

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

June 19, 2009

Pursuant to notification given May 8, 2009, the Members of the Illinois Housing Development Authority met for a regular meeting at 9:30 a.m., local time, June 19, 2009, at the offices of the Illinois Housing Development Authority, 401 North Michigan Avenue, Suite 700, Chicago, Illinois.

Those present:

BOARD:

Terry Newman	Chairman
Robert Barker	Vice Chairman
Karen Davis	Treasurer
Floyd Gardner	Member
Mary Kane	Member
Mark Kochan	Member

STAFF:

Jane Bilger	Chief of Staff/Assistant Executive Director
Mary Kenney	General Counsel
Kathryn Finn	Assistant General Counsel
Robert Kugel	Assistant Executive Director/Chief Financial Officer
James Gregor	Controller
Barbara Manning	Chief Internal Auditor
Christian Froelich	Manager, American Recovery and Reinvestment Act Activities
Cami Freeman	Director of Single Family HOME/Trust Fund Programs
Vanessa Hill	Single Family HOME/Trust Fund Programs
Michelle Adams	Director, Administrative Services
Stephen Gladden	Assistant Director/Manager for Multifamily Underwriting
Tracy Wortham	Assistant Director, Human Resources
Steve Uitto	Director, Information Systems
Nicki Pecori	Finance and Development
Mary Karnia	Finance and Development
Omar Brown	Financial Asset Management
Hazim Taib	Financial Asset Management
Peggy Cullom	Managing Director for Loan and Portfolio Management
Linda Thurmond	Managing Director for Multifamily Programs
Bill Smythe	Finance and Development
Tony Hernandez	Director, Asset Management
Eric Von Battles	Asset Management
Diane Smith	Assistant Director, Asset Management
Adonya Little	Multifamily Programs
Matt Palek	Multifamily Programs
Adam Rogers	Multifamily Programs
Adrienne Whitney	Financial Asset Management

Bill Smirniotis

Managing Director for Homeownership Programs

GUESTS:

Pat Abrams	The Renaissance Collaborative, Inc.
Larry Pusateri	Cottage Apartments Limited Partnership
Matthew Graham	The Alden Foundation
Margaret Guarino	Bank of America Merryl Lunch
Lowell Tosch	HCI Properties, NFP
Michael Greer	Gill, LLC
Jay Johnson	Cornerstone Residential
Bob Foggio	Morgan Stanley
Geoff Proulx	Morgan Stanley
Renee Johnson	Morgan Stanley
Susan Jun	Bank of America Marryll Lynch
Elizabeth May	JPM Chase
Mary Lu Seidel	Corporation for Affordable Homes of McHenry County
Ofelia Navarro	Spanish Coalition for Housing
Celena Santiago	Spanish Coalition for Housing
Norma Sutton	Community Economic Development Project
Jim Wheaton	Neighborhood Housing Services of Chicago, Inc.
Dennis Howard	Community Service Options, Inc.
Caleb Sjoblom	Rogers Park community Development Corporation
Juan Rivera	Latin United Community Housing Association
Eliseo Barbosa	Latin United Community Housing Association
Kristen Komara	The Resurrection Project
Richard Koenig	Housing Opportunity Development Corp.
Leslie Mastroianni	City of Freeport
Jenny Rodriguez	City of Kankakee
Roy Adams	City of Herrin
Cathy Schluckebier	City of Quincy
Frankie Atwater	City of Moline
Robert Anthony	Highland Park Illinois Community Land Trust
Lisa Tapper	Lake County Affordable Housing Corporation
Maria Hibbs	Windows of Opportunity
John Janicik	Mayor Brown LLP

With a quorum consisting of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan being present, Chairman Newman called the meeting to order at 9:33 a.m.

Chairman Newman stated that due to the Director's absence, Jane Bilger, Assistant Executive Director, will be introducing the Resolutions.

09-IHDA-069 Chairman Newman introduced Item 1 on the Agenda: Resolution Approving the Minutes of the Meeting of the Members of the Illinois Housing Development Authority held on May 15, 2009.

A motion to adopt the Minutes was made by Mr. Barker and seconded by Mr. Kochan; the Minutes were adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-070A Assistant Executive Director Bilger introduced Tab A under Item 2 on the Agenda: Resolution Authorizing a Grant for Technical Assistance and Training to Housing Counseling Agencies 2009 (STF-50125) under the Illinois Affordable Housing Program.

Ms. Freeman stated that Housing Action Illinois ("HAI") is requesting a renewal of their current technical assistance grant to provide capacity building to housing counseling agencies throughout the state and continue their technical support of the REACH program. HAI will host approximately 12 counselor training sessions on foreclosure counselor training, database training, pre-purchase counseling, credit counseling, lending basics, and becoming a HUD-certified agency. Ms. Freeman stated that the request was for a grant in the amount of \$125,000 and recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Mr. Kochan; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-070B Assistant Executive Director Bilger introduced Tab B under Item 2 on the Agenda: Resolution Authorizing Provision of Funds for CDAP Housing

Rehabilitation 2009 (STF-50126 thru STF-50140) under the Illinois Affordable Housing Program.

Ms. Freeman stated that the following sponsors (collectively, the “Sponsors”):

STF-50126 Village of Bush
STF-50127 Village of Bowen
STF-50128 City of Johnston City
STF-50129 City of LaHarpe
STF-50130 City of Herrin
STF-50131 City of Paris
STF-50132 City of Shelbyville
STF-50133 Williamson County
STF-50134 Village of Raritan
STF-50135 Village of Pittsburg
STF-50136 Village of London Mills
STF-50137 City of Zeigler
STF-50138 City of Mount Olive
STF-50139 City of Bushnell
STF-50140 City of McLeansboro, have applied to the Authority for funds from the Illinois Affordable Housing Program (the “Program”) in the amount of \$483,000. The funds would be used to make forgivable mortgage loans to certain low and/or very low income households in connection with the rehabilitation of approximately 161 single family homes. The funds would be matched by funds in the amount of \$4,862,989 contributed to the project by the Department of Commerce and Economic opportunity. The chosen Sponsors and the recommended Program monies have been indicated on Exhibit A attached to the Resolution. Ms. Freeman recommended the Members’ approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Kochan and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-071

Assistant Executive Director Bilger introduced Item 3 on the Agenda: Resolution Authorizing Expenditure of Funds to Reimburse the HOME Investment Partnerships Program.

Ms. Freeman stated that Section 92.503(b)(1) of the HOME Program Final Rule (24 CFR 92) (the “HOME Regulations”) requires repayment of HOME Program funds invested in housing that does not meet affordability requirements for the period of time specified in the HOME Regulations. Due to the foreclosure of a HOME-assisted unit under the Small Rental

Properties Program, such unit did not meet the affordability requirements for the period of time specified in the HOME Regulations, subsequently, the Authority has received a request from the U. S. Department of Housing and Urban Development to reimburse the HOME Investment Trust Fund in the amount of \$14,996. Ms. Freeman recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Barker; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-072

Executive Director Forney introduced Item 4 on the Agenda: Resolution Authorizing Mortgage Credit Certificate Program.

Mr. Smirniotis stated that this resolution is authorizing a Mortgage Credit Certificate ("MCC") Program for various municipalities that have ceded the Authority volume cap. These entities elected to have a portion of their cedings to be issued as MCCs. Each homebuyer who receives an MCC is entitled to a credit against his or her federal income tax equal to the amount of the credit rate selected by the Authority times the amount of mortgage interest on the mortgage loan made in connection with the purchase of the qualified dwelling. To issue MCCs in lieu of Mortgage Revenue Bonds ("MRBs"), the Authority must file an election with the Internal Revenue Service not to issue MRBs in a particular amount. The Authority has determined that it is in its best interest to establish an MCC Program in a certified indebtedness amount not to exceed \$29,039,868, representing \$23,231,895 in volume cap, which has been ceded to the Authority by various home rule municipalities in the State of Illinois, to be used to issue MCCs in their respective municipalities as detailed on the summary attached to this Resolution. Mr. Smirniotis recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Ms. Kane; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-073A

Assistant Executive Director Bilger introduced Tab A under Item 5 on the Agenda: Resolution Amending Resolution No. 2008-IHDA-71 Authorizing State Tax Credits for TRC Senior Village (STC-2927-08), Chicago, IL.

Mr. Rangel stated that pursuant to Resolution No. 2008-IHDA-71, the Authority made a reservation of State Tax Credits to TRC Senior Village I, NFP (the "Sponsor") in the amount of \$975,000 in connection with the construction of a multifamily housing development (the "Project") with a common address of 43-49 East Pershing Road, Chicago, IL (the "Current Site"). Due to certain environmental issues at the Current Site, the Sponsor has determined that the completion of the Project at the Current Site would be infeasible and the Sponsor has requested to continue with the Project at a new location with a common address of 346 E. 53rd Street, Chicago, Illinois (the "New Site"), legally described in Exhibit A attached to this Resolution. Mr. Rangel recommended the Members' approval to issue State Tax Credits to the Sponsor for the Project at the New Site.

A motion to adopt the Resolution was made by Mr. Gardner and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-073B

Assistant Executive Director Bilger introduced Tab B under Item 5 on the Agenda: Resolution Authorizing State Tax Credits (STC-10082-09) for Cottage Apartments, Normal, IL.

Mr. Palek stated that Cottage Apartments Limited Partnership has applied to the Authority for State Tax Credits in connection with the acquisition of a multifamily housing development known as Cottage Apartments and described on Exhibit A attached to this Resolution. This is a new construction, three-story, 50-unit independent living building for seniors. The apartments will be available for residents age 55 years and older who have incomes between 30% and 60% of the area median income, with 10% of the units reserved for elderly residents in need of supportive housing services. Mr. Palek recommended the Members' approval of the State Tax Credits in an amount not to exceed \$59,968.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Gardner; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-073C

Assistant Executive Director Bilger introduced Tab C under Item 5 on the Agenda: Resolution Authorizing State Tax Credits (STC-10055-09) and (STC-10055-10) for Shorewood Horizon Senior Living Community, Shorewood, IL.

Mr. Palek stated that Shorewood Horizon Limited Partnership has applied to the Authority for State Tax Credits in connection with the new construction independent elderly complex known as Shorewood Horizon Senior Living Community described on Exhibit A attached to this Resolution. This will be 51-unit independent living complex for tenants age 62 and older. The project includes 42 units affordable to tenants between 30% and 60% of area median income. Mr. Palek recommended the Members' approval of the State Tax Credits in an amount not to exceed \$275,398.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Mr. Kochan; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-073D

Assistant Executive Director Bilger introduced Tab D under Item 5 on the Agenda: Resolution Amending Resolution No. 2008-IHDA-161K Authorizing Federal Tax Credits (FTC-2962-08) and State tax Credits (STC-2962-09) for Countryside Senior Apartments, Countryside, IL.

Mr. Rogers stated that by Resolution No. 2008-IHDA-161K (the "Prior Resolution"), the Authority made a reservation of Federal Tax Credits and State Tax Credits to Countryside Senior Apartments LP (the "Sponsor") in connection with the construction of an elderly development know as Countryside Senior Apartments (the "Project") described on Exhibit A attached to this Resolution. At the time of the adoption of the Prior Resolution, the managing member (the "Managing Member") of the general partner, Countryside Seniors, LLC (the "General Partner"), of the Sponsor was intended to be National Church Residences, or an affiliated entity, ("NCR"). Since the adoption of the Prior Resolution, NCR withdrew their interest in the Sponsor and the Sponsor has requested that the Authority authorize Mercy Housing Lakefront ("MHL") as the Managing Member of the General Partner. The Loan Committee has reviewed the Project and has recommended that MHL be approved as the Managing Member of the General Partner of the Sponsor. Mr. Rogers recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Gardner and seconded by Mr. Barker; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-074

Assistant Executive Director Bilger introduced Item 6 on the Agenda: Resolution Extending Grant Funding Date for St. Clair County (RHS-0014-08) under the Rental Housing Support Program (Amending Resolution No. 2008-IHDA-043).

Ms. Lasker stated that by Resolution No. 2008-IHDA-043, the Authority previously authorized the making of a grant under the Authority's RHS Program (the "Grant") in the amount of \$1,373,181 (the "Grant") to St. Clair County, Intergovernmental Grants Department (the "LAA") in order for the LAA to provide rental subsidies in St. Clair County, Illinois. Since that time and due to the inability of the LAA to provide the required showings to close the Grant, the commitment to fund the Grant expired on August 31, 2008. The LAA has requested the Authority extend the initial closing date for the Grant (the "Commitment Date"). The Loan Committee has reviewed the Grant and has recommended the extension of the Commitment Date to June 30, 2009. Ms. Lasker recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Kochan and seconded by Ms. Kane; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-075

Assistant Executive Director Bilger introduced Item 7 on the Agenda: Resolution Authorizing Amendment to Standby Bond Purchase Agreement (Homeowner Mortgage Revenue Bonds, 2004 Series C-3).

Ms. Pecori stated that the Authority adopted the Homeowner Mortgage Revenue Bonds General Resolution on July 15, 1994 (as amended and supplemented, the "General Resolution"). Under the General Resolution, the Authority adopted the Homeowner Mortgage Revenue Bonds 2004 Series C and D Resolution on May 21, 2004 (the "Series Resolution"), authorizing the issuance of not to exceed \$155,000,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, Series C and D. In connection with the issuance of 2004 Subseries C-3 under the Series Resolution in the outstanding amount of \$16,000,000, the Authority executed a Standby Bond Purchase Agreement, dated as of July 13, 2004, (the "Bond Purchase Agreement", attached hereto as Exhibit A) by and among the Authority, the Federal Home Loan Bank of Chicago (the "Bank") and The Bank of New York Mellon Trust Co., N. A., as successor to J.P. Morgan Trust Company, N.A., as trustee and as tender agent for the purchase by the Bank of Tendered Bonds (as defined in the Bond Purchase Agreement). The expiration date of the Bond Purchase Agreement is July 13, 2009. The Authority and the Bank have agreed to extend the expiration date for a period of three (3) years to July 13, 2012 (the

“Extended Expiration Date”) and to make certain other changes to the Bond Purchase Agreement, including without limitation, the payment by the Authority of an annual commitment fee of 0.45%. The Bank has delivered to the Authority a draft Amendment No. 1 to the Bond Purchase Agreement (the “Amendment”, attached hereto as Exhibit B) reflecting the Extended Expiration Date and such other agreed upon changes. Ms. Pecori recommended the Members’ approval of the Amendment.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-076

Assistant Executive Director Bilger introduced Item 8 on the Agenda: Resolution Authorizing Transfer from the Surplus Fund under the Affordable Housing Program Trust Fund Bond General Resolution to the Administrative Fund.

Mr. Smirniotis gave an overview of the Home Start Program in connection with the next four resolutions to be presented by Hazim Taib. Mr. Smirniotis stated that the Home Start Program launches the Authority’s issuance of 30-year fixed rate FHA insured loans, and it also monetizes the federal first time homebuyer tax credit. The Home Start Program helps borrowers take advantage of the \$8,000 First Time Homebuyer Federal Tax Credit Program that expires November 30, 2009. Without this program, these borrowers would not be able to take advantage of historically low interest rates, along with home prices that have declined 20% to 40% in recent months. The Home Start Program consists of two single family loan products. The first is the Home Start 30-year fixed rate FHA insured loan and the second is the Home Start Tax Credit Advance Loan. The Home Start 30-year fixed rate mortgage is for the eligible first time homebuyer. Veterans and active duty service personnel are exempt from the first time homebuyer requirement. The single family property must be used as the borrower’s primary residence. The eligibility for this loan is the same as in the past with the Authority’s first time homebuyer program. The Home Start Tax Credit Advance Loan is 3.5% of the purchase price up to a maximum of \$6,000. The 3.5% is the amount needed for the down payment on an FHA loan. The federal tax credit for the purchase of a home is 10% of the purchase price up to a maximum of \$8,000. Using the 3.5% will give the borrower the ability to pay off this loan and still have additional available cash in 2010 when the borrower receives their tax credit. The loan will be 0% interest until June 30, 2010. If there is an unpaid balance at that time, the balance will become a 10 year amortizing loan at a rate of ½% higher than the rate on the first mortgage. There is a \$300 application fee, with a \$100 refund if the loan is paid in full by June 30, 2010. The borrower must secure a Home Start first

mortgage to be eligible for this loan. Assistance from other Authority programs is not allowed to be combined with this transaction. The underwriting guidelines for the Home Start Program will be more restrictive than allowed by FHA. As always, the Authority wants its borrowers to secure a home in a financially secure manner. The borrower must contribute a minimum of 1% to the transaction. In most cases, they will be contributing 3 to 5% for closing costs and upfront FHA insurance premiums. The minimum is designed to prevent a seller from paying the entire closing costs, which is an acceptable practice to FHA. The minimum FICO score is a 660. FHA does not use FICO scores, but measures the borrower's ability to pay. IHDA has established acceptable debt ratios. Mr. Smirniotis mentioned that homebuyer education is mandatory.

Mr. Taib stated that the following 4 resolutions pertain to the Authority's intent to launch and fund the Home Start Program. The first two resolutions, 076 and 077, will authorize the Authority to reallocate certain assets currently under the Affordable Housing Program Trust Fund Bond General Resolution (the "TF Resolution") and Housing Bond Trust Indenture (the "Trust Indenture"). While both TF Resolution and Trust Indenture provide the ability to purchase single family loans and mortgage backed securities directly, the Authority believes it will be more effective to manage the Home Start Program by using our existing single family Homeowner Mortgage Revenue Bond General Resolution, as amended (the "General Resolution"). Furthermore, by having it managed by the General Resolution, it will not only accomplish efficiency but also strengthen the General Resolution. Mr. Taib recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-077

Assistant Executive Director Bilger introduced Item 9 on the Agenda: Resolution Authorizing Transfer from the Revenue Fund under the Housing Bond Trust Indenture to the Administrative Fund.

Mr. Taib recommended the Members' approval of the Resolution per his statement above.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-078 Assistant Executive Director Bilger introduced Item 10 on the Agenda: Resolution Authorizing Transfer from the Administrative Fund to the Program Fund under the Amended and Restated Homeowner Mortgage Revenue Bonds General Resolution.

Mr. Taib stated that this resolution provides the Authority with the medium and guidelines to accomplish what was just stated, it authorizes the Authority to pledge these assets to the Homeowner Mortgage Revenue Bond General Resolution and the determination on how to run the program. Mr. Taib recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Barker; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-079 Assistant Executive Director Bilger introduced Item 11 on the Agenda: Resolution Authorizing Single Family First Time Homebuyer Tax Credit Advance Loan Program.

Mr. Taib stated that this resolution provides the Authority the ability to fund the second position mortgage loans under the Home Start Program so long as the loan complies with the Affordable Housing Trust Fund Act. The Authority is also working with one of the partners, Illinois Association of Realtors ("IAR") whereby IAR is willing to contribute certain resources to help launch the program. The Authority has determined that it is in its best interest to establish the Single Family First Time Homebuyer Tax Credit Advance Loan Program in a cumulative amount not to exceed \$1,225,000. Mr. Taib recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Gardner and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-080 Assistant Executive Director Bilger introduced Item 12 on the Agenda: Resolution Authorizing Loan Subordination and Loan Modification for Morse Avenue Senior Apartments (HTF-988).

Mr. Von Battles stated that the Authority has previously made a third position mortgage loan in the amount of \$500,000 (the "Authority Loan")

to Morse Urban Development, L.L.C., (the "Owner") for the acquisition, rehabilitation and permanent financing of a 57-unit elderly housing development commonly known as 1528 W. Morse Avenue, Chicago, Illinois (the "Development"). The Authority Loan is presently subordinate to a first position mortgage loan made by Developers Mortgage Corporation in the principal sum of \$1,498,969 (the "Existing Senior Loan"). The Owner desires to refinance the Existing Senior Loan with a new first position loan in the amount of \$1,562,300 from Developers Mortgage Corporation (the "Proposed Senior Loan") to reduce the interest rate and improve the Development cash flow. As a condition to approving the Owner's request, the Authority has requested and the Owner has agreed to modify the payment terms of the Authority Loan (the "Loan Modification") from a \$1,200.00 annual payments of principal from available surplus cash to a fixed monthly principal payment of \$100.00 for the first 12 months following the effective date of the Loan Modification; thereafter fixed monthly principal payments of \$200.00 will be made until the maturity of the Authority Loan. Mr. Von Battles stated that the Loan Committee has reviewed the Owner's request to subordinate the Authority Loan to the Proposed Senior Loan (the "Subordination") and the Loan Modification and has recommended that the Subordination and Loan Modification be approved. Mr. Von Battles recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Gardner; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-081

Assistant Executive Director Bilger introduced Item 13 on the Agenda: Resolution Authorizing Loan modification for Housing Continuum (HTF-2227).

Mr. Von Battles stated that the Authority has previously made a first position mortgage loan in the amount of \$866,705 (the "Loan") to HCI Properties, NFP (the "Owner") for the acquisition, rehabilitation and permanent financing of four scattered site, single family homes located in Kane County. The Loan is currently in danger of going into default and the Owner has requested that the Authority modify the terms of the Loan (the "Loan Modification"). The Loan is evidenced by a certain Mortgage Note which requires the Owner to make equal monthly installments of principal and interest of \$2,191.52. Under the Loan Modification, the Owner will pay equal monthly installments of principal and interest of \$1,125.00; the reduced monthly installments of principal and interest will result in a balloon payment of approximately \$577,368.00 on the maturity date of the Loan. Mr. Von Battles recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Gardner; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-082

Assistant Executive Director Bilger introduced Item 14 on the Agenda: Resolution Authorizing the Reinstatement and Modification of a Loan for South Calhoun Retirement Center (HTF-1791).

Mr. Von Battles stated that the Authority has previously made a first position mortgage loan in the original principal amount of \$700,000 (the "Loan") to South Calhoun Retirement Center (the "Owner") for the acquisition, construction and permanent financing of an elderly housing development located at Prosker Lane, Brussels, Illinois. The Loan is presently in default and the Authority has filed a complaint for foreclosure. The Owner desires to reinstate the Loan and to modify the payment terms to prevent future defaults. The Loan is evidenced by a certain Mortgage Note which requires the Owner to make equal monthly installments of principal in the amount of \$1,176.67. The monthly installments of principal will result in a balloon payment of approximately \$153,998 due at the maturity date of the Loan. The Owner has requested that the Authority agree to accept equal monthly installments of principal in the amount of \$700.00; the reduced monthly installments of principal will result in a balloon payment of approximately \$359,799.00 due at the maturity date of the Loan. The Owner has also requested that the Authority defer past due payments due prior to the effective date of this Resolution to the maturity date of the Loan (collectively, the "Loan Modification"). The Owner has agreed to enter into a Reinstatement and Loan Modification Agreement whereby the Owner agrees to pay the Authority's legal fees and advances related to the complaint for foreclosure, provide evidence that all real estate taxes due prior to the effective date of this Resolution have been paid in full and apply for a real estate tax exemption (the "Reinstatement"). Mr. Von Battles stated that the Loan Committee has reviewed the Reinstatement and Loan Modification and recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Kochan; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-083

Assistant Executive Director Bilger introduced Item 15 on the Agenda: Resolution Authorizing Consent to Partial Release and Cross Easements for The Manor at Craig Farms (HTF-2338 and FTC-2338-06)

Ms. Smith stated that the Authority has previously made a junior mortgage loan in the original principal amount of \$1,000,000 (the "Loan") and an allocation of Low Income Housing Tax Credits (the "Federal Tax Credits") to The Manor At Craig Farms, L.P., for the acquisition, construction and permanent financing of a multifamily housing development commonly known as The Manor at Craig Farms located in Chester, Illinois (the "Existing Development"). The Authority Loan is secured by a certain Junior Mortgage, Security Agreement and Assignment of Rents and Leases (the "Mortgage") and governed by a certain Regulatory and Land Use Restriction Agreement, as subsequently amended by a certain First Amendment to Regulatory and Land Use Restriction Agreement (collectively, the "Regulatory Agreement"); the Federal Tax Credits are governed by a certain Low Income Housing Tax Credit Extended Use Agreement (the "Extended Use Agreement"). The Owner desires to construct ten additional market-rate units and an expanded dining area to be attached to the Existing Development (collectively, the "Addition"). In order for a conventional mortgage lender to provide a first mortgage lien recorded against the Addition, the Owner has requested that the Authority consent to the subdivision of the existing real estate into two condominiums (the "Condominiums"); one of the condominiums will consist of the Existing Development and the underlying real estate less the portion of real estate released for the Addition ("Condominium A"); the second condominium will consist of the land and improvements containing the Addition ("Condominium B"). In order to create the Condominiums, the Owner has requested that the Authority partially release the Mortgage, the Regulatory Agreement and the Extended Use Agreement recorded against approximately one-half (1/2) acre of real estate. The Authority will retain its second mortgage lien against Condominium A and receive a release fee of \$10,800.00 per acre released, but not less than \$7,000. The Owner will execute and record a Declaration of Condominium and Bylaws against each condominium subject to the Authority's prior approval, which will, among other things, provide the ingress and egress easements over the public areas of Condominium A and Condominium B. Ms. Smith recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Barker; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-084

Assistant Executive Director Bilger introduced Item 16 on the Agenda: Resolution Authorizing the Loan Prepayment, Release of Regulatory Agreement, and Assignment of Extended Use Agreement for Faith Apartments (HTF-187).

Ms. Smith stated that Authority has previously made a junior mortgage loan in the original principal amount of \$395,000 from the Illinois Affordable Housing Trust Fund (the "Authority Loan") and an allocation of Low Income Housing Tax Credits (the "Federal Tax Credits") for the acquisition, rehabilitation and permanent financing of a multifamily residential development containing 24 units located at 6217-27 South Dorchester, Chicago, Illinois to Chicago Title and Trust Company, not personally but solely as trustee under the Trust Agreement dated November 18, 1992 and known as Trust No. 1098481 (the "Trust"). William P. Butcher, Sr. and John York are the sole beneficiaries of the Trust (collectively, the "Owner"). The Authority Loan is governed by a certain Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") that expires June 1, 2018. The Federal Tax Credits are governed by a certain Extended Use Agreement (the "Extended Use Agreement") that expires June 1, 2018. The Owner obtained a private senior mortgage loan that has subsequently been sold to The Wolcott Group, Inc., the estimated unpaid principal balance of which is \$405,000. The unpaid principal balance of the Authority Loan is \$184,058. The Authority Loan is presently in default and the Authority has issued a Notice of Default; default interest and late charges continue to accrue. Since the Owner has been unable to cure the defaults the Owner has executed a sales contract (the "Purchase Contract") with Villa Capital Management (the "Purchaser") to sell the Development for \$1,050,000.00 (the "Sale"). The proceeds of the Sale will be used to repay the Authority Loan in full, including principal, interest, default interest and late fees, and the Purchaser would assume the Owner's responsibilities under the Extended Use Agreement. The Purchase Contract is contingent upon the Authority releasing the Regulatory Agreement and consenting to assignment of the Extended Use Agreement. Ms. Smith stated that the Loan Committee has reviewed the request to prepay the Authority Loan, release the Regulatory Agreement and consent to the assignment and assumption of the Extended Use Agreement by Villa Capital Management and has recommended their approval. Ms. Smith recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Barker; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-085

Assistant Executive Director Bilger introduced Item 17 on the Agenda: Resolution Authorizing the Loan Prepayment and Release of Regulatory Agreement Agreement for Kroy Apartments (HTF-386).

Ms. Smith stated that the Authority has previously made a junior mortgage loan in the original principal amount of \$500,000 from the Illinois Affordable Housing Trust Fund (the "Authority Loan") to John York d/b/a Kroy Apartments (the "Owner") for the acquisition, rehabilitation and permanent financing of a multifamily residential development containing 24 units located at 6210-16 South Dorchester, Chicago, Illinois. The Authority Loan is governed by a certain Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") that expires November 21, 2019. The Owner obtained a private senior mortgage loan that has subsequently been sold to The Wolcott Group, Inc. (the "Senior Loan"), the estimated unpaid principal balance of which is \$308,000. The unpaid principal balance of the Authority Loan is \$251,666.17. The Authority Loan is presently in default and the Authority has issued a Notice of Default; default interest and late charges continue to accrue. The Owner has been unable to cure the defaults. Ms. Smith stated that the Senior Loan is presently in default. The Wolcott Group, Inc. has filed a foreclosure suit and has been appointed mortgagee-in-possession. The Owner has executed a sales contract (the "Purchase Contract") with Villa Capital Management for \$950,000.00 (the "Sale"). The proceeds of the Sale will be used to repay the Authority Loan in full, including principal, interest, default interest and late fees. The Purchase Contract is contingent upon the Authority releasing the Regulatory Agreement. The Loan Committee has reviewed the request to prepay the Authority Loan, and release the Regulatory Agreement. Ms. Smith recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Gardner and seconded by Ms. Kane; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-086

Assistant Executive Director Bilger introduced Item 18 on the Agenda: Resolution Ratifying the Establishment of Owner's Equity in Evergreen Streater (RS 2646).

Ms. Hillock stated that the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., provides that the Authority shall, by resolution, establish owner's equity ("Equity") in a development at the time of making the final mortgage advance. The Equity in a development shall consist of the difference between the amount of the mortgage loan and the total cost of

the development. The difference between the amount of the mortgage loan and the total cost of Evergreen Streator is \$1,782,541. Ms. Hillock recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Ms. Kane; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-087

Assistant Executive Director Bilger introduced Item 19 on the Agenda: Resolution Ratifying the Establishment of Owner's Equity in Evergreen Litchfield (RS 2647).

Ms. Hillock stated that the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., provides that the Authority shall, by resolution, establish owner's equity ("Equity") in a development at the time of making the final mortgage advance. The Equity in a development shall consist of the difference between the amount of the mortgage loan and the total cost of the development. The difference between the amount of the mortgage loan and the total cost of Evergreen Litchfield is \$2,255,275. Ms. Hillock recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-088

Assistant Executive Director Bilger introduced Item 20 on the Agenda: Resolution Amending Resolution 2009-IHDA-031, Authorizing an Agreement with a Loan Servicer for the Single Family Program.

Ms. Cullom stated that the Authority purchases single family mortgage loans (the "Loans") with proceeds of the bonds issued under its Homeowner Mortgage Revenue Bonds General Resolution in order to fund single family mortgages for Illinois. The Loans are currently serviced by approximately 46 financial institutions (the "Existing Servicers"). Pursuant to Resolution 2009-IHDA-031, as amended (the "Prior Resolution"), the Authority was authorized to centralize the servicing activities for the Loans from the Existing Servicers to a single servicer; to that end, the Authority was authorized to enter into an agreement (the "Agreement") with US Bank Home Mortgage (the "Vendor") wherein the Authority would transfer the servicing functions of certain existing Loans to the Vendor and the Vendor would service such Loans and any newly made Loans at an annual fee in the amount of twenty-five basis points

(.25%) of the outstanding balance of each Loan (the “Servicing Fee”). At the time of the adoption of the Prior Resolution, the Vendor agreed to service Loans that were up to 60 days delinquent. Since the adoption of the Prior Resolution, the Authority has determined it is in its best interest to transfer the servicing functions of all delinquent loans (the “Delinquent Loans”) and all real-estate-owned properties (the “REO Properties”) to the Vendor for servicing pursuant to the terms of the Agreement. The Vendor has agreed to service all Delinquent Loans and all REO Properties for a non-recurring fee of \$100 for each Delinquent Loan that is delinquent past 91 days and a non-recurring fee of \$750 for each REO Property. Ms. Cullom recommended the Members’ approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Ms. Kane; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-089

Assistant Executive Director Bilger introduced Item 21 on the Agenda: Resolution Authorizing Agreements for the Provision of Group Health Care, Life and Accidental Death and Dismemberment Insurance, Employee Assistance, Flexible Spending Accounts and Commuter Transportation Pre-Tax Plan.

Ms. Wortham stated that the Authority provides group health care, life and accidental death and dismemberment insurance, employee assistance, transportation plan and flexible spending accounts (collectively “the Group Benefits”) for its employees through agreements with various insurers (collectively, the “Current Agreements”). The Current Agreements for the Group Benefits all expire on June 30, 2009. Pursuant to the Procurement Code, 30 ILCS 500/1 et seq., the Authority published a request for proposals and reviewed bids from insurance brokers offering to procure the Group Benefits for the Authority. The Authority determined that Mesirov Financial was best able to procure the Group Benefits for the Authority. Mesirov Financial has procured the Group Benefits for the coming fiscal year and the Authority desires to enter into new agreements (the “New Agreements”) with BC/BS, Ceridian, WageWorks and Fort Dearborn for the period from July 1, 2009 through July 1, 2010 to provide the Group Benefits at a cost not to exceed the quoted rates set forth in Exhibit A attached to this Resolution. Ms. Wortham recommended the Members’ approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Mr. Kochan; the Resolution was adopted by the affirmative votes of

Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-090

Assistant Executive Director Bilger introduced Item 22 on the Agenda: Resolution Authorizing Agreements for the Provision of Crime, Property, General Liability, Automobile, Worker's Compensation and Umbrella Liability Coverage.

Ms. Wortham stated that the Authority purchases crime, property, general liability, automobile, umbrella and workers' compensation coverage (collectively, the "Coverage") through agreements with various insurers (collectively, the "Current Agreements"). The Current Agreements for the Coverage all expire on July 1, 2009. Pursuant to the Illinois Procurement Code, 30 ILCS 500/1 et seq., the Authority published a request for proposals and reviewed bids from insurance brokers offering to procure the Coverage from insurance companies for the Authority. The Authority determined that Mesirov Financial was best able to procure the Coverage from insurance companies for the Authority. Mesirov Financial has procured the Coverage for the coming fiscal year and the Authority desires to enter into new agreements (the "New Agreements") with Hartford Insurance Company, Fireman's Fund and Great American Insurance Company for the period from July 1, 2009 through July 1, 2010 to provide the Coverage at a cost not to exceed the quoted rates set forth in Exhibit A attached to this Resolution. Ms. Wortham recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Mr. Gardner; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-091

Assistant Executive Director Bilger introduced Item 23 on the Agenda: Resolution Authorizing an Amendment of an Agreement with Polsinelli Shugart.

Ms. Kenney stated that the Authority needed representation (the "Services") in order to foreclose on its loan to South Calhoun Retirement Center for a project known as South Calhoun Retirement Center (HTF-1791) in Brussels, Illinois (the "Lawsuit"). The Authority determined that it was necessary and more cost efficient to hire a local law firm to represent the Authority in this Lawsuit. The Authority entered into a certain Legal Services Agreement and a certain Work Letter with Polsinelli Shugart f/k/a Polsinelli Shalton Flanigan Suelthaus PC (collectively, the "Agreement"), which provided that the total fee for the

Services would not exceed \$7,750. Since that time and due to the position taken by the Owner in the Lawsuit, fees exceeding this amount have been incurred and the Owner has agreed to enter into a Reinstatement and Loan Modification Agreement to pay the Authority's legal fees and advances related to the Lawsuit and to waive its right of redemption for future defaults. The Authority has incurred fees of approximately \$15,000 to date and expects to expend approximately \$2,500 more to resolve the matter. The Authority seeks authorization to amend the Agreement to provide that the total expected fee will not exceed \$18,000. Ms. Kenney recommended the Members' approval of the Resolution.

A motion to adopt the Resolution was made by Ms. Davis and seconded by Mr. Gardner; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-092

Assistant Executive Director Bilger introduced Item 24 on the Agenda: Resolution Authorizing a Maintenance Agreement with Dell/ASAP Software.

Mr. Uitto stated that the Illinois Department of Central Management Services has entered into a master contract (the "Master Contract") with the Dell/ASAP Software (the "Vendor") wherein the Vendor will provide the following to state agencies: (i) Novell Open Enterprise Server, Novell Zenworks Desktop Management and Novell GroupWise Software (collectively, the "Software"); and (ii) maintenance for the Software (the "Maintenance"). Pursuant to the Master Contract, the Authority has previously authorized the purchase of the Software and Maintenance from the Vendor. The current agreement between the Authority and the Vendor for Maintenance expires on June 30, 2009. Mr. Uitto stated that the Authority wishes to enter into a new agreement for Maintenance with the Vendor for the period from July 1, 2009 to June 30, 2010 at a fee not to exceed \$17,000.

A motion to adopt the Resolution was made by Mr. Gardner and seconded by Mr. Kochan; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

09-IHDA-093

Assistant Executive Director Bilger introduced Item 25 on the Agenda: Resolution Authorizing Payment of Membership Dues for the National Council of State Housing Agencies.

Ms. Bilger stated that the Authority, as a member of the National Council of State Housing Agencies ("NCSHA"), has received a bill from NCSHA

in the amount of \$42,588, representing the Authority's membership dues for the period of July 1, 2009, through June 30, 2010 (the "Dues"). Ms. Bilger stated that the Authority has determined that it is in its best interest to remain a member of NCSHA and therefore to pay the Dues. She recommended the Members' approval.

A motion to adopt the Resolution was made by Mr. Barker and seconded by Ms. Davis; the Resolution was adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

Presentation 1 For Presentation 1, Finance Committee Report, Mr. Barker recommended the Members' approval of the minutes from the May 15, 2009, Finance Committee meeting.

A motion to adopt the minutes was made by Mr. Barker and seconded by Ms. Davis; the minutes were adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

Presentation 2 For Presentation 2, Multifamily Status Report as of May 31, 2009, Chairman Newman referred the Members to the Board materials.

Presentation 3 For Presentation 3, Asset Management Committee Minutes, Ms. Davis recommended the Members' approval of the minutes from April 17, 2009 Asset Management Committee meeting.

A motion to adopt the minutes was made by Ms. Davis and seconded by Ms. Kane; the minutes were adopted by the affirmative votes of Chairman Newman, Vice-Chairman Barker, Ms. Davis, Mr. Gardner, Ms. Kane and Mr. Kochan.

Chairman Newman introduced Margaret Guarino from Bank of America Merrill Lynch who gave an update on current financial situation.

There being no further business, Chairman Newman adjourned the meeting at 10:31 a.m.