the Risk Share Loan Agreement to be entered into with the Series 2023B/C Borrower. The Authority will disburse construction funds from the 2023 Series B/C Account of the Program Fund in accordance with the General Indenture and the Series 2023B/C Indenture. The following is a summary of certain provisions of the Risk Share Loan Agreement that the Authority expects to execute with the Series 2023B/C Borrower. The provisions of the Risk Share Loan Agreement may be modified, altered or amended from time to time by the Authority subject to the requirements of the Indenture.

The Risk Share Loan Agreement requires, among other things, that:

- (1) The Series 2023B/C Financed Development be completed by a specified date in accordance with construction contract documents approved by the Authority;
- (2) Any changes in contract documents resulting from (a) necessity, betterments or substitutions, (b) cost increases or decreases or (c) time extensions be effected only with the prior written approval of the Authority and FHA, as appropriate, and under such conditions as the Authority and FHA, as appropriate, may establish;
- (3) Disbursements for construction be (a) subject to prior approval of the Authority, (b) made only for work completed, subject to a holdback which will be released subsequent to compliance with certain requirements of the loan agreement, and (c) subject to the conditions that, (i) no event of default under the terms of any contract document entered into by the mortgagor and the Authority has occurred, (ii) the Series 2023B/C Borrower has furnished waivers of liens and, if requested by the Authority, receipted invoices from each subcontractor and supplier for work performed and materials furnished through the date covered by the last disbursement and (iii) the Series 2023B/C Borrower has delivered certain certifications by the architect;
- (4) A mortgagee title insurance policy or binder covering disbursements for the Series 2023B/C Financed Development in an amount not less than the principal amount of the Series 2023B/C Risk Share Loan be furnished by the Series 2023B/C Borrower, prior to the first disbursement;
- (5) There be deposited with the Authority (a) evidence of governmental approvals for construction, (b) satisfactory assurances of availability of funds required for construction of the Series 2023B/C Financed Development in excess of the proceeds of the Series 2023B/C Risk Share Loan, (c) required insurance policies including both the design architect's and inspecting architect's certificate of Errors and Omissions Insurance and (d) a monthly construction loan draw schedule for the term of the Series 2023B/C Risk Share Loan;
- (6) The cost of completing rehabilitation does not exceed the total of undistributed proceeds of the Series 2023B/C Risk Share Loan (after provision for reserves, fees, expenses and other deposits required by the Authority); and
- (7) The Series 2023B/C Financed Development be rehabilitated strictly in accordance with all applicable ordinances and statutes and the requirements of all regulatory authorities having jurisdiction or Authority.

The Authority may terminate the Risk Share Loan Agreement if the Series 2023B/C Borrower (1) fails to commence substantial rehabilitation within 30 days after execution and recording of the mortgage for the Series 2023B/C Risk Share Loan, (2) at any time prior to completion of the Series 2023B/C Financed Development fails to comply with the terms of the Risk Share Loan Agreement after notice thereof and the applicable cure period, (3) fails to complete the rehabilitation of the Series 2023B/C Financed Development strictly in accordance with the construction contract documents or in strict compliance with all building, zoning and other applicable governmental laws, orders, regulations, rules, permits and requirements, (4) makes changes in the construction contract documents without prior written approval from the Authority, (5) discontinues work on the Series 2023B/C Financed Development for an unreasonable period so that the Series 2023B/C Financed Development may not, in the Authority's judgment, be completed on or before the scheduled construction completion date, (6) fails to pay amounts due to contractors or suppliers for work done, or (7) fails to make timely payment of principal, interest, mortgage insurance premiums, deposits to the reserve fund for replacements fund, or any other payment required by the mortgage for the Series 2023B/C Risk Share Loan or regulatory agreement. In the event the Authority elects to terminate the Risk Share Loan Agreement, it may use and apply any funds deposited with it by the Series 2023B/C Borrower, regardless of the purpose for which such funds were deposited, subject to the requirements of the General Indenture and the Series 2023B/C Indenture and applicable law.

If the Authority elects not to terminate the Risk Share Loan Agreement as described in the preceding paragraph, it may enter into possession of the site of the Series 2023B/C Financed Development and cause the performance of any and all work and labor necessary to complete the improvements substantially in accordance with

the drawings. The Authority may advance any proceeds of the Series 2023B/C Risk Share Loan remaining unadvanced together with any additional sums required to complete and protect the Series 2023B/C Financed Development and these sums shall be secured by the mortgage for the Series 2023B/C Risk Share Loan. The Risk Share Loan Agreement provides for the irrevocable appointment of the Authority as the Series 2023B/C Borrower's attorney-in-fact for the purpose of expediting the Series 2023B/C Borrower's completion of the Series 2023B/C Financed Development in the name of the Series 2023B/C Borrower and to do any and all things which the Series 2023B/C Borrower might do on its own behalf in connection with the completion of the Series 2023B/C Financed Development.

Funding of Series 2023B Collateralized Loan

The Authority will disburse the proceeds of Series 2023B Collateralized Loan pursuant to the Collateralized Loan Agreement and in accordance with the Indenture and the Series 2023B/C Indenture. The following is a summary of certain provisions of the Collateralized Loan Agreement.

(1) Series 2023B/C Borrower agrees to (a) rehabilitate and equip the Series B/C Financed Development with all reasonable dispatch and in substantial accordance with the Plans and Specifications, (b) pay when due all fees, costs and expenses incurred in connection with the rehabilitation and equipping from funds made available therefor in accordance with the Collateralized Loan Agreement or otherwise, except to the extent being contested in good faith, and (c) ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the rehabilitation and equipping of the Series B/C Financed Development, and enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto.

(2) The portion of the proceeds of the Series 2023B Bonds in the amount of the Series 2023B Collateralized Loan will be deposited in the Series 2023 Collateralized Loan Subaccount established by the Series 2023B/C Indenture ("*Collateralized Loan Subaccount*"). So long as the Series 2023B Collateralized Loan has not been declared due and payable due to the occurrence of an event of default under the Collateralized Loan Agreement, disbursements from the Collateralized Loan Subaccount shall be made only to pay any of the following Project Costs:

(a) costs incurred directly or indirectly for or in connection with the rehabilitation and equipping of the Series B/C Financed Development,

(b) premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Series B/C Financed Development,

(c) taxes, assessments and other governmental charges in respect of the Series B/C Financed Development that may become due and payable during the construction period,

(d) any other costs, expenses, fees and charges properly chargeable to the cost of rehabilitation, improvement and equipping of the Series B/C Financed Development,

(e) payment of interest on the Series 2023B Collateralized Loan during the construction period, and

(f) permissible fees, charges and expenses relating to issuance of the Series 2023B Bonds and other items specified in the Collateralized Loan Agreement.

Any disbursements from the Collateralized Loan Subaccount shall be made by the Trustee only as permitted pursuant to the Series 2023B/C Indenture and upon the written request of an authorized representative of the Series 2023B/C Borrower, which request shall be accompanied by invoices or other appropriate documentation supporting the payments or reimbursements requested and must be approved by the Authority. No disbursement shall be made by the Trustee unless (1) at the time of such disbursement, the Authority has approved funding a disbursement for draw request under the Series

2023B Collateralized Loan and an amount equal to such disbursement has been deposited into the Cash Collateral Subaccount, and (2) all Loan Payments that are then due shall have been paid.

(3) Series 2023B/C Borrower shall notify the Authority promptly upon the completion of construction of the Series 2023B/C Financed Development.

(4) An event of default occurs under the Collateralized Loan Agreement if Series 2023B/C Borrower, (1) fails to make a Loan Payment, (2) fails to observe any covenant or agreement contained in the Collateralized Loan Agreement, (3) breaches a representation or warranty made by it in the Collateralized Loan Agreement or any report, certificate statement or other instrument delivered by it pursuant to the Collateralized Loan Agreement, or (4) becomes insolvent or is the subject of an insolvency proceeding or if there occurs an "Event of Default" under the Tax Regulatory Agreement entered into by the Authority and Series 2023B/C Borrower. Following the occurrence of an event of default under the Collateralized Loan Agreement, the Authority may accelerate payment of the Series 2023B Collateralized Loan and may pursue other remedies existing in law or in equity.

The Series 2023B/C Financed Development

General. The Series 2023B/C Financed Development will be a multifamily residential housing development containing 210 residential mixed income units of housing for multi-generational living and community amenities. The Series 2023B/C Financed Development, which will be owned by the Series 2023B/C Borrower and known as the Autumn Ridge Apartments, will be located at 326 South President Street, Carol Stream, Illinois. It will contain residential housing for low and moderate income families housing. In particular, the Series 2023B/C Financed Development will consist of 210 revenue-generating units, 199 units will be reserved for households with incomes at or below 60% of AMI, and 11 units will be reserved for households with incomes at or below 30% of AMI.

Rehabilitation on the Series 2023B/C Financed Development is expected to commence in February, 2023, and be completed by May, 2024.

Unit Mix. The expected unit mix and other information regarding the Series 2023B/C Financed Development is set forth in the table below:

SERIES 2023B/C FINANCED DEVELOPMENT

<u>UNIT TYPE</u>	<u>NET RENTS (monthly)</u>	<u>SQUARE FOOTAGE</u>	<u>NUMBER OF UNITS</u>
1 BR, 1 Bath	\$1,130	652	73
1 BR, 1 Bath	1,077	652	45
2 BR, 1 Bath	1,328	860	59
2 BR, 1 Bath	1,288	860	33
TOTAL			210

One Hundred Thirty-Two (132) of the units of the Series 2023B/C Financed Development are expected to receive the benefit of Housing Assistance Payment Contracts.

Series 2023B/C Borrower. AR Preservation LP is an Illinois limited partnership and will be the owner of the Series 2023B/C Financed Development. AR Preservation LP is 99.99% owned by NEF FRE Affordable Housing Fund LP, an Illinois limited partnership, as the Limited Partner, and 0.01% owned by FCC AR Preservation GP LLC, as the General Partner.

Architect. The Series 2023B/C Borrower has entered into a contract with Cordogan, Clark, and Associates for architectural services in connection with the Series 2023B/C Financed Development.

General Contractor. The Series 2023B Borrower has entered into a contract with Weis Builders, Inc. to rehabilitate and equip the Series 2023B/C Financed Development at a stipulated sum price equal to \$18,169,036.

Property Management. The Series 2023B/C Borrower has entered into a Management Agreement with Full Circle Management, LLC to manage the Series 2023B/C Financed Development.

SECURITY FOR THE SERIES 2023B/C BONDS AND SOURCES OF PAYMENT

General

The Series 2023B/C Bonds are being issued pursuant to the General Indenture and the Series 2023B/C Indenture and are secured by and payable solely from all of the Authority’s rights and interests in and to (i) the Funds and Accounts held by the Trustee and all deposits and investments of those Funds and Accounts; (ii) Revenues; (iii) all right, title and interest of the Authority in and to the Loans and the documents evidencing and securing the Loans and rights of the Authority to the payments of amounts in connection with the Loans to the extent the payments would be included in Revenues, including, to the extent they may be so pledged, any right to governmental subsidies payable to the Authority to be used to pay principal of or interest on Loans, and also all security for the pledged rights in the Series Loans, including, without limitation, mortgages, assignments of rents and other security interests and agreements and, if applicable, liquidation proceeds and insurance proceeds, including proceeds of Federal Insurance received by the Authority; and (iv) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind to the Trustee as additional security under a Series Indenture for the benefit of the owners of the Bonds (collectively, the “Trust Estate”).

Reserve Requirement

Under the General Indenture, the Series Indenture authorizing each Series of Bonds establishes a Series Reserve Requirement for each such Series, and the Reserve Requirement is the sum of such Series Reserve Requirements. The Series 2023B/C Indenture establishes an initial Series Reserve Requirement for the Series 2023B/C Bonds of \$454,631, which is calculated as the maximum semiannual debt service on the Series 2023B/C Bonds (excluding the Series 2023B Bond maturing November 1, 2025), plus one month’s interest on the Series 2023B/C Risk Share Loan. The Reserve Requirement for the Series 2023B/C Bonds will be satisfied from sources other than the proceeds of the Series 2023B/C Bonds listed in “PLAN OF FINANCE – Sources and Uses of Funds” herein.

The Series Reserve Requirement for a Series of Bonds may be met by the accumulation of monies in the applicable account of the Reserve Fund or by a Cash Equivalent. The Series Reserve Requirement for each Series of the Bonds has been met. The following table lists the Series Reserve Requirement for each Series of the Bonds issued prior to the date hereof and the means of funding such Series Reserve Requirement.

<u>SERIES OF BONDS</u>	<u>SERIES RESERVE REQUIREMENT (\$)</u>	<u>FUNDING MECHANISM</u>
2019 Series A	\$654,12.25	Cash
2020 Series A	183,057.92	Cash
2020 Series B	98,889.33	Cash
2020 Series C	60,038.75	Cash
2020 Series D	61,514.00	Cash
2021 Series A	1,895,000.00	Cash
2021 Series B	630,000.00	Cash
2021 Series C	1,578,610.00	Cash
2022 Series A	510,000.00	Cash
2022 Series B	345,549.00	Cash
2022 Series C	892,789.64	Cash

Security and Collateral for the Series 2023B/C Bonds

The Series 2023B/C Risk Share Loan will be insured under the Risk-Sharing Program, which provides for payment of 100% of the unpaid principal balance of the Series 2023B/C Risk Share Loan as of the date of default and

interest on the Series 2023B/C Risk Share Loan from the date of default to the date of the initial claim payment. See APPENDIX F – “FHA Risk-Sharing Program.”

The Collateralized Loan will be secured by the proceeds of the Autumn Ridge Bridge Loan held in the Cash Collateral Subaccount and invested in Permitted Investments. It is expected that amounts on deposit in the Cash Collateral Subaccount and interest earnings thereon, together with amounts on deposit in the Collateralized Loan Subaccount, will be sufficient at all times to pay the interest on and principal of the Series 2023B Bond maturing November 1, 2025.

Developments Financed by the Bonds

The following table contains pertinent financial and operating information concerning the housing developments financed by the outstanding Bonds.

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CERTAIN INFORMATION REGARDING THE HOUSING DEVELOPMENTS FINANCED BY THE BONDS

December 31, 2022

<u>SERIES OF PARITY BONDS</u>	<u>LOAN NO.</u>	<u>DEVELOPMENT</u>	<u>LOAN RATE</u>	<u>ORIGINAL PRINCIPAL AMOUNT</u>	<u>CURRENT PRINCIPAL AMOUNT</u>	<u>EXPECTED FINAL MATURITY</u>	<u>CURRENT MONTHLY PAYMENT</u>	<u>REMAINING PAYMENTS</u>	<u>MATURITY DATE</u>	<u>PREPAYMENT LOCKOUT DATE¹</u>	<u>PLACED IN SERVICE DATE</u>	<u>ANTICIPATED SECT. 8 EXPIRATION DATE</u>	<u>OCCUPANCY RATE (ALL UNITS)</u>	<u>NO. OF SECTION 8 UNITS</u>	<u>DEBT SERVICE COVERAGE RATIO</u>
Multifamily Revenue Bonds Series 2019A	17-11293-01	Ravenswood Senior Living	4.46	\$3,650,000	\$3,650,000.00	1/1/2063	\$13,565.83	481	1/1/2063	1/1/2033	N/A	1/1/2040	N/A	74	N/A
Multifamily Revenue Bonds Series 2019A	17-11293-02	Ravenswood Senior Living	4.46	25,400,000	25,400,000.00	1/1/2063	94,403.33	481	1/1/2063	1/1/2033	N/A	N/A	N/A	N/A	N/A
Multifamily Revenue Bonds Series 2020A	17-11480-01	Concord at Sheridan	5.10	5,750,000	5,628,646.65	5/1/2060	28,108.21	449	5/1/2060	6/1/2030	3/1/2019	12/1/2037	100%	65	3.76
Multifamily Revenue Bonds Series 2020B	17-11486-01	OSO Apartments	5.08	2,935,000	2,879,134.54	9/1/2060	14,308.33	453	9/1/2060	9/1/2030	9/1/2019	8/1/2038	97.9%	32	1.35
Multifamily Revenue Bonds Series 2020C	17-11494-01	Chelsea Senior Commons	4.99	1,650,000	1,591,148.05	8/1/2050	8,847.48	332	8/1/2050	9/1/2030	8/9/2019	N/A	100%	N/A	4.18
Multifamily Revenue Bonds Series 2020D	17-11272-01	Cary Senior Living	5.60	1,695,000	1,669,925.93	11/1/2060	9,912.59	455	11/1/2060	12/1/2030	12/31/2019	8/2/2033	100%	7	N/A
Multifamily Revenue Bonds Series 2021A	17-11888-01	Circle Park Apartments	3.10	83,000,000	83,000,000.00	1/1/2041	324,075.75	217	1/1/2041	3/1/2034	N/A	1/31/2041	N/A	239	N/A
Multifamily Revenue Bonds Series 2021B	17-11988-01	Morningside Court Apartments	3.02	27,600,000	26,957,0013.82	8/1/2041	106,526.96	224	8/1/2041	8/1/2031	N/A	12/31/2028	N/A	171	N/A
Multifamily Revenue Bonds 2021 Series C	17-11657-01	North Sheffield Seniors	3.57*	54,600,000	54,600,000.00	3/1/2065	162,435.00	508	3/1/2065	5/1/2035***	N/A	11/1/2044	N/A	405	N/A
Multifamily Revenue Bonds 2021 Series C	17-11658-01	North Sheffield Residences	3.57*	11,000,000	11,000,000.00	3/1/2065	32,725.00	508	3/1/2065	5/1/2035***	N/A	11/1/2044	N/A	50	N/A
Multifamily Revenue Bonds 2021 Series C	N/A	North Sheffield Residences (Collateralized Loan)	1.05**	12,405,000	0	7/1/2026	‡	‡	7/1/2026	1/1/2015	N/A	N/A	N/A	N/A	N/A
Multifamily Revenue Bonds 2022 Series A	17-11745-01	Southern Hills/Orlando Apartments	3.53*	21,300,000	21,115,677.70	3/1/2062	82,897.95	471	3/1/2062	3/1/2032	N/A	N/A	N/A	N/A	N/A
Multifamily Revenue Bonds 2022 Series B	17-11997-01	Walnut Place Apartments	5.170*	10,815,000	10,773,888.69	6/1/2062	53,523.82	474	6/1/2062	7/1/2032	N/A	5/1/2043	N/A	67	N/A
Multifamily Revenue Bonds 2022 Series C	17-10359-01	The Homestead at Morton Grove	3.70**	14,480,000	12,274,396.09	9/1/2051	57,844.20	345	9/1/2051	12/1/2010	4/26/2012	N/A	100%	N/A	1.49
Multifamily Revenue Bonds 2022 Series C	17-10373-01	Merrill Court Apartments	3.60**	1,685,000	1,279,106.43	4/1/2042	7,660.77	232	4/1/2042	12/1/2010	1/17/2012	1/17/2032	95.0%	40	1.14

Multifamily Revenue Bonds 2022 Series C	17-10338-01	Moline Enterprise Live-Work Lofts	4.35**	1,600,000	1,275,252.42	12/1/2042	7,964.99	24	12/1/2042	11/1/2010	5/16/2012	N/A	97.1%	N/A	1.55
Multifamily Revenue Bonds 2022 Series C	17-10343-01	Park Apartments	4.35**	2,750,000	1,532,710.58	12/1/2031	17,175.98	108	12/1/2031	11/1/2010	11/18/2010	N/A	85.0%	N/A	0.76
Multifamily Revenue Bonds 2022 Series C	17-10348-01	Town and Country Apartments	4.35**	2,500,000	1,719,466.61	1/1/2037	13,683.82	168	1/1/2037	12/1/2010	1/1/2011	1/1/2031	96.7%	121	4.25
Multifamily Revenue Bonds 2022 Series C	17-10363-01	Williamsburg Apartments	4.35**	1,200,000	930,960.41	2/1/2042	5,973.74	230	2/1/2042	12/1/2010	6/1/2011	N/A	97.7%	N/A	3.98
Multifamily Revenue Bonds 2022 Series C	17-10334-01	Zurich Meadows	4.35**	4,200,000	3,294,418.57	6/1/2042	20,908.10	234	6/1/2042	11/1/2010	10/1/2012	N/A	94.7%	N/A	1.37

* Includes a servicing fee of 0.25% per annum and a mortgage insurance premium of 0.25% per annum, which amounts are not pledged under the Indenture.

** Includes a servicing fee of 0.25% per annum, which amount is not pledged under the Indenture.

*** Under each Risk Share Loan Agreement, the related Loan may not be prepaid in whole or in part at the option of the Borrower at any time prior to the tenth anniversary of the commencement of amortization of such Loan, which anniversary is currently expected to be May 1, 2035.

† The Authority may waive a prohibition on prepayments contained in any Loan.

‡ Loan principal at maturity and interest-only payments prior thereto are expected to be paid from a Cash Collateral Subaccount securing the loan together with interest earnings on, and an initial interest deposit to, such account.

Hedge Agreements; Hedge Payments

In connection with the issuance of the Series 2023C Bonds, the Authority will enter into an interest rate swap (the “Series 2023C Hedge Agreement”) in an aggregate notional amount of \$11,730,000 with Royal Bank of Canada (the “Hedge Counterparty”).

Under the Series 2023C Hedge Agreement, the Authority pays the Hedge Counterparty semiannually an amount based on a fixed rate applied to the outstanding notional amount and receives from the Hedge Counterparty an amount based on a variable rate applied to the outstanding notional amount. Unless earlier terminated (in which case a termination payment may be due to the Hedge Counterparty from the Authority or to the Authority from the Hedge Counterparty), the Series 2023C Hedge Agreement is expected to expire on January 1, 2065. Payments received from the Hedge Counterparty under the Series 2023C Hedge Agreement will be included in Revenues.

The Authority will enter into the Series 2023C Hedge Agreement as a means of (1) lowering its borrowing costs when compared to fixed-rate bonds at the time of issuance and (2) limiting the interest rate risk inherent in variable rate debt. Under the Indenture, the scheduled payments on (but not termination fee payments, if any, related to) the Series 2023C Hedge Agreement by the Authority are payable from the 2023 Series C Debt Service Account on a parity with interest on Bonds (including the Series 2023B/C Bonds).

SPECIAL CONSIDERATIONS RELATING TO THE REMARKETING OF THE VARIABLE RATE BONDS

Loop Capital Markets LLC (the “*Remarketing Agent*”) will serve as Remarketing Agent for the Variable Rate Bonds pursuant to a Remarketing Agreement dated as of February 1, 2023 (the “*Remarketing Agreement*”) between it and the Authority. The Remarketing Agent may at any time resign and be discharged of its duties and obligations under the Remarketing Agreement only after a successor remarketing agent has been appointed, except that if the Remarketing Agent gives notice of its resignation to the Authority, the Trustee, the Tender Agent and any credit enhancement provider and the Authority has not appointed a successor remarketing agent within thirty days thereafter, the Remarketing Agent may resign at any time 60 days after the end of such 30-day period whether or not a successor is appointed. Under the Remarketing Agreement, the Authority must use its best efforts to appoint a successor remarketing agent. A successor remarketing agent must meet the criteria in the applicable Indenture.

The Remarketing Agent is Paid by the Authority

The Remarketing Agent’s responsibilities include determining the interest rate from time to time (subsequent to the initial Weekly Interest Rate) and remarketing the Variable Rate Bonds that are optionally or mandatorily tendered to it by the Bondowners (subject, in each case, to the terms of the Remarketing Agreement). The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of Bondowners and potential purchasers of the Variable Rate Bonds.

Determination of Interest Rates by the Remarketing Agent

On each rate determination date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the Variable Rate Bonds on the first day of the applicable interest period. That rate is required by the Indenture to be the minimum rate of interest based on then-prevailing market conditions that would result in the sale of the Variable Rate Bonds at a price equal to the principal amount plus interest (without regard for accrued interest); provided, that such interest rate may not exceed the Maximum Rate. For example, while the Variable Rate Bonds bear interest at a Weekly Rate, on each Wednesday (the rate determination date), the Remarketing Agent will determine the interest rate that will become effective on the following day.

The Remarketing Agent Routinely Purchases Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations issued by many issuers and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but is not obligated, to purchase tendered Variable Rate Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Variable Rate Bonds in order to achieve a successful remarketing of the Variable Rate Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Variable Rate Bonds) or

for other reasons. However, the Remarketing Agent is not obligated to purchase Variable Rate Bonds and may cease doing so at any time without notice. If the Remarketing Agent ceases to purchase tendered Variable Rate Bonds, it may be necessary for the Trustee to draw on the applicable Initial Liquidity Facility to pay tendering Bondowners.

The Remarketing Agent may also make a secondary market in the Variable Rate Bonds by routinely purchasing and selling Variable Rate Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at prices at, above or below par. If the Remarketing Agent purchases Variable Rate Bonds for its own account, it may offer those Variable Rate Bonds at a discount to par to some investors. No notice is required for such purchases and sales. However, the Remarketing Agent is not required to make a secondary market in the Variable Rate Bonds.

Investors who purchase the Variable Rate Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Variable Rate Bonds other than by tendering the Variable Rate Bonds in accordance with the tender process.

The Remarketing Agent may also sell any Variable Rate Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Variable Rate Bonds.

The purchase of Variable Rate Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Variable Rate Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including a Rate Determination Date

The interest rate determined by the Remarketing Agent on a rate determination date will reflect, among other factors, the level of market demand for the Variable Rate Bonds (including whether the Remarketing Agent is willing to purchase Variable Rate Bonds for its own account). There may or may not be Variable Rate Bonds tendered and remarketed on a rate determination date, the Remarketing Agent may or may not be able to remarket any Variable Rate Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Variable Rate Bonds other than in connection with a remarketing at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for tendered the Variable Rate Bonds at the remarketing price. If the Remarketing Agent owns any Variable Rate Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Variable Rate Bonds on any date, including the rate determination date, at a discount to 100% of the principal amount to some investors, subject to applicable tax laws.

Under Certain Circumstances the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or suspend its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. If there is no Remarketing Agent, Bondowners may tender their Variable Rate Bonds to the Tender Agent, as described herein under caption “THE SERIES 2023B/C BONDS – The Series 2023C Bonds.” In this case, tendering Bondowners will be paid from draws on the Initial Liquidity Facility.

CERTAIN BONDHOLDERS’ RISKS

Limited Security

The Series 2023B/C Bonds are special, limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. See “SECURITY FOR THE SERIES 2023B/C BONDS AND SOURCES OF PAYMENT.” There is no assurance that the Loans in or expected to be in the Trust Estate will perform in accordance with the assumptions made and that Revenues will be sufficient to pay debt service on the Series 2023B/C Bonds when due. See APPENDIX C – “Form of Series 2023B/C Indenture.” Additional Bonds issued under the General Indenture will be secured by the Trust Estate on an equal and ratable basis with the Series 2023B/C Bonds.

THE AUTHORITY HAS DETERMINED BY RESOLUTION THAT THE PROVISIONS OF SECTION 26.1 OF THE ILLINOIS HOUSING DEVELOPMENT ACT, WHICH REQUIRES THE GOVERNOR TO SUBMIT TO THE GENERAL ASSEMBLY THE AMOUNT CERTIFIED BY THE AUTHORITY AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE INSUFFICIENT MONEYS ARE AVAILABLE FOR SUCH PURPOSES, SHALL NOT APPLY TO THE SERIES 2023B/C BONDS.

Other Sources of Funds

The proceeds of the Series 2023B/C Bonds will provide only a portion of the moneys required to acquire, construct, rehabilitate and equip the Series 2023B/C Financed Development. As described under the caption “PLAN OF FINANCE – Sources and Uses of Funds,” the Series 2023B/C Borrower expects to receive additional financing from equity contributions and other sources. The Authority will disburse the Trust Fund Loan from time to time during the construction period for the Series 2023B/C Financed Development pursuant to the terms of a loan agreement between the Authority and the Series 2023B/C Borrower.

FHA may have Authority to Override Prepayment Limitations

FHA may override any payment consent rights or statutory prepayment prohibition with respect to the FHA-insured mortgage loans in the event of a default of the Series 2023B/C Loans.

Conditions to Payment of Risk-Sharing Insurance

The failure to maintain adequate casualty insurance on the Series 2023B/C Financed Development insured under the Risk-Sharing Program may result in the loss of Risk-Sharing Program insurance benefits in the event of damage to, or destruction of, the Series 2023B/C Financed Development. Risk-Sharing Program benefits may also be impaired as a result of the failure to pay required mortgage insurance premiums to the FHA and failure of the mortgagee to provide the FHA on a timely basis with required notice. As described in APPENDIX F – “FHA Risk-Sharing Program,” the Authority is responsible for servicing the Series 2023B/C Loans and the maintenance of the Risk-Sharing Program insurance in connection with the Series 2023B/C Loans.

Affordable Multifamily Housing Loans

The Series 2023B/C Loans are secured by properties that are encumbered by restrictive covenants that impose restrictions relating to tenant income, occupancy and/or rent restrictions. A breach of these restrictions may constitute an event of default under the related mortgage or may result in the termination of any payments being received from the governmental entity that imposed the restrictions. Some affordable multifamily housing properties may benefit from long-term federal rental assistance or other federal, state or local subsidies that may be terminated or abated if the requirements of the subsidies are not met. If a subsidy is reduced or eliminated and cannot be replaced by obtaining a new subsidy, increasing rents to current tenants or the leasing of properties to market tenants, the related Loan may default.

Tax Exempt Status

The opinion to be delivered by Bond Counsel concurrently with the delivery of the Series 2023B/C Bonds as described in “TAX MATTERS” will assume compliance by the Authority and the Series 2023B/C Borrower with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2023B/C Bonds. The Authority and the Series 2023B/C Borrower will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2023B/C Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2023B/C Bonds. Furthermore, the opinion of Bond Counsel is rendered as of the date of delivery of the Series 2023B/C Bonds and speaks only to the laws in effect as of such date. Amendments to federal and state tax laws are proposed from time to time and could be enacted in the future. There can be no assurance that any such future amendments will not adversely affect the value of the Series 2023B/C Bonds, the exclusion of interest on the Series 2023B/C Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2023B/C Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

COVID-19 and Related Events

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority's ability to conduct its business. A prolonged disruption in the Authority's operations could have an adverse effect on the Authority's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Authority has developed, and continues to develop, a Continuity of Operations Plan (the "Plan"). The Plan is designed to (i) ensure the ability to perform essential services across a wide range of emergencies and incidents and to enable the Authority to continue functions on which its customers and community depend, (ii) facilitate immediate, accurate and measured continuity activities after emergency conditions have been stabilized, (iii) reduce the time it takes to make critical decisions when such an event occurs, (iv) minimize the incident's effect on daily operations when returning from emergency response operations back to normalized operations, and (v) expedite restoration of services. No assurances can be given that the Authority's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

One such external event is the global outbreak of COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, which is affecting the national capital markets and which may negatively impact the State's housing market and its overall economy. The threat from the Pandemic is being addressed on a national, federal, state and local level in various forms, including executive orders and legislative actions.

Since the start of the COVID-19 Pandemic, Presidential administrations, Congress, the Federal Reserve, HUD/FHA (including Ginnie Mae), the Federal Housing Finance Agency (including Fannie Mae and Freddie Mac), the USDA Rural Development, the Veterans Administration, the Centers for Disease Control, the Consumer Financial Protection Bureau, the Governor of Illinois, and county and municipal public health officers across the State, have enacted legislation and/or issued orders or directives (collectively, "Governmental Actions") to alleviate the effects of COVID-19 on homeowners, renters, landlords, servicers and lenders. Governmental Actions have included loan forbearance directives, moratoriums on foreclosures and/or evictions, loan modification directives, loan servicing assistance, rental assistance, and homeownership loan assistance. Such legislation and/or orders have been extended and/or modified, and others have expired or been enjoined. While it is generally expected that new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

The Governmental Actions, and other future federal, state, and local measures may have both adverse and positive effects on the Authority's operations, financial condition and bond ratings. In addition, unemployment in the State, business closures and/or restrictions in the State and market fluctuation during the COVID-19 Pandemic may have an adverse effect on existing and future loans in the Authority's portfolio. The Authority continues to review the possible impacts of these various actions and events on its operations, financial condition, and bond ratings.

As of December 31, 2022, the Authority had granted COVID-19 related forbearance approvals for Mortgage Loans that are held under the General Indenture and currently in forbearance in an aggregate principal amount of 0.054% of the principal amount of such Mortgage Loans held under the General Indenture. The Authority had granted COVID-19 related forbearance approvals for first lien hard debt mortgage loans serviced by the Authority that are not under the General Indenture and currently in forbearance for approximately \$128,829.45 in aggregate principal amount of such mortgage loans. This represents 0.16% of the referenced mortgage loans in the Authority's portfolio. Of these loans in forbearance, 0.0% are making regularly scheduled payments, regardless of forbearance status.

On March 9, 2020, the Governor of Illinois delivered an initial disaster proclamation with respect to the COVID-19 Pandemic. This initial proclamation was extended pursuant to various additional proclamations. Under these proclamations, the Illinois Department of Health is directed to implement plans to protect the public health. In addition, the Governor has issued various executive orders. Under these latest orders the Governor has extended prior orders which prohibited the commencement of residential eviction actions and the enforcement of orders of eviction for residential properties in order to allow the Authority to distribute monetary assistance under the Emergency Rental Assistance ("ERA") and Emergency Mortgage Assistance ("EMA") programs directly or to landlords or property owners on behalf of eligible tenants or eligible homeowners. The ERA program provides renters impacted by COVID-19 \$5,000 for current and past-due rent, as well as prepayment through 2020, whereas the EMA program will provide

homeowners impacted by COVID-19 up to \$15,000 to reinstate their mortgage and prepay through 2020. The Authority began accepting applications for the ERA and EMA programs on August 10, 2020 and August 24, 2020, respectively.

On March 11, 2021, United States Treasury authorized the Emergency Rental Assistance (“*ERA 2*”) Program under the American Rescue Plan Act, which provided \$21.55 billion for the Treasury to make payments to States (defined to include the District of Columbia), U.S. Territories (Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), and certain local governments with more than 200,000 residents (collectively, the “eligible grantees”). The purpose of these payments is to provide financial assistance, including payment of rent, rental arrears, utilities, home energy costs, utilities and home energy cost arrears and other costs related to housing, and housing stability services for eligible households, as well as cover the costs for other affordable rental housing and eviction prevention activities for eligible households. Under ERA 2, the State received approximately \$558 million in funding to aid eligible households through existing or newly-created rental assistance programs. Illinois Department of Commerce and Economic Opportunity (“*DCEO*”) and eligible Illinois counties partnered with the Authority to administer and manage the Illinois Emergency Rental Assistance Program (“*ERAP*”) to eligible Illinois households of approximately \$504 million. As of December 31, 2021, The Authority has exhausted all funds in relation to this Program.

On April 11, 2022, the Authority launched the Illinois Homeowner Assistance Fund (“*ILHAF*”) Program under the American Rescue Plan Act, which provided \$21.55 billion for the Treasury to make payments to States (defined to include the District of Columbia), U.S. Territories (Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), and certain local governments with more than 200,000 residents (collectively, the “eligible grantees”). The purpose of these payments is to provide assistance to homeowners who have suffered a financial hardship after January 21, 2020. Eligible households can apply for up to \$30,000 in free assistance to pay past due mortgage payments, property taxes, property insurance, and delinquent homeowner and/or condo associate fees. Fully administered by IHDA, ILHAF will provide support to eligible households of approximately \$309 million. As of May 31, 2022 applications are no longer being received.

The Pandemic is an ongoing situation. At this time, the Authority cannot determine the overall impact that the Pandemic, including the federal and State responses thereto, will have on its programs and operations, including its ability to finance the purchase of Mortgage Loans and Mortgage-Backed Securities, to collect payments on such Mortgage Loans and Mortgage-Backed Securities, or to advance moneys as a seller/servicer of any mortgage-backed securities. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the Authority, its programs and its operations.

RATINGS

The Series 2023B Bonds have received the rating of “Aaa” from Moody’s Investor Service, Inc. (“Moody’s”), and the Series 2023C Bonds are rated “Aaa/VMIG 1” by Moody’s. The short-term rating assigned to the Series 2023C Bonds is conditioned upon the issuance by the Initial Liquidity Provider of the Initial Liquidity Facility.

The ratings assigned to the Series 2023B/C Bonds reflect only the view of Moody’s, and an explanation of the significance of such ratings may be obtained from the rating agency. There is no assurance that the ratings that have been assigned to the Series 2023B/C Bonds will continue for any given period of time or that either such rating will not be revised or withdrawn entirely by Moody’s if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series 2023B/C Bonds.

LEGALITY OF BONDS FOR INVESTMENT

Under the Act, the Series 2023B/C Bonds, in the State, are securities in which all public officers and bodies of the State and all its municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, trust companies, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. State laws governing specific types of investors may, however, impose restrictions on such investors with respect to the legality for purchases of the Series

2023B/C Bonds and may also contain limitations that permit purchases of the Series 2023B/C Bonds only with specified percentages of their assets.

LITIGATION

The Authority is not engaged in and has not been threatened with any litigation of any nature that seeks to restrain or enjoin the issuance, sale, execution or delivery of the Series 2023B/C Bonds or that in any way contests the validity of the Series 2023B/C Bonds or any proceedings of the Authority with respect to their issuance or sale or application of any moneys or security provided for the payment of the Series 2023B/C Bonds, or that contests the existence of the Authority.

The Authority may from time to time be a party to litigation incident to the conduct of its programs. The Authority is not engaged in and has not been threatened with any litigation with respect to its statutory powers or otherwise which in the judgment of the Authority is material to the performance of its programs or its obligations with respect to notes and bonds, including the Series 2023B/C Bonds, of the Authority.

TAX MATTERS

In the opinion of Ice Miller LLP, Chicago, Illinois (“*Bond Counsel*”), under existing federal statutes, decisions, regulations and rulings, interest on the Series 2023B/C Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax. This opinion is conditioned on continuing compliance by the Authority and the Series 2023B/C Borrower with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2023B/C Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023B/C Bonds. See APPENDIX E hereto for the form of approving opinion of Bond Counsel. Interest on the Series 2023B/C Bonds is exempt from State of Illinois income taxes.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2023B/C Bonds as a condition to the exclusion from gross income of interest on the Series 2023B/C Bonds for federal income tax purposes. The Authority and the Series 2023B/C Borrower will covenant not to take any action nor fail to take any action, within their respective power and control, with respect to the Series 2023B/C Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2023B/C Bonds pursuant to Section 103 of the Code (collectively, the “*Tax Covenants*”). The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series 2023B/C Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indenture if interest on the Series 2023B/C Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2023B/C Bonds.

Although Bond Counsel will render an opinion on the federal tax matters described above, the accrual or receipt of interest on the Series 2023B/C Bonds may otherwise affect a Bondholder’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon such Bondholder’s particular tax status and such Bondholder’s other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, “S” corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2023B/C Bonds. Bond Counsel express no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2023B/C Bonds should consult their own tax advisors with regard to other tax consequences of owning the Series 2023B/C Bonds.

CERTAIN LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Series 2023B/C Bonds are subject to the approval of Ice Miller LLP, Bond Counsel to the Authority with respect to the Series 2023B/C Bonds. The approving opinion of Bond Counsel substantially in the form set forth as APPENDIX E hereto, will be delivered with the Series 2023B/C Bonds. Certain legal matters will be passed upon for the Authority by its general counsel,

Maureen G. Ohle, Esq. Certain legal matters will be passed upon for the Underwriters by their counsel, MWH Law Group LLP, Milwaukee, Wisconsin.

FINANCIAL ADVISOR

Caine Mitter & Associates Incorporated (“*Caine Mitter*”) was retained by the Authority to act as Financial Advisor in connection with the Series 2023B/C Bonds and has assisted in the preparation of certain information in this Official Statement. Caine Mitter will receive compensation for its services as Financial Advisor. Caine Mitter is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Caine Mitter is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2023B/C Bonds.

UNDERWRITING

The Series 2023B Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement. The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Series 2023B Bonds at a purchase price equal to par. The Underwriters will receive compensation in connection therewith in the aggregate amount of \$113,616.46 (which amount includes the reimbursement and/or payment of certain expenses). The initial public reoffering prices of the Series 2023B Bonds may be changed, from time to time, by the Underwriters.

The Series 2023C Bonds are being purchased by UBS Financial Services Inc. (“*UBS FSI*”). UBS FSI, as sole underwriter of the Series 2023C Bonds, has agreed, subject to certain conditions, to purchase all but not less than all of the Series 2023C Bonds at a purchase price equal to par. UBS FSI will receive compensation in connection therewith in the aggregate amount of \$37,635.89 (which amount includes the reimbursement and/or payment of certain expenses).

The following language has been provided by the Underwriters. The Authority takes no responsibility as to the accuracy or completeness thereof.

UBS FSI has entered into a distribution and service agreement with its affiliate UBS Securities LLC (“*UBS Securities*”) for the distribution of certain municipal securities offerings, including the Series 2023B/C Bonds. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with respect to the Series 2023B/C Bonds with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

Piper Sandler & Co., one of the Underwriters of the Series 2023B Bonds, has entered into a distribution agreement (“*Distribution Agreement*”) with Charles Schwab & Co., Inc. (“*CS&Co*”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase Series 2023B Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Series 2023B Bonds that CS&Co sells.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

CONTINUING DISCLOSURE

Authority Continuing Disclosure Undertaking

General. In connection with the issuance of the Series 2023B/C Bonds, the Authority will deliver a Continuing Disclosure Undertaking in the form attached as APPENDIX G hereto, by which the Authority will agree to make available, in compliance with Rule 15c2-12 (the “Rule”), certain annual financial information and audited financial statements of the Series 2023B/C Borrower not later than 180 days following the end of the Series 2023B/C Borrower’s fiscal year and notice of certain events, *provided* that the Authority receives such financial statements from the Series 2023B/C Borrower. The annual financial information will also include the Authority’s audited financial statements, prepared in accordance with generally accepted accounting principles as in effect from time to time, and, to the extent not included in such financial statements, the following additional information: (i) the principal amount of Outstanding Bonds, (ii) the amount of moneys and securities in the Reserve Fund, if any, and (iii) an update of the information relating to the Loans contained in Appendix B to this Official Statement, as it may be supplemented or amended. Such annual financial information will be provided not later than the 180th day following the end of each fiscal year of the Authority, beginning with the fiscal year ending June 30, 2023.

Other Information Available to Bondholders. Pursuant to the Authority’s Continuing Disclosure Undertaking, commencing March 1, 2023, the Authority agrees to provide the following information about the Series 2023B/C Loans on a monthly basis by filing with EMMA a report containing the following information:

- the current payment number,
- the loan status (on watch list, number of days or months late, bankruptcy),
- the loan balance remaining,
- the current reserve balance, and
- the current principal and interest paid (and remaining due, if any).

Past Compliance. The Authority did not file its annual financial information for its fiscal year ended June 30, 2021 by December 27, 2021 (the 180th day after the end of the Authority’s fiscal year), but did file a notice on EMMA stating that it would be unable to file within such time period, and would file as soon as its 2021 financial statements were available. The Authority filed its 2021 financial statements on EMMA on March 29, 2022.

The Authority did not file its annual financial information for its fiscal year ended June 30, 2019 by December 27, 2019 (the 180th day after the end of the Authority’s fiscal year), but did file a notice on EMMA stating that it would be unable to file within such time period, and would file as soon as its 2019 financial statements were available. The Authority filed its 2019 financial statements on EMMA on February 27, 2020.

The Authority did not file its annual financial information for its fiscal year ended June 30, 2018 by December 27, 2018 (the 180th day after the end of the Authority’s fiscal year), but did file a notice on EMMA stating that it would be unable to file within such time period, and would file as soon as its 2018 financial statements were available. The Authority filed its 2018 financial statements on EMMA on January 29, 2019.

The Authority did not timely file one monthly loan report for one series of multifamily revenue bonds for the month ending January 31, 2020. The appropriate filing subsequently was filed by the Authority on EMMA.

Series 2023B/C Borrower Undertaking

In connection with the issuance of the Series 2023B/C Bonds, the Series 2023B/C Borrower shall enter into a Continuing Disclosure Undertaking for the benefit of Series 2023B/C Bondowners, a form of which is attached as APPENDIX H hereto. Pursuant to such undertaking, the Series 2023B/C Borrower shall agree to provide to the Authority its Annual Financial Statements (expected within 150 days of the end of the fiscal year for the Series 2023B/C Borrower) and Annual Financial Information related to the Series 2023B/C Loans and the Series 2023B/C Financed Development commencing with the first fiscal year ending for the Series 2023B/C Borrower following the date of issuance of the Series 2023B/C Bonds and notice of certain events within five business days of the occurrence of such

events. The Authority has no obligation to examine or review such financial statements or information to verify the accuracy or completeness of such financial statements or information.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. Copies of the General Indenture, the Series 2023B/C Indenture and the other documents referred to herein may be obtained from the Trustee. Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any Bonds.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: /s/ Kristin L. Faust
Kristin L. Faust, Executive Director

Dated: January 26, 2023

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APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE
FISCAL YEAR ENDED JUNE 30, 2022**

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**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

A Component Unit of the State of Illinois

**Annual Comprehensive
Financial Report**

For the Fiscal Year Ended
June 30, 2022

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
A Component Unit of the State of Illinois

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED June 30, 2022

Prepared by:

IHDA Finance and
Accounting Staff

Illinois Housing Development Authority

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The Uniform Guidance Single Audit Report will be issued under separate cover.



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

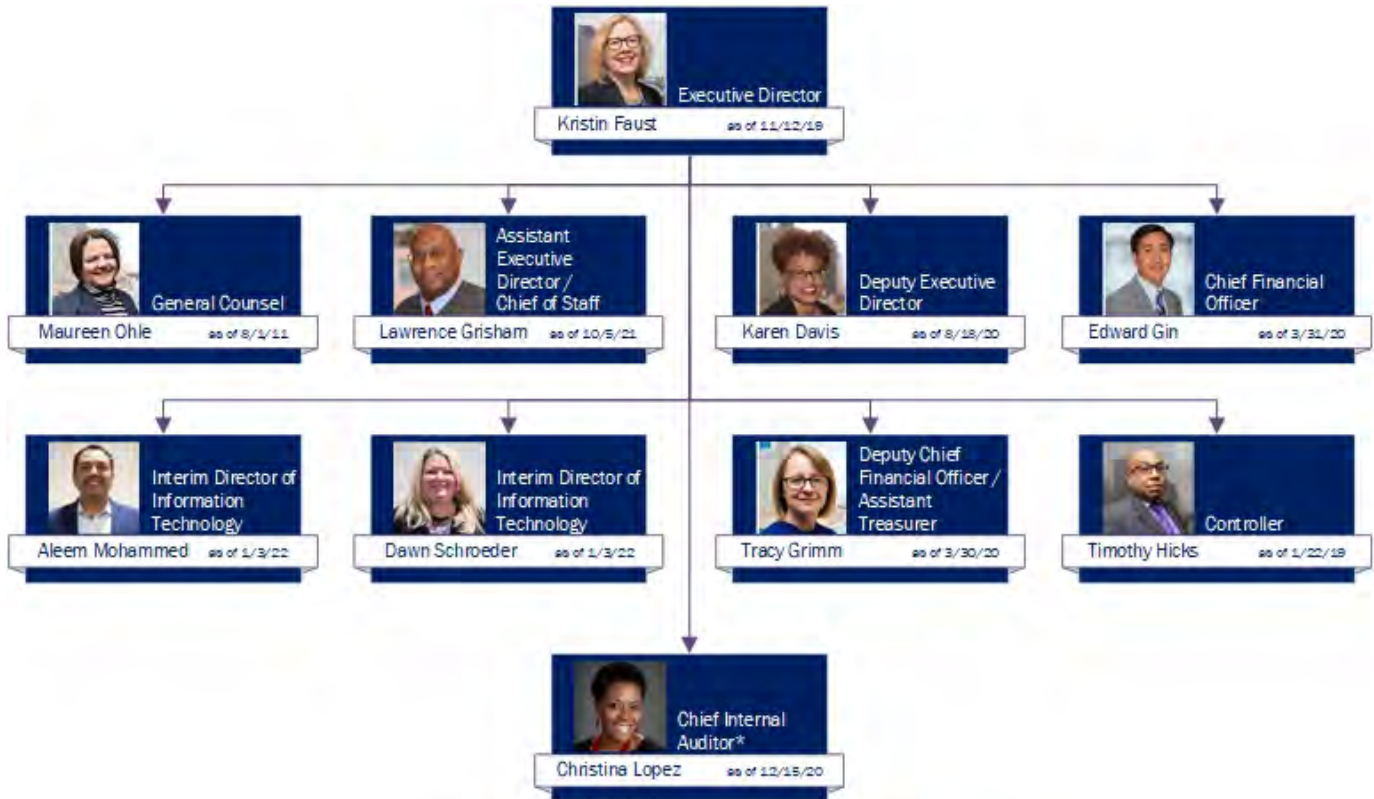
INTRODUCTORY SECTION

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Board of Directors
Year Ended June 30, 2022



Note:
Mr. Darrel Hubbard served as Treasurer from October 21, 2019 through January 24, 2022.

Illinois Housing Development Authority
 A Component Unit of the State of Illinois
 Agency Officials
 Year Ended June 30, 2022

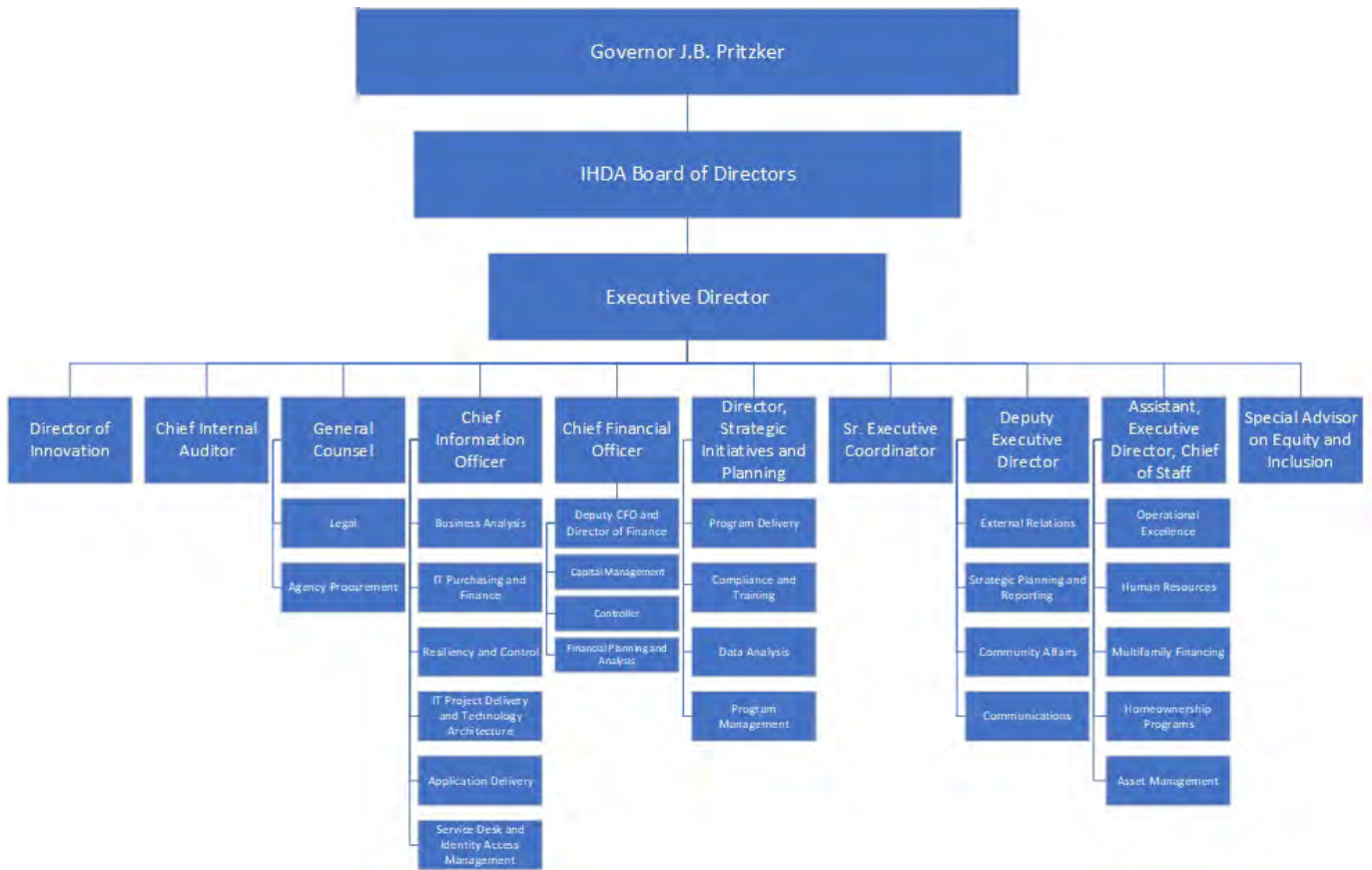


Note: Former Chief Information Officer Scot Berkey left the Agency on 1/28/22

Agency Officials are located at:

111 E. Wacker Drive, Suite 1000
 Chicago, Illinois 60601

Illinois Housing Development Authority
 A Component Unit of the State of Illinois
 Organizational Chart
 Year Ended June 30, 2022





111 E. Wacker Drive
Suite 1000
Chicago, IL 60601
312.836.5200

December 15, 2022

The Honorable J.B. Pritzker
Office of the Governor
207 S. Spring St.
Springfield, Illinois 62704

Dear Governor Pritzker, Members of the IHDA Board, and Citizens of Illinois:

It is our pleasure to present the Annual Comprehensive Financial Report for the Illinois Housing Development Authority (IHDA, the Authority) for the fiscal year ended June 30, 2022, which provides an in-depth, detailed analysis of our financial transactions and standing for the fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon the design, implementation, and maintenance of a framework of internal control that it has established to ensure the Authority's financial statements are free from material misstatement, whether due to fraud or error. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any misstatements.

The Authority is required to have an annual audit in accordance with the Governmental Account Audit Act (50 Illinois Compiled Statutes 310/2) and to file a complete audit, including annual financial statements, to the Illinois Office of the Comptroller.

This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and in conformance with the financial reporting principles and standards established by the Governmental Accounting Standards Board (GASB). Additionally, this report follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and will be submitted for its review and evaluation.

Reporting Entity

IHDA was created in 1967 by an act of the Illinois General Assembly for the purposes of assisting in the financing of decent, safe, and sanitary housing for persons and families of low and moderate income in the State and assisting in the financing of residential mortgages in the State. To accomplish its mission, the Authority is authorized to make mortgage or other loans to nonprofit corporations and limited profit entities

for the acquisition, construction, or rehabilitation of affordable housing. IHDA is also authorized to issue bonds and notes to fulfill its corporate purposes, including the financing of mortgage and construction loans, the acquisition of residential mortgage loans and the making of loans for housing-related commercial facilities.

Over the years, the Authority's scope has expanded to address the diverse housing challenges facing Illinois. Today, IHDA administers a variety of programs focused on the following key areas: (1) Multi-Family and Single Family Housing Finance; (2) Community Revitalization; (3) Planning and Capacity Building; (4) Foreclosure and Eviction Prevention; and (5) Coordination with Other Public and Private Agencies.

The Authority implements an executive budget each fiscal year. The IHDA budget is approved by the IHDA Board by way of resolution. The executive budget is reviewed by the Executive Director, monitored for compliance on a monthly basis, and any use of the general fund beyond the approved executive budget must be approved by the IHDA Board of Directors. This annual budget serves as the basis for the Authority's financial planning and control.

Economic Condition and Outlook

According to estimates from the U.S. Census Bureau, Illinois' population in 2021 was 12,671,469, a decrease of 141,039 from the population reported in the 2020 Decennial Census. This represents a 1.1% year-over-year decrease compared to a national population increase of 0.1% in that same time.

Illinois' median household income was \$72,205 in 2021, 3.6% above the national median of \$69,717. The State's unemployment rate at the close of FY2022 was 4.7%, down from 7.2% at the end of FY2021 but 1.1% higher than the national unemployment rate of 3.6%. An estimated 12.1% of the State's population is below the federal poverty level compared to a national poverty rate of 12.8%.

Total housing production in Illinois increased in 2021 with permits issued for 19,658 residential units, up from 18,058 units in 2020 but still below 2019 and 2018 when 20,524 and 21,510 units were authorized, respectively. Illinois' rate of homeownership, as reported by the U.S. Census Bureau, was 67.5% in 2021, compared to a national rate of 65.4%. The median monthly housing costs paid by Illinois homeowners with a mortgage was \$1,717 compared to the national median of \$1,672, while the median gross rent paid by Illinois tenants was \$1,106 compared to the national median of \$1,191. Recent studies have found that an estimated 21.1% of homeowners and 44.1% of renters in Illinois are considered housing cost-burdened.

It is IHDA's mission to finance the creation and preservation of affordable housing in Illinois. During these times of economic challenges, the Authority maintains a proactive and innovative approach to fulfilling this mission in service to low-income and moderate-income families, seniors, persons with disabilities, persons at risk of homelessness, and special needs populations in Illinois.

Current Major Initiatives

Affordable Rental Housing

IHDA made significant progress in multifamily finance in FY2022, leveraging state and federal resources with access to private capital to create affordable housing for families, seniors, and people with special needs. During the course of the year, IHDA allocated \$549.1 million in state and federal resources, awarded state and federal tax credits that generated \$499.9 million in private investment, and leveraged an additional \$457.5 million in non-Authority resources to finance the construction or preservation of 43 affordable rental developments in communities throughout the State. Located in 27 cities across 16 counties, these properties contain 4,145 affordable rental units, all of which are designated for income-eligible families, seniors, and special needs populations.

To further encourage development efforts to provide more opportunities for residents to succeed, in FY2022, IHDA introduced several new data tools and resources to increase transparency, allow for deeper analyses of local markets, and align investments with Authority goals. Additionally, as the COVID-19 pandemic threatened the financial viability of the State's pipeline of new affordable housing, IHDA worked closely with project sponsors to find solutions for developments impacted by changing interest rates, labor shortages, increased construction costs, and supply chain disruptions.

In addition to creating and preserving affordable rental housing, the Authority takes an active approach to oversee its rental portfolio, which includes over 100,900 units in 1,899 developments. To ensure Authority-financed properties remain financially viable and well-maintained over the long term, IHDA works directly with 429 unique property owners and management partners to provide comprehensive trainings, streamlined reporting processes, and subsidy programs designed to meet the housing needs of low and extremely low-income households.

Affordable Homeownership

Helping more Illinoisans achieve affordable and sustainable homeownership is a priority for the Authority. Owning a home is one of the most common strategies for working families to build household wealth and achieve financial security, but homeownership has been falling further out of reach for an entire generation due to rising costs, student debt, and an inadequate supply of affordable homes. While Illinois' homeownership rate of 67.5% is marginally higher than the national rate, younger buyers and Black and Indigenous People of Color households in particular remain underrepresented among homeowners. Towards this end, the Authority continues to create financing tools and outreach strategies that make homeownership accessible to a broader range of households with a goal of closing these disparities in homeownership rates by race and age.

In FY2022, IHDA originated \$981.4 million in first mortgage loans and \$53.9 million in down payment assistance to help 6,630 Illinois families purchase their first home in 90 of Illinois' 102 counties. This assistance was provided through the Authority's Access Mortgage and Opening Doors down payment assistance programs, each of which provide free financial education and pre-purchase counseling to ensure new buyers not only have the financial resources, but the education and support they need to make sustainable

homeownership possible. The Opening Doors program in particular is designed to help borrowers of color, including Deferred Action for Childhood Arrivals recipients, who have historically faced steeper barriers to homeownership. In addition to providing financial assistance for down payments and closing costs, the program utilizes a robust marketing and outreach campaign that engages HUD-approved housing counseling agencies, realtors, mortgage lenders, and others who work with historically disinvested communities of color to increase awareness and promote homebuyer education among potential borrowers and industry professionals.

Emergency Foreclosure and Eviction Prevention

The economic fallout caused by the COVID-19 pandemic has highlighted the fundamental role of housing in keeping families safe, stable, and healthy, while also exposing the longstanding housing affordability crisis that existed throughout the nation. Though Illinois quickly enacted moratoriums on evictions and foreclosures, direct financial assistance was needed to assist those who were accruing considerable amounts of back rent or missed mortgage payments after a COVID-19-related financial hardship such as job or income loss.

In FY2020, IHDA delivered \$230.6 million in rental assistance to 46,129 households and \$98.5 million in mortgage payment assistance to 10,071 households to prevent eviction or foreclosure after a COVID-19-related loss of income. Building on this effort, IHDA launched the Illinois Rental Payment Program in 2021 to further support renters facing eviction due to COVID-19. By the end of the year, IHDA had disbursed an additional \$584 million in emergency rental payments to help 63,964 renters pay overdue rent after a financial hardship caused by the pandemic.

In FY2022, the Rental Payment Program opened for a second round of applications and by the close of the fiscal year had delivered an additional \$204 million in federal assistance to 27,279 renters throughout the state. FY2022 also saw the launch of the Illinois Homeowner Assistance Fund which has disbursed \$12.7 million in emergency mortgage assistance on behalf of 1,116 homeowners to date. Those approvals will continue and IHDA expects to open future rounds of emergency mortgage assistance as well as a court-based rental assistance program in early FY2023.

Finally, IHDA continued to improve access to foreclosure prevention services and funded a network of counseling agencies that provided critical support and financial education to 2,894 families facing foreclosure, helping them explore their options to achieve the best possible outcome for their situation.

For many families, the high costs of repairs and maintenance can make homeownership unaffordable. The Census reports that 38.3% of housing units throughout Illinois are more than 60 years old, and many of these homes are in need of updates, renovations or repairs that can be out of reach for low-income households. In addition, the number of Illinois residents over the age of 65 increased by 30.3% since 2010, and while they may have the financial means to stay in their homes, many low-income seniors or persons with disabilities are forced to relocate due to accessibility concerns. For these reasons, the Authority has been working diligently to help municipalities maintain affordability, improve accessibility, and preserve the quality of the State's single-family housing stock.

In FY2022, IHDA utilized funds from the Illinois Affordable Housing Trust Fund to offer two programs that help existing homeowners make costly improvements and repairs. Through the Home Accessibility Program, IHDA partnered with local governments and non-profit organizations to help seniors and persons with disabilities make their homes safer and more accessible by installing interior chair lifts, platform lifts, exterior ramps, bathroom modifications and other improvements. For homeowners struggling with the high costs of maintenance on their aging properties, IHDA's Single-Family Rehabilitation Program helped eligible households afford work that corrected code violations, eliminated health and safety hazards, and lowered energy consumption. Together these programs awarded \$3.7 million in funding to municipalities and non-profit agencies in 26 counties to help 117 families, seniors, and persons with disabilities remain comfortable and safe in their homes.

Looking ahead to FY2023, IHDA expects to fund local governments and nonprofit organizations under a new Home Repair and Accessibility Program which merges IHDA's existing repair and modification initiatives into a simplified program with one application, manual, and set of forms.

Community Revitalization

The Authority administered three community revitalization programs in FY2022 that provided \$9.2 million to local jurisdictions for the purpose of acquiring 1,858 vacant or abandoned properties and returning them to productive and taxable use, either as affordable housing or other means. In cases where the properties are beyond repair and negatively impacting neighboring residences, the program also provides funds for demolition. To further empower local and regional revitalization efforts in communities outside the Chicago Metropolitan Area, IHDA's Land Bank Capacity Program provided funds to help local governments create and operate land banks to acquire, develop, or otherwise repurpose vacant properties within their jurisdictions.

Housing Planning and Coordination Efforts

The Authority continues to form partnerships and build the capacity of the affordable housing community.

Notably, work was completed throughout FY2022 to provide deeper analysis of the state and regional housing markets under the Illinois Housing Blueprint, a three to five-year planning process launched in 2021. For more than two years, IHDA planning experts, housing organizations, advocates and residents across Illinois have worked together to contribute to this comprehensive planning process. With the first installment of the multi-year planning project published in FY2021, IHDA convened three working groups throughout FY2022 that were tasked with developing actionable proposals and solutions to address the priority themes identified in the inaugural plan. Their findings and recommendations will be published in the next Blueprint report in early FY2023.

The Authority's team of Community Revitalization Specialists continued their work with communities throughout Illinois and formed partnerships to expand local planning capacity via a community revitalization strategy process in FY2022. Notably, the Authority made it a priority to reach out to smaller, rural communities that do not have the capacity to create and implement long-term housing plans. Under this effort, partnerships have increased local capacity to see affordable housing as an important element of local

economic and community development goals and resulted in several tailored community revitalization strategies adopted by local jurisdictions to guide future development initiatives.

Also launched in FY2022 was IHDA's Supportive Housing Institute, a new capacity-building effort designed to increase the production of supportive housing for vulnerable populations. Intended for both new and experienced developers and service providers outside of the Chicago metro area, the Institute helps the State's supportive housing partners navigate the complex process of developing housing with supportive services by improving the planning, development, and initial project implementation processes.

Finally, the Authority continued its collaboration with the Illinois Department of Healthcare and Family Services, Illinois Department of Human Services, and Illinois Department on Aging in support of ILHousingSearch.org. This free housing locator service provides real-time, detailed information about available rental housing, including all IHDA-financed apartments as well as market rate units, to help Illinois residents find a rental home within their budget.

Other Information

Independent Audit

The Authority financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed Certified Public Accountants. The independent auditor concluded, based upon the audit, the Authority financial statements as of and for the fiscal year ending June 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report expresses an unmodified opinion and has been included in the Financial Statement section of this report.

Management's Discussion and Analysis

Management has provided a narrative overview and analysis of the financial activities of the Authority to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This transmittal letter is intended to complement the Authority's MD&A and should be read in conjunction with it. The Authority's MD&A can be found following the report of the independent auditor.

Financial Planning

The Authority has an investment policy that encompasses all funds related to the issuance of bonds, as well as all funds otherwise held by the Authority. The Authority seeks to ensure the safety of principal, consistently maintaining adequate liquidity, and to attain the highest possible return available given the risk constraints.

Acknowledgments

We believe our current Annual Comprehensive Financial Report meets the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate. The fiscal year 2021 ACFR was submitted to the GFOA, and its eligibility for a certificate has not yet been determined as of the date of this report.

The preparation of this report was accomplished through the efficient and dedicated effort of IHDA's Finance department along with valuable assistance and information provided by other staff members of the Authority. This report is also available online at www.ihda.org/financial-accountability-reports

Sincerely,



Kristin Faust
Executive Director



Edward Gin
Chief Financial Officer



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino, Auditor General of the State of Illinois,
and Board of Directors
Illinois Housing Development Authority

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Honorable Frank J. Mautino, Auditor General of the State of Illinois,
and Board of Directors
Illinois Housing Development Authority

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Honorable Frank J. Mautino, Auditor General of the State of Illinois,
and Board of Directors
Illinois Housing Development Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, such as the combining and individual nonmajor governmental funds, mortgage loan program fund, and single family program fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Oak Brook, Illinois
December 15, 2022

This Section of the Illinois Housing Development Authority's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's net position decreased by \$108.4 million, to \$1,266.4 million as of June 30, 2022, from a decrease in the Authority's governmental activities (\$51.3 million) and a decrease in business-type activities (\$57.1 million).
- The Authority's net position from governmental activities decreased to \$419.9 million, a \$51.3 million decrease during the year, primarily due to a decrease in state assistance programs revenue (\$77.5 million), higher grants expenses (\$314.6 million), higher general and administrative (\$14.1 million), higher provision for (reversal of) estimated losses on program loans receivable (\$8.7 million), higher program income transferred to State of Illinois (\$0.3 million), offset by increases in federal funds (\$305.2 million) and interest and investment income (\$2.4 million), and lower financing costs (\$0.1 million). The Authority's net position from governmental activities overall decreased due to program grants in the Build Illinois Bond Program fund.
- The Authority's net position from business-type activities decreased to \$846.5 million, a \$57.1 million decrease from the prior year, primarily due to decreases in fair value of investment (\$138.7 million), tax credit reservation and monitoring fees (\$0.1 million), higher interest expense (\$3.0 million), higher salaries and benefits (\$2.3 million), higher provision for estimated losses on program loans receivable (\$2.1 million), higher provision for estimated losses on MPC program (\$1.7 million), higher professional fees (\$1.6 million), higher financing costs (\$1.6 million), and higher amortization expense (\$1.3 million), offset by increases in gain/loss on investment sale revenues (\$12.4 million), service fees (\$4.0 million), other income (\$3.6 million), development fees (\$2.7 million), interest and other investment income (\$8.1 million), interest earned on program loans (\$0.8 million), HUD savings (\$0.2 million), lower program grants expense (\$15.5 million), lower general and administrative expenses (\$0.8 million), lower provision for estimated losses on real estate held for sale (\$0.1 million), and the increase caused by a change in accounting principle due to implementation of GASB Statement No. 87 *Leases* (\$4.1 million).
- The Authority's gross debt issuances during the fiscal year ended June 30, 2022, totaled \$582.7 million. The Authority's debt outstanding (net of discounts and premiums) totaled \$1.9 billion as of June 30, 2022, which was \$216.5 million more than the amount outstanding as of June 30, 2021.
- The Authority issued three (3) new series of fixed rate, tax-exempt Revenue Bonds, totaling \$340.1 million, to fund its homeownership loan program. The bonds are secured by Government National Mortgage Association (GNMA) certificates, Fannie Mae (FNMA) mortgage-backed securities, and Freddie Mac (FHLMC) mortgage-backed securities.

- The Authority issued two (2) new series of fixed rate, taxable Revenue Bonds, totaling \$39.3 million, to fund its homeownership loan program. The bonds are secured by GNMA certificates, FNMA mortgage-backed securities, and FHLMC mortgage-backed securities.
- The Authority issued one (1) new series of variable rate, tax-exempt Revenue Bonds, totaling \$59.9 million, to fund its homeownership loan program. The bonds are secured by GNMA certificates, FNMA mortgage-backed securities, and FHLMC mortgage-backed securities.
- The Authority issued one (1) series of fixed rate, tax-exempt Multi-Family Revenue Bonds totaling \$78.0 million, to finance a portion of the acquisition, rehabilitation, and equipping by the Series 2021C borrower of a 405-unit senior residential housing development and the new construction and equipping of an 80-unit multi-family residential housing development collectively known as "Sheffield Seniors" and "Sheffield Residences", respectively, located in Chicago, Illinois.
- The Authority issued one (1) series of fixed rate, tax-exempt Multi-Family Revenue Bonds totaling \$21.8 million, to finance a portion of the acquisition, rehabilitation, and equipping by the Series 2022A borrower of a 212-unit multi-family residential housing development known as "Southern Hills-Orlando" located in Decatur, Illinois.
- The Authority issued one (1) series of fixed rate, taxable Multi-Family Revenue Bonds totaling \$10.8 million, to finance a portion of the acquisition, rehabilitation, and equipping by the Series 2022B borrower of a 68-unit multi-family residential housing development known as "Walnut Place" located in Highland Park, Illinois.
- The Authority issued one (1) series of variable rate, tax-exempt Multi-Family Revenue Bonds totaling \$23.6 million, to finance the refunding of two (2) prior series of Multi-Family Initiative Bonds which previously financed the rehabilitation and new construction of seven (7) multi-family and senior residential housing development with a total of 615 units located in Morton Grove, Chicago, Granite City, Moline, Belleville, Swansea, and Lake Zurich, Illinois.
- Program loan originations for fiscal year 2022 totaled \$68.2 million and \$116.5 million in the Authority's governmental and business-type activities, respectively, compared to fiscal year 2021 loan originations of \$68.6 million and \$157.7 million, respectively.
- During the fiscal year, the Authority continued to offer its ACCESS down payment programs. Available statewide, the program offers an affordable, fixed interest rate and up to \$10,000 to assist eligible borrowers with their down payment and closing costs for the purchase of a new or existing home. Based on program structure and anticipated demand, the Authority's Administrative Fund and excess revenues held under various Authority bond funds are used to fund the ACCESS program.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020) established the Coronavirus Relief Fund (CRF). The Authority was appropriated \$396 million of the State's Coronavirus Relief Funds. Pursuant to the purpose of the appropriation, the Authority created the Emergency Rental Assistance (ERA) and Emergency Mortgage Assistance (EMA) programs. The Authority became the designated

administrator for the Emergency Rental Assistance (ERA) and Emergency Mortgage Assistance (EMA) Program in Illinois. The purpose of CRF is to use monies appropriated from the State Coronavirus Urgent Remediation Emergency Fund to make ERA and EMA grants to eligible borrowers. During the fiscal year, the Authority returned \$8.0 million to the State of Illinois.

- The Consolidated Appropriations Act (2021) appropriated Emergency Rental Assistance (ERA-1) to the State of Illinois to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The Illinois Department of Commerce and Economic Opportunity (DCEO) granted the Authority \$493.4 million to administer and manage the ERA-1 program. The Authority expended \$355.5 million through grants and \$16.4 million in general and administrative expenses.
- The American Rescue Plan Act (2021) appropriated funding to the State of Illinois for Emergency Rental Assistance (ERA-2), Homeowner Assistance Fund (HAF), and COVID-19 Affordable Housing Grant Program (CAHGP). ERA-2 assists households that are unable to pay rent and utilities. HAF assists homeowners who are unable to pay mortgage and escrowed housing related costs due to the COVID-19 pandemic. CAHGP provides vital funding for housing developments that have been awarded federal Low-Income Housing Tax Credits to overcome increased costs related to the pandemic. In partnership with the Illinois Emergency Management Agency (IEMA) and the Illinois Department of Human Services (DHS), the Authority administers and manages the ERA-2 program. The Authority was appropriated \$368.7 million in the ERA-2 Program, with \$242.9 million expended through grants, and \$17.4 million in general and administrative expenses. The Authority was appropriated \$387.0 million in the HAF Program, with \$1.4 million expended through grants and \$5.5 million in general and administrative expenses. The Authority was appropriated \$75.0 million in the CAHGP Program, with \$23.4 million expended through grants and \$0.5 million in general and administrative expenses.
- The Authority also partnered with DuPage, Will and Kane counties to administer and manage their ERA-1 and ERA-2 Program Funds. The Authority expended a combined total \$74.1 million in grants and \$2.3 million in general and administrative expenses, respectively.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Authority:

- The first two statements are government-wide financial statements that provide information about the Authority's overall financial position and operations. These statements, which are presented on the accrual basis, consist of the statement of net position and the statement of activities.
- The remaining statements are fund financial statements of the Authority's sixteen governmental funds, for which activities are funded from State appropriation (grants), U.S. Department of Housing & Urban Development (HUD), and U.S. Treasury Programs, and for which the Authority follows the modified accrual basis of accounting, and three proprietary funds, which operate similar to business activities and for which the Authority follows the accrual basis of accounting.

- The basic financial statements include notes to the financial statements that explain some of the information in the government-wide and fund financial statements, and provide more detailed data.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Most of the Authority's activities are business-type and are reported in its proprietary funds. The fund financial statements provide more detailed information about the Authority's most significant funds but not the Authority as a whole.

The Authority manages two types of funds:

Governmental funds – The Authority is the administrator of sixteen governmental funds, of which the revenues are appropriated annually to the Illinois Department of Revenue (IDOR), with the exception of revenues received directly from the HOME program and National Housing Trust Fund. The Authority also received Emergency Rental Assistance Funds directly from the Illinois Department of Commerce and Economic Opportunity, with the Authority having intergovernmental agreements with the following counties: Will County, DuPage County, and Kane County. The Authority received Homeowner Assistance Fund (HAF) from the Illinois Department of Revenue. These fund statements focus on how cash and other assets flowing into the funds have been used.

Proprietary funds – The Authority's primary activities are in its three enterprise funds; for which activities are accounted in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of both tax-exempt and taxable bonds, the proceeds of which are primarily used to provide various types of loans to finance low and moderate-income housing. The net position of these funds represents accumulated earnings since their inception and is generally restricted for program purposes.

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Management's Discussion and Analysis (continued)
Year Ended June 30, 2022

Financial Analysis of the Authority as a Whole

Net Position

The combined net position of the Authority decreased by \$108.4 million, or 7.9%, from July 1, 2021, through June 30, 2022. The following table shows a summary of changes from prior year amounts:

Condensed Statements of Net Position

Illinois Housing Development Authority's Net Position								
(in millions of dollars)								
	Governmental Activities		Business-Type Activities		Total		Increase/(Decrease)	
	2022	2021	2022	2021	2022	2021	Amount	Percentage
Current Assets:								
Cash and Investments –								
Unrestricted	\$ 415.8	\$ 416.9	\$ 831.8	\$ 783.6	\$ 1,247.6	\$ 1,200.5	\$ 47.1	3.9 %
Investments - Restricted	48.3	12.0	195.6	163.3	243.9	175.3	68.6	39.1
Program Loans Receivable	35.5	23.2	16.4	18.0	51.9	41.2	10.7	26.0
Other Current Assets	39.4	36.5	31.1	16.1	70.5	52.6	17.9	34.0
Total Current Assets	<u>539.0</u>	<u>488.6</u>	<u>1,074.9</u>	<u>981.0</u>	<u>1,613.9</u>	<u>1,469.6</u>	<u>144.3</u>	<u>9.8</u>
Noncurrent Assets:								
Investments	—	—	72.1	87.0	72.1	87.0	(14.9)	(17.1)
Investments – Restricted	—	—	1,262.4	1,117.5	1,262.4	1,117.5	144.9	13.0
Net Program Loans Receivable	652.6	672.5	524.6	509.5	1,177.2	1,182.0	(4.8)	(0.4)
Capital Assets, Net	—	—	30.8	26.1	30.8	26.1	4.7	18.0
Other Assets	0.2	—	44.8	91.3	45.0	91.3	(46.3)	(50.7)
Total Noncurrent Assets	<u>652.8</u>	<u>672.5</u>	<u>1,934.7</u>	<u>1,831.4</u>	<u>2,587.5</u>	<u>2,503.9</u>	<u>83.6</u>	<u>3.3</u>
Total Assets	<u>\$ 1,191.8</u>	<u>\$ 1,161.1</u>	<u>\$ 3,009.6</u>	<u>\$ 2,812.4</u>	<u>\$ 4,201.4</u>	<u>\$ 3,973.5</u>	<u>\$ 227.9</u>	<u>5.7 %</u>
Deferred Outflow of Resources:								
Accumulated Decrease in Fair Value of Hedge Derivatives	\$ —	\$ —	\$ 0.5	\$ 6.2	\$ 0.5	\$ 6.2	\$ (5.7)	(91.9)%
Current Liabilities:								
Due to Grantees	71.0	64.9	—	—	71.0	64.9	6.1	9.4
Due to State of Illinois	122.3	98.4	—	—	122.3	98.4	23.9	24.3
Bonds and Notes Payable	—	—	56.1	82.2	56.1	82.2	(26.1)	(31.8)
Deposits Held in Escrow	—	—	149.2	140.3	149.2	140.3	8.9	6.3
Other Current Liabilities	278.0	213.7	50.4	32.4	328.4	246.1	82.3	33.4
Total Current Liabilities	<u>471.3</u>	<u>377.0</u>	<u>255.7</u>	<u>254.9</u>	<u>727.0</u>	<u>631.9</u>	<u>95.1</u>	<u>15.0</u>
Noncurrent Liabilities:								
Due to State of Illinois	300.5	312.9	—	—	300.5	312.9	(12.4)	(4.0)
Bonds and Notes Payable	—	—	1,891.7	1,648.9	1,891.7	1,648.9	242.8	14.7
Other Liabilities	—	—	8.0	9.6	8.0	9.6	(1.6)	(16.7)
Total Noncurrent Liabilities	<u>300.5</u>	<u>312.9</u>	<u>1,899.7</u>	<u>1,658.5</u>	<u>2,200.2</u>	<u>1,971.4</u>	<u>228.8</u>	<u>11.6</u>
Total Liabilities	<u>\$ 771.8</u>	<u>\$ 689.9</u>	<u>\$ 2,155.4</u>	<u>\$ 1,913.4</u>	<u>\$ 2,927.2</u>	<u>\$ 2,603.3</u>	<u>\$ 323.9</u>	<u>12.4 %</u>

Illinois Housing Development Authority
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Management’s Discussion and Analysis (continued)
Year Ended June 30, 2022

Condensed Statements of Net Position (Continued)

Illinois Housing Development Authority's Net Position									
(in millions of dollars)									
	Governmental Activities		Business-Type Activities		Total		Increase/(Decrease)		
	2022	2021	2022	2021	2022	2021	Amount	Percentage	
Deferred Inflow of Resources:									
Accumulated Increase in Fair Value of Hedging Derivatives	\$ —	\$ —	\$ 8.2	\$ 1.6	\$ 8.2	\$ 1.6	\$ 6.6	412.5 %	
Net Position:									
Net Investment in Capital Assets	\$ —	\$ —	\$ 8.6	\$ 7.9	\$ 8.6	\$ 7.9	\$ 0.7	9.1 %	
Restricted	419.9	471.2	535.3	616.7	955.2	1,087.9	(132.7)	(12.2)	
Unrestricted	—	—	302.6	279.0	302.6	279.0	23.6	8.5	
Total Net Position	<u>\$ 419.9</u>	<u>\$ 471.2</u>	<u>\$ 846.5</u>	<u>\$ 903.6</u>	<u>\$ 1,266.4</u>	<u>\$ 1,374.8</u>	<u>\$ (108.4)</u>	<u>(7.9)%</u>	

Governmental Activities

Net position of the Authority’s governmental activities decreased by \$51.3 million, or 10.9%, to \$419.9 million, mainly the result of increased program grants in the Build Illinois Bond Program Fund and an increase in the provision for estimated losses on program loans receivable in the American Recovery and Reinvestment Act Fund. There is no net position for four of the Authority’s governmental activities recorded on the Authority’s financial statements. The net position of the Illinois Affordable Housing Trust Fund is recorded as due to the State of Illinois. Revenues from the Rental Housing Support Program Fund, Emergency Rental Assistance Program Fund, and Homeowner Assistance Fund are disbursed as grant or administrative expenses, and therefore no net position is recorded on the Authority’s financial statements.

Total net program loans receivable (current and noncurrent), decreased by \$7.6 million, or 1.1%, to \$688.1 million, mainly attributable to decreases in the Nonmajor Governmental Funds Fund (\$6.7 million), and the Illinois Affordable Housing Trust Fund (\$4.8 million), partially offset by an increase in the HOME Program Fund (\$4.0 million). Cash and investments increased by \$35.2 million, mainly from the new program - the Homeowner Assistance Fund (\$206.6 million), Illinois Affordable Housing Trust Fund (\$15.9 million), and HOME Program Fund (\$3.4 million), partially offset by a decrease in Emergency Rental Assistance Program (\$191.0 million) and Nonmajor Governmental Funds (\$0.5 million). State statute and federal regulations restrict the use of the governmental funds to program activities.

The Authority’s liabilities (current and noncurrent) increased by \$81.9 million, mainly due to increased unearned revenue for the Homeowner Assistance Fund and the COVID -19 Affordable Housing Grant Program Fund by (\$256.7 million), offset by a decrease in the Emergency Rental Assistance Program Fund of (\$184.3 million). Amounts due to the State of Illinois (current and noncurrent) increased by \$11.5 million. This item reflects a liability for the State of Illinois interest in the net position of the Affordable Housing Trust Fund as the Authority acts only as the administrator of (the Housing Program) and accounts for the interest in the net position to be that of the State of Illinois.

Business-Type Activities

The Authority's net position from business-type activities decreased by \$57.1 million, or 6.3%, to \$846.5 million.

Net program loans receivable (current and noncurrent) increased by \$13.5 million, or 2.6%, to \$541.0 million, mainly from the increase in the Mortgage Loan Program Fund (\$33.6 million) due to loan originations exceeding loan repayments, offset by decreases in the Administrative Fund (\$3.7 million) and the Single Family Program Fund (\$16.4 million).

Cash and investments (current and noncurrent) increased by \$210.5 million, or 9.8%, mainly due to increases in the Administrative Fund (\$124.8 million), the Mortgage Loan Program Fund (\$55.6 million), and the Single Family Program Fund (\$30.2 million).

Total bonds and notes payable (current and noncurrent) increased by \$216.7 million, or 12.5%, due to increases in the Administrative Fund (\$5.9 million), the Mortgage Loan Program Fund (\$22.6 million) and the Single Family Program Fund (\$188.0 million).

The restricted net position of the Authority's business-type activities decreased by \$81.4 million, or 13.2%, mostly due to the decrease in the Single-Family Program Fund (\$91.7 million), offset by the increases in the Mortgage Loan Program Fund (\$8.2 million) and the Administrative Fund (\$2.1 million). The net position of the Authority's Bond Funds (Mortgage Loan Program Fund and Single-Family Program Fund) is classified as restricted, except for the \$7.5 million net position invested in capital assets within the Mortgage Loan Program Fund.

Statement of Activities

The statement of activities shows the sources and uses of the Authority's changes in net position as they arise through its various programs and functions.

The governmental activities consist of programs recorded in five major governmental funds: Illinois Affordable Housing Trust Fund, HOME Program Fund, Rental Housing Support Program Fund, Emergency Rental Assistance Program Fund, and Homeowner Assistance Fund. Other programs are recorded in Nonmajor Governmental Funds and consist of the Build Illinois Bond Program Fund, Foreclosure Prevention Program Fund, Community Development Block Grant Fund, American Recovery and Reinvestment Act Fund, Foreclosure Prevention Graduated Program Fund, Neighborhood Stabilization Program Fund, Abandoned Property Program Fund, National Housing Trust Fund, Section 811 Project Rental Assistance Demonstration Program Fund, CV Urgent Remediation Emergency Fund, and COVID-19 Affordable Housing Grant Program Fund.

The business-type activities consist of two housing lending programs, the results of which are primarily recorded within the funds comprising the two major bond funds (the Mortgage Loan Program Fund and the Single Family Program Fund). Federal assistance activities, which involve the allocation of various federal subsidy funds directly to certain of the Authority's borrowers, the tax credit authorization and monitoring, and

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Management's Discussion and Analysis (continued)
Year Ended June 30, 2022

Financial Adjustment Factor (FAF) lending programs, both of which activities are recorded in the Authority Administrative Fund.

A condensed summary of changes in net position for the fiscal year ended June 30, 2022, is shown in the following table.

	Changes in Net Position					
	(In millions of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue:						
Program Revenues:						
Charges for Services	\$ 4.8	\$ 2.4	\$ 70.0	\$ 58.3	\$ 74.8	\$ 60.7
Operating/Grant/Federal Revenues	803.3	575.6	19.3	39.0	822.6	614.6
General Revenues:						
Investment Income (Loss)	—	—	(39.0)	79.1	(39.0)	79.1
Total Revenues	808.1	578.0	50.3	176.4	858.4	754.4
Expenses:						
Direct	799.5	476.1	91.5	94.2	891.0	570.3
Administrative	59.9	45.8	19.9	39.4	79.8	85.2
Total Expenses	859.4	521.9	111.4	133.6	970.8	655.5
Increase (Decrease) in Net Position	(51.3)	56.1	(61.1)	42.8	(112.4)	98.9
Net Position at Beginning of the Year	471.2	415.1	903.5	860.7	1,374.7	1,275.8
Change in Accounting Principle	—	—	4.1	—	4.1	—
Net Position at Beginning of Year, as Restated	471.2	—	907.6	—	1,378.8	—
Net Position at End of the Year	\$ 419.9	\$ 471.2	\$ 846.5	\$ 903.5	\$ 1,266.4	\$ 1,374.7

Governmental Activities

Revenues of the Authority's governmental activities, increased by \$230.1 million from the prior year, due to an increase in the Emergency Rental Assistance Program Fund (\$596.9 million) and the new federal program, Homeowner Assistance Fund (\$7.1 million). These increases were partially offset by decreases in Non Major Government Other Programs (\$367.7 million), the HOME program (\$2.2 million), the Rental Housing Support Program (\$2.0 million), and Illinois Affordable Housing Trust Program (\$1.9 million).

Direct expenses of the Authority's governmental activities increased by \$323.4 million from the prior year, due to an increase in the Emergency Fund (\$596.9 million), the new federal program, Homeowner Assistance Fund (\$7.1 million), and HOME Program (\$1.3 million), offset by a decrease in Other Programs (\$263.9 million), Illinois Affordable Housing Trust Program (\$1.9 million), and Rental Housing Support Program (\$2.0 million). The key driver of these increases is the program grants.

Business-Type Activities

Revenues of the Authority's business-type activities decreased by \$126.1 million from the prior year, due to decreases in investment income (\$118.1 million), operating/grant/federal revenues (\$19.7 million) partially offset by an increase in charges for services (\$11.7 million).

Direct expenses of the Authority's business-type activities which consist primarily of interest expense (\$35.7 million) on Authority debt incurred to fund its various lending programs and the pass-through of federal assistance programs' funds (\$19.3 million), decreased by \$19.7 million from the prior year. The decrease was mainly due to lower federal assistance programs (\$19.7 million), lower state assistance program (\$0.3 million), lower program grants (\$15.5 million), decrease in other general and administrative (\$0.8 million), offset by an increase in interest expense of (\$3.0 million), increase in salaries and benefits (\$2.3 million), increase in professional fees (\$1.6 million), increase in provision for (reversal of) estimated losses on program loans receivable (\$2.1 million), and an increase in change in accrual for estimated losses on mortgage participation certificate program (\$1.7 million).

Program revenues of the Mortgage Loan Program exceeded direct expenses by \$11.3 million (see the Statement of Activities). The Authority's business-type activities had a (\$39.0 million) of unrestricted investment losses.

Proprietary Fund Results

The net position of the Authority's proprietary funds decreased from June 30, 2021, amount by \$57.1 million to \$846.5 million. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported net position. The following table summarizes the revenues, expenses, and changes in fund net position of the Authority's proprietary funds:

Illinois Housing Development Authority
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Management's Discussion and Analysis (continued)
Year Ended June 30, 2022

	Changes in Net Position/Proprietary Funds					
	(In millions of dollars)					
	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund	
	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21
Operating Revenues:						
Interest Earned on Program Loans	\$ 0.6	\$ 0.6	\$ 15.3	\$ 13.1	\$ 4.8	\$ 6.2
Interest and Other Income	20.2	8.6	1.3	1.2	29.4	33.0
Service Fees	11.3	7.3	—	—	—	—
Development Fees	8.5	5.8	—	—	—	—
HUD Savings	0.7	0.5	—	—	—	—
Tax Credit Reservation and Monitoring Fees	9.4	9.5	—	—	—	—
Other	6.3	4.5	12.3	10.5	—	—
Total Operating Revenues	57.0	36.8	28.9	24.8	34.2	39.2
Operating Expenses:						
Interest Expense	0.6	0.4	9.5	6.9	25.6	25.4
Salaries and Benefits	24.2	21.9	—	—	—	—
Professional Fees	5.3	3.7	—	—	—	—
Amortization Expense	1.3	—	—	—	—	—
Other General and Administrative	3.0	5.1	8.1	6.7	0.3	0.4
Financing Costs	1.4	1.3	0.2	0.1	4.5	3.1
Program Grants	3.2	18.7	—	—	—	—
Change in Accrual for Estimated Losses on Mortgage Participation Certificate Program	0.9	(0.8)	—	—	—	—
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	3.5	1.2	(0.2)	(0.7)	(0.3)	0.4
Provision for Estimated Losses on Real Estate Held for Sale	—	—	—	0.1	0.3	0.3
Total Operating Expenses	43.4	51.5	17.6	13.1	30.4	29.6
Operating Income / Loss	13.6	(14.7)	11.3	11.7	3.8	9.6
Nonoperating Revenues and Expenses						
Gain/Loss on Investment Sale Revenue	49.4	37.1	—	—	(0.2)	(0.3)
Net Increase (Decrease) in Fair Value of Investments	(7.9)	2.5	(2.0)	(1.1)	(129.3)	(1.9)
State Assistance Revenues	0.7	0.4	—	—	—	—
State Assistance Expenses	(0.7)	(0.4)	—	—	—	—
Federal Assistance Programs Revenues	19.3	39.0	—	—	—	—
Federal Assistance Programs Expenses	(19.3)	(39.0)	—	—	—	—
Total Nonoperating Revenues and Expenses	41.5	39.6	(2.0)	(1.1)	(129.5)	(2.2)
Capital Contribution	0.1	—	—	—	—	—
Transfers	(12.9)	(2.8)	0.1	—	12.8	2.8
Change in Net Position	42.3	22.1	9.4	10.6	(112.9)	10.2
Net Position at Beginning of Year	324.6	302.5	359.1	348.5	219.9	209.7
Change in Accounting Principle	4.1	—	—	—	—	—
Net Position at Beginning of Year, as Restated	328.7	—	—	—	—	—
Net Position at End of Year	\$ 371.0	\$ 324.6	\$ 368.5	\$ 359.1	\$ 107.0	\$ 219.9

The net position of the Administrative Fund increased by \$46.4 million which includes \$4.1 million due to a Change in Accounting Principle, compared to the prior year increase of \$22.1 million. Administrative Fund operating income was \$13.6 million, an increase of \$28.3 million compared to prior year operating loss of (\$14.7 million), and net transfers out were \$12.9 million, compared to \$2.8 million in the prior year. The fiscal

year 2022 operating income was primarily due to the increases in: service fees (\$4.0 million), development fees (\$2.7 million), and other income (\$1.8 million), offset by a decrease in interest and other investment income (\$11.6 million), tax credit reservation and monitoring fees (\$0.1 million), higher salaries and benefits of (\$2.3 million), higher interest expense (\$0.2 million), higher professional fees (\$1.6 million), higher losses on mortgage participation certificate program (\$1.7 million), and higher financing cost (\$0.1 million), offset by a decrease of lower program grants (\$15.5 million).

The net position of the Mortgage Loan Program Fund increased by \$9.4 million, compared to the prior year's increase of \$10.6 million. Operating income was \$11.3 million, a decrease of \$0.4 million from prior year, mainly due to higher interest expense (\$2.6 million), higher other general and administrative (\$1.4 million), higher provision for (reversal of) estimated losses on program loans receivable (\$0.5 million), and higher financing cost (\$0.1 million), offset by an increase in interest earned on program loans (\$2.2 million), other income (\$1.8 million), interest income (\$0.1 million), and a decrease in provision for estimated losses on real estate held for sale (\$0.1 million).

The net position of the Single Family Program Fund decreased by (\$112.9 million), compared to the prior year increase of \$10.2 million. The decrease in current year is primarily due to non operating income in fair value of investments (\$127.4 million) as illustrated in the paragraph below. Operating income was \$3.8 million, compared to prior year operating income of (\$9.6 million) mainly due to an increase in interest income (\$3.6 million), lower provision for (reversal of) estimated losses on program loans receivable (\$0.7 million), and lower other general and administrative (\$0.1 million), offset by a decrease in interest earned on program loans (\$1.4 million), increase in financing cost (\$1.4 million), and interest expense (\$0.2 million).

Non-operating Revenues and Expenses

Total non-operating revenues and expenses were (\$90.0 million) for fiscal year 2022, a decrease of (\$126.3 million) from fiscal year 2021. The decrease is primarily due to (\$138.7 million) decrease in fair value of investments, offset by (\$12.4 million) increase in gain/loss on investment sale revenues.

Authority Debt

Authority gross debt issuances during the fiscal year 2022 totaled \$990.7 million with the issuance of Revenue Bonds (\$439.3 million), premium on Revenue Bonds (\$9.2 million) within the Single Family Program Fund, Multi-Family Revenue Bonds (\$134.2 million), and Federal Home Loan Bank Advances (\$408.0 million). Debt retirements within the Mortgage Loan Program, Single Family Program, and Administrative Funds were \$111.6 million, \$253.0 million, and \$402.1 million, respectively. Total bonds and notes payable increased by \$216.5 million. For additional information, see Note 8 – Bonds and Notes Payable in the Notes to the Financial Statements.

Pursuant to the IHDA Act, the Authority has the power to hold up to \$7.2 billion of general and special limited obligation bonds and notes outstanding, excluding those issued to refund outstanding bonds and notes. As of June 30, 2022, amounts outstanding against this limitation were approximately \$3.3 billion.

As of June 30, 2022, the Authority's Issuer Credit Ratings were A1 (Stable) by Moody's Investors Service, AA- (Stable) by Standard and Poor's and AA- (Positive) by Fitch Ratings. While Issuer Credit Ratings remain

unchanged from prior year, Fitch revised the Authority's outlook in Fiscal Year 2022 with the revision from "stable" to "positive". Although no rating updates are expected at this time, Standard and Poor's has subsequently revised the outlook of the Authority from "stable" to "positive" in July 2022.

Economic Factors and Outlook

During the majority of fiscal year 2022, tax-exempt bond rates were favorable for new issuance, which provided the Authority an opportunity to issue tax-exempt fixed/variable rate long-term bonds in the amount of \$400.0 million, and taxable fixed rate long-term bonds in the amount of \$39.3 million in the Single Family Program. The Authority correspondingly issued both tax-exempt and taxable fixed rate long-term bonds in support of its Multi-Family Program in the amount of \$123.4 million and \$10.8 million, respectively.

During fiscal year 2022, the Authority continued to finance its activity relating to homeownership in the State of Illinois through the sale of mortgage-backed securities to the secondary market. The Authority uses forward commitments to lock in the price of securities related to secondary market sales.

The global outbreak of COVID-19 is affecting national capital markets and negatively impacting the overall economy. The Authority has a Continuity of Operations Plan which has allowed it to provide continued execution of its programs with minimal disruption. In response to COVID-19, the Authority is administering a new program, with federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and may be asked to administer additional programs in the future in response to the pandemic. Furthermore, the Authority cannot predict the duration of the pandemic and how it may impact the Authority's housing and state revolving fund programs and financial position.

The American Rescue Plan Act (2021) established the Emergency Rental Assistance (ERA2), Homeowner Assistance Fund (HAF) and COVID-19 Affordable Housing Grant programs (CAHGP). ERA2 assists households that are unable to pay rent and utilities. HAF assists homeowners who are unable to pay mortgage, utilities, and real estate taxes due to the COVID-19 pandemic. CAHGP provides vital funding for housing developments that have been awarded federal Low-Income Housing Tax Credits to overcome increased costs related to the pandemic. In partnership with the Illinois Emergency Management Agency (IEMA) and the Illinois Department of Human Services (DHS), the Authority administers and manages the ERA2 program.

As the Authority moves into fiscal year 2023 and into the future, the Authority will continue to explore new methods to expand its Single Family and Multi-Family lending activities that are consistent with the State housing needs. The Authority will collaboratively work with other housing entities and stakeholders to provide effective and efficient housing solutions. The Authority will continue to explore solutions to prevent foreclosures by providing assistance to eligible homeowners who have and may still be experiencing significant financial hardship. Due to the continued impact of the COVID-19 pandemic and the inability to predict its duration, the level of uncertainty in the economy is intensified and will likely lead to a slow recovery in the housing market.

At this time, the Authority is not aware of any other facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Capital Asset Activity

The Authority had no significant capital asset activity in fiscal year 2022. More details on capital asset activity can be found in Note 7 – Capital Asset in the Notes to the Financial Statements.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Illinois, our constituents, and investors with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. If you have questions about this report or need additional financial information, contact the Controller at the Illinois Housing Development Authority, 111 E. Wacker Drive, Suite 1000, Chicago, IL 60601, or visit our web site at: www.ihda.org.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Net Position (Dollars in Thousands)
As of June 30, 2022

Assets	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and Cash Equivalents	\$ —	\$ 11,581	\$ 11,581
Cash and Cash Equivalents - Restricted	415,847	582,137	997,984
Total Cash and Cash Equivalents	415,847	593,718	1,009,565
Investments	—	238,041	238,041
Investments - Restricted	48,267	195,634	243,901
Investment Income Receivable	—	527	527
Investment Income Receivable - Restricted	51	3,850	3,901
Program Loans Receivable	35,504	16,389	51,893
Grant Receivable	40,800	—	40,800
Interest Receivable on Program Loans	284	2,082	2,366
Other	56	22,779	22,835
Internal Balances	(1,838)	1,838	—
Total Current Assets	538,971	1,074,858	1,613,829
Noncurrent Assets:			
Investments	—	72,146	72,146
Investments - Restricted	—	1,262,381	1,262,381
Program Loans Receivable, Net of Current Portion	756,173	539,301	1,295,474
Less Allowance for Estimated Losses	(103,567)	(14,750)	(118,317)
Net Program Loans Receivable	652,606	524,551	1,177,157
Real Estate Held for Sale	—	394	394
Less Allowance for Estimated Losses	—	(138)	(138)
Net Real Estate Held for Sale	—	256	256
Due from Fannie Mae	—	30,161	30,161
Due from Freddie Mac	—	4,306	4,306
Capital Assets, Net	—	30,777	30,777
Derivative Instrument Asset	—	8,188	8,188
Other	179	1,966	2,145
Total Noncurrent Assets	652,785	1,934,732	2,587,517
Total Assets	1,191,756	3,009,590	4,201,346
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	—	523	523
Total Deferred Outflows of Resources	—	523	523

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Net Position, continued (Dollars in Thousands)
As of June 30, 2022

Liabilities	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Due to Grantees	\$ 70,996	\$ —	\$ 70,996
Due to State of Illinois	122,342	—	122,342
Bonds and Notes Payable	—	56,060	56,060
Accrued Interest Payable	—	13,310	13,310
Unearned Revenue	278,011	2,965	280,976
Deposits Held in Escrow	—	149,196	149,196
Lease Liability	—	1,256	1,256
Accrued Liabilities and Other	11	32,890	32,901
Total Current Liabilities	471,360	255,677	727,037
Noncurrent Liabilities:			
Due to State of Illinois	300,488	—	300,488
Bonds and Notes Payable, Net of Current Portion	—	1,891,700	1,891,700
Unearned Revenue	—	2,707	2,707
Lease Liability, Net of Current Portion	—	4,820	4,820
Derivative Instrument Liability	—	523	523
Total Noncurrent Liabilities	300,488	1,899,750	2,200,238
Total Liabilities	771,848	2,155,427	2,927,275
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging			
Derivatives	—	8,188	8,188
Unearned Revenue	—	4	4
Total Deferred Inflows of Resources	—	8,192	8,192
Net Position			
Net Investment in Capital Assets	—	8,616	8,616
Restricted for Bond Resolution Purposes	—	489,128	489,128
Restricted for Loan and Grant Programs	419,908	46,158	466,066
Unrestricted	—	302,592	302,592
Total Net Position	\$ 419,908	\$ 846,494	\$ 1,266,402

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Activities (Dollars in Thousands)
Year Ended June 30, 2022

Functions/programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services and Interest Income	Operating Grant/Federal Revenues	Capital Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Illinois Affordable Housing Trust Program	\$ 9,682	\$ 27	\$ 9,666	\$ —	\$ 11	\$ —	\$ 11
HOME Program	6,081	2,104	11,672	—	7,695	—	7,695
Rental Housing Support Program	19,425	35	19,383	—	(7)	—	(7)
Emergency Rental Assistance Program	708,578	62	708,516	—	—	—	—
Homeowner Assistance Fund	7,051	150	6,901	—	—	—	—
Other Programs	108,573	2,432	47,136	—	(59,005)	—	(59,005)
Total Governmental Activities	859,390	4,810	803,274	—	(51,306)	—	(51,306)
Business-Type Activities:							
Administrative Programs	63,379	37,552	19,250	—	—	(6,577)	(6,577)
Mortgage Loan Programs	17,642	27,639	—	—	—	9,997	9,997
Single Family Mortgage Loan Programs	30,420	4,827	—	—	—	(25,593)	(25,593)
Total Business-Type Activities	111,441	70,018	19,250	—	—	(22,173)	(22,173)
Total Authority	<u>\$ 970,831</u>	<u>\$ 74,828</u>	<u>\$ 822,524</u>	<u>\$ —</u>	(51,306)	(22,173)	(73,479)
General Revenues, Capital Contributions and Transfers:							
Net Investment Loss					—	(39,072)	(39,072)
Capital Contributions					—	75	75
Transfers					(27)	27	—
Total General Revenues, Capital Contributions, and Transfers					(27)	(38,970)	(38,997)
Change in Net Position							
Net Position at Beginning of Year					471,241	903,556	1,374,797
Change in Accounting Principle					—	4,081	4,081
Net Position at Beginning of Year, as Restated					471,241	907,637	1,378,878
Net Position - End Of Year					<u>\$ 419,908</u>	<u>\$ 846,494</u>	<u>\$ 1,266,402</u>

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Balance Sheet – Governmental Funds (Dollars in Thousands)
As of June 30, 2022

Assets	Major Funds						Total
	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	Emergency Rental Assistance Program Fund	Homeowner Assistance Fund	Nonmajor Governmental Funds	
Current Assets:							
Cash and Cash Equivalents - Restricted	\$ 80,901	\$ 15,967	\$ 5,054	\$ 22,027	\$ 206,551	\$ 85,347	\$ 415,847
Investments - Restricted	—	—	48,267	—	—	—	48,267
Investment Income Receivable - Restricted	—	—	51	—	—	—	51
Program Loans Receivable	18,157	17,007	—	—	—	340	35,504
Grant Receivable	23,172	—	17,628	—	—	—	40,800
Interest Receivable on Program Loans	112	148	—	—	—	24	284
Other	—	—	—	56	—	—	56
Total Current Assets	122,342	33,122	71,000	22,083	206,551	85,711	540,809
Noncurrent Assets:							
Program Loans Receivable, Net of Current	349,940	301,815	—	—	—	104,418	756,173
Less Allowance for Estimated Losses	(49,452)	(31,806)	—	—	—	(22,309)	(103,567)
Net Program Loans Receivable	300,488	270,009	—	—	—	82,109	652,606
Other	—	8	—	163	—	8	179
Total Noncurrent Assets	300,488	270,017	—	163	—	82,117	652,785
Total Assets	\$ 422,830	\$ 303,139	\$ 71,000	\$ 22,246	\$ 206,551	\$ 167,828	\$ 1,193,594
Liabilities and Fund Balances							
Current liabilities:							
Due to Grantees	\$ —	\$ —	\$ 70,996	\$ —	\$ —	\$ —	\$ 70,996
Due to State of Illinois	122,342	—	—	—	—	—	122,342
Unearned Revenue	—	148	—	21,058	206,551	50,426	278,183
Accrued Liabilities and Other	—	—	—	4	—	7	11
Due to Other Funds	—	590	4	1,184	—	60	1,838
Total Current Liabilities	122,342	738	71,000	22,246	206,551	50,493	473,370
Noncurrent Liabilities:							
Due to State of Illinois	300,488	—	—	—	—	—	300,488
Total Liabilities	422,830	738	71,000	22,246	206,551	50,493	773,858
Fund Balances:							
Restricted	—	302,401	—	—	—	117,335	419,736
Total Fund Balances	—	302,401	—	—	—	117,335	419,736
Total Liabilities and Fund Balances	\$ 422,830	\$ 303,139	\$ 71,000	\$ 22,246	\$ 206,551	\$ 167,828	\$ 1,193,594
Amounts reported for Governmental Activities in different due to:							
Unearned Interest Receivable on Certain Program Loans Receivable							\$ 172
Net Position of Governmental Activities							\$ 419,908

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Dollars in Thousands)
Year Ended June 30, 2022

	Major Funds						Total
	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	Emergency Rental Assistance Program Fund	Homeowner Assistance Fund	Nonmajor Governmental Funds	
Revenues:							
Grants from State of Illinois	\$ 9,666	\$ —	\$ 19,383	\$ —	\$ —	\$ 4,237	\$ 33,286
Federal Funds	—	11,672	—	708,516	6,901	42,899	769,988
Interest and Investment Income	27	2,104	35	62	150	2,430	4,808
Total Revenues	9,693	13,776	19,418	708,578	7,051	49,566	808,082
Expenditures:							
General and Administrative	4,691	3,256	635	36,105	5,544	9,685	59,916
Grants	4,964	—	18,790	672,402	1,357	88,044	785,557
Financing Costs	—	—	—	9	—	—	9
Program Income Transferred to State of Illinois	27	—	—	62	150	42	281
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	—	2,825	—	—	—	10,802	13,627
Total Expenditures	9,682	6,081	19,425	708,578	7,051	108,573	859,390
Excess of Revenues Over (Under) Expenditures	11	7,695	(7)	—	—	(59,007)	(51,308)
Other Financing Sources (Uses)							
Transfer In	27	—	7	—	—	7,372	7,406
Transfer Out	(38)	—	—	—	—	(7,395)	(7,433)
Total Other Financing Sources (Uses)	(11)	—	7	—	—	(23)	(27)
Net Change in Fund Balances	—	7,695	—	—	—	(59,030)	(51,335)
Fund Balances at Beginning of Year	—	294,706	—	—	—	176,365	471,071
Fund Balances at End of Year	\$ —	\$ 302,401	\$ —	\$ —	\$ —	\$ 117,335	\$ 419,736

Amounts reported for Governmental Activities in the Statement of Activities are different due to:

Unearned Interest Receivable on Certain Program Loans Receivable

\$ 2

Change in Net Position of Governmental Activities

\$ (51,333)

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Net Position – Proprietary Funds (Dollars in Thousands)
As of June 30, 2022

Assets	Major Funds			Total
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	
Current Assets:				
Cash and Cash Equivalents	\$ 11,581	\$ —	\$ —	\$ 11,581
Cash and Cash Equivalents - Restricted	158,942	310,577	112,618	582,137
Total Cash and Cash Equivalents	170,523	310,577	112,618	593,718
Investments	238,041	—	—	238,041
Investments - Restricted	43,317	21,164	131,153	195,634
Investment Income Receivable	527	—	—	527
Investment Income Receivable - Restricted	186	47	3,617	3,850
Program Loans Receivable	621	5,799	9,969	16,389
Interest Receivable on Program Loans	67	1,416	599	2,082
Due from Other Funds	46,710	70,251	5,854	122,815
Other	22,779	—	—	22,779
Total Current Assets	522,771	409,254	263,810	1,195,835
Noncurrent Assets:				
Investments	72,146	—	—	72,146
Investments – Restricted	10,593	36,001	1,215,787	1,262,381
Program Loans Receivable, Net of Current Portion	55,185	394,059	90,057	539,301
Less Allowance for Estimated Losses	(9,169)	(3,360)	(2,221)	(14,750)
Net Program Loans Receivable	46,016	390,699	87,836	524,551
Real Estate Held for Sale	75	—	319	394
Less Allowance for Estimated Losses	—	—	(138)	(138)
Net Real Estate Held for Sale	75	—	181	256
Due from Fannie Mae	—	30,161	—	30,161
Due from Freddie Mac	—	4,306	—	4,306
Capital Assets, Net	7,191	23,586	—	30,777
Derivative Instrument Asset	—	309	7,879	8,188
Other	1,729	237	—	1,966
Total Noncurrent Assets	137,750	485,299	1,311,683	1,934,732
Total Assets	660,521	894,553	1,575,493	3,130,567
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	53	470	—	523
Total Deferred Outflows of Resources	53	470	—	523

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Net Position – Proprietary Funds, continued (Dollars in Thousands)
As of June 30, 2022

Liabilities	Major Funds			Total
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	
Current Liabilities:				
Bonds and Notes Payable	\$ 12,906	\$ 8,437	\$ 34,717	\$ 56,060
Accrued Interest Payable	—	3,909	9,401	13,310
Unearned Revenue	2,965	—	—	2,965
Deposits Held in Escrow	149,196	—	—	149,196
Lease Liability	1,256	—	—	1,256
Accrued Liabilities and Other	28,899	3,405	586	32,890
Due to Other Funds	76,105	44,826	46	120,977
Total Current Liabilities	271,327	60,577	44,750	376,654
Noncurrent Liabilities:				
Bonds and Notes Payable, Net of Current Portion	10,650	465,119	1,415,931	1,891,700
Unearned Revenue	2,707	—	—	2,707
Lease Liability, Net of Current Portion	4,820	—	—	4,820
Derivative Instrument Liability	53	470	—	523
Total Noncurrent Liabilities	18,230	465,589	1,415,931	1,899,750
Total Liabilities	289,557	526,166	1,460,681	2,276,404
Deferred Inflows of Resources				
Accumulated Increase in Fair Value of Hedging Derivatives	—	309	7,879	8,188
Unearned Revenue	4	—	—	4
Total Deferred Inflows of Resources	4	309	7,879	8,192
Net Position				
Net Investment in Capital Assets	1,115	7,501	—	8,616
Restricted for Bond Resolution Purposes	—	361,047	128,081	489,128
Restricted for Loan and Grant Programs	46,158	—	—	46,158
Unrestricted	323,740	—	(21,148)	302,592
Total Net Position	\$ 371,013	\$ 368,548	\$ 106,933	\$ 846,494

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
(Dollars in Thousands)
Year Ended June 30, 2022

	Major Funds			Total
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	
Operating Revenues:				
Interest and Other Investment Income	\$ 20,196	\$ 1,260	\$ 29,433	\$ 50,889
Interest Earned on Program Loans	604	15,345	4,827	20,776
Service Fees	11,296	—	—	11,296
Development Fees	8,501	—	—	8,501
HUD Savings	714	—	—	714
Tax Credit Reservation and Monitoring Fees	9,438	—	—	9,438
Other Income	6,311	12,294	—	18,605
Total Operating Revenues	57,060	28,899	34,260	120,219
Operating Expenses:				
Interest Expense	560	9,482	25,652	35,694
Salaries and Benefits	24,159	—	—	24,159
Professional Fees	5,285	—	—	5,285
Amortization Expense	1,341	—	—	1,341
Other General and Administrative	2,963	8,153	303	11,419
Financing Costs	1,426	208	4,530	6,164
Program Grants	3,242	—	—	3,242
Change in Accrual for Estimated Losses on Mortgage Participation Certificate Program	920	—	—	920
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	3,545	(210)	(384)	2,951
Provision for Estimated Losses on Real Estate Held for Sale	—	9	319	328
Total Operating Expenses	43,441	17,642	30,420	91,503
Total Operating Income	13,619	11,257	3,840	28,716
Nonoperating Revenues and Expenses				
Gain/Loss on Investment Sale Revenues	49,368	10	(196)	49,182
Net Increase (Decrease) in Fair Value of Investments	(7,859)	(1,971)	(129,313)	(139,143)
State Assistance Programs Revenues	688	—	—	688
State Assistance Programs Expenses	(688)	—	—	(688)
Federal Assistance Programs Revenues	19,250	—	—	19,250
Federal Assistance Programs Expenses	(19,250)	—	—	(19,250)
Total Nonoperating Income	41,509	(1,961)	(129,509)	(89,961)
Income Before Capital Contributions and Transfers	55,128	9,296	(125,669)	(61,245)
Capital Contributions	75	—	—	75
Transfers In	86	153	12,772	13,011
Transfers Out	(12,984)	—	—	(12,984)
Total Transfers and Capital Contributions	(12,823)	153	12,772	102
Change in Net Position	42,305	9,449	(112,897)	(61,143)
Net Position at Beginning of the Year	324,627	359,099	219,830	903,556
Change in Accounting Principle	4,081	—	—	4,081
Net Position at the Beginning of Year, as Restated	328,708	359,099	219,830	907,637
Net Position - June 30, 2022	\$ 371,013	\$ 368,548	\$ 106,933	\$ 846,494

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Cash Flows – Proprietary Funds (Dollars in Thousands)
Year Ended June 30, 2022

	Major Funds			Total
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	
Cash Flows From Operating Activities:				
Receipts for Program Loans, Interest, and Service Fees	\$ 29,806	\$ 67,103	\$ 32,765	\$ 129,674
Payments for Program Loans	(6,844)	(82,182)	(11,618)	(100,644)
Receipts for Credit Enhancements	—	54,034	—	54,034
Payments for Program Grants	(3,242)	—	—	(3,242)
Payments to Suppliers	(9,050)	(8,311)	(4,552)	(21,913)
Payments to Employees	(24,159)	—	—	(24,159)
Receipts for Tax Credit Reservations and Monitoring Fees	9,438	—	—	9,438
Other Receipts	7,025	12,294	—	19,319
Net Cash Provided (Used) by Operating Activities	2,974	42,938	16,595	62,507
Cash Flows from Noncapital Financing Activities:				
Interest Paid on Revenue Bonds and Notes	(560)	(9,189)	(21,333)	(31,082)
Due to / from Other Funds	69,427	(235)	(62,355)	6,837
Proceeds from Sale of Bonds and Notes	408,020	134,200	448,479	990,699
Principal Paid on Bonds and Notes	(402,117)	(111,555)	(260,506)	(774,178)
Transfers In	86	23,723	12,772	36,581
Transfers Out	(12,984)	(23,570)	—	(36,554)
Net Cash provided (Used) by Noncapital Financing Activities	61,872	13,374	117,057	192,303
Cash Flows from Capital Financing and Related Activities:				
Acquisition of Capital Assets	(312)	(193)	—	(505)
Principal and Interest Paid on Lease	(1,377)	—	—	(1,377)
Net Cash provided (Used) by Capital Financing and Related Activities	(1,689)	(193)	—	(1,882)
Cash Flows from Investing Activities:				
Purchase of Investment Securities	(1,626,886)	(355,266)	(953,573)	(2,935,725)
Proceeds from Sales and Maturities of Investment Securities	1,433,672	400,499	635,398	2,469,569
Interest Received on Investments	48,901	1,187	22,367	72,455
Net Cash Provided (Used) by Investing	(144,313)	46,420	(295,808)	(393,701)
Net Increase (Decrease) in Cash and Cash Equivalents	(81,156)	102,539	(162,156)	(140,773)
Cash and Cash Equivalents, Beginning of the Year	251,679	208,038	274,774	734,491
Cash and Cash Equivalents, End of the Year	<u>\$ 170,523</u>	<u>\$ 310,577</u>	<u>\$ 112,618</u>	<u>\$ 593,718</u>

See accompanying notes to the financial statements.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Statement of Cash Flows – Proprietary Funds, continued (Dollars in Thousands)
Year Ended June 30, 2022

	Major Funds			Total
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	
Reconciliation of operating income to net cash provided by (used in) operating/ non operating activities:				
Operating Income (Loss)	\$ 13,619	\$ 11,257	\$ 3,840	\$ 28,716
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Investment income (loss)	(20,196)	(1,260)	(29,433)	(50,889)
Interest expense	560	9,482	25,652	35,694
Depreciation and amortization	1,965	1,165	—	3,130
Change in accrual for estimated losses on mortgage participation certificate program	920	—	—	920
Changes in provision for (reversal of) estimated losses on program loans receivable	3,545	(210)	(384)	2,951
Changes in assets and liabilities:				
Program loans receivable	231	(33,390)	16,646	(16,513)
Interest receivable on program loans	3	(325)	(7)	(329)
Other liabilities	27,561	2,257	281	30,099
Other assets	(25,234)	(72)	—	(25,306)
Due from Fannie Mae	—	54,033	—	54,033
Due from Freddie Mac	—	1	—	1
Total adjustments	(10,645)	31,681	12,755	33,791
Net cash provided by (used in) operating/non operating	<u>\$ 2,974</u>	<u>\$ 42,938</u>	<u>\$ 16,595</u>	<u>\$ 62,507</u>
Noncash investing capital and financing activities:				
Transfer of foreclosed assets	<u>\$ 75</u>	<u>\$ 9</u>	<u>\$ 381</u>	<u>\$ 465</u>
Increase (decrease) in the fair value of investments	<u>\$ (7,859)</u>	<u>\$ (1,971)</u>	<u>\$ (129,313)</u>	<u>\$ (139,143)</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

Note 1 – Authorizing Legislation

Note 2 – Summary of Significant Accounting Policies

Note 3 – Cash and Investments

Note 4 – Interfund Balances, and Transfers

Note 5 – Program Loans Receivable

Note 6 – Real Estate Held for Sale

Note 7 – Capital Assets

Note 8 – Bonds and Notes Payable

Note 9 – Deposits Held in Escrow

Note 10 – Leases

Note 11 – Risk Management

Note 12 – Retirement Plan

Note 13 – Commitments and Contingencies

Note 14 – Subsequent Events

NOTE 1 AUTHORIZING LEGISLATION

The Illinois Housing Development Authority (the Authority) is a body politic and corporate of the State of Illinois (the State) created by the Illinois Housing Development Act, as amended (the Act), for the purposes of assisting in the financing of decent, safe, and sanitary housing for persons and families of low and moderate income in the State and assisting in the financing of residential mortgages in the State. To accomplish its purposes, the Authority is authorized by the Act to make mortgage or other loans to nonprofit corporations and limited profit entities for the acquisition, construction, or rehabilitation of dwelling accommodations and to acquire, and to contract and enter into advance commitments to acquire, residential mortgage loans from lending institutions. The Act also authorizes the Authority to issue its bonds and notes to fulfill corporate purposes, including the financing of mortgage and construction loans, the acquisition of residential mortgage loans, and the making of loans for housing related commercial facilities. The Authority has issued various bonds and notes to finance mortgage loans and construction loans, to purchase residential mortgage loans from lending institutions, and to make loans to private lending institutions for making new residential mortgage loans.

The bonds and notes outstanding as of June 30, 2022, as shown on the Authority's financial statements consist of both general and special limited obligations of the Authority (see note 8). The full faith and credit of the Authority are pledged for payment of general obligation bonds and notes. The Authority has the power under the Act (20 ILCS 3805/22) to have up to \$7.2 billion of general and special limited obligation bonds and notes outstanding, excluding those issued to refund outstanding bonds and notes. See reference footnote 8F- Other Financings that impact the Authority debt authorization. At June 30, 2022, amounts outstanding against this limitation were approximately \$3.3 billion.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As defined by U.S. generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- a. Appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- b. Fiscal dependency on the primary government.

For financial reporting purposes, the Authority is a component unit of the State of Illinois. The Authority has one component unit, the IHDA Dispositions LLC (the LLC). The LLC has no activity for fiscal year 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-Wide Statements – The government-wide statement of net position and statement of activities reports the overall financial activity of the Authority. Eliminations have been made to help minimize the double-counting of internal activities of the Authority. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents information showing how the Authority's net position has changed during the recent fiscal year. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the Authority's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis on fund financial statements is on major and nonmajor governmental and proprietary (enterprise) funds, each displayed in a separate column.

As a quasi-governmental agency, the annual operating budget of the Authority is approved by the Board of Directors. Therefore, the Authority is not required to formally adopt budgets for each fund.

The Authority reports the following major governmental funds:

Illinois Affordable Housing Trust Fund

The Authority is designated administrator of the Illinois Affordable Housing Program (the Housing Program). The program is funded by the Illinois Affordable Housing Trust Fund with funds generated from a portion of the State real estate transfer tax collected by the Illinois Department of Revenue and held within the State Treasury. The funds are appropriated annually to the Illinois Department of Revenue by the General Assembly. In accordance with State statute, the Authority makes grants and low or no interest mortgages or other loans, some with deferred repayment terms, to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable Single Family and Multi-Family housing for low and very low-income households.

As the administrator of the Housing Program, the Authority considers the interest in equity of the Housing Program to be that of the State of Illinois and the Authority records a liability to the State of Illinois for their equity share. Additionally, the Authority records amounts received to administer the Housing Program as grant revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

HOME Program Fund

The Authority is the designated program administrator and the Participating Jurisdiction for the federally funded HOME Investment Partnerships Program (the HOME Program) for the State of Illinois. HOME funds are utilized for a variety of housing activities, according to local housing needs. Eligible uses of funds include tenant-based rental assistance, housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing.

Rental Housing Support Program Fund

The Authority is the designated administrator of the Rental Housing Support Program (the Support Program). The program is funded by a surcharge for the recording of any real estate-related document. The funds are appropriated to the Illinois Department of Revenue by the General Assembly. The Authority awards funds to local administering agencies, which will contract with local landlords to make rental units affordable to households who earn less than 30% of the area median income.

Emergency Rental Assistance Program Fund

The Authority administered the Emergency Rental Assistance (ERA) programs. The State established the Emergency Rental Assistance (ERA) program, in the sum of \$746.8 million. The Authority used \$672.4 million during fiscal year 2022 to assist households that were unable to pay rent and utilities due to the COVID-19 pandemic. The Authority has received \$223.8 million from Illinois Department of Commerce and Economic Opportunity (DCEO), \$262.2 million from IDOR and has intergovernmental agreements with the following counties in Illinois to help administer these funds: DuPage County (\$10.4 million), Will County (\$6.3 million), and Kane County (\$6.0 million).

Homeowner Assistance Fund

The Authority administered the Homeowner Assistance Fund (HAF) Program. The Authority appropriated \$387.0 million in the HAF Program, with \$1.4 million expended through grants and \$5.5 million in general and administrative.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Authority reports the following major proprietary funds:

Administrative Fund

Development and financing fees income related to Multi-Family mortgage loans, income from service fees, and operating expenses of the Authority are accounted for in the Administrative Fund.

In addition, the Administrative Fund has provided for supplemental financing of certain developments through residual income loans and below market financing for various developments through the Authority's Housing Partnership Program (see Note 5), and its lending program in conjunction with a debt service savings sharing agreement (the FAF Savings Program) with the U.S. Department of Housing and Urban Development (HUD) (see Note 13). The Administrative Fund also includes Section 8 New Construction, Section 8 Mod Rehab, and Land Bank Capacity Program.

Mortgage Loan Program Fund

The Mortgage Loan Program Fund accounts for the financing of low- and moderate-income housing developments from the proceeds of Housing Bonds, Multi-Family Initiative Bonds, Multi-Family Revenue Bonds, and Affordable Housing Program Trust Fund Bonds, and for the retirement of such obligations.

The Authority holds first mortgage liens on such developments. Affordable Housing Program Trust Fund Bond accounts include a transfer of funds from the Illinois Affordable Housing Trust Fund.

Single Family Program Fund

The Single Family Program Fund accounts for the proceeds of Homeowner Mortgage Revenue Bonds, Housing Revenue Bonds, and Revenue Bonds, issued to provide funds for the purchase from lending institutions of mortgage loans on owner-occupied, one-to-four-unit dwellings acquired by eligible buyers.

Unearned revenue for fees earned from the buy down of homeowner mortgage interest rates to below market levels and amortized over the forgivable loan period of the down payment assistance provided.

The use of tax-exempt financing to provide eligible borrowers with affordable rate mortgage loans involves federal restrictions on expenses chargeable to the program. Unless described otherwise in the indenture, any expenses incurred in the program more than such maximum amounts are absorbed by the Administrative Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Authority receives value without directly giving equal value in exchange, include federal and state grant revenue. Revenue from these sources is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Separate fund financial statements are provided for governmental and proprietary funds. Major governmental and proprietary funds are reported as separate columns in the fund financial statements.

The accounting policies and financial reporting practices of the Authority conform to GAAP, as promulgated in the pronouncements of Governmental Accounting Standards Board (GASB).

D. Impact of Future Accounting Pronouncements

In 2019, the GASB issued Statement No. 91 *Conduit Debt Obligations*. The objective of Statement No. 91 are to improve financial reporting by addressing issues related to the method of reporting conduit debt obligations by issuers and and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Authority has not made any voluntary commitments on these debt obligations - reference footnote 8 - Other Financings.

In 2020, GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of Statement No. 94 are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. This statement is effective for the Authority's fiscal year ended June 30, 2023. The Authority is currently evaluating the future impact of this statement.

In 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for the Authority's fiscal year ended June 30, 2023. The Authority is currently evaluating the future impact of this statement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Impact of Future Accounting Pronouncements (Continued)

In 2022, GASB issued Statement No. 99 *Omnibus 2022*. The primary objective of this Statement is to enhance comparability in accounting and financial reporting. GASB Statement No. 99 "Omnibus 22", is providing clarification on several recent statements, including GASB Statement No. 87 "Leases", and GASB Statement No. 96 "Subscription Based Information Technology Arrangements". The requirements of this statement are effective for the Authority's fiscal year ended June 30, 2024. The Authority is currently evaluating the future impact of this statement.

In 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Authority's fiscal year ended June 30, 2024. The Authority is currently evaluating the future impact of this statement.

In 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Authority's fiscal year ended June 30, 2025. The Authority is currently evaluating the future impact of this statement.

E. Adoption of New Accounting Principle

As of July 1, 2021, the Authority implemented the requirements of GASB Statement No. 87, "Leases". GASB Statement No. 87 established criteria for a single model for lease accounting. Upon adoption of this Statement, the Authority recognized a lease asset related to its right to use a building and remeasured its lease liability. The lease is presented within the Administrative Fund. A reconciliation of net position from the 2021 financial statements to beginning net position as reported on the 2022 financial statements is as follows:

Net Position, July 1, 2021, as previously reported: \$324,627
Change in Accounting Principle, GASB Statement No. 87: \$4,081
Net Position, July 1, 2021, as restated: \$328,708

F. Fund Balances

In the fund financial statements, governmental funds report fund balances in the following categories:

Nonspendable – This consists of amounts that cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balances (Continued)

Restricted – This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts constrained by limitations that the Authority imposes upon itself through resolution by its board of directors. The commitment amount will be binding unless removed or amended in the same manner.

Assigned – This consists of net amounts that are constrained by the Authority’s intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned – This consists of residual deficit fund balances.

In instances where restricted, committed, and assigned fund balances are available for use, the Authority’s policy is to use restricted resources first, followed by committed resources, then assigned resources, as needed. Currently, all of the Authority’s governmental funds fund balances are restricted.

G. Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in the following components:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and related debt.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

All net position of the governmental activities column of the government-wide financial statements is restricted with respect to the use of cash, investments and loan amounts that are to be repaid to the Authority. (See note 5 for schedules of aging for the loans made under these programs).

The use of assets of each of the proprietary fund program funds is restricted by the related bond and note resolutions of the Authority. Certain amounts in the above program funds are considered subject to the restriction that they be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes; these amounts may include certain investment earnings attributable to the respective fund net position. When both restricted and unrestricted resources are available for use, generally it is the Authority’s policy to use restricted resources first, then unrestricted resources when they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Net Position (Continued)

Unrestricted – This consists of net position that does not meet the criteria of the two preceding categories.

Designations of net position represent tentative plans by the Authority for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenses.

A portion of the Authority’s Administrative Fund unrestricted net position, as of the most recent fiscal year-end, is designated as follows, in thousands:

Homeownership Mortgage Loan Program		
Provide funds to support Single Family Homeownership in the State of Illinois through second lien position loans and/or grants	\$	60,000
Multifamily Mortgage Loan Program		20,000
To pay possible losses arising in the Multifamily Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		
Homeownership Mortgage Loan Program		5,000
To pay possible losses arising in the Homeownership Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		
Homeownership Mortgage Loan Program		120,000
Provide funds to purchase homeownership mortgage loans and/or mortgage-backed securities under the Program which may eventually be purchased with proceeds from future issuances of Authority debt or sold in the secondary market		
Multifamily Mortgage Loan Program		30,000
Provide funds to finance Multifamily loans originated under the Program		
Provide funds for the Authority's planned technology enhancements		15,000
	<u>\$</u>	<u>250,000</u>

The designations of the Administrative Fund unrestricted net position may be amended or rescinded by the board members of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from the estimates.

I. Deferred Outflows/Inflows of Resources

A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period and a deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources has a negative impact on net position like liabilities but is required to be reported within the statement of net position in a separate section following liabilities. A deferred outflow of resources has a positive effect on net position like assets but is required to be reported in the statement of net position in a separate section following assets.

Deferred outflows/inflows of resources include:

- i. Unamortized losses/gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.
- ii. Amounts reported as accumulated decrease/increase in fair value of hedging derivatives, which represent the anticipated future utilization of the net position of interest rate swap agreements deemed to be effective hedging derivatives.

J. Risks and Uncertainties

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the financial statements.

The allowances for estimated losses on loans are reported based on certain assumptions pertaining to the Authority's periodic review and evaluation of the loan portfolio, which is subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash, certificates of deposit, time deposits, and short-term repurchase agreements with original maturity dates of three months or less from date of purchase to be cash equivalents.

L. Investments

Investments of the Authority are reported at fair value. Fair value is determined by reference to public market prices and quotations from a securities pricing service.

The Authority records investment transactions based on trade date.

The investment of funds is restricted by various bond and note resolutions of the Authority and the Act, generally, to direct obligations of the United States government; specific bank obligations, certain of which are fully secured as required by the bond and note resolutions; and obligations of other governmental entities that meet defined standards. The type of collateral instruments that secure the demand repurchase agreements held by the Authority are subject to the same restrictions described above. Generally, collateral instruments are held by third-party institutions.

M. Program Loans Receivable

Program loans receivable include mortgage loans receivable, advances receivable, and residual income loans receivable. Mortgage loans receivable include certain amounts of interest and fees that have been charged by the Authority and added to the loan balance. The due dates for advances and residual income loans receivable are dependent upon future events as specified in the related loan or advance agreements.

N. Capital Assets

Capital assets in the Administrative Fund consist of investments in furniture, fixtures, leased space and equipment; computer hardware; computer software; and right to use building and are defined by the Authority as assets with an initial, individual historical cost of \$5,000 or more, except for computers, camera, and video equipment, which are capitalized at any cost. Depreciation and amortization are recorded on a straight-line basis over a period of three to ten years, depending upon the nature of the asset. Right to use assets are amortized over the term of the lease.

The Authority records depreciation against Lakeshore Plaza on a straight-line basis over forty years. At June 30, 2022, the net carrying value was \$23.6 million which is net of accumulated depreciation of \$27.0 million. Depreciation expense for fiscal year 2022 was \$1.2 million. Although the Authority does not regularly own and operate properties as part of its normal business operations, for the benefit of furthering its affordable housing mission, it is within its scope to do so. Since its acquisition Lakeshore Plaza has continued to be owned and operated by the Authority as part of its

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets (Continued)

business operations and therefore is reported as a capital asset of the Mortgage Loan Program Fund. This property is collateral for Housing Bond 2008B.

The Authority will continue to evaluate the operation of Lakeshore Plaza and its impact on operations accordingly.

O. Real Estate Held for Sale

Real estate held for sale arises from foreclosures or other mortgage default related actions on properties pledged as collateral on Administrative (\$75,000), and Single Family (\$180,851). See Note 6 for analysis of real estate for sale, net of allowance for estimated losses. Real estate held for sale is recorded at the unpaid principal balance plus accrued interest on the loans as of the date the loans become real estate owned, plus subsequent expenses incurred less any insurance or other loan related payments received. Since several loans covered by pool insurance have reached maximum reimbursements allowable for loss claims and other loans in the portfolio are uninsured, it is anticipated that proceeds arising from the sale of such property and certain insurance proceeds may not fully cover any losses experienced.

Therefore, the Authority has established a provision for estimated losses on real estate held for sale based on a periodic review of such conditions which considers factors such as interest costs, holding costs, sales proceeds, mortgage insurance and pool insurance recoveries to estimate losses.

P. Bond Premium/Discount, Issuance Costs and Gain/Loss on Refunding

Premium/discount on bonds is netted with bonds payable and amortized using a method approximating the effective interest method over the life of the bonds. Debt issuance costs are recorded as an expense in the period incurred. Unamortized gains and losses on refunding are reported as deferred inflows and outflows of resources, respectively, and are amortized over the shorter of the life of the old or new debt as a component of interest expense.

Q. Operations

Proprietary funds loan origination fee, development fee, and financing fee income are recognized as revenue in the period received. Fees earned on loans, which the Authority does not directly originate, such as loans financed through other financings (see Note 8E), are recognized as revenue in the Administrative Fund generally at the time of initial closing.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Operations

Proprietary funds annual service fees charged by the Authority to loan recipients, which are deposited in the respective program funds or added to program loans receivable, are recognized as revenue in the Administrative Fund through interfund transfers.

Proprietary funds operating revenues and expenses are activities classified as core business activities of the fund. Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund including interest income, service fees, development fees, interest, and other investment income. Proprietary funds operating expenses include grant program expenses, general and administrative expenses of the Authority; salaries and benefits; costs and expenses incurred in connection with the amortization, issuance, and sale of certain bonds and notes; fees and expenses of trustees and depository and paying agents; and costs related to analyses, surveys, appraisals, and other matters pertaining to maintenance and evaluation of program loans receivable. Operating costs and expenses are recognized as incurred.

Proprietary funds nonoperating revenues and expenses include the reporting of Land Bank Capacity Program, Section 8 Model Rehabilitation, and Section 8 New Construction. Also included in this section are activities not classified as core business activities to the Proprietary fund.

A portion of the Authority's operating expenses of administering the Illinois Affordable Housing Trust Fund, HOME Program, Rental Housing Support Program, Build Illinois Bond Fund, CV Urgent Remediation Emergency Fund, Emergency Rental Assistance Program Fund, and Nonmajor Governmental Funds are recorded within these governmental funds. Similarly, other related special assistance programs and resolutions of various bond programs allow for these program accounts to record a certain level of operating expenses. Expenses in excess of the allowable ceilings set forth in the resolutions are charged to the Administrative Fund.

Expenses are shown in the statement of activities by identifiable programs.

R. Compensated Absences

The Authority grants vacation and sick leave to all employees and accrues for unused compensated absences. Vacations are allotted on a calendar year basis and are intended to be taken during that year. Unused sick leave allowance is carried forward and accumulated. In the event of termination, employees are paid for all earned but unused vacation time, and one-half of unused accumulated. In the event of termination, employees are paid for all earned but unused vacation time, and one-half of unused accumulated sick leave earned, to a maximum of 30 days. The Authority has no other post-employment benefits (OPEB).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Compensated Absences (Continued)

The following is the activity for the compensated absences recorded as accrued liabilities and other and liquidated from the Administrative Fund, in thousands.

Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
\$ 1,444	\$ 2,397	\$ (2,387)	\$ 6,228	\$ 6,228

S. Provision for Estimated Losses on Program Loans

The Authority provides for estimated losses on program loans in its proprietary and governmental funds based upon the periodic review and evaluation of the Multi-Family and developer loan portfolios and provides additional amounts, if it deems necessary, for estimated losses for individual loans in the funds. In making such a review and evaluation, the Authority considers current economic conditions, occupancy and rental level projections, financial statement analyses, on-site inspections, independent appraisals of certain developments, insurance coverage, and such other factors as it deems necessary. The estimated losses of the Single Family loan portfolio are based upon a periodic review and evaluation of the whole loan portfolio, including real estate owned properties and considers such factors as delinquencies, interest costs, holding costs, sales proceeds, mortgage insurance, and pool insurance recoveries for estimating losses. Although management uses the best available information to assess the adequacy of its provisions, adjustments may be required if the actual experience differs from the factors used in making those assessments.

T. Income Taxes

The Authority is a component unit of the State of Illinois and is generally exempt from federal, state, and local income taxes.

NOTE 3 CASH AND INVESTMENTS

The Authority’s Financial Management Policy (the Policy) contains the following stated objectives:

- Safety of principal – Preservation and safety of principal is the foremost objective of the Authority’s investments. Each investment transaction shall seek to ensure that capital losses within the investment portfolio are avoided, whether they are from securities defaults or erosion of market value.
- Liquidity – The investments portfolio shall remain sufficiently flexible to enable the Authority to meet all operating requirements that may be reasonably anticipated in any fund. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demand.
- Maximum rate of return – The investment portfolio shall be designed with the purpose of regularly exceeding the average return of U.S. Treasury obligations of comparable maturities. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles.

A. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The Authority’s policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

As of June 30, 2022, the Authority had cash and cash equivalent totaling \$1,010 million which consists of cash of \$33.2 million and cash equivalents of \$976.3 million.

The below table indicates the Authority’s cash and cash equivalents held in investments as of June 30, 2022 (in thousands):

Investments	Carrying Amount	Investment Maturities (in Days)			
		Less Than 7	Less Than 30	Less Than 60	Less Than 90
Sweep Accounts-Money Market Fund - Restricted	\$ 973,239	\$ 973,239	\$ —	\$ —	\$ —
Sweep Accounts-Money Market Fund	3,073	3,073	—	—	—
Total Cash Equivalents	\$ 976,312	\$ 976,312	—	—	—

Money market funds are collateralized by obligations of the U.S. Government or its agencies, or direct investments of such obligations overnight and funds are available the next day.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

A. Interest Rate Risk (Continued)

As of June 30, 2022, the Authority had the following investments (in thousands):

Investment	Carrying Amount	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$ 293,793	\$ 293,793	\$ —	\$ —	\$ —
Federal Home Loan Bank Bonds	7,190	5,793	942	455	—
Federal Farm Credit Bank Bonds	39,058	39,058	—	—	—
Federal Home Loan Mortgage Corp.	62,913	—	20,259	1,372	41,282
Federal Home Loan Discount Notes	94,143	94,143	—	—	—
Federal National Mortgage Association	529,100	1,799	9,066	1,606	516,629
Federal National Mortgage Assn. Benchmark Notes	1,465	—	—	1,465	—
Government National Mortgage Association	720,629	—	—	—	720,629
Municipal Bonds	8,441	5,712	2,001	—	728
U.S Treasury Bills.	24,962	24,962	—	—	—
U.S. Treasury Strips	1,527	—	557	885	85
U.S. Treasury Notes	33,248	16,682	16,566	—	—
Total	\$ 1,816,469	\$ 481,942	\$ 49,391	\$ 5,783	\$ 1,279,353

B. Credit Risk

Credit risk is the risk the Authority will not recover its investments due to the inability of the counterparty to fulfill its obligation. Statutes of the State and resolutions of the Authority authorize the Authority to invest in obligations of the U.S. Government, agencies, and instrumentalities of the U.S. Government, demand repurchase agreements, and other banking arrangements. The Authority may also invest its funds in such investments as may be lawful for fiduciaries in the State. All funds are held outside of the State Treasury in various banks and financial institutions.

The Authority's investments in U.S. Government and Agency Obligations are rated Aaa by Moody's and/or AA+ by Standard & Poor's.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

C. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Authority’s cash carrying value balance totaled \$33.0 million at June 30, 2022. The June 30, 2022, cash bank balance for the Authority totaled \$55.0 million. Also, \$2.5 million was not covered by federal depository insurance or by collateral held by an agent in the Authority’s name. The amount is further addressed in Note 14 – Subsequent Events. Additionally, the Authority’s cash equivalents at June 30, 2022, consisted of sweep accounts, held in the Authority’s name, with the funds in these accounts invested in money market funds that invest in U.S. Treasury securities, or were held in accounts that were either Federal Deposit Insurance Corporation FDIC insured or collateralized with U.S. government obligations. The Authority’s investments at June 30, 2022, were held in the Authority’s name in separate Authority custodial accounts. Collateral is pledged in the Authority’s name and consists of U.S. Treasury obligations.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Authority’s policy does not limit the amounts the Authority may invest in any one issuer. The Authority is considered to have a concentration of credit risk if its investments in any one single issuer (other than securities explicitly guaranteed by the U.S. government) are greater than 5% of total investments.

Investments which comprise more than 5% of the Authority’s investments as of June 30, 2022, are as follows, in thousands:

Investment	Fair Value
Federal Home Loan Bank	\$ 164,247
Federal National Mortgage Association	530,565
Commercial Paper	293,793
Government National Mortgage Association	720,629

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

E. Forward Commitments

The Authority sells forward commitments to deliver Government National Mortgage Association (GNMA) certificates and Fannie Mae (FNMA) mortgage-backed securities (MBS). Commitments are sold as mortgage loan reservations are taken to hedge against market fluctuations prior to loan origination and securitization. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered. A net decrease in fair value of \$1.9 million on these forward commitments, classified as investment derivative instruments, has been recorded in investment income in the Administrative Fund for the year ended June 30, 2022. In addition, \$1.3 million of forward commitments is recorded on the statement of net position as accrued liabilities and other current liabilities at June 30, 2022.

The Authority is subject to credit risk with respect to counterparties for the forward commitment contracts, summarized below with their credit ratings as of June 30, 2022, in thousands:

Counterparty	Rating ⁽¹⁾	Number of Contracts	Par Amount
Bank of New York Mellon	AA-/A-1+ Stable; Aa1(cr)/P-1(cr) Stable	20	\$ 32,022
Bank of Oklahoma	A-/A-2 Stable; A1(cr)/P-1(cr) Stable	15	28,700
Citigroup Global Markets	A/A-1 Stable; A3 / Stable	15	39,395
Fannie Mae	AA+u/A-1+u Stable; Aaa /WR Stable	1	1,000
Jefferies LLC	BBB/BBB Stable; Baa2/Baa2 Stable	12	17,487
Morgan Stanley	A-/A-2 Stable; A1/ P-1 Stable	4	5,900
Piper Sandler	A-/A-2 Stable; A1/ P-1 Stable	30	77,798
Raymond James	BBB+ POS; A3/Stable	5	23,941
Stifel	BBB -/BBB-POS	4	6,100
Wells Fargo Securities, LLC	A+/A-1 Stable; Aa1(cr)/P-1(cr) Stable	9	17,200
Total Forward Commitments		115	\$ 249,543

(1)S&P; Moody's

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

F. Fair Value Measurements

GASB Statement No. 72 explains that the government could determine the market price of an asset in one of three ways:

- 1) Actual market transactions for identical or similar items (market approach);
- 2) The current cost to replace the service capacity of an asset (cost approach); or
- 3) Discounting the current value of future cash flows (income approach).

It also establishes a three-tier hierarchy of input quality as follows:

- Level 1* – inputs are quoted prices in active markets for identical items;
- Level 2* – inputs are all inputs that are directly or indirectly observable, but not on Level 1; and
- Level 3* – inputs are all inputs that are unobservable.

The statement directs governments to maximize their use of observable inputs and to minimize the use of unobservable inputs.

Fair value is most frequently applied to investments which GASB Statement No. 72 defines as a security or other asset that: A government holds primarily for the purpose of income or profit and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methods and assumptions used by the Authority to estimate the fair value of its financial instruments. There have been no changes to the methods or assumptions used at June 30, 2022. The Authority management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Agency securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

F. Fair Value Measurements (Continued)

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Investments and derivative instruments measured at fair value as of June 30, 2022, are as follows (in thousands):

	At June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable (Level 3)
Investments				
Commercial Paper	\$ 293,793	\$ —	\$ 293,793	\$ —
Federal Home Loan Bank Bonds	7,190	—	7,190	—
Federal Farm Credit Bank Bonds	39,058	—	39,058	—
Federal Home Loan Mortgage Corp.	62,913	—	62,913	—
Federal National Mortgage Assn. Benchmark Notes	1,465	—	1,465	—
Federal Home Loan Bank Discount Notes	94,143	—	94,143	—
Government National Mortgage Association	720,629	—	720,629	—
Federal National Mortgage Assn.	529,100	—	529,100	—
Municipal Bonds	8,441	—	8,441	—
U.S. Treasury Bills	24,962	24,962	—	—
U.S. Treasury Strips	1,527	1,527	—	—
U.S. Treasury Notes	33,248	33,248	—	—
	<u>\$ 1,816,469</u>	<u>\$ 59,737</u>	<u>\$ 1,756,732</u>	<u>\$ —</u>
Derivative Instruments				
Interest Rate Caps	\$ 309	\$ —	\$ 309	\$ —
Interest Rate Swaps	7,356	—	7,356	—
Forward Commitments	(1,300)	—	(1,300)	—
	<u>\$ 6,365</u>	<u>\$ —</u>	<u>\$ 6,365</u>	<u>\$ —</u>

NOTE 4 INTERFUND BALANCES, AND TRANSFERS

A. Interfund Balances

The Authority reports interfund balances among its funds. These balances generally consist of accruals for various revenues or expenditures due to a fund, but received or paid to another, and subsidy transfers between funds. These amounts are generally paid or received within the subsequent fiscal year. Interfund accounts receivable (payable) balances at June 30, 2022, consisted of the following, in thousands:

Receivable to	Payable from							Total
	Governmental Funds				Proprietary Funds			
	HOME Program Fund	Rental Housing Program Fund	Emergency Rental Assistance Fund	Nonmajor Governmental Funds	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	
Proprietary Funds:								
Administrative Fund	\$ 590	\$ 4	\$ 1,184	\$ 60	\$ —	\$ 44,826	\$ 46	\$ 46,710
Mortgage Loan Program Fund	—	—	—	—	70,251	—	—	70,251
Single Family Program Fund	—	—	—	—	5,854	—	—	5,854
	<u>\$ 590</u>	<u>\$ 4</u>	<u>\$ 1,184</u>	<u>\$ 60</u>	<u>\$ 76,105</u>	<u>\$ 44,826</u>	<u>\$ 46</u>	<u>\$ 122,815</u>

The interfund accounts receivable (payable) between the Mortgage Loan Program Fund and the Administrative Fund primarily consist of Housing Bonds transfer for funding access 4% Down Payment Assistance program and Multi-Family Revenue Bond special program fund and Affordable Housing Trust Fund transfer for funding Single Family loan origination and securitization programs of \$10.5 million in fiscal year 2022. It also includes the fiscal year 2000 operating transfer of \$10.4 million to Multi-Family Housing Revenue Bond Accounts made from the Administrative Fund in conjunction with the issuance of the Multi-Family Housing Revenue Bonds, Series 2000A, subsequently refunded with the Housing Bond 2008B, (Lakeshore Plaza Development) and the corresponding transfer of the carrying value of the real estate investment, partially reversed by a \$5.4 million fiscal year 2006 transfer to the Administrative Fund. The Authority intends to reverse the remaining amounts of the transfers upon the disposition of Lakeshore Plaza.

Other interfund payables from the Administrative Fund to governmental and proprietary funds primarily consist of deposits of loan debt service payments that will be transferred subsequent to the fiscal year end. Funds are transferred from one fund to support expenditures of other funds, including operating activities, bond issuances, and bond redemptions in accordance with authority established for the individual fund. Interfund balances result from timing differences between the date a disbursement is made by the Proprietary Funds and Governmental Funds and the date the Proprietary Funds and Governmental Funds receives reimbursement from other funds.

B. Transfers

The Authority records transfers between program funds for various purposes including fund closings, earnings transfers, program subsidies, and advances for the initial financing of the Authority's programs.

Illinois Housing Development Authority
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Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 4 INTERFUND BALANCES, AND TRANSFERS (CONTINUED)

Transfers (in thousands) for the year ended June 30, 2022, consisted of the following:

	Transfers In		Transfers Out		
	Proprietary Funds:		Governmental Funds:		
	Administrative Fund		Nonmajor Funds		Total
Proprietary Funds:					
Administrative Fund	\$ 86	\$ (12,984)	\$ —		\$ (12,898)
Mortgage Loan Program Fund	153 (A)	—	—		153
Single Family Program Fund	12,772 (B) (C)	—	—		12,772
Governmental Programs					
Illinois Affordable Housing Trust Fund	27 (D)	(38) (D)	—		(11)
Rental Housing Support Program Fund	7 (D)	—	—		7
Nonmajor Governmental Funds	7,372 (D)	—	(7,395) (D)		(23)
	<u>\$ 20,417</u>	<u>\$ (13,022)</u>	<u>\$ (7,395)</u>		<u>\$ —</u>

- (A) Transfer totaling \$153 thousand from the Administrative Fund to Mortgage Loan Program Fund funded costs related to issuance of Multifamily Revenue Bonds (\$153 thousand - MFRB2022B).
- (B) Transfer totaling \$3,271 thousand from the Administrative Fund to Single Family Program Fund funded costs related to issuance of Revenue Bonds (\$1,160 thousand - RB2021D, \$1,155 thousand - RB2022A, \$956 thousand - RB2022C).
- (C) Transfer totaling \$9,500,000 from the Administrative Fund to Single Family Program Fund. Administrative funds transfer to Revenue Bond Indenture of net monies earned as pair off costs, and pledge for the yield of the Indenture since 2016.
- (D) Net transfer totaling \$27 thousand (\$85 thousand - \$58 thousand) from Government Funds to Administrative Fund funded to adjust administrative reimbursements and intercompany balance.

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Year Ended June 30, 2022

NOTE 5 PROGRAM LOANS RECEIVABLE

The following summarizes program loans receivable, net of allowance for estimated losses, activity for the Authority for the year ended June 30, 2022, in thousands:

	Net Program Loan Receivables June 30, 2021	Loan Disbursements	Loan Repayments	Loan Transfers In/(Out)	(Increase)/ Decrease in Loan Loss Allowance	Net Program Loan Receivables June 30, 2022
Governmental Funds:						
Illinois Affordable Housing						
Trust Fund	\$ 323,466	\$ 20,661	\$ (15,338)	\$ —	\$ (10,144)	\$ 318,645
HOME Program Fund	283,043	13,359	(6,615)	—	(2,771)	287,016
Non-Major Governmental Funds	89,159	4,502	(1,171)	—	(10,041)	82,449
Total Governmental Funds	<u>\$ 695,668</u>	<u>\$ 38,522</u>	<u>\$ (23,124)</u>	<u>\$ —</u>	<u>\$ (22,956)</u>	<u>\$ 688,110</u>
Proprietary Fund:						
Administrative Fund	\$ 50,380	\$ 6,844	\$ (7,075)	\$ —	\$ (3,512)	\$ 46,637
Mortgage Loan Program Fund:						
Housing Bonds	118,525	4,509	(17,342)	—	219	105,911
Multifamily Initiative Bonds	38,488	—	(23,749)	—	37	14,776
Affordable Housing Program Trust Fund Bonds	5,912	342	(1,002)	—	12	5,264
Multifamily Revenue Bonds	199,973	77,331	(6,702)	—	(55)	270,547
Total Mortgage Loan Program Fund	<u>362,898</u>	<u>82,182</u>	<u>(48,795)</u>	<u>—</u>	<u>213</u>	<u>396,498</u>
Single Family Program Fund:						
Homeowner Mortgage Revenue Bonds	114,027	11,618	(28,332)	—	381	97,694
Revenue Bonds	183	—	(76)	—	4	111
Total Single Family Program Fund	<u>114,210</u>	<u>11,618</u>	<u>(28,408)</u>	<u>—</u>	<u>385</u>	<u>97,805</u>
Total Proprietary Funds	<u>\$ 527,488</u>	<u>\$ 100,644</u>	<u>\$ (84,278)</u>	<u>\$ —</u>	<u>\$ (2,914)</u>	<u>\$ 540,940</u>

Loans receivable in the Mortgage Loan Program Fund are secured by first mortgage liens on the related developments. Each development is subject to a regulatory agreement under which the Authority has certain powers relating to rents, profits, occupancy, management, and operations. Monies are required to be deposited in reserve accounts monthly by all mortgagors for real estate tax reserves and by substantially all mortgagors for insurance and replacement reserves. See note 9 regarding these reserves and other deposits held in escrow.

The ability of the mortgagors to make required payments on the mortgage loans receivable depends principally upon the related developments achieving and sustaining sufficient occupancy and rental levels to support such payments. With respect to most developments financed from proceeds of Housing Bonds, the Authority, HUD, and the owners of the developments have entered into agreements whereby HUD will make, under its Section 8 Program, housing assistance payments for the developments. Such federal subsidies, together with the rents to be paid by the tenants, are estimated by the Authority prior to its issuing an initial mortgage loan commitment, to provide sufficient funds to pay the costs of operation, maintenance, administration, mortgage payments, and Authority fees with respect to each of the developments.

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

For certain past delinquencies, the related developments have not been able to generate net rental income sufficient to pay scheduled debt service and reserve deposits in full. In the opinion of the Authority, these deficiencies of net rental income have arisen for various reasons including (i) the existence of physical defects in the development which have caused operational problems, (ii) higher than anticipated operating expenses of the development, and (iii) depressed rental market conditions in the development's local area.

In certain cases, cash deficiencies of developments, including certain developments as to which the related mortgage loans are not delinquent as to scheduled debt service payments or required reserve deposits, have been funded in part by advances from the owners of the respective developments. However, there generally can be no assurance that the owners will make additional advances for this purpose. For certain mortgage loans, the Authority holds reserve deposits and letters of credit that may be applied toward delinquencies.

At June 30, 2022, for loans financed under the Mortgage Loan Program Fund, one loan was in arrears in amounts equal to more than three months debt service payments or required deposits to tax and insurance and/or replacement reserves, totaling \$0.6 million and \$1.2 million, respectively.

The Authority has pursued actions available under the mortgage and regulatory agreements to cure certain delinquencies. With respect to some developments, the need for capital improvements, repairs, marketing campaigns and other expenditures may be indicated. Where necessary and appropriate, the Authority has committed and/or advanced residual income loans from the Administrative Fund or mortgage loan increases from the related program account to finance these expenditures. In certain instances, the Authority has initiated actions to effect necessary changes in the management of the developments. In addition, the Authority has, in some cases, filed suit against the applicable general contractors and/or bonding companies seeking corrections of the development's physical defects and has instituted foreclosure proceedings for certain developments.

The Authority's policy for converting mortgage loans, except for loans financed under the Single-Family Mortgage Loan Program, to non-accrual status is to discontinue the accrual of interest when a loan becomes 90 days past due. In addition, the Authority does not accrue interest income on loans in which payments are to be made from residual receipts of the development. Payments on such loans are recognized only as received. For loans receivable within the Single-Family Mortgage Loan Program, the Authority accrues interest income on all loans unless they become real estate owned properties, at which time the accrual is suspended.

The Authority does not accrue interest income on approximately \$3.9 million of mortgage loans recorded in the Administrative Fund. Payments made on such loans, which generally are payable from residual receipts, if any, of the affected development funds, are recognized only as received. The annual amount of interest on these loans is approximately \$79.4 thousand.

In fiscal year 2016, the Authority entered into a new financing agreement with the Federal Financing Bank (FFB), an arm of the United States Department of Treasury, for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured under the FHA-HFA Risk Sharing Program. The Authority sells beneficial ownership interest in its mortgages under this program

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

to FFB. Beneficial ownership interest in mortgage loans that the Authority sells to the FFB will be evidenced by certificates of participation from the Authority. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the scheduled mortgage principal payments. Through fiscal year 2022, the Authority sold beneficial ownership interests in loans for seventeen affordable Multi-Family developments totaling \$119.7 million to the FFB.

The Authority, as of June 30, 2022, has 58 outstanding Risk Sharing Loans totaling \$526.2 million and elected that HUD assume 10% to 90% of the loss with respect to those loans as a result of the existing Risk Sharing agreement. Three of these loans totaling \$13.4 million were financed through the issuance of the Authority's Housing Bonds, eight loans totaling \$37.8 million were financed through the issuance of the Authority's Multi-Family Initiative Bonds, two loans totaling \$6.9 million were financed through the issuance of the Administrative Fund, and eighteen loans totaling \$293.7 million were financed through the issuance of the Authority's Multi-Family Revenue Bonds. The remaining twenty-seven loans totaling \$174.3 million are not included in the Authority's financial statements as the Authority sold 10% to 90% participation interests in the loans to outside parties.

At June 30, 2022, for loans financed under the FHA-HFA Risk Sharing Program where the Authority sold 100% participation interest in the loans to outside parties, there were no amounts in arrears equal to more than three months debt service payments or required deposits to tax and insurance and/or replacement reserves.

At June 30, 2022, for loans financed under the Mortgage Participation Certificate Program, where the Authority has sold 100% participation interests in the loans to outside parties, there were no amounts in arrears equal to more than three months of debt service payments or required deposits to tax and insurance and/or replacement reserves. The loss reserve for loans financed under this program, totaling \$1.9 million as of June 30, 2022, is recorded in accrued liabilities (and other) in the Administrative Fund.

As of June 30, 2022, for mortgage loans insured with Ambac Assurance Corporation (Ambac) on Multi-Family housing developments under the Authority's Mortgage Participation Certificate Program, the Authority has outstanding three Ambac loans totaling \$5.4 million. These loans are not included in the Authority's financial statements as the Authority sold 100% participation interests in the loans to outside parties. Ambac has guaranteed repayment of principal and interest due on a timely or accelerated basis in accordance with the agreement between the Authority and Ambac. The agreement allows (or provides) the Authority to share its risk with Ambac on the aggregate loan portfolio after the satisfaction of certain requirements and thresholds.

At June 30, 2022, for loans financed under Ambac Assurance Corporation (Ambac), one loan was in arrears an amounts equal to more than three months debt service payments or required deposits to tax and insurance and/or replacement reserves, totaling \$12.8 thousand and \$723.5 thousand, respectively.

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Year Ended June 30, 2022

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

The following summarizes the changes in the allowance for estimated losses on program loans receivable during the year ended June 30, 2022, follows in, thousands:

	Allowance for estimated losses June 30, 2021	Provision for/ (reversal of) estimated losses	Write-offs of uncollectible losses, net of recoveries	Allowance for estimated losses June 30, 2022
Governmental Funds:				
Illinois Affordable Housing Trust Fund	\$ 39,308	\$ 10,228	\$ (84)	\$ 49,452
HOME Program Fund	29,035	2,825	(54)	31,806
Nonmajor Governmental Funds	12,268	10,802	(761)	22,309
Total Governmental Funds	<u>80,611</u>	<u>23,855</u>	<u>(899)</u>	<u>103,567</u>
Proprietary Funds:				
Administrative Fund	5,657	3,545	(33)	9,169
Mortgage Loan Program Fund	3,573	(210)	(3)	3,360
Single Family Program Fund	2,606	(384)	(1)	2,221
Total Proprietary Funds	<u>\$ 11,836</u>	<u>\$ 2,951</u>	<u>\$ (37)</u>	<u>\$ 14,750</u>

The provision for estimated losses for the Illinois Affordable Housing Trust Fund is recorded as a reduction to the amount due to the State of Illinois to reflect the State of Illinois net position interest in the program.

State statute (30 ILCS 205/2) requires that all uncollected receivables due that exceed \$1,000 be submitted to the Illinois Attorney General to be certified as uncollectible before the Authority can delete such receivables from its records. As of June 30, 2022, the Authority has eleven loans certifications outstanding, totaling \$213.7 thousand. Certification requests are anticipated to be filed as loss amounts are determined following the conclusion of foreclosure or other loss mitigation activities. The Authority has established provisions for estimated losses against such loans requested and to be requested for such certifications in amounts equal to the outstanding principal balances of the loans.

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

Scheduled receipts of principal on gross program loans receivable in certain governmental funds and proprietary funds in the five years subsequent to June 30, 2022, and thereafter are as follows (in thousands):

Governmental Funds

	Illinois Affordable Housing Trust Fund	HOME Program Fund	American Recovery and Reinvestment Act Fund
2023	\$ 18,157	\$ 17,007	\$ 255
2024	9,269	20,141	229
2025	10,370	9,189	238
2026	12,345	14,149	248
2027	9,469	10,473	3,100
After 2027	308,487	247,863	70,757
	<u>\$ 368,097</u>	<u>\$ 318,822</u>	<u>\$ 74,827</u>

Proprietary Funds

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund
2023	\$ 621	\$ 5,799	\$ 9,969
2024	922	6,667	9,948
2025	1,163	8,571	9,948
2026	927	8,087	9,925
2027	744	8,216	9,914
After 2027	51,429	362,518	50,321
	<u>\$ 55,806</u>	<u>\$ 399,858</u>	<u>\$ 100,026</u>

Amounts recorded as due from FNMA (Fannie Mae) and the Federal Home Loan Mortgage Corporation (FHLMC/Freddie Mac) in the Mortgage Loan Program Fund represent the disbursed bond proceeds and accrued interest on certain bond issues which are secured by credit enhancements provided by FNMA and FHLMC. Under these obligations, the bond trustee may draw funds directly from FNMA and FHLMC when needed and in amounts sufficient to make timely payments of principal and interest on the bond issues when due and payable.

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Year Ended June 30, 2022

NOTE 6 REAL ESTATE HELD FOR SALE

An analysis of real estate for sale, net of allowance for estimated losses, as of June 30, 2022, is shown below (in thousands):

Proprietary Funds:

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
Balance at June 30, 2021	\$ —	\$ —	\$ 38	\$ 38
Transfers of loans	75	9	381	465
Proceeds received/write-offs	—	(9)	(267)	(276)
Change in loan loss allowance	—	—	29	29
Balance at June 30, 2022	<u>\$ 75</u>	<u>\$ —</u>	<u>\$ 181</u>	<u>\$ 256</u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for year ended June 30, 2022, for governmental activities, was zero and capital asset activity for the fiscal year ended June 30, 2022, for business-type activities, was as follows (in thousands):

	Balance June 30, 2021 As Restated (1)	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated				
Administrative Fund				
Furniture and equipment	\$ 6,866	\$ 351	\$ (39)	\$ 7,178
Right to use Building	7,264	—	—	7,264
Mortgage Loan Program Fund				
Real estate	50,364	193	—	50,557
Total capital assets being depreciated	<u>64,494</u>	<u>544</u>	<u>(39)</u>	<u>64,999</u>
Total capital assets	64,494	544	(39)	64,999
Accumulated depreciation and amortization				
Administrative Fund				
Furniture and equipment	5,286	624	—	5,910
Right to use Building	1,341	—	—	1,341
Mortgage Loan Program Fund				
Real estate	25,806	1,165	—	26,971
Total accumulated depreciation and amortization	<u>32,433</u>	<u>1,789</u>	<u>—</u>	<u>34,222</u>
Capital assets, net of depreciation and amortization	<u>\$ 32,061</u>	<u>\$ (1,245)</u>	<u>\$ (39)</u>	<u>\$ 30,777</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87. See Note 2E.

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Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 8 BONDS AND NOTES PAYABLE

The following summarizes the debt activity for the Authority's proprietary funds for the fiscal year ended June 30, 2022, (in thousands):

	June 30, 2021	Additions	Deductions	June 30, 2022	Amount due within one year
Administrative Fund:					
Direct Borrowing					
Federal Home Loan Bank Advances	\$ 17,653	\$ 408,020	\$ (402,117)	\$ 23,556	\$ 12,906
Total Administrative Fund	17,653	408,020	(402,117)	23,556	12,906
Mortgage Loan Program Fund:					
Direct Placement					
Multifamily Initiative Bonds	128,089	—	(78,069)	50,020	1,150
Multifamily Revenue Bonds	125,625	21,810	(280)	147,155	850
Other Debt					
Housing Bonds	106,511	—	(19,936)	86,575	5,170
Multifamily Revenue Bonds	90,686	112,390	(13,270)	189,806	1,267
Total Mortgage Loan Program Fund	450,911	134,200	(111,555)	473,556	8,437
Single Family Program Fund:					
Other Debt					
Homeowner Mortgage Revenue Bonds	261,155	—	(58,905)	202,250	8,125
Premium on Homeowner Mortgage Revenue Bonds	3,668	—	(1,067)	2,601	—
Housing Revenue Bonds	56,902	—	(11,645)	45,257	1,399
Premium on Housing Revenue Bonds	24	—	(20)	4	—
Discount on Housing Revenue Bonds	(778)	—	124	(654)	—
Revenue Bonds	909,156	439,300	(182,436)	1,166,020	25,193
Premium on Revenue Bonds	32,548	9,179	(6,557)	35,170	—
Total Single Family Program Fund	1,262,675	448,479	(260,506)	1,450,648	34,717
Total Proprietary Funds	\$ 1,731,239	\$ 990,699	\$ (774,178)	\$ 1,947,760	\$ 56,060

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

Bonds and notes outstanding are general obligations (G.O.) of the Authority with the exception of Homeowner Mortgage Revenue Bonds, Housing Revenue Bonds, Revenue Bonds, Multi-Family Initiative Bonds and Multi-Family Revenue Bonds, which are special limited obligations (S.L.O.) of the Authority. S.L.O. bonds, other than Housing Revenue Bonds, Revenue Bonds, and specific series of Homeowner Mortgage Revenue Bonds are payable from pledged property as defined in their respective general resolutions. Housing Revenue Bonds, Revenue Bonds, and specific series of Homeowner Mortgage Revenue Bonds are payable from pledged mortgage-backed securities. Certain issues of Multi-Family Initiative Bonds are credit enhanced by FNMA and FHLMC. The Authority has also pledged its general obligations to the payment of the Affordable Housing Program Trust Fund Bonds to a limited extent and amounts. Per GASB Statement No. 88 disclosure requirements, the Authority is required to disclose direct borrowings, direct placement of debt, as well as other debt that it may hold. As seen in the table above, the Authority currently holds \$23.6 million in direct borrowings of debt, all within the Administrative Fund. The Authority also holds \$197.2 million in direct placements of debt, all within the Mortgage Loan Program fund. The remainder of debt held by the Authority is classified as Other Debt, and is located within the Mortgage Loan Program Fund, \$276.4 million, and the Single Family Program Fund, \$1.4 billion, for an Other Debt total of \$1.7 billion.

The Authority has pledged future mortgage loan and mortgage-backed security revenues, net of specified operating expenses, to repay outstanding principal \$1.8 billion of S.L.O. bonds as noted in the following schedules for the Mortgage Loan Program Fund and Single Family Program Fund. The total principal and interest remaining to be paid on the S.L.O. Bonds is \$2.7 billion. For S.L.O. bonds payable from pledged property, interest paid for the fiscal year ended June 30, 2022, was \$31.8 million, and total related mortgage loan principal and interest received were \$55.6 million and \$14.9 million, respectively.

Bonds and notes outstanding at June 30, 2022, are as follows. Listed maturity dates are indicated as calendar years. The June 30, 2021, amounts are shown for comparative purposes only.

The Authority's outstanding obligations from direct borrowing relating to business-type activities contain provisions declaring events of default based on nonpayment on monies owed, failure to meet certain conditions under the governing documents, the Authority ceasing to be eligible as a housing associate under the Act, and other defined provisions within the applicable agreements. The lenders under each of the agreements have rights of principal acceleration under the governing documents based on aforementioned events of default. Subject to the provisions outlined within the respective agreements, additional remedies and enforcement exist.

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NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

A. Mortgage Loan Program Fund

Bonds outstanding of the Mortgage Loan Program Fund are as follows (in thousands):

	Maturity Dates	Interest Rate Range%	Debt Class	Amount	
				June 30, 2022	June 30, 2021
Housing Bonds:					
2008 Series A (1)	2022-2027	Variable	G.O.	\$ 9,490	\$ 9,850
2008 Series B (1)	2022-2027	Variable	G.O.	16,085	18,285
2008 Series C (1)	2022-2041	Variable	G.O.	4,220	4,351
2013 Series B (Taxable)	2022-2024	2.90-3.605	G.O.	4,000	15,525
2015 Series A-1	2022-2027	2.70-3.40	G.O.	2,190	5,125
2015 Series A-2 (Taxable)	2022	3.04-3.26	G.O.	—	980
2015 Series A-3 (Taxable) (1)	2045	Variable	G.O.	20,415	20,415
2017 Series A-1 (Taxable)	2022	2.91%	G.O.	175	1,980
2017 Series A-2 (Taxable) (1)	2027-2048	Variable	G.O.	30,000	30,000
Total Housing Bonds				<u>\$ 86,575</u>	<u>\$ 106,511</u>

- In accordance with the indenture, interest rates on the bonds are determined weekly and are paid monthly at a rate established by the remarketing agents on each rate determination date. The variable rates paid on the subject bonds ranged from 0.89% to 1.60% at June 30, 2022. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing-by-remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five-year period. The interest rate that is to be paid during the put periods is SOFR plus 175 basis points. The current liquidity agreements for 2008 Series A, B, and C expire on April 24, 2024. The current agreements for 2015 Series A-3 and 2017 Series A-2 expire on December 30, 2024, and November 3, 2026, respectively.

The Bonds and Bank Bonds are general obligations of the Authority and the timely payment of principal and interest on the Bonds and Bank Bonds are subject to credit enhancement agreements with credit enhancement providers. The Authority has a general obligation to reimburse the liquidity providers and credit enhancement providers for any such payments made.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

A. Mortgage Loan Program Fund (Continued)

Bonds outstanding of the Mortgage Loan Program Fund are as follows (in thousands):

	Maturity Dates	Range %	Debt Class	Amount	
				June 30,	June 30,
				2022	2021
Multi-Family Initiative Bonds:					
Series 2009 B	2022–2051	3.50%	S.L.O.	\$ —	\$ 6,840
Series 2009 C	2022–2051	3.01	S.L.O.	—	17,410
Series 2009 D	2022–2041	3.48	S.L.O.	—	52,630
Series 2009 E	2022–2042	2.32	S.L.O.	4,030	4,120
Series 2009 F	2022–2041	2.32	S.L.O.	4,830	4,940
Series 2009 G	2022–2041	2.32	S.L.O.	7,240	7,400
Series 2009 H	2022–2041	2.32	S.L.O.	9,620	9,820
Series 2009 I	2022–2051	2.32	S.L.O.	8,530	8,709
Series 2009 J	2022–2043	3.84	S.L.O.	15,770	16,220
Total Multi-Family Initiative Bonds				50,020	128,089
Multi-Family Revenue Bonds:					
2016 Series A (Taxable)	2022–2048	2.63	S.L.O.	13,283	13,601
2017 Series A	2022–2059	4.05	S.L.O.	25,297	25,526
2017 Series B	2022–2043	3.21	S.L.O.	9,785	10,008
2019 Series A	2023-2063	1.50-3.40	S.L.O.	29,050	41,550
2020 Series A	2022-2060	1.45-3.85	S.L.O.	5,705	5,750
2020 Series B	2022-2062	2.15-4.10	S.L.O.	2,930	2,935
2020 Series C	2022-2062	2.20-4.10	S.L.O.	1,645	1,650
2020 Series D (Taxable)	2022-2062	3.30-4.65	S.L.O.	1,695	1,695
2021 Series A	2024-2041	0.00	S.L.O.	84,895	84,895
2021 Series B	2022-2042	0.40-2.06	S.L.O.	28,475	28,700
2021 Series C	2025-2065	0.60-3.05	S.L.O.	78,005	—
2022 Series A	2022-2062	0.00	S.L.O.	21,810	—
2022 Series B	2023-2062	2.05-4.45	S.L.O.	10,815	—
2022 Series C	2022-2052	Variable	S.L.O.	23,571	—
Total Multi-Family Revenue Bonds				336,961	216,311
Total Mortgage Loan Program Fund				\$ 473,556	\$ 450,911

Illinois Housing Development Authority
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Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

B. Single Family Program Fund

Bonds outstanding of the Single Family Program Fund are as follows (in thousands):

	Maturity Dates	Interest Rate Range%	Debt Class	Amount	
				June 30, 2022	June 30, 2021
Homeowner Mortgage Revenue Bonds:					
2002 Series B (Taxable) (1)	2022-2023	Variable	S.L.O.	\$ 75	\$ 270
2004 Series C-3 (2)	2025-2034	Variable	S.L.O.	9,305	10,095
2014 Series A	2022-2024	3.05-3.40	S.L.O.	6,705	14,520
2014 Series A-4 (Taxable) (2)	2026-2034	Variable	S.L.O.	10,675	10,675
2014 Series A-5 (Taxable) (2)	2025-2035	Variable	S.L.O.	20,000	20,000
2014 Series B	2022-2024	3.05-3.40	S.L.O.	945	1,345
2016 Series A (Taxable)	2022-2034	0.00	S.L.O.	5,265	19,550
2016 Series B	2035-2046	0.00	S.L.O.	5,750	10,410
2016 Series C	2022-2046	1.60-3.50	S.L.O.	65,665	81,065
2018 Series A-1	2026-2048	2.95-4.00	S.L.O.	35,785	48,125
2018 Series A-2	2031-2038	Variable	S.L.O.	30,000	30,000
2018 Series A-3	2022-2026	2.85-3.35	S.L.O.	12,080	15,100
				<u>202,250</u>	<u>261,155</u>
Plus Unamortized Premium					
Thereon				<u>2,601</u>	<u>3,668</u>
Total Homeowner Mortgage Revenue Bonds				<u>\$ 204,851</u>	<u>\$ 264,823</u>

- (1) In accordance with the indenture, interest rates on the 2002 Series B bonds are determined and paid semi-annually based upon an index of the one-month LIBOR rate plus 0.415%. The variable rates paid on the subject bonds was 1.78671 % at June 30, 2022.
- (2) In accordance with the indenture, interest rates on the bonds are determined weekly and are paid monthly at a rate established by the remarketing agents on each rate determination date. The variable rates paid on the subject bonds ranged from 0.890% to 1.787% at June 30, 2022. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders ("Bank Bonds"). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five-year period. The interest rate that is to be paid during the put periods is SOFR plus 175 basis points. The liquidity agreement for 2004 Series C-3 expires on July 13, 2025. The liquidity agreements for 2014 Series A-4 and 2014 Series A-5 expire on March 15, 2024, and March 10, 2024, respectively, and the liquidity agreements for 2018 Series A-2 expire on July 11, 2023.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

B. Single Family Program Fund (Continued)

Bonds outstanding of the Single Family Program Fund are as follows (in thousands):

	Maturity Dates	Interest Rate Range %	Debt Class	Amount	
				June 30, 2022	June 30, 2021
Housing Revenue Bonds:					
Series 2011-1A	2022-2041	3.285%	S.L.O.	\$ 2,297	\$ 2,977
Series 2011-1B	2021	3.285	S.L.O.	—	937
Series 2011-1C	2022-2041	3.285	S.L.O.	6,512	7,500
Series 2012A (Taxable)	2022-2042	2.625	S.L.O.	8,273	10,123
Series 2013A	2022-2043	2.450	S.L.O.	18,373	23,705
Series 2013B (Taxable)	2022-2043	2.750	S.L.O.	5,395	6,257
Series 2013C	2022-2043	3.875	S.L.O.	4,407	5,403
				<u>45,257</u>	<u>56,902</u>
Plus: Unamortized Premium Thereon				4	24
Less: Unamortized Discount				(654)	(778)
Total Housing Revenue Bonds				<u>\$ 44,607</u>	<u>\$ 56,148</u>

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

B. Single Family Program Fund (Continued)

Bonds outstanding of the Single Family Program Fund are as follows (in thousands):

	Maturity Dates	Interest Rate Range %	Debt Class	Amount	
				June 30, 2022	June 30, 2021
Revenue Bonds:					
2016 Series A	2022-2046	0.95-4.00%	S.L.O.	\$ 18,485	\$ 31,680
2017 Series A	2022-2047	—	S.L.O.	23,909	31,705
2017 Series B	2022-2048	1.35-4.00	S.L.O.	48,425	74,895
2018 Series A	2022-2048	2.05-4.50	S.L.O.	40,370	62,790
2019 Series A	2022-2049	1.60-4.25	S.L.O.	21,510	44,070
2019 Series B (1)	2042	variable	S.L.O.	30,000	30,000
2019 Series C	2022-2049	1.35-4.00	S.L.O.	51,130	68,580
2019 Series D	2022-2050	1.20-3.75	S.L.O.	76,800	99,890
2020 Series A	2022-2050	0.75-3.75	S.L.O.	91,220	108,165
2020 Series B	2022-2050	0.15-3.00	S.L.O.	64,045	78,101
2020 Series C (1)	2042	variable	S.L.O.	40,000	40,000
2021 Series A	2022-2051	0.10-3.00	S.L.O.	85,150	95,000
2021 Series B	2022-2051	0.10-3.00	S.L.O.	120,245	125,000
2021 Series C (taxable)	2022-2031	0.015-2.228	S.L.O.	18,650	19,280
2021 Series D	2022-2051	0.10-3.00	S.L.O.	122,915	—
2021 Series E (taxable)	2022-2031	0.27-2.08	S.L.O.	18,165	—
2022 Series A	2022-2052	1.50-3.50	S.L.O.	125,000	—
2022 Series B (taxable)	2023-2032	2.50-4.03	S.L.O.	20,000	—
2022 Series C	2023-2052	2.05-4.50	S.L.O.	90,140	—
2022 Series D	2045	variable	S.L.O.	59,861	—
				<u>1,166,020</u>	<u>909,156</u>
Plus: Unamortized Premium					
Thereon				<u>35,170</u>	<u>32,548</u>
Total Revenue Bonds				<u>1,201,190</u>	<u>941,704</u>
Total Single Family Program Fund				<u>\$ 1,450,648</u>	<u>\$ 1,262,675</u>

(1) In accordance with the indenture, interest rates on the bonds are determined weekly and are paid monthly at a rate established by the remarketing agents on each rate determination date. The variable rates paid on the subject bonds ranged from 0.92% to 0.95% at June 30, 2022. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five-year period. The interest rate that is to be paid during the put periods is SOFR plus 175 basis points. The liquidity agreement for 2019 Series B expires on March 7, 2024, the liquidity agreement for 2020 Series C expires on October 15, 2025, and the liquidity agreement for 2022 Series D expires on May 18, 2027.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

C. Administrative Fund

Outstanding debt of the Administrative Fund is as follows (in thousands):

	Maturity Date	Interest Rate (1)	Debt Class	Amount	
				June 30, 2022	June 30, 2021
Direct Borrowing:					
Federal Home Loan Bank Advances:					
	2022	2.03%	Loan	\$ —	\$ 1,313
	2022	—	Loan	—	5,000
	2022	1.37	Loan	12,556	—
	2024	2.35	Loan	1,406	1,406
	2027	2.37	Loan	808	956
	2027	2.70	Loan	8,786	8,978
				<u>\$ 23,556</u>	<u>\$ 17,653</u>

(1) Interest rate on the loan(s) may be fixed or variable, and is determined by type, length, and use of proceeds.

D. Current Refundings of Debt

On May 12, 2022, the Authority issued (1) series of variable rate, tax-exempt Multi-Family Revenue Bonds designated as Multi-Family Revenue Bonds Series 2022 C, totaling \$23.57 million, to finance the refunding of (2) prior series of Multifamily Initiative Bonds. The prior bonds financed the rehabilitation and new construction of (7) Multi-Family and Senior residential housing development with a total of 615 units located in Morton Grove, Chicago, Granite City, Moline, Belleville, Swansea, and Lake Zurich, Illinois.

The Series 2022 C bonds have payment dates of January 1 and July 1 each year through January 1, 2052. The Authority completed the refunding to reduce its total debt service payments in an anticipated amount of \$7,029,714 and to obtain an estimated economic gain (Net Present Value) of \$6,221,501.

E. Defeased Debt

The Authority has defeased debt by placing the proceeds of new bonds and other amounts in an irrevocable trust to provide for all future debt service payments of the old bonds. The Authority no longer has outstanding defeased debt. The defeased debt for Multi-family Housing Bonds, 1981 Series A, was fully redeemed on July 1, 2021 in the amount of \$15.5 million.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

F. Other Financings

From time to time, the Authority has issued conduit obligations with a claim for repayment solely from payments received with respect to the mortgage loans. The bonds are not general obligations of the Authority, and they are not a debt of the State of Illinois; neither is liable to pay interest and principal on the bonds. Accordingly, the bonds and the related mortgage loans are not included in the Authority's financial statements. The bonds do, however, apply toward the Authority's authorized debt limitation.

As of June 30, 2022, there were 114 series of such bonds or notes outstanding, with an aggregate principal amount payable of \$1,400 million.

G. Assets Restricted for Capital and Debt Service Reserves

Pursuant to the Act and various resolutions of the Authority, certain assets (principally investments) are maintained in capital and debt service reserve funds and may be used only for the payment of principal and interest on certain bonds. The reserve funds must be maintained at an amount at least equal to the following:

Bonds	Requirement
Housing Bonds	The amount established by each series resolution, currently six months of maximum principal and interest payments.
Multifamily Initiative Bonds	The maximum amount of principal and interest due on any interest payment date excluding the final interest payment date.
Multifamily Revenue Bonds	One-half of the maximum amount of principal and interest due for the then-current or any future calendar year.
Homeowner Mortgage Revenue Bonds	The sum of all amounts established by each series resolution, but such amount cannot be less than 2% for the Homeowner Mortgage Revenue Bonds of the sum of (i) the outstanding principal balance of related mortgage loans, and (ii) the amount on deposit to the credit of series program accounts of the program fund.

The amounts of such reserves, for measurement purposes against the various bond resolution reserve requirements, are valued at book value or par, or, if purchased at less than par, at their cost to the Authority. At June 30, 2022, these reserve amounts, which were not less than the amounts required are as follows, in thousands:

Housing Bonds	\$ 3,519
Multifamily Initiative Bonds	561
Multifamily Revenue Bonds	8,537
Homeowner Mortgage Revenue Bonds	2,340
Total	\$ 14,957

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

H. Debt Service Requirements

Debt service requirements dollars in millions through 2027 and five year increments thereafter to maturity for the Authority’s proprietary fund are as follows (in million):

	Administrative Fund Direct Borrowing		Single Family Program Fund Other Debt	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2023	\$ 12.9	\$ 0.3	\$ 34.7	\$ 38.3
2024	1.8	0.3	40.4	37.7
2025	0.4	0.2	40.6	37.0
2026	0.4	0.2	41.7	36.2
2027	0.4	0.2	43.9	35.4
Five years ending June 30:				
2028-2032	7.7	0.1	238.3	160.4
2033-2037	—	—	215.5	130.5
2038-2042	—	—	255.1	108.9
2043-2047	—	—	286.7	64.1
2048-2052	—	—	215.8	15.9
2053-2057	—	—	0.8	0.1
	<u>\$ 23.6</u>	<u>\$ 1.3</u>	<u>\$ 1,413.5</u>	<u>\$ 664.5</u>

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

H. Debt Service Requirements (Continued)

	Mortgage Loan Program Fund					
	Direct Placement of Debt		Other Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2023	\$ 2.0	\$ 4.8	\$ 6.4	\$ 6.4	\$ 8.4	\$ 11.2
2024	2.2	4.7	7.1	6.3	9.3	11.0
2025	4.3	4.6	6.3	6.2	10.6	10.8
2026	4.0	4.5	6.7	6.1	10.7	10.6
2027	4.1	4.4	27.8	6.0	31.9	10.4
Five years ending June 30:						
2028-2032	22.3	20.6	32.1	27.3	54.4	47.9
2033-2037	25.8	17.7	28.1	24.1	53.9	41.8
2038-2042	105.0	13.6	35.2	20.4	140.2	34.0
2043-2047	7.8	3.6	48.4	15.6	56.2	19.2
2048-2052	7.2	2.5	23.6	11.2	30.8	13.7
2053-2057	5.7	1.6	22.8	7.4	28.5	9.0
2058-2062	6.1	0.6	21.9	3.5	28.0	4.1
2063-2067	0.7	—	10.0	0.5	10.7	0.5
	<u>\$ 197.2</u>	<u>\$ 83.2</u>	<u>\$ 276.4</u>	<u>\$ 141.0</u>	<u>\$ 473.6</u>	<u>\$ 224.2</u>

The Authority's outstanding obligations from direct borrowing relating to business-type activities contain provisions declaring events of default based on nonpayment on monies owed, failure to meet certain conditions under the governing documents, the authority ceasing to be eligible as a housing associate under the Act and other defined provisions within the applicable agreements. The lenders under each of the agreements have rights of principal acceleration under the governing documents based on aforementioned events of default. Subject to the provisions outlined within the respective agreements, additional remedies and enforcement exist.

The Authority has a line of credit for cash advances with the Federal Home Loan Bank of Chicago up to \$250 million. The current undrawn portion of the Authority's authorized amount is \$226 million.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

I. Derivative Instruments

The incurring of obligations by the Authority involves a variety of interest rate payments and other risks, for which a variety of financial instruments are available to offset, hedge, or reduce these payments and risks. It is the policy of the Authority to utilize risk management agreements to better manage its assets and liabilities. The Authority may execute risk management agreements if the transaction can be expected to result in at least one of, but not limited to the following:

- a) The achievement of savings over alternative products existing in the capital markets;
- b) The management of the Authority’s exposure to floating and fixed interest rates;
- c) Ability to access the capital markets more rapidly than may be possible with conventional debt instruments;
- d) The management of the Authority’s exposure to the risk of changes in the legal and regulatory treatment of tax-exempt bonds; and
- e) The ability of the Authority to increase income, lower costs, or strengthen the Authority’s financial position.

As of June 30, 2022, the Authority has active swap and interest rate cap contracts. Details are shown in the following tables, in thousands.

	Changes in fair value		Fair Value at June 30, 2022		Notional
	Classification	Amount	Classification	Amount	
Business-Type Activities:					
Cash Flow Hedges:					
Pay-Fixed/Receive Variable, Interest Rate Swaps:					
HMRB	Deferred Inflow	\$ 3,098	**	\$ 106	\$ 30,000
RB	Deferred Inflow	\$ 9,073	**	\$ 7,773	\$ 129,860
MFRB Maywood	Deferred Outflow	\$ 161	*	\$ (197)	\$ 24,995
MFRB Burnham Manor	Deferred Outflow	\$ (273)	*	\$ (273)	\$ 12,725
General Obligation	Deferred Outflow	\$ (53)	*	\$ (53)	\$ 5,570
Rate Caps					
HB	Deferred Inflow	\$ 72	**	\$ 84	\$ 15,150
MFRB	Deferred Inflow	\$ 225	**	\$ 225	\$ 23,570

* The fair value is classified as derivative instrument liability and a deferred outflow of resources.
** The fair value is classified as derivative instrument asset and a deferred inflow of resources.

Illinois Housing Development Authority
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Notes to the Financial Statements (continued)
Year Ended June 30, 2022

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

I. Derivative Instruments (Continued)

The fair value of the interest rate swaps was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The fair value of the interest rate swap and rate caps were estimated by the Authority using data provided by the Authority's swap advisor.

6/30/2022 (Dollars in Thousands)							
Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid (3)	Variable Rate Received	Fair Values (1)	Termination Date	Counter-Party Credit Rating (2)
Active Swap Contracts:							
Single Family Program Fund:							
HMRB**:							
HMRB 2018 A-2	\$ 30,000	8/1/2018	2.3940	70% 1M LIBOR	\$ 106	2/1/2038	Aa1 / AA- / AA-
RB***:							
RB 2019B	30,000	3/7/2019	2.4310	100% SIFMA -> 70% LIBOR	935	4/1/2042	Aa2 / A+ / AA
RB 2020C	40,000	10/15/2020	1.0565	100% SIFMA -> 70% LIBOR	6,542	4/1/2042	Aa1 / AA- / AA-
RB 2022D	59,860	5/19/2022	2.4320	70% SOFR + .08%	296	4/1/2045	Aa2 / A+ / AA
	<u>\$ 159,860</u>				<u>\$ 7,879</u>		
Active Swap Contracts:							
Mortgage Loan Program Fund:							
MFRB***:							
MFRB Maywood	\$ 24,995	7/1/2024	2.1470	LIBOR	\$ (197)	7/1/2064	Aa2 / A+ / AA
MFRB Burnham Manor	12,725	1/1/2025	2.7755	70% SOFR + 0.08%	(273)	1/1/2065	Aa2 / A+ / AA
	<u>\$ 37,720</u>				<u>\$ (470)</u>		
Active Swap Contracts:							
General Obligation:							
GO 835 Wilson	\$ 3,365	6/1/2025	2.9630	100% USD-SOFR-COMPOUND	\$ (52)	11/1/2052	A1 / A / A+
GO Millbrook	2,205	7/1/2025	2.8286	100% USD-SOFR-COMPOUND	(1)	12/1/2052	A1 / A / A+
	<u>\$ 5,570</u>				<u>\$ (53)</u>		
Active Interest Rate Caps:							
Mortgage Loan Program Fund:							
HB****:							
Series 2008 A	\$ 10,930	1/1/2018	6.0000	100% SIFMA 70% USD-SOFR-COMPOUND +	\$ 57	1/1/2027	A1 / A / A+
Series 2008 C	4,220	5/9/2022	4.0000	0.18%	27	7/1/2027	A1 / A / A+
MFRB****:							
Series 2022 C	23,570	5/12/2022	4.0000	100% USD-SOFR-COMPOUND + 0.11%	225	7/1/2025	Aa2 / A+ / AA
	<u>\$ 38,720</u>				<u>\$ 309</u>		

** Homeowner Mortgage Revenue Bonds

*** Revenue Bonds

**** Housing Bonds

(1) Includes accrued interest.

(2) S&P/Moody's

(3) Represents rate for swap and cap rate for interest rate caps.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

I. Derivative Instruments (Continued)

To protect against the potential of rising interest rates, the Authority has entered into pay fixed, receive variable, interest rate swap agreements. The objective of these agreements is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the Authority issued fixed rate debt. In addition, the Authority has entered into interest rate caps agreement, the objective of which is to establish a maximum debt service which may be paid over the life of the underlying bonds.

The terms, fair values, and credit ratings of the outstanding agreements as of June 30, 2022, are shown in the above table. The notional amount of the swap and caps match the principal amount of the associated debt except in the case of Series 2008 A where early redemption of bonds has reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original scheduled value.

The Authority's swap and cap agreements in most cases contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or an anticipated reduction in the associated bonds payable category.

Because interest rates have increased since the execution of the swap agreements in the Single-Family Program Fund, they have positive fair values as of June 30, 2022. The positive fair value may be countered by increases in total interest payments required under the variable-rate bonds, creating higher synthetic interest rates. Because the coupons on the Authority's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

As of June 30, 2022, the Authority was not exposed to credit risk for the swaps that had negative fair value. As interest rates change and the fair value becomes positive, the Authority is exposed to credit risk in the amount of the swap's or cap's fair value. The Authority is exposed to credit risk on the caps and swaps with positive fair value. The aggregate fair value of hedging derivative instruments with positive fair value on June 30, 2022, was \$7.9 million. This represents the maximum loss that would be recognized at the reporting date if all counter-parties failed to perform as contracted. Fair value is a factor only upon termination.

Basis risk on a swap occurs when the variable payment received is based on an index other than the index on the underlying bonds. The Authority believes its swap agreements have been structured to minimize or eliminate this risk.

The Authority or the counterparty may terminate the swap agreements if the other party fails to perform under the terms of the agreements. If a swap is insured, a termination event occurs if the insurer fails to meet its obligations under the agreement.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

I. Derivative Instruments (Continued)

The Authority is not exposed to rollover risk on its swap agreements. The Authority is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the Authority will be re-exposed to the risks being hedged by the hedging derivative instrument. The Authority is exposed to rollover risk on the caps which have termination dates that occur prior to the final maturity of the related bonds.

As of June 30, 2022, debt service requirements of the Authority’s outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows, in thousands:

	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
Year ending June 30:				
2023	\$ 890	\$ 1,970	\$ 1,858	\$ 4,718
2024	1,205	1,956	1,858	5,019
2025	1,240	1,940	1,858	5,038
2026	1,280	1,924	1,858	5,062
2027	9,015	1,907	1,858	12,780
	<u>13,630</u>	<u>9,697</u>	<u>9,290</u>	<u>32,617</u>
Five years ending June 30:				
2032	8,710	8,921	9,288	26,919
2037	74,800	7,146	7,633	89,579
2042	74,885	3,309	3,373	81,567
2047	21,595	703	488	22,786
2052	3,520	168	—	3,688
	<u>183,510</u>	<u>20,247</u>	<u>20,782</u>	<u>224,539</u>
Total	<u>\$ 197,140</u>	<u>\$ 29,944</u>	<u>\$ 30,072</u>	<u>\$ 257,156</u>

As rates vary, variable rate bond interest payments and net swap payments will vary.

NOTE 9 DEPOSITS HELD IN ESCROW

Deposits from developers, which are held in escrow in the Administrative Fund, may be used when necessary to pay principal and interest payments and fund construction cost overruns, change orders, tax and insurance payments and capital improvements (see Note 5). In addition, on certain developments, letters of credit and assignments of syndication proceeds are held by the Authority for similar purposes and to fund potential operating deficits of the related developments. Investment income earned on deposited funds is credited to the respective developer’s escrow accounts.

NOTE 10 LEASES

The Authority has entered into leases for office facilities with remaining lease terms ranging from five to ten years. If renewal is reasonably assured, leases requiring appropriation by the Authority are considered noncancelable leases for financial reporting purposes. Periods covered by renewal and termination options are not included in the right-to-use asset or lease liability balance until they are reasonably certain of exercise.

Lease payments (dollars in thousands) through 2027 and five year increments to maturity for the Authority's administrative fund are as follows:

Year Ending	Principal	Interest
2023	\$ 1,256	\$ 155
2024	1,325	119
2025	1,396	81
2026	1,470	40
2027	629	4
Total lease payments	<u>\$ 6,076</u>	<u>\$ 399</u>

NOTE 11 RISK MANAGEMENT

The bonds issued by the Authority after 1980 are subject to a variety of Internal Revenue Service (IRS) regulations that limit the amount of income that may be earned with nonmortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds as defined by the IRS. Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. It has been determined that there is no estimated rebate liability as of June 30, 2022.

In connection with various federal and state grant programs, the Authority is obligated to administer related programs and spend the grant funding in accordance with regulatory restrictions and is subject to audits by the grantor agencies. In the opinion of Authority management, any grant expenditures that may be disallowed by the grantor agency, if any, would not result in a material liability to the Authority.

The Authority carries commercial insurance for directors and officer's liability, general liability, employee health, workers' compensation, cyber liability, crime, property, and automobile ownership and usage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly since the prior year.

NOTE 12 RETIREMENT PLAN

The Authority provides a voluntary defined contribution retirement plan for the benefit of its employees through an agreement with Vanguard Investments. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full time employees are eligible to participate in and are fully vested in the plan from the date of employment. All plan assets and investments are administered by a trustee, which maintains an individual account for each participant. The Authority contributes 6% of its employees' salaries and employees, at their option, may contribute up to 100% (within a maximum dollar limit) of their salaries to the plan. In addition, the Authority, under the provisions of the Economic Growth and Tax Relief Act of 2001, permits additional contributions each calendar year for those employees who attain age 50 (or higher) during the calendar year. The plan may be amended or terminated by the Authority at any time and for any reason in the future, but no such action can deprive employees of their vested interests.

The Authority's total payroll for the fiscal year 2022 was \$29.3 million. The Authority's contributions were calculated using the base salary amount of \$29.1 million. The Authority's contributed \$1.7 million, or 6.00% of the base salary amount, in fiscal year 2022. Employee contributions amounted to \$2.4 million, in fiscal year 2022, or approximately 8.45% of the base salary amount.

NOTE 13 COMMITMENTS AND CONTINGENCIES

A. Loans

At June 30, 2022, the Authority had authorized loans and grants totaling \$40.1 million for the Illinois Affordable Housing Trust Fund.

Under the HOME Program, \$565.2 million and \$102.1 million for federal fiscal years 1992 through 2021 and 2022, respectively, have been allocated to the State by HUD, to be administered by the Authority, under the HOME Program provisions of the 1990 National Affordable Housing Act. At June 30, 2022, the Authority had authorized loans totaling \$20.2 million for the HOME Program.

In accordance with an agreement (the FAF Agreement) entered into by the Authority and in 1982, annual Section 8 contributions payable to HUD with respect to the developments financed by certain of the Authority's Multi-Family Housing Bonds, would be reduced to the extent of the debt service savings resulting from the early redemption of these bonds.

These redemptions were accomplished through subsequent issuance of Multi-Family Housing Bonds.

In November 2006, the Authority entered into a new agreement (the FAF Refunding Agreement) with HUD at the time of delivery of the Authority's Housing Bonds, 2006 Series G to refund the Multi-Family Housing Bond refunding bonds. Pursuant to federal legislation and a written agreement with the Authority, HUD has agreed to share a portion of such savings (the FAF Savings Program) with the Authority in order to create and maintain affordable housing opportunities for individuals of "very low income" (as such term is defined in the 1937 Housing Act) in the State. These savings, which are to be used solely for the purposes stated above, are recorded as other income of the

NOTE 13 COMMITMENTS AND CONTINGENCIES(CONTINUED)

A. Loans (Continued)

Administrative Fund. At June 30, 2022, loans receivable under this program were approximately \$41.8 million.

In addition, due to the ongoing COVID-19 pandemic the Authority has been appropriated further funds (CRF II) to assist with rental (ERA) and mortgage assistance (EMA) in the approximate amounts of \$556.4 million.

B. Issuances

A Summary of the Authority’s outstanding issuances as of June 30, 2022, is as follows (in thousands):

Series	Date of Commitment	Estimated Delivery Date	Amount Not to Exceed
Multifamily Revenue Bonds:			
Southbridge 4% - As part of a 2022 non-taxable refunding issuance	5/17/2019	8/31/2022	\$ 9,000
Southbridge 9% - As part of a 2022 taxable refunding issuance	5/17/2019	8/31/2022	7,000
Barwell Manor - As part of a 2022 refunding issuance	10/18/2019	4/1/2024	13,500
Major Jenkins - As part of a 2023 refunding issuance	10/29/2020	11/1/2023	8,640
Hebron Apartments - As part of a 2023 refunding issuance	12/22/2020	1/1/2024	5,300
Maywood SLF - As part of a 2024 refunding issuance	6/18/2021	6/18/2024	24,995
Taft Homes 4% - As part of a 2024 non-taxable refunding issuance	5/21/2021	9/17/2024	6,000
Armory Terrace - As part of a 2024 non-taxable refunding issuance	11/24/2021	11/24/2024	9,000
Burnham Manor - As part of a 2025 refunding issuance	3/18/2022	6/29/2024	12,725

C. Legal

The Authority is a defendant in various legal actions arising from normal business activities. Management believes, after consultation with legal counsel, that the ultimate liability, if any, resulting from these legal actions, will not materially affect the Authority’s financial position or results of operations.

NOTE 14 SUBSEQUENT EVENTS

On July 1, 2022, the \$2.5 million of the Authority's bank balances that were not covered by federal depository insurance, or collateral held by an agent – as described in Note 3 - was fully collateralized by additional securities provided by the banking institution.

On July 15, 2022, the Authority authorized the approval of the issuance of 2022 Multifamily Revenue bonds not to exceed \$34,240,000 (Drexel Court and Lake Park East), proceeds of which will be used for the acquisition and rehabilitation of a 156-unit multifamily unit development located in Chicago.

On July 19, 2022, the Authority issued Multifamily Housing Revenue Note, 2022 Series in the aggregate principal amount of \$15,000,000 (South Lawndale Apartments), the proceeds of which will be used for acquisition and rehabilitation of a 154-unit family housing rental development located in Chicago.

On July 20, 2022, the Authority issued Multifamily Revenue Bonds, 2022 Series A and B in the aggregate principal amount of \$11,339,000. (Jackson Manor Apartments), the proceeds of which will be used to for the rehabilitation of a 72-unit multifamily rental housing development located in Chicago.

On August 2, 2022, the Authority issued Multifamily Housing Revenue Note, 2022 Series A and B in the aggregate principal amount of \$11,720,000 (Ebenezer-Primm Towers), the proceeds of which will be used for acquisition and rehabilitation of a 107-unit senior housing rental development located in Evanston.

On August 19, 2022, the Authority issued Multifamily Housing Revenue Bonds, 2022 Series A and B and C in the aggregate principal amount of \$46,785,000 (Oasis Senior Living), the proceeds of which will be used for acquisition and rehabilitation of a 219-unit senior housing rental development located in Chicago.

On August 19, 2022, the Authority authorized the issuance of Multifamily Revenue Bonds, Series 2022 D in an amount not to exceed \$19,522,000 (Ogden Commons) for the acquisition and construction of a 92-unit multifamily housing development located in Chicago. The project has an estimated closing date of January 28, 2023.

On August 19, 2022, the Authority authorized the issuance of Multifamily Revenue Bonds Series 2022 D (Non-Amt), not to exceed \$17,070,700, and Multifamily Revenue Bonds Series 2022 E (Non-Amt) not to exceed \$14,500,000 (Autumn Ridge). Proceeds of the bond will be used for the rehabilitation of a 210-unit housing development located in Carol Stream. The project has an estimated closing date of January 30, 2023.

On September 14, 2022, approval was granted to IHDA by the State of Illinois to administer the Court Based Rental Assistance Program (CBRAP). Program funding totaled \$30 million from the American Rescue Plan Act with \$25,500,000 for the Emergency Rental Assistance Fund (ERA-2), and \$4,500,000 for administrative reimbursements.

On September 16, 2022, the Authority issued Multifamily Housing Revenue Bond, 2022 Series in the aggregate principal amount of \$8,525,000 (Berry Manor), the proceeds of which will be used for acquisition and rehabilitation of a 57-unit senior housing rental development located in Chicago.

On September 16, 2022, the Authority authorized the approval of the issuance of 2022 Multifamily Housing Revenue Bonds not to exceed \$7,000,000 (Pearl Place Senior Residences), proceeds of which

NOTE 14 SUBSEQUENT EVENTS (CONTINUED)

will be used for the acquisition and rehabilitation of a 56-unit multifamily senior development located in Belvidere. The project has an estimated closing date of December 22, 2022.

On September 16, 2022, the Authority authorized the approval of the issuance of 2022 Multifamily Housing Revenue Bonds not to exceed \$18,100,000 (Victory Centre of River Oaks and Park Forest ILF), proceeds of which will be used for the acquisition and rehabilitation of a 200-unit multifamily senior development located in Calumet City. The project has an estimated closing date of January 20, 2023.

On September 22, 2022, the Authority issued its Revenue Bonds, 2022 Series E and F, in the aggregate principal amount of \$150 million. Proceeds of the Series 2022 E and F Bonds together with other funds of the Authority are expected to be used to: (a) purchase, and/or reimburse the Authority for its prior purchase of mortgage-backed securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation (or participation interests in such mortgage-backed securities), and (b) pay/reimburse the Authority for certain costs incurred in connection with the issuance of the Series 2022 E and F Bonds.

On October 21, 2022, the Authority authorized the approval of the issuance of 2022 Multifamily Housing Revenue Bonds not to exceed \$12,000,000 (1201 N. California Ave), proceeds of which will be used for the acquisition and new construction of a 32-unit multifamily development located in Chicago. The project has an estimated closing date of December 21, 2022.

On October 25, 2022, the Authority issued a Multifamily Housing Revenue Bonds, 2022 Series A and B in the aggregate principal amount of \$29,500,000. (Drexel Court and Lake Park East), the proceeds of which will be used to for the rehabilitation of a 156-unit multifamily rental housing development located in Chicago.

On November 4, 2022, the Authority issued a Multifamily Housing Revenue Bonds, 2022 Series A in the aggregate principal amount of \$31,000,000. (Victory Centre Park Forest and River Oaks SLF), the proceeds of which will be used to for the rehabilitation of a 186-unit multifamily senior housing development located in Park Forest.

On November 15, 2022, the Authority issued a Multifamily Housing Revenue Bonds, 2022 Series A and B in the aggregate principal amount of \$38,300,000. (Anchor Senior), the proceeds of which will be used to for the rehabilitation of a 228-unit multifamily senior housing development located in Bensenville.

On November 18, 2022, the Authority authorized the approval of the issuance of 2022 Multifamily Housing Revenue Bonds not to exceed \$44,000,000 (Commonwealth Apartments), proceeds of which will be used for the acquisition and rehabilitation of a 145-unit multifamily senior development located in Chicago. The project has an estimated closing date of December 21, 2022.

On November 18, 2022, the Authority authorized the approval of the issuance of 2022 Multifamily Housing Revenue Bonds not to exceed \$63,000,000 (Greenleaf Apartments), proceeds of which will be used for the acquisition and new construction of a 321-unit multifamily senior development located in Bolingbrook. The project has an estimated closing date of December 21, 2022.

NOTE 14 SUBSEQUENT EVENTS (CONTINUED)

On November 23, 2022, the Authority issued a Multifamily Housing Revenue Bonds and Notes, 2022 Series in the aggregate principal amount of \$61,102,000. (Concordia Place Apartments), the proceeds of which will be used to for the rehabilitation of a 297-unit multifamily rental housing development located in Chicago.

On December 1, 2022, the Authority issued revenue bonds 2022 Series G and H in the amount of \$250,000,000, the proceeds of which will be used to redeploy capital for future originations and stabilize long term spread.

At this time, the Authority is not aware of any other facts, decisions or conditions that are expected to have a significant impact on financial position or results of operations.



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

SUPPLEMENTARY INFORMATION

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Balance Sheet – Nonmajor Governmental Funds (Dollars in Thousands)
As of June 30, 2022
(See Accompanying Independent Auditors’ Report)

Assets	American Recovery and Reinvestment Act Fund	Neighborhood Stabilization Program Fund	Build Illinois Bond Program Fund	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	Abandoned Property Program Fund	Section 811 Project Rental Assistance Demonstration Program Fund	National Housing Trust Fund	Foreclosure Prevention Graduated Program Fund	CV Urgent Remediation Emergency Fund	COVID-19 Affordable Housing Grant Program Fund	Total
Current Assets:												
Cash and Cash Equivalents - Restricted	\$ 729	\$ 35	\$ 27,493	\$ 435	\$ —	\$ 6,092	\$ 7	\$ 43	\$ 112	\$ 289	\$ 50,112	\$ 85,347
Program Loans Receivable	255	2	26	—	—	—	—	57	—	—	—	340
Interest Receivable on Program Loans	24	—	—	—	—	—	—	—	—	—	—	24
Total Current Assets	1,008	37	27,519	435	—	6,092	7	100	112	289	50,112	85,711
Noncurrent Assets:												
Program Loans Receivable, Net of Current Portion	74,572	2,700	10,687	—	6,234	—	—	10,225	—	—	—	104,418
Less Allowance for Estimated Losses	(16,277)	(73)	(3,830)	—	(875)	—	—	(1,254)	—	—	—	(22,309)
Net program Loans Receivable	58,295	2,627	6,857	—	5,359	—	—	8,971	—	—	—	82,109
Others	—	5	—	—	—	—	—	2	—	1	—	8
Total Noncurrent Assets	58,295	2,632	6,857	—	5,359	—	—	8,973	—	1	—	82,117
Total Assets	\$ 59,303	\$ 2,669	\$ 34,376	\$ 435	\$ 5,359	\$ 6,092	\$ 7	\$ 9,073	\$ 112	\$ 290	\$ 50,112	\$ 167,828
Liabilities and Fund Balances												
Current Liabilities:												
Unearned Revenue	\$ 24	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 290	\$ 50,112	\$ 50,426
Accrued Liabilities and Other	—	—	—	—	—	—	7	—	—	—	—	7
Due to Other Funds	—	39	—	—	—	—	—	21	—	—	—	60
Total Current Liabilities	24	39	—	—	—	—	7	21	—	290	50,112	50,493
Fund Balances:												
Restricted	59,279	2,630	34,376	435	5,359	6,092	—	9,052	112	—	—	117,335
Total Fund Balances	59,279	2,630	34,376	435	5,359	6,092	—	9,052	112	—	—	117,335
Total Liabilities and Fund Balances	\$ 59,303	\$ 2,669	\$ 34,376	\$ 435	\$ 5,359	\$ 6,092	\$ 7	\$ 9,073	\$ 112	\$ 290	\$ 50,112	\$ 167,828

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds (Dollars in Thousands)
Year Ended June 30, 2022
(See Accompanying Independent Auditors’ Report)

	American Recovery and Reinvestment Act Fund	Neighborhood Stabilization Program Fund	Build Illinois Bond Program Fund	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	Abandoned Property Program Fund	Section 811 Project Rental Assistance Demonstration Program Fund	National Housing Trust Fund	Foreclosure Prevention Graduated Program Fund	CV Urgent Remediation Emergency Fund	COVID-19 Affordable Housing Grant Program Fund	Total
Revenues:												
Grant from State of Illinois	\$ —	\$ —	\$ 3,986	\$ 32	\$ —	\$ 193	\$ —	\$ —	\$ 26	\$ —	\$ —	\$ 4,237
Federal Funds	—	814	—	—	—	—	1,559	10,753	—	5,896	23,877	42,899
Interest and Other Investment Income	166	37	59	—	—	—	—	—	—	2,129	39	2,430
Total Revenues	166	851	4,045	32	—	193	1,559	10,753	26	8,025	23,916	49,566
Expenditures:												
General and Administrative	\$ —	\$ 77	\$ —	\$ 32	\$ —	\$ 192	\$ 139	\$ 766	\$ 26	\$ 8,003	\$ 450	\$ 9,685
Grants	—	870	45,885	432	—	5,777	1,420	9,616	617	—	23,427	88,044
Program Income Transferred to State of Illinois	—	—	—	—	—	—	—	—	—	3	39	42
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	8,789	—	161	—	785	—	—	1,067	—	—	—	10,802
Total Expenditures	8,789	947	46,046	464	785	5,969	1,559	11,449	643	8,006	23,916	108,573
Other Financing Sources (Uses):												
Transfer in	3	—	3	—	1	7,352	—	—	13	—	—	7,372
Transfer out	—	(5)	—	(7,350)	—	—	—	(21)	—	(19)	—	(7,395)
Total Other Financing Sources (Uses)	3	(5)	3	(7,350)	1	7,352	—	(21)	13	(19)	—	(23)
Net Change in Fund Balances	(8,620)	(101)	(41,998)	(7,782)	(784)	1,576	—	(717)	(604)	—	—	(59,030)
Fund Balances at Beginning of the Year	67,899	2,731	76,374	8,217	6,143	4,516	—	9,769	716	—	—	176,365
Fund Balances at End of the Year	\$ 59,279	\$ 2,630	\$ 34,376	\$ 435	\$ 5,359	\$ 6,092	\$ —	\$ 9,052	\$ 112	\$ —	\$ —	\$ 117,335

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Schedule of Net Position – Mortgage Loan Program Fund (Dollars in Thousands)
As of June 30, 2022
(See Accompanying Independent Auditors' Report)

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
Assets:					
Current Assets:					
Cash and Cash Equivalents - Restricted	\$ 241,575	\$ 1,392	\$ 66,539	\$ 1,071	\$ 310,577
Investments - Restricted	—	1,435	17,404	2,325	21,164
Investment Income Receivable - Restricted	10	—	24	13	47
Program Loans Receivable	2,658	455	2,440	246	5,799
Interest Receivable on Program Loans	340	54	1,004	18	1,416
Due from Other Funds	36,264	23,892	—	10,095	70,251
Total Current Assets	280,847	27,228	87,411	13,768	409,254
Noncurrent Assets:					
Investments - Restricted	3,664	—	13,795	18,542	36,001
Program Loans Receivable, Net of Current Portion	105,357	14,721	268,848	5,133	394,059
Less Allowance for Estimated Losses	(2,104)	(400)	(741)	(115)	(3,360)
Net Program Loans Receivable	103,253	14,321	268,107	5,018	390,699
Due from Fannie Mae	—	30,161	—	—	30,161
Due from Freddie Mac	—	4,306	—	—	4,306
Capital Assets, Net	23,586	—	—	—	23,586
Others	237	—	—	—	237
Derivative Instrument Asset	84	—	225	—	309
Total Noncurrent Assets	130,824	48,788	282,127	23,560	485,299
Total Assets	411,671	76,016	369,538	37,328	894,553
Deferred Outflows of Resources:					
Accumulated Decrease in Fair Value of Hedging Derivatives	—	—	470	—	470
Total Deferred Outflows of Resources	—	—	470	—	470
Liabilities:					
Current Liabilities:					
Bonds and Notes Payable	5,170	1,150	2,117	—	8,437
Accrued Interest Payable	176	467	3,266	—	3,909
Accrued Liabilities and Other	132	—	3,273	—	3,405
Due to Other Funds	2,453	145	42,073	155	44,826
Total Current Liabilities	7,931	1,762	50,729	155	60,577
Noncurrent Liabilities:					
Bonds and Notes Payable, Net of Current Portion	81,405	48,870	334,844	—	465,119
Derivative Instrument Liability	—	—	470	—	470
Total Noncurrent Liabilities	81,405	48,870	335,314	—	465,589
Total Liabilities	89,336	50,632	386,043	155	526,166
Deferred Inflows of Resources:					
Accumulated Increase in Fair Value of Hedging Derivatives	84	—	225	—	309
Total Deferred Inflows of Resources	84	—	225	—	309
Net Position:					
Net Investment in Capital Assets	7,501	—	—	—	7,501
Restricted for Bond Resolution Purposes	314,750	25,384	(16,260)	37,173	361,047
Total Net Position	\$ 322,251	\$ 25,384	\$ (16,260)	\$ 37,173	\$ 368,548

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position - Mortgage Loan Program Fund
(Dollars in Thousands)
Year Ended June 30, 2022
(See Accompanying Independent Auditors' Report)

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
Operating Revenues:					
Interest and Other Investment Income	\$ 877	\$ 5	\$ 302	\$ 76	\$ 1,260
Interest Earned on Program Loans	4,870	1,426	8,919	130	15,345
Other Income	12,294	—	—	—	12,294
Total Operating Revenues	18,041	1,431	9,221	206	28,899
Operating Expenses:					
Interest Expense	686	1,374	7,422	—	9,482
Other General and Administrative	8,153	—	—	—	8,153
Financing Costs	23	11	174	—	208
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	(216)	(37)	55	(12)	(210)
Provision for Estimated Losses on Real Estate Held for Sale	9	—	—	—	9
Total Operating Expenses	8,655	1,348	7,651	(12)	17,642
Operating Income	9,386	83	1,570	218	11,257
Nonoperating Revenues and Expenses					
Gain/Loss on Investment Sale Revenues	—	—	10	—	10
Net Decrease in Fair Value of Investments	(589)	(1)	(1,239)	(142)	(1,971)
Total Nonoperating Income	(589)	(1)	(1,229)	(142)	(1,961)
Income Before Transfers	8,797	82	341	76	9,296
Transfers In	—	23,570	153	—	23,723
Transfers Out	—	—	(23,570)	—	(23,570)
Total Transfers	—	23,570	(23,417)	—	153
Change in Net Position	8,797	23,652	(23,076)	76	9,449
Net Position - Beginning Of Year	313,454	1,732	6,816	37,097	359,099
Net Position - End Of Year	\$ 322,251	\$ 25,384	\$ (16,260)	\$ 37,173	\$ 368,548

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Schedule of Cash Flows – Mortgage Loan Program Fund (Dollars in Thousands)
Year Ended June 30, 2022
(See Accompanying Independent Auditors' Report)

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
Cash flows from operating activities:					
Receipts for program loans, interest, and service fees	\$ 23,284	\$ 25,247	\$ 17,443	\$ 1,129	\$ 67,103
Payments for program loans	(4,509)	—	(77,331)	(342)	(82,182)
Receipts for credit enhancements	—	54,034	—	—	54,034
Payments to suppliers	(8,126)	(11)	(174)	—	(8,311)
Other receipts	12,294	—	—	—	12,294
Net cash provided by (used in) operating activities	22,943	79,270	(60,062)	787	42,938
Cash flows from noncapital financing activities:					
Interest paid on revenue bonds and notes	(937)	(2,250)	(6,002)	—	(9,189)
Due to / from Other Funds	(13,047)	(23,684)	36,490	6	(235)
Proceeds from sale of housing bonds and notes	—	—	134,200	—	134,200
Principal paid on bonds and notes	(19,936)	(78,069)	(13,550)	—	(111,555)
Transfers in	—	23,570	153	—	23,723
Transfers out	—	—	(23,570)	—	(23,570)
Net cash provided by (used in) noncapital financing activities	(33,920)	(80,433)	127,721	6	13,374
Cash flows from capital financing and related activities:					
Acquisition of capital assets	(193)	—	—	—	(193)
Cash flows from investing activities:					
Purchase of investment securities	(256,585)	(2,414)	(60,275)	(35,992)	(355,266)
Proceeds from sales and maturities of investment securities	316,791	4,266	44,687	34,755	400,499
Interest received on investments	901	9	160	117	1,187
Net cash provided by (used) in investing activities	61,107	1,861	(15,428)	(1,120)	46,420
Net increase (decrease) in cash and cash equivalents	49,937	698	52,231	(327)	102,539
Cash and cash equivalents at beginning of year	191,638	694	14,308	1,398	208,038
Cash and cash equivalents at end of year	\$ 241,575	\$ 1,392	\$ 66,539	\$ 1,071	\$ 310,577
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Income	\$ 9,386	\$ 83	\$ 1,570	\$ 218	\$ 11,257
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Investment Income	(877)	(5)	(302)	(76)	(1,260)
Interest expense	686	1,374	7,422	—	9,482
Depreciation and amortization	1,165	—	—	—	1,165
Changes in provision for (reversal of) estimated losses on program loans receivable	(216)	(37)	55	(12)	(210)
Changes in assets and liabilities:					
Program loans receivable	12,830	23,749	(70,629)	660	(33,390)
Interest receivable on program loans	19	72	(413)	(3)	(325)
Other assets	(72)	—	—	—	(72)
Other liabilities	22	—	2,235	—	2,257
Due from Fannie Mae	—	54,033	—	—	54,033
Due from Freddie Mac	—	1	—	—	1
Total adjustments	13,557	79,187	(61,632)	569	31,681
Net cash provided by (used in) operating activities	\$ 22,943	\$ 79,270	\$ (60,062)	\$ 787	\$ 42,938
Noncash investing capital and financing activities:					
Transfer of foreclosed assets	\$ 9	\$ —	\$ —	\$ —	\$ 9
Increase (decrease) in the fair value of investments	\$ (589)	\$ (1)	\$ (1,239)	\$ (142)	\$ (1,971)

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Schedule of Net Position – Single Family Program Fund (Dollars in Thousands)
As of June 30, 2022
(See Accompanying Independent Auditors' Report)

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Inter-Account Eliminations	Total
Assets					
Current Assets:					
Cash and Cash Equivalents - Restricted	\$ 4,224	\$ 6,026	\$ 102,368	\$ —	\$ 112,618
Investments - Restricted	126,213	1,096	3,844	—	131,153
Investment Income Receivable - Restricted	278	139	3,200	—	3,617
Program Loans Receivable	9,934	—	35	—	9,969
Interest Receivable on Program Loans	599	—	—	—	599
Due from Other Funds	25,538	353	6,369	(26,406)	5,854
Total Current Assets	166,786	7,614	115,816	(26,406)	263,810
Noncurrent Assets:					
Investments - Restricted	74,092	46,224	1,095,471	—	1,215,787
Program Loans Receivable, Net of Current Portion	89,976	—	81	—	90,057
Less Allowance for Estimated Losses	(2,216)	—	(5)	—	(2,221)
Net Program Loans Receivable	87,760	—	76	—	87,836
Real Estate Held for Sale	319	—	—	—	319
Less Allowance for Estimated Losses	(138)	—	—	—	(138)
Net Real Estate Held for Sale	181	—	—	—	181
Derivative Instrument Assets	106	—	7,773	—	7,879
Total Noncurrent Assets	162,139	46,224	1,103,320	—	1,311,683
Total Assets	328,925	53,838	1,219,136	(26,406)	1,575,493
Liabilities					
Current Liabilities:					
Bonds and Notes Payable	8,125	1,399	25,193	—	34,717
Accrued Interest Payable	1,905	107	7,389	—	9,401
Accrued Liabilities and Other	577	9	—	—	586
Due to Other Funds	—	2,520	23,932	(26,406)	46
Total Current Liabilities	10,607	4,035	56,514	(26,406)	44,750
Noncurrent Liabilities:					
Bonds and Notes Payable, Net of Current Portion	196,726	43,208	1,175,997	—	1,415,931
Total Noncurrent Liabilities	196,726	43,208	1,175,997	—	1,415,931
Total Liabilities	207,333	47,243	1,232,511	(26,406)	1,460,681
Deferred Inflow of Resources					
Accumulated Increase in Fair Value of Hedging Derivatives	106	—	7,773	—	7,879
Total Deferred Inflows of Resources	106	—	7,773	—	7,879
Net Position					
Restricted for Bond Resolution Purposes	121,486	6,595	—	—	128,081
Unrestricted for Bond Resolution Purposes	—	—	(21,148)	—	(21,148)
Total Net Position	\$ 121,486	\$ 6,595	\$ (21,148)	\$ —	\$ 106,933

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position – Single Family Program Fund
(Dollars in Thousands)
Year Ended June 30, 2022
(See Accompanying Independent Auditors’ Report)

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Total
Operating Revenues:				
Investment and Other Investment Income	\$ 3,746	\$ 1,683	\$ 24,004	\$ 29,433
Interest Earned on Program Loans	4,827	—	—	4,827
Total Operating Revenues	8,573	1,683	24,004	34,260
Operating Expenses:				
Interest Expense	4,886	1,514	19,252	25,652
Other General and Administrative	303	—	—	303
Financing Costs	812	213	3,505	4,530
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	(380)	—	(4)	(384)
Provision for Estimated Losses on Real Estate Held for Sale	319	—	—	319
Total Operating Expenses	5,940	1,727	22,753	30,420
Operating Income (Loss)	2,633	(44)	1,251	3,840
NonOperating Revenues and Expenses				
Gain/Loss on Investment Sale Revenues	(177)	(19)	—	(196)
Net Decrease in Fair Value of Investments	(8,365)	(5,344)	(115,604)	(129,313)
Total Nonoperating Income (Loss)	(8,542)	(5,363)	(115,604)	(129,509)
Income (Loss) Before Transfers	(5,909)	(5,407)	(114,353)	(125,669)
Transfers In	—	—	12,772	12,772
Total Transfers	—	—	12,772	12,772
Change in Net Position	(5,909)	(5,407)	(101,581)	(112,897)
Net Position - Beginning Of Year	127,395	12,002	80,433	219,830
Net Position - End Of Year	<u>\$ 121,486</u>	<u>\$ 6,595</u>	<u>\$ (21,148)</u>	<u>\$ 106,933</u>

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Combining Schedule of Cash Flows – Single Family Program Fund (Dollars in Thousands)
Year Ended June 30, 2022
(See Accompanying Independent Auditors' Report)

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Total
Cash Flows From Operating Activities:				
Receipts for Program Loans, Interest and Service Fees	\$ 32,689	\$ —	\$ 76	\$ 32,765
Payments for Loan Program Loans	(11,618)	—	—	(11,618)
Payments to Suppliers	(834)	(213)	(3,505)	(4,552)
Net Cash Provided (Used) by Operating/Nonoperating Activities	20,237	(213)	(3,429)	16,595
Cash Flows From Noncapital Financing Activities:				
Interest Paid on Revenue Bonds and Notes	(5,544)	(1,537)	(14,252)	(21,333)
Due To / From Other Funds	7,401	(160)	(69,596)	(62,355)
Proceeds From Sale of Revenue Bonds and Notes	—	—	448,479	448,479
Principal Paid on Revenue Bonds and Notes	(59,972)	(11,541)	(188,993)	(260,506)
Transfers In	—	—	12,772	12,772
Net Cash Provided (Used) by Noncapital Financing Activities	(58,115)	(13,238)	188,410	117,057
Cash Flows From Investing Activities:				
Purchase of Investment Securities	(367,080)	(6,088)	(580,405)	(953,573)
Proceeds From Sales and Maturities of Investment Securities	338,154	17,282	279,962	635,398
Interest Received on Investments	3,722	1,721	16,924	22,367
Net Cash Provided (Used) by Investing Activities	(25,204)	12,915	(283,519)	(295,808)
Net Increase (Decrease) in Cash and Cash Equivalents	(63,082)	(536)	(98,538)	(162,156)
Cash and Cash Equivalents at Beginning of the Year	67,306	6,562	200,906	274,774
Cash and Cash Equivalents at End of the Year	\$ 4,224	\$ 6,026	\$ 102,368	\$ 112,618
Reconciliation of Operating Income (Loss) to Net Cash provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 2,633	\$ (44)	\$ 1,251	\$ 3,840
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Investment Income	(3,746)	(1,683)	(24,004)	(29,433)
Interest Expense	4,886	1,514	19,252	25,652
Changes in Provision for (Reversal of) Estimated Losses on Program Loans Receivable	(380)	—	(4)	(384)
Changes in Assets and Liabilities:				
Program Loans Receivable	16,570	—	76	16,646
Interest Receivable on Program Loans	(7)	—	—	(7)
Other Liabilities	281	—	—	281
Total Adjustments	17,604	(169)	(4,680)	12,755
Net Cash Provided (Used) by Operating/Nonoperating Activities	\$ 20,237	\$ (213)	\$ (3,429)	\$ 16,595
Noncash Investing Capital and Financing Activities:				
Transfer of Foreclosed Assets	\$ —	\$ —	\$ 381	\$ 381
Decrease in Fair Value of Investments	\$ (8,365)	\$ (5,344)	\$ (115,604)	\$ (129,313)



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

STATISTICAL SECTION

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Financial Trends Information
Net Position by Component
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net Investment in Capital Assets	\$ 106,525	\$ 175,334	\$ 123,458	\$ 50,658	\$ 107,148	\$ 69,032	\$ 41,515	\$ 21,753	\$ —	\$ —
Restricted for Bond Resolution Purposes	—	—	—	—	—	—	—	—	—	—
Restricted for Loan and Grant Programs	396,551,321	485,895,024	435,344,602	431,808,386	534,647,449	412,077,611	476,703,527	415,059,050	471,241,000	419,908,000
Unrestricted	—	—	—	—	—	—	—	—	—	—
Total Governmental activities net position	\$ 396,657,846	\$ 486,070,358	\$ 435,468,060	\$ 431,859,044	\$ 534,754,597	\$ 412,146,643	\$ 476,745,042	\$ 415,080,803	\$ 471,241,000	\$ 419,908,000
Business-type activities										
Net Investment in Capital Assets	\$ (6,705,131)	\$ (5,323,424)	\$ (3,772,979)	\$ (2,265,038)	\$ 166,222	\$ 2,522,305	\$ 4,754,494	\$ 6,945,706	\$ 7,853,000	\$ 8,616,000
Restricted for Bond Resolution Purposes	330,198,761	328,747,862	352,081,420	399,697,878	423,610,724	431,445,905	484,872,295	553,477,860	572,656,200	489,128,200
Restricted for Loan and Grant Programs	40,331,426	41,195,659	41,842,372	42,478,467	43,107,146	43,798,573	44,082,897	44,082,747	44,083,000	46,158,000
Unrestricted	117,879,666	143,702,212	156,453,396	178,722,561	204,845,037	230,173,606	244,033,016	256,208,846	278,963,900	302,591,900
Total Business-type activities net position	\$ 481,704,722	\$ 508,322,309	\$ 546,604,209	\$ 618,633,868	\$ 671,729,129	\$ 707,940,389	\$ 777,742,702	\$ 860,715,159	\$ 903,556,100	\$ 846,494,100
Entity-wide										
Net Investment in Capital Assets	\$ (6,598,606)	\$ (5,148,090)	\$ (3,649,521)	\$ (2,214,380)	\$ 273,370	\$ 2,591,337	\$ 4,796,009	\$ 6,967,459	\$ 7,853,000	\$ 8,616,000
Restricted for Bond Resolution Purposes	330,198,761	328,747,862	352,081,420	399,697,878	423,610,724	431,445,905	484,872,295	553,477,860	572,656,200	489,128,200
Restricted for Loan and Grant Programs	436,882,747	527,090,683	477,186,974	474,286,853	577,754,595	455,876,184	520,786,424	459,141,797	515,324,000	466,066,000
Unrestricted	117,879,666	143,702,212	156,453,396	178,722,561	204,845,037	230,173,606	244,033,016	256,208,846	278,963,900	302,591,900
Total entity-wide net position	\$ 878,362,568	\$ 994,392,667	\$ 982,072,269	\$ 1,050,492,912	\$ 1,206,483,726	\$ 1,120,087,032	\$ 1,254,487,744	\$ 1,275,795,962	\$ 1,374,797,100	\$ 1,266,402,100

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Financial Trends Information
Change in Net Position
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
Illinois Affordable Housing Trust Fund Program	\$ 5,289,502	\$ 12,568,375	\$ 28,716,779	\$ 10,632,652	\$ 2,939,528	\$ 7,301,940	\$ 8,764,155	\$ 8,119,987	\$ 11,584,000	\$ 9,682,000
HOME Program	12,790,574	13,580,940	11,367,784	4,287,866	2,182,083	18,266,884	(194,128)	8,865,268	4,735,000	6,081,000
Rental Housing Support Program	10,562,975	18,912,367	515,723	23,673,316	31,295,385	20,553,059	13,123,090	12,466,200	21,427,000	19,425,000
Hardest Hit Fund	136,412,486	158,769,187	48,616,605	35,510,094	76,189,962	116,164,137	89,840,917	52,370,908	—	—
ARRA Fund	839,334	—	—	—	—	—	—	—	—	—
Build Illinois Bond Program	16,406,436	21,206,222	102,396,242	13,358,746	—	—	—	—	8,786,000	—
Neighborhood Stabilization Program	22,613,929	—	—	—	—	—	—	—	—	—
CV Urgent Remediation Emergency Fund	—	—	—	—	—	—	—	—	330,621,000	—
Emergency Rental Assistance Program	—	—	—	—	—	—	—	—	111,701,000	708,578,000
Homeowner Assistance Fund	—	—	—	—	—	—	—	—	—	7,051,000
Other Programs	9,481,266	11,906,883	10,532,713	4,592,256	6,373,551	17,958,368	14,994,649	18,284,675	33,016,000	108,573,000
Total Governmental activities	\$ 214,396,502	\$ 236,943,974	\$ 202,145,846	\$ 92,054,930	\$ 118,980,509	\$ 180,244,388	\$ 126,528,683	\$ 100,107,038	\$ 521,870,000	\$ 859,390,000
Business-type Activities:										
Administrative Programs	\$ 11,277,002	\$ 19,555,784	\$ 17,776,979	\$ 14,627,899	\$ 15,672,823	\$ 18,926,134	\$ 21,352,859	\$ 29,335,017	\$ 90,899,000	\$ 63,379,000
Multi-Family Mortgage Loan Programs	27,537,440	29,810,315	21,554,716	22,187,467	23,312,712	24,505,866	24,702,251	19,851,370	13,071,000	17,642,000
Multi-Family Federal Assistance Programs	133,016,259	119,890,678	116,262,641	109,660,510	97,889,564	80,118,448	60,702,300	59,086,028	—	—
Single-Family Mortgage Loan Programs	27,917,401	36,132,832	35,700,914	28,198,229	24,729,020	23,648,330	32,223,452	35,221,586	29,686,000	30,420,000
Tax Credit Authorization and Monitoring	1,050,276	1,391,482	1,631,256	2,511,320	2,421,895	2,273,964	2,721,506	1,158,499	—	—
FAF Lending Program	—	—	—	—	—	—	—	—	—	—
IHDA Dispositions LLC*	1,733,517	688,602	113,437	41,630	388,768	209,987	57,834	—	—	—
Total Business-type activities	\$ 202,531,895	\$ 207,469,693	\$ 193,039,943	\$ 177,227,055	\$ 164,414,782	\$ 149,682,729	\$ 141,760,202	\$ 144,652,500	\$ 133,656,000	\$ 111,441,000
Total entity-wide expenses	\$ 416,928,397	\$ 444,413,667	\$ 395,185,789	\$ 269,281,985	\$ 283,395,291	\$ 329,927,117	\$ 268,288,885	\$ 244,759,538	\$ 655,526,000	\$ 970,831,000
Program Revenues										
Governmental activities:										
Illinois Affordable Housing Trust Fund Program	\$ 10,489,502	\$ 17,768,375	\$ 33,916,779	\$ 15,832,652	\$ 8,139,528	\$ 7,301,940	\$ 8,764,155	\$ 8,119,987	\$ 11,584,000	\$ 9,693,000
HOME Program	18,902,640	22,334,881	24,891,370	17,983,890	22,161,492	6,045,918	20,730,321	8,494,616	16,025,000	13,776,000
Rental Housing Support Program	10,562,975	18,912,367	515,723	23,673,316	31,295,385	20,553,059	13,123,090	12,466,200	21,427,000	19,418,000
Hardest Hit Fund	127,526,833	170,573,363	46,872,267	52,282,305	143,497,834	1,117,127	128,823,137	895,285	—	—
ARRA Fund	242,531	—	—	—	—	—	—	—	—	—
Build Illinois Bond Program	24,448,744	80,541,538	57,918,940	669,030	—	—	—	—	70,012,000	—
Neighborhood Stabilization Program	22,454,794	—	—	—	—	—	—	—	—	—
CV Urgent Remediation Emg Fund	—	—	—	—	—	—	—	—	330,621,000	—
Emergency Rental Assistance Program	—	—	—	—	—	—	—	—	111,701,000	708,578,000
Homeowner Assistance Fund	—	—	—	—	—	—	—	—	—	7,051,000
Other Programs	14,724,990	21,425,962	4,242,264	3,082,721	21,981,823	22,618,390	19,686,379	8,466,711	16,660,000	49,568,000
Total Governmental activities	\$ 229,353,009	\$ 331,556,486	\$ 168,357,343	\$ 113,523,914	\$ 227,076,062	\$ 57,636,434	\$ 191,127,082	\$ 38,442,799	\$ 578,030,000	\$ 808,084,000

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Financial Trends Information
Change in Net Position (Continued)
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Administrative Programs	\$ 7,765,863	\$ 1,984,814	\$ 1,958,748	\$ 3,535,603	\$ 5,294,335	\$ 5,708,146	\$ 3,194,576	\$ 4,850,765	\$ 67,680,000	\$ 56,802,000
Multi-Family Mortgage Loan Programs	47,492,901	48,213,041	45,702,775	47,006,563	46,426,238	45,164,087	50,578,849	49,558,312	23,549,000	27,639,000
Multi-Family Federal Assistance Programs	133,016,259	119,890,678	116,262,641	109,660,510	97,889,564	80,118,448	60,702,300	59,106,028	—	—
Single-Family Mortgage Loan Programs	27,317,952	20,335,407	18,895,381	32,357,060	25,794,707	16,535,971	63,500,109	78,439,693	6,149,000	4,827,000
Tax Credit Authorization and Monitoring	4,831,797	6,233,950	5,239,797	7,069,882	5,405,549	8,476,003	6,799,304	6,381,178	—	—
FAF Lending Program	2,117,239	864,233	646,713	636,095	628,679	691,426	577,694	536,275	—	—
IHDA Dispositions LLC*	2,379,074	1,110,287	140,816	55,310	60,183	38,516	21,945	—	—	—
Total Business-type activities	\$ 224,921,085	\$ 198,632,410	\$ 188,846,871	\$ 200,321,023	\$ 181,499,255	\$ 156,732,597	\$ 185,374,777	\$ 198,872,251	\$ 97,378,000	\$ 89,268,000
Total entity-wide revenues	\$ 454,274,094	\$ 530,188,896	\$ 357,204,214	\$ 313,844,937	\$ 408,575,317	\$ 214,369,031	\$ 376,501,859	\$ 237,315,050	\$ 675,408,000	\$ 897,352,000
Net (Expenses)/Revenue										
Governmental activities	\$ 14,956,507	\$ 94,612,512	\$ (33,788,503)	\$ 21,468,984	\$ 108,095,553	\$ (122,607,954)	\$ 64,598,399	\$ (61,664,239)	\$ 56,160,000	\$ (51,306,000)
Business-type activities	22,389,190	(8,837,283)	(4,193,072)	23,093,968	17,084,473	7,049,868	43,614,575	54,219,751	(36,278,000)	(22,173,000)
Total entity-wide net (expense)/revenue	\$ 37,345,697	\$ 85,775,229	\$ (37,981,575)	\$ 44,562,952	\$ 125,180,026	\$ (115,558,086)	\$ 108,212,974	\$ (7,444,488)	\$ 19,882,000	\$ (73,479,000)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Transfers	\$ (5,200,000)	\$ (5,200,000)	\$ (5,200,000)	\$ (25,078,000)	\$ (5,200,000)	\$ —	\$ —	\$ —	\$ —	\$ (27,000)
Total Governmental activities	\$ (5,200,000)	\$ (5,200,000)	\$ (5,200,000)	\$ (25,078,000)	\$ (5,200,000)	\$ —	\$ —	\$ —	\$ —	\$ (27,000)
Business-type activities										
Unrestricted Investment Income	\$ 8,291,214	\$ 31,771,381	\$ 36,934,972	\$ 24,072,985	\$ 30,629,303	\$ 29,161,392	\$ 26,187,738	\$ 28,752,706	\$ 79,119,000	\$ (39,072,000)
Gain on Disposition	—	1,076,274	—	—	—	—	—	—	—	—
Capital Contributions	—	—	340,000	(215,294)	181,485	—	—	—	—	75,000
Transfers	5,200,000	5,200,000	5,200,000	25,078,000	5,200,000	—	—	—	—	27,000
Total Business-type activities	\$ 13,491,214	\$ 38,047,655	\$ 42,474,972	\$ 48,935,691	\$ 36,010,788	\$ 29,161,392	\$ 26,187,738	\$ 28,752,706	\$ 79,119,000	\$ (38,970,000)
Total entity-wide	\$ 8,291,214	\$ 32,847,655	\$ 37,274,972	\$ 23,857,691	\$ 30,810,788	\$ 29,161,392	\$ 26,187,738	\$ 28,752,706	\$ 79,119,000	\$ (38,997,000)
Change in Net Position										
Governmental activities	\$ 9,756,507	\$ 89,412,512	\$ (38,988,503)	\$ (3,609,016)	\$ 102,895,553	\$ (122,607,954)	\$ 64,598,399	\$ (61,664,239)	\$ 56,160,000	\$ (51,333,000)
Business-type activities	35,880,404	29,210,372	38,281,900	72,029,659	53,095,261	36,211,260	69,802,313	82,972,457	42,841,000	(61,143,000)
Total entity-wide	\$ 45,636,911	\$ 118,622,884	\$ (706,603)	\$ 68,420,643	\$ 155,990,814	\$ (86,396,694)	\$ 134,400,712	\$ 21,308,218	\$ 99,001,000	\$ (112,476,000)

* Previously referred to as Illinois Housing Authority LLC

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Financial Trends Information
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Funds										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	396,353,658	485,680,980	435,144,826	431,601,517	534,469,129	411,889,835	476,536,646	414,886,387	471,071,000	419,736,000
Committed	—	—	—	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—	—	—
Total Fund Balances of Governmental Funds	\$ 396,353,658	\$ 485,680,980	\$ 435,144,826	\$ 431,601,517	\$ 534,469,129	\$ 411,889,835	\$ 476,536,646	\$ 414,886,387	\$ 471,071,000	\$ 419,736,000

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Financial Trends Information
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Grant from State of Illinois	\$ 49,489,708	\$ 127,524,104	\$ 93,596,775	\$ 39,584,627	\$ 58,940,833	\$ 45,577,161	\$ 35,129,032	\$ 23,477,758	\$ 110,798,000	\$ 33,286,000
Federal Funds	162,033,949	177,137,490	59,426,431	67,748,985	163,308,121	6,504,355	149,122,045	9,406,149	464,823,000	769,988,000
Interest and investment income	17,852,954	26,878,511	15,348,405	6,183,209	4,855,657	5,100,422	6,896,901	4,856,321	2,411,000	4,808,000
Other	—	—	—	—	—	445,040	—	696,789	2,000	—
Total revenues	\$ 229,376,611	\$ 331,540,105	\$ 168,371,611	\$ 113,516,821	\$ 227,104,611	\$ 57,626,978	\$ 191,147,978	\$ 38,437,017	\$ 578,034,000	\$ 808,082,000
Expenditures										
Grants	\$ 180,079,749	\$ 211,094,946	\$ 186,941,023	\$ 81,105,677	\$ 106,937,208	\$ 144,148,525	\$ 110,956,653	\$ 72,423,328	\$ 471,001,000	\$ 785,557,000
General and administrative	18,327,055	24,619,322	27,730,873	7,542,114	13,796,506	16,799,873	16,445,993	17,288,339	45,796,000	59,916,000
Program income transferred to State of Illinois	1,580	8,893	13,182	13,780	49,506	222,827	450,917	540,671	11,000	281,000
Provision for estimated losses on program loans receivable	15,978,596	1,289,622	(12,591,108)	3,320,559	(1,746,221)	19,035,047	(1,352,396)	9,343,187	4,899,000	13,627,000
Financing Costs	—	—	—	—	—	—	—	491,751	141,000	9,000
Total expenditures	\$ 214,386,980	\$ 237,012,783	\$ 202,093,970	\$ 91,982,130	\$ 119,036,999	\$ 180,206,272	\$ 126,501,167	\$ 100,087,276	\$ 521,848,000	\$ 859,390,000
Excess/(deficiency) of revenues over expenditures	\$ 14,989,631	\$ 94,527,322	\$ (33,722,359)	\$ 21,534,691	\$ 108,067,612	\$ (122,579,294)	\$ 64,646,811	\$ (61,650,259)	\$ 56,186,000	\$ (51,308,000)
Other Financing Sources (Uses)										
Transfers In	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,406,000
Transfers Out	(5,200,000)	(5,200,000)	(5,200,000)	(25,078,000)	(5,200,000)	—	—	—	—	(7,433,000)
Total Other Financing Sources (Uses)	\$ (5,200,000)	\$ (5,200,000)	\$ (5,200,000)	\$ (25,078,000)	\$ (5,200,000)	\$ —	\$ —	\$ —	\$ —	\$ (27,000)
Net Change in Fund Balances	\$ 9,789,631	\$ 89,327,322	\$ (38,922,359)	\$ (3,543,309)	\$ 102,867,612	\$ (122,579,294)	\$ 64,646,811	\$ (61,650,259)	\$ 56,186,000	\$ (51,335,000)
Special Item	\$ (33,124)	\$ 85,190	\$ (66,143)	\$ (65,707)	\$ 27,941	\$ (28,660)	\$ (48,412)	\$ (13,891)	\$ (26,000)	\$ 2,000
Net Change in Net Position of Governmental Activities	\$ 9,756,507	\$ 89,412,512	\$ (38,988,502)	\$ (3,609,016)	\$ 102,895,553	\$ (122,607,954)	\$ 64,598,399	\$ (61,664,150)	\$ 56,160,000	\$ (51,333,000)
Debt Service as a percentage of noncapital expenditures	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Revenue Capacity Information
Significant "Own-Source" Revenue Base – Mortgage Loans Receivable
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Illinois Affordable Housing Trust Fund Program	\$ 306,660,392	\$ 309,945,861	\$ 313,406,304	\$ 312,348,399	\$ 301,905,192	\$ 287,491,717	\$ 292,351,926	\$ 315,403,150	\$ 323,466,000	\$ 318,645,000
HOME Program	225,757,249	227,494,714	241,265,832	249,751,628	267,219,937	253,462,229	272,657,527	273,743,369	283,043,000	287,016,000
Hardest Hit Fund	16,593,226	9,349,559	23,746,035	10,683,336	3,775,232	1,967,692	788,007	768,571	—	—
ARRA Fund	72,051,831	—	—	—	—	—	—	—	—	—
Build Illinois Bond Program	—	—	1,203,783	3,708,553	—	—	—	—	3,989,000	—
Other Programs	5,483,989	78,297,938	77,830,792	78,608,204	83,853,080	89,667,656	96,079,161	87,641,749	85,170,000	82,449,000
Total governmental activities	\$ 626,546,687	\$ 625,088,072	\$ 657,452,746	\$ 655,100,120	\$ 656,753,441	\$ 632,589,294	\$ 661,876,621	\$ 677,556,839	\$ 695,668,000	\$ 688,110,000
Business-type activities:										
Administrative Fund	31,192,896	93,605,611	76,142,457	73,685,337	89,031,763	72,954,983	64,906,919	49,290,810	50,380,000	46,637,000
Mortgage Loan Program Fund	533,709,063	477,023,657	431,981,128	426,390,151	347,136,659	330,938,292	287,270,228	264,618,180	362,898,000	396,498,000
Single Family Program Fund	406,343,308	331,735,097	280,678,961	251,300,032	213,949,890	183,492,165	159,653,305	135,963,731	114,210,000	97,805,000
IHDA Dispositions LLC*	—	—	—	—	—	—	—	—	—	—
	\$ 971,245,267	\$ 902,364,365	\$ 788,802,546	\$ 751,375,520	\$ 650,118,312	\$ 587,385,440	\$ 511,830,452	\$ 449,872,721	\$ 527,488,000	\$ 540,940,000
Total entity-wide	\$1,597,791,954	\$1,527,452,437	\$1,446,255,292	\$1,406,475,640	\$1,306,871,753	\$1,219,974,734	\$1,173,707,073	\$1,127,429,560	\$1,223,156,000	\$1,229,050,000
Total interest income on loans	\$ 55,249,584	\$ 47,029,997	\$ 42,230,120	\$ 36,942,609	\$ 32,142,357	\$ 30,137,414	\$ 25,924,997	\$ 21,580,727	\$ 19,768,000	\$ 20,776,000
Average rate of return for year	3.46 %	3.08 %	2.92 %	2.63 %	2.46 %	2.47 %	2.21 %	1.91 %	1.62 %	1.69 %

* Previously referred to as Illinois Housing Authority LLC

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Revenue Capacity Information
Significant “Own-Source” Revenue Rates – Interest Income on Mortgage Receivables
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Illinois Affordable Housing Trust Fund Program	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
HOME Program	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Rental Housing Support Program	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Hardest Hit Fund	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
ARRA Fund	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Build Illinois Bond Program	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Homeowner Assistance Fund	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Emergency Rental Assistance Program	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Other Programs	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Business-type activities:										
Administrative Fund	11.85 %	2.11 %	2.97 %	3.02 %	1.44 %	2.74 %	2.09 %	1.52 %	1.10 %	1.30 %
Mortgage Loan Program Fund	4.58 %	5.22 %	4.96 %	4.83 %	5.35 %	5.30 %	5.43 %	5.04 %	3.60 %	3.87 %
Single Family Program Fund	6.67 %	6.08 %	6.61 %	5.62 %	5.74 %	5.78 %	5.62 %	5.52 %	5.38 %	4.94 %
IHDA Dispositions LLC*	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Average rate of return for year	3.46 %	3.08 %	2.92 %	2.63 %	2.46 %	2.47 %	2.21 %	1.91 %	1.62 %	1.69 %

* Previously referred to as Illinois Housing Authority LLC

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Debt Capacity Information
Debt Limitation Information / Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Securitized Mortgage Loans and Mortgage Loans Receivable, Net, at Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Bonds and Notes Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Governmental activities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Business-type activities:										
Bonds and Notes Payable	\$ 1,446,843,575	\$ 1,282,075,926	\$ 1,083,981,566	\$ 1,080,340,780	\$ 1,147,673,217	\$ 1,164,424,724	\$ 1,386,721,017	\$ 1,529,870,979	\$ 1,731,239,000	\$ 1,947,760,000
Total Business-type activities	\$ 1,446,843,575	\$ 1,282,075,926	\$ 1,083,981,566	\$ 1,080,340,780	\$ 1,147,673,217	\$ 1,164,424,724	\$ 1,386,721,017	\$ 1,529,870,979	\$ 1,731,239,000	\$ 1,947,760,000
Total entity-wide	\$ 1,446,843,575	\$ 1,282,075,926	\$ 1,083,981,566	\$ 1,080,340,780	\$ 1,147,673,217	\$ 1,164,424,724	\$ 1,386,721,017	\$ 1,529,870,979	\$ 1,731,239,000	\$ 1,947,760,000
Entity-wide										
Investments	\$ 194,837,252	\$ 92,545,748	\$ 104,293,828	\$ 236,566,316	\$ 264,042,157	\$ 313,030,834	\$ 283,831,811	\$ 229,724,194	\$ 136,068,000	\$ 310,187,000
Restricted Investments	555,116,035	419,596,462	306,216,011	513,741,455	745,588,980	709,126,352	1,092,121,142	1,262,584,807	1,292,847,000	1,506,282,000
Net Mortgage Loans Receivable	1,530,675,799	1,462,671,953	1,372,832,695	1,308,120,241	1,248,091,598	1,134,927,383	1,113,295,366	1,127,429,560	1,223,156,000	1,229,050,000
Total investments, restricted investments and net mortgage loans receivable	\$ 2,280,629,086	\$ 1,974,814,163	\$ 1,783,342,534	\$ 2,058,428,012	\$ 2,257,722,735	\$ 2,157,084,569	\$ 2,489,248,319	\$ 2,619,738,561	\$ 2,652,071,000	\$ 3,045,519,000
Debt as a percentage of investments, restricted investments and net mortgage loans receivable	63.44 %	64.92 %	60.78 %	52.48 %	50.83 %	53.98 %	55.71 %	58.40 %	65.28 %	63.95 %

Note: Details regarding the Authority's outstanding debt can be found in Note 8 to the current financial statements.

Authority Debt Limitation

Pursuant to the IHDA Act(20 ILCS 3805/22), the Authority has the power to have up to \$7.2 billion of general and special limited obligation bonds and notes outstanding, excluding those issued to refund outstanding bonds and notes.

At June 30, 2022 amounts outstanding against this limitation were approximately \$3.3 billion.

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Demographic and Economic Information
State of Illinois Demographic and Economic Statistics
Last Ten Calendar Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022*
State of Illinois										
Population	12,895,778	12,885,092	12,859,585	12,821,709	12,779,893	12,724,685	12,671,821	12,812,508	n/a	n/a
Personal income (millions of dollars)	609,779	638,640	666,944	673,691	693,331	728,366	748,812	792,136	850,197	n/a
Per capita personal income (dollars)	47,047	49,238	51,443	52,036	53,645	56,512	58,273	61,957	67,095	n/a
Unemployment rate	8.6 %	6.2 %	6.1 %	5.4 %	4.7 %	4.5 %	3.6 %	7.5 %	5.1 %	n/a
Poverty rate	14.7 %	14.4 %	13.6 %	13.0 %	12.6 %	12.1 %	11.5 %	12.0 %	n/a	n/a
Median home value (dollars)	182,300	175,700	173,800	174,800	179,700	187,200	194,500	202,100	n/a	n/a

* Data not yet available

Sources: U.S. Census Bureau, U.S. Department of Commerce - Bureau of Economic Analysis

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Demographic and Economic Information
State of Illinois Employment by Industry Sectors - Most Recent Year and Nine Years Ago

Sector	Calendar Year 2021			Calendar Year 2012		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Trade, Transportation & Utilities	1,183,133	1	20.36 %	1,153,800	1	20.06 %
Professional & Business Services	924,133	2	15.90 %	857,475	3	14.91 %
Education & Health Services	905,242	3	15.58 %	863,083	2	15.01 %
Government	780,042	4	13.42 %	832,042	4	14.47 %
Manufacturing	553,825	5	9.53 %	583,317	5	10.14 %
Leisure & Hospitality	502,750	6	8.65 %	536,558	6	9.33 %
Financial Activities	406,842	7	7.00 %	375,558	7	6.53 %
Other Services	238,492	8	4.10 %	249,750	8	4.34 %
Construction	222,508	9	3.83 %	189,067	9	3.29 %
Information	88,417	10	1.52 %	100,142	10	1.74 %
Mining & Logging	6,575	11	0.11 %	10,183	11	0.18 %
Totals	5,811,959			5,750,975		

Note: Figures represent State of Illinois annual averages of monthly employment for all industries outside of Farming/Agriculture.

Source: U.S. Bureau of Labor Statistics

Illinois Housing Development Authority
A Component Unit of the State of Illinois
Operating Information
IHDA Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Executive	5	6	3	5	8	7	5	8	9	10
Accounting	12	12	12	12	13	15	11	16	19	19
Legal	15	17	18	18	20	19	18	22	24	26
Human Resources	6	5	6	6	7	7	7	6	6	8
Asset Management *	45	52	48	53	53	65	67	66	71	70
Homeownership (Single Family) *	20	20	21	15	15	23	26	31	30	30
Finance	6	9	11	11	12	15	15	17	19	23
Operational Excellence	5	5	6	6	8	7	7	7	6	6
Information Technology	15	19	17	19	21	24	24	30	39	37
Communications (Public Affairs)	6	5	4	6	5	5	5	5	6	7
Internal Audit	4	5	6	5	5	3	5	4	5	4
Strategic Planning & Reporting	4	5	6	18	19	19	19	18	20	22
Community Affairs	7	10	8	11	10	11	11	12	13	14
Hardest Hit Fund Department ***	35	28	21	32	35	44	23	19	0	0
Multifamily	30	29	30	28	31	31	28	34	36	37
Loan Portfolio Management *	19	19	29	31	27	0	0	0	0	0
Housing Coordination	7	8	6	0	0	0	0	0	0	0
Strategic Response **	0	0	0	0	0	0	0	0	26	28
Total entity full-time equivalent	241	254	252	276	289	295	271	295	329	341

* Loan Portfolio Management department was shuttered following FY2017 and functionality was moved into the Asset Management and Homeownership departments in FY2018.

** Strategic Response department was created in FY2021.

*** Hardest Hit Fund program and department closed in FY2021. Some personnel moved to the new Strategic Response department.

Source: Illinois Housing Development Authority



®

APPENDIX B

CERTAIN INFORMATION REGARDING THE SERIES 2023B/C LOANS

As of January 26, 2023

<u>LOAN NAME</u>	<u>NO. OF UNITS</u>	<u>PRINCIPAL BALANCE</u>	<u>ANTICIPATED FIRST DISBURSEMENT</u>	<u>EXPECTED AMORT. START DATE</u>	<u>AMORT. TERM (YEARS)</u>	<u>EXPECTED FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>ANTICIPATED PLACED IN SERVICE DATE</u>	<u>EXPECTED DSCR</u>	<u>ANTICIPATED LOAN LOCKOUT DATE</u>	<u>ANTICIPATED LIHTC COMPLIANCE EXPIRATION DATE</u>	<u>ANTICIPATED SECT. 8 EXPIRATION DATE</u>	<u>NO. OF SECTION 8 UNITS</u>	<u>ANTICIPATED EXTENDED USE EXPIRATION DATE</u>
Series 2023B/C Risk Share Loan	210	\$15,800,000	2/9/2023	5/1/2025	40	5/1/2065	5.15%	5/9/2024	1.2	5/1/2035	5/9/2039	2/29/2040	132	5/9/2054
Series 2023B Collateralized Loan	N/A	13,000,000	8/1/2023	N/A	N/A	5/1/2025	3.20	5/9/2024	N/A	3/1/2025	N/A	N/A	N/A	N/A

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APPENDIX C

FORM OF SERIES 2023B/C INDENTURE
(Draft as of January 26, 2023)

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY

SERIES 2023B/C INDENTURE

Dated as of February 1, 2023

PROVIDING FOR THE ISSUANCE OF

**\$17,070,000 PRINCIPAL AMOUNT
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES B (NON-AMT)
(SUSTAINABILITY BONDS)**

and

**\$11,730,000 PRINCIPAL AMOUNT
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES C (NON-AMT)
(VARIABLE RATE) (SUSTAINABILITY BONDS)**

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(This Table of Contents is not part of the Series 2023B/C Indenture, but is included for convenience of reference only.)

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY

**\$17,070,000 PRINCIPAL AMOUNT
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES B (NON-AMT)
(SUSTAINABILITY BONDS)**

AND

**\$11,730,000 PRINCIPAL AMOUNT
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS, 2023 SERIES C (NON-AMT)
(VARIABLE RATE) (SUSTAINABILITY BONDS)**

SERIES 2023B/C INDENTURE

This Series 2023B/C Indenture is dated as of February 1, 2023, and is executed and made by the ILLINOIS HOUSING DEVELOPMENT AUTHORITY (the “Authority”), and delivered to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (the “Trustee”) under the Trust Indenture, dated as of September 1, 2016, pertaining to the Authority’s Multifamily Revenue Bonds.

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. Series 2023B/C Indenture.

(a) This Series 2023B/C Indenture (hereinafter referred to as the “Series 2023B/C Indenture”) is adopted in accordance with the Resolution of the Authority dated August 19, 2022 (the “Resolution”) and the General Indenture, as defined below, and pursuant to the authority contained in the Act. This Series 2023B/C Indenture constitutes a “Series Indenture” as defined in the General Indenture for the purpose of authorizing a Series of Bonds under the General Indenture.

(b) Except as otherwise provided in this Series 2023B/C Indenture, the provisions of the General Indenture (as such provisions exist on the date of execution and delivery of this Series 2023B/C Indenture) shall be deemed incorporated into this Series 2023B/C Indenture as if such provisions were set forth herein.

(c) The 2023 Series B/C Bonds issued pursuant to this Series 2023B/C Indenture shall be deemed and secured and defined as “Bonds” under the General Indenture and shall **not** be considered Separately-Secured Bonds as provided for under Section 12.09

of the General Indenture and the provisions of Section 12.09 of the General Indenture shall not be applicable to the 2023 Series B/C Bonds.

Section 1.02. Definitions. The definitions contained in Article I of the General Indenture are incorporated by reference herein. In addition, for the purposes of this Series 2023B/C Indenture, the following terms shall have the meanings set forth below:

“*Account*” means one of the special accounts created and established pursuant to this Series 2023B/C Indenture.

“*Authorized Denominations*” (i) with respect to the Series 2023B Bonds means \$5,000 or any integral multiple in excess thereof, and (ii) with respect to the Series 2023C Bonds has the meaning set forth in Exhibit C hereto.

“*Available Moneys*” means, as of any date of determination, any of the following, as applicable:

- (a) the proceeds of the 2023 Series B/C Bonds;
- (b) the proceeds of the Bridge Loan;
- (c) moneys drawn on a letter of credit;
- (d) moneys received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans earmarked for the Financed Development including but not limited to the proceeds of the Bridge Loan;
- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an opinion of counsel to the effect that the use of such amounts to make payments on the 2023 Series B/C Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Authority or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; or
- (g) investment earnings derived from the investment of moneys described in (a) through (f) above.

“*Bond Purchase Fund*” has the meaning set forth in Exhibit C hereto.

“*Book Entry Depository*” shall have the meaning as provided in Section 2.06 of this Series 2023B/C Indenture.

“*Borrower*” means AR Preservation LP, an Illinois limited partnership.

“*Bridge Lender*” means the Authority.

“*Bridge Loan*” means the loan from the Bridge Lender to the Borrower in the amount of \$13,000,000.00 to be made pursuant to the Loan Agreement, dated as of February 1, 2023 between the Bridge Lender and the Borrower.

“*Cash Flow Projection*” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, or independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Authority, or the Remarketing Agent and the Rating Agency, establishing, to the satisfaction of the Authority, the Remarketing Agent and the Rating Agency, the sufficiency of (a) the amount on deposit in the Series 2023 Risk Share Loan Subaccount of the Series 2023 Account of the Program Fund, if any, (b) projected investment income to accrue on amounts on deposit in the Series 2023 Risk Share Loan Subaccount of the Series 2023 Account of the Program Fund, if any, during the applicable period and (c) any additional Available Moneys (the “*Remarketing Deposit*”) to be delivered to the Trustee by or on behalf of the Borrower which is needed to pay principal and interest on the Series 2023C Bonds for the Remarketing Period and the administrative expenses, in each instance, when due and payable, in connection with a proposed remarketing of the Series 2023C Bonds, as provided in Section 3.10 of this Series 2023B/C Indenture.

“*Closing Date*” means February 9, 2023.

“*Determination*” means the Determination or, collectively, the Determinations of the Authority authorizing the issuance of the 2023 Series B/C Bonds.

“*Federal Insurance*” means insurance of certain of the Series 2023 Loans by HUD under Section 542(c) of the Housing and Community Development Act of 1992, as amended and the regulations promulgated thereunder, or under any section of the National Housing Act, as amended, that provides for payment of insurance claims in cash at least equal to the amounts permitted under the above referred to section of the Housing and Community Development Act.

“*Financed Development*” means each housing development financed in whole or in part with a Loan made with the proceeds of the 2023 Series B/C Bonds; each such “*Financed Development*” also constitutes a “Project” for purposes of this Series 2023B/C Indenture and the Series 2023 Loan Documents.

“*General Indenture*” means the Trust Indenture dated as of September 1, 2016 between the Authority and the Trustee.

“*HUD*” means the United States of America acting through the Department of Housing and Urban Development.

“*HUD Regulations*” means the regulations promulgated by HUD regarding FHA Insurance which shall include temporary regulations until final regulations are promulgated, and, upon promulgation thereof, final regulations.

“*IHDA Regulatory Agreement*” means the IHDA Regulatory Agreement entered into between the Borrower and the Authority setting forth certain restrictions on the occupancy and operation of the Development, as required by the Act.

“*Initial Mandatory Tender Date*” means, with respect to the Series 2023C Bonds, the first date on which the Bonds are subject to mandatory tender in accordance with Exhibit C hereto.

“*Initial Remarketing Date*” means, with respect to the Series 2023C Bonds, February 15, 2023.

“*Interest Payment Date*” (i) with respect to the Series 2023B Bonds means each January 1 and July 1, commencing July 1, 2023, (ii) with respect to the Series 2023C Bonds has the meaning set forth in Exhibit C hereto, and any Redemption Date, and the Maturity Date.

“*Loan*” or “*Series 2023 Loan*” means the Series 2023 Risk Share Loan and the Series 2023 Collateralized Loan, and includes any instrument evidencing an ownership interest in or security for such Loan and any related documents with respect to the related Financed Development.

“*Local Time*” means the Central Time zone in effect at the time.

“*Mandatory Tender Date*” means, with respect to the Series 2023C Bonds (a) the Initial Mandatory Tender Date and (b) if the Series 2023C Bonds are remarketed on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date pursuant to the provisions of Section 3.10 hereof for a Remarketing Period that does not extend to the maturity date of the Series 2023C Bonds, the last day of the Remarketing Period.

“*Moody’s*” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating Authority, designated by the Authority, as assigns credit ratings.

“*Mortgage*” means the first lien mortgage or deed of trust executed to secure payment obligation under the Series 2023 Risk Share Loan.

“*Project-Based Voucher*” means the voucher provided to tenants in a Financed Development for subsidization of rent.

“*Qualified Project Period*” means a period beginning on the first day on which 10% of the residential units in a Financed Development are occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the residential units in such Development are occupied, (b) the first day on which no tax-exempt private activity bond issued with respect to such Financed Development is outstanding, or (c) the date on which any assistance provided with respect to such Financed Development under the Project-Based Vouchers.

“*Rating Agency*” shall mean Moody’s Investors Service or any nationally recognized statistical rating Authority then maintaining a rating on the 2023 Series B/C Bonds at the request of the Authority.

“*Record Date*” (i) with respect to the Series 2023B Bonds means the 15th day of the calendar month next immediately preceding each Interest Payment Date, and (ii) with respect to the Series 2023C Bonds has the meaning set forth in Exhibit C hereto.

“*Redemption Date*” means any date upon which the 2023 Series B/C Bonds are to be redeemed pursuant to this Series 2023B/C Indenture.

“*Remarketing Agent*” means the remarketing agent designated in accordance with Section 3.12 hereof.

“*Remarketing Account*” has the meaning set forth in the Tender Agent Agreement.

“*Remarketing Date*” means the Initial Remarketing Date and if applicable, any subsequent Remarketing Date prior to the maturity date of the Series 2023C Bonds pursuant to Section 3.10 hereof.

“*Remarketing Expenses*” means the costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Authority and its counsel, and Bond Counsel in connection with the remarketing of the Series 2023C Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Series 2023C Bonds as certified to the Trustee by the Remarketing Agent in writing.

“*Remarketing Notice Parties*” means the Borrower, the Authority, the Trustee and the Remarketing Agent.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the last day of the term for which Series 2023C Bonds are remarketed pursuant to Section 3.10 hereof.

“*Remarketing Rate*” means the interest rate or rates established pursuant to Section 3.10 hereof and to borne by the Series 2023C Bonds from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final maturity date of the Series 2023C Bonds, as applicable.

“*Reserve Requirement*” means an amount equal to \$454,631 with respect to the 2023 Series B/C Bonds.

“*Risk Sharing Act*” means Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the regulations promulgated thereunder.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns, and any replacement securities depository appointed under this Series 2023B/C Indenture.

“*Series 2023B Bonds*” and “*Series 2023C Bonds*” shall have the meanings as provided in Section 2.01 of this Series 2023B/C Indenture.

“*Series 2023 Cash Collateral Subaccount*” means the Account created under this Series 2023B/C Indenture as a part of the Revenue Fund which secures a portion of the Series 2023B Bonds.

“*Series 2023 Collateralized Loan*” means the Loan made by the Authority to the Borrower pursuant to the Series 2023 Collateralized Loan Agreement.

“*Series 2023 Collateralized Loan Agreement*” means that certain Loan Agreement dated as of February 1, 2023, entered into between the Authority and the Borrower pursuant to which the Authority has made the Series 2023 Collateralized Loan.

“*Series 2023 Cost of Issuance Subaccount*” means the segregated Account designated the Series 2023 Cost of Issuance Subaccount into which amounts relating to the 2023 Series B/C Bonds are deposited, which subaccount is established in Section 4.01 of this Series 2023B/C Indenture.

“*Series 2023B/C Indenture*” means this Series 2023B/C Indenture.

“*Series 2023 Loan Documents*” means all of the documents evidencing the Loans made by the Authority to the Borrower which secure the Bonds.

“*Series 2023 Risk Share Loan*” means the Loan made by the Authority to the Borrower under the provisions of the HUD Risk Sharing Act.

“*Series 2023 Serial Bonds*” means the Series 2023B Bonds issued as Serial Bonds pursuant to Section 2.03 hereof and maturing on November 1, 2025, and January 1 and July 1 of each year commencing on January 1, 2026 through and including July 1, 2035.

“*Series 2023 Term Bonds*” means the Series 2023B Bonds issued as Term Bonds pursuant to Section 2.03 hereof subject to mandatory sinking fund redemption and maturing on July 1, 2038, and July 1, 2042, and the Series 2023C Bonds issued as Term Bonds pursuant to Section 2.03 hereof subject to mandatory sinking fund redemption and maturing on July 1, 2065.

“*Tax Certificate*” means the Arbitrage and Tax Certificate of the Authority delivered in connection with the issuance of the 2023 Series B/C Bonds.

“*Tax Regulatory Agreement*” means the Use Restriction Agreement, dated as of February 1, 2023 entered into by and among the Authority, the Borrower and the Trustee.

“*Tender Agent Agreement*” means the Tender Agent Agreement, dated as of February 1, 2023 entered into by and among the Authority, the Trustee, The Bank of New York Mellon Trust Company, N.A., as Tender Agent, and the Remarketing Agent.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., the commercial bank, trust company or national banking association appointed pursuant to act as trustee hereunder, and its successor or successors and any other commercial bank, trust company or national banking association at any time substituted in its place pursuant to the General Indenture.

“*Underwriters*” means UBS Financial Services Inc., as representative of itself and the other underwriters of the Series 2023B Bonds, and as sole underwriter of the Series 2023C Bonds.

“*2023 Series B/C Bonds*” means the Illinois Housing Development Authority Multifamily Revenue Bonds, Series 2023 authorized by this Series 2023B/C Indenture, consisting of the Series 2023B Bonds and the Series 2023C Bonds.

ARTICLE II

AUTHORIZATION OF 2023 SERIES B/C BONDS

Section 2.01. Principal Amount, Designation and Form. Pursuant to the provisions of the General Indenture and, specifically, Section 2.09 thereof, the Series 2023B Bonds are hereby authorized in the aggregate principal amount of \$17,070,000 and the Series 2023C Bonds are hereby authorized in the aggregate principal amount of \$11,730,000. Such 2023 Series B/C Bonds shall be issued in two Series of Bonds, designated “Multifamily Revenue Bonds, 2023 Series B (Non-AMT) (Sustainability Bonds)” (the “Series 2023B Bonds”) and “Multifamily Revenue Bonds, 2023 Series C (Non-AMT) (Variable Rate) (Sustainability Bonds)” (the “Series 2023C Bonds”). The 2023 Series B/C Bonds will be issued only as fully registered bonds.

Section 2.02. Purposes.

(a) The 2023 Series B/C Bonds are being issued as special, limited obligations of the Authority, with a claim for payment solely from the Trust Estate pledged under the General Indenture and as further described in this Series 2023B/C Indenture.

(b) The State shall not be liable on the 2023 Series B/C Bonds, and the 2023 Series B/C Bonds shall not be a debt of the State. Section 26.1 of the Act shall not apply to the 2023 Series B/C Bonds. The 2023 Series B/C Bonds are not Subordinate Bonds.

(c) The 2023 Series B/C Bonds are being issued to fund the Loans to the Borrower to enable the Borrower to fund the acquisition, rehabilitation, renovation and equipping of the Financed Developments.

Section 2.03. Dates, Maturities and Interest Rates of 2023 Series B/C Bonds. The Series 2023B Bonds shall be dated the date of their delivery (February 9, 2023) and shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as follows:

Series 2023B Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 1, 2025	\$13,000,000	2.850%
January 1, 2026	90,000	2.750
July 1, 2026	90,000	2.800

January 1, 2027	95,000	2.850
July 1, 2027	95,000	2.900
January 1, 2028	95,000	2.950
July 1, 2028	100,000	3.000
January 1, 2029	100,000	3.050
July 1, 2029	100,000	3.050
January 1, 2030	100,000	3.200
July 1, 2030	105,000	3.250
January 1, 2031	105,000	3.350
July 1, 2031	105,000	3.400
January 1, 2032	110,000	3.500
July 1, 2032	110,000	3.550
January 1, 2033	115,000	3.600
July 1, 2033	115,000	3.650
January 1, 2034	115,000	3.750
July 1, 2034	120,000	3.800
January 1, 2035	120,000	3.900
July 1, 2035	125,000	3.950

Series 2023B Term Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2038	\$795,000	4.150%
July 1, 2042	1,165,000	4.350

The Series 2023C Bonds shall be dated the date of their delivery (February 9, 2023) and shall mature on the date and in the principal amount as follows, and shall bear interest at the rates per annum provided in Exhibit C hereto. The Series 2023C Bonds will initially bear interest for a Weekly Interest Rate Period. The Series 2023C Bonds will continue to bear interest for a Weekly Interest Rate Period until adjusted at the option of the Authority to bear interest for a Daily Interest Rate Period, a Short Term Interest Rate Period or a Long Term Interest Rate Period, as more fully described in Exhibit C hereto, at the rate or rates determined during such Interest Rate Period and calculated and payable as described in Exhibit C hereto.

Series 2023C Term Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>
July 1, 2065	\$11,730,000

Section 2.04. Interest Payments and Payments of Principal and Redemption Price.

The 2023 Series B/C Bonds shall bear interest from the date of issuance and authentication thereof, payable on each Interest Payment Date. Interest on the Series 2023B Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on the Series 2023C Bonds will be calculated as provided in Exhibit C hereto.

Section 2.05. Denominations, Numbers and Letters. The 2023 Series B/C Bonds of each Series shall be issued in Authorized Denominations, not exceeding the aggregate principal amount of the 2023 Series B/C Bonds of such Series maturing on the particular Maturity Date of each maturity of the 2023 Series B/C Bonds of such Series. The 2023 Series B/C Bonds shall be numbered from RB-1 or RC-1, as the case may be, upward.

At the direction of the Authority, “CUSIP” identification numbers will be imprinted on the 2023 Series B/C Bonds for each maturity thereof, but such numbers shall not constitute a part of the contract evidenced by the 2023 Series B/C Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2023 Series B/C Bonds. In addition, failure on the part of the Authority to use such CUSIP numbers in any notice to Bondowners of the 2023 Series B/C Bonds shall not constitute an event of default or any similar violation of the Authority’s contract with such Bondowners.

Section 2.06. Book Entry Provisions.

(a) The Authority designates The Depository Trust Company to act as Book Entry Depository in connection with the 2023 Series B/C Bonds.

(b) A Representation Letter in the form as provided by The Depository Trust Company (the “Representation Letter”) shall be executed and delivered on behalf of the Authority by its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or Chief Financial Officer-Assistant Treasurer, or any one or more of them, with such changes as shall be approved by the officer or officers executing the Representation Letter on behalf of the Authority.

(c) The 2023 Series B/C Bonds of shall be initially issued in the form of a separate fully registered Bond for each of the maturities of such 2023 Series B/C Bonds established in this Series 2023B/C Indenture. Upon initial issuance, the ownership of each such 2023 Series B/C Bond shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company. Except as provided in subsection (d) of this Section, all of the Outstanding 2023 Series B/C Bonds shall continue to be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company.

(d) The Authority may determine in its sole discretion that (i) The Depository Trust Company is unwilling or unable to discharge its responsibilities as Book Entry Depository under this Series 2023B/C Indenture and the Representation Letter, or (ii) it is in the best interest of the Authority that the beneficial owners of the 2023 Series B/C Bonds be able to obtain certificated 2023 Series B/C Bonds. If the Authority determines as provided in clause (i) of the first sentence of this subsection (d), the Authority and the Trustee may enter into a supplement to this Series 2023B/C Indenture designating a person to act as successor Book Entry Depository and authorizing the execution of a new representation letter. If a successor securities depository is appointed, that successor or its nominee will be treated by the Trustee and the Authority as the sole and exclusive owner of the 2023 Series B/C Bonds, and as in the case of The Depository Trust Company, the responsibilities and obligations of the Trustee and the Authority shall be solely to that successor securities depository or its nominee and not to any participant in the successor or any person claiming a beneficial ownership interest in any 2023 Series B/C Bond except as otherwise provided in this Series 2023B/C Indenture. If the Authority determines as provided in clause (i) or (ii) of the first sentence of this subsection (d), the Authority and the Trustee may enter into a supplement to this Series 2023B/C Indenture providing for the execution by the Authority, authentication by the Trustee and delivery to the beneficial owners of the 2023 Series B/C Bonds of certificates for their 2023 Series B/C Bonds. The Authority shall provide notice of any determination made by the Authority under this subsection (d) to the Book Entry Depository as provided in the Representation Letter. Prior to any transfer of the 2023 Series B/C Bonds outside the Book-Entry System (including, but not limited to, the initial transfer outside the Book-Entry System) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(e) In accordance with the Indenture, as long as any 2023 Series B/C Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, all payments of Principal or Redemption Price of or interest on the 2023 Series B/C Bond so registered shall be made to Cede & Co., as nominee of The Depository Trust Company, or to any successor nominee designated by The Depository Trust Company to the Authority and the Trustee.

With respect to 2023 Series B/C Bonds registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company, the Authority and the Trustee shall have no responsibility or obligation to any person owning a beneficial interest in any of the 2023 Series B/C Bonds or any nominee of such person except as provided in this Series 2023B/C Indenture. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company or Cede & Co., or any brokers, dealers, banks and other financial institutions which are members of The Depository Trust Company with respect to any ownership interest in the 2023 Series B/C Bonds, (ii) the delivery to any person, other than a Bondowner as shown in the registration books kept by the Trustee, of any notice with respect to the 2023 Series B/C Bonds, including any notice of redemption, or (iii) the payment to any person,

other than a Bondowner as shown in the registration books kept by the Trustee, of any amount with respect to Principal or Redemption Price of or interest on the 2023 Series B/C Bonds. The Authority and the Trustee may treat and consider the person in whose name each 2023 Series B/C Bond is registered in the registration books kept by the Trustee as the Bondowner and absolute owner of such 2023 Series B/C Bond of or interest with respect to such 2023 Series B/C Bond, for the purpose of registering transfers with respect to such 2023 Series B/C Bond, and for all other purposes whatsoever, and the Authority and the Trustee shall not be affected by notice to the contrary. The Trustee shall pay all Principal or Redemption Price of and interest on the 2023 Series B/C Bonds only to the respective Bondowners, as shown in the registration books kept by the Trustee, and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to payment of the Principal or Redemption Price of or interest on the 2023 Series B/C Bonds to the extent of the sum or sums so paid. No person other than a Bondowner, as shown in the registration books kept by the Trustee, shall be issued a certificate evidencing the obligation of the Authority to make payments of Principal or Redemption Price of or interest on the 2023 Series B/C Bonds.

Section 2.07. Condition of Issuance. The Authority shall execute and deliver to the Trustee, and the Trustee shall authenticate, the 2023 Series B/C Bonds and deliver them to or for the account of the Underwriters or to such persons as the Underwriters specify, in each case in the records of DTC, provided, however, that prior to delivery of the 2023 Series B/C Bonds to the Underwriters each of the following must be delivered to the Trustee:

- (a) this Series 2023B/C Indenture;
- (b) executed original counterparts of agreements, documents and instruments to be executed and delivered on the closing date by the parties to those agreements, documents and instruments;
- (c) a Bond Counsel Opinion;
- (d) a written request and authorization by an Authorized Representative of the Authority to the Trustee to authenticate and deliver the 2023 Series B/C Bonds to or for the account of the Underwriters; and
- (e) receipt from the Underwriters (or the representative thereof) of the 2023 Series B/C Bonds.

Section 2.08. Execution and Authentication of 2023 Series B/C Bonds. The Chairman, Vice Chairman or Treasurer is authorized to execute by manual or facsimile signature the 2023 Series B/C Bonds and to cause the corporate seal (or a facsimile of the corporate seal) of the Authority to be affixed, imprinted, engraved or otherwise reproduced on the 2023 Series B/C Bonds, and the Executive Director or the Deputy Executive Director or any person designated by the Members of the Authority is authorized and directed to attest manually the execution of the 2023 Series B/C Bonds and to cause the 2023 Series B/C Bonds to be authenticated by the manual signature of the Trustee or its authorized agent, all in accordance with the provisions of Section 3.03 of the Indenture. No 2023 Series B/C Bond shall be valid

or obligatory until it has been authenticated by the manual signature of the Trustee or its authorized agent.

Section 2.09. Places of Payment and Paying Agent. Subject to Section 2.06, the principal and redemption price of, and interest on, 2023 Series B/C Bonds shall be as provided in the form of the 2023 Series B/C Bonds as attached to this Series 2023B/C Indenture. Subject to Section 2.06, the 2023 Series B/C Bonds shall be transferable at the corporate trust office of the Trustee.

Section 2.10. Form of 2023 Series B/C Bonds. The 2023 Series B/C Bonds of each Series of Bonds shall be in substantially the respective form set forth in Exhibit A to this Series 2023B/C Indenture.

Section 2.11. Delivery of 2023 Series B/C Bonds. Subject to the provisions of Section 2.06 and Section 2.08, the Chairman, the Vice-Chairman, the Executive Director and the Deputy Executive Director, or any of them, are authorized and directed to cause to be delivered fully executed and registered 2023 Series B/C Bonds to The Depository Trust Company upon payment of the purchase price of those 2023 Series B/C Bonds that are to be placed in book-entry form with The Depository Trust Company. The Chairman, the Vice Chairman, the Executive Director, the Deputy Executive Director, the Secretary and the Treasurer, or any, of them, are authorized to take all action necessary or appropriate to carry out the issuance, sale and delivery of the 2023 Series B/C Bonds as provided in the Indenture and this Series 2023B/C Indenture, including, without limitation, to make such representations and certifications as they deem proper to the Trustee and the Master Paying Agent.

Section 2.12. Special Authority Covenants. The Authority covenants and agrees with the Bondowners from time to time of the 2023 Series B/C Bonds as follows:

(a) The Authority will use all reasonable efforts to require that the Financed Developments be used, during the period that they are so financed, to provide dwelling accommodations for low and moderate income persons and families at low and moderate rentals, in accordance with the Act.

(b) The Authority will take no action in the investment of the proceeds of the 2023 Series B/C Bonds or any other funds which would result in making interest on the 2023 Series B/C Bonds includable in gross income for federal income tax purposes by reason of causing the 2023 Series B/C Bonds to be “arbitrage bonds” within the meaning of federal tax law and any applicable regulations. The Executive Director, the Deputy Executive Director, the Assistant Treasurer and the Chief Financial Officer of the Authority, or any one or more of them, are authorized and directed to make any representations or certifications that they deem proper to establish that the 2023 Series B/C Bonds do not constitute such arbitrage bonds. The covenants and agreements of the Authority set forth in this subsection (b) shall apply as long as any of the 2023 Series B/C Bonds continue to bear interest (whether or not they are Outstanding) and shall also apply after the 2023 Series B/C Bonds cease to bear interest but within such subsequent period as shall be required for the Authority to comply with the covenants of this subsection (c). The Executive Director, the Deputy Executive Director, the Assistant Treasurer and the

Chief Financial Officer, or any one or more of them, may execute an agreement in the name of and on behalf of the Authority to ensure compliance with the requirements of this subsection (c).

(c) The Authority will, without limitation: (i) restrict the yield on investments of amounts received upon the sale of the 2023 Series B/C Bonds, and other amounts, and (ii) timely rebate to the United States of America certain amounts which may be received as interest or other investment earnings on the proceeds of the 2023 Series B/C Bonds, including amounts held in the Reserve Fund that are allocated to the 2023 Series B/C Bonds, and its other funds established by the Indenture and allocated to the 2023 Series B/C Bonds, all as shall be necessary to comply with this subsection (c). The Authority shall also make or cause to be made such identifiable investments of amounts allocable to the 2023 Series B/C Bonds as shall be necessary or appropriate in order to be able to ascertain the amounts which may be required so to be rebated to the United States of America. The Authority shall from time to time determine the amounts that shall be subject to such rebate and those amounts shall be held by the Authority in the Series 2023 Rebate Account of the Rebate Fund established pursuant to the General Indenture and this Series 2023B/C Indenture for the 2023 Series B/C Bonds and shall be rebated to the United States of America in the amounts and at the times required. The amount held in the Series 2023 Rebate Account from time to time shall not be available for the other purposes for which the funds and accounts established by this Series 2023B/C Indenture may be applied. At the time of delivery of the 2023 Series B/C Bonds, and from time to time after their delivery, the Authority shall provide such instructions to the Trustee as to the restrictions placed on the yield, the segregation of investments and the calculation and rebate of amounts to the United States of America, as are required in order for the Authority to comply with this subsection (d).

(d) The Authority covenants and agrees to take all steps within its power that are required to maintain the status of interest on the 2023 Series B/C Bonds as not includable in gross income of their owners under existing federal law.

(e) The Authority shall not refinance any Financed Development except upon receiving an opinion of nationally recognized bond counsel selected by it that the refinancing shall not cause interest on the 2023 Series B/C Bonds to be included in gross income for federal income tax purposes.

Section 2.13. Authority Representations and Warranties. The Authority represents and warrants that:

(a) The Authority is duly authorized under the Act, to (i) issue the 2023 Series B/C Bonds, (ii) execute and deliver this Series 2023B/C Indenture, (iii) assign its interest in the Series 2023 Loan Documents and (iv) pledge and assign the Trust Estate as set forth in the General Indenture for the benefit of the Bondowners, to secure the payment of the principal of and interest and any premium on the Bonds (including the 2023 Series B/C Bonds) in accordance with the terms and provisions of the General Indenture and this Series 2023B/C Indenture.

(b) All actions on the part of the Authority for the issuance, sale and delivery of the 2023 Series B/C Bonds and for the execution and delivery of this Series 2023B/C Indenture and the Series 2023 Loan Documents and the endorsement of the mortgage notes have been or will be taken duly and effectively.

(c) The 2023 Series B/C Bonds will be valid and enforceable special, limited obligations of the Authority according to their terms, subject to bankruptcy and equitable principles.

ARTICLE III

REDEMPTION OF 2023 SERIES B/C BONDS; MANDATORY TENDER OF SERIES 2023C BONDS

Section 3.01. Redemption. The Series 2023B Bonds are subject to redemption prior to maturity only as set forth in this Article III. The Series 2023C Bonds are subject to redemption prior to maturity only as set forth in Exhibit C hereto and this Article III. All redemptions must be in Authorized Denominations.

Section 3.02. Optional Redemption. The Series 2023B Bonds, except the Series 2023B Bond maturing November 1, 2025, are subject to redemption, at the option of the Authority, from any money available to the Authority for that purpose, in whole or in part, at any time on or after July 1, 2032, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest, if any to the redemption date, without premium. The Series 2023B Bond maturing November 1, 2025 is subject to redemption, at the option of the Authority, from any money available to the Authority for that purpose, in whole or in part, at any time on or after November 1, 2024, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest, if any to the redemption date, without premium. The Series 2023C Bonds are subject to redemption at the option of the Authority as provided in Exhibit C hereto.

Section 3.03. Sinking Fund Redemption.

(a) The Series 2023B Term Bonds maturing on July 1, 2038 and July 1, 2042 are subject to mandatory sinking fund redemption on January 1 and July 1 at the times and in the amounts shown below, at a Redemption Price equal to 100% of the principal amount of such Series 2023B Term Bonds so redeemed, plus accrued interest to the date of redemption, without premium:

Series 2023B Term Bond due July 1, 2038

<u>Redemption Date</u>	<u>Sinking Fund Requirement (\$)</u>
January 1, 2036	\$125,000
July 1, 2036	130,000
January 1, 2037	130,000

July 1, 2037	135,000
January 1, 2038	135,000
July 1, 2038*	140,000

* maturity

Series 2023B Term Bond due July 1, 2042

<u>Redemption Date</u>	<u>Sinking Fund Requirement (\$)</u>
January 1, 2039	\$145,000
July 1, 2039	145,000
January 1, 2040	150,000
July 1, 2040	155,000
January 1, 2041	160,000
July 1, 2041	160,000
January 1, 2042	165,000
July 1, 2042*	85,000

* maturity

(b) The Series 2023C Term Bonds maturing on July 1, 2065 are subject to mandatory sinking fund redemption on January 1 and July 1 at the times and in the amounts shown below, at a Redemption Price equal to 100% of the principal amount of such Series 2023C Term Bonds so redeemed, plus accrued interest to the date of redemption, without premium:

<u>Redemption Date</u>	<u>Sinking Fund Requirement (\$)</u>
July 1, 2042	\$ 85,000
January 1, 2043	170,000
July 1, 2043	175,000
January 1, 2044	175,000
July 1, 2044	180,000
January 1, 2045	180,000
July 1, 2045	185,000
January 1, 2046	190,000
July 1, 2046	190,000
January 1, 2047	195,000
July 1, 2047	200,000
January 1, 2048	200,000
July 1, 2048	205,000
January 1, 2049	210,000
July 1, 2049	210,000

January 1, 2050	215,000
July 1, 2050	220,000
January 1, 2051	220,000
July 1, 2051	225,000
January 1, 2052	230,000
July 1, 2052	235,000
January 1, 2053	235,000
July 1, 2053	240,000
January 1, 2054	245,000
July 1, 2054	250,000
January 1, 2055	255,000
July 1, 2055	260,000
January 1, 2056	260,000
July 1, 2056	265,000
January 1, 2057	270,000
July 1, 2057	275,000
January 1, 2058	280,000
July 1, 2058	280,000
January 1, 2059	290,000
July 1, 2059	295,000
January 1, 2060	300,000
July 1, 2060	305,000
January 1, 2061	310,000
July 1, 2061	315,000
January 1, 2062	320,000
July 1, 2062	325,000
January 1, 2063	330,000
July 1, 2063	335,000
January 1, 2064	340,000
July 1, 2064	345,000
January 1, 2065	350,000
July 1, 2065*	360,000

* maturity

Section 3.04. Special Redemptions. The 2023 Series B/C Bonds are also subject to special redemption at the option of the Authority, in any order of maturity as determined by the Authority, and within a maturity by lot, at any time, in whole or in part, at their principal amount plus accrued interest, if any, to the date fixed for redemption, from the following sources:

- (a) Loan Prepayments and Recovery Payments with respect to any Loans, which Loan Prepayments may include, without limitation, voluntary prepayments from proceeds of any Loans made by the Authority, including Loans financed by other Bonds or other obligations of the Authority and may also include money received upon a voluntary sale or disposition by the Authority of a Loan not in default, including a sale to secure obligations of the Authority other than Bonds;

(b) Payments made by the Authority, to the extent Loan Prepayments or Recovery Payments (excluding, in each case, amounts received for Bond redemption premium or other redemption costs) to be used to redeem Series 2023B Bonds are less than the Outstanding principal amount of the Bonds that financed the portion of the Loans with respect to which that Loan Prepayment or Recovery Payment was received;

(c) Money available from a reduction in the Reserve Requirement;

(d) Available funds (including excess Revenues) under the Indenture, upon filing of a Compliance Certificate or Cash Flow Certificate, as appropriate, in accordance with the Indenture; and

(e) Any moneys remaining in the Program Fund which are not applied to the financing of the Series 2023 Risk Share Loan or the Series 2023 Collateralized Loan or other Loans.

Notwithstanding any provisions of this Series 2023B/C Indenture or the 2023 Series B/C Bonds to the contrary, the Authority shall be permitted to hold or direct prepayments, in full or in part, and repayments (other than regular amortizing payments), in full, of the Loans to a custodian or trustee (including the Trustee or the Paying Agent) selected by the Authority, in lieu of application to repay a like portion of the 2023 Series B/C Bonds, so long as the Authority simultaneously causes other funds to be applied to repay such portion of the 2023 Series B/C Bonds. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code. Except as otherwise consented to by the Trustee or Paying Agent in its reasonable discretion, the transfers between the parties described in the preceding provisions shall be satisfied pursuant to a funds exchange agreement that will provide that, for the convenience of the parties, payments may be netted or other transfers made to accomplish the result outlined herein.

Section 3.05. Redemption Procedures. Subject to the provisions of the Series 2023B/C Indenture, notice of redemption of any 2023 Series B/C Bonds shall be given as provided in the General Indenture. The mailing of such notice shall be a condition precedent to redemption, *provided* that any notice which is mailed in accordance with the Indenture shall be conclusively presumed to have been duly given whether or not the Bondowners received such notice, and failure to give notice by mail, or any defect in such notice, to the Bondowner of any 2023 Series B/C Bond designated for redemption in whole or in part shall not affect the validity of the redemption of any other 2023 Series B/C Bond as to which notice was properly given.

Section 3.06. Notice of Redemption to Registered Owners.

(a) **Additional Notice.** At the same time notice of redemption is sent to the registered owners of the 2023 Series B/C Bonds, the Trustee shall send notice of redemption by Electronic Means, first class mail, overnight delivery service or other overnight means, postage or service prepaid (i) to the Rating Agency and (ii) the MSRB.

(b) **Book Entry Bonds.** Notwithstanding provisions of this Series 2023B/C Indenture to the contrary, so long as the 2023 Series B/C Bonds shall be registered in the

name of Cede & Co., notices of redemption shall be made as set forth in Section 2.06 hereof.

Section 3.07. Purchase in Lieu of Redemption. 2023 Series B/C Bonds called for redemption pursuant to the preceding Sections of this Article III or Exhibit C hereto are subject to purchase in lieu of redemption on the Redemption Date, at the option of the Authority from any funds available to the Authority, in whole or in part, at the principal amount thereof plus accrued interest, if any, to the Redemption Date. Purchase in lieu of redemption shall be available for all of the 2023 Series B/C Bonds called for redemption or for such lesser portion of such 2023 Series B/C Bonds as constitute Authorized Denominations. The Authority may direct the Trustee to purchase all or such lesser portion of the 2023 Series B/C Bonds so called for redemption.

Section 3.08. Mandatory Tender of Series 2023C Bonds.

(a) All Outstanding Series 2023C Bonds shall be subject to mandatory tender by the Bondowners for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series 2023C Bond shall be payable in lawful money of the United States of America by check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

(b) The Mandatory Tender Dates shall consist of (i) the Initial Mandatory Tender Date and (ii) any subsequent dates for mandatory tender of the Series 2023C Bonds approved and established by the Authority and the Remarketing Agent in connection with a remarketing of the Series 2023C Bonds pursuant to Section 3.10 hereof.

(c) While tendered Series 2023C Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Bondowners thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Series 2023C Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Series 2023C Bonds had not been tendered for purchase.

(d) Notwithstanding anything herein to the contrary, any Series 2023C Bond tendered under this Section 3.08 will not be purchased if such Series 2023C Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(e) The sources of payments described in the Tender Agent Agreement shall be used to pay the tender price of the Series 2023C Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date.

(f) Series 2023C Bonds shall be deemed to have been tendered for purposes of this Section 3.08 whether or not the Bondowners shall have delivered such undelivered Series 2023C Bonds to the Tender Agent pursuant, and subject to the right of the Bondowners of such undelivered Series 2023C Bonds to receive the purchase price of such Series 2023C Bonds and interest accrued thereon to the Mandatory Tender Date, such undelivered Series 2023C Bonds shall be null and void. If such undelivered Series 2023C Bonds are to be remarketed, the Trustee shall authenticate and deliver new Series 2023C

Bonds in replacement thereof pursuant to the remarketing of such undelivered Series 2023C Bonds.

Section 3.09. Mandatory Tender Notice.

(a) Not less than 30 days preceding a Mandatory Tender Date, the Trustee shall give written notice of mandatory tender to the Bondowners of the Series 2023C Bonds then Outstanding (with a copy to the Remarketing Notice Parties) by first class mail, postage prepaid, at their respective addresses appearing on the register of the Trustee stating:

(i) the Mandatory Tender Date and that (a) all Outstanding Series 2023C Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date, (b) all Outstanding Series 2023C Bonds must be tendered for purchase no later than 12:00 p.m. Local Time on the Mandatory Tender Date and (c) Bondowners will not have the right to elect to retain their Series 2023C Bonds;

(ii) the address of the Designated Office of the Trustee at which Bondowners should deliver their Series 2023C Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Series 2023C Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Series 2023C Bonds plus interest accrued to the Mandatory Tender Date; and

(iv) any Series 2023C Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

(b) In the event that any Series 2023C Bond required to be delivered to the Trustee for payment of the purchase price of such Series 2023C Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Bondowner of the Series 2023C Bond at its address as shown on the Register setting forth the requirements set forth in this Series 2023B/C Indenture for delivery of the Series 2023C Bond to the Trustee and stating that delivery of the Series 2023C Bond to the Trustee (or compliance with the provisions of this Series 2023B/C Indenture concerning payment of lost, stolen or destroyed Series 2023C Bonds) must be accomplished as a condition to payment of the purchase price or redemption price applicable to the Series 2023C Bond.

(c) Neither failure to give or receive any notice described in this Section 3.09, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.09.

Section 3.10. Remarketing of Series 2023C Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date, the Trustee shall give notice to the Remarketing Notice Parties by telephone or telecopy, confirmed on the same day in

writing, which states the aggregate principal amount of Series 2023C Bonds which are to be tendered or deemed to be tendered pursuant to Section 3.08 hereof.

(b) Preliminary Conditions to Remarketing. No later than 11:00 a.m. Local Time on the 45th day prior to the Mandatory Tender Date then in effect, the Authority may give notice to the Remarketing Notice Parties by telephone or telecopy, confirmed on the same day in writing, that it elects to cause the Series 2023C Bonds to be remarketed and the Remarketing Period. A remarketing of the Series 2023C Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) Delivery to the Authority, the Trustee and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(ii) The Authority shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the Counsel Opinion to the Remarketing Agent, is necessary to be used in connection with the remarketing of the Outstanding Series 2023C Bonds.

(c) Remarketing. Not less than ten (10) days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Series 2023C Bonds Outstanding on the Remarketing Date at the minimum rate of interest which, if borne by the Series 2023C Bonds then Outstanding for the Remarketing Period specified as provided in this Section 3.10, would enable such Series 2023C Bonds to be remarketed at a price equal to 100% of the principal amount of such Series 2023C Bonds plus, if such Remarketing Date is a date other than an Interest Payment Date, accrued interest on such Series 2023C Bonds from the preceding Interest Payment Date to which interest has been paid. Not less than four (4) Business Days before each Remarketing Date, the Remarketing Agent shall give notice, by telephone or telecopy, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Series 2023C Bonds, if any, it has remarketed (including Series 2023C Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Series 2023C Bonds.

The Remarketing Agent shall have the right to purchase for its own account any Series 2023C Bond tendered or deemed tendered pursuant to Section 3.08 hereof at 100% of the principal amount thereof plus accrued interest, if any, and shall not thereafter resell such Series 2023C Bond at a price greater than 100% of the principal amount thereof plus accrued interest, if any, without an opinion of Bond Counsel that such resale will not have a material adverse effect on the excludability of interest on the Series 2023C Bonds for federal income tax purposes.

The Remarketing Agent shall not remarket any Series 2023C Bond to the Authority, Borrower, any guarantor of the Series 2023C Bond or any person which is an “insider” of the Authority, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing.

(i) If, not less than four (4) Business Days preceding the Remarketing Date:

(A) The Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Series 2023C Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Series 2023C Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) equal to the amount needed to purchase the remarketed Series 2023C Bonds on the Remarketing Date are expected to be available to the Tender Agent on the Remarketing Date for deposit into the Remarketing Account; and

(B) the Trustee shall have received written notice from the Remarketing Agent that the Remarketing Agent has received a Rating Certificate from the Rating Agency, together with a copy of such Rating Certificate from the Rating Agency; and

(ii) If, not less than two (2) Business Days preceding the Remarketing Date:

(A) there shall be on deposit with the Trustee, from Available Moneys provided by the Borrower an amount sufficient to pay the Remarketing Deposit (set forth in the Cash Flow Projection) for deposit (A) to the applicable account with respect to the payment of interest and principal during the new Remarketing Period and (B) to the Program Fund with respect to the payment of administrative expenses during the new Remarketing Period; and

(B) there shall either (A) be on deposit with the Trustee, from Available Moneys provided by the Borrower and in the Program Fund an amount sufficient to pay the estimated Remarketing Expenses as certified in writing to the Trustee by the Borrower for deposit in the Program Fund, or (B) the Remarketing Agent shall have certified in writing to the Trustee that provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Remarketing Agent and the Authority;

then the Trustee shall immediately give notice, by telephone or telecopy, which notice shall be immediately confirmed in writing, to the Remarketing Agent, the Authority and the Borrower that (a) all conditions precedent to the remarketing of the Outstanding Series 2023C Bonds have been satisfied and (b) the sale and settlement of the Outstanding Series 2023C Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Series 2023C Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Remarketing Date, and the Tender Agent shall apply

the funds in the Remarketing Account of the Bond Purchase Fund on the Remarketing Date to payment of the purchase price of the Outstanding Series 2023C Bonds in accordance with the terms of the Tender Agent Agreement.

(e) If, not less than four (4) Business Days or two (2) Business Days, as applicable, preceding a Remarketing Date, any condition set forth in paragraph (d) of this Section 3.10 has not been satisfied, then, unless the Outstanding Series 2023C Bonds are otherwise purchased on the Remarketing Date, the Remarketing Agent shall not sell any of the Outstanding Series 2023C Bonds on the Remarketing Date.

(f) No later than 11:00 a.m. Local Time on each Remarketing Date, Remarketing Agent shall pay to the Tender Agent, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Series 2023C Bonds tendered for purchase on such Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Series 2023C Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in immediately available funds. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent, by telephonic advice, shall notify the Trustee of (i) the principal amount of Series 2023C Bonds to be sold by the Remarketing Agent pursuant to Section 3.10 hereof and the purchase price, and, unless the Series 2023C Bonds are then in the Book-Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Series 2023C Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to Section 3.10 hereof. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Series 2023C Bonds that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent, shall be registered in the manner directed by the recipient thereof, and shall bear interest at the applicable Remarketing Rate from and including the applicable Remarketing Date to, but not including, the next succeeding Remarketing Date or the final maturity date of the Series 2023C Bonds, as applicable.

Section 3.11. Cancellation of Series 2023C Bonds. The Trustee shall immediately cancel Series 2023C Bonds if the tender price of the Series 2023C Bonds is paid from amounts other than proceeds derived from the remarketing of the Series 2023C Bonds.

Section 3.12. Qualifications of Remarketing Agent; Resignation and Removal. The Remarketing Agent shall be a commercial bank, national banking association, trust company, or a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$25,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$25,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Series Indenture. Subject to the terms of the Remarketing Agreement,

the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Series Indenture by giving at least 30 days' notice of such resignation to the Authority, the Borrower and the Trustee. The Remarketing Agent may be removed at any time by the Authority, with at least 30 days' notice of such removal to the Remarketing Agent, and the Authority shall have the right to appoint a successor Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Series 2023C Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent by the Authority, shall give notice thereof by registered or certified mail to the Rating Agency (if the Series 2023C Bonds are then rated) and to the Bondowners of the Series 2023C Bonds.

ARTICLE IV

ESTABLISHMENT AND OPERATION OF ACCOUNTS

Section 4.01. Establishment of Accounts. In connection with the issuance of the 2023 Series B/C Bonds, the following Accounts are established within the Funds established under the General Indenture, each of which shall be held by the Trustee:

- (a) A Series 2023 Account of the Program Fund, and within the Series 2023 Account, the following Subaccounts:
 - (i) Series 2023 Costs of Issuance Subaccount;
 - (ii) Series 2023 Risk Share Loan Subaccount; and
 - (iii) Series 2023 Collateralized Loan Subaccount.
- (b) A Series 2023 Account of the Revenue Fund, and within the Series 2023 Account, the following Subaccounts:
 - (i) Series 2023 Debt Service Subaccount;
 - (ii) Series 2023 Special Receipts Subaccount;
 - (iii) Series 2023 Cash Collateral Subaccount; and
 - (iv) Series 2023 Redemption Subaccount.
- (c) A Series 2023 Account of the Reserve Fund.
- (d) A Series 2023 Account of the Rebate Fund.

There shall also be established such additional funds, accounts and subaccounts as may be determined to be necessary and desirable by the Authority or in accordance with Exhibit C.

Section 4.02. Operation of the Series 2023 Collateralized Loan Subaccount of the Series 2023 Account of the Program Fund. Amounts on deposit in the Series 2023 Collateralized Loan Subaccount of the Series 2023 Account of the Program Fund shall only be disbursed upon receipt of a requisition given by the Borrower to the Authority and thereafter approved by the Authority and presented to the Trustee. After receipt of an approved requisition as described in the preceding sentence, the Trustee shall not disburse funds in the Series 2023 Collateralized Loan Subaccount unless an amount of Available Moneys equal to or greater than the sum of (i) the amount set forth in the requisition, and (ii) all prior disbursements made by the Trustee from the Series 2023 Collateralized Loan Subaccount of the Program Fund, are on deposit in the Series 2023 Cash Collateral Subaccount of the Revenue Fund. Notwithstanding the foregoing, to the extent the Authority approves a requisition from the Series 2023 Account of the Program Fund and the amounts of such disbursement are directly funded by the Bridge Lender under the Bridge Loan and not transferred directly to the Series 2023 Cash Collateral Subaccount of the Revenue Fund, an amount equal to such disbursement shall be deemed to be transferred from the Series 2023 Collateralized Loan Subaccount of the Series 2023 Account of the Program Fund to the Series 2023 Cash Collateral Subaccount of the Revenue Fund. Any amounts remaining in the Series 2023 Collateralized Loan Subaccount of the Program Fund on the date of maturity or earlier optional redemption of the Series 2023C Bonds, shall be transferred to the Series 2023 Debt Service Subaccount of the Revenue Fund, or the Series 2023 Redemption Subaccount of the Revenue Fund, as applicable, and used for the payment due on such Series 2023C Bonds on the maturity date or redemption date, as applicable.

Section 4.03. Operation of the Series 2023 Cash Collateral Subaccount of the Revenue Fund. There shall be deposited in the Series 2023 Cash Collateral Subaccount of the Revenue Fund Available Moneys in such amounts and at such times as may be necessary to allow the Trustee to transfer funds from the Series 2023 Collateralized Loan Subaccount of the Program Fund, pursuant to Section 4.02 hereof, upon the Trustee's receipt of a disbursement request from the Borrower and approved by the Authority. Moneys in the Series 2023 Cash Collateral Subaccount of the Revenue Fund shall be invested in Permitted Investments. As provided in Section 4.02 above, if the Authority has approved a disbursement request of the Borrower and the amount of such disbursement has been paid directly by the Bridge Lender under the Bridge Loan, the amount of such disbursement shall be deemed transferred from the Series 2023 Collateralized Loan Subaccount of the Series 2023 Account of the Program Fund and shall become a part of and considered deposited under the Series 2023 Cash Collateral Subaccount of the Revenue Fund.

Moneys on deposit in the Series 2023 Cash Collateral Subaccount of the Revenue Fund are pledged to the payment of the 2023 Series B Bonds, but amounts therein shall first be used to pay interest and principal on the Series 2023B Bonds due on November 1, 2025. Any interest earnings on the Series 2023 Cash Collateral Subaccount of the Revenue Fund shall be retained therein and any amounts remaining on deposit therein after the payment in full of the Series 2023B Bonds due on November 1, 2025 (either at maturity or earlier redemption thereof) shall be transferred to the Series 2023 Debt Service Subaccount of the Revenue Fund and the Series 2023 Cash Collateral Subaccount of the Revenue Fund shall thereafter be closed.

ARTICLE V

DISPOSITION OF 2023 SERIES B/C BOND PROCEEDS

Section 5.01. Application of Bond Proceeds and Other Moneys on Delivery Date.

On the Delivery Date, the Proceeds of the 2023 Series B/C Bonds and other funds received from the Authority or other listed sources shall be deposited as follows:

- (a) Funds received by the Authority from the Borrower in the amount of \$400,002.00 shall be deposited in the Series 2023 Costs of Issuance Subaccount of the Series 2023 Account of the Program Fund.
- (b) Proceeds of the Series 2023B Bonds in the amount of \$4,070,000.00 shall be deposited in the Series 2023 Risk Share Loan Subaccount of the Series 2023 Account of the Program Fund and used to fund the Series 2023 Risk Share Loan.
- (c) Proceeds of the Series 2023C Bonds in the amount of \$11,730,000.00 shall be deposited in the Series 2023 Risk Share Loan Subaccount of the Series 2023 Account of the Program Fund and used to fund the Series 2023 Risk Share Loan.
- (d) Proceeds of the Series 2023B Bonds in the amount of \$13,000,000.00 shall be deposited in the Series 2023 Collateralized Loan Subaccount of the Series 2023 Account of the Program Fund and used to fund the Series 2023 Collateralized Loan.
- (e) Funds received by the Authority from the Borrower in the amount of \$454,631.00 shall be deposited in the Series 2023 Account of the Reserve Fund to satisfy the Reserve Requirement for the 2023 Series B/C Bonds.

Section 5.02. Satisfaction of the Reserve Requirement. A Reserve Requirement for the 2023 Series B/C Bonds is established as \$454,631 which is calculated as the maximum semiannual debt service on the 2023 Series B/C Bonds (excluding the Series 2023B Bonds maturing November 1, 2025), plus one month's interest on the Series 2023 Risk Share Loan. Any change from time to time in the amount of this Reserve Requirement shall be evidenced by a calculation made by the Authority and submitted in writing to the Trustee. The Trustee may conclusively rely on any such calculation by the Authority.

ARTICLE VI

AUTHORITY COVENANTS

Section 6.01. Tax Covenants. The Authority covenants and agrees with the Owners from time to time of the 2023 Series B/C Bonds that:

- (a) with respect to the Loans, the Authority will take all necessary steps to meet the applicable requirements of the Code;
- (b) the Authority will take all steps that are within its power as are necessary to maintain the status of interest on the 2023 Series B/C Bonds as not included in gross income

of the owners thereof for federal income tax purposes under existing laws and will comply with the Tax Certificate; and

(c) the Authority will use all payments received on the Loans financed in whole or in part with the proceeds of the 2023 Series B/C Bonds as provided in the Tax Certificate.

Section 6.02. Continuing Disclosure Covenant. The Authority shall enter into (or cause the Borrower to enter into as agreed to by the Underwriters) one or more Continuing Disclosure Undertakings with respect to the 2023 Series B/C Bonds and shall make all required filings and reports so that all requirements of Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission, as amended from time to time, are met with respect to the 2023 Series B/C Bonds.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Counterparts. This Series 2023B/C Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.02. Notice. The Authority expects to finance the Series 2023 Loans as described herein no later than February 9, 2026. If the Series 2023 Loans are not financed by the date set forth herein, the Authority will notify the Rating Agency that has an outstanding Rating on the 2023 Series B/C Bonds.

Section 7.03. HUD Requirements.

(a) An Event of Default under the General Indenture shall not constitute a default under the Series 2023 Risk Share Loan and the terms of the HUD documents related to such Series 2023 Risk Share Loan.

(b) No amendment to this Series 2023B/C Indenture shall conflict with any HUD Regulations or documents applicable to the Series 2023 Risk Share Loan.

(c) To the extent that there is any conflict, inconsistency or ambiguity between or among this Series 2023B/C Indenture and any applicable HUD mortgage insurance or HUD statutory, regulatory or administrative requirements or any of the other documents which have been or are required by HUD to be executed by a mortgagor, the HUD mortgage insurance and HUD statutory, regulatory and administrative requirements and the terms of said HUD documents will be deemed to be controlling and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to, the HUD mortgage insurance and HUD statutory, regulatory and administrative requirements and the terms of said HUD documents.

Section 7.04. Borrower Agreements.

(a) The Borrower with respect to the Loans financed with proceeds of the 2023 Series B/C Bonds shall covenant under the terms of a related regulatory or use restriction agreement that they will comply with the requirements of the 40-60 Test elected pursuant to Section 142(d) of the Code. “40-60 Test” means 40% or more of the residential units in the Development are to be occupied by individuals whose income is 60% or less of area median gross income (as that term is defined in Section 142(d)(2)(B) of the Code). This covenant may be amended if a Bond Counsel Opinion is issued to the Authority and the Trustee to the effect that notwithstanding such amendment to this covenant, interest on the 2023 Series B/C Bonds will remain excludable from gross income for federal income tax purposes.

(b) The Borrower under the Loans financed with proceeds of the 2023 Series B/C Bonds shall covenant in a related regulatory agreement that all of the dwelling units in such Financed Development must be rented or available for rental on a continuous basis during the Qualified Project Period. In order to satisfy this requirement, a Financed Development which contains fewer than five units must not have a unit occupied by the owner of such Financed Development. This covenant is subject to subsection (a) of this Section 8.04 and in addition may be amended if a Bond Counsel Opinion is issued to the Authority and the Trustee to the effect that notwithstanding or as a result of an amendment to this covenant, interest on the 2023 Series B/C Bonds will remain excludable from gross income for federal income tax purposes.

(c) NEF Assignment Corporation, an Illinois not-for-profit corporation shall have the same rights to receive notice of, and to cure, any default or event of default of a Borrower with respect to this Series 2023B/C Indenture to the same extent and with the same effect as is set forth in Section 11(d) of the Use Restriction Agreement.

Section 7.05. Multifamily Housing Program.

(a) The Authority shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of this Indenture and sound banking practices and principles, diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority to protect its rights with respect to, collect payment under and maintain any insurance, guaranty, letter of credit or collateral on or securing any Series 2023 Risk Share Loan or subsidy payments in connection with the residential housing or the occupancy thereof, including, but not limited to, any Federal Insurance which includes, upon the expiration of the applicable grace period following the occurrence of a default under the Series 2023 Risk Share Loan financed with the proceeds of the 2023 Series B/C Bonds and endorsed to evidence Federal Insurance coverage, filing a claim for Federal Insurance with respect to the Series 2023 Risk Share Loan.

(b) Whenever necessary in order to protect and enforce the interests and security of the owners of the 2023 Series B/C Bonds, the Authority shall commence foreclosure or pursue other appropriate remedies with respect to any Loan which is in

default after any applicable notice and cure periods. In the event that the Authority shall, in its discretion, determine such action to be in the best interests of the owners of the 2023 Series B/C Bonds, the Authority may bid for and purchase the Financed Development securing any such Series 2023 Loan at any foreclosure sale thereof or may otherwise take possession of or acquire such Financed Development prior to the purchase or acquisition of any such Financed Development and shall take such further action as determined by the Authority as it shall deem most appropriate having due regard for the interests of the owners of the 2023 Series B/C Bonds.

(c) The Authority may at any time sell, assign or otherwise dispose of the Series 2023 Risk Share Loan (or the Financed Development to which such Series 2023 Risk Share Loan relates), and such Loan (or Financed Development to which such Loan relates) shall be released free and clear of the lien of the Indenture in order to:

(i) realize the benefits of any Federal Insurance with respect to such Series 2023 Risk Share Loan or Financed Development;

(ii) provide funds to finance another Series 2023 Loan having substantially equivalent terms as the remainder of such Series 2023 Loan; or

(iii) provide funds for the redemption or purchase of a principal amount of 2023 Series B/C Bonds corresponding to the unpaid principal amount of such Loan.

In addition, the Authority may sell any Financed Development if it determines that (i) the proposed sale and the terms thereof are in the best interests of the Bondowners and (ii)(a) the loss of revenues available for the payment or retirement of 2023 Series B/C Bonds as a result of such sale is less than that estimated to result if the Financed Development were not so sold or (b) the risk of such a loss in the event that the Financed Development is not so sold is substantial.

(d) The Authority shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Series 2023 Loans consistent with sound banking practices and principles, including the prompt collection of all Mortgage Repayments and all other amounts due the Authority thereunder. The Authority shall service the Series 2023 Loans or appoint a servicer for the Series 2023 Loans, and if it appoints a servicer shall enter into a servicing agreement with respect thereto, effective not later than the date of delivery of the Series 2023 Loans. The Authority or such servicer shall service the Series 2023 Loans in accordance with acceptable mortgage servicing practices of prudent lending institutions or in accordance with such other standards as are required to maintain the Federal Insurance with respect to the Series 2023 Risk Share Loan. The Authority shall not without good cause release the obligations of any of the Borrowers under any financing agreement, or of the servicer under the servicing agreement and, to the extent permitted by law, at all times shall defend, enforce, preserve and protect the rights and privileges of the Authority, the Trustee and the Bondowners under or with respect to the financing agreements securing the Series 2023 Loans and any servicing agreement; provided, however, that nothing in

this Section shall be construed to prevent the Authority from settling a default on a Series 2023 Loan on such terms as the Authority shall determine to be in the best interests of the Authority and the Bondowners.

Section 7.06. Enforcement and Federal Insurance.

(a) The Authority shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of the Series 2023 Loans, including the prompt collection of Series 2023 Loan repayments.

(b) The Authority shall do all that is reasonably necessary on the part of the Authority to maintain the Federal Insurance, to the extent applicable, and shall not amend this Series 2023B/C Indenture in a manner that conflicts with HUD regulations or other covenants, agreements, stipulations or documents with respect thereto. Whenever it shall be necessary to protect and enforce the rights of the Authority under a mortgage securing the Series 2023 Risk Share Loan and to protect and enforce the rights and interests of Bondowners under this Series 2023B/C Indenture, the Authority shall do, or cause to be done, all things necessary to enforce its rights under any Federal Insurance and to receive payment of any claims thereon in cash. In the event of any default of the Series 2023 Risk Share Loan having the benefit of Federal Insurance, the Authority shall notify HUD of the tax-exempt status of the security for which such Series 2023 Risk Share Loan is pledged and that a claim under the Federal Insurance may be forthcoming. Notwithstanding the above, with respect to Federal Insurance, the Authority shall not request any extension of the time for filing its election to assign the Series 2023 Risk Share Loan having the benefit of Federal Insurance beyond any extension period granted by HUD, without first notifying each Rating Agency in writing of its intention to make such a request, and receiving confirmation from each Rating Agency that such a request would not adversely affect the Rating on the Bonds. The Trustee shall, following written notice to the Authority, have full power and authority to perform the Authority's covenants contained in this paragraph to the extent the Authority fails or threatens to fail to perform such covenants on a timely basis and shall, to the extent applicable, use best efforts to itself perform such covenant on a timely basis.

Section 7.07. HUD Provisions. The Authority will maintain certain required project escrow funds in trust for the benefit of the mortgagor with respect to the Series 2023 Risk Share Loan financed by the 2023 Series B/C Bonds having the benefit of Federal Insurance and not subject to the terms of the Series 2023B/C Indenture. The Authority will not amend this Indenture in a manner which conflicts with HUD regulations or documents.

Section 7.08. Supplemental Indentures. In addition to the Supplemental Indentures permitted by Section 10.01 of the General Indenture, the Authority and the Trustee may, from time to time and at any time, enter into a Supplemental Indenture to make such modifications or changes herein in order to comply with any requirements of HUD imposed as a condition of providing Federal Insurance, with respect to the Series 2023 Risk Share Loan, if such modifications or changes will not, in the judgment of the Authority, adversely impact the ability of the mortgagor thereof to make payments to the Authority sufficient to pay the principal and redemption price of, and interest on, the 2023 Series B/C Bonds.

Section 7.09. Limitations on Liability. Notwithstanding any other provision of this Series 2023B/C Indenture to the contrary:

(a) The obligations of the Authority with respect to the 2023 Series B/C Bonds are not general obligations of the Authority but are special, limited obligations of the Authority payable by the Authority solely from the Trust Estate.

(b) Nothing contained in the 2023 Series B/C Bonds or in this Series 2023B/C Indenture shall be considered as assigning or pledging any funds or assets of the Authority other than the Trust Estate.

(c) The 2023 Series B/C Bonds are not and will not be a debt of the Authority, and neither the Authority nor any other political subdivision of the State is or will be liable for the payment of the 2023 Series B/C Bonds.

(d) Neither the faith and credit of the Authority, the State nor of any other political subdivision of the State are pledged to the payment of the principal of or interest or any premium on the 2023 Series B/C Bonds.

(e) No failure of the Authority to comply with any term, condition, covenant or agreement in this Series 2023B/C Indenture or in any document executed by the Authority in connection with the mortgaged property or the issuance, sale and delivery of the 2023 Series B/C Bonds shall subject the Authority to liability for any claim for damages, costs or other charges except to the extent that the same can be paid or recovered from the Trust Estate.

(f) The Authority shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes of this Series 2023B/C Indenture or any of the other transaction documents, whether for the payment of the principal or Redemption Price of, or interest on, the 2023 Series B/C Bonds, the payment of Expenses or otherwise.

Section 7.10. Further Assurances; Security Agreement. The Authority, to the extent permitted by law, shall execute, acknowledge and deliver such supplemental resolutions and other instruments and documents, and perform such further acts, as the Trustee may reasonably require to perfect, and maintain perfected, the security interest in the Trust Estate or to better assure, transfer, convey, pledge, assign and confirm to the Trustee all of its respective interest in the property described in this Series 2023B/C Indenture and the revenues, receipts and other amounts pledged by this Series 2023B/C Indenture. The Authority shall cooperate to the extent necessary with the Trustee in its defenses of the Trust Estate against the claims and demands of all Persons.

Section 7.11. Effective Date. This Series 2023B/C Indenture shall take effect immediately upon its execution and delivery to the Trustee.

Section 7.12. Filing of Form C-08. No later than 30 days after a principal and/or interest payment is made, the Trustee will prepare and file with the Office of Comptroller of the

State of Illinois a C-08, Notice of Payment of Bond Interest and/or Principal through the Bond Tracking System (BITS) (<https://bits.illinoiscomptroller.gov>).

Section 7.13. Derivative Payments. There shall initially be a Derivative Agreement between the Authority and a counterparty in connection with the issuance of the Series 2023C Bonds. Scheduled Derivative Payments thereunder (but not termination fee, indemnification obligation or other fee payments) by the Authority are payable from the Revenue Fund from revenues transferred to the Debt Service Subaccount on a parity with interest on Bonds (including the Series 2023C Bonds). While the Authority initially intends that Derivative Payments from a counterparty under such Derivative Agreement be included in Revenues, the Authority may, in the future, limit the extent to which Derivative Payments from a counterparty are treated as Revenues in accordance with Section 10.01(m) of the General Indenture without the consent of the Bondowners. Any obligations other than regularly scheduled payments of the Authority under the Derivative Agreement will be payable from funds in the Revenue Fund on a priority subordinate only to the payments of principal and interest on the Bonds, transfers to the Reserve Fund in amounts necessary to satisfy the Reserve Requirement and payment of other Expenses.

Section 7.14. Sustainability Bonds Designation. (a) The 2023 Series B/C Bonds are designated by the Authority as “Sustainability Bonds.” The Authority is issuing the 2023 Series B/C Bonds as Sustainability Bonds based on the intended use of proceeds of the 2023 Series B/C Bonds to finance the Series 2023 Loans that are expected to provide affordable housing and to include energy efficiency standards and features. The Authority finds that the intended uses of the proceeds of the 2023 Series B/C Bonds in a manner that is consistent with the *Green Bond Principles*, *Social Bond Principles*, and *Sustainability Bond Guidelines* as promulgated by the International Capital Markets Association.

(b) The Authority expects to provide annual updates, as of the last day of each calendar year commencing with calendar year 2023, regarding the disbursement of the proceeds of the 2023 Series B/C Bonds to finance the Financed Developments. The specific form and content of such updates are in the absolute discretion of the Authority. The Authority will cease to update such information when the applicable lendable proceeds have been fully expended.

[Signatures Appear on Following Page]

Approved as to Form:

**ILLINOIS HOUSING DEVELOPMENT
AUTHORITY**

Chief Financial Officer

By:

Executive Director

General Counsel

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____

Title: _____

EXHIBIT A
FORMS OF 2023 SERIES B/C BONDS

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

**MULTIFAMILY REVENUE BOND,
2023 SERIES B (NON-AMT)
(SUSTAINABILITY BOND)**

BOND NO.: RD-	PRINCIPAL SUM: \$
DATE OF BOND:	REGISTERED OWNER:
DATE OF MATURITY:	INTEREST RATE PER ANNUM:
	CUSIP:

The Illinois Housing Development Authority (the “Authority”), a body politic and corporate of the State of Illinois, acknowledges itself indebted to, and for value received, promises to pay, but solely from the Trust Estate as described below, to the registered owner named above, or its registered assignee, the Principal Sum named above on the Date of Maturity set forth above, unless previously redeemed as provided in this Bond, upon the presentation and surrender of this Bond at the designated corporate trust operations office of The Bank of New York Mellon Trust Company, N.A., as Trustee, or its successor in that capacity, and to pay to the registered owner of this Bond interest on such principal sum from the date of this Bond to the date of maturity or earlier redemption of this Bond at the Interest Rate Per Annum named above, payable on each January 1 and July 1, with the first interest payment date being on July 1, 2023. Interest shall be payable by check or draft marked to the address of the registered owner, as shown on the registration bonds at the close of business on the Record Date immediately preceding each interest payment date, or in the case of a registered owner of all of the Outstanding 2023 Series B/C Bonds, upon request by wire transfer. The interest payable on this Bond on each such interest payment date will be paid to the person in whose name it is registered at the close of business on the applicable Record Date next preceding such interest payment date. Interest shall be calculated on the basis of a 360-day year comprised of 12 thirty-day months. Both principal and interest and redemption premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

THE STATE IS NOT LIABLE ON THIS BOND AND THIS BOND IS NOT A DEBT OF THE STATE. SECTION 26.1 OF THE ILLINOIS HOUSING DEVELOPMENT ACT SHALL NOT APPLY TO THIS BOND.

This bond is one of a duly authorized issue of bonds of the Authority designated “Multifamily Revenue Bonds,” issued under and pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended and supplemented (the “Act”), and under and pursuant to a Trust Indenture (the “General Indenture”), dated as of September 1, 2016, between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). As provided

under Section 2.09 of the General Indenture, a Series of Bonds may be issued pursuant to a Series Indenture (as such terms re defined in the General Indenture). This Bond is issued pursuant to the General Indenture and the Series 2023B/C Indenture (the “Series Indenture”; together with the General Indenture, the “Indentures”), dated as of February 1, 2023, between the Authority and the Trustee. This Bond is one of a Series of Bonds designated “Multifamily Revenue Bonds, 2023 Series B (Non-AMT) (Sustainability Bonds)” (the “Series 2023B Bonds”), issued in the aggregate principal amount of \$17,070,000 under the Series Indenture. Copies of the Indentures are on file at the office of the Authority and at the corporate trust office of the Trustee, and reference to the Indentures and to the Act is made for a description of the pledges and covenants securing the Series 2023B Bonds; the nature, extent and manner of enforcement of those pledges; the rights and remedies of the owners of the Series 2023B Bonds; and the terms and conditions upon which the Bonds are issued and may be issued. To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or of any amendatory or supplemental indenture to them, may be modified or amended by the Authority.

The General Indenture provides for the issuance, from time to time, under the conditions, limitations and restrictions set forth therein, of additional bonds on a parity with all Series of Bonds (other than Separately-Secured Bonds), including the Series 2023B Bonds, issued under the General Indenture, for the purposes set forth in the Act. This Bond is part of an issue under the General Indenture and will be equally and ratably secured by the pledges and covenants made in the General Indenture, and secured by the Trust Estate as provided in the General Indenture.

The Bonds are special limited obligations of the Authority with a claim for payment solely from the Trust Estate (as defined in the General Indenture).

The Series 2023B Bonds will be issued to provide funds to be applied, together with other available funds, for the purpose of (a) financing a mortgage loan or loans, (b) making a Reserve Fund deposit or paying the cost of a Cash Equivalent for the Reserve Fund, and (c) paying costs of issuance of the Series 2023B Bonds.

This Bond is transferable, as provided in the Indentures, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee by the registered owner in person, or by the registered owner’s agent duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner’s agent duly authorized in writing, and a new registered Series 2023B Bond or Bonds, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange for this Bond as provided in the Indentures, and upon the payment of the charges, if any, prescribed in them.

The Series 2023B Bonds are issuable in the denomination of \$5,000 or any integral multiple in excess thereof. Series 2023B Bonds, upon their surrender at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the registered owner’s agent duly authorized in writing, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2023B Bonds of the same maturity of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Indentures.

The Series 2023B Bonds shall be subject to redemption prior to maturity as set forth in the Series 2023B/C Indenture. Notice of redemption shall be given as set forth in the Indentures. The Series 2023B Bonds issued as Term Bonds and maturing on July 1, 2038 and July 1, 2042 are also subject to mandatory tender as set forth in the Series 2023B/C Indenture.

IT IS CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Illinois and the Indentures to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 2023B Bonds, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by law.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Illinois Housing Development Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile of the seal) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual signature of the Executive Director, all as of the date set forth above.

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: _____
Chairman

(Seal)

Attest:

Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue designated in this bond and is issued under the provisions of the within-mentioned Indentures.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

Date of Authentication:

ASSIGNMENT

The following abbreviations, when used in the inscription on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust)

(Minor)

under Uniform Gifts to Minors Act _____
(State)

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as
tenants in common

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name, Address and Social Security Number or Tax Identification Number of Assignee)

the within Certificate and irrevocably constitutes and appoints _____
attorney to transfer the said Certificate on the books kept for registration thereof with full power
of substitution in the premises.

Dated:

Signature guaranteed:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in approved Signature Guarantee Medallion Program).

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

**MULTIFAMILY REVENUE BOND,
2023 SERIES C (NON-AMT) (VARIABLE RATE)
(SUSTAINABILITY BOND)**

BOND NO.: RE-
DATE OF BOND:
DATE OF MATURITY:

PRINCIPAL SUM: \$
REGISTERED OWNER:
CUSIP:

The Illinois Housing Development Authority (the “Authority”), a body politic and corporate of the State of Illinois, acknowledges itself indebted to, and for value received, promises to pay, but solely from the Trust Estate as described below, to the registered owner named above, or its registered assignee, the Principal Sum named above on the Date of Maturity set forth above, unless previously redeemed as provided in this Bond, upon the presentation and surrender of this Bond at the designated corporate trust operations office of The Bank of New York Mellon Trust Company, N.A., as Trustee, or its successor in that capacity, and to pay to the registered owner of this Bond interest on such principal sum from the date of this Bond to the date of maturity or earlier redemption of this Bond at the interest rate per annum determined in accordance with the Series Indenture, as defined below, with respect to the applicable variable or fixed rate mode, payable on each January 1 and July 1, with the first interest payment date being on July 1, 2023. Interest shall be payable by check or draft marked to the address of the registered owner, as shown on the registration bonds at the close of business on the Record Date immediately preceding each interest payment date, or in the case of a registered owner of all of the Outstanding 2023 Series B/C Bonds, upon request by wire transfer. The interest payable on this Bond on each such interest payment date will be paid to the person in whose name it is registered at the close of business on the applicable Record Date next preceding such interest payment date. Interest shall be calculated in accordance with the Series Indenture, as defined below, with respect to the applicable variable or fixed rate mode. Both principal and interest and redemption premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

THE STATE IS NOT LIABLE ON THIS BOND AND THIS BOND IS NOT A DEBT OF THE STATE. SECTION 26.1 OF THE ILLINOIS HOUSING DEVELOPMENT ACT SHALL NOT APPLY TO THIS BOND.

This bond is one of a duly authorized issue of bonds of the Authority designated “Multifamily Revenue Bonds,” issued under and pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended and supplemented (the “Act”), and under and pursuant to a Trust Indenture (the “General Indenture”), dated as of September 1, 2016, between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). As provided under Section 2.09 of the General Indenture, a Series of Bonds may be issued pursuant to a Series Indenture (as such terms re defined in the General Indenture). This Bond is issued pursuant to the General Indenture and the Series 2023B/C Indenture (the “Series Indenture”; together with the

General Indenture, the “Indentures”), dated as of February 1, 2023, between the Authority and the Trustee. This Bond is one of Series of Bonds designated “Multifamily Revenue Bonds, 2023 Series C (Non-AMT) (Variable Rate) (Sustainability Bonds)” (the “Series 2023C Bonds”), issued in the aggregate principal amount of \$11,730,000, under the Series Indenture. Copies of the Indentures are on file at the office of the Authority and at the corporate trust office of the Trustee, and reference to the Indentures and to the Act is made for a description of the pledges and covenants securing the Series 2023C Bonds; the nature, extent and manner of enforcement of those pledges; the rights and remedies of the owners of the Series 2023C Bonds; and the terms and conditions upon which the Bonds are issued and may be issued. To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or of any amendatory or supplemental indenture to them, may be modified or amended by the Authority.

The General Indenture provides for the issuance, from time to time, under the conditions, limitations and restrictions set forth therein, of additional bonds on a parity with all Series of Bonds (other than Separately-Secured Bonds), including the Series 2023C Bonds, issued under the General Indenture, for the purposes set forth in the Act. This Bond is part of an issue under the General Indenture and will be equally and ratably secured by the pledges and covenants made in the General Indenture, and secured by the Trust Estate as provided in the General Indenture.

The Bonds are special limited obligations of the Authority with a claim for payment solely from the Trust Estate (as defined in the General Indenture).

The Series 2023C Bonds will be issued to provide funds to be applied, together with other available funds, for the purpose of (a) financing a mortgage loan or loans, (b) making a Reserve Fund deposit or paying the cost of a Cash Equivalent for the Reserve Fund, and (c) paying costs of issuance of the Series 2023C Bonds.

This Bond is transferable, as provided in the Indentures, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee by the registered owner in person, or by the registered owner’s agent duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner’s agent duly authorized in writing, and a new registered Series 2023C Bond or Bonds, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange for this Bond as provided in the Indentures, and upon the payment of the charges, if any, prescribed in them.

The Series 2023C Bonds are issuable in the denominations provided in the Series Indenture. Series 2023C Bonds, upon their surrender at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the registered owner’s agent duly authorized in writing, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2023C Bonds of the same maturity of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Indentures.

The Series 2023C Bonds shall be subject to redemption prior to maturity as set forth in the Series 2023B/C Indenture. Notice of redemption shall be given as set forth in the Indentures.

Certain of the Series 2023C Bonds which are in a variable rate mode may be subject to optional and/or mandatory tender in accordance with the term of the Series Indenture.

IT IS CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Illinois and the Indentures to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 2023C Bonds, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by law.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Illinois Housing Development Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile of the seal) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual signature of the Executive Director, all as of the date set forth above.

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: _____
Chairman

(Seal)

Attest:

Executive Director

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue designated in this bond and is issued under the provisions of the within-mentioned Indentures.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

Date of Authentication:

ASSIGNMENT

The following abbreviations, when used in the inscription on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust)

(Minor)

under Uniform Gifts to Minors Act _____
(State)

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as
tenants in common

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name, Address and Social Security Number or Tax Identification Number of Assignee)

the within Certificate and irrevocably constitutes and appoints _____
attorney to transfer the said Certificate on the books kept for registration thereof with full power
of substitution in the premises.

Dated:

Signature guaranteed:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in approved Signature Guarantee Medallion Program).

EXHIBIT B

SERIES 2023 FINANCED DEVELOPMENTS

<u>Financed Development</u>	<u>Mortgage Loan Amount (\$)</u> <u>(as of February 9, 2023)</u>
Autumn Ridge Apartments	\$15,800,000 (Risk Share Loan) \$13,000,000 (Collateralized Loan)

EXHIBIT C

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APPENDIX D

EXECUTION COPY OF GENERAL INDENTURE

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY,
Issuer**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Trustee**

TRUST INDENTURE

Authorizing the Issuance of

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY REVENUE BONDS**

Dated as of September 1, 2016

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part of this Indenture)

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TRUST INDENTURE

This TRUST INDENTURE is dated as of September 1, 2016, is entered into by and between ILLINOIS HOUSING DEVELOPMENT AUTHORITY, a body politic and corporate of the State of Illinois (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”):

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms are defined as follows for use in this Trust Indenture:

“Accountant” means a major national Firm of independent certified public accountants of recognized national standing for auditing financial statements of major issuers of state and local government bonds throughout the United States.

“Acquired Bond Redemption Receipts” means amounts received by the Trustee upon a redemption (other than pursuant to sinking fund installments) of an Acquired Bond, and amounts received upon a voluntary sale of an Acquired Bond not in default (consistent with Section 6.07(b)(iv)).

“Acquired Bonds” means any Obligations which are not issued pursuant to this Indenture but which a Series Indenture authorizes the Authority to acquire with amounts deposited in Funds and Accounts specified in the Series Indenture.

“Acquired Development” means a Development which the Authority has (i) acquired or constructed and owns and operates on its own behalf or (ii) acquired title to or taken possession of, through protection and enforcement of its rights conferred by law, contract or mortgage or security interest with respect to such Development, but only during the period of ownership or possession by the Authority, and to the extent the Acquired Development is financed by Bonds (and not Acquired Bonds) or acquired with amounts in Funds or Accounts under this Trust Indenture.

“Acquired Development Expenses” means all of the costs and expenses incurred by the Authority in connection with the acquisition, ownership or operation of an Acquired Development, including the repayments required to be paid pursuant to any mortgage on such Acquired Development, which mortgage does not secure a Loan, except as limited with respect to any Series of Bonds by the applicable Series Indenture.

“Acquired Development Expense Requirement” means such amount of money as may from time to time be determined by the Authority to be necessary for the payment of the Acquired Development Expenses for an Acquired Development.

“Acquired Development Fund” means the Fund of that name established pursuant to Section 4.01 of this Indenture.

“Acquired Development Operating Income” means the amount during any period by which Acquired Development Receipts from an Acquired Development exceed Acquired Development Expenses for the Acquired Development.

“Acquired Development Receipts” means all moneys received by the Authority in connection with its acquisition, ownership or operation of an Acquired Development, except as limited with respect to any Series of Bonds by the related Series Indenture.

“Act” means the Illinois Housing Development Act, 20 ILCS 3805, as amended from time to time.

“Additional Bonds” means any additional Bonds issued pursuant to Section 2.09 of this Indenture.

“Amortized Value” means the purchase price of securities, excluding accrued interest, plus an amortization of any discount or less an amortization of any premium on the purchase price. The premium or discount shall be amortized on a straight line basis by multiplying the amount of that premium or discount by a fraction, the numerator of which is the number of days having then passed from the date of purchase and the denominator is the number of days from the date of purchase to the maturity date.

“Appreciated Amount” shall mean with respect to a Deferred Interest Bond, as of any date of computation, an amount equal to its initial principal amount plus the interest accrued on it from the date of its original issuance to the earlier of the date of computation or the date, if any, set forth in the related Series Indenture on which interest to be paid on a current interest payment date shall begin to accrue. The accrued interest shall be calculated at the rate or rates per year set forth in the related Series Indenture, and shall be compounded on such dates set forth in that Series Indenture, with accrual between compounding dates in equal daily amounts. For the purposes of actions, requests, notifications, consents or directions of Bondowners under this Indenture, the calculation of the Appreciated Amount shall be as of the interest payment date or compounding date preceding such date of calculation (unless such date of calculation shall be an interest payment date or compounding date, in which case it shall be as of the date of calculation).

“Authority” means the Illinois Housing Development Authority.

“Authority Program Account(s)” mean(s) any one or more accounts by that name in the Program Fund as established from time to time by a Series Supplement Indenture or Supplemental Indenture.

“Authority Program Determinations” mean any determination(s) by the Authority relating to Mortgage Loans to be financed with amounts in a related Authority Program Account, all consistent with this Indenture. Authority Program Determinations may include, without limitation, such matters as are set forth in the definition of Series Program Determination.

“Authority Request” means a written request or direction of the Authority signed by an Authorized Representative.

“Authorized Representative” means the Chairman, Vice Chairman, Executive Director, Acting Executive Director, Deputy Executive Director, Assistant Executive Director, Treasurer, Secretary, Assistant Treasurer, Assistant Secretary of the Authority and any other authorized representative as from time to time may be designated by resolution or by law to act on behalf of the Authority under this Indenture.

“Bond” or “Bonds” means any Bond or Bonds issued pursuant to this Indenture.

“Bond Counsel Opinion” means an opinion of a lawyer or firm of lawyers nationally recognized as bond counsel, selected by the Authority.

“Bondowner” or “Owner of Bonds” or “Owner” means the registered owner of any registered Bond.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guarantee or other security arrangement upon which the Authority or the Trustee may make a draw for or acquire funds as needed for the Reserve Fund or to provide Supplemental Coverage.

“Cash Flow Certificate” means a certificate of an Authorized Representative filed with the Trustee and meeting the requirements of Section 6.07(d) of this Indenture.

“Certificate” means a signed document either attesting to or acknowledging the circumstances, representations or other matters stated in it or setting forth matters to be determined pursuant to this Indenture or a Series Indenture.

“Code” means applicable provisions of the Internal Revenue Code of 1986, as amended, and the applicable regulations under it, or predecessor or successor provisions, as applicable.

“Compliance Certificate” means a certificate of an Authorized Representative filed with the Trustee and meeting the requirements of Section 6.07(c) of this Indenture.

“Contributed Assets” means any monies or assets contributed by the Authority to be held under this Indenture as additional Trust Estate, as and to the extent set forth in any Series Indenture or Supplemental Indenture.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale, issuance and remarketing of the Bonds, as certified by an Authorized Representative.

“Counsel’s Opinion” means an opinion of a lawyer or firm of lawyers selected by the Authority, including a lawyer in the regular employment of the Authority.

“Debt Service Account” means the Account of that name in the Revenue Fund established pursuant to Section 4.01 of this Indenture.

“Deferred Interest Bond” means any Bond designated as such by the related Series Indenture.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Derivative Agreement” means an agreement with respect to any Bonds, such as an interest rate swap, collar, floor, cap, or other functionally similar agreement, creating Derivative Payments, between the Authority and a counterparty but only if the Derivative Payments to the Authority are to be included in Revenues or the Derivative Payments by the Authority are to be payable from Revenues, as provided in the related Series Indenture.

“Derivative Payment” means a payment obligation created by a Derivative Agreement, which payment is equal to interest on an amount, based upon a fixed or a variable rate index or formula, or to interest on amount above or below an interest rate cap or floor. Derivative Payments include only payments under a Derivative Agreement determined by reference to such interest on an amount and shall not, except as provided in the related Series Indenture or a Supplemental Indenture, include any other payments under such agreement (for example, any termination fee, indemnification obligation or other fee payment to the counterparty). Derivative Payments from a counterparty include all payments from the counterparty under the Derivative Agreement except to the extent provided in the related Series Indenture or in a Supplemental Indenture pursuant to Section 10.01(m) of this Indenture.

“Development” means a development, as such term is defined in the Act, as amended from time to time, in respect of which the Authority is authorized by law and under a Series Indenture either to make a Loan to an eligible borrower or to acquire, construct and operate on its own behalf.

“Development Receipts” means amounts held, or received by the Authority to be held, in custodial escrow or other accounts as funds of the owner or for the benefit, of a Development for which there is a Loan. Development Receipts include, without limitation, amounts for payments of real property taxes and insurance, repair and replacement reserves, working cash reserves and capital improvement reserves.

“Event of Default” means any of the events of default described in Section 7.02 of this Indenture.

“Expenses” means any money required or determined to be used by the Authority to pay the fees or expenses of the Trustee; any expenses which the Authority lawfully may pay relating to the Program, including without limitation, expenses, maintaining, administering, collecting, enforcing and insuring Loans or Acquired Bonds or the Bonds and also including, without limitation, fees or premiums for Supplemental Coverage, and costs of the

redemption of Bonds, except as limited with respect to any Series of Bonds by the related Series Indenture. Expenses shall not include Acquired Development Expenses; and any fees payable to the Authority.

“Fiscal Year” means the year beginning on the first day of July and ending on the last day of June in the next succeeding year.

“Fund” or “Account” means a Fund or Account created by or pursuant to this Indenture or a Series Indenture.

“Government Obligations” means (i) direct obligations of or obligations fully guaranteed as to timely payment by the United States of America which may include, but are not limited to: United States Treasury obligations; Separate Trading or Registered Interest and Principal of Securities (STRIPS) and Coupons Under Book-Entry Safekeeping (CUBES), provided that the underlying United States Treasury obligation is not callable prior to maturity; certificates of beneficial ownership of the Farmers Home Administration; participation certificates of the General Services Administration; guaranteed Title IX financings of the U.S. Maritime Administration; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; guaranteed mortgage-backed securities and guaranteed participation certificate of the Government National Mortgage Association; local authority bonds guaranteed by the U.S. Department of Housing and Urban Development; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority and (ii) interest obligations of the Resolution Funding Corporation (REFCORP), including, but not limited to, interest obligations of REFCORP stripped by the Federal Reserve Bank of New York.

“Indenture” means this Trust Indenture, as amended or supplemented by Supplemental Indentures and any Series Indenture (to the extent that such Series Indenture purports to amend this Indenture). References to “this Indenture” mean the Indenture.

“Insurance Proceeds” means payments received with respect to Acquired Developments, Loans or Acquired Bonds under any bond insurance policy, guarantee or fidelity bond, including amounts available under any Supplemental Coverage, less any expenses incurred in realizing such payments and less any reimbursement of advances due the insurer or provider of such guarantee or bond. Insurance Proceeds do not include amounts received for casualty insurance on Developments or otherwise with respect to property securing Loans or Acquired Developments to the extent applied to the repair, reconstruction or replacement of the insured property.

“Lender” means any entity or person approved by the Authority from whom Loans may be acquired.

“Loan” means any loan authorized by a Series Indenture and financed with proceeds of Bonds or other amounts deposited in the Funds and Accounts (as specified in the Series Indenture) and includes any instrument evidencing an ownership interest in or security for such a loan, and includes also any loan financed by any Obligations refunded by Bonds to the extent the Series Indenture for those Bonds so determines that such a loan shall be a Loan under this Indenture.

“Loan Prepayments” means amounts received upon a voluntary payment of principal or interest on a Loan including any prepayment penalty or other amounts due upon a prepayment of a Loan and amounts received upon the encumbrance, sale or other disposition of Loans not in default (consistent with Section 6.07(b)).

“Master Paying Agent” shall mean a Master Paying Agent, designated from time to time by the Authority pursuant to this Indenture and initially The Bank of New York Mellon Trust Company, N.A., or its successor.

“Obligations” means bonds, notes or other obligations of the Authority for borrowed money which are not Bonds.

“Outstanding” means, with respect to any Bonds as of any date, all Bonds authenticated and delivered by the Trustee under this Indenture to that date, except:

- (i) any Bond deemed paid in accordance with this Indenture;

(ii) any Bond cancelled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity; and

(iii) any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to Section 2.10 of this Indenture, unless proof satisfactory to the Trustee is presented that any Bond for which such Bond has been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Illinois Uniform Commercial Code, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu of, or in substitution for, it shall be deemed outstanding.

“Permitted Investments” means, to the extent authorized by law at the time of such investment,

(i) (A) Government Obligations, or (B) obligations with the highest long term rating by each Rating Agency at the time of purchase, of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of Government Obligations;

(ii) (A) notes, bonds, debentures or other obligations issued by Student Loan Marketing Association (excluding securities which do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date), Federal Home Loan Banks, the Tennessee Valley Authority, Farm Credit System, Federal Home Loan Mortgage Corporation (which guarantees full and timely payment of principal and interest), the Resolution Trust Corporation and the Small Business Administration; or (B) bonds, debentures or other obligations issued by Federal National Mortgage Association; in each case (1) excluding mortgage securities which are valued greater than par on the portion of unpaid principal or mortgage securities which represent payments of principal only or interest only with respect to the underlying mortgage loans and (2) with a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency’s existing Rating on the Bonds, other than Subordinate Bonds;

(iii) any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States, as set forth in a Series Indenture, with a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency’s existing Rating on the Bonds, other than Subordinate Bonds;

(iv) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the United States, including the Trustee and its affiliates (as used in this (iv), “deposits” shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are fully insured by the Federal Deposit Insurance Corporation;

(v) certificates of deposit, time deposits or other deposit products of any bank, trust company or national banking association, including the Trustee and its affiliates, if all of the direct, unsecured debt obligations of such bank, trust company or national banking association at the time of purchase of such certificates of deposit or time deposits which have a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency’s then existing Rating on the Bonds, Bonds, or are rated in the highest rating category assigned by each such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for short-term obligations if the investment is for a period not exceeding one year;

(vi) repurchase agreements backed by or related to obligations described in (i), (ii) or (iii) above, (A) with any institution whose unsecured debt securities have a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency’s existing Rating on the Bonds, other than Subordinate Bonds (or the highest rating for short-term obligations if the investment is for a period not exceeding one year) or (B) with an institution that does not qualify under (A) and as to whom a Rating Certificate is filed with the Trustee;

(vii) investment agreements, structured and secured in such a manner as set forth in a Series Indenture, secured or unsecured, as required by the Authority, (A) with any institution whose debt securities have a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds (or the highest rating of short-term obligations), if the investment is for a period not exceeding one year), or (B) with an institution which does not qualify under (A) and as to whom a Rating Certificate is filed with the Trustee;

(viii) direct and general obligations of or obligations guaranteed by any state, municipality or political subdivision or agency of a state or municipality, and certificates of participation in obligations of the State which obligation may be subject to annual appropriations which obligations have a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds;

(ix) bonds, debentures, or other obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) issued by any bank, trust company, national banking association, insurance company, corporation, government or governmental entity (foreign or domestic), provided that such bonds, debentures or other obligations (A) are payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts and (B) have a rating by each Rating Agency at the time of purchase at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds;

(x) commercial paper (having original maturities of not more than 365 days) with the highest short-term rating by each Rating Agency at the time of purchase;

(xi) money market and similar funds which invest their assets exclusively in obligations described in clauses (i) through (x) above and which have been rated by each Rating Agency in the highest rating category assigned by each such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), provided that with respect to S&P Global Ratings such funds have ratings with the subscripts "m" or "m-G", including those for which the Trustee or an affiliate performs services for a fee, whether as custodian, transfer agent, investment advisor or otherwise; and

(xii) any investments not described in (i) through (xi) above and authorized in a Series Indenture authorizing Bonds so long as the purchase of such investments by such Series Indenture does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds, other than Subordinate Bonds, by any Rating Agency then rating the Bonds.

If the rating of any Permitted Investment purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Permitted Investment.

The definition of Permitted Investments may be amended and additional obligations included by a Certificate of an Authorized Representative filed with the Trustee accompanied by a Rating Certificate.

For purposes of this definition, "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation of a government.

Any reference in this definition to the highest rating of short-term obligations or to a rating category shall be without regard to any refinement or gradation such as a "+" or a "1".

"Principal" means (i) with respect to the principal amount of a Deferred Interest Bond, the Appreciated Amount and (ii) with respect to any other Bond, the stated principal amount.

“Proceeds” means the amounts received by the Authority or the Trustee, other than Loan Prepayments, upon any sale, encumbrance, taking, disposition or enforcement of any Loans or security for pledged rights in Loans, Acquired Developments and Acquired Bonds, less any costs and expenses incurred in realizing such amounts.

“Program” means the multifamily program of the Authority financed by the Bonds.

“Program Fund” means the Fund of that name established pursuant to Section 4.01 of this Indenture.

“Rating” means at any date the then existing rating of Bonds (other than Subordinate Bonds) by a Rating Agency and, with respect to any Series of Bonds which has a rating based on bond insurance or other similar credit support for that Series of Bonds, the then existing underlying rating of such Bonds, without regard to such bond insurance or other similar credit support, as determined by a Rating Agency or in such other manner as shall be acceptable to the Trustee and the Authority.

“Rating Agency” means any nationally recognized rating agency maintaining a rating of any Bonds (other than Subordinate Bonds), pursuant to a request for a rating by the Authority.

“Rating Certificate” means, in connection with certain actions to be taken by the Authority, a Certificate of an Authorized Representative filed with the Trustee that the Authority has been advised by each Rating Agency (rating criteria published by a Rating Agency also constituting advice of that Rating Agency) that the Rating of that Rating Agency will not be reduced or withdrawn as a result of the Authority taking that action.

“Rebate Fund” means the Fund of that name and Accounts in it which may be created and designated in Series Indentures pursuant to Section 4.01 of this Indenture.

“Recovery Payments” means amounts received with respect to any sale or enforcement of Loans or Acquired Bonds (other than Loan Prepayments or Acquired Bond Redemption Receipts) and received as Proceeds or Insurance Proceeds. Recovery Payments also include any recovery from Supplemental Coverage to the extent not included in Insurance Proceeds.

“Redemption Account” means the Account of that name in the Revenue Fund established pursuant to Section 4.01 of this Indenture.

“Redemption Price” means, with respect to a Bond or portion of a Bond, the portion of the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption of a Bond in the manner contemplated by this Indenture and the related Series Indenture.

“Reserve Fund” means the Fund of that name established pursuant to Section 4.01 of this Indenture.

“Reserve Requirement” means, as of any particular date of calculation, an amount equal to the sum of all amounts established as Series Reserve Requirements in the Series Indentures for all Series of Bonds Outstanding authorizing the issuance of such Outstanding Bonds, other than Subordinate Bonds, except as otherwise provided for Separately-Secured Bonds. The Trustee may rely upon a Certificate from an Authorized Representative of the Authority which states the Reserve Requirement as of the date of the Certificate.

“Responsible Officer” means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee within the corporate trust office specified in Section 12.02 (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 12.02 because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“Revenue Fund” means the Fund of that name established pursuant to Section 4.01 of this Indenture.

“Revenues” means all money received by or on behalf of the Authority or the Trustee representing (i) principal and interest and related payments on Acquired Bonds and Loans, payments of service and other fees or charges to the Authority with respect to Loans, payments on Loans to reimburse the Authority for costs of issuance of Bonds (or other costs of the Authority with respect to Bonds payable from the Revenue Fund) and also including, without limitation, Loan Prepayments, Acquired Bond Redemption Receipts and Recovery Payments; (ii) Acquired Development Operating Income; (iii) Insurance Proceeds; (iv) Proceeds; (v) any Derivative Payments by a counterparty with respect to a Series of Bonds to the extent the related Series Indenture provides for those Derivative Payments to be included in Revenues; and (vi) subject to Section 5.02 of this Indenture, interest and other investment earnings received on the investment of amounts in any Account or Fund (other than the Acquired Development Fund or the Rebate Fund), all in the manner and to the extent described in this Indenture and the Series Indentures. Except as provided in a Series Indenture, Revenues do not include (vii) discount, points or other initial Loan fees charged by the Authority; (viii) any payment of interest on a Loan or other payment with respect to a Loan to the extent to be used for paying mortgage insurance premiums or other fees for credit enhancement of the Loan; or (ix) Development Receipts.

“Separately-Secured Bonds” means bonds issued under a Separately-Secured Indenture, as described in Section 12.09 hereof.

“Separately-Secured Indenture” shall have the meaning set forth in Section 12.09 hereof.

“Serial Bonds” means Bonds which are not Term Bonds.

“Series” means one of the series of Bonds issued under this Indenture pursuant to a Series Indenture.

“Series Indenture” means a Supplemental Indenture of the Authority authorizing the issuance of a Series of Bonds and executed prior to issuance of those Bonds. Series Indenture includes any supplemental indenture of the Authority amending a Series Indenture as provided in Section 2.09 of this Indenture.

“Series Program Accounts” means the Series Program Accounts in the Program Fund established by Series Indentures.

“Series Program Determinations” means determinations by the Authority as to the terms of and security for Loans in connection with a Series of Bonds, as provided in a Series Indenture.

“Series Reserve Requirement” means an amount established by a Series Indenture as the reserve requirement in respect of the Bonds of the Series while those Bonds are Outstanding. Series Indentures for more than one Series of Bonds may establish a composite Series Reserve Requirement applicable to all those Series of Bonds.

“Sinking Fund Installments” means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of those Bonds. Sinking Fund Installments may be established as fixed dollar amounts or by formula.

“Special Receipts Account” means the account of that name in the Revenue Fund established pursuant to Section 4.01 of this Indenture.

“State” means the State of Illinois.

“Subordinate Bonds” means Bonds payable on a basis as set forth in the related Series Indenture with a claim to payment which is subordinate to the claim of Bonds which are not Subordinate Bonds.

“Subordinate Bonds Account” means the account of that name in the Revenue Fund established pursuant to Section 4.01 of this Indenture.

“Supplemental Coverage” means the coverage, if any, whether in the form of insurance, Cash Equivalents or additional pledged funds, of losses from Loan or Acquired Bond defaults, as provided in a Series Indenture. Supplemental Coverage may include any insurance or reserve fund funded by the Authority.

“Supplemental Indenture” means any supplemental indenture of the Authority supplementing or amending this Indenture. It includes Series Indentures.

“Term Bonds” means the Bonds of a Series with respect to which Sinking Fund Installments have been established.

“Trust Estate” means Revenues, Funds and Accounts established under this Indenture and Series Indentures (other than the Acquired Development Fund and Rebate Fund), Acquired Bonds, including the investments, if any, of such amounts, and the earnings, if any, on such investments until applied in accordance with the terms of this Indenture; all right, title and interest of the Authority in and to the Loans and the documents evidencing and securing the Loans; all right, title and interest of the Authority in and to insurance proceeds and liquidation proceeds, but excluding Loan accrued interest not purchased by the Authority. The Trust Estate also includes all Contributed Assets, except as provided in Section 4.16 of this Indenture. The Trust Estate does not include amounts required under federal income tax law to be paid as rebate to the United States. The pledge of Funds and Accounts established in a Series Indenture may be limited in purpose and time, as set forth in the Series Indenture and security for the rights in Loans which rights are part of the Trust Estate, in each case solely to the extent such items are subject to the pledge, assignment, lien and security interest as provided in Section 6.01.

“Trustee” means the institution appointed to act as trustee with respect to the Bonds, and its successors as provided in this Indenture, initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, and its successors, including as a result of any consolidation, conversion, merger or transfer of all or substantially all of its corporate trust business and assets to which it or its successors may be a party, all as may be provided for herein or in accordance herewith.

Section 1.02. Miscellaneous Definitions. Unless the context shall otherwise indicate, words which import the singular shall include the plural, and words which import the plural shall include the singular. The word “person” shall include, without limitation, any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

Section 1.03. Requirement of Signed Writing. Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action by the Authority or the Trustee, unless its form is specifically provided, shall, in the case of the Authority, be in writing signed by an Authorized Representative (subject to Section 8.11(b) of this Indenture) and in the case of the Trustee, be in writing signed by an authorized officer or agent of the Trustee, as applicable.

ARTICLE II

FORM, EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS

Section 2.01. Issuance of Bonds. For the purposes set forth in the Act, Bonds of the Authority may be issued under and secured by this Indenture. The Bonds shall be special limited obligations of the Authority, with a claim for payment solely from the Trust Estate pledged hereunder, except as otherwise provided in a Series Indenture. The State shall not be liable on the Bonds and the Bonds shall not be a debt of the State, and the Bonds shall contain on their face a statement to such effect. Section 26.1 of the Act shall not apply to the Bonds.

Section 2.02. Limitation on Issuance of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with the provisions of this Article.

Section 2.03. Form of Bonds. Bonds are issuable as registered Bonds. The principal denomination at maturity of any Series of Bonds shall be specified in the Series Indenture authorizing the issuance of such Series. The Bonds of any Series shall be in the form specified in the Series Indenture authorizing the issuance of such Series of Bonds, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and with such additional changes as may be necessary or appropriate to conform to the provisions of the Series Indenture. All such Bonds may include such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect to such Bond, or as may be authorized by the Authority.

Section 2.04. Details of Bonds. The Bonds shall be dated, shall mature on the dates and in the amounts, shall bear interest, if any, until their payment in full, at the rates and on the dates, as established in the applicable Series Indenture.

Unless otherwise required by law or provided by a Series Indenture, Bonds shall be signed by, or bear the facsimile signature of, the Chairman, Vice Chairman, Executive Director or Deputy Executive Director of the Authority, with the corporate seal or a facsimile of the corporate seal of the Authority imprinted on the Bonds, and attested to by the manual or facsimile signature of a second Authorized Representative.

If any officer whose signature or a facsimile of whose signature appears on any Bonds shall cease to be such officer before the delivery of such Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes as if that officer had remained in office until the delivery. Subject to the provisions of the Act and any other applicable law any Bond may bear the facsimile signature of, or may be signed by, such persons as at the time of the execution of such Bond shall be the proper officers to sign such Bond even though at the date of such Bond such persons may not have been such officers.

Except as may be provided in a Series Indenture, both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which on their respective dates of payment is legal tender for the payment of public and private debts. Subject to alternative provisions established in any Series Indenture with respect to the related Series of Bonds, the principal and Redemption Price of all Bonds shall be payable only to the Owner or the Owner's legal representative at the designated corporate trust office of the Trustee (or Master Paying Agent, if one is appointed and serving) and payment of the interest on each Bond shall be made by the Trustee (or Master Paying Agent, if one is appointed and serving) on each interest payment date to the Owner appearing on the registration books of the Authority or to the designee of such Owner on such date, as provided in the Series Indenture, by check mailed to the Owner at the Owner's address as it appears on such registration books or, if to the Owner's designee, to the address of such designee. If so provided in the applicable Series Indenture the Trustee (or Master Paying Agent, if one is appointed and serving), in connection with a letter of credit, a tender option feature, a standby bond purchase agreement, or other similar liquidity or credit arrangements for Bonds may pay (and the Series Indenture may require that the Trustee pay), in whole or in part, the principal or Redemption Price of and/or interest on a Bond to a provider of such an arrangement rather than the Owner (or the Owner's designee). The Trustee (or Master Paying Agent, if one is appointed and serving) may enter into an agreement or agreements with or for the benefit of any Owner for the payment of principal of or interest on Bonds in a manner or in a place different from that set forth in this paragraph.

Section 2.05. Authentication of Bonds. Only Bonds which have endorsed on them a certificate of authentication substantially in the form set forth in the applicable Series Indenture, duly executed by the Trustee (or Master Paying Agent, if one is appointed and serving), shall be entitled to any benefit or security under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication is duly executed by the Trustee (or Master Paying Agent, if one is appointed and serving) and such certificate of the Trustee (or Master Paying Agent, if one is appointed and serving) upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee's or Master Paying Agent's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, or Master Paying Agent, as the case may be, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds that may be issued at any one time.

Section 2.06. Exchange of Bonds. Subject to, and in accordance with, Section 2.07 of this Indenture, Bonds, upon their surrender at the designated corporate trust operations office of the Trustee (or Master Paying Agent,

if one is appointed and serving), together with an assignment duly executed by the Owner or that Owner's agent or legal representative in such form as shall be satisfactory to the Trustee or Master Paying Agent as the case may be, may, at the option of their Owner, be exchanged for an equal aggregate principal amount of Bonds of like tenor and of the same Series and maturity, bearing interest at the same rate, of any denomination or denominations authorized by this Indenture.

The Authority shall make provisions for the exchange of Bonds at the designated corporate trust office of the Trustee (or Master Paying Agent, if one is appointed and serving), at its designated corporate trust office.

Section 2.07. Negotiability, Registration and Registration of Transfer of Bonds. The transfer of any Bonds may be registered only upon the books kept for that purpose upon their surrender to the Trustee (or Master Paying Agent, if one is appointed and serving), together with an assignment duly executed by the registered Owner or the Owner's agent in such form as shall be satisfactory to the Trustee or Master Paying Agent. Upon any such registration of a Bond transfer, the Authority shall execute and the Trustee or Master Paying Agent shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, in any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the principal amount of such Bond of same tenor and Series having the same maturity and bearing interest at the same rate.

In all cases in which Bonds are exchanged or Bonds are transferred by registration, the Authority shall execute and the Trustee or Master Paying Agent shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any exchange or registration of transfer shall be cancelled by the Trustee or Master Paying Agent. The Authority, or, at the direction of the Authority, the Trustee or Master Paying Agent may make a charge for the expense incurred in every such exchange or registration of transfer of Bonds, including a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. A Series Indenture may provide neither the Authority nor the Trustee (or Master Paying Agent) shall be required to make any such exchange or registration of transfer of Bonds of the related Series during the fifteen (15) days (or such other period for Bonds of a Series as provided in the related Series Indenture) immediately preceding an interest payment date on those Bonds, or, in the case of any proposed redemption of Bonds, immediately preceding the date of notice of that redemption, or after such Bonds or any portion of those Bonds shall have been selected for redemption.

Pursuant to a Series Indenture, the Trustee or Master Paying Agent may record different Owners with respect to the principal or Redemption Price of, and/or interest on a Bond.

Section 2.08. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the Owner of such Bond for all purposes. Payment of or on account of the principal of and interest on any Bond of a Series shall be made only to its Owner or the Owner's legal representative. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond, including interest on it, to the extent of the sum or sums so paid.

Section 2.09. Issuance of the Bonds. (a) Each Series of Bonds shall be authorized and issued under this Indenture pursuant to the authorization contained in a Series Indenture and shall be secured as set forth in the Series Indenture. The Bonds of each Series shall be designated as provided by the Series Indenture. The Bonds shall be in such subseries (if any), shall be in such denominations, shall be dated, shall bear interest at a rate or rates, not exceeding the maximum rate then permitted by law, payable beginning on such date, shall be stated to mature on such dates, shall be made redeemable at such times and prices (subject to the provisions of Article III of this Indenture), shall have such Series Reserve Requirements, shall have such interest payment dates, shall be numbered and the Term Bonds of such Series shall have such Sinking Fund Installments, all as may be provided by the Series Indenture for such Bonds. Except as may otherwise be provided for Subordinate Bonds in a related Series Indenture and subject to Section 10.01(j) of this Indenture, and except with respect to differences in maturities, interest payment dates, rates and redemption provisions, such Bonds shall be on a parity with and shall be entitled to the same benefits and security under this Indenture as all other Bonds issued under this Indenture; provided, however, that the Authority may issue a Series of Bonds or a portion of a Series of Bonds which may be further secured by a credit facility, a bond insurance policy or other further security securing only such Series of Bonds or a portion of such Series of Bonds as determined by the applicable Series Indenture in addition to the security provided in.

- (b) Each Series Indenture authorizing the issuance of a Series of Bonds shall specify and determine:
- (i) the authorized principal amount of such Series of Bonds;
 - (ii) the purposes for which such Series of Bonds are being issued, which shall be one or more of the following purposes: (a) the acquisition, construction, renovation, rehabilitation, improvement, expansion or equipping of any Development, including any Acquired Development and including providing reserves for those purposes, (b) the purchase, acquisition or making of Loans, (c) the purchase or acquisition of Acquired Bonds, (d) the making of such deposits in amounts, if any, required by this Indenture or Series Indentures to be paid into various Funds and Accounts, (e) the refunding of Bonds including prior to their redemption or maturity dates, (f) the acquisition, purchase, redemption or refunding of Obligations, (g) the purposes set forth in Section 12.10 hereof, or (h) other lawful purposes of the Authority as specified in the Series Indenture or Supplemental Indenture;
 - (iii) the maturity date or dates, the amounts of each maturity, and the interest payment dates of the Bonds of such Series;
 - (iv) the interest rate or rates of the Bonds of such Series (which may be a variable rate or rates) or method of determining the rate or rates;
 - (v) the denomination or denominations of, and the manner of dating, numbering and lettering the Bonds of such Series;
 - (vi) in the case of Term Bonds, if any, provision for Sinking Fund Installments;
 - (vii) in the case of Deferred Interest Bonds, the provisions as to accrual and compounding of interest;
 - (viii) the Redemption Price or Redemption Prices, if any, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities;
 - (ix) the amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by this Indenture and the Series Indenture;
 - (x) any Series Reserve Requirement with respect to Bonds other than Subordinate Bonds, the extent to which the Series Reserve Requirement may be met by a Cash Equivalent or accumulated over time, the amounts, including proceeds of the Bonds of such Series, which shall be deposited in the Series Reserve Account or used to acquire a Cash Equivalent for deposit in the Series Reserve Account and any limitation on investments of the Series Reserve Account;
 - (xi) the Series Program Determinations, if any;
 - (xii) whether there shall be any Derivative Agreement with respect to the Series of Bonds, the extent to which the related Derivative Payments by the counterparty are to be included in Revenues and whether the Derivative Payments by the Authority are to be payable from amounts in the Revenue Fund (and if so, the priority of their payment as set forth in Section 2.12 of this Indenture);
 - (xiii) whether the Series of Bonds shall be Subordinate Bonds;
 - (xiv) any instruments to be deposited with the Trustee under Section 6.01(b); and
 - (xv) any other provisions deemed advisable by the Authority not in conflict with the provisions of this Indenture.

The Bonds shall be executed substantially in the form and manner set forth above and shall be deposited with the Trustee or Master Paying Agent for authentication. Before the Bonds of the Series shall be authenticated and delivered by the Trustee or Master Paying Agent there shall be on file with the Trustee the following:

- (i) a copy of this Indenture and the applicable Series Indenture duly certified by an Authorized Representative;
- (ii) a Bond Counsel's Opinion stating in the opinion of such counsel that (a) this Indenture and the applicable Series Indenture have been duly authorized, executed and delivered by the Authority and are valid and binding obligations of the Authority and (b) the Bonds being issued are valid and legally binding obligations special limited of the Authority, payable and secured in the manner and to the extent set forth in this Indenture and the applicable Series Indenture, and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained in this Indenture and the applicable Series Indenture;
- (iii) in the case of each Series other than the initial Series of Bonds, by a Rating Certificate with respect to Bonds other than Subordinate Bonds; and
- (iv) a request and authorization to the Trustee or Master Paying Agent on behalf of the Authority, signed by an Authorized Representative, to authenticate and deliver the Bonds to the purchaser or purchasers identified in such request upon payment to the Trustee for the account of the Authority of the purchase price of the Bonds.

When the documents mentioned in clauses (xvi) to (xix), inclusive, of this Section have been filed with the Trustee and when the Bonds described in the Series Indenture mentioned in clauses (i) through (xv) above have been executed and authenticated as required by this Indenture, the Trustee or Master Paying Agent shall deliver such Bonds at one time to or upon the order of the purchaser or purchasers named in the request and authorization mentioned in clause (xix) of this Section 2.09(b) (or for registration to facilitate issuance of the Bonds under a book-entry system), but only upon payment to the Trustee of the purchase price of those Bonds. The Trustee or Master Paying Agent shall be entitled to rely upon such request and authorization as to the amount of such purchase price. Simultaneously with the delivery of such Bonds the Trustee shall deposit or credit the proceeds of those Bonds into the Funds and Accounts as specified by this Indenture and the applicable Series Indenture.

(c) Except as expressly provided in a Series Indenture, the Authority may from time to time supplement or amend a Series Indenture without consent of Owners of Bonds to amend or supplement any provisions in a Series Indenture for the Series Reserve Requirement, the payment and security for Derivative Payments on a Derivative Agreement relating to that Series of Bonds from the Revenue Fund and the extent to which Derivative Payments with respect to that Series of Bonds are to be treated as Revenues, the use of Cash Equivalents in the Reserve Fund, Supplemental Coverage, Permitted Investments or the Series Program Determination, but only in compliance with Section 6.07(a)(ii) of this Indenture.

Section 2.10. Mutilated, Destroyed or Lost Bonds. If any Bond is mutilated, destroyed or lost, the Authority shall cause to be executed, and the Trustee or Master Paying Agent shall authenticate and deliver, a new Bond of the same tenor in exchange and substitution for and upon cancellation of such mutilated Bond or in lieu of and in substitution for such destroyed or lost Bond, upon the Owner's paying the reasonable expenses and charges of the Authority and the Trustee in connection with such exchange. In the case of a destroyed or lost Bond, the Owner shall file with the Trustee or Master Paying Agent evidence satisfactory to it and to the Authority that (i) such Bond was destroyed or lost and (ii) of the Owner's ownership of such Bond, and furnish the Authority and the Trustee or Master Paying Agent indemnity reasonably satisfactory to them.

Section 2.11. Book-Entry. The Authority may provide in the Series Indenture for a Series of Bonds, or any part of a Series, to be issued under a book-entry system. The applicable Series Indenture shall designate one or more book-entry depositories for the Series and shall describe the manner of the Authority's participation in the book-entry system applicable to the Series or any part of a Series, and shall approve the Authority's (and, if applicable, the Trustee's or Master Paying Agent's) entry into an agreement with such book-entry depository or depositories.

Section 2.12. Derivative Agreements; Derivative Payments. Except as expressly provided in a Series Indenture, the Authority may from time to time enter into one or more Derivative Agreements with respect to one or more Series of Bonds, but only in compliance with Section 6.07(a)(iii) of this Indenture. As provided in the related Series Supplemental Indenture, Derivative Payments payable by the Authority under any Derivative Agreement, other than with respect to Subordinate Bonds, may be payable from moneys on deposit in the Debt Service Account and, with respect to Subordinate Bonds, the Subordinate Bond Accounts, on a parity with, or, as provided in a Series Indenture, subordinate to interest payments on related Bonds as provided in Sections 4.03(f)(i) and 4.03(f)(vii), respectively, of this Indenture. Notwithstanding anything to the contrary contained in this Indenture, and as provided in the related Series Indenture, Derivative Payments payable by the Authority pursuant to a Derivative Agreement, other than with respect to Subordinate Bonds, may be secured by and payable from moneys on deposit in the Debt Service Account and the Subordinate Bond Accounts, on a parity with, or, as provided in the related Series Supplemental Indenture, subordinate to interest payments on related Bonds; provided, however, in no event shall any such Derivative Payments be paid with any amounts drawn under the credit facility or bond insurance policy securing the related Bond or remarketing proceeds derived from the related Bonds. Derivative Payments may include insurance premiums or insurance of the Authority's obligation to make such payments, as provided in the related Series Indenture.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Redemption of Bonds. The Bonds issued under the provisions of this Indenture shall be made subject to redemption, both in whole and in part and at such times and Redemption Prices, as may be provided in the applicable Series Indenture. Term Bonds shall be made subject to sinking fund redemption pursuant to their Sinking Fund Installments on the dates and during the period during which such Sinking Fund Installments are in effect, as established in the applicable Series Indenture.

The Trustee (or Master Paying Agent, if one is appointed and serving) shall select the Bonds or portions of Bonds to be redeemed or purchased in accordance with this Indenture and the applicable Series Indenture. Except as otherwise stated in the related Series Indenture, money shall, upon an Authority Request to the Trustee and the Master Paying Agent accompanied by a Compliance Certificate or Cash Flow Certificate, as appropriate, be applied by the Trustee (or Master Paying Agent, if one is appointed and serving) to the purchase or the redemption of Bonds selected from among the Series (and subseries, if applicable), maturities and interest rates on the basis specified by the Authority in that Authority Request. Except as otherwise provided in a Series Indenture, the Authority Request relating to each redemption of Bonds shall be filed with the Trustee and the Master Paying Agent at least five (5) days prior to the date notice of redemption (or, if no such notice is required pursuant to a Series Indenture, five (5) days prior to the date fixed for redemption) is to be given pursuant to Section 3.02 (or such other period set forth in a Series Indenture) or such lesser number of days as shall be acceptable to the Trustee and the Master Paying Agent.

Except as otherwise provided in a Series Indenture, if less than all of the Bonds of one Series (and subseries, if applicable) and one maturity bearing the same interest rate (and otherwise of like tenor) are to be redeemed, the particular Bonds of such Series (and subseries if applicable) and maturity bearing the same rate of interest (and otherwise of like tenor) to be redeemed shall be selected not later than five (5) days prior to the date notice of redemption is required to be given pursuant to Section 3.02 and the related Series Indenture to registered Owners of Bonds to be redeemed (or, if no such notice is required pursuant to a Series Indenture, five (5) days prior to the date fixed for redemption), or such other period set forth in a Series Indenture, or such lesser number of days as shall be acceptable to the Trustee and the Master Paying Agent in such manner as directed by the Authority. Except as otherwise provided in a Series Indenture, if no such direction is received by the Trustee (or Master Paying Agent, if one is appointed and serving), it shall select the Bonds to be redeemed by lot or in such other manner as it in its discretion may determine. The portion of Bonds of any Series (and subseries, if applicable) to be redeemed shall be in the minimum principal amount or some integral multiple of such minimum principal amount established for such Bonds in the applicable Series Indenture, and in selecting Bonds for redemption, the Trustee (or Master Paying Agent, if one is appointed and serving) shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by such minimum principal amount.

Except as otherwise provided in a Series Indenture, if less than all of the Term Bonds Outstanding of any one maturity of a Series (or subseries, if applicable) are purchased for cancellation or called for redemption (other than in satisfaction of Sinking Fund Installments), the principal amount of such Term Bonds that are so purchased or redeemed shall be credited, to the extent practicable, except as otherwise provided in an Authority Request, against all remaining Sinking Fund Installments for the Term Bonds of such Series (and subseries, if applicable) and maturity in the proportion which the then remaining balance of each such Sinking Fund Requirement bears to the total of all Bonds of such Series (and subseries, if applicable) and maturity then Outstanding. A Master Paying Agent shall notify the Trustee in writing of its selection of Bonds to be redeemed as provided in this Section and the Trustee shall provide the Master Paying Agent with all necessary information as to the Outstanding Bonds for that selection to be made.

Section 3.02. Redemption Notice. Except as provided in a Series Indenture, at least twenty (20) days but not more than ninety (90) days before the redemption date of any Bonds, the Trustee (or Master Paying Agent, if one is appointed and serving) shall cause a notice of any such redemption, either in whole or in part, signed by the Trustee (or Master Paying Agent, if one is appointed and serving) to be mailed, first class postage prepaid, to all registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Trustee (or Master Paying Agent, if one is appointed and serving). Each such notice shall set forth the date fixed for redemption, the Redemption Price to be paid, the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds then Outstanding are called for redemption, the Series (or subseries), the maturities and the distinctive numbers, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount to be redeemed. The notice of redemption may be conditional. If conditional, the notice shall set forth in summary terms the conditions precedent to such redemption and that if such conditions have not been satisfied on or prior to the redemption date, such notice shall be of no force and effect and such Bonds shall not be redeemed. If such conditions are not satisfied, or if the Authority by written notice to the Trustee and Master Paying Agent given prior to the date fixed for redemption revokes the redemption (other than a mandatory redemption), the redemption shall not be made and the Trustee (or Master Paying Agent, if one is appointed and serving) shall within a reasonable time give notice to the affected Owners, in the manner in which the notice of redemption was given, that such conditions were not satisfied. An affidavit of the Trustee (or Master Paying Agent, if one is appointed and serving) of mailing the notice of redemption shall be conclusive and binding upon the Authority and owners of the Bonds. Once notice is sent in accordance with the provisions of this Indenture, it shall be effective whether or not received by a Bondowner. If any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond of the same maturity and series (and subseries, if applicable), bearing interest at the same rate and in principal amount equal to the unredeemed portion of such Bond, will be issued. A Bondowner may waive its right to receive notice pursuant to this Section. Failure to send any required notice of redemption, or any defect in such notice, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 3.03. Effect of Selection for Redemption. On the designated redemption date, if (i) the conditions precedent, if any, to such redemption have been satisfied, (ii) the required notice, if any, has been given or waived, and (iii) with respect to a redemption other than a mandatory redemption, sufficient money to pay the Redemption Price and accrued interest are held by the Trustee or Master Paying Agent in trust for the Owners of the Bonds or portions of Bonds to be redeemed, the Bonds or portions of Bonds so selected for redemption shall become and be due and payable at their Redemption Price, such Bonds or portions of Bonds shall cease to be Outstanding under the provisions of this Indenture, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds or portions of Bonds shall cease to be entitled to any benefit or security under this Indenture and the Owners of such Bonds or portions of Bonds shall have no other rights except to receive payment of the Redemption Price and the accrued interest on such Bonds to the date of redemption and, to the extent provided in Section 3.04 of this Indenture, to receive Bonds for any unredeemed portion of Bonds.

Section 3.04. Redemption of Portion of Bond. If part but not all of an Outstanding Bond is selected for redemption, the Owner of such Bond or the Owner's agent or legal representative shall present and surrender such Bond (with, if the Authority or the Trustee (or Master Paying Agent, if one is appointed and serving) so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Trustee (or Master Paying Agent, if one is appointed and serving) duly executed by the Owner or the Owner's agent or legal representative) to the Trustee (or Master Paying Agent, if one is appointed and serving) for payment of the principal amount so selected for redemption. The Authority shall execute and the Trustee (or Master Paying Agent, if one is appointed and serving) shall authenticate and deliver to or upon the order of such Owner or his legal representative,

without charge, a new Bond for the unredeemed portion of the principal amount of the Bond so surrendered. Such new Bond shall be issued in any denomination or denominations authorized by this Indenture at the option of such Owner or the Owner's agent, shall be of the same maturity and Series (and subseries, if applicable), shall bear interest at the same rate and shall otherwise be of same tenor as the Bond partially redeemed.

ARTICLE IV

APPLICATION OF REVENUES AND OTHER MONEY

Section 4.01. Establishment of Funds and Accounts. The following Funds and Accounts are established, each of which (other than the Acquired Development Fund) shall be held by the Trustee:

- Program Fund
 - Series Program Accounts
- Revenue Fund
 - Debt Service Account
 - Special Receipts Account
 - Redemption Account
 - Subordinate Bond Accounts
- Reserve Fund
- Acquired Development Fund
- Rebate Fund
 - Series Rebate Accounts

Additional Funds and Accounts may be created and designated in Series Indentures, including as provided in Section 2.09 of this Indenture. The full designation of each such Fund and Account shall include the term "Illinois Housing Development Authority Multifamily Revenue Bonds," which term shall precede the designation as set forth above. Each such Fund and Account shall be held by the Trustee (other than the Acquired Development Fund), in trust, separate and apart from all other funds of the Authority, for the purposes provided in this Indenture. In Series Indentures or Supplemental Indentures establishing Authority Program Accounts, the Authority may provide for the deposit of amounts in Funds and Accounts, which amounts shall be subject to the lien of this Indenture, if so designated, in the amounts and for the purposes and period of time set forth in the applicable Series Indenture or Supplemental Indenture.

Section 4.02. Program Fund. (a) For each Series of Bonds there shall be a Series Program Account in the Program Fund. Except as may be provided by a Series Indenture for Subordinate Bonds, amounts received upon the sale of a Series of Bonds shall be deposited in the Program Fund and credited to the related Series Program Account in the amount, if any, provided in the applicable Series Indenture. In addition, amounts shall be deposited in the Program Fund from the Revenue Fund as provided in Sections 4.03(b), 4.03(e) and 4.03(f)(vi) of this Indenture and shall be credited to the Series Program Account as specified in the Authority Request directing the transfer. Amounts available from or upon the refunding of Authority bonds shall be deposited in Funds and Accounts as provided in the applicable Series Indenture. For a series of bonds issued as convertible option bonds there may be a Series Program Account (COB Rate Period) and a Series Program Account (Fixed Rate Period) as provided in the Series Indenture.

(b) Amounts in a Series Program Account shall be used to pay Costs of Issuance of the related Series of Bonds, or to reimburse the Authority for Costs of Issuance, in either case in the amount specified in or pursuant to the Series Indenture, upon a requisition stating generally the nature and amount of those Costs of Issuance signed by an Authorized Representative.

(c) Amounts in Series Program Accounts other than amounts used or to be used to pay Costs of Issuance shall be applied by the Trustee to finance the purposes for which such Series of Bonds were issued as specified in the Series Indenture.

(d) Except as may be provided by a Series Indenture, the Trustee shall transfer unexpended amounts in a Series Program Account to the Revenue Fund to the credit of the Redemption Account, or to the Reserve Fund, in either case as specified by an Authority Request.

(e) The Trustee shall transfer amounts from the Program Fund to the Debt Service Account as provided in Sections 4.03(a) and 4.09 of this Indenture, or to the Rebate Fund upon an Authority Request.

(f) The Trustee shall transfer amounts in a Series Program Account for Bonds refunded in whole or in part by Bonds to the Series Program Account for the refunding Bonds, if so directed by the Series Indenture for the refunding Bonds.

(g) The Authority may establish an Authority Program Account by Series Indenture or Supplemental Indenture and in such Series Indenture or Supplemental Indenture may provide for the deposit of monies of the Authority (other than the existing Trust Estate) into the Authority Program Account. Upon their deposit in an Authority Program Account, such monies will be Contributed Assets. Amounts in Authority Program Accounts shall be applied by the Trustee to finance Loans (the characteristics of which conform to the related Authority Program Determination) or as otherwise provided in the applicable Authority Program Determination or Series Indenture.

(h) The Trustee shall transfer unexpended amounts in an Authority Program Account to the Authority as specified in an Authority Request accompanied by a Ratings Certificate.

Section 4.03. Revenue Fund. (a) The Authority shall immediately transfer all Revenues received by it, other than Acquired Development Operating Income, to the Trustee. Acquired Development Operating Income shall be deposited in the Revenue Fund as provided in Section 4.10 of this Indenture. All Revenues received by the Trustee shall be deposited in the Revenue Fund. The Trustee shall transfer to and deposit in the Revenue Fund all amounts transferred to it from the Program Fund as provided in Sections 4.02(d) and 4.02(e) of this Indenture or from the Reserve Fund as provided in Section 4.09 of this Indenture and shall credit those amounts to the Accounts as specified in those Sections, except as otherwise provided in a Series Indenture or Supplemental Indenture. Amounts received upon the sale of a Series of Bonds shall be deposited in the Revenue Fund in the amount, if any, provided in the applicable Series Indenture, for credit to the Debt Service Account to pay debt service as specified in the Series Indenture.

(b) Except as provided in a Series Indenture, the Authority shall identify and notify the Trustee in writing of the amount of any Revenues which are Acquired Bond Redemption Receipts, Loan Prepayments or Recovery Payments. Those Revenues shall be credited to the Special Receipts Account. Except as may be limited by a Series Indenture, amounts in the Special Receipts Account may be transferred at any time upon an Authority Request to the Redemption Account, the Debt Service Account or, upon filing with the Trustee a Cash Flow Certificate, any Series Program Account or an Authority Program Account.

(c) All Derivative Payments with respect to any Subordinate Bonds shall be credited to the related Subordinate Bond Account of the Revenue Fund;

(d) At any time, upon Authority Request, the Trustee shall apply amounts in the Revenue Fund not credited to any Account in the Fund to pay the accrued interest portion of the cost of acquiring any Loan or Acquired Bond consistent with the related Series Indenture.

(e) Upon their receipt, the Authority shall notify the Trustee as to any amounts which have been received for accrued interest with respect to Loans made or acquired, or Acquired Bonds acquired, from amounts which were expended from a Series Program Account or Authority Program Account (to the extent not so funded from a transfer from the Revenue Fund). The Trustee shall transfer those amounts to the credit of the applicable Series Program Account or Authority Program Account.

(f) On or prior to each debt service payment date for the Bonds (including any date of redemption pursuant to Sinking Fund Installments or other mandatory redemption requirements that are payable from the Debt Service Account) or any due date of Derivative Payments by the Authority payable from the Revenue Fund the Trustee shall credit or transfer all amounts in the Revenue Fund not in any Account in the Revenue Fund to the credit of Funds and Accounts, in the following priority:

(i) credit to the Debt Service Account, an amount sufficient, together with amounts on deposit in that Account, timely to pay interest and principal, at maturity or mandatory redemption (pursuant to Sinking Fund Installments or any other mandatory redemption requirements), due on such debt service payment date on the Bonds, other than Subordinate Bonds, to pay any fees in connection with tender option features, letter of credit, standby bond purchase agreements and other forms of credit or liquidity related to such Bonds as set forth in the Series Supplemental Indenture or a Supplemental Indenture and to pay any Derivative Payments related to such Bonds payable from the Revenue Fund on a parity with interest on the Bonds (other than Subordinate Bonds) due on such debt service payment date as set forth in the Series Indenture or a Supplemental Indenture;

(ii) transfer amounts to the Rebate Fund for Series Rebate Accounts for Bonds other than Subordinate Bonds as set forth in an Authority Request.

(iii) pay Expenses specified in a Series Indenture, or such other Expenses as may be provided in an Authority Request accompanied by a Compliance Certificate or Cash Flow Certificate, as applicable;

(iv) transfer to the Reserve Fund, an amount sufficient to cause the amount on deposit in that Fund, including Cash Equivalents permitted by a Series Indenture, to equal the Reserve Requirement;

(v) credit to the Redemption Account an amount as specified in an Authority Request;

(vi) transfer to any Series Program Account or Authority Program Account in the Program Fund an amount as specified in an Authority Request accompanied by a Compliance Certificate or Cash Flow Certificate, as appropriate;

(vii) credit to any Subordinate Bond Accounts, an amount sufficient together with amounts on deposit in that Account, established by a Series Indenture for Subordinate Bonds, timely to pay interest and principal, at maturity or mandatory redemption, due on such succeeding debt service payment date on the Subordinate Bonds, to pay any fees in connection with tender option features, letters of credit, standby bond purchase agreements and other forms of credit or liquidity related to such Bonds as set forth in the Series Indenture or a Supplemental Indenture and to pay any Derivative Payments related to such Bonds due on such debt service payment date as set forth in the Series Supplemental Indenture or a Supplemental Indenture, or to provide any reserve with respect to Subordinate Bonds; or

(viii) pay to the Authority, for any other purpose authorized or required under the Act free and clear of the pledge and lien of this Indenture. No such payment shall be made except upon filing of a Compliance Certificate or Cash Flow Certificate, as appropriate;

(g) In addition, at any time the Trustee shall, upon Authority Request, apply amounts in the Revenue Fund not credited to any Account for the following purposes:

(i) to make required arbitrage rebates together with amounts in the Rebate Fund to the United States as required by the Code.

(ii) to the purchase of Bonds at the times, in the manner and for the purposes set forth in Section 4.05 of this Indenture.

(iii) to pay Expenses, upon filing a Compliance Certificate or a Cash Flow Certificate.

Section 4.04. Debt Service Account. (a) The Trustee shall, on each principal and interest payment date, including for mandatory redemptions (including mandatory redemptions pursuant to Sinking Fund Installments or other mandatory redemption requirements that are payable from the Debt Service Account) withdraw from the Debt Service Account and pay to the Master Paying Agent, if one is appointed and serving, by wire transfer (or other method of transfer acceptable to the Authority and the Master Paying Agent or as provided in Series Indentures) the amounts required for making all payments then due from the Debt Service Account as described in Section 4.03(f). The Trustee

(or Master Paying Agent, if one is appointed and serving) shall remit by mail or as otherwise provided in the Series Indentures to each Owner of Bonds, other than Subordinate Bonds, the amounts required for paying the interest on such Bonds as such interest becomes due and payable. Amounts for paying principal shall be held in trust by the Trustee (or Master Paying Agent, if one is appointed and serving) for paying that principal. The Trustee (or Master Paying Agent, if one is appointed and serving) shall remit to any credit or liquidity provider, as described in Section 4.03(f)(i), its fees in connection with such credit or liquidity arrangement. The Trustee (or Master Paying Agent, if one is appointed and serving) shall remit to the counterparty under a Derivative Agreement, as described in Section 4.03(f)(i), the Derivative Payments due to the counterparty under the Derivative Agreement. An Authorized Representative of the Authority shall advise the Trustee (or Master Paying Agent, if one is appointed and serving) in writing regarding the amount of any such liquidity fees and Derivative Payments and when payment is due.

Section 4.05. Purchase of Bonds from Revenue Fund. Amounts on deposit in the Revenue Fund and not credited to any Account in it may be applied as applicable to the purchase of Term Bonds of each Series then Outstanding subject to Sinking Fund Installments on the next date in such year. Such payments are scheduled as provided in this Section. The Trustee (or Master Paying Agent, if one is appointed and serving), upon an Authority Request, shall endeavor to purchase from such amounts the Term Bonds or portions of Term Bonds of each Series stated to mature on the next maturity date or to be redeemed pursuant to Sinking Fund Installments for Term Bonds of such Series then Outstanding.

(b) Subject to applicable law, the Trustee (or Master Paying Agent, if one is appointed and serving) may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the Owner of such Bond under the provisions of the applicable Series Indenture if an Authorized Representative so directs to the Trustee and the Master Paying Agent. The Trustee shall pay the interest accrued on such Term Bonds or portions of Term Bonds to the date of settlement for the Term Bonds from the Revenue Fund. No such purchase of a Bond shall be made by the Trustee after the giving of notice of redemption as to that Bond by the Trustee. Purchased Bonds shall be cancelled by the Trustee, unless otherwise directed by the Authority.

Section 4.06. Subordinate Bond Account(s). Amounts on deposit in the Revenue Fund to the credit of any Subordinate Bond Account(s) shall be applied as provided in the Series Indenture authorizing those Bonds.

Section 4.07. Use of Amounts in Redemption Account. The Trustee shall apply money in the Redemption Account for the purchase or redemption of Bonds as follows:

(a) The Trustee (or Master Paying Agent, if one is appointed and serving), upon Authority Request accompanied by evidence that a Compliance Certificate or a Cash Flow Certificate, as appropriate, has been filed with the Trustee, shall endeavor to purchase, from such amounts, Bonds or portions of Bonds then Outstanding, whether or not such Bonds or portions of Bonds shall then be subject to redemption, to the owners of such Bonds if such Bonds or portions of Bonds should be selected for redemption. Such maximum purchase price may exceed the Redemption Price if so directed by the Authority, subject to applicable law. The interest accrued on such Bonds to the date of settlement shall be paid from the Debt Service Account or the Revenue Fund (not credited to any Account in it), but no such purchase shall be contracted for by the Trustee (or Master Paying Agent, if one is appointed and serving) after the Trustee (or Master Paying Agent, if one is appointed and serving) has given notice that such Bonds have been called for redemption except from money other than the money set aside in the Redemption Account or other Account established by Series Indenture for the redemption of such Bonds.

(b) The Trustee (or Master Paying Agent, if one is appointed and serving), upon Authority Request accompanied by evidence that a Compliance Certificate or Cash Flow Certificate, as appropriate, has been filed with the Trustee, shall select Bonds for redemption, on the earliest practicable date on which those Bonds are subject to redemption, from money in the Redemption Account, and, with respect to interest on such Bonds payable upon redemption, the Debt Service Account or the Revenue Fund (not credited to any Account in it).

(c) Upon an Authority Request amounts in the Redemption Account not required for redemption of Bonds for which notice of redemption has been given or for payment of a contract for purchase of Bonds, shall be transferred to any Account of the Program Fund, upon filing with the Trustee either a

Compliance Certificate or Cash Flow Certificate, if appropriate, or to the Revenue Fund and not in an account.

Section 4.08. Reserve Fund. The Authority shall deposit amounts in the Reserve Fund as provided in the Series Indentures and as provided in Sections 4.02(d) or 4.03 of this Indenture. Except as provided in a Series Indenture, the Trustee shall transfer money held in the Reserve Fund to the Debt Service Account, pursuant to Section 4.09, to be applied to pay the principal of and interest on the Bonds other than Subordinate Bonds or payments under Derivatives relating to Bonds, other than Subordinate Bonds, to the extent no other funds (other than the Program Fund) are available for that purpose. The Reserve Fund may be funded in whole or in part through Cash Equivalents. Amounts held in the Reserve Fund as of any date in excess of the Reserve Requirement, taking into account any Cash Equivalents in the Reserve Fund, shall upon an Authority Request, be transferred to the Revenue Fund or a Series Program Account, unless otherwise provided in the Series Indenture. A Series Indenture may provide that the Series Reserve Requirement with respect to the applicable Series of Bonds may be funded in whole or in part through Cash Equivalents.

Section 4.09. Deficiencies in Debt Service Account. Except as provided in a Series Indenture, including a Separately-Secured Indenture, in the event that amounts in the Debt Service Account are insufficient on any interest payment date or principal payment date of redemption pursuant to Sinking Fund Installments (or other mandatory redemption requirements that are payable from the Debt Service Account, as provided in a Series Indenture), or due date of Derivative Payments that are payable from the Revenue Fund (as provided in a Series Indenture or in a Supplemental Indenture pursuant to Section 10.01(i) of this Indenture), to pay the principal of and interest on the Bonds (but only for Bonds other than Subordinate Bonds) due and unpaid on such date, whether at the stated payment or maturity date or by the retirement of such Bonds in satisfaction of the Sinking Fund Installments or such other mandatory redemption requirements, and to pay such Derivative Payments due and unpaid on such date, the Trustee shall withdraw amounts from the following Funds and Accounts in the following order of priority to the extent necessary to eliminate such deficiency:

- (a) Revenue Fund (not credited to any Account);
- (b) Special Receipts Account;
- (c) Redemption Account;
- (d) Reserve Fund;
- (e) Program Fund; and
- (f) Special Program Fund (first from amounts restricted therein to the payment of debt service on Bonds and second from unrestricted amounts therein).

No amounts on deposit in the Revenue Fund being held to pay the Redemption Price of Bonds called for redemption or purchase shall be used for such purpose to the extent that such amounts have been set aside for the payment of Bonds which have been identified for purchase or selected for redemption, and no amounts on deposit in any Series Program Account shall be used for such purpose to the extent that the Authority is contractually obligated to finance identified Loans or Acquired Bonds or other purposes acceptable for financing with amounts on deposit in that Series Program Account.

Section 4.10. Acquired Development Fund. The Acquired Development Fund shall be held by the Authority. It shall be held separate and apart from all other funds and accounts of the Authority and investments of the Acquired Development Fund shall not be commingled with any other investments of the Authority. All Acquired Development Receipts shall be deposited in and held in the Acquired Development Fund and may be used to pay Acquired Development Expenses.

The Authority at any time may, and not less than two days prior to the date any interest or principal payments or Derivative Payments are due on or with respect to any Bonds, other than Subordinate Bonds, shall, transfer all Acquired Development Operating Income to the Revenue Fund.

Section 4.11. Money Sufficient to Purchase or Redeem Bonds. Except as provided in a Series Indenture (including a Separately-Secured Indenture), whenever money and securities held for the credit of the Revenue Fund, the Reserve Fund and the Special Program Fund (excluding amounts in the Special Program Fund not restricted to payment of debt service on Bonds unless the Authority otherwise directs that such amounts be applied for such purpose) are sufficient to pay, purchase or redeem all Bonds in whole on the next succeeding interest payment date, the Trustee shall apply such money, upon receipt of an Authority Request requesting such application, to the payment, purchase or redemption of the Bonds in accordance with Section 11.01 of this Indenture.

Section 4.12. Money Held in Trust. All money which the Trustee or Master Paying Agent has withdrawn or set aside for the purpose of payment of principal, interest or Redemption Price of any of the Bonds secured by this Indenture, either at their maturity or upon call for redemption, shall be held in trust for the respective Owners of such Bonds and such money shall not be subject to lien or attachment by any creditor of the Authority or the Trustee or Master Paying Agent, except as provided in a Series Indenture. Any money that is so set aside by the Trustee or Master Paying Agent and which shall remain unclaimed by the Owners of such Bonds for the period of two (2) years after the date on which such Bonds or the interest on such Bonds shall become due and payable shall upon written request be paid to the Authority or to such officer, board or body as may then be entitled by law to receive it. Thereafter the Owners of such Bonds shall look only to the Authority or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest on such amounts, and the Trustee or Master Paying Agent shall have no responsibility with respect to such money.

Section 4.13. Purchase, Redemption and Cancellation of Bonds. (a) Upon the retirement of any Bonds by purchase or redemption, the Trustee shall file with the Authority a statement briefly describing such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest on them. The expenses in connection with the purchase or redemption of any such Bonds shall be paid pursuant to Section 4.03(f)(iii) or Section 4.03(g) of this Indenture, except as provided in a Series Indenture. Subject to paragraph (b) of this Section, all Bonds paid, redeemed or purchased, either at or before maturity, shall be cancelled upon the payment, redemption or purchase of such Bonds and shall be delivered to the Trustee when such payment, redemption or purchase is made. All Bonds cancelled under any of the provisions of this Indenture shall be destroyed by the Trustee or Master Paying Agent in accordance with its customary procedures. The Trustee (or Master Paying Agent, if one is appointed and serving) shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee or Master Paying Agent.

(b) Notwithstanding paragraph (a) of this Section, subject to applicable law, Bonds purchased with amounts in any Fund or Account under this Indenture or any Series Indenture or with other moneys of the Authority shall not be cancelled by reason of such purchase to the extent that upon such purchase the Authority shall have delivered to the Trustee (i) a Certificate of an Authorized Representative to the effect that such Bonds are being purchased with the intention that they will not be cancelled and (ii) if interest on such Bonds is intended to be excluded from the gross income of the recipient thereof for federal income tax purposes, a Bond Counsel Opinion to the effect that the failure to cancel such Bonds, in and of itself, will not adversely affect such exclusion.

Section 4.14. Rebate Fund. The Rebate Fund shall be used to make arbitrage rebate payments as provided by Authority Request or, to the extent determined by the Authority not to be needed for that purpose, shall be transferred to the Revenue Fund, upon Authority Request, except as provided in a Series Indenture.

Section 4.15. Exchange of Money and Securities. Upon Authority Request, the Trustee shall exchange money and/or Permitted Investments on deposit in any Fund or Account for an equal amount of money and/or Permitted Investments on deposit in any other Fund or Account or in any fund or account held under another bond resolution or indenture of the Authority.

Section 4.16. Special Program Fund. (a) At the direction of an Authorized Representative, the Trustee shall deposit in the Special Program Fund any cash, securities, loans, investments or other property of the Authority

provided by the Authority and not otherwise pledged hereunder. While on deposit in the Special Program Fund, such cash, securities, loans, investments or other property shall be held in trust pursuant to Section 5.01 hereof and pledged hereunder.

(b) Notwithstanding the provisions of Section 5.02 hereof, any moneys held in the Special Program Fund may be invested or reinvested in such securities, loans or other investments as may be directed by an Authorized Representative, which may include Permitted Investment or securities (or participation interests) referred to in the definition of Mortgage-Backed Securities, but is not restricted thereto unless otherwise provided in a Series Indenture or Supplemental Indenture. Any interest or income earned with respect to any said securities, loans or other property shall likewise be retained in the Special Program Fund or upon the filing of an Authority Request released to the Authority, except as otherwise provided herein. Any such investment shall be in accordance with Illinois law, including without limitation the Public Funds Investment Act, 30 ILCS 235.

(c) If on any date payments are required to be made from the Debt Service Account and there are not sufficient funds in the Debt Service Account to make such payments, the Trustee shall, after applying the prior sources as set forth in Section 4.09, withdraw (i) from the Special Program Fund amounts restricted for transfer to the Debt Service Account pursuant to this Section and (ii) to the extent necessary, from the unrestricted amounts in the Special Program Fund, and to the extent of such amounts transfer to the Debt Service Account such available amounts as are necessary to provide sufficient funds for the required transfers from the Debt Service Account.

(d) At any time that no Event of Default exists, at the direction of an Authorized Representative, the Trustee shall withdraw from the Special Program Fund and pay to the Authority, free and clear of the lien of this Indenture, such amounts, securities, loans, investments or other property as shall be specified therein, including any interest or income earned thereon, unless otherwise restricted by a Series Indenture or Supplemental Indenture.

(e) Upon the filing with the Trustee of an Authority Request, the Authority may create a lien on all or any part of the moneys, securities, loans, investments or other property held in the Special Program Fund, and not otherwise restricted by a Series Indenture or Supplemental Indenture or previous Authority Request, to secure any obligation of the Authority under this Indenture, including, without limitation, all Outstanding Bonds, a particular class of Outstanding Bonds or a particular series of Bonds, and, if so specified in such Authority Request, such lien shall be prior to the lien on the otherwise unrestricted moneys, securities, loans, investments or other property in the Special Program Fund granted by this Indenture to the Trustee in favor of the Outstanding Bonds.

Section 4.17. Trustee Payment of Expenses. (a) The Authority grants to the Trustee, and the Trustee retains at all times, an interest in the Trust Estate, sufficient to enable the Trustee to make any payments to be made by it as provided in this Section. This interest is not in limitation of the ability of the Authority to sell or otherwise dispose of Loans and to expend amounts in Funds and Accounts as provided in this Indenture. However, the right of the Trustee to use unexpended amounts in the Revenue Fund to make payments of Expenses, as provided in this Section, shall have priority over any payment of amounts in the Revenue Fund to the Authority.

(b) If the Trustee, in its sole discretion, shall conclude that the Authority for any reason, including without limitation, its inability to act, has failed timely to pay any of the Expenses described in clause (i) of the definition thereof in Section 1.01 of this Indenture relating to the Trustee or the Program and that such failure, if not corrected, has resulted or may result in an Event of Default, the Trustee may at any time itself apply any amounts in the Revenue Fund (which are or would be available for payment of Expenses under Sections 4.03(f)(iii), 4.03(f)(vii) and 4.03(h) of this Indenture) to pay any such Expenses other than general administrative expenses of the Authority, including, without limitation, the following:

(i) the fees or expenses of the Trustee;

(ii) costs of servicing Loans and of realizing on any Loan upon any default;

(iii) costs of maintaining all necessary records with respect to the Trust Estate, preparing any necessary cash flow projections and complying with any covenant in this Indenture or any Series Indenture, including any tax covenant;

- (iv) any payments required to comply with any tax covenants; and
- (v) any other expenses determined by the Trustee, in its sole discretion, to be necessary or appropriate to maintain the value of the Trust Estate.

(c) The Authority shall give the Trustee written notice if for any reason it fails or is unable timely to pay any Expenses. The Trustee shall give the Authority written notice of any payment of Expenses under this Section.

(d) Any powers given the Trustee in this Section are in addition to and not in lieu of or in limitation on any other rights or remedies of the Trustee under this Indenture, except that to the extent Section 7.06 applies, payments received by the Trustee shall be applied as provided in Section 7.06 and not this Section.

ARTICLE V

DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 5.01. Security for Deposits. Any and all money held by the Trustee or the Master Paying Agent under this Indenture, except as otherwise expressly provided in this Indenture, shall be held in trust, shall be applied only in accordance with provisions of this Indenture and shall not be subject to any lien, charge or attachment by any creditor of the Authority.

All money deposited with the Trustee in any Account or Fund created under this Indenture shall, until invested in Permitted Investments in accordance with Section 5.02 of this Indenture, to the extent such deposits are in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency, be continuously secured for the benefit of the Authority and the Owners of the Bonds either (i) by lodging with a bank, trust company or national banking association or trust company selected by the Authority as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank, trust company or national banking association holding such deposit as collateral security, Government Obligations or, with the approval of the Trustee, other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States of America, having a market value at all times (exclusive of accrued interest) not less than the amount of such deposit or (ii) if the furnishing of security as provided in clause (i) of this Section is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. However, it shall not be necessary, except as otherwise provided in this Indenture, for the Trustee to give security for any money which shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

All money deposited with the Trustee pursuant to this Indenture shall be credited to the particular Account or Fund to which such money belongs.

Section 5.02. Investment of Money. Other than money deposited in the Special Program Fund, which shall be invested as provided in Section 4.16 hereof, money deposited with the Trustee under this Indenture shall, as nearly as is practicable, be fully and continuously invested or reinvested by the Trustee upon the direction of an Authorized Representative (promptly confirmed by delivery of an Authority Request) in Permitted Investments which shall be in such amounts and bear interest at such rates that sufficient money will be available to pay the principal and interest due on the Bonds and to make required Derivative Payments and shall mature, or which shall be subject to redemption by the holder at the option of the holder, at such times that sufficient money will be available for the purposes intended. The Trustee may conclusively rely on such an investment direction with respect to the suitability and legality of such investments, in accordance with the terms of this Indenture. In the absence of investment instructions from the Authority, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Permitted Investments. The Trustee upon receipt of an Authority Request shall sell Permitted Investments and reinvest the proceeds in Permitted Investments meeting the requirements of this Indenture or apply the proceeds as provided in this Indenture.

Any Permitted Investments so purchased in any Account or Fund shall be deemed at all times to be part of such Account or Fund. Except as may be provided in a Series Indenture with respect to a Series Program Account, any interest paid on the investment in any Account or Fund (except the Rebate Fund and the Acquired Development Fund) shall be credited to the Revenue Fund and shall be treated as Revenues. Any interest paid on the investment of the Rebate Fund shall be credited to the Rebate Fund and interest paid on the investment of the Acquired Development Fund shall be paid to that Fund. Any profit or loss resulting from an investment shall be credited to or charged against the applicable Account or Fund of which it is an investment. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide money to meet any payment or transfer from any such Account or Fund. The Trustee when authorized by an Authorized Representative may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, may charge its ordinary and customary fees for such trades, including investment maintenance fees, and may trade with itself in the purchase and sale of securities for such investment. Neither the Trustee nor the Authority shall be liable or responsible for any loss resulting from any such investment.

For the purposes of making any investment, the Trustee may consolidate money in any Fund or Account with money in any other Fund or Account and may transfer an interest in an investment from one Fund or Account to another without liquidating the investment.

Except as may be provided in a Series Indenture with respect to the Reserve Fund, in computing the amount on deposit to the credit of any Account or Fund, Permitted Investments in such Account or Fund shall be valued at Amortized Value plus the amount of interest on such obligations purchased with money in such Account or Fund.

Although the Authority recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority agrees that confirmations of investments made by the Trustee pursuant to this Section 5.02 are not required to be issued by the Trustee for each month in which a monthly statement is rendered pursuant to Section 8.06. No such statement need be rendered pursuant to the provisions of this Section if no activity occurred in the fund or account during such preceding month.

ARTICLE VI

PARTICULAR COVENANTS AND PROVISIONS

Section 6.01. Security Interests. (a) As security for the payment of interest on and principal of and the redemption premium, if any, of the Bonds, subject to the Series Indentures and subject to application as provided in this Indenture and as supplemented by Series Indentures, and subject to the rights of the Authority specified in the Indenture, the Authority pledges and assigns and grants a lien on and security interest to the Trustee in all:

- (i) Funds and Accounts held by the Trustee and all deposits and investments of those Funds and Accounts (other than the Rebate Fund);
- (ii) Acquired Bonds (which shall be registered in the name of the Trustee);
- (iii) Revenues; and
- (iv) all right, title and interest of the Authority in and to the Loans and the documents evidencing and securing the Loans and rights of the Authority to the payments of amounts in connection with Loans to the extent the payments would be included in Revenues, including, to the extent they may be so pledged, any right to governmental subsidies payable to the Authority to be used to pay principal of or interest on Loans, and also all security for the pledged rights in Loans including, without limitation, mortgages, assignments of rents and other security interests and agreements and, if applicable, liquidation proceeds and insurance proceeds.

The Trust Estate may be applied as provided in or pursuant to this Indenture, except as provided with respect to any Series Indenture. The Trust Estate also includes all Contributed Assets, except as provided in Section 4.16 of this Indenture. The Trust Estate does not include amounts required under federal income tax law to be paid as rebate to

the United States. The pledge of Funds and Accounts established in a Series Indenture may be limited in purpose and time, as set forth in the Series Indenture.

(b) To the extent provided in a Series Indenture instruments evidencing Loans or security for Loans shall be deposited with the Trustee. The Trustee shall have no duty to examine any of these instruments and documents but only to retain them on deposit or apply them as provided in this Indenture. Loans, and the security for them are subject to release by the Trustee to the Authority upon an Authority Request in connection with a sale, a disposition, an enforcement action, a restructuring of a Loan by the Authority as provided in paragraph (c) of this Section of this Indenture.

(c) Notwithstanding the assignment, pledge and grant in this Section, the Authority shall, except as may be provided in a Series Indenture, have the right to sell, encumber, or dispose of Acquired Bonds or Loans as provided in this Indenture and shall have the right to restructure and enforce Loans in such manner as determined by the Authority in its discretion consistent with the provisions of this Indenture, including the ability to compromise, and release security for, Loans.

(d) Any pledge, assignment, lien and security interest made pursuant to this Indenture and any Series Indenture shall be valid and binding and effective upon its being made or granted, or upon property becoming subject to it, without any physical delivery, filing, recording or further act. The pledge, assignment, lien and security interest shall be valid and binding as against, and shall be superior to any claims of any others having claims of any kind against the Authority or any other person, irrespective of whether such other parties have notice of the pledge, assignment, lien or security interest other than as may otherwise be required by law in the case of any interest in real property.

(e) Except for the issuance of Bonds pursuant to this Indenture, the Authority shall not make or grant any pledge, assignment, lien or security interest in any of the Trust Estate which is senior to or on a parity with the security provided by this Indenture. Except with respect to Subordinate Bonds, and except as expressly provided in or pursuant to this Indenture or any Series Indenture, all security for the Bonds under this Indenture shall be for the equal and proportionate benefit of the obligations of the Authority on all Bonds; provided, however, that a Series of Bonds may be further secured by a credit facility, a bond insurance policy or other further security not applicable to any one or more other Series of Bonds, as shall be provided by the applicable Series Indenture in addition to the security provided in this Indenture.

(f) Except as may be limited by a Series Indenture, upon all Bonds of any Series that financed or continued the financing of any particular Loan or Loans having been paid or treated as paid under this Indenture, the pledge, assignment, lien and security interest of the Trustee with respect to that Loan or Loans and any security for it or them shall be released to the Authority subject to compliance with Section 6.07(a)(v) of this Indenture. Except as may be limited by a Series Indenture, upon all Bonds of any Series that have financed the acquisition of Acquired Bonds, or that refinanced such Bonds, having been paid or treated as paid under this Indenture, the pledge, assignment, lien and security interest of the Trustee with respect to those Acquired Bonds shall be released and those Acquired Bonds shall be registered as the Authority shall direct, but subject to compliance with Section 6.07(a)(v) of this Indenture.

Section 6.02. Payment of Principal, Interest and Premium. The Authority covenants that it will promptly pay, but only from the Trust Estate, the principal of and interest, if any, on each and every Bond issued under the provisions of this Indenture at the places, on the dates and in the manner specified in this Indenture, the Series Indentures and the Bonds. The Authority covenants that it will pay, but only from the Trust Estate, any premium required for the retirement of Bonds by purchase or redemption according to their true intent and meaning. The Bonds are not general obligations of the Authority. The State is not liable on the Bonds and the Bonds are not a debt of the State.

Section 6.03. Covenant to Perform Obligations Under this Indenture. The Authority covenants that it will faithfully perform at all times all covenants, undertakings, stipulations, provisions and agreements contained in this Indenture, each Series Indenture and in each Bond.

Section 6.04. No Extension of Maturities or Claims for Interest. The Authority will not directly or indirectly extend or assent to the extension of the time for the payment of any principal of or interest on any Bond and will not directly or indirectly be a party to any arrangement for that purpose without the consent of any Bondowner materially adversely affected by the arrangement.

Section 6.05. Further Instruments and Actions. The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplemental indentures and such further acts, instruments and transfers as may be necessary or desirable to confirm, make effective or otherwise implement the pledge, assignment, lien and security interest granted by this Indenture or any Series Indenture.

Section 6.06. Maintenance of Security. The Authority covenants that, except as otherwise expressly permitted by this Indenture as supplemented by Series Indentures, it will not sell, convey, mortgage, encumber or otherwise dispose of the money or investments held for the credit of any Fund or Account created under this Indenture, or the Revenues.

Section 6.07. Rating Certificate; Compliance Certificates and Cash Flow Certificates. (a) Prior to taking any of the following actions the Authority shall file with the Trustee a Rating Certificate, except as provided in a Series Indenture:

- (i) issuing any Series of Bonds (except no Rating Certificate is required for the initial Series of Bonds);
- (ii) making any supplement or amendment to a Series Indenture as provided in Section 2.09(c) of this Indenture;
- (iii) entering into any Derivative Agreement relating to any Series of Bonds after the date of issuance of such Bonds;
- (iv) remarketing any Bonds in connection with a change in tender period except as required at the time of their issuance; or
- (v) releasing the pledge, assignment, lien or security interest of this Indenture in Loans or Acquired Bonds as provided in Section 6.01(e) of this Indenture.

(b) Prior to taking any of the following actions, the Authority shall file with the Trustee either a Compliance Certificate or a Cash Flow Certificate, as appropriate, except as provided in a Series Indenture:

- (i) any purchase or redemption of Bonds (other than mandatory redemption pursuant to Sinking Fund Installments or other mandatory redemptions as provided in a Series Indenture, purchases of Bonds as provided in Section 4.05 of this Indenture, and purchases of Bonds as provided in Section 4.05 of this Indenture) and any purchase or redemption of Bonds that is consistent with the assumptions set forth in the most recently filed Cash Flow Certificate),
- (ii) any withdrawal of amounts from the Revenue Fund pursuant to Sections 4.03(f)(iii), 4.03(f)(v), 4.03(f)(vi), 4.03(f)(viii) or 4.07(c) of this Indenture,
- (iii) any amendment, encumbrance, sale or other disposition of any Loan or Acquired Bond not in default or any restructuring or compromising of any Loan,
- (iv) any use of Acquired Bond Redemption Receipts, Prepayments or Recovery Payments for any use other than purchase or redemption of Bonds or payment of scheduled debt service, or
- (v) any material change in any operating policies or assumptions set forth in the most recent Cash Flow Certificate.

(c) A Compliance Certificate with respect to any action is a certificate of an Authorized Representative stating that the action complies with the operating policies of the Authority as set forth in the then current Cash Flow Certificate.

(d) A Cash Flow Certificate is a certificate of an Authorized Representative stating that, as shown in the cash flow projections included in the certificate and based upon the assumptions stated in the certificate, there will at all times be available sufficient amounts in the Funds and Accounts, timely to pay all principal of and interest on the Bonds, and to make Derivative Payments under the assumptions stated in the Certificate for each set of cash flow scenarios as described below. Except as provided in the Series Indenture, a Cash Flow Certificate for Bonds which are not Subordinate Bonds need only show the sufficiency of amounts so as to pay debt service and to make Derivative Payments for Bonds which are not Subordinate Bonds. The Cash Flow Certificate shall include projections of the amounts available for payment of debt service on Bonds and of Derivative Payments under the assumptions stated in the Certificate each then current cash flow scenario and the assumptions used in computing the projections.

The Cash Flow Certificate shall set forth various cash flow scenarios, that is, sets of stated assumptions including, without limitation, the following:

- (i) the timing and amounts of prepayments;
- (ii) the timing and amounts of the receipt of payments of scheduled principal of and interest on Loans and Acquired Bonds;
- (iii) the investment return on Funds and Accounts;
- (iv) availability of amounts in the Reserve Fund;
- (v) Expenses to be paid; and
- (vi) the form of any Supplemental Coverage.

The Cash Flow Certificate shall also include a set of operating policies setting forth rules or limitations to be followed with respect to discretionary activities of the Authority under this Indenture and Series Indentures. Cash flow projections shall take into account the financial position of the Loans and Acquired Bonds as of the stated date of the projection, shall be consistent with this Indenture and the Series Indentures and shall assume compliance with the operating policies set forth in the Cash Flow Certificate and the various Series Program Determinations.

(e) A copy of each Cash Flow Certificate and Compliance Certificate filed with the Trustee shall also be provided to each Rating Agency prior to the Authority taking any of the actions set forth in paragraph (b) of this [Section 6.07](#) and, for actions described in paragraph (b)(ii) and (b)(iii) of this [Section 6.07](#) at least 10 days prior to taking such action.

Section 6.08. Tax Covenants. The Authority shall at all times comply with the applicable tax covenants contained in any applicable Series Indenture and in any tax certificate of the Authority related to a Series of Bonds.

Section 6.09. Enforcement of Rights Under Loans. Notwithstanding any pledge, assignment or grant of a lien on or security interest in any Loan or Acquired Bonds, the Authority covenants to enforce all rights and obligations under and pursuant to the Loans and the Acquired Bonds as necessary to obtain payment of amounts to be paid to the Trustee as due and to comply with the Act and all covenants with regard to federal income taxation of interest on Bonds, and agrees that the Trustee, in the name of the Authority, whether or not an Event of Default exists, may enforce all rights of the Authority under and pursuant to the Loans and the Acquired Bonds for and on behalf of the Bondowners pursuant to [Section 7.04](#) of this Indenture. The Trustee shall be under no obligation to service Loans itself, but shall use its best efforts at the expense of the Authority to obtain servicing for the Loans to the extent that the Authority informs the Trustee in writing, or the Trustee concludes upon an Event of Default, that the Authority is unable to perform or obtain such servicing.

Section 6.10. Maintenance of Corporate Existence of Authority. The Authority shall at all times use its best efforts to maintain its corporate existence and to maintain, preserve and renew all its rights, powers, privileges and franchises, and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, administrative or judicial body applicable to this Indenture and any Series Indenture.

Section 6.11. Books and Records. (a) The Trustee shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and applications of all money received by the Trustee under this Indenture, and such books shall be available for inspection by the Authority and any Bondowner during business hours, upon reasonable notice and under reasonable conditions.

(b) On or before the tenth business day of each month the Trustee shall furnish to the Authority in accordance with Section 8.06 of this Indenture a written statement of the Funds and Accounts held pursuant to this Indenture and any Series Indenture.

(c) The Authority shall keep proper books of records and account for all its transactions, other than those recorded in the books maintained by the Trustee pursuant to subsection (a) of this Section 6.11, and such books shall be available for inspection by the Trustee and any Bondowner during business hours and upon reasonable notice.

Section 6.12. Annual Audit. The Authority shall annually, within 120 days of the end of each Fiscal Year, file with the Trustee and each Rating Agency a copy of its audited financial statements for its previous Fiscal Year, accompanied by the related report of an Accountant. The Trustee shall have no duty to review, analyze or verify such financial statements and shall hold such financial statements solely as a repository for the benefit of the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

Section 6.13. Notice of an Event of Default. The Authority shall promptly notify the Trustee in writing of the occurrence of an Event of Default.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Extend Principal or Interest Payment. Neither the Trustee nor the Authority shall consent or agree directly or indirectly to extend the time for payment of any principal or interest on any Bond, except as permitted hereunder. In case the time for the payment of the principal of or interest on any Bond shall be extended, whether or not such extension be by or with the consent of the Authority, such principal or interest so extended shall not be entitled in case of default under this Indenture to the benefit or security of this Indenture unless the principal of and interest on all Outstanding Bonds (the time for the payment of interest which has not been extended) is paid in full.

Section 7.02. Events of Default. An “Event of Default” occurs if:

(a) payment of interest on or the principal or Redemption Price of any of the Bonds is not made when due and payable; or

(b) default in the due and punctual performance of any other covenants or agreements contained in the Bonds or in this Indenture or any Series Indenture and such default continues for ninety (90) days after written notice requiring the default to be remedied, has been given to the Authority by the Trustee. The Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five percent (25 %) in aggregate principal amount of Bonds then Outstanding. However, if such default can be remedied, so long as following such notice the Authority is diligently taking actions to remedy such default, such default shall not be an Event of Default.

An Event of Default with respect to Subordinate Bonds is not an Event of Default on Bonds which are not Subordinate Bonds. For purposes of determining the percentages of Owners of Bonds as provided in this Indenture, only Bonds other than Subordinate Bonds shall be taken into account unless the Event of Default relates only to Subordinate Bonds in which case the percentage relates only to Subordinate Bonds. In the case of an Event of Default relating only to Subordinate Bonds any acceleration or other remedy shall relate only to Subordinate Bonds.

It shall not be an Event of Default for the Authority to fail to foreclose upon or otherwise to enforce its rights to payment under Loans to the extent the Authority applies other monies (other than withdrawals from the Reserve Fund) sufficient to make all required payments due from the Debt Service Account.

Section 7.03. Acceleration of Maturity. Upon the happening and continuance of any Event of Default under paragraph (a) of Section 7.02 (except as may be limited in a Series Indenture, as set forth in the last paragraph of Section 7.04 of this Indenture), then and in every such case the Trustee may and, subject to Section 8.02 of this Indenture, upon the written direction of the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds and receipt of indemnification satisfactory to the Trustee shall, by notice in writing to, the Authority, declare the principal of all the Outstanding Bonds (if not then due and payable) to be due and payable immediately. Upon such declaration, the principal of all Outstanding Bonds shall become immediately due and payable, anything contained in the Bonds or in this Indenture to the contrary notwithstanding. However, if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Indenture, money shall have accumulated in the Debt Service Account sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Outstanding Bonds (except the principal and interest of any Bonds which have become due and payable by reason of such declaration and except the principal of any Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and the Authority and all other amounts then payable by the Authority under this Indenture have been paid or a sum sufficient to make that payment has been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement or provision contained in the Bonds or in this Indenture (except a default in the payment of the principal of such Bonds then due and payable only because of a declaration under this Section) has been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds not then due and payable by their terms shall, by written notice to the Authority, rescind and annul such declaration and its consequences. No such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent to it. If an Event of Default applies to Bonds other than Subordinate Bonds then any reference in this Section to Bonds is to Bonds that are not Subordinate Bonds. If an Event of Default applies to Subordinate Bonds, then reference to this Section to Bonds is to Subordinate Bonds.

Section 7.04. Enforcement of Remedies. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written direction of the Owners of not less than twenty-five percent (25 %) in aggregate principal amount of the Outstanding Bonds shall proceed, subject to the provisions of Section 8.02 of this Indenture, to protect and enforce its rights and the rights of the Bondowners under applicable laws or under this Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in this Indenture or in aid or execution of any power granted in this Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Indenture the Trustee shall be entitled (i) to sue for, enforce payment of and recover judgment for, in its own name as Trustee of an express trust, any and all amounts then or after any default becoming, and at any time remaining, due from the Authority for unpaid principal, premium, if any, interest or otherwise under any of the provisions of this Indenture or the Bonds, with, to the extent permitted by the applicable law, interest on overdue payments of principal of and interest at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and (ii) to recover and enforce any judgment or decree against the Authority, but solely as provided in this Indenture, the Series Indenture

and the Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect, in any manner provided by law, the money adjudged or decreed to be payable.

If a covenant is set forth in a Series Indenture, limitations on the remedies available upon an Event of Default related to such covenant may be set forth in such Series Indenture.

Section 7.05. Trustee May File Claim In Bankruptcy. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Authority, its property or creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable or by declaration or otherwise and irrespective of whether the Trustee has made any demand on the Authority for the payments equal to overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal, and premium, if any, and interest in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding; and

(b) to collect and receive any money or other property payable or deliverable on any such claims and to distribute them;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is authorized by each Bondowner to make such payments to the Trustee, and if the Trustee consents to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Sections 8.02 and 8.05 of this Indenture.

Section 7.06. Pro Rata Application of Funds. Notwithstanding anything in this Indenture to the contrary, but subject to the terms of a Series Indenture (including a Separately-Secured Indenture), if at any time the money in the Funds and Accounts (other than the Rebate Fund) maintained under this Indenture is not sufficient to pay the principal of or interest on the Bonds as they become due and payable (either by the terms of the Bonds or by acceleration of maturities under the provisions of Section 7.03 of this Indenture) and Derivative Payments payable from the Revenue Fund (as provided in a Series Indenture or in a Supplemental Indenture) such money, together with any money then or later available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, following the satisfaction of any payments due to the Trustee under the provisions of Sections 8.02 and 8.05 of this Indenture and payment of such Expenses as the Trustee concludes shall enhance the value of the Trust Estate, as follows:

(a) If the principal of all the Bonds (other than Subordinate Bonds) has not become or has not been declared due and payable, all such money shall be applied:

first: to the payment of all installments (except interest on overdue principal) of interest on Bonds, other than Subordinate Bonds and Derivative Payments that are payable from the Revenue Fund on a parity with interest on Bonds then accrued and unpaid in the chronological order in which such installments of interest and such Derivative Payments accrued and, if the amount available is not sufficient to pay in full any particular installment and all such Derivative Payments accruing on the same date as such installment, then to the payment, ratably, according to the amounts due on such installment and the amounts of such Derivative Payments, on Bonds other than Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and the Derivative Agreements under which such Derivative Payments are due, other than Subordinate Bonds;

second: to the payment of all Derivative Payments that are subordinate to payment of interest on Bonds and are then accrued and unpaid in the chronological order in which such Derivative Payments accrued and, if the amount available is not sufficient to pay in full all such

Derivative Payments accruing on any date, then to the payment, ratably, according to the amounts of such Derivative Payments accruing on the such date, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Derivative Agreements under which such Derivative Payments are due;

third: to the payment of the unpaid principal of any of the Bonds, other than Subordinate Bonds, which have become due and payable (except Bonds other than Subordinate Bonds selected for redemption for the payment of which, money is held pursuant to the provisions of this Indenture) in the order of their stated payment dates (including dates of redemption pursuant to Sinking Fund Requirements or pursuant to other mandatory redemption requirements that are payable from the Debt Service Account as provided in a Series Indenture), with interest on the principal amount of such Bonds, other than Subordinate Bonds, at the respective rates specified in such Bonds from the respective dates upon which such Bonds, other than Subordinate Bonds, became due and payable, and, if the amount available is not sufficient to pay in full the principal of the Bonds, other than Subordinate Bonds, by their stated terms due and payable (including by redemption pursuant to Sinking Fund Requirements or such other mandatory redemption requirements) on any particular date together with such interest, then (1) to the payment first of such interest, ratably, according to the amount of such interest due on such date, and (2) to the payment of such principal, ratably, according to the amount of such principal due on such date, of Bonds, other than Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, other than Subordinate Bonds;

fourth: to the payment of the interest on and the principal of the Bonds, other than Subordinate Bonds, to the purchase and retirement of Bonds, other than Subordinate Bonds, and to the redemption of the Bonds, other than Subordinate Bonds, all in accordance with the provisions of Article III of this Indenture;

fifth: to the payment of interest (except interest on overdue principal) on Subordinate Bonds and payments with respect to Derivative Payments that are payable on a parity with interest on Subordinate Bonds then accrued and unpaid in the chronological order in which such installments of interest accrued and, if the amount available is not sufficient to pay in full any particular installment or such Derivative Payment, then to the payment, ratably, according to the amounts due on such installment or such Derivative Payment, of Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds;

sixth: to the payment of the unpaid principal of any of the Subordinate Bonds which has become due and payable (except Subordinate Bonds called for redemption for the payment of which, money is held pursuant to the provisions of this Indenture) in the order of their stated payment dates, with interest on the principal amount of such Subordinate Bonds at the respective rates specified in such Subordinate Bonds from the respective dates upon which such Subordinate Bonds became due and payable, and, if the amount available is not sufficient to pay in full the principal of the Subordinate Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date on such Subordinate Bonds, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, of Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds;

seventh: to the payment of the interest on and the principal of the Subordinate Bonds, to the purchase and retirement of Subordinate Bonds and to the redemption of Subordinate Bonds.

(b) If the principal of all the Bonds has become or has been declared due and payable, all such money shall be applied first, to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the Bonds which are not Subordinate Bonds, and Derivative Payments that are payable from the Revenue Fund on a parity with interest on Bonds (as provided in a Series Indenture

or in a Supplemental Indenture) without preference or priority of principal over interest or of interest over principal, or of principal and interest over such Derivative Payments or of such Derivative Payments over principal and interest, or of any daily accrual of interest or Derivative Payments over any other daily accrual of interest or Derivative Payments, or of any Bond or Derivative Payment over any other Bond or Derivative Payment, or of any daily accrual of interest over any other daily accrual of interest, or of any Bond which is not a Subordinate Bond over any other Bond which is not a Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to the respective rates of interest specified in the Bonds which are not Subordinated Bonds, and the Derivative Agreements under which such Derivative Payments are due and second, to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the Subordinate Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any Subordinate Bond over any other Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to the respective rates of interest specified in the Subordinate Bonds and to the payment of all Derivative Payments that are subordinate to payment of interest on Bonds (as provided in a Series Indenture or in a Supplemental Indenture) and are then accrued and unpaid, without preference or priority of any daily accrual Derivative Payments over any other daily accrual of Derivative Payments, or of Derivative Payment over any other Derivative Payment, ratably, according to the amounts due, without any discrimination or preference except as to the respective rates of interest specified in the Derivative Agreements under which such Derivative Payments are due.

(c) If the principal of all the Bonds has been declared due and payable and if such declaration has been rescinded and annulled under the provisions of Section 7.03 of this Indenture, then, subject to the provisions of subsection (b) of this Section 7.06 if the principal of all the Bonds later becomes or is declared to be due and payable, the money remaining in and later accruing to the Debt Service Account, any Subordinate Bond Debt Service Account of the Revenue Fund and the Reserve Fund, together with any other money held by the Trustee under this Indenture, shall be applied in accordance with the provisions of subsection (a) of this Section 7.06, except as provided in a Series Indenture.

The provisions of subsections (a), (b) and (c) of this Section 7.06 are in all respects subject to the provisions of Section 7.01 of this Indenture and each Series Indenture.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section 7.06, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such money with any paying agent, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee. The Trustee shall incur no liability to the Authority, to any Bondowner or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the money in accordance with the provisions of this Indenture. Whenever the Trustee exercises discretion in applying money, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 7.07. Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee or Bondowners on account of any Event of Default has been discontinued or abandoned for any reason, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights under this Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

Section 7.07. Owners of Majority in Principal Amount of Bonds May Control Proceedings. Notwithstanding anything in this Indenture to the contrary, but subject to the Series Indentures, the Owners of a majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) shall have the right,

subject to the provisions of Sections 7.11 and 8.02 of this Indenture, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee or exercising any trust or power conferred upon the Trustee, provided that such direction shall not be otherwise than in accordance with law, the provisions of this Indenture and the Act and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondowners not joining in such direction. Nothing in this Section 7.08 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by Bondowners

Section 7.08. Restrictions Upon Actions by Individual Bondowners. (a) No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or to enforce this Indenture or any Series Indenture unless such Owner previously has given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than fifteen percent (15%) in aggregate principal amount of the Bonds then Outstanding (other than Subordinate Bonds) have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred as a result, and the Trustee has refused or neglected to comply with such request within a reasonable time, except as provided in a Series Indenture. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy under it. However, notwithstanding the foregoing provision of this Section 7.09, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding (other than Subordinate Bonds) may institute any such suit, action or proceeding in their own names for the benefit of all Owners of Bonds, except as provided in a Series Indenture. Except as otherwise above provided, no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right under it except in the manner provided in this Indenture or a Series Indenture. All suits, actions and proceedings at law or in equity shall be instituted and maintained in the manner provided and for the benefit of all Owners of such Outstanding Bonds. Any individual right of action or other right given to one or more of such Owners by law is restricted by this Indenture to the rights and remedies provided.

(b) Notwithstanding subsection (a) of this Section, nothing in this Article VII shall affect or impair the right of any Bondowner to enforce the payment of the principal of and interest on that Owner's Bond, or obligation of the Authority to pay the principal of and interest on each Bond to its Owner at the time and place expressed in such Bond.

Section 7.09. Actions by Trustee. All rights of action under this Indenture or under any of the Bonds enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production of the Bonds in the trial or other proceeding relative to them, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the Owners of such Bonds, subject to the provisions of this Indenture and any Series Indenture.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under this Indenture, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings with such powers as the court making such appointment shall confer, whether or not any such amounts payable shall be deemed sufficient ultimately to satisfy the Bonds Outstanding.

Section 7.10. Limitation on Trustee's Acquisition of Real Estate. The Trustee shall not acquire possession of or take any other action with respect to any real estate securing any Loan or Acquired Bond, if as a result of any such action, the Trustee would be considered to hold title to, to be a "mortgagee-in-possession of," or to be an "Owner" or "operator" of any such real estate within the meaning of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, as amended from time to time, unless the Trustee has previously determined, based on a report prepared by a person who regularly conducts environmental audits, that:

(a) such real estate is in compliance with applicable environmental laws or, if not, that it would be in the best interest of the Owners of the Bonds to take such actions as are necessary for such real estate to comply with such laws; and

(b) there are not circumstances present at such real estate relating to the use, management or disposal of any hazardous wastes for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, state or local law or regulation, or that if any such materials are present for which such action could be required, that it would be in the best economic interest of the Owners of the Bonds to take such actions with respect to such real estate.

The environmental audit report contemplated by this Section shall not be prepared by an employee or affiliate of the Trustee, but shall be prepared by a person who regularly conducts environmental audits for purchasers of commercial property, as determined (and, if applicable, selected) by the Trustee, and the cost of the audit shall be borne by the Authority or paid from the Trust Estate (as Expenses).

Section 7.11. No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies provided. Each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or by law.

Section 7.12. No Delay or Omission Construed to be a Waiver. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in such default. Every power and remedy given by this Indenture to the Trustee and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 7.13. Waiver of Defaults. The Trustee, upon written direction of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds, other than Subordinate Bonds, except as provided in a Series Indenture, shall waive any Event of Default, which in the opinion of those Owners has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by them under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture, but no such waiver shall extend to or affect any other existing or any subsequent Event or Events of Default or impair any rights or remedies consequent to it.

Section 7.14. Notice of an Event of Default. The Trustee shall send to the Authority and to all Bondowners by first class mail, postage prepaid, written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee has received written notice of such Event of Default from the Authority, subject to the provisions of Section 7.08 of this Indenture and the provisions of any Series Indenture, that any such Event of Default has occurred. The Trustee shall not, however, be subject to any liability to any Bondowner by reason of a failure to mail any such notice.

Section 7.15 Limitations on Remedies for Series of Bonds. A Series Indenture authorizing a Series of Bonds which shall have bond insurance may provide limitations on remedies available with respect to those Bonds including, without limitation, acceleration of their maturity, without the consent of the bond insurer and may give the bond insurer rights of Owners of those Bonds with respect to remedies.

Section 7.16. Right to Appoint Statutory Trustee Abrogated. In accordance with the provisions of Section 17 of the Act, Sections 25 and 26 of the Act shall not apply to the Bonds.

ARTICLE VIII

CONCERNING THE TRUSTEE AND THE MASTER PAYING AGENT

Section 8.01. Acceptance of Trusts and Duties. The Trustee accepts the duties and obligations and agrees to execute the trusts imposed upon it by this Indenture but only upon the terms and conditions set forth in this Article and subject to the provisions of this Indenture. Prior to the occurrence of an Event of Default and after the curing of

all Events of Default, the Trustee undertakes to perform only those duties as are specifically set forth in this Indenture and to perform such trusts as an ordinarily prudent trustee under a bond resolution or indenture. No implied covenants or obligations should be read into this Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall, subject to Section 8.02 of this Indenture, exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care a prudent person would exercise in the circumstances in the conduct of such person's own affairs. The Master Paying Agent shall signify its acceptance of the duties and responsibilities as Master Paying Agent by a written instrument of acceptance, filed with the Trustee and the Authority.

Section 8.02. Trustee Entitled to Indemnity. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be named as a defendant, or to take any steps in the execution of the trusts created or in the enforcement of any rights and powers, until it is indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity. In such case the Authority shall reimburse, from the Trust Estate (as Expenses), the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection with such action.

Section 8.03. Limitation of Obligations and Responsibilities of Trustee or Master Paying Agent. The Trustee shall be under no obligation (i) to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, (ii) to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur or (iii) to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall be under no obligation to record or file this Indenture, or any other security instruments and financing statements, or continuation statements with respect to it, except pursuant to directions from the Authority, in form and substance satisfactory to the Trustee, set forth in an Authority Request. The Trustee and the Master Paying Agent shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment by the Authority of this Indenture, or in respect of the validity of the Bonds or their due execution or issuance. The Trustee shall be under no obligation to see that any duties imposed upon the Authority or any party other than itself, or any covenants on the part of any party other than itself to be performed, are done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed. The Trustee and the Master Paying Agent may execute any of the trusts or powers of this Indenture and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be answerable for the conduct of the same if appointed in accordance with the standard specified above and the Trustee and the Master Paying Agent shall be entitled to advice of counsel concerning all matters of trusts and duties under this Indenture, and may pay reasonable compensation to any lawyer or agent retained by it under this Indenture. The Trustee and the Master Paying Agent may act upon the opinion or advice of an attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by the Authority, approved by the Trustee in the exercise of such care. The Trustee and the Master Paying Agent shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The Trustee shall not be answerable for other than its gross negligence or willful default. The Trustee may (but shall be under no duty to) require of the Authority full information and advice as to the performance of the covenants, conditions and agreements in this Indenture.

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of the Authority pertaining to the Bonds, and to take such memoranda from and in regard to those books, papers and records, as may be desired.

All money received by the Trustee or the Master Paying Agent shall, until used or applied or invested as provided in this Indenture or a Series Indenture, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law, by this Indenture or a Series Indenture. The Trustee

shall not be under any liability for interest on any money received under this Indenture except such as may be agreed upon with the Authority.

Section 8.04. Trustee Not Liable for Failure of Authority to Act. The Trustee and the Master Paying Agent shall not be liable or responsible because of the failure of the Authority or of any of its employees or agents to make any collections or deposits or to perform any act required of the Authority. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other money deposited with it and paid out, withdrawn or transferred if such application, payment, withdrawal or transfer is made in accordance with the provisions of this Indenture and Series Indentures. The immunities and exemptions from liability of the Trustee and the Master Paying Agent shall extend to its directors, officers, employees, attorneys and agents.

Section 8.05. Compensation and Indemnification of Trustee. Subject to the provisions of any contract between the Authority and the Trustee relating to the compensation of the Trustee, the Authority shall pay, from the Trust Estate, to the Trustee reasonable compensation for all services performed by it and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts created and the performance of its powers and duties, and from such source only, shall indemnify and save the Trustee harmless against any liabilities, losses, damages, costs and expenses (including attorney's fees and expenses of the Trustee), causes of action, suits, claims, demands and judgments of any kind and nature ("Losses") which it may incur in the exercise and performance of its powers and duties, except Losses resulting from the negligence or willful misconduct of the Trustee. Payment of compensation for the Master Paying Agent shall be by separate agreement. The indemnifications set forth herein shall survive the termination of this Indenture and/or the resignation or removal of the Trustee.

Section 8.06. Monthly Statements from Trustee. The Trustee shall, on or before the 10th day of each month, file with the Authority a statement setting forth in respect of the preceding calendar month:

- (a) the amount withdrawn or transferred by it and the amount deposited within or to the account of each Fund and Account held by it under the provisions of this Indenture and the Series Indentures;
- (b) the amount on deposit with it at the end of such month to the credit of each Fund and Account;
- (c) a brief description of all Permitted Investments held by it in each such Fund and Account;
- (d) the amount applied to the purchase or redemption of Bonds and a description of the Bonds or portions of Bonds so purchased or redeemed; and
- (e) any other information which the Authority may reasonably request.

All records and files pertaining to the trusts in the custody of the Trustee shall be open at all reasonable times to the inspection of the Authority and its agents and representatives.

Section 8.07. Trustee May Rely on Certificates. If at any time it is necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, the Trustee may rely conclusively upon any certificate, requisitions, opinion or other instrument required or permitted to be filed with it under the provisions of this Indenture. Any such instrument shall be conclusive evidence of such fact to protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Indenture, any request, notice, certificate or other instrument from the Authority to the Trustee shall be deemed to have been signed by the proper party or parties if signed by an Authorized Representative, and the Trustee may accept and rely upon a certificate signed by an Authorized Representative as to any action taken by the Authority.

Section 8.08. Notice of Default. Except upon the happening of any Event of Default specified in clause (a) of Section 7.02 of this Indenture, the Trustee shall not be obliged to take notice or be deemed to have notice of any

Event of Default unless a Responsible Officer of the Trustee is specifically notified in writing of such Event of Default by the Authority or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds other than Subordinate Bonds as provided in a Series Indenture. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default.

Section 8.09. Trustee and Master Paying Agent May Deal in Bonds. The bank, trust company or national banking association acting as Trustee or Master Paying Agent under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by this Indenture, may join in any action which any Bondowner may be entitled to take with like effect as if such bank, trust company or national banking association were not the Trustee or Master Paying Agent under this Indenture, may engage or be interested in any financial or other transaction with the Authority and may maintain any and all other general banking and business relations with the Authority as if the Trustee were not a party to this Indenture. No implied covenant shall be read into this Indenture against the Trustee in respect of such matters.

Section 8.10. Trustee and the Master Paying Agent Not Responsible for Recitals. The recitals, statements and representations contained in this Indenture and in the Bonds (excluding the Trustee or Master Paying Agent's certificate of authentication on the Bonds) shall be taken and construed as made by and on the part of the Authority and not by the Master Paying Agent or the Trustee and the Master Paying Agent and the Trustee assumes and shall be under no responsibility for their correctness.

Section 8.11. Trustee and the Master Paying Agent Protected in Relying on Certain Documents.
(a) The Trustee and the Master Paying Agent shall be protected and shall incur no liabilities in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture or any Series Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person to have been prepared and furnished pursuant to any of the provisions of this Indenture or any Series Indenture, or upon the written opinion of any attorney, engineer or accountant believed by the Trustee or Master Paying Agent, as applicable, or to be qualified in relation to the subject matter, and the Trustee or Master Paying Agent shall be under no duty to make any investigation or inquiry as to any statement contained or matters referred to in such an instrument. The Trustee or Master Paying Agent shall not be under any obligation to see to the recording or filing of this Indenture or any Series Indenture.

(b) Notwithstanding anything to the contrary in this Indenture, but subject to the terms of any Series Indenture, the Trustee shall accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and any Series Indenture and complying with the requirements of this Indenture and such Series Indenture but delivered using Electronic Means, rather than in writing and signed by an Authorized Representative; provided, however, that the Trustee may at any time cease (or suspend) accepting Instructions delivered pursuant to Electronic Means with immediate effect by notice to the Authority; and provided further, however, that the Authority shall provide to the Trustee an incumbency certificate listing Authorized Representative with the authority to provide such Instructions and containing specimen signatures of such Authorized Representatives, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. Because the Trustee cannot determine the identity of the actual sender of Instructions delivered using Electronic Means, the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Representative. The Authority shall ensure that only Authorized Representatives transmit such Instructions, and the Authority shall safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. As between the Authority and the Trustee, the Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 8.12. Resignation and Removal of Trustee Subject to Appointment of Successor. No resignation or removal of the Trustee or the Master Paying Agent and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.15.

Section 8.13. Resignation of Trustee. Subject to Section 8.12 of this Indenture, the Trustee may resign and thereby become discharged from the trusts, by notice in writing to be given to the Authority and mailed, first class, postage prepaid, to all registered Owners of Bonds at their addresses as they appear on the registration books kept by the Trustee, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee, if such new Trustee is appointed before the time limited by such notice and then accepts the trusts. No resignation of the Trustee shall be effective if an Event of Default, or any event which upon the passage of time would be an Event of Default has occurred and is continuing except upon the consent of Owners of a majority in principal amount of the Outstanding Bonds.

Section 8.14. Removal of Trustee. Subject to Section 8.12 of this Indenture, the Trustee may be removed at any time, upon not less than 30 days' written notice, by an instrument or concurrent instruments in writing executed by the Owners of not less than a majority in principal amount of the Outstanding Bonds (other than Subordinate Bonds) and filed with the Authority. A facsimile copy of each such instrument shall be delivered promptly by the Authority to the Trustee. Subject to Section 8.12 of this Indenture, the Trustee may also be removed at any time for reasonable cause by any court of competent jurisdiction upon the application of Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds (other than Subordinate Bonds). Subject to Section 8.12 of this Indenture, the Trustee may be removed at any time by the Authority if an Event of Default has not occurred and is continuing.

Section 8.15. Appointment of Successor Trustee. If at any time the Trustee resigns, be removed, be dissolved or otherwise become incapable of acting, or the bank, national banking association or trust company acting as Trustee is taken over by any governmental official, agency, department or board, the Authority shall appoint a successor and shall cause notice of such appointment to be mailed, first class, postage prepaid, to all registered Owners of Bonds at their addresses as they appear on the registration books kept by the Trustee.

If no appointment of a successor Trustee is made pursuant to this Section within ten (10) days after the vacancy has occurred, the Owner of any Outstanding Bond (other than Subordinate Bonds) or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may, after such notice, if any, as such court may deem proper and prescribed, appoint a successor Trustee.

Any Trustee appointed under this Indenture shall be a bank, national banking association or trust company having a principal corporate trust office in the State, duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having at the time of its appointment a combined capital and surplus aggregate not less than Fifty Million Dollars (\$50,000,000), as shown on its most recently published report of its financial condition.

Section 8.16. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed shall execute, acknowledge and deliver to its predecessor and also to the Authority, an instrument in writing accepting such appointment. Each successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor. Such predecessor shall, nevertheless, on the written request of its successor or of the Authority, and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to Section 8.05, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor. Every predecessor Trustee shall deliver all property and money held by it under this Indenture to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

Any bank, national banking association or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee with or into which the bank or trust company acting as Trustee may be merged, converted or consolidated, or to which the corporate trust assets and business of such bank, national banking association or trust company may be sold, shall be deemed the successor of the Trustee without any further action.

Section 8.17. Master Paying Agent. During such time as there shall be a Master Paying Agent:

(i) the Master Paying Agent shall perform all duties of the Trustee under the Indenture with respect to the authentication, registration, transfer, exchange, and delivery of Bonds, the disposition of Bonds upon payment and the payment to Bondowners of principal, and redemption price of and interest on Bonds; and

(ii) all references in this Indenture and in each Supplemental Indenture to the Trustee with regard to any such duties shall refer instead to the Master Paying Agent and in that regard reference to an office of the Trustee shall refer instead to the comparable office of the Master Paying Agent.

Section 8.18. Successor Master Paying Agent. The Master Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 120 days' written notice to the Authority and the Trustee. The Master Paying Agent may be removed at any time by an instrument filed with it and the Trustee and signed by an Authorized Officer of the Authority. Any successor Master Paying Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least Five Million Dollars (\$5,000,000) and willing and able to accept the office of Master Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 8.19. Cooperation Among Master Paying Agent and Trustee. The Trustee and Master Paying Agent shall cooperate to carry out their respective duties under this Indenture and shall provide the other with copies of all notices, reports and information necessary to the other.

ARTICLE IX

EXECUTION OF INSTRUMENTS BY BONDOWNERS, PROOF OF OWNERSHIP OF BONDS AND DETERMINATION OF CONCURRENCE OF BONDOWNERS

Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who has legal power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signor.

(b) The ownership of Bonds is proved by the registration books kept under the provisions of Section 2.07 of this Indenture.

Nothing contained in this Article IX shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

Notwithstanding any of these provisions of this Article IX, the Trustee shall not be required to recognize any person as an Owner of any Bond or to take any action at his request unless such Bond is deposited with it.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Bondowners' Consent Not Required. The Authority and the Trustee may, from time to time and at any time, enter into Supplemental Indentures:

- (a) To authorize the issuance of a Series of Bonds;
- (b) to cure any ambiguity or defect or omission in this Indenture; or
- (c) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Trustee; or
- (d) to include as Revenues or in the Trust Estate any additional amounts, receipts or property;
or
- (e) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not materially adversely affect the interest of the Bondowners; or
- (f) to add to the covenants and agreements of the Authority in this Indenture additional covenants and agreements to be observed by the Authority or to surrender any right or power reserved to or conferred upon the Authority; or
- (g) to modify any of the provisions of the Indenture in any respect whatever not otherwise set forth in this Section 10.01, provided (i) such modification shall apply only to Series of Bonds issued after the effective date of the Supplemental Indenture and shall not materially adversely affect the interests of the owners of Bonds of any Series Outstanding on the effective date of the Supplemental Indenture or (ii) (A) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution of such Supplemental Indenture shall cease to be Outstanding and (B) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution of such Supplemental Indenture and of Bonds issued in exchange for, or in place of, such Bonds; or
- (h) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit, if presented, the qualification of this Indenture and any Supplemental Indenture under the Trust Indenture Act of 1939 or any similar federal statute then in effect or under any state Blue Sky Law;
or
- (i) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture or a Series Indenture; or
- (j) to make any other change if either (i) such change, in the judgment of the Trustee, does not materially adversely affect the interests of the Bondowners or (ii) such change relates to the security for the Bonds and there is filed with the Trustee a Rating Certificate with respect to such change; or
- (k) to add to the definition of Permitted Investments pursuant to the last proviso of that definition in this Indenture; or

(l) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit a trustee (other than the Trustee) with respect to any Subordinate Bonds issued under this Indenture; or

(m) to amend in any manner consistent with Section 6.08 hereof any provisions in a Series Indenture for (i) a Reserve Requirement, (ii) the Series Program Determinations, (iii) the payment of Derivative Payments on a Derivative Agreement relating to that Series of Bonds from the Revenue Fund (and the priority of their payment as set forth in Section 2.12 of this Indenture), or (iv) the extent to which Derivative Payments with respect to that Series of Bonds are to be treated as Revenues; provided that there is filed with the Trustee (a) in each case, a Cash Flow Certificate or a Compliance Certificate, as appropriate, accompanied by a Rating Certificate, with respect to such amendment and (b) in the case of an amendment pursuant to clause (iii) or (iv), if interest on the Bonds of such Series is intended to be excluded from the gross income of the recipient thereof for federal income tax purposes, a Bond Counsel Opinion to the effect that such amendment, in and of itself, will not adversely affect such exclusion; or

(n) to make any other change if either (i) such change, in the judgment of the Trustee, does not materially adversely affect the interests of the Bondowners or (ii) such change relates to the security for the Bonds and there is filed with the Trustee a Rating Certificate with respect to such change; or

(o) to provide for an issuance of Series of Bonds which are not on parity with the other Bonds issued under the Indenture.

Section 10.02. Supplements and Amendments Requiring Consent. This Indenture and any Supplemental Series Indenture may be modified, supplemented or amended by a Supplemental Indenture in ways not described in Sections 2.09(c) and 10.01, pursuant to this Section. No such Supplemental Indenture shall be effective except upon the consent of (i) the Owner of greater than fifty percent (50%) in aggregate principal amount of Outstanding Bonds (other than Subordinate Bonds); (ii) if less than all of the Outstanding Bonds are affected, of the Owners of greater than fifty percent (50%) in principal amount of Bonds then Outstanding, other than Subordinate Bonds so affected and, if Subordinate Bonds are affected, 50% of the aggregate principal amount of the Subordinate Bonds so affected; and (iii) in case the terms of any Sinking Fund Installments are changed, of the Owners of greater than fifty percent (50%) in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Installments. However, without the consent of all adversely affected Bondowners, no Supplemental Indenture shall (a) change the terms of redemption or of the maturity of the principal of or the interest on any Bond, or (b) reduce the principal amount of any Bond or the redemption premium or the rate of interest on it, or (c) create or grant a pledge, assignment, lien or security interest of the Trust Estate, or any part of it, other than as created or permitted by this Indenture without the Supplemental Indenture, or (d) create a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as may be permitted by this Indenture or (e) reduce the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Indenture. If any such modification, supplement or amendment will by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Owners of those Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if it adversely affects or diminishes the rights of the Owner of Bonds of such Series. The Trustee may in its discretion determine whether Bonds of any particular Series and maturity would be affected by any modification, supplement or amendment of this Indenture or a Supplemental Indenture and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds.

The Trustee shall, at the expense of the Authority, cause notice of the proposed execution of such Supplemental Indenture to be mailed, first class mail postage prepaid, to all affected Bondowners at their addresses as they appear on the registration books. Such notices shall summarize the proposed Supplemental Indenture and shall state that copies of it are on file at the principal office of the Trustee for inspection by all Bondowners. The Trustee shall not, however, be subject to any liability to any Bondowners by reason of its failure to mail the notice required by this Section 10.02, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section 10.02.

Whenever, at any time within one year after the date of the first mailing of such notice, the Authority delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than fifty-one percent (50%) in aggregate principal amount of the affected Outstanding Bonds, other than Subordinate Bonds so affected and, if Subordinate Bonds are affected, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution of it in substantially the form of the copy referred to in such notice, then, but not otherwise, the Trustee may perform its duties under such Supplemental Indenture in substantially such form, without liability or responsibility to any Bondowner, whether or not such Bondowner shall have consented to it.

If the required number of Owners at the time of the execution of such Supplemental Indenture have consented to and approved its execution, no Bondowner shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained in it or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or the Authority from executing it or from taking any action pursuant to its provisions.

The Authority may provide in any Series Indenture that Bondowners of all Bonds issued under that Series Indenture shall be deemed to have consented to a Supplemental Indenture, and if it so provides, the Bondowners from time to time of that Series of Bonds shall be deemed irrevocably to have consented to such a Supplemental Indenture for all purposes including the required percentage of Owners of Bonds required to consent.

Section 10.03. Supplements and Amendments Deemed Part of Indenture. Any Supplemental Indenture entered into in accordance with the provisions of this Article shall form a part of this Indenture. All of the terms and conditions contained in any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture.

Section 10.04. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in this Article X may, and, if the Trustee or the Authority so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of the Bond for the purpose at the designated corporate trust office of the Trustee or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any such transfer by the Trustee as to any such action, if the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding, shall be exchanged, without cost to such Bondowner, for Bonds then Outstanding, upon surrender of such Bonds for Bonds of the same Series and maturity then Outstanding.

Section 10.05. Opinion. In connection with a supplemental indenture under this Article X, the Authority shall deliver to the Trustee a Counsel's Opinion to the effect that such supplemental indenture is authorized and permitted pursuant to the terms of this Indenture.

ARTICLE XI

DEFEASANCE

Section 11.01. Defeasance. (a) If the Authority pays or causes to be paid, or there is otherwise paid, to the Registered Owners of the Bonds then Outstanding, the principal, redemption premium, if any, and interest to become due on them, at the times and in the manner stipulated in this Indenture and in the Series Indentures, then the covenants, agreements and other obligations of the Authority to the registered Owners of the Bonds shall be discharged and satisfied. In such event, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to this Indenture which are no longer required for the payment or redemption of Bonds not already then surrendered for such payment or redemption and shall assign, transfer and convey to the Authority all its interest in Acquired Bonds and Loans.

(b) Bonds for the payment or redemption of which money has been set aside and held in trust by the Trustee or the related Master Paying Agent (through deposit by the Authority of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been

paid within the meaning of and with the effect expressed in paragraph (a) of this Section. Except as provided in a Series Indenture, all Bonds or any of them shall, prior to their maturity or redemption date, be deemed to have been paid within the meaning of and with the effect expressed in paragraph (a) of this Section if:

- (i) there is deposited with such Trustee or Master Paying Agents either money in an amount which is sufficient, or Government Obligations the principal of and interest on which when due will provide money which, without reinvestment, when added to the money, if any, deposited with such Trustee or Master Paying Agents at the same time, is sufficient to pay the principal of those Bonds at maturity, or on sinking fund installment dates for Term Bonds, or the principal, redemption premium, if any, and interest due and to become due on those Bonds on and prior to the redemption date or maturity date (or sinking fund installment dates for Term Bonds) of the Bonds, as the case may be;
- (ii) there is deposited with the Trustee a report of an Accountant verifying the sufficiency of the deposit;
- (iii) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Master Paying Agent(s) irrevocable instruction to give any required notice of redemption, which instruction the Master Paying Agent has accepted in writing; and
- (iv) the Authority has received a Bond Counsel Opinion to the effect that the defeasance of the Bonds shall not cause interest on the tax-exempt Bonds to be included in "gross income of the registered Owners for federal income tax purposes if the Authority has covenanted in the Series Indenture not to take such action.

Upon being defeased as provided in this subsection (b), Bonds shall continue to be payable as to principal, interest and redemption premiums, if any, and to be subject to redemption, but shall have a claim for payment only with respect to the money or Governmental Obligations so held by the Trustee. The Authority may enter into an escrow agreement with the Trustee providing for funds to be so held.

- (v) Government Obligations, money deposited with the Trustee pursuant to this Section and principal or interest payments of any such Government Obligations shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal (at maturity or upon redemption), redemption premium, if any, and interest on those Bonds, provided that any cash received from such principal or interest payments on such Government Obligations, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in principal amounts sufficient to pay when due the principal, redemption premium, if any, and interest to become due on those Bonds on and prior to such redemption date or maturity date of the Bonds, as the case may be.

Section 11.02. Unclaimed Money. Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date of deposit of such moneys if deposited with the Trustee after the date when the Bonds became due and payable shall, at the written request of the Authority, be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall then be released and discharged with respect to such amounts and the Owners of the Bonds shall look only to the Authority for the payment of such Bonds.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Successorship of Authority; Effect of Covenants; Construction of Indenture. All covenants, stipulations, obligations and agreements of the Authority contained in this Indenture or any Series Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law. All such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors of the Authority, and upon any officer, board, body, commission, authority, agency or

instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement contained in this Indenture or any Series Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Authority in his or her individual capacity, and they shall not be liable personally on the Bonds or be subject to any personal liability or responsibility by reason of their issuance.

The laws of the State shall govern the construction of this Indenture and Series Indentures.

Section 12.02. Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Indenture or any Series Indenture (unless otherwise provided in it) to be given to or filed with the Authority, or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Indenture and a Series Indenture if made, given, furnished or filed in writing as follows and if and when delivered by hand or sent by first class mail, postage prepaid, return receipt requested, or sent by any delivery service which provides receipt for delivery, addressed as follows (unless changed by notice as later provided): (i)(a) to the Authority, if addressed to the Executive Director, 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611; and (b) to the Trustee or any Master Paying Agent, if addressed to it at its principal corporate trust office, or to any successor Trustee or Master Paying Agent, if addressed to it at its principal corporate trust office; (ii) in writing, sent by e-mail or facsimile addressed to the e-mail address or facsimile number provided by the Authority or the Trustee, as the case may be, as changed by notice from time to time, and an electronic confirmation of delivery has been obtained by the sender; provided, however, that if such delivery occurs a day that is not a business day or after 4:00 p.m., Central Standard Time on a business day, such delivery shall instead be deemed to have occurred on the next succeeding business day, or (iii) subject to Section 8.11(b) of this Indenture, sent to the Trustee by Electronic Means.

The Trustee shall, while Bonds remain Outstanding, retain in its possession all documents received by it under the provisions of this Indenture, subject at all reasonable times to the inspection of the Authority, any agency or officer of the State, any Bondowner, and the agents and representatives of each.

Section 12.03. Parties and Bondowners Alone Have Rights Under Indenture. Except as otherwise expressly provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Authority, the Trustee, the Master Paying Agents and the Owners of the Bonds any right, remedy or claim, legal or equitable, under or by reason of this Indenture. This Indenture and all its provisions is for the sole and exclusive benefit of its parties and the Owners from time to time of the Bonds.

Section 12.04. Effect of Partial Invalidity. In case any one or more of the provisions of this Indenture or a Series Indenture or other Supplemental Indenture, or of the Bonds, is for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture, any Series Indenture or the Bonds. This Indenture, any Series Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained in them. If any covenant, stipulation, obligation or agreement contained in the Bonds, any Series Indenture or in this Indenture is for any reason be held to be in violation of law, then such covenant stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

Section 12.05. Substitute for Mailing. If, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it is impractical to mail notice of any event to Bondowners when such notice is required to be given pursuant to any provision of this Indenture or any Series Indenture any manner of giving notice as shall be satisfactory to the Trustee and the Authority shall be deemed to be a sufficient giving of such notice.

Section 12.06. Headings, Table of Contents and Notes for Convenience Only. Any heading preceding the text of the several articles of this Indenture or any Series Indenture and any table of contents or marginal notes appended to copies of it shall be solely for convenience of reference and shall not constitute a part of this Indenture or any Series Indenture, nor shall they affect its meaning, construction or effect.

Section 12.07. Payment Due or Acts to be Performed on Weekends and Holidays. If the date for making any payment of principal or premium, if any, or interest or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is a legal holiday or a day on which banking institutions in the city where the Trustee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or not a day on which such banking institutions are authorized by law to remain closed, unless otherwise provided in a Series Indenture, with the same force and effect as if done on the nominal date provided in this Indenture.

Section 12.08. Authority Request or Direction of Authorized Representative. In connection with any Authority Request or direction of an Authorized Representative delivered under this Indenture, if such Authority Request or direction involves a calculation in which the outstanding principal balance of Loans is relevant, then such Authority Request shall include the amount of the outstanding principal balance of Loans, as of the relevant date.

Section 12.09. Separately-Secured Bonds. (a) An indenture entered into by and between the Authority and the Trustee authorizing the issuance of a series of bonds of the Authority may provide that such bonds shall be designated “Illinois Housing Development Authority Multifamily Revenue Bonds” but shall be subject to this Section 12.09 (each such indenture and the bonds of such series, a “Separately-Secured Indenture” and “Separately-Secured Bonds,” respectively).

(b) Separately-Secured Bonds shall not be considered Bonds for any purpose of this Indenture or any Series Indenture. Neither the Trust Estate under this Indenture, nor any property pledged under any Series Indenture, shall under any circumstances (including, but not limited to, upon the occurrence of an event of default under a Separately-Secured Indenture) be available for the payment of interest on or principal of or the redemption premium, if any, of Separately-Secured Bonds or for the payment of any other obligation under a Separately-Secured Indenture. No person shall have any right under this Indenture or any Series Indenture by reason of ownership of a Separately-Secured Bond.

(c) With respect to each Separately-Secured Indenture and the related Separately-Secured Bonds:

(i) Except as otherwise provided in such Separately-Secured Indenture, (A) the Bonds shall not be considered such Separately-Secured Bonds for any purpose of such Separately-Secured Indenture, (B) no property pledged under such Separately-Secured Indenture shall under any circumstances (including, but not limited to, upon the occurrence of an Event of Default under this Indenture) be available for the payment of (x) the payment of interest on and principal of and the redemption premium, if any, of Bonds issued under this Indenture and any Series Indenture or (y) any Expenses or Derivative Payments under this Indenture or any Series Indenture, and (C) no person shall have any right under such Separately-Secured Indenture by reason of ownership of a Bond.

(ii) Except as otherwise provided in such Separately-Secured Indenture, the provisions of this Indenture preceding this Section 12.09 (as such provisions exist on the date of execution and delivery of such Separately-Secured Indenture) shall be deemed incorporated into such Separately-Secured Indenture as if such provisions were set forth therein; provided that, for purposes of such Separately-Secured Indenture, each reference to “Bonds”, to “Funds and Accounts” and to the “Indenture” (or particular sections thereof) in such provisions shall be deemed to refer instead to, respectively, such Separately-Secured Bonds, the funds and accounts established in such Separately-Secured Indenture, and the provisions of the Indenture (or the particular referenced sections) as so incorporated in such Separately-Secured Indenture.

Section 12.10. Pledge and Assignment of Additional Assets. (a) Upon written direction of the Authority to the Trustee, the Authority may deposit with the Trustee, from time to time and at any time, and subject to the pledge and lien of this Indenture, additional unencumbered assets of the Authority in the form of cash and/or mortgage loans. The Authority may also confirm any prior transfer of unencumbered assets of the Authority in the form of cash and/or mortgage loans as being subject to the provisions of this Section.

(b) Any cash so deposited shall be held by the Trustee in a separate and segregated account of the Revenue Fund, entitled “Transferred Cash Component Account” and shall, while so held be available to the Authority for lending in accordance with the provisions of the Act. All mortgage loans originated from the amount on deposit

in the Transferred Cash Component Account shall constitute "Loans" hereunder, and all proceeds of such Loans shall constitute "Revenues" hereunder. The Transferred Cash Component Account of the Revenue Fund shall be subject to the provisions of Section 6.01 hereof. In addition to being available to the Authority for the purposes of making mortgage loans under the Act, the Authority may direct the Trustee, from time to time and at any time, to transfer all or any portion of the amount on deposit in the Transferred Cash Component Account to any other Fund or Account hereunder.

(c) All mortgage loans transferred to the Trustee pursuant to paragraph (a) above, shall constitute "Loans" hereunder, and all proceeds of such Loans shall constitute "Revenues" hereunder.

(d) Notwithstanding anything in this Section to the contrary, the amount on deposit to the credit of the "Transferred Cash Component Account" may be applied by the Authority to the making of new mortgage loans, the acquisition of existing mortgage loans, the refinancing of existing mortgage loans or other obligations, the refunding of outstanding bonds of the Authority for the purpose of causing the transfer of existing mortgage loans and other assets (including related reserve funds and surplus cash equity) held as security for such bonds, and/or the payment of costs of issuing Bonds (and capitalized interest thereon) utilized by the Authority in effecting the foregoing purposes, all in accordance with the provisions of the Act. All mortgage loans originated from the amount on deposit in the Transferred Cash Component Account, as provided above, shall constitute "Loans" hereunder, and all proceeds of such Loans shall constitute "Revenues" hereunder.

(e) "Assigned Loans" shall constitute Loans held under this Section 12.10 (the "12.10 Loans") the cash flow of which has been allocated to Bonds pursuant to a Supplemental Indenture, and "Unassigned Loans" shall be 12.10 Loans the cash flow of which has not been allocated to Bonds pursuant to a Supplemental Indenture. The Authority may assign Unassigned Loans to specific series of Bonds issued hereunder, even though such Loans shall remain as collateral for all Bonds issued under this Indenture.

(f) The Authority may issue Bonds hereunder to securitize any Unassigned Loans.

(g) The Authority may issue Bonds hereunder to reimburse the Transferred Cash Component Account for moneys expended in making or acquiring Loans.

(h) The Authority may issue Bonds hereunder to increase the liquidity of the Transferred Cash Component Account.

Section 12.11. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be executed on its behalf by its Executive Director and attested by its Secretary, and the seal of Authority to be affixed to it and duly attested; and the Trustee, to evidence its acceptance of the trust created under this Indenture, has caused this Indenture to be executed in its name by its duly authorized signatory, all as of the day and year first above written.

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: _____
Executive Director

(SEAL)

ATTEST:

Assistant Secretary

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
Title: _____

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APPENDIX E

FORM OF BOND COUNSEL OPINION

February 9, 2023

Illinois Housing Development Authority
Chicago, Illinois

UBS Financial Services Inc.
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

Ladies and Gentlemen:

Re: Illinois Housing Development Authority \$17,070,000 Multifamily Revenue Bonds, 2023 Series B (Non-AMT) (Sustainability Bonds) and \$11,730,000 Multifamily Revenue Bonds, 2023 Series C (Non-AMT) (Variable Rate) (Sustainability Bonds) (together, the “Bonds”) dated the date hereof; Issued pursuant to a Trust Indenture (the “General Indenture”) dated as of September 1, 2016, between the Illinois Housing Development Authority (the “Issuer”) and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”) and the Series 2023B/C Indenture, dated as of February 1, 2023 (together with the General Indenture, the “Indenture”), between the Issuer and the Trustee.

We have acted as Bond Counsel in connection with the authorization and issuance of the Bonds by the Issuer.

We have examined (a) a certified transcript containing the proceedings of the Issuer relating to the authorization, issuance and sale of the Bonds pursuant to the Indenture and the approval and execution of the Indenture, the Loan Agreement dated as of February 1, 2023 (the “Loan Agreement”), by and between the Issuer and AR Preservation LP, an Illinois limited partnership (the “Borrower”), and the Use Restriction Agreement dated as of February 1, 2023 (the “Regulatory Agreement”), by and among the Issuer, the Borrower and the Trustee, each relating to the Bonds; (b) an executed counterpart of the Loan Agreement; (c) an executed counterpart of the Indenture; (d) an executed counterpart of the Regulatory Agreement; (e) a certificate showing execution, authentication and delivery of Bonds and no litigation pending as of said date of delivery; (f) the Tax Compliance Agreement of the Issuer dated the date hereof relating to the Bonds; (g) the Project Certificate of the Borrower dated the date hereof relating to the Bonds; (h) the opinion of Mayor Brown LLP, as General Counsel for the Issuer; (i) an opinion of Applegate Thorne Thompson LLP, counsel for the Borrower; and (j) an executed Internal Revenue Service Form 8038.

In delivering our opinion, we have relied upon a certified transcript of proceedings and other certificates and representations of the Borrower and the Issuer as set forth in the Indenture, the Loan Agreement, the Regulatory Agreement and the Bond transcript, including but not limited to the Tax Compliance Agreement and the Project Certificate (collectively, the “Tax Covenants”), and have not undertaken to verify any facts by independent investigation.

Based upon the foregoing and our review of such other information, papers, documents and statutes, regulations, rulings and decisions as we believe necessary or advisable, we are of the opinion that:

1. The Loan Agreement, the Indenture and the Regulatory Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer, enforceable against the Issuer in accordance with their respective terms.
2. The Bonds have been duly authorized, executed and issued and are valid and binding obligations of the Issuer, enforceable in accordance with their terms.
3. Under statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is exempt from income taxation in the State of Illinois imposed pursuant to the Illinois Income Tax Act.

4. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"), except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project (as defined in the Indenture) or a "related person" within the meaning of Section 147(a) of the Code. Further, under existing law, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. This opinion is conditioned on continuing compliance by the Issuer and the Borrower with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issue.

It is to be understood that the rights of the owners of the Bonds, the Issuer, the Borrower, and the Trustee and the enforceability of the Bonds, the Loan Agreement and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Illinois and the United States of America. It is to be further understood that the rights of the owners of the Bonds, the Issuer, the Trustee and the Borrower and the enforceability of the terms of the Loan Agreement, the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein with respect to matters of title in the facilities financed with the proceeds of the Bonds or the Trustee's interest therein.

This opinion may be relied upon by the addressees hereto, any holder of the Bonds and their respective successors and assigns. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX F

FHA RISK-SHARING PROGRAM

The following is a description of the Risk Sharing Program, and is qualified in its entirety by reference to Section 542(c) of the Housing and Community Development Act of 1992 and the regulations promulgated thereunder at 24 CFR Part 266 (the “*Federal Act*”).

The Federal Act directs the Secretary of HUD, acting through the Federal Housing Administration (“*FHA*”), to carry out programs that will demonstrate the effectiveness of providing forms of federal credit enhancement for multifamily loans. Section 542 of the Federal Act, entitled “Multifamily Mortgage Credit Demonstrations,” provides independent insurance authority that is not available under the National Housing Act. Section 542(c) of the Federal Act directs the Secretary of HUD to carry out a program of risk-sharing with qualified State and local housing finance agencies (“*HFAs*”). The qualified HFAs are authorized to underwrite and process loans. HUD provides full mortgage insurance on mortgages with respect to affordable multifamily housing projects processed by such HFAs under this program.

Pursuant to Section 542(c) of the Federal Act, the Authority and HUD have entered into a risk-sharing agreement, dated as of June 20, 1994, as amended pursuant to an Addendum dated as of July 15, 1996 (the “*Risk-Sharing Agreement*”) under which HUD has agreed to provide federal insurance on certain mortgage loans made by the Authority, and the Authority has agreed to reimburse HUD for 10 percent to 90 percent (as negotiated for each specific mortgage loan) of the payments made by HUD on any of the mortgage loans insured under the federal insurance. In the case of the Series 2023B Loan and Series 2023C Transferred Loans, the Authority has agreed to reimburse HUD for 50 percent of the payments made by HUD. However, any failure by the Authority to reimburse HUD pursuant to the Risk-Sharing Agreement will not affect HUD’s obligation to pay the insurance claim as described below. Claims made by the Authority under the federal insurance program will be made at the times and in the manner described below.

Under the terms of such Section 542(c), if a mortgagor has failed to make a mortgage payment when due (a “*Payment Default*”), or if a mortgagor has defaulted in the performance of one of its covenants under the mortgage and as a result thereof the mortgagee has accelerated the debt and the mortgagor fails to pay the full amount due (a “*Covenant Default*”), then the Authority becomes eligible to file an insurance claim with HUD if such default has continued for 30 days. Unless a written extension has been granted by HUD, the Authority must file within 75 days of the date of default (defined, in the case of a payment default, as the date of the first missed payment) an application for initial insurance claim payment. The initial claim payment will be paid by HUD to the Authority in an amount equal to 100 percent of the outstanding principal of the mortgage note, plus interest at the rate set forth in such mortgage note from the Date of Default to the date on which initial claim payment is made. Since interest is paid one month in arrears, the mortgagee will not, in the event of a claim for insurance benefits, be reimbursed for interest which had accrued in the previous month and was due and payable on the date of default. The accrual of interest on the initial claim may be curtailed in the event the Authority fails to meet certain deadlines by the number of days by which the required action is late. In addition, the claim will be reduced by any delinquent mortgage insurance premiums. In the Series 2023B/C Indenture, for Series 2023B/C Bonds subject to the Risk-Sharing Program, the Authority has covenanted to do all things necessary to receive such payment in cash. Under the Federal Act, “Date of Default” is defined as (1) the date of the first uncorrected failure to perform a mortgage covenant or obligation, or (2) the date of the first failure to make a mortgage payment that is not covered by subsequent payments.

In connection with making a claim payment, the Federal Act requires that the Authority issue Authority debentures to HUD no later than 30 days following the initial claim payment. Authority debentures will be issued in an amount equal to the initial claim payment.

Subject to certain conditions, the Authority may file with HUD a request for a partial claim payment (but not in excess of 50 percent of the amount of the unpaid balance of the mortgage) if the restructured mortgage will be financially viable, the default was beyond the control of the mortgagor, and certain other conditions are satisfied.

Following the receipt of HUD insurance proceeds relating to a default on a loan for a Series 2023B/C Financed Development subject to the Risk-Sharing Program, the Authority will redeem, at a redemption price of 100 percent, a proportionate amount of the Series 2023B/C Bonds relating to such Series 2023B/C Financed Development.

The Federal Act provides that the HUD insurance will terminate upon the occurrence of any of the following: (i) the mortgage is paid in full; (ii) the Authority acquires the development insured by HUD and notifies HUD that it will not file an insurance claim; (iii) a party other than the Authority acquires the property at a foreclosure sale; (iv) the Authority or its successors commit fraud or make a material misrepresentation to HUD with respect to information used in obtaining the insurance or while the federal insurance is in existence; or (v) HUD receives an application from the Authority for a final settlement of the loss as between the Authority and HUD.

APPENDIX G

FORM OF AUTHORITY CONTINUING DISCLOSURE UNDERTAKING

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

\$17,070,000

**MULTIFAMILY REVENUE BONDS,
2023 Series B (Non-AMT)
(Sustainability Bonds)**

and

\$11,730,000

**MULTIFAMILY REVENUE BONDS,
2023 Series C (Non-AMT)
(Variable Rate)
(Sustainability Bonds)**

**CONTINUING DISCLOSURE UNDERTAKING OF THE
ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

In connection with the issuance of the Bonds referenced above (the “**Series 2023B/C Bonds**”), the Illinois Housing Development Authority (the “**Authority**”) has executed and delivered this Continuing Disclosure Undertaking (this “**Agreement**”). Capitalized terms appearing in this Agreement that are not otherwise defined herein, shall have the meanings assigned to such terms in the Official Statement relating to the Series 2023B/C Bonds dated January 26, 2023 (the “**Official Statement**”). The Authority agrees as follows:

(a) Undertaking. The Authority shall make all required filings and reports so that all requirements of Rule 15c2-12(b)(5) (the “**Rule**”) of the United States Securities and Exchange Commission (the “**SEC**”), as amended from time to time, are met with respect to the Series 2023B/C Bonds.

(b) Monthly Loan Reports. On a monthly basis, commencing March 1, 2023, the Authority shall provide to the Municipal Securities Rulemaking Board (the “**MSRB**”) through its Electronic Municipal Market Access System (“**EMMA**”) or through such other electronic format or system prescribed by the MSRB or the SEC for purposes of the Rule, the following information regarding the Series 2023B/C Loans: (i) the current payment number, (ii) the loan status (i.e., on watch list, number of days or months late, bankruptcy), (iii) the loan balance remaining, and (iv) the current reserve balance, and the current principal and interest paid (and remaining due, if any).

(c) Annual Financial Information. Each year the Authority shall provide annual financial information concerning the Series 2023B/C Bonds to the MSRB through EMMA or through such other electronic format or system prescribed by the MSRB or the SEC for purposes of the Rule. The annual financial information shall include (i) the Authority’s audited financial statements, prepared in accordance with generally accepted accounting principles as in effect from time to time, not later than the 180th day following the end of each fiscal year of the Authority, commencing with the fiscal year ending June 30, 2023, and (ii) the audited annual financial statements for the Developments, within ten (10) days of receipt of such statements from the respective Borrowers (expected within 150 days of the end of the fiscal year for such Borrowers). In the event that the Authority has not received the audited annual financial statements for the Developments within 180 days of the end of the fiscal year for such respective Borrower, the Authority shall provide notice of such failure to the MSRB through EMMA or through such other electronic format or system prescribed by the MSRB or the SEC for purposes of the Rule. The annual financial information shall also include (i) the principal amount of Outstanding Bonds, (ii) the amount of money and securities in the Reserve Fund, if any, and (iii) an update of the information relating to the Loans contained in APPENDICES B and C to the Official Statement, as it may be supplemented or amended.

The annual financial information may include any or all information by incorporating, by specific reference, other documents which have been provided to the MSRB. If the incorporated information is in an Official Statement, it must be available from the MSRB.

(d) Reporting Significant Events. Upon the occurrence of any of the following events with respect to the Series 2023B/C Bonds, the Authority shall report the event to the MSRB in a timely manner and in any event within ten (10) business days of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers or their failure to perform;
- (vi) if applicable, adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023B/C Bonds, or other material events affecting the tax status of the Series 2023B/C Bonds;
- (vii) modifications to rights of Owners of the Series 2023B/C Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Series 2023B/C Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Authority;*
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) the appointment of a successor or additional trustee or the change of the name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Authority, if material, or agreement by the Authority to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect Bondowners, if material; and

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(xvi) default, event of acceleration, termination event, modification of terms or other similar events under the terms of any Financial Obligation of the Authority, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Series 2023B/C Bonds. For purposes of the events identified in subparagraphs (xv) and (xvi), “Financial Obligation” means a (x) debt obligation; (y) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligations; or (z) guarantee of (x) or (y). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Authority will give a copy of each such report to the Trustee. The Authority will give notice in a timely manner to the Trustee and to the MSRB of any failure timely to provide the annual financial information as provided in this Agreement.

(e) Enforcement. The undertaking of the Authority described in this Agreement shall be solely for the benefit of the beneficial and registered owners of the Series 2023B/C Bonds from time to time, and shall create no right in anyone else. It may be enforced by any beneficial or registered owner of Series 2023B/C Bonds. The sole remedy with respect to the Authority’s compliance with its undertaking described in this Agreement shall be to require compliance. The Trustee shall have no powers or duties with respect to the undertaking described in this Agreement. No violation by the Authority of any provision described in this Agreement shall constitute any Event of Default or a default under the Indenture or under the Act.

(f) Termination. The obligation of the Authority described in this Agreement shall terminate if the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2023B/C Bonds. The Authority shall give notice of termination to the MSRB in the same manner and timeframe as described above under “Reporting Significant Events.”

(g) Amendment and Waiver. The Authority may by resolution amend this Agreement at any time to the extent and in the manner allowed by the Rule, as amended from time to time, *provided* that the Authority’s agreements under this Agreement, as amended, continue to comply with the Rule. Any amendment will be effective upon receipt by the Authority of an opinion to that effect delivered by counsel with significant federal securities law expertise as selected by the Authority. Any amendment must be described in the Authority’s next annual financial information disclosure provided to the MSRB and the Trustee.

[Signature Page Follows]

February 9, 2023

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____
Kristin L. Faust, Executive Director

Approved as to form:

Edward Gin, Chief Financial Officer

Maureen G. Ohle, General Counsel

APPENDIX H

FORM OF BORROWER CONTINUING DISCLOSURE UNDERTAKING

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

\$17,070,000

**MULTIFAMILY REVENUE BONDS,
2023 Series B (Non-AMT)
(Sustainability Bonds)**

and

\$11,730,000

**MULTIFAMILY REVENUE BONDS,
2023 Series C (Non-AMT)
(Variable Rate)
(Sustainability Bonds)**

BORROWER CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “**Agreement**”) is executed and delivered by AR Preservation LP (the “**Borrower**”), in connection with the issuance of the Series 2023B/C Bonds referenced above (the “**Series 2023B/C Bonds**”) by the Illinois Housing Development Authority (the “**Authority**”). Capitalized terms appearing in this Agreement that are not otherwise defined herein, shall have the meanings assigned to such terms in the Official Statement relating to the Series 2023B/C Bonds dated January 26, 2023 (the “**Official Statement**”).

BACKGROUND

1. The Series 2023B/C Bonds are being issued to provide moneys to (i) make loans (the “**Loans**”) to the Borrower to finance the rehabilitation and equipping of 210 units in the development to be known as Autumn Ridge Apartments (the “**Financed Development**”) and (ii) make certain deposits to the funds and accounts specified in the Series 2023B/C Indenture.

2. In order to allow the Participating Underwriters (as defined in Rule 15c2-12 defined below) of the Series 2023B/C Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof (“**Rule 15c2-12**”), the Borrower has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series 2023B/C Bonds.

3. This Agreement is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

SERIES 2023B/C BORROWER COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) “**Annual Financial Information**” means the financial information or operating data of the Borrower relating to its Loans, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth under the captions “PLAN OF FINANCE – The Series 2023B/C Risk Share Loan”, “PLAN OF FINANCE – The Series 2023B Collateralized Loan” and “PLAN OF FINANCE – The Series 2023B/C Financed Development” contained in the Official Statement.

(b) “**Audited Financial Statements**” means the annual financial statements for the Borrower prepared in accordance with generally accepted accounting principles, consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

(c) **“Authority Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking delivered by the Authority for the benefit of owners of the Series 2023B/C Bonds on the date hereof.

(d) **“EMMA”** means the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

(e) **“MSRB”** means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street, NW, Suite 1000, Washington, DC 20005; fax: 202-898-1500.

(f) **“Official Statement”** means the Official Statement delivered in connection with the original issue and sale of the Series 2023B/C Bonds.

(g) **“Rule 15c2-12”** means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(h) **“SEC”** means the Securities and Exchange Commission.

(i) **“State”** means the State of Illinois.

(j) **“Underwriters”** means UBS Financial Services Inc., BofA Securities, Inc., Loop Capital Markets, Raymond James, Drexel Hamilton, LLC, Melvin Securities LLC, Piper Sandler & Co. and PNC Capital Markets LLC as the Participating Underwriters.

Section 2. Provision of Annual Information; Event Notice.

(a) Commencing with the first fiscal year of the Borrower following the fiscal year of the Borrower in which this Agreement is executed and annually while the Series 2023B/C Bonds remain outstanding, the Borrower agrees to provide or cause to be provided annually to the Authority (with a copy, upon request, to the requesting Underwriter) the Annual Financial Information and the Audited Financial Statements.

(b) Such Annual Financial Information shall be provided to the Authority not later than 150 days after the end of each fiscal year for the Borrower. If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available. The Authority shall forward the Annual Financial Information and Audited Financial Statements so provided to EMMA upon receipt from the Borrower in accordance with the Authority Continuing Disclosure Undertaking. The Authority shall have no obligation to examine or review the Annual Financial Information and Audited Financial Statements, and shall have no duty to verify the accuracy or completeness of the Annual Financial Information and Audited Financial Statements.

(c) At any time the Series 2023B/C Bonds are outstanding, the Borrower shall provide, in a timely manner, to the Authority, notice of any failure of the Borrower to timely provide the Annual Financial Information or Audited Financial Statements as specified in Sections 2(a) and 2(b) hereof.

(d) At any time the Series 2023B/C Bonds are outstanding, the Borrower shall provide to the Authority, in a timely manner not in excess of five (5) business days after the occurrence, notice of (i) any bankruptcy, insolvency or receivership, or the consummation of a merger, consolidation or acquisition involving the Borrower, (ii) the sale of all or substantially all of the assets of the Borrower or any of its members, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms or (iii) the release, substitution or sale of any property securing repayment of the Series 2023B/C Bonds.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law. The Borrower shall provide to the Authority Annual Financial Information and Audited Financial Statements in such form and by such means as shall be requested by the Authority from time to time to enable the Authority to comply with the preceding sentence.

Section 4. Enforcement. The obligations of the Borrower hereunder shall be for the benefit of the owners (including beneficial owners) of the Series 2023B/C Bonds. The owner or beneficial owner of any Series 2023B/C Bonds is authorized to take action to seek specific performance by court order to compel the Borrower to comply with its obligations under this Agreement, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Series 2023B/C Bonds; provided, that, any owner or beneficial owner of Series 2023B/C Bonds seeking to require the Borrower to comply with this Agreement shall first provide at least 30 days' prior written notice to the Borrower of the Borrower's failure, giving reasonable detail of such failure following which notice the Borrower shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City of Chicago, Cook County, Illinois. Breach of the obligations of the Borrower hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series 2023B/C Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in the Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other annual information, in addition to that which is required by this Agreement; provided that the Borrower shall not be required to do so. If the Borrower chooses to include any annual information in addition to that which is specifically required by this Agreement, the Borrower shall have no obligation under this Agreement to update such information or include it in any future annual filing.

Section 6. Term. This Agreement shall be in effect from and after the issuance and delivery of the Series 2023B/C Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series 2023B/C Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Borrower shall no longer constitute an "obligated person" with respect to the Series 2023B/C Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Agreement are determined to be invalid by a court of competent jurisdiction in a nonappealable action, have been repealed retroactively or otherwise do not apply to the Series 2023B/C Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of the Agreement, the Borrower may amend this Agreement from time to time, and any provision of this Agreement may be waived, without the consent of the owners or beneficial owners of the Series 2023B/C Bonds upon the Borrower's receipt of an opinion of counsel experienced in federal securities laws satisfactory to and approved by the Authority, to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. The Borrower shall provide notice of such amendment or waiver to the Authority and the Underwriters, and the Authority shall then forward such notice to EMMA.

Section 8. Beneficiaries. This Agreement shall inure solely to the benefit of the Borrower, the Underwriters, the Authority and the owners (including beneficial owners) from time to time of the Series 2023B/C Bonds, and shall create no rights in any other person or entity.

Date: February 9, 2023.

AR PRESERVATION LP

By: _____
Name: _____
Title: _____

AGREED to with regard to the Authority's duties
under Sections 2(b), 3 and 7:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____
Kristin L. Faust, Executive Director

APPENDIX I

THE VARIABLE RATE BONDS

With respect to the Variable Rate Bonds only, this Official Statement is intended to describe the terms of any such Bond only while it bears interest at the Weekly Interest Rate and only while the Initial Liquidity Facility is in effect. The following is certain information related to the Variable Rate Bonds supplementing the information set forth under the caption “THE 2023 SERIES B/C BONDS” and more particularly the subcaption “THE SERIES 2023B/C BONDS – Series 2023C Bonds.”

Definitions

The following are definitions in summary form of certain terms contained in the Indenture with respect to the Variable Rate Bonds.

“*Alternate Liquidity Facility*” means an irrevocable letter of credit, a standby bond purchase agreement, a line or lines of credit or other similar agreement or agreements or any other agreement or agreements used to provide liquidity support for the Variable Rate Bonds, satisfactory to the Authority and the Remarketing Agent and containing administrative provisions reasonably satisfactory to the Trustee, issued and delivered to the Trustee in accordance with the Indenture.

“*Authenticating Agent*” means the Trustee.

“*Bond Interest Term*” means, with respect to any Variable Rate Bond, each period during which such Variable Rate Bond shall bear interest at a Bond Interest Term Rate.

“*Bond Interest Term Rate*” means, with respect to any Variable Rate Bond, a term, non-variable interest rate on such Variable Rate Bond established for a Bond Interest Term.

“*Bond Purchase Fund*” means the fund so designated which is established with the Tender Agent pursuant to the Tender Agreement and the Indenture.

“*Business Day*” means any day other than (i) a Saturday, a Sunday or any other day on which banks located in the cities in which the principal offices or designated corporate trust offices of the Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Registrar, the Liquidity Provider or the Authenticating Agent are located, or in which the office of the Liquidity Provider from which payments are made pursuant to the Liquidity Facility is located, are authorized or required to remain closed; or (ii) a day on which the New York Stock Exchange is closed.

“*Favorable Opinion of Bond Counsel*” means an opinion of Bond Counsel addressed to the Authority, the Remarketing Agent and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the law, the General Indenture or the Series 2023B/C Indenture, and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Variable Rate Bonds.

“*Interest Accrual Date*” means with respect to any Weekly Interest Rate Period, the first day thereof, and, thereafter, each next Interest Payment Date.

“*Interest Payment Date*” means, with respect to any Weekly Interest Rate Period, each January 1 and July 1, and with respect to each Interest Rate Period, the day next succeeding the last day thereof (or the day next succeeding the day that would have been the last day thereof had one of the events described in this Appendix below under “—Favorable Opinion of Bond Counsel as Condition to Any Adjustment of An Interest Rate Period” not occurred, or a rescission of the election to adjust the Interest Rate Period had not occurred).

“*Interest Rate Period*” means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period or Long-Term Interest Rate Period.

“*Liquidity Facility*” means, initially, as to any Series 2023C Bond, such an agreement, as provided in the Determination, among the Authority, the Liquidity Provider, the Trustee and the Tender Agent relating to such Series

2023C Bond, as the same may be amended or supplemented from time to time, and upon the issuance of any Alternate Liquidity Facility, such Alternate Liquidity Facility.

“*Liquidity Provider*” means, initially, Bank of Montreal, acting through its Chicago Branch, as the provider of the initial Liquidity Facility for the Variable Rate Bonds, and if an Alternate Liquidity Facility is provided, the provider thereof and in any case where a Liquidity Facility is provided by more than one bank or other entity, the term “Liquidity Provider” means all such entities collectively, *provided* that (a) each such entity’s obligation for the purchase price of bonds tendered for purchase shall be determined in accordance with the applicable Liquidity Facility, (b) references to the applicable Liquidity Provider in respect of notices or other communications shall be deemed to refer to the agent under such Liquidity Facility (the “*Agent*”), (c) payments required to be made to the Liquidity Provider shall be made to the Agent for application and (d) references to the Liquidity Provider in respect of consents required to be obtained under the Liquidity Facility shall be deemed to refer to the Agent or any or all of such entities as determined under the Liquidity Facility.

“*Long-Term Interest Rate*” means, with respect to each Variable Rate Bond, a term, non-variable interest rate on such Variable Rate Bond established in accordance with the terms of the Indenture, including a fixed rate to maturity.

“*Long-Term Interest Rate Period*” means each period during which a Long-Term Interest Rate is in effect.

“*Mandatory Tender for Purchase Date*” shall mean the mandatory tender for purchase date set forth in the Series 2023B/C Indenture.

“*Maximum Rate*” shall mean the lesser of (i) 12% per year and (ii) the maximum rate permitted by law, and, in the case of Purchased Bonds, the maximum rate permitted by law.

“*NY Federal Reserve’s Website*” shall mean the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York.

“*Paying Agent*” means the Trustee.

“*Purchased Bond*” means any Variable Rate Bond or beneficial interest in it tendered or deemed tendered for purchase pursuant to the Series 2023B/C Indenture to the Tender Agent and purchased with funds provided by the Liquidity Provider until the remarketing of such Bond or the beneficial interest in it pursuant to the Series 2023B/C Indenture.

“*Record Date*” means with respect to any Interest Payment Date in respect of any Weekly Interest Rate Period, the Business Day immediately preceding such Interest Payment Date.

“*Registrar*” means the Trustee until the appointment or any other entity assigned to maintain the Authority’s books of registration under the General Indenture of the Series 2023B/C Indenture.

“*Remarketing Agent*” means Loop Capital Markets LLC, the initial remarketing agent, and any successor remarketing agent for the Variable Rate Bonds appointed in accordance with the Indenture.

“*Short-Term Interest Rate Period*” means each period, comprised of Bond Interest Terms, during which Bond Interest Term Rates are in effect.

“*SIFMA*” means the Securities Industry and Financial Markets Association.

“*SIFMA Rate*” means a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA (formerly The Bond Markets Association) or any Person acting in cooperation with or under the sponsorship of SIFMA; provided that in no event shall the SIFMA Rate exceed the Maximum Rate.

“*Tender Agent*” means the Trustee, and any successor or additional tender agent appointed in accordance with the Indenture.

“*Tender Agreement*” means a Tender Agent Agreement among the Trustee, the Authority, the Tender Agent, Registrar, Paying Agent, Authenticating Agent and the Remarketing Agent relating to the Series 2023C Bonds.

“*Undelivered Bonds*” means any Variable Rate Bond where funds in the amount of the purchase price of such Variable Rate Bonds are available for payment to the holder(s) thereof on the date and at the time specified for the pertinent tender.

“*Weekly Interest Rate*” means a variable interest rate on the Variable Rate Bonds established for each period from Thursday to Wednesday, inclusive, during a Weekly Interest Rate Period.

“*Weekly Interest Rate Period*” means each period during which a Weekly Interest Rate is in effect.

General

The Variable Rate Bonds will be dated the date of their delivery and will mature on the maturity date set forth on the inside cover page of this Official Statement.

The Variable Rate Bonds will be issued in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any Weekly Interest Rate Period.

The principal of and redemption premium, if any, on the Variable Rate Bonds shall be payable at the principal corporate trust office of the Trustee. Interest due on the Variable Rate Bonds will be paid to the registered owners thereof by the Trustee by check or, in the case of owners of Variable Rate Bonds in a principal amount equal to or exceeding \$1 million upon request by wire transfer. The Variable Rate Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee of DTC, which will act as securities depository for the Variable Rate Bonds. Purchasers of the Variable Rate Bonds will not receive a physical delivery of the bond certificates representing their beneficial ownership interests. See “THE SERIES 2023B/C BONDS – Book-Entry-Only System.”

The Variable Rate Bonds will bear interest from and including the Interest Accrual Date immediately preceding the date of authentication thereof, or, if such date of authentication is an Interest Accrual Date to which interest on the Variable Rate Bonds has been paid in full or duly provided for or the date of initial authentication of the Variable Rate Bonds, from such date of authentication. However, if, as shown by the records of the Registrar, interest on the Variable Rate Bonds is in default, Variable Rate Bonds issued in exchange for Variable Rate Bonds surrendered for registration of transfer or exchange will bear interest from the date to which interest has been paid in full on the Variable Rate Bonds or, if no interest has been paid on the Variable Rate Bonds, from the date of the first authentication of Bonds hereunder. Interest will be computed on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed.

At any time, all Variable Rate Bonds must bear interest at a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate. Variable Rate Bonds shall not bear interest at a rate higher than the Maximum Rate (as defined herein). The first Interest Rate Period for the Variable Rate Bonds shall commence on the date of issuance of the Variable Rate Bonds and shall be a Weekly Interest Rate Period. Upon the date of issuance of the Variable Rate Bonds, the initial Weekly Interest Rate borne by the Variable Rate Bonds shall be the rate set by the Underwriter on or prior to the delivery of the Variable Rate Bonds.

Following the date of issuance, the determination of the interest rate of Variable Rate Bonds by the Remarketing Agent shall be conclusive and binding upon the Authority, the Trustee, the Authenticating Agent, the Paying Agent, the Registrar, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the holders of the Variable Rate Bonds, except that the interest rate borne by Purchased Bonds shall be determined in accordance with the Liquidity Facility (subject to the Maximum Rate).

Interest Rate Periods

Weekly Interest Rate Period

Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Variable Rate Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 4:30 p.m., New York City time, on Wednesday of each week during such Weekly Interest Rate Period, or if such day shall not

be a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Thursday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate which, if borne by the Variable Rate Bonds, would enable the Remarketing Agent to sell the Variable Rate Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week (other than the initial Weekly Interest Rate), then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 110% of the SIFMA Rate made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 125% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined in accordance with the provisions of the Indenture for such Weekly Interest Rate Period, in either case as determined by the Authority.

Daily Interest Rate Period

Adjustment to Daily Interest Rate. At any time, the Authority, upon written notice to the Trustee, the Authenticating Agent, the Paying Agent, the Trustee, the Remarketing Agent, the Tender Agent and the Liquidity Provider, may elect, subject to the Authority's providing to the Trustee and the Remarketing Agent a Favorable Opinion of Bond Counsel, that the Variable Rate Bonds shall bear interest at a Daily Interest Rate. Such notice of the Authority shall specify the effective date of such adjustment to a Daily Interest Rate, which shall be a Business Day not earlier than the 15th day following the second Business Day after receipt by the Registrar of such notice.

Notice of Adjustment to Daily Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a Daily Interest Rate Period to the holders of the Variable Rate Bonds not less than 15 days prior to the effective date of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Variable Rate Bonds will be adjusted to a Daily Interest Rate unless Bond Counsel fails to deliver to the Trustee, the Authority and the Remarketing Agent a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the Variable Rate Bonds, if being adjusted from a Weekly Interest Rate Period, shall continue to bear interest at the Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period, (2) the effective date of such Daily Interest Rate Period, and (3) that the Variable Rate Bonds are subject to mandatory tender for purchase on such effective date, setting forth the applicable purchase price. See "The Variable Rate Bonds – Purchase of Bonds — Mandatory Tender for Purchase on First Day of Each Interest Rate Period" in this Appendix.

Short-Term Interest Rate Period

Adjustment to Bond Interest Term Rates. At any time, the Authority, upon written notice to the Trustee, the Authenticating Agent, the Paying Agent, the Trustee, the Remarketing Agent, the Tender Agent and the Liquidity Provider, may elect, subject to the Authority's providing to the Trustee and the Remarketing Agent a Favorable Opinion of Bond Counsel, that the Variable Rate Bonds shall bear interest at Bond Interest Term Rates; *provided* that the Liquidity Facility then in effect must have an interest component of at least 180 days of interest coverage. Such notice of the Authority shall specify the effective date of the Short-Term Interest Rate Period (during which the Variable Rate Bonds shall bear interest at Bond Interest Term Rates), which shall be (A) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Registrar of such notice, and (B) in the case of an adjustment from a Weekly Interest Rate Period, the day immediately following the last day of such Interest Rate Period.

Notice of Adjustment to Bond Interest Term Rates. The Registrar shall give notice by first-class mail of an adjustment to a Short-Term Interest Rate Period to the holders of the Variable Rate Bonds and, if a Book Entry System is in effect, the Depository, not less than 15 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that the Variable Rate Bonds shall bear interest at Bond Interest Term Rates unless Bond Counsel fails to deliver to the Trustee, the Authority and the Remarketing Agent a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the Variable Rate Bonds, if being adjusted from a Weekly Interest Rate Period, shall continue to bear interest at a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period, (2) the effective date of such Short-Term Interest Rate Period, (3) that the Variable Rate Bonds are subject to mandatory tender for purchase on the effective date of such Short-Term Interest Rate Period, setting forth the applicable purchase price (see “The Variable Rate Bonds – Purchase of Bonds — Mandatory Tender for Purchase on First Day of Each Interest Rate Period” in this Appendix), and (4) if the Variable Rate Bonds are no longer in Book Entry Form, information with respect to the required delivery of Bond certificates and payment of the purchase price.

Long-Term Interest Rate Period

Adjustment to Long-Term Interest Term Rates. At any time, the Authority, upon written notice to the Registrar, the Authenticating Agent, the Paying Agent, the Trustee, the Remarketing Agent, the Tender Agent and the Liquidity Provider, may elect, subject to the Authority’s providing to the Trustee and the Remarketing Agent a Favorable Opinion of Bond Counsel, that the Variable Rate Bonds shall bear interest at a Long-Term Interest Term Rate. Such notice of the Authority shall specify (1) the duration of the Long-Term Interest Rate Period during which the Variable Rate Bonds shall bear interest at a Long-Term Interest Rate; (2) the effective date of the Long-Term Interest Rate Period (during which the Variable Rate Bonds shall bear interest at a Long-Term Interest Rate), which shall be a Business Day not earlier than the 15th day following the second Business Day after receipt by the Trustee of such notice; (3) the last day of such Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the Maturity Date, or a day which both immediately precedes a Business Day and is at least 181 days after its effective date); (4) a date on or prior to which holders are required to deliver such Variable Rate Bonds to be purchased (if other than such effective date); and (5) if such Long-Term Interest Rate Period is for a period of one year or more and a Liquidity Facility is in effect prior to the commencement of such Long-Term Interest Rate Period, the Authority shall direct the Trustee to terminate such Liquidity Facility after the effective date of such Long-Term Interest Rate Period. Such direction of the Authority shall be accompanied by a Favorable Opinion of Bond Counsel and by a form of the notice to be mailed by the Registrar to the holders of the Variable Rate Bonds.

In the event that the Authority shall deliver to the Registrar, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the Trustee on or prior to the date that the interest rate for any Long-Term Interest Rate Period is determined a notice to the effect that the Authority elects to rescind its election to have the Variable Rate Bonds bear interest at a Long-Term Interest Rate, then the interest rate on the Variable Rate Bonds shall not be adjusted to a Long-Term Interest Rate, and the Variable Rate Bonds shall bear interest at a Weekly Interest Rate as in effect prior to such event, or if the Variable Rate Bonds were to be adjusted from a Long-Term Interest Rate, then the Variable Rate Bonds shall bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period, and the Variable Rate Bonds shall continue to be subject to mandatory purchase on the day which would have been the effective date of such Long-Term Interest Rate Period.

Notice of Adjustment to a Long-Term Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a Long-Term Interest Rate Period to the holders of the Variable Rate Bonds and, if a Book Entry System is in effect, the Book Entry Depository, not less than 15 days prior to the effective date of such Long-Term Interest Rate Period. Such notice shall state: (1) that the interest rate on the Variable Rate Bonds shall be adjusted to a Long-Term Interest Rate unless (x) Bond Counsel fails to deliver to the Authority, the Trustee, and the Remarketing Agent a Favorable Opinion of Bond Counsel as to such adjustment in the Interest Rate Period on the effective date of such adjustment, or (y) the Authority shall elect, on or prior to the date of determination of such Long Term Interest Rate, to rescind its election to cause the adjustment of the interest rate on the Variable Rate Bonds to a Long Term Interest Rate, in which case the Variable Rate Bonds, if being adjusted from a Weekly Interest Rate Period, shall continue to bear interest at a Weekly Interest Rate as in effect immediately prior to such proposed adjustment, (2) the effective date and the last day of such Long-Term Interest Rate Period, (3) that the Variable Rate Bonds are subject to mandatory tender for purchase on such effective date and the purchase price applicable thereto, (4) if the Variable

Rate Bonds are secured by a Liquidity Facility immediately prior to such effective date, that the Liquidity Facility applicable to the Variable Rate Bonds will be terminated as of the effective date of such Long-Term Interest Rate period and the ratings applicable to the Variable Rate Bonds after the termination of such Liquidity Facility, or that no such ratings have been obtained and (5) if a Book Entry System is no longer in effect with respect to the Variable Rate Bonds, information with respect to the required delivery of bond certificates and payment of purchase price.

Favorable Opinion of Bond Counsel as Condition to Any Adjustment of an Interest Rate Period

In connection with any adjustment of the Interest Rate Period on the Variable Rate Bonds, the Authority shall cause to be provided to the Trustee, the Liquidity Provider and the Remarketing Agent a Favorable Opinion of Bond Counsel on the effective date of such adjustment. In the event that Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on any such date, then the Interest Rate Period on the Variable Rate Bonds shall not be adjusted, and the Variable Rate Bonds shall continue to bear interest at the Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period. In any event, if notice of such adjustment has been mailed to the owners of the Variable Rate Bonds and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as herein described, the Variable Rate Bonds shall continue to be subject to mandatory purchase on the date which would have been the effective date of such adjustment.

Purchased Bonds

Purchased Bonds will bear interest at the rate or rates (subject to the Maximum Rate), and shall be payable and subject to redemption in such amounts and in such manner, as provided in the Initial Liquidity Facility.

Purchase of Bonds

Described below are the circumstances under which the Variable Rate Bonds are subject to optional and mandatory tender for purchase.

During a Weekly Interest Rate Period. During any Weekly Interest Rate Period when a Book Entry System is in effect, a Beneficial Owner (through its direct Participant in the Depository) may tender its interest in a Bond on any Business Day to be purchased on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its principal corporate trust office for delivery of notices, with a copy to the Remarketing Agent, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

Not later than 12:00 noon, New York City time, on the date for purchase specified in the notice, the Beneficial Owner shall effect delivery of such Bonds by causing the direct Participant through which such Beneficial Owner owns such Bonds to transfer its interest in such Bonds equal to such Beneficial Owner's interest on the records of the Depository for such Bonds to the participant account of the Tender Agent with the Depository. During any Weekly Interest Rate Period when a Book Entry System is not in effect, an owner of a Bond may tender the Variable Rate Bond by delivery of the notice described above by the time set forth above and shall also deliver the Variable Rate Bond to the Tender Agent on the date specified for purchase.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period. The Variable Rate Bonds shall be subject to mandatory tender for purchase on the first day (or, under certain circumstances, on the day that otherwise would have been the first day) of each Interest Rate Period at a purchase price, payable in immediately available funds, equal to the principal amount of the Variable Rate Bonds.

Mandatory Tender for Purchase Upon Termination, Expiration, Reduction, Modification or Replacement of the Liquidity Facility. If the Registrar shall give holders of the Variable Rate Bonds payable from the Liquidity Facility (or if a Book Entry System is in effect, the Depository) notice that the Variable Rate Bonds

shall, on the date specified in such notice, cease to be payable from such Liquidity Facility as a result of (i) (A) the termination or expiration of the term of such Liquidity Facility, or (B) the Liquidity Facility being reduced, replaced or modified (other than a reduction or modification in connection with the redemption of Variable Rate Bonds) with the effect that the purchase price of such Variable Rate Bonds or the Variable Rate Bonds are no longer payable from the Liquidity Facility (in each case, whether or not any Alternate Liquidity Facility has been obtained), or (ii) the Liquidity Provider notifying the Trustee of that an “Event of Default” has occurred under the Liquidity Facility and that the Liquidity Provider is terminating the Liquidity Facility in accordance with its terms as described under the caption “Initial Liquidity Facility and Initial Liquidity Provider – Liquidity Facility Events of Default” in APPENDIX J, then on a date specified by the Authority to the Registrar, Tender Agent and the Trustee in writing which is no later than 5 days prior to the applicable event, in the case of clause (i) above (or no later than the date of replacement with an Alternate Liquidity Facility if the existing Liquidity Facility is being replaced in accordance with the Series 2023B/C Indenture), and no later than 30 days after the date of the notice specified in clause (ii) above or such other period permitted by the Initial Liquidity Facility, each Variable Rate Bond shall be subject to mandatory tender for purchase; *provided, however*, that no mandatory tender for purchase shall occur as a result of such Liquidity Facility being reduced in connection with Variable Rate Bonds being redeemed and no mandatory tender for purchase shall occur as a result of a Liquidity Facility Event of Default if such event of default results in the immediate suspension or termination of the obligation of the Liquidity Provider to purchase Variable Rate Bonds thereunder. See “Initial Liquidity Facility and Initial Liquidity Provider – Liquidity Facility Events of Default” in APPENDIX J. Notice of such mandatory tender will be given by the Registrar (a) on or before the 20th day preceding the scheduled expiration of the Initial Liquidity Facility in accordance with its terms, or on or before the 20th day preceding any reduction, replacement or modification of the terms of the Initial Liquidity Facility (or, in the case of replacement with an Alternate Liquidity Facility, if the existing Liquidity Facility is being replaced in accordance with the Series 2023B/C Indenture, on or before the 15th day preceding the replacement date), or (b) in the case of receipt by the Trustee of notice from the Liquidity Provider of the occurrence of a Liquidity Facility Event of Default (but only if such Event of Default would result in the Variable Rate Bonds being subject to tender) within one Business Day following the receipt of such notice of such Liquidity Event of Default. The purchase price for such Variable Rate Bonds shall be equal to the principal amount thereof, plus accrued interest (if any).

Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of Variable Rate Bonds pursuant to the provisions of the Indenture described in the immediately preceding three paragraphs, the Trustee shall give notice of a mandatory tender for purchase. Such notice shall state (A) in the case of a mandatory tender for purchase described under “Mandatory Tender for Purchase on First Day of Each Interest Rate Period” in this Appendix, the type of Interest Rate Period to commence on such mandatory purchase date; (B) in the case of a mandatory tender for purchase described under “Mandatory Tender for Purchase Upon Termination, Expiration, Modification or Replacement of Liquidity Facility” in this Appendix, that the Liquidity Facility will expire, terminate, be reduced, be replaced or be modified and that the Variable Rate Bonds shall no longer be payable from the Liquidity Facility then in effect or that the coverage thereof with respect to the Variable Rate Bonds shall be reduced and that any rating applicable thereto may be reduced or withdrawn; (C) that the purchase price of any Variable Rate Bond so subject to mandatory purchase shall be payable only upon (i) if a Book Entry System is not in effect, surrender of such Variable Rate Bond to the Tender Agent at its Principal Office for delivery of Variable Rate Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange; or (ii) if a Book Entry System is in effect, registration of the ownership rights in such Variable Rate Bond to the Tender Agent on the records of the Depository; and (D) that, *provided* that moneys sufficient to effect such purchase have been provided through the remarketing of such Variable Rate Bonds by the Remarketing Agent, through the Liquidity Facility or through payments made by the Authority, all Variable Rate Bonds so subject to mandatory tender for purchase shall be purchased on the mandatory purchase date, and that if any owner of a Variable Rate Bond subject to mandatory tender for purchase shall not surrender such Variable Rate Bond to the Tender Agent for purchase (or if a Book Entry System is in effect, effect the transfer of ownership rights to the Tender Agent on the records of the Depository) on such mandatory purchase date, and moneys sufficient to pay the purchase price thereof are on deposit with the Tender Agent, then such Variable Rate Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such mandatory purchase date and that the holder thereof shall have no rights under the Indenture other than to receive payment of the purchase price thereof, and (E) in the event that moneys sufficient to pay the purchase price of such Variable Rate Bonds have not been provided to the Tender Agent from (i) proceeds of remarketing of such Variable Rate Bonds, (ii) amounts drawn on the Liquidity Facility, and (iii) amounts legally available therefor under the Indenture, then no such tendered or deemed

tendered Variable Rate Bonds shall be purchased, and instead, all outstanding Variable Rate Bonds (x) shall thereafter bear interest in the Weekly Interest Rate Period, at a rate, reset weekly, equal to the SIFMA Rate plus 3% (not to exceed the Maximum Rate), and (y) Owners of such Variable Rate Bonds shall have no further right to tender their Variable Rate Bonds for purchase.

In connection with any mandatory tender for purchase of Variable Rate Bonds as a result of the termination, expiration, reduction, modification or replacement of a Liquidity Facility (see “The Variable Rate Bonds – Purchase of Bonds — Mandatory Tender for Purchase Upon Termination, Expiration, Modification or Replacement of Liquidity Facility” in this Appendix), such notice also shall (F) describe generally the Alternate Liquidity Facility, if any, in effect or to be in effect upon such termination, expiration, reduction, modification or replacement and identify the provider of such Alternate Liquidity Facility, (G) state the date of such termination, expiration, reduction, modification or replacement and the date of the proposed provision of the Alternate Liquidity Facility, if any, (H) specify the ratings, if any, to be applicable to such Variable Rate Bonds after such termination, expiration, reduction, modification or replacement of the Liquidity Facility or state that no ratings will be assigned to such Variable Rate Bonds subsequent to such termination, expiration, reduction, modification or replacement of the Liquidity Facility, and (I) describe any special restrictions or procedures (if any) applicable to the registration of transfer of such Variable Rate Bonds. The Authority shall provide the Trustee and the Liquidity Provider with a form of any such notice.

No notice of mandatory purchase shall be given in connection with the provision of an Alternate Liquidity Facility unless and until the Alternate Liquidity Facility shall have been delivered to the Tender Agent or unless a firm commitment to deliver such Alternative Liquidity Facility has been delivered to the Trustee or unless the notice to the holder of the Variable Rate Bonds is conditioned upon receipt of such Alternate Liquidity Facility. If the notice is conditioned upon receipt of the Alternate Liquidity Facility, and the Alternate Liquidity Facility is not delivered, then the Variable Rate Bonds shall not be purchased and the holders of the Variable Rate Bonds shall retain their Variable Rate Bonds.

Subject to the provisions of the Indenture relating to Variable Rate Bonds held in a Book Entry System, for payment of the purchase price of any Variable Rate Bond required to be purchased pursuant an optional or mandatory tender for purchase described herein, on the date specified, such a Variable Rate Bond must be delivered, at or prior to 12:00 noon, New York City time, on the date specified in such notice, to the Tender Agent at its Principal Office for delivery of Variable Rate Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange. In the event any such Variable Rate Bond is delivered after 12:00 noon, New York City time, on such date, payment of the purchase price of such Variable Rate Bond need not be made until the Business Day following the date of delivery of such Variable Rate Bond, but such Variable Rate Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

Irrevocable Notice Deemed to be Tender of Bond; Undelivered Bonds. The giving of notice by an owner of a Variable Rate Bond shall constitute the irrevocable tender for purchase of each such Variable Rate Bond with respect to which such notice shall have been given, regardless of whether such Variable Rate Bond is delivered to the Tender Agent for purchase on the relevant purchase date; *provided* that moneys sufficient to pay the purchase price of such Variable Rate Bonds are on deposit with the Tender Agent for such purpose. The Tender Agent may refuse to accept delivery of any Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Variable Rate Bond as herein described. If any holder of a Variable Rate Bond who shall have given notice of tender of purchase, if a Book Entry System is not in effect, shall fail to deliver such Variable Rate Bond to the Tender Agent at the place and on the applicable date and at the time specified, or shall fail to deliver such Variable Rate Bond properly endorsed, or if a Book Entry System is in effect, shall fail to cause its beneficial ownership to be transferred to the Tender Agent on the records of the Depository, and moneys sufficient to pay the purchase price thereof are on deposit with the Tender Agent for such purpose, such Variable Rate Bond shall constitute an Undelivered Bond. If funds in the amount of the purchase price of the Undelivered Bonds are available for payment to the holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be outstanding under the Indenture, (2) interest shall no longer accrue thereon, and (3) funds in the amount of the purchase price of each such Undelivered Bond shall be held by the Tender Agent for the benefit of the holder thereof (*provided* that the holder shall have no right to any investment proceeds derived from such funds), to be paid on

delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its Principal Office for delivery of Variable Rate Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence shall be held uninvested and not comingled.

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APPENDIX J

INITIAL LIQUIDITY FACILITY AND INITIAL LIQUIDITY PROVIDER

Initial Liquidity Facility

The Initial Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Such summary does not purport to be a complete description or restatement of the material provisions of the Initial Liquidity Facility. Investors should obtain and review copies of the Initial Liquidity Facility in order to understand all of the terms of such document. Capitalized terms used under the heading “THE INITIAL LIQUIDITY FACILITY” and not otherwise defined herein shall have the meaning set forth in the Initial Liquidity Facility.

The Authority, the Trustee, the Tender Agent and Bank of Montreal, acting through its Chicago Branch (the “Initial Liquidity Provider”) intend to enter into a Standby Bond Purchase Agreement dated as of February 1, 2023 (the “Initial Liquidity Facility”) with respect to the Variable Rate Bonds. The following summary is qualified in its entirety by reference to the Initial Liquidity Facility, copies of which are available from the Trustee.

Subject to the terms of the Initial Liquidity Facility, the Initial Liquidity Provider agrees, at the request from time to time of the Trustee or Tender Agent (or agent) on behalf of the Authority, to purchase, during the “Commitment Period” (as such term is defined below), any Variable Rate Bonds tendered for purchase in accordance with the Series 2023B/C Indenture with respect to which the Trustee does not, on the date any such tendered Bonds are required to be purchased pursuant to the Series 2023B/C Indenture, have sufficient funds from the remarketing of such tendered Bonds to make such purchase.

The “Available Commitment” under the Initial Liquidity Facility for the Series 2023C Bonds initially is \$12,447,298 (\$11,730,000 of that amount is the “Available Principal Commitment” for the Series 2023C Bonds and \$717,298 of that amount is the “Available Interest Commitment” for the Series 2023C Bonds).

The Available Principal Commitment for the Variable Rate Bonds is subject to (i) reduction by the principal amount of Variable Rate Bonds which are redeemed, repaid or otherwise paid pursuant to the Indenture, (ii) reduction by the principal amount of any Variable Rate Bonds purchased by the Initial Liquidity Provider and (c) increase by the principal amount of any Variable Rate Bonds purchased by the Initial Liquidity Provider that are resold by the Remarketing Agent. The Available Interest Commitment for the Variable Rate Bonds is calculated based on 186 days of interest at an assumed rate of twelve percent per annum and a three hundred sixty-five day year (actual days elapsed) or such other amount as the Authority and the Initial Liquidity Provider shall agree (the “Interest Amount”), and is subject to (i) reduction by an amount that bears the same proportion to the Interest Amount as the amount of any reduction in the Available Principal Commitment bears to the Available Principal Component prior to such reduction and (ii) increase by an amount that bears the same proportion to the Interest Amount as the amount of any increase in the Available Principal Commitment bears to the Available Principal Commitment prior to such increase (but not above the amount of the aggregate Available Commitment) for the principal amount of Variable Rate Bonds which are held for the account of the Initial Liquidity Provider and remarketed. As a result, the Available Commitment for the Variable Rate Bonds will, during the Commitment Period, always equal at least 100 percent of the aggregate principal amount of Variable Rate Bonds outstanding, plus 186 days of accrued interest at an assumed rate of twelve percent per annum, less the principal amount of any Variable Rate Bonds held for the account of the Initial Liquidity Provider from time to time.

The obligation of the Initial Liquidity Provider to purchase any Variable Rate Bond on any Business Day (each, a “Bank Purchase Date”) is subject to: (i) receipt by the Initial Liquidity Provider of a notice from the Trustee or the Tender Agent (or any agent designated by the Trustee with the written consent of the Initial Liquidity Provider) that funds are needed for the purchase of Variable Rate Bonds which have been tendered and for which remarketing proceeds are not available (a “Notice of Bank Purchase,” as provided for in the Initial Liquidity Facility), and (ii) the condition that no Automatic Termination Event or Suspension Event (each as defined below) shall have occurred.

The term “Commitment Period” for the Initial Liquidity Facility means the period from February 9, 2023 to and including the earliest of: (i) the close of business on February 9, 2028; (ii) the close of business on the date that is

the earliest of (A) the mandatory tender date for the conversion of the Bonds to a rate other than a Covered Rate, or (B) one Business Day following the date on which all Variable Rate Bonds have been converted to a rate other than a Covered Rate; (iii) the date on which the Available Commitment has been (A) reduced to zero by reason of a redemption, repayment or other payment of all of the principal amount of the Variable Rate Bonds so that such Variable Rate Bonds cease to be Outstanding or (B) terminated in its entirety by reason of an Automatic Termination Event; (iv) the close of business on the date on which an Alternate Liquidity Facility for the Variable Rate Bonds is delivered to the Trustee and becomes effective (which date shall not be prior to the Substitution Date); provided, however, that the Commitment Period shall not end until any necessary tenders are completed; or (v) the date that is one Business Day following the close of business on the Special Mandatory Tender Date. "Covered Rate means the Daily Interest Rate or the Weekly Interest Rate.

The "Special Mandatory Tender Date" for an Initial Liquidity Facility is the date specified by the Initial Liquidity Provider as the date on which the Available Commitment under that Initial Liquidity Facility will terminate as a result of a Liquidity Facility Event of Default (as defined below) (which Liquidity Facility Event of Default is not cured and is not also an Automatic Termination Event or Suspension Event). After the Special Mandatory Tender Date for the Variable Rate Bonds, the Initial Liquidity Provider will not be obligated to purchase Variable Rate Bonds.

Variable Rate Bonds purchased by and held for the account of the Initial Liquidity Provider are referred to in the Initial Liquidity Facility as "Purchased Bonds." Purchased Bonds bear interest from their date of purchase at a rate equal to the "Purchased Bond Rate" (as defined in the Initial Liquidity Facility), but not to exceed the maximum rate set forth in the Initial Liquidity Facility, calculated on the basis of a year of 360 days and actual days elapsed. Following a Liquidity Facility Event of Default, from the date of such Liquidity Facility Event of Default until such date as Purchased Bonds are fully repaid, Purchased Bonds shall bear interest at the Default Rate (as defined in the Initial Liquidity Facility) but not to exceed the maximum rate, calculated on the basis of a year of 360 days and actual days elapsed.

The Authority may terminate the Initial Liquidity Facility at any time upon (1) not less than 30 days' prior written notice to the Initial Liquidity Provider of such termination, (2) upon not less than one (1) day's prior written notice to the Initial Liquidity Provider, if the Authority has first provided at least five (5) days' prior written notice and opportunity to cure any default by the Initial Liquidity Provider in honoring its payment obligations under the Initial Liquidity Facility, or (3) immediately upon written notice to the Initial Liquidity Provider that the rating on senior unsecured short-term obligations issued by the Initial Liquidity Provider shall have been reduced to a category below "A-1" by S&P or below "P-1" by Moody's.

The aggregate principal amount of Variable Rate Bonds or portions of Variable Rate Bonds purchased for the account of the Initial Liquidity Provider shall be in Authorized Denominations and shall not exceed the Available Principal Commitment on such date. The interest portion of the aggregate amount of the Purchase Price of Variable Rate Bonds purchased by the Initial Liquidity Provider on any Bank Purchase Date shall not exceed the lesser of (i) the Available Interest Commitment, and (ii) the actual amount of interest accrued on the Variable Rate Bonds so purchased.

The Initial Liquidity Facility includes typical affirmative and negative covenants of the Authority, including among others a requirement for notice of certain events, provision of audited annual financial statements and a prohibition of certain amendments to certain documents without the prior written consent of the Initial Liquidity Provider. These covenants are for the benefit of the Initial Liquidity Provider and not for the benefit of the Owners, which will have no rights with respect to them.

The Authority's obligation to reimburse the Initial Liquidity Provider for amounts paid under the Initial Liquidity Facility and other obligations of the Authority under the Initial Liquidity Facility will be the direct and general obligations of the Authority. Pursuant to the Indenture, the Authority has taken all necessary action to pledge the Pledged Property to the payment of principal and interest on the Variable Rate Bonds, including the Purchased Bonds. All Obligations of the Authority relating to payment of principal of and interest on Purchased Bonds shall be evidenced by the Purchased Bonds which are secured by the pledge of and lien on the Pledged Property on a pari passu basis with all other holders of bonds issued under the General Indenture.

In the event there is an occurrence of an “Automatic Termination Event” or “Suspension Event” as described below, the obligation of the Initial Liquidity Provider to purchase unremarketed Variable Rate Bonds immediately terminates or is suspended, as applicable, without notice or demand to any person. In such event, holders of such Variable Rate Bonds will have no right to optionally tender such Variable Rate Bonds and may be required to hold such Variable Rate Bonds until the earlier of the redemption or maturity thereof.

Liquidity Facility Events of Default

Each of the following events constitutes an “Event of Default” pursuant to the Initial Liquidity Facility:

(a) *Non-Payment of Obligations.* The Authority shall (i) default in the payment when due of any principal of or interest on any Variable Rate Bond (whether by scheduled maturity, required prepayment, redemption or otherwise), whether or not a Purchased Bond (other than as a result of the acceleration of the payment of any Purchased Bond due to the occurrence of an Event of Default that is not an Automatic Termination Event), or (ii) default in the payment when due of any fee or other obligation under the Initial Liquidity Facility or under any Related Document (as hereafter defined.)

(b) *Breach of Warranty.* Any representation or warranty of the Authority made or deemed to be made in the Initial Liquidity Facility or in any other Related Document or any other writing or certificate furnished by or on behalf of the Authority to the Initial Liquidity Provider for the purposes of or in connection with the Initial Liquidity Facility, the Indenture, the Variable Rate Bonds, the fee agreement with the Initial Liquidity Provider and the Remarketing Agreement (including any certificates delivered pursuant to the Initial Liquidity Facility) (the “Related Documents”) is or shall be incorrect when made in any material respect.

(c) *Non-Performance of Certain Covenants and Obligations.* The Authority shall default in the due performance or observance of any of its obligations under certain specified covenants under the Initial Liquidity Facility.

(d) *Non-Performance of Other Covenants and Obligations.* The Authority shall default in the due performance or observance of any covenant, term, or obligation (other than those that are otherwise addressed in the other clauses under this caption) contained in the Initial Liquidity Facility or in any other Related Document, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Authority by the Initial Liquidity Facility Provider.

(e) *Default on Parity Debt.* (i) A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, the principal or interest of any Parity Debt (as hereinafter defined) of the Authority (other than indebtedness described in clause (a) above) having a principal amount, including, without limitation, any regularly scheduled payments on swap contracts which constitute Parity Debt, or (ii) a default shall occur in the performance or observance of any other obligation or condition with respect to such Parity Debt if the effect of such default is to accelerate or permit the indebtedness to become due and payable prior to its expressed maturity. “Parity Debt” means (a) any bonds, notes, or other evidence of indebtedness issued by, or on behalf of, the Authority pursuant to the Indenture, as supplemented from time to time, on a parity with the Variable Rate Bonds and (b) any obligations of the Authority under any swap contracts in respect of the foregoing under the General Indenture, but only to the extent that such obligations are in respect of regularly scheduled payments which are payable on the same priority and payable on a parity basis with such bonds, notes, or other evidence of indebtedness in accordance with the Indenture.

(f) *Judgments.* Any final non-appealable judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against the Authority and such judgment or order shall remain unstayed, unsatisfied, or shall not be bonded for more than 60 days or enforcement proceedings shall have been commenced by a creditor upon such judgment or order.

(g) *Bankruptcy, Insolvency, etc.* The Authority shall (i) become insolvent within the meaning of the United States Bankruptcy Code or admit in writing its inability or unwillingness to pay, debts as they

become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, or other custodian for the Authority or any property of any thereof, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent, or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, or other custodian for the Authority, which appointment shall not be discharged within 60 days; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Authority, and, if any such case or proceeding is not commenced by the Authority, such case or proceeding (A) shall be consented to or acquiesced in by the Authority or shall result in the entry of an order for relief, or (B) shall remain for 60 days undismissed; (v) become subject to a moratorium (whether or not in writing) with respect to any the Variable Rate Bonds or any Parity Debt that (A) has been declared or announced by the Authority or (B) has been imposed as a result of any finding or ruling by any government agency or authority having jurisdiction over the Authority; or (vi) take any action authorizing, or in furtherance of, any of the foregoing.

(h) *Bond Ratings.* The Variable Rate Bonds shall be (i) rated lower than A3 by Moody's, or (ii) rated lower than Baa3 by Moody's and below investment grade by any other Rating Agency then rating the Variable Rate Bonds or such ratings shall be suspended or withdrawn for credit-related reasons.

(i) *Contest of Validity.* (i) Any provision of the Initial Liquidity Facility, the Indenture, the Variable Rate Bonds or any Parity Debt relating to the payment of the principal of or interest on the Variable Rate Bonds (including any Purchased Bonds) or any Parity Debt or the security therefor shall at any time and for any reason cease to be valid and binding on the Authority as a result of (A) finding or ruling, (B) enactment or adoption of legislation, (C) issuance of an executive order or (D) entry of a judgment or decree, in each instance, by a Governmental Authority having appropriate jurisdiction over the Authority that such a provision is null and void, invalid or unenforceable; or (ii) the Authority shall have taken or permitted to be taken any official action which would adversely affect the enforceability of the Initial Liquidity Facility, the Variable Rate Bonds, the Indenture or any Parity Debt relating to the payment of the principal or interest on the Variable Rate Bonds (including any Purchased Bonds) or any Parity Debt or the security therefor or results in a repudiation of its obligation to pay the Variable Rate Bonds (including any Purchased Bonds); or (iii) the Authority (A) challenges the validity or enforceability of any provision of the Initial Liquidity Facility, the Variable Rate Bonds, the Indenture or any Parity Debt relating to or otherwise affecting (1) the obligation to pay the principal of or interest on the Variable Rate Bonds, the Purchased Bonds or any Parity Debt or (2) the security available for repayment of the principal of or interest on the Variable Rate Bonds, the Purchased Bonds or any Parity Debt or (B) seeks an adjudication that any provision of the Initial Liquidity Facility, the Act, the Indenture, the Variable Rate Bonds or any Parity Debt relating to or otherwise affecting (1) the Authority's obligation to pay the principal of or interest on the Variable Rate Bonds, the Purchased Bonds or any Parity Debt or (2) the security available for repayment of the principal of or interest on the Variable Rate Bonds, the Purchased Bonds or any Parity Debt is not valid and binding on the Authority.

(j) *Event of Default Under any Related Document.* An event of default contained in the Indenture or any other Related Document shall occur and such event of default remains unremedied after any applicable specified grace period.

Remedies

For purposes hereof, "Automatic Termination Event" means the occurrence of an Event of Default under clause (a)(i), (e)(i), (f), (g), (h)(ii) or (i)(i) under the caption "Liquidity Facility Events of Default" above, and "Suspension Event" means the occurrence of a Default described under clause (g)(iv)(B) or an Event of Default under clause (i)(ii) or (i)(iii) under the caption "Liquidity Facility Events of Default" above.

Upon the occurrence of an Event of Default under the Initial Liquidity Facility, the Initial Liquidity Provider may take one or more of the following actions:

(a) In the case of an Automatic Termination Event, the Initial Liquidity Provider's obligation to purchase Variable Rate Bonds under the Initial Liquidity Facility shall immediately terminate without notice or demand to any person, and thereafter the Initial Liquidity Provider shall be under no obligation to

purchase Variable Rate Bonds. Promptly upon such Automatic Termination Event, the Initial Liquidity Provider shall give written notice of the same to the Authority, the Trustee, the Remarketing Agent, and Moody's (and any other rating agency actually known to the Initial Liquidity Provider to have published a rating for the Variable Rate Bonds), *provided* that the Initial Liquidity Provider's failure to give, or any delay in the giving of, such notice shall not affect the termination of the Initial Liquidity Provider's obligation to purchase Variable Rate Bonds as provided in the first sentence of this subsection.

(b) In the case of an Event of Default specified in clause (i)(ii) or (i)(iii) under the caption "Liquidity Facility Events of Default" above (following the entry of a judgment subject to further proceedings and prior to the entry of a final, non-appealable judgment), the Initial Liquidity Provider's obligation to purchase Eligible Bonds shall be immediately suspended without notice or demand and thereafter the Initial Liquidity Provider shall be under no obligation to purchase Eligible Bonds until such obligation is reinstated as described below. Promptly upon the Initial Liquidity Provider obtaining knowledge of any such Suspension Event, the Initial Liquidity Provider shall give written notice to the Authority, the Trustee and the Remarketing Agent of such suspension; *provided* that the Initial Liquidity Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Initial Liquidity Provider's obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on the validity of the provisions described in clause(i)(ii) or (i)(iii) under the caption "Liquidity Facility Events of Default" shall enter a final, non-appealable judgment that any such provision is not valid and binding on the Authority, then the Bank Purchase Period, the Available Commitment and the Initial Liquidity Provider's obligation to purchase Eligible Bonds shall immediately terminate. If a court with jurisdiction to rule on the validity of such provisions shall enter a final, non-appealable judgment that such provisions are valid and binding on the Authority, the Initial Liquidity Provider's obligation to purchase Eligible Bonds under the Initial Liquidity Facility shall be automatically reinstated and the terms of the Initial Liquidity Facility will continue in full force and effect (unless the obligation of the Initial Liquidity Provider to purchase Eligible Bonds under Initial Liquidity Facility shall otherwise have terminated or been suspended as provided in the Initial Liquidity Facility). Notwithstanding the foregoing, if, upon the earlier of the expiration of the Bank Purchase Period and the date which is two (2) years after the effective date of suspension of the Liquidity Facility Provider's obligation, litigation is still pending and a judgment regarding the validity of the provisions described in clauses (i)(ii) or (i)(iii) above under the caption "Liquidity Facility Events of Default" that are the cause of such Suspension Event has not been obtained, then the Available Commitment, the Bank Purchase Period and the obligation of the Initial Liquidity Provider to purchase Eligible Bonds shall at such time immediately terminate and thereafter the Initial Liquidity Provider shall be under no obligation to purchase Eligible Bonds.

(c) Upon the occurrence of an event which with the giving of notice or passage of time shall constitute an Event of Default (a "Default") described in clause (g)(v)(B) under the caption "Liquidity Facility Events of Default" above, the obligation of the Initial Liquidity Provider to purchase Variable Rate Bonds under the Initial Liquidity Facility shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is so terminated prior to becoming an Automatic Termination Event, the obligations of the Initial Liquidity Provider to purchase Variable Rate Bonds under the Initial Liquidity Facility shall be reinstated and the terms of the Initial Liquidity Facility will continue in full force and effect (unless the obligations of the Initial Liquidity Provider to purchase Variable Rate Bonds under the Initial Liquidity Facility shall have otherwise terminated in accordance with the terms thereof).

(d) In the case of any Event of Default that is not an Automatic Termination Event, the Initial Liquidity Provider may, in its sole discretion, give written notice of such Event of Default to the Remarketing Agent, requesting a mandatory tender of all Variable Rate Bonds, and to the Authority and the Trustee (the "*Special Termination Notice*"), specifying such Event of Default and the date on which the Available Principal Commitment and Available Interest Commitment will terminate should said Event of Default not be cured, which date (the "*Special Mandatory Tender Date*") shall not be less than 30 days from the Authority's receipt of the Special Termination Notice. After the Special Mandatory Tender Date, the Initial Liquidity Provider shall be under no obligation to purchase Variable Rate Bonds under the Initial Liquidity Facility.

(e) In addition to the rights and remedies set forth in clauses (a), (b), (c) and (d) under the caption “Remedies”, the Purchased Bonds shall become due and payable as provided pursuant to the Initial Liquidity Facility, *provided* that payments of principal and interest on any Purchased Bonds shall be governed by acceleration rights under the Indenture.

(f) In addition to the rights and remedies set forth in clauses (a), (b), (c), (d) and (e) of under the caption “Remedies”, in the case of any Event of Default, the Initial Liquidity Provider shall have all the rights and remedies available to it under the Initial Liquidity Facility, the Related Documents, or otherwise pursuant to law or equity, including without limitation, specific performance.

Initial Liquidity Provider

Bank of Montreal, acting through its Chicago Branch. You should assume that the information in this Appendix, as well as the information referred to below that the Bank of Montreal previously filed with the Securities and Exchange Commission (“SEC”), is accurate only as of the dates referred to below or in the document containing such information. Bank of Montreal does not undertake any duty to update any such information as a result of new information, subsequent events or otherwise. Neither the Authority, the Underwriter for the Variable Rate Bonds, nor the Remarketing Agent makes any representation or warranty as to the accuracy or completeness of the information contained in this Appendix.

Bank of Montreal (the “Bank”) (NYSE, TSX: BMO) is a highly diversified financial services provider based in North America. BMO provides a broad range of products and services directly and through Canadian and non-Canadian subsidiaries, offices, and branches. As at October 31, 2021, BMO had over 12 million customers and approximately 44,000 full-time equivalent employees. The Bank has approximately 1,400 bank branches and more than 4,800 automated banking machines, as well as online and mobile digital banking platforms in Canada and the United States. It operates internationally in major financial markets and trading areas through its offices in a number of jurisdictions around the world. BMO Financial Corp. (BFC) is based in Chicago and wholly-owned by Bank of Montreal. BFC operates primarily through its subsidiary BMO Harris Bank N.A. (BHB), which provides banking, financing, investing, and cash management services in the United States. BMO provides a full range of investment dealer services through entities, including BMO Nesbitt Burns Inc., a major fully integrated Canadian investment dealer, and BMO Capital Markets Corp., Bank of Montreal’s wholly-owned registered broker dealer in the United States. BMO conducts business through three operating groups: Personal and Commercial Banking (P&C), made up of Canadian P&C and U.S. P&C; BMO Wealth Management; and BMO Capital Markets.

Bank of Montreal started business in Montreal in 1817 and was incorporated in 1821 by an Act of Lower Canada as the first Canadian chartered bank. Since 1871, the Bank has been a chartered bank under the Bank Act (Canada) (the Bank Act), and is named in Schedule I of the Bank Act. The Bank Act is the charter of the Bank and governs its operations. The Bank’s head office is 129 rue Saint Jacques, Montreal, Quebec, H2Y 1L6. Its executive offices are 100 King Street West, 1 First Canadian Place, Toronto, Ontario, M5X 1A1.

The Bank’s annual consolidated financial statements, accompanying management’s discussion and analysis, annual information form, quarterly financial statements, interim filings, and certain other financial information relating to the Bank are available on SEDAR (<http://www.sedar.com>), EDGAR (<http://www.sec.gov>) and on the Bank’s website (<http://www2.bmo.com/ir>), or will be provided without charge upon written request directed to: Bank of Montreal, Corporate Secretary’s Department, 1 First Canadian Place, 21st Floor, Toronto, Ontario M5X 1A1. The financial information referenced in this paragraph is *not* incorporated by reference into this APPENDIX A.

The Standby Bond Purchase Agreement will be solely an obligation of the Bank, and will not be an obligation of, or otherwise guaranteed by, any other member of BMO Financial Group, and no assets of BMO Financial Group (other than those of the Bank) or any affiliate of the Bank will be pledged to the payment thereof.

The above information has been supplied by the Bank. The delivery of the information in this APPENDIX J shall not create any implication that there has been no change in the affairs of the Bank since the date such information was provided by the Bank, or that the information contained or referred to in this APPENDIX J is correct as of any time subsequent to the date it was provided by the Bank.

THE ABOVE INFORMATION RELATING TO BANK OF MONTREAL RELATES TO AND HAS BEEN SUPPLIED BY BANK OF MONTREAL. YOU SHOULD ASSUME THAT THE INFORMATION IN THIS APPENDIX, AS WELL AS THE INFORMATION BANK OF MONTREAL PREVIOUSLY FILED WITH THE SEC, IS ACCURATE ONLY AS OF THE DATE REFERRED TO IN THIS APPENDIX OR THE DOCUMENT CONTAINING SUCH INFORMATION. BANK OF MONTREAL DOES NOT UNDERTAKE ANY DUTY TO UPDATE ANY SUCH INFORMATION AS A RESULT OF NEW INFORMATION, SUBSEQUENT EVENTS OR OTHERWISE. NEITHER THE AUTHORITY, THE UNDERWRITER OF THE VARIABLE RATE BONDS, NOR THE REMARKETING AGENT MAKES ANY REPRESENTATION AS TO THE ABILITY OF BANK OF MONTREAL TO FULFILL ITS OBLIGATIONS PURSUANT TO THE CONFIRMING LIQUIDITY FACILITY.

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APPENDIX K

GREEN STANDARDS

The Illinois Energy Conservation Code

The Illinois Energy Conservation Code (the “*Illinois Code*”) is the official building energy code for the State of Illinois (the “*State*”) and is based on the International Energy Conservation Code (the “*IECC*”). The IECC sets forth minimum efficiency standards for new construction for a structure’s walls, floors, ceilings, lighting, windows, doors, duct leakage and air leakage. The Illinois Code requires design and construction professionals to follow the latest published edition of the IECC. The Illinois Code applies to both privately-funded and state-funded construction projects, and allows local municipalities to adopt more stringent energy codes. The Code is amended periodically to align with revisions to the IECC. As it applies to Authority Financed Projects, the Illinois Code provides minimum specifications for exterior wall insulation, minimum U-values for windows, minimum requirements for roof insulation and minimum efficiency requirements for HVAC systems, among others.

Illinois Housing Development Authority Standards for Architectural Planning and Construction

In connection with applying for financing from the Authority, an applicant must demonstrate that the Project will satisfy the Authority’s “Standards for Architectural Planning and Construction,” which detail the Authority’s minimum quality standards for the design and construction of quality affordable housing. These Standards are used by the Authority to evaluate plans and specifications for proposed affordable housing developments, including new construction, rehabilitation, and the adaptive reuse of buildings. The Standards incorporate the Enterprise Green Communities Criteria, the nation’s only national green building program designed for green affordable housing construction. Under the Standards, rehabilitation or adaptive reuse Projects must comply with the standards for new materials. The Authority’s Standards impose the following mandatory requirements that exceed the requirements of the Illinois Code:

Water Conserving Fixtures – Rehabilitation and new construction projects must include EPA WaterSense certified plumbing fixtures. All newly installed plumbing fixtures are required to meet the following minimum specifications: toilets – 1.28 GPF, urinals – 0.5 GPF, showerheads - 2.0 GPM, kitchen faucets - 2.0 GPM, bathroom faucets – 1.5 GPM.

Energy Efficiency – Rehabilitation and new construction projects must include the installation of ENERGY STAR Certified clothes washers, dishwashers, range hoods, refrigerators, bathroom exhaust, and electric dryers.

Landscaping – Rehabilitation and new construction projects financed by the Authority must include site improvements. Applicants for multifamily financing must provide a tree or plant list, certified by the architect or landscape architect, that the selection of new trees and plants are at least 50% native and/or adaptive species, 100% appropriate to the site’s soils and microclimate, and that such landscaping will not include invasive species. The minimums cost for landscaping must be 2% of the hard construction cost of the project, including vegetation, fencing, irrigation, lighting, and furnishings.

Air Quality – All paints, sealants, and adhesives must be low VOC.

Projects that intend to seek third party certification from Enterprise Green Communities, U.S. Green Building Councils LLED certification, or ICC 700-2012 National Green Building Bronze Level or higher certification, are exempt from and supersede the Standards’ mandatory requirements.

Illinois Housing Development Authority Qualified Allocation Plan

Any multifamily Project financed by the Authority that includes the use of federal Low Income Housing Tax Credits (“*LIHTC*”) must adhere to the Qualified Allocation Plan (“*QAP*”) for the State. The Authority is the designated tax credit allocating agency for the State. The QAP incorporates, by reference, the Authority’s Standards for Architectural Planning and Construction.

In order to enable the Authority to evaluate the sustainable design measures of each project under both its QAP and Standards for Architectural Planning and Construction, developers provide information regarding green building techniques and sustainable design. Among other criteria, this evaluation assesses a project's inclusion of energy standards, water conservation, efficient appliances, high-efficacy lighting, and efficient HVAC systems. Applicants for Projects seeking LIHTC tax credits are assessed for energy efficiency and sustainability. Specifically, projects receive additional points for certifying to one of the following certification standards:

- Minimum LEED for Homes Silver or other LEED NC certification level
- Enterprise Green Communities Certification
- ICC/ASHRAE 700 National Green Building Standard™ (NGBS)
- Passive Housing Institute of the U.S., Passive House Certification, or another pre-approved Net-Zero Capable certification.

In the alternative, Projects may receive additional points by selecting ten items from the Authority's Sustainable Design Checklist. Such items include, but are not limited to, the installation of: efficient or water reuse irrigation systems; ENERGY STAR water heater with minimum efficiency of 95%; solar hot water heating system; minimum furnace efficiency of 95%; minimum SEER 15 air conditioning; minimum SEER 18 heat pump heating system; ENERGY STAR ceiling fans, ENERGY STAR Advanced lighting packages; and, kitchen exhaust directly vented to the exterior of each unit, minimum of 20% of total energy load provided by renewable energy (solar, wind, geothermal, etc.).

Projects that involve the rehabilitation of existing buildings may earn additional points for, among other things, replacing: all existing plumbing fixtures with fixtures that meet the minimum criteria set forth in the Standards for Architectural Planning and Construction; all electrical fixtures with ENERGY STAR fixtures; all flooring throughout the Project; and repairing or replacing one additional major system (furnaces, water heaters, central boilers, air conditioning equipment, elevator, windows, roofing, tuckpoint of exterior masonry) throughout each building.

Illinois Housing Development Authority Standards for Environmental Reviews and Professionals

All applicants for multifamily financing from the Authority must submit a Phase I Environmental Report from a professional firm experienced in providing environmental reports. The State's QAP, discussed in greater detail above, requires that the Phase I environmental assessment be completed within one year prior to the QAP application deadline, consistent with the requirements of the Illinois Housing Development Authority Standards for Environmental Reviews and Professionals.

The Standards for Environmental Review and Professionals provides guidance as to the minimum criteria that should be considered when selecting an environmental firm, and requires that the environmental assessment and report exceed the basic scope of a standard Phase I report. In addition to detailing whether the Project site contains hazardous substances such as lead-based paint, mercury, PCBs, hazardous liquids or gases, elevated radon levels or asbestos, the Authority requires that the Phase I report address the following:

- if the project is located in a flood zone, the developer must include a Federal Emergency Management Agency (FEMA) floodplain map for the Project area with boundaries of the Project site clearly defined. Projects proposing rehabilitation of existing buildings must submit a site plan that clearly indicates (i) the FEMA determined elevation of the floodplain or floodway; (ii) the elevation of the lowest floor level in the existing buildings; and (iii) the location of the existing buildings;
- the developer must submit a Historic Preservation Checklist to the Authority, which then submits the checklist to the Illinois Department of Natural Resources (IDNR). If the property is listed, or is eligible to be listed, in the Federal Register of Historic Places, the developer must submit additional reports for the IDNR;
- whether the Project is located in or near wetlands and, if so, whether any hydrophilic plants are present;
- whether the Project is located in close proximity to a railroad, major road, highway, freeway, airport, or any other noise generating source such as an industrial plant;

- whether the site is located near a coastal zone, an area designated as being supported by a sole source aquifer, or a designated wild and scenic river;
- whether the Project will impact federally-listed or proposed threatened and endangered species, or designated or proposed critical habitats; and
- whether there is any indication that the Project may raise issues related to environmental justice.

These heightened standards of environmental review and reporting furthers the mission of the Authority to finance the creation and preservation of affordable housing that increases the supply of decent and safe places for people of low or moderate means to live.

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APPENDIX L

FORM OF SUSTAINABILITY BONDS ANNUAL REPORTING

Development Name (New Construction/ Rehabilitation)	Development Location	__% LIHTC Allocation	Anticipated Population Served or Elected % AMI	Environmental Attributes	Bond Proceeds Disbursed (\$) as of June __, __	Bond Proceeds Disbursed (%) as of June __, __

¹ Once the applicable Developments have been completed and all related bond proceeds disbursed, no further updates will be provided.

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