

**Escrow Release – Not A New Issue – Book Entry Only**

**Ratings: See “Ratings” herein.**

*In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2009I Bonds is excluded from gross income for federal income tax purposes, except during the period when the Series 2009I Bonds are held by a “substantial user” of the facilities financed by the Series 2009I Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is further of the opinion that interest on the Series 2009I Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax. Under the Act, in its present form, the Bonds and all income from the Bonds is free from all taxation by the State of Illinois or its political subdivisions, except for estate, transfer and inheritance taxes. See “TAX MATTERS” herein.*

**Supplement No. 8 to Official Statement  
dated December 15, 2011  
relating to**

**\$9,570,000**

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
Multifamily Initiative Bonds, Series 2009I**

**Dated: December 30, 2009  
(interest accrual commencing December 15, 2011)**

**Due: September 1, 2051**

The Illinois Housing Development Authority (the “**Authority**”) previously issued \$184,080,000 aggregate principal amount of its Multifamily Initiative Bonds, Series 2009A (the “**Series 2009A Bonds**”), and expects to release a portion of the escrowed proceeds of the Series 2009A Bonds in the aggregate principal amount of \$9,570,000 (the “**Released Amount**”) and to convert and redesignate a corresponding portion of the Series 2009A Bonds as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009I (the “**Series 2009I Bonds**”). On November 18, 2010, the Authority converted \$34,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the “**Series 2009B Bonds**”). On December 16, 2010, the Authority converted \$27,860,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009C (the “**Series 2009C Bonds**”). On July 28, 2011, the Authority converted \$59,500,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009D (the “**Series 2009D Bonds**”). On November 17, 2011, the Authority converted \$7,700,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009E (the “**Series 2009E Bonds**”), \$5,790,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009F (the “**Series 2009F Bonds**”), \$8,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009G (the “**Series 2009G Bonds**”), and \$11,230,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009H (the “**Series 2009H Bonds**”) and, together with the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds, the Series 2009E Bonds, the Series 2009F Bonds, the Series 2009G Bonds and the Series 2009I Bonds, the “**Converted Bonds**”). See “THE NEW ISSUE BOND PROGRAM”. This Supplement No. 8 to Official Statement (“**Supplement No. 8**”) supplements and amends the Official Statement, dated December 18, 2009, relating to the Series 2009A Bonds (the “**Original Official Statement**”), as previously supplemented and amended, in connection with the conversion and redesignation of the Series 2009I Bonds. The Original Official Statement, as previously supplemented and amended and as supplemented and amended by this Supplement No. 8, is referred to as the “**Official Statement**”. The Original Official Statement is attached to this Supplement No. 8 as Appendix D. To the extent not supplemented and amended by prior supplements and by this Supplement No. 8, the Original Official Statement remains in full force and effect. Certain capitalized terms used but not otherwise defined in this Supplement No. 8 are defined in the Original Official Statement or in the Indenture defined below.

The Series 2009I Bonds were issued pursuant to and are outstanding under the Trust Indenture, dated as of December 1, 2009 (as amended, the “**Trust Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “**Trustee**”), the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (as amended, the “**Series 2009A Supplemental Indenture**”), between the Authority and the Trustee, the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (as amended, the “**Series 2009B Supplemental Indenture**”), between the Authority and the Trustee, the Series

2009C Supplemental Indenture, dated as of December 1, 2010 (as amended, the “**Series 2009C Supplemental Indenture**”), between the Authority and the Trustee, the Series 2009D Supplemental Indenture, dated as of July 1, 2011, between the Authority and the Trustee (as amended, the “**Series 2009D Supplemental Indenture**”), the Series 2009E Supplemental Indenture, dated as of November 1, 2011, between the Authority and the Trustee (the “**Series 2009E Supplemental Indenture**”), the Series 2009F Supplemental Indenture, dated as of November 1, 2011, between the Authority and the Trustee (the “**Series 2009F Supplemental Indenture**”), the Series 2009G Supplemental Indenture, dated as of November 1, 2011, between the Authority and the Trustee (the “**Series 2009G Supplemental Indenture**”), the Series 2009H Supplemental Indenture, dated as of November 1, 2011, between the Authority and the Trustee (the “**Series 2009H Supplemental Indenture**”), and the Series 2009I Supplemental Indenture, dated as of December 1, 2011, between the Authority and the Trustee (the “**Series 2009I Supplemental Indenture**” and collectively with the Trust Indenture, the Series 2009A Supplemental Indenture, the Series 2009B Supplemental Indenture, the Series 2009C Supplemental Indenture, the Series 2009D Supplemental Indenture, the Series 2009E Supplemental Indenture, the Series 2009F Supplemental Indenture, the Series 2009G Supplemental Indenture, and the Series 2009H Supplemental Indenture, the “**Indenture**”). Principal of, premium, if any, and interest on the Series 2009I Bonds will be paid by the Trustee as Paying Agent pursuant to the Indenture.

The Series 2009I Bonds are issuable only in registered form. The Depository Trust Company (“**DTC**” or the “**Depository**”), New York, New York, will act as securities depository for the Series 2009I Bonds and its nominee will be the registered owner of the Series 2009I Bonds. See “**BOOK-ENTRY ONLY SYSTEM**” in the Original Official Statement in Appendix D.

The Series 2009I Bonds are issuable in authorized denominations of \$5,000 principal amount and integral multiples of that amount and, for purposes of the release and redemption of the Bonds, \$10,000 principal amount or any integral multiple of \$10,000 in excess thereof. The Series 2009I Bonds will bear interest from and including December 15, 2011 to but excluding February 15, 2012 at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day (as defined in the Indenture) prior to December 15, 2011, plus 60 basis points or (b) 2.32%. Thereafter, the Series 2009I Bonds will bear interest at the permanent rate of 2.32% per annum to maturity. Interest on the Series 2009I Bonds will be payable on February 15, 2012 and thereafter on March 1 and September 1 of each year, commencing March 1, 2012, and on each redemption date. See “**THE SERIES 2009I BONDS**”.

The Series 2009I Bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary mandatory redemption, at the prices set forth herein under certain circumstances, as more fully described herein. See: “**THE SERIES 2009I BONDS—Redemption Provisions**” herein.

The Series 2009I Bonds were issued to make funds available, together with certain other available moneys, to (a) acquire fully modified mortgage-backed securities (as further described herein, the “**Ginnie Mae Certificates**”) issued in respect of the acquisition, construction and rehabilitation of the multifamily residential housing development described in Appendix B hereto (the “**Series 2009I Development**”) located in the State of Illinois (the “**State**”), all as described herein and in Appendix B, including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, if required, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009I Bonds. See “**SOURCES AND USES OF FUNDS**.”

The Converted Bonds, the remaining unconverted Series 2009A Bonds, and any future Subsequent Series of Bonds issued and outstanding under the Indenture are secured by a pledge of (a) the trust estate established under the Indenture (the “**Trust Estate**”), including revenues, assets or moneys held under the Indenture and the related Supplemental Indentures (other than the Rebate Fund, if any), in each case solely to the extent such items are subject to the pledge, assignment, lien and security interest as provided in the Indenture, and (b) such other security or credit enhancement as may be provided for a particular Series of Bonds in the related Supplemental Indenture. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009I BONDS**” herein and “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS**” in the Original Official Statement in Appendix D.

**The principal of and interest on the Series 2009I Bonds will be payable from the payments on the Ginnie Mae Certificates and from any other security pledged under the Series 2009I Supplemental Indenture. Prior to the Trustee’s acquisition of the Ginnie Mae Certificates, the Series 2009I Bonds will be secured by [a portion of] the proceeds of the Series 2009I Bonds and other amounts held in the Acquisition Fund (as defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009I BONDS” and “THE GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”**

**The Series 2009I Bonds are special, limited obligations of the Authority. The Series 2009I Bonds will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Series 2009I Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State or any political subdivision thereof but will be payable solely from the revenues or assets of the Authority pledged therefor. Neither the State nor any political subdivision thereof is liable on the Series 2009I Bonds, the Series 2009I Bonds are not a debt of the State or any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or**

any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Series 2009I Bonds.

The Series 2009I Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require 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 of insufficient moneys available for such payments, shall not apply to the Series 2009I Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009I BONDS” herein and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in the Original Official Statement in Appendix D.

*The delivery of the Series 2009I Bonds is subject to the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, as to the validity of, and the excludability from gross income for federal income tax purposes of interest on, the Series 2009I Bonds. Certain legal matters will be passed upon for the Authority by its General Counsel, Maureen G. Ohle, Esq. and by its counsel, Schiff Hardin LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Series 2009I Developer by its counsel, Applegate & Thorn-Thomson, Chicago, Illinois, for the Lender by its counsel, Vorys, Sater, Seymour and Pease LLP, Cincinnati, Ohio, and for the Trustee by its internal counsel.*

## CONCERNING THE OFFICIAL STATEMENT

No person has been authorized by the Authority to give any information or to make any representations other than those contained in the Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. The Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Series 2009I Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion in the Official Statement are subject to change without notice, and neither the delivery of the Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date as of which information is given in the Official Statement.

THE SERIES 2009I BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RESOLUTIONS AND INDENTURES RELATING TO THE SERIES 2009I BONDS HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2009I BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES IN WHICH THE SERIES 2009I BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE SERIES 2009I BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Official Statement contains “forward looking statements” within the meaning of the federal securities laws. These forward looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward looking statements in the Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

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**Supplement No. 8 to Official Statement**  
**dated December 15, 2011**  
**relating to**  
**\$9,570,000**  
**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**  
**Multifamily Initiative Bonds, Series 2009I**

INTRODUCTION

This Supplement No. 8 to Official Statement (including the cover page and appendices, “**Supplement No. 8**”) is being furnished by the Illinois Housing Development Authority (the “**Authority**”) in order to provide information in connection with the conversion and redesignation of a portion of the Authority’s Multifamily Initiative Bonds, Series 2009A (the “**Series 2009A Bonds**”), as the Multifamily Initiative Bonds, Series 2009I (the “**Series 2009I Bonds**”). The Series 2009A Bonds were issued by the Authority on December 30, 2009 pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended (the “**Act**”). On November 18, 2010, the Authority converted \$34,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the “**Series 2009B Bonds**”). On December 16, 2010, the Authority converted \$27,860,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009C (the “**Series 2009C Bonds**”). On July 28, 2011, the Authority converted \$59,500,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009D (the “**Series 2009D Bonds**”). On November 17, 2011, the Authority converted \$7,700,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009E (the “**Series 2009E Bonds**”), \$5,790,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009F (the “**Series 2009F Bonds**”), \$8,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009G (the “**Series 2009G Bonds**”), and \$11,230,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009H (the “**Series 2009H Bonds**”) and, together with the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds, the Series 2009E Bonds, the Series 2009F Bonds, the Series 2009G Bonds and the Series 2009I Bonds, the “**Converted Bonds**”).

Supplement No. 8 supplements and amends the Official Statement dated December 18, 2009, relating to the Series 2009A Bonds (the “**Original Official Statement**”) in connection with the conversion and redesignation of the Series 2009H Bonds. The Original Official Statement was previously supplemented and amended by Supplement No. 1 to Official Statement dated November 18, 2010 (“**Supplement No. 1**”) relating to the Series 2009B Bonds, Supplement No. 2 to Official Statement dated December 16, 2010 (“**Supplement No. 2**”) relating to the Series 2009C Bonds, Supplement No. 3 to Official Statement dated July 28, 2011 (“**Supplement No. 3**”) relating to the Series 2009D Bonds, Supplement No. 4 to Official Statement dated November 17, 2011 (“**Supplement No. 4**”) relating to the Series 2009E Bonds, Supplement No. 5 to Official Statement dated November 17, 2011 (“**Supplement No. 5**”) relating to the Series 2009F Bonds, Supplement No. 6 to Official Statement dated November 17, 2011 (“**Supplement No. 6**”) relating to the Series 2009G Bonds, and Supplement No. 7 to Official Statement dated November 17, 2011 (“**Supplement No. 7**”) relating to the Series 2009H Bonds. The

Original Official Statement as supplemented and amended by Supplement No. 1, Supplement No. 2, Supplement No. 3, Supplement No. 4, Supplement No. 5, Supplement No. 6, Supplement No. 7, and this Supplement No. 8 is referred to as the “**Official Statement.**” The Original Official Statement is attached to this Supplement No. 8 as Appendix D. To the extent not supplemented and amended by Supplement No. 1, Supplement No. 2, Supplement No. 3, Supplement No. 4, Supplement No. 5, Supplement No. 6, Supplement No. 7, and this Supplement No. 8, the Original Official Statement remains in full force and effect.

The Series 2009I Bonds are subject to redemption as set forth in the Series 2009I Supplemental Indenture. See “THE SERIES 2009I BONDS — Redemption Provisions.”

Certain capitalized terms used in this Supplement No. 8 are defined under “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2009I SUPPLEMENTAL INDENTURE APPLICABLE TO THE SERIES 2009I BONDS.” Certain other capitalized terms used but not otherwise defined in this Supplement No. 8 are defined in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions” in the Original Official Statement attached as Appendix D or in the Indenture defined below.

### **Security for the Series 2009I Bonds**

**The principal of and interest on the Series 2009I Bonds will be payable from the payments on the fully modified mortgage-backed securities in the anticipated maximum principal amount of \$9,570,000 (as further described herein, the “Ginnie Mae Certificates”) and from any other security pledged under the Series 2009I Supplemental Indenture. Prior to the Trustee’s acquisition of the Ginnie Mae Certificates, the Bonds will be secured by [a portion of] the proceeds of the Series 2009I Bonds and other amounts held in the Acquisition Fund (as defined herein).**

### **The Series 2009I Bonds are Limited Obligations**

The Series 2009I Bonds are special, limited obligations of the Authority and are payable solely from the Authority’s revenues, assets or moneys pledged therefor under the Indenture, including in the case of the Series 2009I Bonds payments under the Ginnie Mae Certificates pledged under the Series 2009I Supplemental Indenture. The Series 2009I Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit or the taxing power, if any, of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009I BONDS” below.

**The Series 2009I Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require 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 of insufficient moneys available for such payments, shall not apply to the Series 2009I Bonds. See “Security and Sources of Payment for the Series 2009I Bonds” below and “Security and Sources of Payment for the Series 2009A Bonds” in the Original Official Statement attached as Appendix D.**

### **Authority for the Series 2009I Bonds**

The Series 2009A Bonds were issued and the Series 2009I Bonds are being converted and redesignated under the provisions of (i) the Trust Indenture, dated as of December 1, 2009 (the “**Trust Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “**Trustee**”), (ii) the Series 2009A Supplemental Indenture, dated as of December 1,



2009 (the “**Series 2009A Supplemental Indenture**”), between the Authority and the Trustee, (iii) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009A Bonds (the “**Series 2009A Determination**”), (iv) the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the “**Series 2009B Supplemental Indenture**”), between the Authority and the Trustee, (v) the Series 2009C Supplemental Indenture, dated as of December 1, 2010 (the “**Series 2009C Supplemental Indenture**”), between the Authority and the Trustee, (vi) the Series 2009D Supplemental Indenture, dated as of July 1, 2011 (the “**Series 2009D Supplemental Indenture**”), between the Authority and the Trustee, (vii) the Series 2009E Supplemental Indenture, dated as of November 1, 2011 (the “**Series 2009E Supplemental Indenture**”), between the Authority and the Trustee, (viii) the Series 2009F Supplemental Indenture, dated as of November 1, 2011 (the “**Series 2009F Supplemental Indenture**”), between the Authority and the Trustee, (ix) the Series 2009G Supplemental Indenture, dated as of November 1, 2011 (the “**Series 2009G Supplemental Indenture**”), between the Authority and the Trustee, (x) the Series 2009H Supplemental Indenture, dated as of November 1, 2011 (the “**Series 2009H Supplemental Indenture**”), between the Authority and the Trustee, (xi) the Series 2009I Supplemental Indenture, dated as of December 1, 2011 (the “**Series 2009I Supplemental Indenture**”), between the Authority and the Trustee, and collectively with the Trust Indenture, the Series 2009A Supplemental Indenture, the Series 2009B Supplemental Indenture, the Series 2009C Supplemental Indenture, the Series 2009D Supplemental Indenture, the Series 2009E Supplemental Indenture, the Series 2009F Supplemental Indenture, the Series 2009G Supplemental Indenture, and the Series 2009H Supplemental Indenture, as amended by Amendment No. 1 described below, the “**Indenture**”), between the Authority and the Trustee, (xii) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009I Bonds (the “**Series 2009I Determination**” and together with the Series 2009A Determination, the “**Determinations**”), (xiii) Resolution 2009-IHDA-158 of the Authority adopted on November 20, 2009 (the “**Bond Resolution**”), as amended by Resolution 2009-IHDA-178 of the Authority adopted on December 18, 2009 (the “**First Amendatory Resolution**”), and as further amended by Resolution 2010-IHDA-123 of the Authority adopted on September 17, 2010 (the “**Second Amendatory Resolution**”), and (xv) Resolution 2011-IHDA-146 of the Authority adopted on November 18, 2011 (the “**Series 2009I Resolution**” and, together with the Bond Resolution, the First Amendatory Resolution, the Second Amendatory Resolution and the Determinations, the “**Resolution**”). The Trust Indenture, the Series 2009A Supplemental Indenture, the Series 2009B Supplemental Indenture, the Series 2009C Supplemental Indenture, and the Series 2009D Supplemental Indenture were amended in certain respects with the consent of the United States Treasury, the owner of the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds and the Series 2009D Bonds, pursuant to Resolution 2011-IHDA-15 of the Authority adopted on September 16, 2011 and Amendment No. 1 to Master Indenture and Series 2009A, Series 2009B, Series 2009C and Series 2009D Supplemental Indentures, dated as of August 1, 2011 (“**Amendment No. 1**”), between the Authority and the Trustee.

The Trust Indenture contains terms and conditions relating to the Bonds, including terms and conditions relating to the issuance and sale of Bonds and various covenants and security provisions, certain of which are summarized in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in the Original Official Statement in Appendix D. That summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Trust Indenture, to which reference is hereby made, copies of which are available from the Authority or the Trustee. The Series 2009I Supplemental Indenture contains certain provisions that apply only to the Series 2009I Bonds. Certain of those provisions are summarized under the caption “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2009I SUPPLEMENTAL INDENTURE APPLICABLE TO THE SERIES 2009I BONDS.”

A portion of the proceeds of the Series 2009A Bonds in the amount of \$9,570,000 (the “**Released Amount**”) is being released on December 15, 2011 (the “**Release Date**”) and a portion of the Series 2009A Bonds allocable to the Released Amount is being redesignated as the Series 2009I Bonds. The Authority is authorized by the Act, the Resolution and the Indenture to (i) release a portion of the

proceeds of the Series 2009A Bonds currently held in escrow by the Trustee in a principal amount corresponding to the principal amount of the Series 2009I Bonds, (ii) redesignate a corresponding portion of the Series 2009A Bonds as the Series 2009I Bonds, and (iii) convert the interest rate on the Series 2009I Bonds from the Short-Term Rate (as defined in the Original Official Statement) to the Permanent Rate (as defined in the Original Official Statement) on February 15, 2012 (the “**Conversion Date**”). See “THE NEW ISSUE BOND PROGRAM”.

### **The Series 2009I Development**

Under the Act, the Authority is authorized to finance mortgage loans for multifamily housing for persons and families of low and moderate income in the State of Illinois (the “**State**”). Under the Indenture, the Authority is authorized to issue bonds to provide funds for the making of multifamily mortgage loans to housing sponsors (the “**Developers**”) eligible under the Act for the financing of housing developments (the “**Developments**”), including making deposits in funds and accounts under the Indenture, all as specified in Supplemental Indentures and one or more Determinations (each as defined in the Trust Indenture). Multifamily mortgage loans financed under the Resolution and the Indenture, to the extent such loans constitute Permitted Mortgage Loans as defined in the Series 2009A Supplemental Indenture, are referred to at various times as either the “**Mortgage Loans**” or the “**Mortgage Loan**”, as appropriate.

Following the Release Date, a portion of the proceeds of the Series 2009A Bonds in an amount equal to the Released Amount will be transferred from the Series 2009A Escrow Account in the Program Fund to the Series 2009I Funding Account in the Program Fund and used, together with certain other available moneys, to (a) acquire Ginnie Mae Certificates issued in respect of the acquisition, construction and/or rehabilitation of the Development described in Appendix B (the “**Series 2009I Development**”), (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, if required, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009I Bonds. See “SOURCES AND USES OF FUNDS.”

### **Ginnie Mae Certificates**

Upon the purchase thereof by the Trustee, the Bonds will be secured primarily by the Ginnie Mae Certificates, to be issued by Red Mortgage Capital, LLC (the “**Lender**”), which will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“**Ginnie Mae**”) and to be backed by a mortgage loan (the “**Series 2009I Mortgage Loan**”) made to the Developer identified in Appendix B—“DESCRIPTION OF MORTGAGE LOAN AND DEVELOPMENT EXPECTED TO BE FINANCED BY THE SERIES 2009I BONDS” (the “**Series 2009I Developer**”) in an anticipated maximum principal amount of \$9,570,000 to finance the Series 2009I Development, which Series 2009I Mortgage Loan will be evidenced by a non-recourse mortgage note (the “**GNMA Mortgage Note**”) and secured by a mortgage (the “**GNMA Mortgage**”). The Series 2009I Mortgage Loan will be made to the Series 2009I Developer pursuant to a Financing Agreement, dated as of December 1, 2011, among the Authority, the Series 2009I Developer, the Trustee and the Lender (as the same may be supplemented, amended or modified from time to time, the “**Financing Agreement**”). See “GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”

### **Description of the Financing**

The Financing Agreement provides that the financing will be accomplished through the Trustee’s acquisition of the Ginnie Mae Certificates. The proceeds of the Series 2009I Bonds used by the Trustee to acquire the Ginnie Mae Certificates are to be used by the Lender to make the Series 2009I Mortgage Loan. See “THE LENDER.” The Ginnie Mae Certificates consist of (i) construction loan certificates issued

for each construction advance on the Series 2009I Mortgage Loan (the “**CLCs**”) and (ii) a permanent project loan certificate issued after completion of construction of the Series 2009I Development in exchange for the CLCs previously delivered to the Trustee (the “**PLC**” and, together with the CLCs, the “**Ginnie Mae Certificates**”). The Federal Housing Administration of the United States Department of Housing and Urban Development (“**FHA**”) has issued its firm commitment (the “**Commitment**”) to the Lender to insure (the “**Mortgage Insurance**”), upon compliance with the terms and conditions thereof, construction advances on the Series 2009I Mortgage Loan to the Series 2009I Developer under Section 221(d)(4) of the National Housing Act of 1934, as amended, (the “**National Housing Act**”). The Series 2009I Mortgage Loan will be evidenced by the GNMA Mortgage Note and secured by the GNMA Mortgage. *The Trustee will not have any interest in the GNMA Mortgage or the GNMA Mortgage Note and will not have a claim against any Mortgage Insurance benefits.*

If the amount of the PLC is less than the anticipated amount of the Series 2009I Mortgage Loan as further provided herein, an amount of Series 2009I Bonds representing the difference may be redeemed, See “THE SERIES 2009I BONDS – Redemption Provisions – Extraordinary Mandatory Redemption”.

While the Series 2009I Development is under construction, the Series 2009I Developer is to make monthly payments, pursuant to the GNMA Mortgage Note, to the Lender representing interest only on the aggregate amounts disbursed to the Series 2009I Developer under a building loan agreement approved by HUD. Payments of interest on the GNMA Mortgage Note (less the Ginnie Mae guaranty fee, the servicing fee and any late charges on the Series 2009I Mortgage Loan) are to be passed through to the Trustee or its nominee by the Lender as monthly installments of interest on the CLCs and applied, together with investment earnings, if any, on the undisbursed proceeds of the Series 2009I Bonds and certain other moneys held by the Trustee, to pay debt service on the Series 2009I Bonds.

Following completion of the Series 2009I Development and Final Endorsement of the Series 2009I Mortgage Loan for Mortgage Insurance, the CLCs are to be exchanged for a single PLC. See “GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.” If the PLC is not issued on or before the CLC Maturity Date (as such date may be extended), the Series 2009I Bonds will be redeemed pursuant to the Series 2009I Supplemental Indenture at a price of par plus accrued interest. See “THE SERIES 2009I BONDS – Redemption Provisions – Extraordinary Mandatory Redemption.” Following commencement of amortization, the GNMA Mortgage Note will be payable in monthly installments of principal and interest over a period of 38 years from the date of commencement of amortization, corresponding to the term of the GNMA Mortgage Note. Payments by the Series 2009I Developer of principal of and interest on the GNMA Mortgage Note to the Lender (less the Ginnie Mae guaranty fee and servicing fee and any late charges on the Series 2009I Mortgage Loan) are to be passed through by the Lender to the Trustee or its nominee on a monthly basis as payments of principal of and interest on the Ginnie Mae Certificates, and such payments are to be applied to semiannual scheduled payments of interest on and principal of the Series 2009I Bonds and to the payment of the Trustee’s fees and expenses and Authority’s fees and expenses.

The Lender is obligated to make payments on the Ginnie Mae Certificates notwithstanding the failure of the Series 2009I Developer to make payments on the Series 2009I Mortgage Loan. However, in the event that the Series 2009I Developer defaults on the Series 2009I Mortgage Loan, the Lender may apply for Mortgage Insurance benefits which, when added to other funds required to be paid on the Ginnie Mae Certificates relating to the Series 2009I Mortgage Loan default, are to be passed through to the Trustee or its nominee under the Ginnie Mae Certificates and applied to the redemption of the Series 2009I Bonds. See “GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” and “THE SERIES 2009I BONDS – Redemption Provisions – Extraordinary Mandatory Redemption.” The ability of the Series 2009I Developer to make Series 2009I Mortgage Loan payments may be affected by a variety of factors,

including satisfactory completion of construction of the Series 2009I Development within cost and time constraints, the achievement and maintenance of a sufficient level of occupancy, sound management of the Series 2009I Development, increases in rates to cover increases in operating expenses, or other factors.

### **HUD Requirements to Control**

The provisions of the Series 2009I Supplemental Indenture, the Financing Agreement, the Tax Regulatory Agreement, and the Land Use Restriction Agreement (the “**Bond Financing Documents**”) are subject to the National Housing Act, all applicable FHA mortgage insurance regulations and related administrative requirements, the Mortgage Loan Documents, all applicable Ginnie Mae regulations and related administrative requirements and Ginnie Mae documents (collectively the “**HUD Requirements**”). In the event of any conflict between the provisions of the Bond Financing Documents and the HUD Requirements, with respect only to the Series 2009I Bonds, the HUD Requirements will control. The Series 2009I Developer will also execute a regulatory agreement required by the FHA (the “**HUD Regulatory Agreement**”) with respect to the Series 2009I Development in order to provide for, among other things, a reserve fund for replacements, which will be held by the Lender. The Lender will hold a reserve for replacements as well as escrows for taxes, insurance and Mortgage Insurance premiums.

### **Subsequent Series**

The Series 2009A Bonds were the first obligations issued by the Authority under the Trust Indenture. The Trust Indenture provides that subsequent series of Bonds (“**Subsequent Series**”) may be issued under the Trust Indenture pursuant to a Supplemental Indenture and Determination, the proceeds of which are available to the Authority to finance one or more Developments. The Series 2009I Bonds are the eighth Subsequent Series. Additional Subsequent Series may be issued by the Authority in accordance with and under the provisions of the Trust Indenture, the Resolution and the Act. The Converted Bonds, the remaining unconverted Series 2009A Bonds and any additional Subsequent Series of Bonds issued under the Trust Indenture are collectively called the “**Bonds**.”

**Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc., (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program or credit enhancement provided by Fannie Mae or Freddie Mac, which secure only the respective Subsequent Series to which they pertain.**

### **THE NEW ISSUE BOND PROGRAM**

The Authority issued the Series 2009A Bonds as escrow bonds under the Multifamily New Issue Bond Program (the “**NIBP Program**”) announced by the United States Department of the Treasury (“**Treasury**”), Fannie Mae and Freddie Mac. The Series 2009A Bonds were purchased by Fannie Mae and Freddie Mac (the “**Purchasers**” or the “**GSEs**”) pursuant to the NIBP Program, the Bond Resolution, the First Amendatory Resolution, the Series 2009A Determination, the Trust Indenture and the Series 2009A Supplemental Indenture. Proceeds derived from the sale of the Series 2009A Bonds in an amount equal to \$184,080,000 were deposited in the Series 2009A Escrow Account in the Program Fund established by the Trust Indenture and the Series 2009A Supplemental Indenture. Under the NIBP Program, the Purchasers exchanged the Series 2009A Bonds for securities issued by the Purchasers (“**GSE Securities**”) backed by the Series 2009A Bonds, which securities were then purchased by the Treasury. Such GSE Securities are not part of the security for the Bonds. The Series 2009A Bonds bear

interest at a short term variable rate and the interest rate calculation method may be converted in up to six tranches prior to December 31, 2011.

The release of amounts held in the 2009 Series A Escrow Account to become available to make Mortgage Loans depends upon compliance with various conditions set forth in agreements between the Authority and the Purchasers and in the Trust Indenture and the Series 2009A Supplemental Indenture. Upon the satisfaction of the conditions precedent to the release of funds from the Series 2009A Escrow Account, the Authority expects to release the Released Amount from the Series 2009A Escrow Account on the Release Date. A portion of the Series 2009A Bonds corresponding to the Released Amount will be converted and re-designated as the Series 2009I Bonds on the Release Date pursuant to the Series 2009I Determination and the Series 2009I Supplemental Indenture.

### **SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds (net of accrued interest) in connection with the conversion and redesignation of the Series 2009I Bonds are as follows:

**Sources**

Released Amount	\$ 9,570,000.00
Other Sources*	<u>1,007,125.00</u>
 Total Sources	 <u>\$10,577,125.00</u>

**Uses**

Deposit to Series 2009I Funding Account of the Program Fund	\$9,570,000.00
Deposit to the Reserve Fund	0.00
Capitalized interest	640,000.00
General Bond Account	10,000.00
Costs of Issuance	349,625.00
GSE fees	<u>7,500.00</u>
 Total Uses	 <u>\$10,577,125.00</u>

\* Includes Series 2009I Developer Contribution

### **THE AUTHORITY**

**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 shall be from any one county in the State, not more than five shall be of any one political party, and at least one shall 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:

TERRY E. NEWMAN, Chairman – Partner, Katten Muchin Rosenman LLP

KAREN DAVIS, Vice Chair – Executive Administrator, Friendly Temple Church

MARK KOCHAN, Secretary – Attorney, Kochan & Kochan P.C.

MARY KANE, Treasurer – Senior Vice President, Stifel, Nicolaus & Company, Inc.

WILLIAM J. MALLERIS, Member – Developer ( Retired)

MELODY REYNOLDS, Member – Executive Director, Advocates for Access

DEBORAH H. TELMAN, Member – Division Counsel, Abbott Laboratories

There are currently two vacancies in the Authority’s membership.

## **Management**

Gloria L. Materre, the Authority’s Executive Director, Phillip Culpepper, the Authority’s Deputy Executive Director and Chief of Staff, and Robert W. Kugel, the Authority’s Chief Financial Officer, Assistant Executive Director and Assistant Treasurer, resigned. Mary R. Kenney, the Authority’s General Counsel, left the Authority in October 2010 and was replaced by Maureen G. Ohle as General Counsel. Ms. Kenney was appointed as the Authority’s new Executive Director on April 15, 2011. Bryan Zises became the Authority’s Assistant Executive Director and Chief of Staff in May 2010. Michele Williams replaced James Kregor as the Authority’s Controller effective in May 2010. Hazim Taib has been appointed Chief Financial Officer and Assistant Treasurer.

MARY R. KENNEY, Executive Director, returned to the Authority in March 2011. She previously served as the Authority’s General Counsel over the period of August 2000 through October 2010. Ms. Kenney also served as an administrator in the Authority’s Portfolio Administration Department from 1988 through 1991. Ms. Kenney earned her law degree from the School of Law of Loyola University of Chicago. After law school, she joined the Chicago law firm of Johnson & Bell in 1994 where she specialized in litigation. She also holds a Bachelor of Science degree in finance from DePaul University, where she concentrated in real estate and graduated with honors.

BRYAN ZISES, Assistant Executive Director and Chief of Staff, returned to the Authority in May 2011 as Assistant Executive Director and Chief of Staff where he oversees programmatic and personnel aspects of the Authority. He obtained a depth of affordable housing finance knowledge from his previous roles as Public Affairs Director at the Authority from 2003 to 2006, as well as Communications Director at the Chicago Housing Authority, one of the largest public housing authorities in the nation. Bryan is a skilled public relations and communications specialist with more than twenty years experience in public finance, political campaigns, government, and media production. He holds a Bachelor of Arts degree in Political Science from the University of Chicago and a Master of Fine Arts degree in Film, with a focus on marketing, management and creative development, from the University of Southern California.

MAUREEN G. OHLE, General Counsel, joined the Authority in November of 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 out of 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 legal career at Sidley Austin's Washington, DC. office from 2001 to 2007. Maureen 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.

HAZIM TAIB, Chief Financial Officer and Assistant Treasurer, has been with the Authority since 1998. His responsibilities include overseeing the Authority's assets and liabilities, managing its capital budget along with its credit risk and rating. He has extensive experience in bond structuring, cash modeling, tax exempt issuance and rating agency requirements. Mr. Taib holds a Master of Business Administration degree with emphasis in statistics and a Bachelor of Science degree in finance from Indiana State University and a degree in Public Administration from Universiti Teknologi MARA, Malaysia.

MICHELE WILLIAMS, Controller, joined the Authority in May 2010. Ms. Williams is a Certified Public Accountant with a bachelor's degree in accounting. She has over 15 years experience in accounting and taxes for small business, industry and not-for-profit companies.

For additional information concerning the Authority and its programs, see "THE AUTHORITY" and "OTHER AUTHORITY PROGRAMS" in the Original Official Statement attached as Appendix D.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009I BONDS**

### **General**

The Series 2009I Bonds will be secured under the Series 2009I Supplemental Indenture by (a) all right, title and interest of the Authority in and to the Financing Agreement (except for certain reserved rights (the "**Reserved Rights**")), (b) all right, title and interest of the Authority in the Ginnie Mae Certificates, including all payments with respect thereto and any interest, profits and other income derived from the investment thereof, (c) the Funds, including moneys and investments therein, held by the Trustee pursuant to the terms of the Series 2009I Supplemental Indenture, and (d) all other property of any kind mortgaged, pledged or hypothecated at any time as and for additional security under the Series 2009I Supplemental Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Series 2009I Supplemental Indenture.

Amounts held to the credit of the Acquisition Fund and the Bond Fund will be invested in Qualified Investments. Funds will be disbursed from the Acquisition Fund by the Trustee to purchase Ginnie Mae Certificates from the Lender, to pay debt service on the Series 2009I Bonds and, under certain circumstances, to pay the mandatory redemption price of the Series 2009I Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2009I SUPPLEMENTAL INDENTURE APPLICABLE TO THE SERIES 2009I BONDS — Acquisition Fund."

### **Reserve Fund**

The Trust Indenture requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Requirement. The Trust Indenture establishes the Reserve Requirement as an amount at least equal to the aggregate amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing all Series of Bonds currently outstanding. Pursuant to the Series 2009I Supplemental Indenture, the Reserve Requirement with respect to the Series 2009I Bonds is established as \$0.00. In connection with the conversion and redesignation of

the Series 2009I Bonds, no deposit will be made into the Reserve Fund. See “SOURCES AND USES OF FUNDS” above.

For further information concerning the Reserve Fund, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS—Reserve Fund” in the Original Official Statement attached as Appendix D.

### **Additional Bonds**

The Indenture permits the issuance of Subsequent Series of Bonds for the purpose of providing funds to be applied with other available funds to make Mortgage Loans to borrowers with respect to Developments pursuant to the terms of a Supplemental Indenture and Determination (each as defined in the Trust Indenture). Any future Subsequent Series of Bonds issued under the Trust Indenture would be on a parity with the Converted Bonds, the remaining unconverted Series 2009A Bonds and other future Subsequent Series of Bonds then outstanding under the Trust Indenture, and would be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Trust Indenture, provided such Bonds are only secured by multifamily loans which are Permitted Mortgage Loans, and except for any credit enhancement provided for a particular Series of the Bonds. The Trust Indenture provides that upon the issuance of any Subsequent Series of Bonds there is to be deposited in the Reserve Fund, if necessary, amounts sufficient to increase the amount therein to the Reserve Requirement calculated after such issuance.

**Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc., (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement such as FHA insurance provided under the FHA Risk-Sharing Program or credit enhancement instruments issued by Fannie Mae or Freddie Mac, which would secure only the applicable Separate Series.**

For further information concerning Additional Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS—Additional Bonds” in the Original Official Statement attached as Appendix D.

### **THE GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM**

*The summary and explanation of the Ginnie Mae mortgage-backed securities program and the other documents referred to in this Supplement No. 8 do not purport to be complete, and reference is made to the Ginnie Mae Mortgage-Backed Securities Guide (Ginnie Mae Handbook 5500.3 Rev. 1) (the “Ginnie Mae Guide”) and to said documents for full and complete statements of their provisions. The information under this heading has not been independently verified by the Authority, the Series 2009I Developer, or any of their respective counsel, members, officers or employees. No representation as to the accuracy, adequacy or completeness of such information, or as to the absence of material changes in such information subsequent to the date hereof, is made by the Authority, the Series 2009H Developer, or any of their respective counsel, members, officers or employees.*

### **General**

The Ginnie Mae is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”), with its principal offices in Washington, D.C.



The Ginnie Mae Certificates will be “fully modified pass-through” mortgage-backed securities issued and serviced by the Lender. The total face amount of the Ginnie Mae Certificates will be in approximately the same amount as the GNMA Mortgage Note subject to a rounding convention. The Lender will be required to pass through to the Trustee or its nominee, as the holder of the Ginnie Mae Certificates, by the fifteenth (15th) day of each month the monthly scheduled installments of principal and interest (interest only on the CLCs) on the GNMA Mortgage Note (less the Ginnie Mae guarantee fee and the Lender’s servicing fee), whether or not the Lender receives such payment from the Series 2009I Developer, plus any unscheduled prepayments of principal of the GNMA Mortgage Note received by the Lender. Ginnie Mae guarantees the timely payment of the principal of and interest on the Ginnie Mae Certificates.

Two types of Ginnie Mae Certificates are intended to be issued by the Lender in connection with the financing of the Series 2009I Development: (i) CLCs, which are to be issued with respect to each construction loan advance under the Series 2009I Mortgage Loan, and (ii) the PLC, which is to be issued with respect to the permanent Series 2009I Mortgage Loan. CLCs are expected to be dated not later than the first day of the month following the month in which a construction advance is made under the Series 2009I Mortgage Loan and to provide that accrued interest for thirty (30) days is payable by the Lender to the Trustee or its nominee as holder of the CLCs commencing forty-five (45) days after the issue date, and continuing on the fifteenth (15th) day of each successive month thereafter until maturity of the CLCs (as such may be extended with the approval of Ginnie Mae) or exchange of the CLCs for the PLC, whichever is earlier.

### **Ginnie Mae Guaranty**

Ginnie Mae is authorized by Section 306(g) of Title III of the National Housing Act, to guarantee the timely payment of the principal of and interest on securities which are based on and backed by, among other things, mortgage pools consisting of a single mortgage insured by the FHA under the National Housing Act. Section 306(g) of the National Housing Act further provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 9, 1969, of an Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed securities of the type being delivered by the Lender to the Trustee or its nominee are authorized to be made by Ginnie Mae and “would constitute general obligations of the United States backed by its full faith and credit.”

Pursuant to such authority, Ginnie Mae, upon delivery of a Ginnie Mae Certificate to the Lender or its nominee in accordance with the related Ginnie Mae Guaranty Agreement (defined below), will have guaranteed the timely payment of the principal of and interest on such Ginnie Mae Certificate.

### **Ginnie Mae Borrowing Authority**

In order to meet its obligations under such guaranty, Ginnie Mae, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Department of the Treasury (the “**Treasury**”) in an amount outstanding at any one time sufficient to enable Ginnie Mae, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Ginnie Mae Certificates. The Treasury is authorized to purchase any obligations so issued by Ginnie Mae and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to Ginnie Mae, if needed, to implement the aforementioned guaranty.

Ginnie Mae warrants to the holder of the Ginnie Mae Certificates, in the related Ginnie Mae Guaranty Agreement, that, if Ginnie Mae is called upon at any time to make good its guaranty of the

payment of principal of and interest on the Ginnie Mae Certificates, it will, if necessary, in accordance with Section 306(d), apply to the Treasury for a loan or loans in amounts sufficient to make payments of principal and interest on the Ginnie Mae Certificates.

### **Servicing of Series 2009I Mortgage Loan**

Under contractual arrangements between the Lender and Ginnie Mae, the Lender is responsible for servicing and otherwise administering the GNMA Mortgage in accordance with generally accepted practices of the mortgage banking industry and the Ginnie Mae Guide.

The monthly remuneration of the Lender, for its servicing and administrative functions, and the guaranty fee charged by Ginnie Mae, are based on the unpaid principal amount of the Ginnie Mae Certificates outstanding. The total of these servicing and guaranty fees for this transaction has been set at 0.25% per annum, payable monthly, calculated on the principal balance of the Ginnie Mae Certificates outstanding on the last day of the month preceding such calculation. Of the total fee, part is paid to Ginnie Mae as a guaranty fee (in this case, 0.13%), and the remainder (in this case, 0.12%) is retained by the Lender as a servicing fee. The Ginnie Mae Certificates carry interest rates that are fixed at 0.25% per annum less than the interest rate on the GNMA Mortgage Note; and the servicing and guaranty fees are deducted from payments on the GNMA Mortgage Note so that interest payments received by the Trustee or its nominee on the Ginnie Mae Certificates are not reduced below the stated rate of interest on the Ginnie Mae Certificates.

It is expected that interest and principal payments on the GNMA Mortgage Note received by the Lender from the Series 2009I Developer will be the principal source of moneys for payments on the Ginnie Mae Certificates. If such payments are less than what is due, the Lender may advance its own funds to ensure timely payments of scheduled installments coming due on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment to the Trustee or its nominee in the event of the failure of the Lender to pass through such scheduled payments when due (whether or not made by the Series 2009I Developer).

The Lender is required to advise Ginnie Mae in advance of any impending default on scheduled payments so that Ginnie Mae as guarantor will be able to continue such payments as scheduled on the 15th day of each month. However, if such payments are not received as scheduled, the Trustee or its nominee, on behalf of the Authority, has recourse directly to Ginnie Mae.

The guaranty agreements to be entered into by the Lender and Ginnie Mae upon issuance of the Ginnie Mae Certificates (the “**Ginnie Mae Guaranty Agreements**”) will provide that, in the event of a default by the Lender, including (i) a request to Ginnie Mae to make a payment of principal or interest on the Ginnie Mae Certificates when the Series 2009I Developer is not in default under the GNMA Mortgage Note, (ii) insolvency of the Lender, or (iii) default by the Lender under any other guaranty agreement with Ginnie Mae, Ginnie Mae shall have the right, by letter to the Lender, to effect and complete the extinguishment of the Lender’s interest in the GNMA Mortgage Note, and the GNMA Mortgage Note shall thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the holders of the Ginnie Mae Certificates. In such event, each Ginnie Mae Guaranty Agreement will provide that on and after the time Ginnie Mae directs such letter of extinguishment to the Lender, Ginnie Mae shall be the successor in all respects to the Lender in its capacity under such Ginnie Mae Guaranty Agreement and the transaction and arrangements set forth or arranged for therein and will be subject to all responsibilities, duties and liabilities (except the Lender’s indemnification of Ginnie Mae), theretofore placed on the Lender by the terms and provisions of such Ginnie Mae Guaranty Agreement, provided that at any time Ginnie Mae may enter into an agreement with any other eligible issuer of Ginnie Mae Certificates under which the latter undertakes and agrees to assume any part or all of

such responsibilities, duties or liabilities theretofore placed on the Lender, and provided that no such agreement shall detract from or diminish the responsibilities, duties, or liabilities of Ginnie Mae in its capacity as guarantor of the Ginnie Mae Certificates, or otherwise adversely affect the rights of the holders thereof.

### **Payment of Principal and Interest on the Ginnie Mae Certificates**

As a condition to the issuance of each Ginnie Mae Certificate, the Lender will be obligated to deliver certain documents to Ginnie Mae prior to the anticipated delivery date of such Ginnie Mae Certificate, including evidence of the advance of the Series 2009I Mortgage Loan and its endorsement for Mortgage Insurance. During the period between the date of an advance under the Series 2009I Mortgage Loan and the issuance of the related Ginnie Mae Certificate, it is possible that the Series 2009I Developer could default under the GNMA Mortgage or the GNMA Mortgage Note or the Lender could default under the applicable Ginnie Mae Guaranty Agreement. Ginnie Mae has stated, among other things, that, in the event of either or both types of default, it nevertheless will (except in the event of fraud or misrepresentation by the Lender) generally approve the issuance of the CLC (other than the Initial CLC) corresponding to the advance under the GNMA Mortgage Note made prior to the default (Ginnie Mae has not made such a statement with respect to the issuance of a PLC).

If the Lender is in default under a Ginnie Mae Guaranty Agreement subsequent to an advance under the GNMA Mortgage Note but prior to approval by Ginnie Mae of the issuance of a CLC corresponding to such advance, Ginnie Mae is not required to assume the Lender's liability and responsibility under the GNMA Mortgage and the loan agreement to complete the financing of the Series 2009I Development and the issuance of the remaining Ginnie Mae Certificates. If Ginnie Mae were to decide to complete the financing, at its option, Ginnie Mae could either assume the role of the Lender and issue the Ginnie Mae Certificates to the Trustee or its nominee, or could arrange for issuance of the Ginnie Mae Certificates by another authorized issuer of Ginnie Mae Certificates. If Ginnie Mae decides not to complete or arrange for the completion of the financing, no further proceeds of the Bonds would be advanced to acquire additional Ginnie Mae Certificates with respect to the Series 2009I Development. Ginnie Mae would remain obligated to make payments under Ginnie Mae Certificates previously issued.

Payment of interest on each Ginnie Mae Certificate is required to be made in monthly installments on or before the 15th day of each month commencing the month next following the date of issuance of such Ginnie Mae Certificate. The CLCs shall provide for payment of interest only until maturity at a rate equal to the interest rate on the GNMA Mortgage Note less the guaranty and servicing fees computed in accordance with the Ginnie Mae Guide. Accrued interest for 30 days shall be payable to the holders of the securities commencing on the 15th day of the month next following the issue date and shall be due continuously on the 15th day of each successive month. The CLCs will mature on the earlier of their stated maturity date or upon issuance of the PLC (*i.e.*, after the final endorsement of the GNMA Mortgage Note by FHA and after the Lender has complied with all of the requirements of the Ginnie Mae Guide for issuance of the PLC). Upon the issuance of the PLC and commencement of the payment of principal thereon, the PLC will be payable in monthly installments of principal and interest. Each installment on the PLC is applied first to interest and then in reduction of the principal balance then outstanding on the PLC. The amount of principal due on the PLC is the scheduled principal amortization currently due on the GNMA Mortgage Note. The CLC maturity date was established by allowing at least 200% of the HUD anticipated construction time. Upon approval by Ginnie Mae, in instances of mortgage default or other unusual circumstances preventing the finally endorsed mortgage from becoming eligible for mortgage-backed security pooling, retirement shall be by payment of cash. The maturity date of the PLC is expected to be set at August 15, 2051.

Each of the monthly installments will be subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the GNMA Mortgage Note. In any event, the Lender is required to pay to the Trustee or its nominee, as holder of the Ginnie Mae Certificates, monthly installments of not less than the interest due on the Ginnie Mae Certificates at the rate specified in the Ginnie Mae Certificates, together with any scheduled installments of principal whether or not collected from the Series 2009I Developer and any prepayments or early recovery of principal. Final payment of the PLC shall be made upon surrender of the outstanding PLC.

At its option, the Lender may repurchase the Series 2009I Mortgage Loan and pay-off the Ginnie Mae Certificates in the event that no payment is made on the Series 2009I Mortgage Loan for three consecutive months.

### **Liability of the Lender**

The Ginnie Mae Certificates will not constitute a liability of nor evidence any recourse against the Lender. The Ginnie Mae Certificates are based on and backed by the GNMA Mortgage on the real property securing the GNMA Mortgage Note. Recourse may be had by the Trustee or its nominee only to Ginnie Mae in the event of any failure of timely payment as provided for in the Ginnie Mae Guaranty Agreements.

### **THE LENDER**

*The information under this heading has been provided solely by the Lender and has not been independently verified by the Authority, the Series 2009I Developer, or any of their respective counsel, members, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Authority, the Series 2009H Developer, or any of their respective counsel, members, officers or employees.*

Red Mortgage Capital, LLC (the “**Lender**”), a Delaware limited liability company, is a mortgage banking firm specializing in FHA-insured construction and permanent mortgage loans, Fannie Mae forward commitments and permanent mortgage loans, and both Fannie Mae and FHA bond credit enhancements for multifamily housing, seniors housing and health care projects across the United States. The Lender also is approved by Ginnie Mae to issue modified pass-through securities.

The Lender is one of the most active FHA mortgagees and Ginnie Mae issuers for HUD-insured project loans and one of the top Fannie Mae DUSTM lenders (by annual volume) in the country. As of September 30, 2011, the Lender serviced over 1,600 multifamily and seniors housing project loans totaling over \$14.3 billion, which includes almost 590 FHA-insured mortgage loans totaling over \$3.3 billion and over 990 Fannie Mae mortgage loans totaling more than \$10.9 billion.

### **THE SERIES 2009I BONDS**

#### **General**

The Series 2009I Bonds are dated December 30, 2009, will mature on September 1, 2051 (the “**Stated Maturity**”), and will bear interest from December 15, 2011 (the “**Release Date**”) to but excluding February 15, 2012 (the “**Conversion Date**”) at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day prior to the Release Date plus 60 basis points or (b) 2.32 %, payable on the Conversion Date. On and after the Conversion Date, the Series 2009I Bonds will bear interest at a rate per annum equal to 2.32% per annum, payable on each March 1 and September 1, commencing March 1, 2012 (each an “**Interest Payment Date**”) until payment of the

principal thereof, from the Interest Payment Date next preceding the date of registration and authentication of each such Series 2009I Bond, unless such Series 2009I Bond is registered and authenticated as of an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date, or unless such Series 2009I Bond shall be in default, in which event such Series 2009I Bond shall bear interest from the date on which interest was last paid on such Series 2009I Bond or from the Conversion Date if no interest has been paid on such Series 2009I Bond. The Series 2009I Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Series 2009I Bonds. If any such dates are not business days, then payments will be made on the next business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payment of the principal of and the interest on the Series 2009I Bonds on the Stated Maturity will be made upon the presentation and surrender of the Series 2009I Bonds. All payments of interest on and principal of, the Series 2009I Bonds will be paid through DTC in accordance with its normal procedures, which as of the date of this Supplement No. 8 provide for payment by the Securities Depository to its Direct Participants (as defined under the caption "BOOK-ENTRY ONLY SYSTEM" in the Original Official Statement attached as Appendix D).

## **Redemption Provisions**

**Extraordinary Mandatory Redemption.** The Series 2009I Bonds are subject to extraordinary mandatory redemption, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, as a whole, or in part in Authorized Denominations:

(i) if the PLC is not delivered to the Trustee on or before the Delivery Date (as such date may be extended pursuant to the Series 2009I Supplemental Indenture), (A) in part, within 20 days following the Delivery Date from and to the extent of any amounts on deposit in the Acquisition Fund and (B) then, in whole, the balance within 20 days of receipt of maturing principal of any CLCs held by the Trustee (unless the PLC is delivered to the Trustee prior to the CLC Maturity Date);

(ii) in whole, on the fortieth (40th) day after the Release Date, if the Initial Endorsement is not delivered to the Trustee on or before the Escrow Period Termination Date, from amounts on deposit in the Acquisition Fund, and, to the extent amounts on deposit in the Acquisition Fund are insufficient therefor, from amounts on deposit in the Capitalized Interest Account of the Bond Fund;

(iii) in whole, on the twentieth (20th) day after the Initial CLC Delivery Date, if the Initial CLC is not delivered to the Trustee or its nominee on or before the Initial CLC Delivery Date;

(iv) in part, on any date, as soon as practicable (but in no case later than 20 days after the delivery of the PLC), from amounts transferred from the Acquisition Fund to the Special Mandatory Redemption Account of the Bond Fund pursuant to the Series 2009I Supplemental Indenture, in a principal amount equal to the difference between the PLC Maximum Amount and the principal amount of the PLC, as delivered, after delivery of the PLC to the Trustee or its nominee; and/or

(v) as a whole or in part, on any date, as soon as practicable (but in no case later than 20 days after the receipt of such funds), in a principal amount equal to payments received by the

Trustee or its nominee on the Ginnie Mae Certificates exceeding regularly scheduled payments of principal and interest thereon (other than optional prepayments of the Series 2009I Mortgage Loan), including payments representing:

- (a) casualty insurance proceeds or condemnation awards applied to the prepayment of the Series 2009I Mortgage Loan following a partial or total destruction or condemnation of the Series 2009I Development,
- (b) Mortgage Insurance proceeds or other amounts received with respect to the Series 2009I Mortgage Loan or the Ginnie Mae Certificates as a result of a default under the Series 2009I Mortgage Loan,
- (c) a prepayment of the Series 2009I Mortgage Loan permitted or required by the applicable rules, regulations, policies and/or procedures of FHA or Ginnie Mae, particularly if FHA determines such prepayment would avoid a Mortgage Insurance claim,
- (d) a prepayment of a portion of the Series 2009I Mortgage Loan to the extent a reduction in the amount of the Series 2009I Mortgage Loan is required by FHA based upon any cost certification or other report required by FHA, and/or
- (e) a prepayment of the Series 2009I Mortgage Loan made by the Series 2009I Developer without notice or prepayment penalty while under supervision of a trustee in bankruptcy; and
- (vi) in whole or in part on and after the second Payment Date following the Delivery Date (as extended) in an amount equal to the amount by which (after taking into account amounts required to be paid from the General Bond Account of the Bond Fund in the ordinary course on any such Payment Date) funds on deposit in the General Bond Account of the Bond Fund exceed the Carryover Amount required on such Payment Date as set forth on Exhibit C to the Series 2009I Supplemental Indenture.

**Optional Redemption.** The Series 2009I Bonds are subject to optional redemption prior to maturity at the option of the Authority or the Series 2009I Developer in accordance with the terms of the Series 2009I Supplemental Indenture from:

- (a) payments on the Ginnie Mae Certificates representing optional prepayments of the Series 2009I Mortgage Loan; or
- (b) from Available Money, upon the written direction of the Series 2009I Developer delivered to the Trustee at least 30 days (or such shorter period acceptable to the Trustee) prior to the date of redemption.

**Mandatory Sinking Fund Redemption.**

- (a) The Series 2009I Bonds are required to be redeemed in part at a redemption price equal to 100% of the principal amount thereof to be redeemed plus interest accrued to the Sinking Fund Redemption Date in the amounts and on the Sinking Fund Redemption Dates set forth below:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Sep 1, 2015	\$60,000	Mar 1, 2034	\$130,000
Mar 1, 2016	50,000	Sep 1, 2034	130,000
Sep 1, 2016	70,000	Mar 1, 2035	130,000
Mar 1, 2017	70,000	Sep 1, 2035	130,000
Sep 1, 2017	60,000	Mar 1, 2036	130,000
Mar 1, 2018	70,000	Sep 1, 2036	140,000
Sep 1, 2018	80,000	Mar 1, 2037	140,000
Mar 1, 2019	80,000	Sep 1, 2037	140,000
Sep 1, 2019	80,000	Mar 1, 2038	140,000
Mar 1, 2020	80,000	Sep 1, 2038	150,000
Sep 1, 2020	80,000	Mar 1, 2039	150,000
Mar 1, 2021	80,000	Sep 1, 2039	150,000
Sep 1, 2021	90,000	Mar 1, 2040	150,000
Mar 1, 2022	90,000	Sep 1, 2040	150,000
Sep 1 2022	90,000	Mar 1, 2041	160,000
Mar 1, 2023	90,000	Sep 1, 2041	160,000
Sep 1, 2023	90,000	Mar 1, 2042	160,000
Mar 1, 2024	90,000	Sep 1, 2042	160,000
Sep 1, 2024	90,000	Mar 1, 2043	170,000
Mar 1, 2025	90,000	Sep 1, 2043	170,000
Sep 1, 2025	100,000	Mar 1, 2044	170,000
Mar 1, 2026	100,000	Sep 1, 2044	170,000
Sep 1 2026	100,000	Mar 1, 2045	180,000
Mar 1, 2027	100,000	Sep 1, 2045	180,000
Sep 1, 2027	100,000	Mar 1, 2046	180,000
Mar 1, 2028	110,000	Sep 1, 2046	190,000
Sep 1, 2028	110,000	Mar 1, 2047	190,000
Mar 1, 2029	110,000	Sep 1, 2047	190,000
Sep 1, 2029	110,000	Mar 1, 2048	190,000
Mar 1, 2030	110,000	Sep 1, 2048	210,000
Sep 1, 2030	110,000	Mar 1, 2049	210,000
Mar 1, 2031	110,000	Sep 1, 2049	210,000
Sep 1, 2031	120,000	Mar 1, 2050	210,000
Mar 1, 2032	120,000	Sep 1, 2050	220,000
Sep 1, 2032	120,000	Mar 1, 2051	240,000
Mar 1, 2033	110,000	Sep 1, 2051†	240,000
Sep 1, 2033	130,000		

†Final Maturity

(b) If the Series 2009I Bonds are redeemed in part from Available Money pursuant to the optional redemption provisions or pursuant to the extraordinary mandatory redemption provisions, the sinking fund redemption requirements of the Series 2009I Bonds set forth above will be reduced so that the resulting decrease in the sinking fund redemption requirements is proportional, as nearly as practical, to the decrease in payments under the Ginnie Mae Certificates and so that the resulting sinking fund redemption requirements are in Authorized Denominations, subject to written evidence from the Rating Agency that such action will not cause the rating to be withdrawn or downgraded. If Series 2009I Bonds are redeemed in part from payments on the

Ginnie Mae Certificates representing optional prepayments of the Series 2009I Mortgage Loan pursuant to the optional redemption provisions, the reduction to the sinking fund redemption requirements will be in direct order.

**Selection of Series 2009I Bonds for Redemption.** In the event of a partial redemption of the Series 2009I Bonds, (a) the particular Series 2009I Bonds to be redeemed shall be selected (and the mandatory sinking fund redemption schedule shall be adjusted) so that the resulting decrease in the debt service on the Series 2009I Bonds in each six-month period ending on a Payment Date is proportional, as nearly as practicable, to the decrease in payments on the Ginnie Mae Certificates and (b) the Series 2009I Bonds or portions thereof to be redeemed within each maturity shall be in Authorized Denominations and shall be selected by lot or in such manner as the Trustee may determine in its discretion. The remaining principal amount of any Series 2009I Bond redeemed in part must be in an Authorized Denomination.

**Notice of Redemption.** When any redemption of Series 2009I Bonds is to be made under the Series 2009I Supplemental Indenture, the Trustee or the Trustee on behalf of the Trustee will give notice, in the name of the Authority, of the redemption of such Series 2009I Bonds, which notice will meet the requirements described below. Such notice will be given by mailing by first class mail a copy of such notice, postage prepaid, not less than 15 nor more than 30 days (not less than 5 nor more than 10 days in the case of extraordinary mandatory redemption) before the redemption date, to the Holders of any Series 2009I Bonds or portions of Series 2009I Bonds to be redeemed, at their last addresses, if any, appearing upon the Series 2009I bond register, but any defect in such mailing will not impair any such redemption and failure so to mail any such notice will not affect the validity of the proceedings for the redemption of Series 2009I Bonds; provided that notice of a redemption (other than a mandatory sinking fund redemption) will also be mailed to the Rating Agency at its office in New York, New York (or its successor), to the Investor Member, and to such other persons as the Authority will specify in writing to the Trustee, including all persons then required by law or regulation to receive notice of such redemption.

Notwithstanding the foregoing or any other provision of the Series 2009I Supplemental Indenture, in the event of a redemption by reason of the Trustee receiving payments on the Series 2009I Mortgage Loan made by the Series 2009I Developer without notice or prepayment penalty while under the supervision of a trustee in bankruptcy, prior notice of redemption of Series 2009I Bonds will not be required if circumstances do not permit the Trustee to give such notice in accordance with the preceding paragraph.

Except in the case of an extraordinary mandatory redemption described in clauses (i) through (v) under “Extraordinary Mandatory Redemption” above or in the case of a mandatory sinking fund redemption, the Trustee will not mail a notice of redemption until it has received Available Money to effect such redemption or, in the case of an optional redemption, certification from the Lender that the Lender has in its possession (credited to the appropriate “servicer’s account”) an amount of immediately available funds paid by the Series 2009I Developer as a prepayment of principal equal to the amount required to redeem the Series 2009I Bonds, except that the Trustee may, in any case, give conditional notice of redemption prior to receipt of all funds necessary to effect the redemption, if necessary, in the opinion of the Trustee, to comply with the Securities and Exchange Commission’s Release No. 34-60889, dated October 27, 2009, provided that the redemption shall not occur unless and until the Trustee has on deposit and available, or, if applicable, has received, all of the funds necessary to effect the redemption.

The failure of the Trustee to mail notice of redemption to persons other than the Holders of Series 2009I Bonds to be redeemed will not affect the sufficiency of the proceedings for redemption. The Trustee will be entitled to request, as an expense of the Trust Estate, receive and rely upon an Opinion of



counsel (which may be Series 2009I Bond Counsel) in determining who is required to receive such notice.

All official notices of redemption will be dated, will be given in accordance with the Letter of Representations if the Series 2009I Bonds are registered in the name of DTC or its nominee, and will state: (i) the redemption date; (ii) the redemption price; (iii) if less than all Outstanding Series 2009I Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Series 2009I Bonds to be redeemed; (iv) that on the redemption date the redemption price of each such Series 2009I Bond will become due and payable to the extent of funds on deposit with the Trustee for that purpose, and that interest on the principal amount of each such Series 2009I Bond to be redeemed will cease to accrue on such date; (v) the place where such Series 2009I Bonds are to be surrendered for payment of the redemption price, which place of payment will be the Series 2009I Bond Registrar office of the Trustee; and (vi) such additional information as the Trustee or the Authority deems appropriate.

If the Series 2009I Bonds are not then being held under a book-entry system, each further notice of redemption (other than an extraordinary mandatory redemption) shall be sent at least 30 days before the redemption date by first class mail or overnight delivery service to the Securities Depositories and to one or more Information Services. This further notice of redemption sent to the Securities Depositories pursuant to the preceding sentence will be sent at such time as will insure that such notice is received at least two Business Days before official notice of such redemption is received.

A second notice of redemption will be sent by the same means as the first such notice not later than 60 days after the redemption date to any Owner who has not presented for payment the Series 2009I Bond or Series 2009I Bonds called for redemption within 30 days after such date.

Failure to give any official or further notice or any defect therein will not affect the validity of the proceedings for redemption of any Series 2009I Bond with respect to which no such failure or defect has occurred or exists.

**Rescission of Extraordinary Mandatory Redemption.** In the event that, prior to redemption of Series 2009I Bonds pursuant to the provisions described in clauses (i) or (ii) under “THE SERIES 2009I BONDS - Redemption of the Series 2009I Bonds – Extraordinary Mandatory Redemption,” either the Delivery Date or the CLC Maturity Date (as applicable) is extended pursuant to the Series 2009I Supplemental Indenture or the PLC (as applicable) has been delivered to the Trustee or its nominee, then, in either such event, the notice of such redemption will be rescinded, the Trustee will so notify the Holders of Series 2009I Bonds to whom such notice of redemption was sent, in the same manner as such notice of redemption was given, and the Series 2009I Bonds will not be so redeemed. In the event that, prior to redemption of Series 2009I Bonds pursuant to the provision of the Series 2009I Supplemental Indenture described in clause (iii) under “THE SERIES 2009I BONDS – Redemption Provisions – Extraordinary Mandatory Redemption,” the Initial CLC Delivery Date is extended pursuant to the Series 2009I Supplemental Indenture, then, in such event, the notice of redemption shall be rescinded, the Trustee shall so notify the owners of Series 2009I Bonds to whom such notice of redemption was sent, and the Series 2009I Bonds shall not be so redeemed.

**Redemption Restrictions and Recycling Prohibition.** Except as limited by tax law requirements, the Authority shall apply the following exclusively to the redemption of Series 2009I Bonds: (i) all proceeds of the Series 2009I Bonds, to the extent not used to fund Permitted Mortgage Loans, refund outstanding bond issues as provided in the Indenture, pay Series 2009I Bond issuance expenses or fund related reserve accounts and (ii) a pro rata portion (calculated based on the outstanding principal amount of the Series 2009I Bonds divided by the sum of the outstanding principal amount of the

Series 2009A Bonds, the outstanding principal amount of the Converted Bonds, and the outstanding principal amount of any future Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds, the Series 2009E Bonds and the Converted Bonds) of all principal prepayments and recoveries of principal received with respect to the Permitted Mortgage Loans acquired or financed with the proceeds of the Series 2009A Bonds, the Converted Bonds, and any such future Subsequent Series, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on the Series 2009A Bonds, the Converted Bonds, and any future Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds and the Converted Bonds. Notwithstanding the foregoing, tax credit equity with respect to projects funded with Permitted Mortgage Loans may be used solely to redeem related bonds issued in conjunction with the Series 2009A Bonds or the Converted Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Series 2009I Bonds promptly and as provided above shall not be recycled into new Permitted Mortgage Loans. The Series 2009A Bonds, the Converted Bonds, and any future Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds and the Converted Bonds may be redeemed with payments of specified Permitted Mortgage Loans.

### **Book-Entry Only System**

The Series 2009I Bonds are issuable only in registered form. DTC will act as securities depository for the Series 2009I Bonds and its nominee will be the registered owner of the Series 2009I Bonds. See “BOOK-ENTRY ONLY SYSTEM” in the Original Official Statement in Appendix D.

## **SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2009I SUPPLEMENTAL INDENTURE APPLICABLE TO THE SERIES 2009I BONDS**

### **Definitions**

The following capitalized terms shall have the following meanings when used in this Supplement No. 8:

“**Administrative Fees**” means, collectively, the Issuer Fees and the Trustee Fees and Expenses.

“**Authorized Denomination**” means \$10,000 and any integral multiple of \$10,000 in excess of that amount.

“**Available Money**” means (i) proceeds of the Series 2009I Bonds, (ii) any payments or prepayments on a Ginnie Mae Certificate, (iii) any payments made by the Series 2009I Developer and held by the Trustee for a period of 365 days, if no Act of Bankruptcy has occurred during such period, or (iv) any money, including proceeds of refunding bond issues, with respect to which the Trustee has received an Opinion acceptable to the Rating Agency of nationally recognized bankruptcy counsel to the effect that the use by the Trustee of such money in accordance with the Series 2009I Supplemental Indenture would not constitute an avoidable preference or be subject to the automatic stay provisions of Sections 547 and 362(a), respectively, of the United States Bankruptcy Code or similar laws of the United States of America or the State in the event a petition in bankruptcy is filed by or against the Authority or the Series 2009I Developer.

“**Bond Counsel**” means Kutak Rock LLP, Chicago, Illinois, or any firm of attorneys selected by the Authority that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace.

**“Carryover Amount”** means, as of any Payment Date, the cash flow carryover requirement set forth as the minimum balance on deposit in the General Bond Account of the Bond Fund for such Payment Date, as set forth in the Schedule attached to the Series 2009I Supplemental Indenture (or such other amount or revised Schedule as is required or approved by the Rating Agency).

**“CLC Maturity Date”** means March 1, 2015, or such later date as may be permitted by the provisions of the Series 2009I Supplemental Indenture.

**“Conversion”** or **“Converting”** or **“Converted”** means ” means the conversion or the converting of the interest rate on the Series 2009I Bonds from the Short Term Rate to the Permanent Rate.

**“Costs of Issuance”** means all expenses of Converting the Series 2009I Bonds, including but not limited to legal, financial, advisory and printing expenses, the initial fees of the Trustee (including any fees and expenses of counsel to the Trustee), the initial fees of the Authority, the Authority’s counsel and Bond Counsel under the Series 2009I Supplemental Indenture, or the initial fee of any bank or other agency for collection or administration of the Series 2009I Bonds, and any and all other similar out-of-pocket expenses incurred for the purposes of Converting the Series 2009I Bonds.

**“Delivery Date”** means the latest date the PLC can be delivered to the Trustee in accordance with the Series 2009I Supplemental Indenture, which date shall be March 1, 2015, unless extended in accordance with the Series 2009I Supplemental Indenture.

**“Direct Obligations”** means direct obligations of the United States of America or securities fully and unconditionally guaranteed as to the timely payment of principal of and interest by the United States of America.

**“Escrow Period Termination Date”** means the thirtieth day following the Release Date; *provided* that there shall be no Escrow Period Termination Date if the Initial Endorsement is delivered to the Trustee prior to the scheduled Escrow Period Termination Date.

**“Extraordinary Services”** and **“Extraordinary Expenses”** means and includes, but not by way of limitation, (i) services, actions and things carried out and all expenses incurred by the Trustee or the Authority in respect of, subsequent to or to prevent a default under the Series 2009I Supplemental Indenture and the Mortgage Loan Documents, including any reasonable attorneys’ fees and other litigation costs actually incurred, (ii) other actions taken and carried out which are not expressly set forth in the Series 2009I Supplemental Indenture, and (iii) costs associated with the printing of replacement Series 2009I Bonds.

**“FHA Insurance”** means the insurance of the Mortgage Note by FHA pursuant to Section 221(d)(4) of the National Housing Act.

**“Final Endorsement”** means the final endorsement of the Mortgage Note by FHA for FHA Insurance.

**“Financial Advisor”** means Red Capital Markets, LLC, a Delaware limited liability company.

**“Initial CLC”** means the CLC backed by the first advance of \$50,000 under the Mortgage Loan issued by the Lender to the Trustee or its nominee.

**“Initial CLC Amount”** means

**“Initial CLC Delivery Date”** means January 31, 2012 unless extended in accordance with the Series 2009I Supplemental Indenture.

**“Initial Endorsement”** means the initial endorsement of the Mortgage Note by FHA for FHA Insurance.

**“Investment Agreement”** means (a) the initial investment agreement, if any, entered into in connection with the Series 2009I Bonds, between the Trustee and the Investment Agreement Provider with respect to certain amounts on deposit from time to time in the Acquisition Fund under the Indenture, *provided* that the Trustee shall not enter into the initial investment agreement without first receiving written evidence from the Rating Agency that such initial investment agreement will not cause the rating on the Series 2009I Bonds to be withdrawn or downgraded and any amendments and supplements thereto upon written evidence from the Rating Agency that such substitute investment agreement will not cause the rating on the Series 2009I Bonds to be withdrawn or downgraded; and (b) any substitute investment agreement having substantially the same terms as the initial Investment Agreement provided that such substitute investment agreement shall not be entered into by the Trustee without the Trustee receiving written evidence from the Rating Agency that such substitute investment agreement will not cause the rating on the Series 2009I Bonds to be withdrawn or downgraded.

**“Investment Agreement Provider”** means the provider of an Investment Agreement.

**“Investor Member”** means NHT Equity, LLC, an Ohio limited liability company, and its designated affiliate or assignee, Cornerstone/NAHT Equity, LLC, a Massachusetts limited liability company, or its designated affiliate or assignee, in its capacity as the owner of a 99.99% membership interest in the sole member of the Series 2009I Developer.

**“Issuer Fees”** means the Authority’s fee (consisting of an origination fee of 1.25% of the original principal amount of the Series 2009I Bonds and an ongoing servicing fee equal to fifty basis points 0.50% of the then outstanding principal amount of the Series 2009I Bonds payable in arrears on each Interest Payment Date) and all costs and expenses incurred by the Authority at any time in connection with the Series 2009I Bonds.

**“Land Use Restriction Agreement”** means the Land Use Restriction Agreement with respect to the Series 2009I Development, dated as of December 1, 2011, by and among the Authority, the Series 2009I Developer and the Trustee, as the same may be further supplemented, amended or modified from time to time.

**“National Housing Act”** means the National Housing Act of 1934, as amended

**“Opinion”** means a written opinion of any attorney or firm of attorneys acceptable to the Trustee, who may be counsel to, but shall not be a full time employee of, the Authority, the Series 2009I Developer or the Trustee.

**“Payment Date”** means the Conversion Date and thereafter each March 1 and September 1, commencing March 1, 2012.

**“PLC Maximum Amount”** means (i) \$9,570,000 (the original stated principal amount of the Mortgage Loan), minus (ii) (a) all regularly scheduled payments of principal of the Mortgage Loan due on or before the date the PLC is delivered, and (b) all unscheduled payments of principal of the Mortgage Loan received by the Lender prior to the date the PLC is delivered.

**“Qualified Investments”** means, to the extent authorized by law:

- (a) the Investment Agreement;
- (b) Direct Obligations;
- (c) direct obligations of the United States of America; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage backed bonds and guaranteed pass through obligations of Fannie Mae; mortgage backed securities and senior debt obligations of the Federal Home Loan Mortgage Corporation;
- (d) direct obligations of any state of the United States of America whose unsecured general obligation debt is rated “Aa2/P 1” or better by Moody’s, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated “Aa2” or better by Moody’s;
- (e) obligations of domestic and foreign banks, insurance firms or other corporations, including without limitation, the Trustee and its affiliates or any Investment Agreement Provider, whose unsecured long term and/or short term claims paying ability or unsecured long term debt obligations, as applicable, are rated “A1/P 1,” respectively, or better by Moody’s;
- (f) certificates of deposit or time deposits of qualified depositories of the State, which (i) have an unsecured, uninsured and unguaranteed obligation rated “Aa2/P 1” or better by Moody’s or (ii) are obligations of a lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in subclause (i) above;
- (g) investments in a money market fund, including, without limitation, a money market fund for which the Trustee or any of its affiliates provides administrative advisory, management or other services, the assets of which shall be limited to obligations described in clause (b), (c) or (d) above, including repurchase agreements fully secured by such obligations, rated in the highest category by Moody’s; and
- (h) repurchase agreements approved by the Rating Agency and secured by obligations described in clauses (b) through (d) above with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated “Aa2/P 1” or better by Moody’s, provided: (i) a master repurchase agreement or specific written repurchase agreement governs the transaction; (ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank; or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.*, in such securities is created for the benefit of the Trustee; (iv) the repurchase agreement has a term of 30 days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; (v) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to a debt service payment; and (vi) the fair market value of the securities

in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%.

Notwithstanding the foregoing, if the Investment Agreement Provider does not have a rating with respect to its unsecured short term claims paying ability, it is required to have unsecured long term claims paying ability or unsecured long term debt obligations rating of “Aa3” by Moody’s. Alternatively, if the Investment Agreement Provider has a rating with respect to its unsecured short term claims paying ability, the unsecured long term and/or short term claims paying ability or unsecured long term debt obligations, as applicable, of the Investment Agreement Provider must be rated “A 1/P 1,” respectively, or better by Moody’s.

“**Rating Agency**” means, Moody’s Investors Service Inc. or any successor thereto.

“**Reserved Rights**” means those rights of the Authority under the Financing Agreement to indemnification and to payment or reimbursement of fees and expenses of the Authority, its right to enforce certain provisions of the Financing Agreement as they relate to the Authority’s rights to notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Series 2009I Developer and of the Series 2009I Development, its right to collect attorneys’ fees and related expenses, its right to enforce the Series 2009I Developer’s covenant to comply with applicable federal tax law and State law (including the Illinois Housing Development Act and the rules of the Authority, if any), its right to receive notices and to grant or withhold consents or waivers under the Financing Agreement and the Series 2009I Supplemental Indenture, and its right to amend the Series 2009I Supplemental Indenture and the Financing Agreement in accordance with the provisions of the Series 2009I Supplemental Indenture and of the Financing Agreement.

“**Surplus Cash**” means as provided in the HUD Regulatory Agreement.

“**Tax Regulatory Agreement**” means the Tax Regulatory Agreement with respect to the Series 2009I Development, dated as of December 1, 2011, by and among the Authority, the Series 2009I Developer and the Trustee, as the same may be further supplemented, amended or modified from time to time.

“**Trustee Fees and Expenses**” means the amounts due to the Trustee for the ordinary services and the ordinary expenses of the Trustee incurred in connection with its duties under the Series 2009I Supplemental Indenture; *provided*, that in the event of any unscheduled prepayment of the principal amount of the Ginnie Mae Certificates (other than prepayment in accordance with the scheduled amortization of the Series 2009I Mortgage Loan), the maximum amount of the Trustee Fees and Expenses included in Administrative Fees and payable from moneys withdrawn from the Expense Account of the Bond Fund (other than Excess Funds) pursuant to the Series 2009I Supplemental Indenture in any year shall be reduced by the same fraction that the monthly payment on the Ginnie Mae Certificates is reduced, and the Series 2009I Developer will be responsible to pay the remaining amount of the Trustee Fees and Expenses pursuant to the Financing Agreement or the Series 2009I Supplemental Indenture. The Trustee Fees and Expenses shall be payable from the Trust Estate solely to the extent that moneys are available therefor during each annual fee period as described above. Any amount in excess of such available moneys shall be an obligation of the Series 2009I Developer to the Trustee outside of the Trust Estate.

## **Security for the Series 2009I Bonds**

Under the Series 2009I Supplemental Indenture, as security for payment of the principal of, premium, if any, and interest on the Series 2009I Bonds, the Authority pledges and assigns to, and grants a security interest to the Trustee in, the following described property:

- (a) All right, title and interest of the Authority in the Financing Agreement (except for certain reserved rights;
- (b) All right, title and interest of the Authority in the Ginnie Mae Certificates, including all payments with respect thereto and any interest, profits and other income derived from the investment thereof;
- (c) The Funds, including moneys and investments therein, held by the Trustee pursuant to the terms of the Series 2009I Supplemental Indenture;
- (d) All other property of any kind mortgaged, pledged or hypothecated at any time as and for additional security under the Series 2009I Supplemental Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of the Series 2009I Supplemental Indenture; and
- (e) To the extent not covered above, all proceeds of all of the foregoing.

The following Funds and accounts will be established and maintained by the Trustee under the Series 2009I Supplemental Indenture:

- (a) Bond Fund and within the Bond Fund the Special Mandatory Redemption Account, the General Bond Account, the Capitalized Interest Account, and the Expense Account;
- (b) Costs of Issuance Fund;
- (c) Acquisition Fund; and
- (d) Rebate Fund.

## **Bond Fund**

Except as otherwise described in clauses (d) and (e) below, the Trustee will deposit in the General Bond Account of the Bond Fund when and as received:

- (a) all income, revenues, proceeds and other amounts received from or in connection with the Ginnie Mae Certificate;
- (b) all earnings and gains from the investment of money held in the Bond Fund;
- (c) all amounts transferred to or deposited in the accounts of the Bond Fund from the Acquisition Fund as described below;
- (d) all other amounts deposited in the accounts of the Bond Fund pursuant to the Series 2009I Supplemental Indenture and the Financing Agreement; and

(e) additional security or any other amounts received by the Trustee which are subject to the lien and pledge of the Series 2009I Supplemental Indenture for the benefit of the Holders.

On the Release Date, the Trustee shall deposit \$10,000.00 received as a deposit from the Series 2009I Developer into the General Bond Account of the Bond Fund. All amounts in the General Bond Account of the Bond Fund, will be used by the Trustee in the following priority:

(a) on each Payment Date, for payment of principal of and premium, if any, and interest on the Series 2009I Bonds due on such Payment Date, and on each date on which Series 2009I Bonds are to be redeemed (otherwise than pursuant to extraordinary mandatory redemption) for payment of the redemption price of such Series 2009I Bonds;

(b) on each Payment Date, the amount necessary for payment of Administrative Fees for transfer to the Expense Account, to be held for payment of the Administrative Fees; and

(c) on and after the second Payment Date following the Delivery Date (as extended), the amount by which (after taking into account the amounts needed to pay (a) and (b) above on such Payment Date) amounts on deposit in the General Bond Account of the Bond Fund exceed the Carryover Amount required on such Payment Date, shall be used to optionally redeem Series 2009I Bonds in accordance with the Series 2009I Supplemental Indenture.

Moneys on deposit in the Capitalized Interest Account of the Bond Fund shall be used to pay debt service on the Series 2009I Bonds in the event that amounts on deposit in the General Bond Account of the Bond Fund are insufficient to pay such amounts when due, and to pay accrued interest on any CLCs purchased by the Trustee.

Subject to the reservation and application of funds as directed in the provisions of the Series 2009I Supplemental Indenture described in the following paragraph, on the first Payment Date following the Delivery Date (as extended), the Trustee will remit to the Series 2009I Developer, within 15 days after each Payment Date, commencing on the Initial Disbursement Date, and subject to the written approval of the Lender, any moneys in excess of the applicable Carryover Amount with respect to the respective Payment Date remaining in the General Bond Account or the Capitalized Interest Account of the Bond Fund (provided that prior to the disbursement to the Series 2009I Developer of any sums which were transferred to the Bond Fund from the Acquisition Fund pursuant to the Series 2009I Supplemental Indenture, the Trustee must first obtain an opinion of Bond Counsel to the effect that such transfer does not affect the tax exempt status of interest on the Series 2009I Bonds) on such date after making the transfers described in the paragraph immediately preceding this paragraph (“**Excess Funds**”); *provided* that the Series 2009I Developer certifies to the Trustee that no Event of Default or event which with the passage of time or notice or both would constitute an Event of Default under the Series 2009I Supplemental Indenture or the Financing Agreement has occurred; and *provided further* that if and to the extent that Excess Funds exist, the Trustee will make the following payments before paying any such Excess Funds to the Series 2009I Developer:

(a) first, pay to the Lender an amount equal to (1) all previously unreimbursed amounts provided by the Lender to effect any extension of the Initial CLC Delivery Date, Delivery Date and/or CLC Maturity Date, and/or any change in the Initial CLC Amount, as set forth in a certificate of the Lender, plus (2) all costs incurred by the Lender in effecting the issuance of any of the Ginnie Mae Certificates in certificated form, as set forth in a certificate of the Lender, plus (3) all other amounts due to the Lender, as set forth in a certificate of the Lender;



(b) second, pay to the Financial Advisor or an independent third party an amount equal to all previously unreimbursed amounts incurred by the Financial Advisor or an independent third party to effect any extension of the Initial CLC Delivery Date, Delivery Date and/or CLC Maturity Date, and/or any change in the Initial CLC Amount, as set forth in a certificate of the Underwriter;

(c) third, pay to the Trustee any Extraordinary Trustee Fees and Expenses incurred by the Trustee in connection with any extension of the Initial CLC Delivery Date, Delivery Date and/or CLC Maturity Date and/or any change in the Initial CLC Amount, as set forth in a certificate of the Trustee;

(d) fourth, pay any rebate amount then owed to the United States of America that has not been paid by the Series 2009I Developer or otherwise;

(e) fifth, pay to a rebate analyst any unpaid rebate analyst fee that is then due and owing that has not been paid by the Series 2009I Developer or otherwise;

(f) sixth, pay to the Trustee the amount of any other Extraordinary Expenses of the Trustee that are then due and owing that has not been paid by the Series 2009I Developer or otherwise;

(g) seventh, pay to the Trustee the amount of any ordinary Trustee Fees and Expenses that are then due and owing that has not been paid by the Series 2009I Developer or otherwise; and

(h) eighth, pay to the Authority any Authority's Fees and expenses that are then due and owing that have not been paid by the Series 2009I Developer or otherwise as set forth in a certificate of the Authority.

Upon acquisition, the PLC will be registered in the name of the Trustee or its nominee in and for the benefit of the General Bond Account of the Bond Fund.

### **Special Mandatory Redemption Account; Expense Account**

(a) Amounts transferred to the Bond Fund from the Acquisition Fund pursuant to the Series 2009I Supplemental Indenture or attributable to the receipt by the Trustee of payments under the Ginnie Mae Certificates exceeding regularly scheduled payments of principal and interest will be deposited in the Special Mandatory Redemption Account in the Bond Fund and used by the Trustee solely to redeem Series 2009I Bonds pursuant to the Series 2009I Supplemental Indenture.

(b) Amounts in the Expense Account will be applied to the payment of the Administrative Fees when due.

### **Costs of Issuance Fund**

On the Release Date, amounts set forth in the Series 2009I Supplemental Indenture will be deposited into the Costs of Issuance Fund. The amounts in the Costs of Issuance Fund shall be paid by the Trustee for Costs of Issuance and Cost of Conversion upon receipt of a requisition therefor signed by the Series 2009I Developer. Any amounts remaining in the Costs of Issuance Fund after the date specified in the Series 2009I Supplemental Indenture that are not being held to pay Costs of Issuance previously

requisitioned but not yet paid shall be transferred, at the written request of the Series 2009I Developer, to the Series 2009I Developer or its designee.

### **Acquisition Fund**

(a) On the Release Date, the Trustee will deposit in the Acquisition Fund an amount representing the proceeds of the Series 2009I Bonds.

(b) Moneys in the Acquisition Fund (and in the General Bond Account of the Bond Fund with respect to accrued interest) shall be applied to the acquisition of Ginnie Mae Certificates or to funding of construction advances in accordance with the Series 2009I Supplemental Indenture and the Financing Agreement. Upon the acquisition thereof, the Initial CLC and all other CLCs shall be registered in the name of the Trustee or its nominee in and for the benefit of the Acquisition Fund. Notwithstanding anything in the Indenture to the contrary, moneys in the Acquisition Fund shall not be applied to the acquisition of Ginnie Mae Certificate or the funding of construction advances as set forth in the Indenture, unless and until the Initial Endorsement has been received by the Trustee on or before the Escrow Period Termination Date. In the event the Initial Endorsement is not received by the Trustee on or before the Escrow Period Termination Date, amounts on deposit in the Acquisition Fund shall be applied to the redemption of the Series 2009I Bonds in accordance with the Indenture.

### **No Disposition of Ginnie Mae Certificates**

Except as otherwise provided in the Series 2009I Supplemental Indenture, with the consent of the Owners of 100% of the Series 2009I Bonds, the Authority or the Trustee may sell or otherwise dispose of the any Ginnie Mae Certificate after its acquisition for an amount equal to the amount sufficient, together with other amounts then held under the Indenture and available for the payment of the Series 2009I Bonds, to defease the Series 2009I Bonds in accordance with the Series 2009I Supplemental Indenture.

### **Events of Default; Acceleration; Remedies**

Each of the following events will be an Event of Default under the Series 2009I Supplemental Indenture:

(a) default in the due and punctual payment of the principal of, premium, if any, or interest on any Series 2009I Bond when and as the same shall become due and payable, whether at maturity as expressed therein, by proceedings for redemption (except as otherwise provided in the Series 2009I Supplemental Indenture), by acceleration, or otherwise; or

(b) default in the performance or observance of any other of the covenants, promises, stipulations, agreements or conditions on the part of the Authority contained in this Series 2009I Supplemental Indenture or in the Series 2009I Bonds and failure to remedy the same after notice thereof pursuant to the Series 2009I Supplemental Indenture.

Notwithstanding the occurrence of any Event of Default or acceleration of the principal and interest due on the Series 2009I Bonds under the Series 2009I Supplemental Indenture, the Trustee will continue to acquire Ginnie Mae Certificates from the Lender, provided that said Ginnie Mae Certificates are delivered to the Trustee or its nominee by the Lender in accordance with the Series 2009I Supplemental Indenture, not later than the maturity date of the CLCs, as the same may be extended pursuant to the Series 2009I Supplemental Indenture, and funds in the Construction Fund will remain available for that purpose.

If an Event of Default described in paragraph (a) above occurs and is continuing, the Trustee may, and will, if requested by the Holders of at least 25% of the aggregate principal amount of the Series 2009I Bonds then Outstanding, by notice in writing to the Authority, the Investor Member, the Lender and the Series 2009I Developer, declare the principal of all of the Series 2009I Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and, upon any such declaration, the same will become and will be immediately due and payable, but only from the revenues and receipts in the Series 2009I Supplemental Indenture specifically pledged for such purpose, including, without limitation, amounts paid pursuant to the Ginnie Mae Certificates and amounts on deposit in the Bond Fund and accounts therein.

If an Event of Default described in paragraph (b) above occurs at any time after delivery of the PLC, then, and in each and every such case during the continuance of such Event of Default, the Trustee will, if requested by the Holders of 100% of the aggregate principal amount of the Series 2009I Bonds then Outstanding, by notice in writing to the Authority, the Lender and the Series 2009I Developer, declare the principal of all of the Series 2009I Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and, upon any such declaration, the same will become and will be immediately due and payable, but only from the revenues and receipts in the Series 2009I Supplemental Indenture specifically pledged for such purpose, including, without limitation, amounts paid pursuant to the Ginnie Mae Certificates and amounts on deposit in the Bond Fund and accounts therein.

Upon the occurrence and during the continuance of an Event of Default, the Trustee may proceed to protect and enforce its rights as the owner of the Ginnie Mae Certificates and the rights of the Holders by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement contained in the Series 2009I Supplemental Indenture; *provided*, that no Event of Default under the Series 2009I Supplemental Indenture will be deemed to be a default by the Series 2009I Developer under the GNMA Mortgage Note.

Upon the occurrence of an Event of Default, if requested to do so and upon written request by the Holders of the required percentage of the aggregate principal amount of the Series 2009I Bonds then Outstanding and if indemnified as provided in the Series 2009I Supplemental Indenture, the Trustee will exercise such one or more of the rights and powers conferred by the Series 2009I Supplemental Indenture as the Trustee, upon being advised by counsel, will deem most expedient in the interests of the Holders.

No remedy conferred by the Series 2009I Supplemental Indenture upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other remedy, but each such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Holders thereunder or now or thereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default will impair any such right or power or will be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under the Series 2009I Supplemental Indenture, whether by the Trustee or by the Holders, will extend to or will affect any subsequent default or Event of Default or will impair any rights or remedies consequent thereon.

### **Right of Holders To Direct Proceedings**

Anything in the Series 2009I Supplemental Indenture to the contrary notwithstanding, but subject to the Series 2009I Supplemental Indenture, the Holders of a majority in aggregate principal amount of

Series 2009I Bonds then Outstanding will have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Series 2009I Supplemental Indenture or any other proceedings thereunder; *provided*, that such written direction is not otherwise than in accordance with the provisions of law and of the Series 2009I Supplemental Indenture, and *provided further*, that the Holders of the Series 2009I Bonds will look solely to the Trustee for the benefits of the Ginnie Mae Certificates and any payment of any claim on the Ginnie Mae Certificates may be made to the Trustee without any liability or accountability to the Holders to see to the application of the benefits of the Ginnie Mae Certificates.

### **Supplemental Indentures Not Requiring Consent of Holders**

The Series 2009I Supplemental Indenture will not be supplemented or amended in any respect subsequent to the Release Date, except as provided in and in accordance with and subject to the provisions of the Series 2009I Supplemental Indenture. Subject to the Series 2009I Supplemental Indenture, the Authority and the Trustee may, from time to time and at any time, without the consent of or notice to any of the Holders but upon 30 days' written notice to the Lender, enter into supplemental indentures for the following purposes:

- (a) To cure any formal defect, omission, inconsistency or ambiguity in the Series 2009I Supplemental Indenture in a manner not adverse to the Owner of any Series 2009I Bond;
- (b) To impose on the Trustee (with its consent) for the benefit of the Holders any additional rights, remedies, powers, authority, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Series 2009I Supplemental Indenture as theretofore in effect;
- (c) To add to the covenants and agreements of, and limitations and restrictions upon, the Authority in the Series 2009I Supplemental Indenture other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Series 2009I Supplemental Indenture theretofore in effect;
- (d) To subject to the Series 2009I Supplemental Indenture additional revenues, properties, security or collateral;
- (e) To modify, amend or supplement the Series 2009I Supplemental Indenture in such manner as required to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or state securities law, and, if the Authority and the Trustee so determine, to add to the Series 2009I Supplemental Indenture such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law;
- (f) To make any change required by the Rating Agency in connection with obtaining and maintaining a rating on the Series 2009I Bonds;
- (g) To make such changes as are required to provide for the conversion of the Series 2009I Bonds to certificated form;
- (h) To make such changes as are elsewhere expressly permitted by the Series 2009I Supplemental Indenture;

(i) To make any other change in the Series 2009I Supplemental Indenture which will not prejudice in any material respect the rights of the Holders of the Series 2009I Bonds then Outstanding; and

(j) To make any changes that will become effective only at the time when no Series 2009I Bonds remain Outstanding and that are not described in paragraph (c) above.

Before the Authority and the Trustee will adopt any such supplemental indenture pursuant to the provisions of the Series 2009I Supplemental Indenture summarized in this section or simultaneously with such adoption, there will be or have been delivered to the Authority and the Trustee an Opinion of Bond Counsel, stating that such supplemental indenture is authorized or permitted by the Series 2009I Supplemental Indenture and complies with its terms and will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not cause the interest on the Series 2009I Bonds to be included in gross income of the Holders for federal income tax purposes. No such amendments or supplements permitted by the Series 2009I Supplemental Indenture that adversely affect any rights, remedies or powers of the Lender in connection with the Financing Agreement or the Series 2009I Supplemental Indenture shall become effective unless approved in writing by the Lender.

### **Supplemental Indentures Requiring Consent of Holders**

Exclusive of supplemental indentures provided for above and subject to the terms and provisions contained in the Series 2009I Supplemental Indenture, the Holders of a majority in aggregate principal amount of the Series 2009I Bonds then Outstanding will have the right from time to time, notwithstanding any other provision of the Series 2009I Supplemental Indenture, to consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental to the Series 2009I Supplemental Indenture as are deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Series 2009I Supplemental Indenture or in any supplemental indenture; provided, however, that nothing in the Series 2009I Supplemental Indenture will permit, or be construed as permitting (a) (i) an extension of the maturity of the principal of or the interest on any Series 2009I Bond, (ii) a reduction in the principal amount of or premium, if any, on any Series 2009I Bond or the rate of interest thereon, (iii) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Series 2009I Bonds, (iv) a privilege or priority of any Series 2009I Bond over any other Series 2009I Bond or (v) a reduction in the aggregate principal amount of Series 2009I Bonds required for consent to such supplemental indenture, without the consent and approval of the Holders of all of the Series 2009I Bonds then Outstanding, or (b) any change in the provisions of the Series 2009I Supplemental Indenture described under “No Disposition of Ginnie Mae Certificates” above limiting the ability of the Trustee to dispose of Ginnie Mae Certificates without consent of the Holders of all the Series 2009I Bonds.

If at any time the Authority requests in writing that the Trustee enter into any supplemental indenture for any of the purposes described in this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be sent to the Lender and to each Owner of Series 2009I Bonds then Outstanding by registered or certified mail to the address of such Owner as it appears on the Bond Register; provided, however, that failure to give such notice, or any defect therein, will not affect the validity of any proceedings pursuant to the Series 2009I Supplemental Indenture. Such notice, which at the request of the Trustee will be prepared by the Authority, will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Holders. If, within 60 days or such longer period as prescribed by the Authority following the giving of such notice, the Holders of a majority in aggregate principal amount of the Series 2009I Bonds

then Outstanding have consented to and approved the execution thereof as provided in the Series 2009I Supplemental Indenture, no Owner of any Series 2009I Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing such supplemental indenture or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as provided in the provisions of the Series 2009I Supplemental Indenture described in this section, the Series 2009I Supplemental Indenture will be and be deemed to be modified and amended in accordance therewith. No such amendments or supplements permitted by the Series 2009I Supplemental Indenture that adversely affect any rights, remedies or powers of the Lender in connection with the Financing Agreement or the Series 2009I Supplemental Indenture shall become effective unless approved in writing by the Lender.

### **Amendment of Financing Agreement and Ginnie Mae Certificates Not Requiring Consent of Holders**

Subject to the provisions of the Series 2009I Supplemental Indenture, the Authority, and the Trustee will, without the consent of or notice to the Holders, consent to any amendment, change or modification of the Ginnie Mae Certificates or the Financing Agreement as may be required:

- (a) by the provisions of, or as contemplated in, the Financing Agreement, the Ginnie Mae Certificates or the Series 2009I Supplemental Indenture;
- (b) for the purpose of curing any ambiguity or formal defect or omission therein;
- (c) to make any change therein that may be required by Ginnie Mae or HUD to conform such instruments to the requirements of applicable federal law or regulations and/or the terms of any the Mortgage Loan Documents or the Ginnie Mae Documents;
- (d) to make any change therein required by the Rating Agency in connection with obtaining and maintaining a rating on the Series 2009I Bonds; or
- (e) to make any other change therein which will not prejudice in any material respect the rights of the Holders of the Series 2009I Bonds then Outstanding.

No amendment to the Financing Agreement will be made which adversely affects the express rights of the Investor Member thereunder without the written consent of the Investor Member. No amendments or supplements to the Financing Agreement or Ginnie Mae Certificates will become effective unless approved in writing by the Lender.

### **Amendments of Financing Agreement and Ginnie Mae Certificates Requiring Consent of Holders**

Except for amendments, changes or modifications as provided above, neither the Authority nor the Trustee will consent to any amendment, change or modification of the Financing Agreement or the Ginnie Mae Certificates without the written approval or consent of the Holders of a majority in aggregate principal amount of the Series 2009I Bonds then Outstanding given and procured as provided in the Series 2009I Supplemental Indenture. If at any time the Authority and the Series 2009I Developer request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Series 2009I Supplemental Indenture with respect to Supplemental Indentures. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that a copy of the instrument

embodying the same is on file at the principal office of the Trustee for inspection by all Holders. No such amendments or supplements to the Financing Agreement or Ginnie Mae Certificates will become effective unless approved in writing by the Lender.

### **Amendment by Unanimous Consent**

Notwithstanding any other provision of the Series 2009I Supplemental Indenture, the Authority and the Trustee may consent to any amendment, change or modification of the Financing Agreement or the Ginnie Mae Certificates upon receipt of the consent of the Holders of all Series 2009I Bonds then Outstanding.

### **Subordination of Series 2009I Supplemental Indenture**

Notwithstanding anything in the Series 2009I Supplemental Indenture or any other Financing Document to the contrary, with respect to the Series 2009I Bonds:

(a) In the event of any conflict between any provision contained elsewhere in the Series 2009I Supplemental Indenture or in any other Financing Document and any provision contained in the subordination provisions contained in the Series 2009I Supplemental Indenture, the provision contained in such subordination provisions will govern and be controlling in all respects.

(b) The provisions of the Series 2009I Supplemental Indenture and the other Financing Documents are subject and subordinate to the National Housing Act, all applicable HUD insurance (and Section 8, if applicable) regulations and requirements, the Mortgage Loan Documents, all applicable Ginnie Mae regulations and requirements, and the Ginnie Mae Documents; and in the event of any conflict between the provisions of the Series 2009I Supplemental Indenture or the provisions of any of the other Financing Documents and the provisions of the National Housing Act, any applicable HUD regulations, HUD requirements, the Mortgage Loan Documents, any applicable Ginnie Mae regulations, Ginnie Mae requirements, and/or the Ginnie Mae Documents, the said National Housing Act, HUD regulations, HUD requirements, Mortgage Loan Documents, Ginnie Mae regulations, Ginnie Mae requirements, and Ginnie Mae Documents will be controlling in all respects.

(c) No amendment to the Series 2009I Supplemental Indenture or any of the other Financing Documents will be made if such amendment would result in a conflict with the National Housing Act, any applicable HUD regulations, HUD requirements, Ginnie Mae regulations, Ginnie Mae requirements, the Mortgage Loan Documents, or the Ginnie Mae Documents.

(d) Enforcement of the provisions of the Series 2009I Supplemental Indenture or the provisions of any of the other Financing Documents will not result in any claim under the Series 2009I Mortgage Loan, or any claim against the Series 2009I Development, the Series 2009I Mortgage Loan proceeds, any reserve or deposit made with the Lender or another person or entity required by HUD or the Lender in connection with the Series 2009I Mortgage Loan transaction, or against the rents or other income from the Series 2009I Development (other than available Surplus Cash, if any).

(e) The Series 2009I Developer will not be deemed to be in violation of the Series 2009I Supplemental Indenture or any other Financing Documents if it takes (or refrains from taking) any actions required (or prohibited) by HUD pursuant to the National Housing Act,

applicable mortgage insurance regulations, related administrative requirements, the Mortgage Loan Documents, applicable Ginnie Mae regulations, related administrative requirements, and the Ginnie Mae Documents and, if applicable, Section 8 of the Housing Act and regulations promulgated thereunder.

(f) The provisions of the Series 2009I Supplemental Indenture summarized in this section will inure to the benefit of the Series 2009I Developer, the Lender and HUD, and their respective successors and assigns.

(g) Any assignment, transfer or pledge of the Series 2009I Mortgage Loan or a participation in the Series 2009I Mortgage Loan by way of a participation or other arrangement which may be made pursuant to the terms of the Series 2009I Supplemental Indenture or any of the other Financing Documents will be made in accordance with the National Housing Act and the HUD regulations. Any assignment, transfer or pledge not made in accordance with the terms of the Series 2009I Supplemental Indenture described in this paragraph and said HUD regulations will be void.

(h) A default under the Series 2009I Supplemental Indenture or any other Financing Document will not constitute a default under the GNMA Mortgage Note, the GNMA Mortgage or any other Mortgage Loan Document.

(i) Nothing contained in the Series 2009I Supplemental Indenture or any other Financing Document will restrict or adversely affect the duties and obligations of the Lender under the contract of mortgage insurance between the Lender and HUD.

(j) Series 2009I Development funds held by the Lender on behalf of the Series 2009I Developer under the contract of mortgage insurance are required to be maintained separate and apart from the funds established and held for payments to the Holders and the various escrows and funds under the Series 2009I Supplemental Indenture and the other Financing Documents.

(k) Except for funds held under the Series 2009I Supplemental Indenture, any pledge of Series 2009I Development funds for the benefit of the Holders is limited to a pledge of principal and interest payments received by the Trustee on the Ginnie Mae Certificates. There is no pledge of gross revenues of the Series 2009I Development or any Series 2009I Development assets.

(l) The Lender will maintain certain HUD-required escrow funds outside the terms of the Series 2009I Supplemental Indenture. The enforcement of the Series 2009I Supplemental Indenture will not result in the Trustee or any Owner having any right to, interest in, or claim against any HUD-required escrow fund, the Series 2009I Development, the Series 2009I Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Series 2009I Mortgage Loan transaction, or the rents or other income from the Series 2009I Development (other than available Surplus Cash, if any).

(m) The Series 2009I Bonds are not a debt of the United States of America, HUD, Ginnie Mae or any other governmental agency and are not guaranteed by the full faith and credit of the United States.



(n) In the event that proceeds are received from a condemnation award or from the payment of a claim under a hazard insurance policy, early redemption of the Series 2009I Bonds can arise only subsequent to a prepayment of the GNMA Mortgage.

(o) The Series 2009I Supplemental Indenture does not provide for the creation of a project reserve for replacement.

#### **SUMMARY OF THE GMNA MORTGAGE NOTE AND GNMA MORTGAGE**

This summary and explanation of the GNMA Mortgage Note and GNMA Mortgage does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Note and GNMA Mortgage for full and complete statements of their provisions.

The GNMA Mortgage from the Series 2009I Developer to the Lender will secure the GNMA Mortgage Note. The Series 2009I Mortgage Loan proceeds will be disbursed by the Lender in accordance with the progress of construction, and the Lender will be reimbursed for advances upon the purchase of the CLCs and the PLC by the Trustee. The Series 2009I Mortgage Loan disbursements will be insured by FHA as construction progresses under Section 221(d)(4) of the National Housing Act and the regulations thereunder. Upon the issuance of CLCs, the Lender will make payments thereon which may differ from the GNMA Mortgage Note payments. Upon the purchase of the PLC from the Lender by the Trustee or its nominee, on behalf of the Authority, monthly scheduled installments of principal and interest on the GNMA Mortgage Note (less the Ginnie Mae guaranty fee and the Lender's servicing fee) will be passed through to the Trustee as scheduled payments of principal and interest on the PLC.

It is expected that the Series 2009I Mortgage Loan, as evidenced by the GNMA Mortgage Note and GNMA Mortgage, (i) will be insured by FHA pursuant to and in accordance with the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, as evidenced by the initial endorsement by FHA of the GNMA Mortgage Note evidencing the Series 2009I Mortgage Loan; (ii) will be in the maximum principal amount of \$9,570,000, which is subject to being reduced, without penalty, upon final endorsement of the Series 2009I Mortgage Loan for Mortgage Insurance by FHA; (iii) will bear interest at the rate of 3.15% per annum; (iv) will have a final maturity of August 1, 2051; (v) will be payable in monthly installments of principal and interest commencing on September 1, 2013; (vi) will be secured on a non-recourse basis; and (vii) may be prepaid, without penalty, in whole or in part, on the last day of any calendar month upon at least 30 days advance written notice to the Lender.

If the Series 2009I Developer prepays the GNMA Mortgage Note in whole or in part, the amount prepaid will be paid to the Lender and passed through to the Trustee, or its nominee, as prepayment on the Ginnie Mae Certificates, and applied to the redemption of Series 2009I Bonds, as described under "GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

The debt evidenced by the GNMA Mortgage Note and GNMA Mortgage is a non-recourse obligation of the Series 2009I Developer secured only by the Series 2009I Development.

#### **SUBORDINATION TO MORTGAGE LOAN DOCUMENTS AND HUD REQUIREMENTS**

The following shall apply with respect only to the Series 2009I Bonds: The Bond Financing Documents provide that, notwithstanding anything in such documents to the contrary, the Bond Financing Documents will be subordinate to the Mortgage Loan Documents. The provisions of the Bond Financing Documents are subject to the National Housing Act, all applicable FHA mortgage insurance regulations and related administrative requirements, the Mortgage Loan Documents, all applicable Ginnie Mae regulations and related administrative requirements and the Ginnie Mae documents (collectively the

“**HUD Requirements**”). In the event of any conflict between the provisions of the Bond Financing Documents and the HUD Requirements, the HUD Requirements will control. Enforcement of the Bond Financing Documents will not result in any claim against the Series 2009I Development, the Series 2009I Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the GNMA Mortgage, or the rents or other income from the Series 2009I Development (except “surplus cash,” as defined in the HUD Regulatory Agreement). No assurance can be made that such provision will not impair the excludability of interest on the Bonds from gross income for federal income tax purposes.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described herein, interest on the Series 2009I Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Series 2009I Bond for any period during which the Series 2009I Bond is held by a person who is a “substantial user” of the facilities financed with the proceeds of the Series 2009I Bonds or a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Series 2009I Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax.

In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and the Developers in connection with the Series 2009I Bonds, and Bond Counsel has assumed compliance by the Authority and the Developers with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Under the Act, in its present form, the Bonds and all income from the Series 2009I Bonds is free from all taxation of the State of Illinois or its political subdivisions, except for estate, transfer and inheritance taxes. Future legislation enacted in the State of Illinois could alter the tax status of bonds issued by the Authority prior to enactment. There is no way to predict the scope of future legislative proposals, and whether such proposals, if enacted, will alter the tax status of the Series 2009I Bonds. In addition, the Series 2009I Bonds and the income therefrom may be subject to taxation under the laws of the states other than the State of Illinois.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2009I Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2009I Bonds, or under state and local tax law.

### **Certain Parity Indenture Aspects**

Each series of Bonds issued under the Indenture with the intention that the interest paid thereon will be excludable from gross income for Federal income tax purposes (“**Tax-Exempt Bonds**”), including the Series 2009I Bonds, must satisfy the applicable requirements of the Code. In general, Tax-Exempt Bonds originally issued for new money purposes after the general effective date of the Code (August 16, 1986), are fully subject to the applicable requirements of the Code, including the more

restrictive low income set-aside requirements under the Code. The Series 2009I Bonds are fully subject to the low income set-aside requirements of the Code. This section includes brief summaries of certain low income set-aside requirements applicable to the Series 2009I Bonds under the Code.

### **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2009I Bonds in order that interest on the Series 2009I Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2009I Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Series 2009I Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted in the Indenture that it will do and perform all acts necessary or desirable to assure the exclusion of interest on the Series 2009I Bonds from gross income under Section 103 of the Code. The Authority will deliver its Tax Certificate concurrently with the issuance of the Series 2009I Bonds which will contain provisions relating to compliance with the requirements of the Code. The Authority also has required or will require Developers to make certain covenants in the Mortgage Loan program documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Authority or the owners of the Series 2009I Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series 2009I Bonds for Federal income tax purposes. Such Federal tax compliance covenants will be subordinate to the rights of FHA under the Series 2009I Loan documents and the enforcement of such covenants will be subject to FHA approval. Because of these FHA restrictions, enforcement remedies available to the Authority or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on such Series 2009I Bonds for Federal income tax purposes.

### **Low Income Set-Aside Requirements under the Code**

The Series 2009I Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly in this subsection. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Series 2009I Bonds be continuously occupied during the “qualified project period” by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Series 2009I Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Authority will make elections on the applicable low income set-aside requirements with respect to the Developments expected to be financed with the proceeds of the Series 2009I Bonds prior to the issuance date of the Series 2009I Bonds. In addition, all of the units in any Development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the “qualified project period” as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest

of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to such project is outstanding, or (iii) the date upon which any assistance provided with respect to such project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Development generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant's income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the applicable Development must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2009I Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2009I Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2009I Bonds.

Prospective owners of the Series 2009I Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. The extent of these collateral tax consequences will depend upon such owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2009I Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2009I Bonds. Interest on the Series 2009I Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Original Issue Discount**

"Original issue discount" ("**OID**") is the excess of the sum of all amounts payable at the stated maturity of a Series 2009I Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2009I Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2009I Bonds is expected to be the initial public offering price set forth on the cover page (or inside cover page) of this Official Statement with respect to such Series 2009I Bonds. In general, under Section 1288 of the Code, OID on a Series 2009I Bond having OID (a "**Discount Bond**") accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2009I Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Due to the fact that the interest rate on the Series 2009I Bonds increases two months following the Release Date, the Series 2009I Bonds may be considered issued with original issue discount for federal income tax purposes.

Generally, such original issue discount is amortized over the term of any such Discount Bonds, and such amortized amount is treated as tax-exempt interest. Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

### **Bond Premium**

In general, if an owner acquires a Series 2009I Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2009I Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2009I Bond (a “**Premium Bond**”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost.

Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2009I Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2009I Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2009I Bonds from gross income for Federal income tax purposes. Any amounts

withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

### **Miscellaneous**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2009I Bonds. An example is the American Jobs Act of 2011 (S. 1549), proposed by the President and introduced in the Senate on September 13, 2011. If enacted as introduced, a provision of S. 1549 would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers for taxable years after 2012, and as a result could affect the market price or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2009I Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2009I Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2009I Bonds or the market value thereof would be impacted thereby. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2009I Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Purchasers of the Series 2009I Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

### **LEGAL MATTERS**

The authorization and delivery of the Series 2009I Bonds are subject to receipt of the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, which will be in substantially the form set forth in Appendix A. Certain legal matters will be passed upon for the Authority by its General Counsel, Maureen G. Ohle, Esq., and by its counsel, Schiff Hardin LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Series 2009I Developer by its counsel, Applegate & Thorn-Thomson, Chicago, Illinois, for the Lender by its counsel, Vorys, Sater, Seymour and Pease LLP, Cincinnati, Ohio, and for the Trustee by its internal counsel.

### **LITIGATION**

The Authority is not engaged in and has not been threatened with any litigation of any nature which seeks to restrain or enjoin the issuance, sale, execution or delivery of the Series 2009I Bonds or which in any way contests the validity of the Series 2009A Bonds or the Converted Bonds or any proceedings of the Authority taken with respect to their issuance or sale or the pledge or application of any moneys or the security provided for the payment of the Series 2009A Bonds or the Converted Bonds, or which contests the existence of the Authority.

The Authority is 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 2009I Bonds, of the Authority.

## RATINGS

The Series 2009I Bonds have received a rating of “Aaa with a negative outlook” from Moody’s Investors Service, Inc. (“**Moody’s**”). Any rating assigned to the Series 2009I Bonds reflects only the views of the applicable rating agency and an explanation of the significance of such rating may be obtained only from the applicable rating agency. There is no assurance that the rating that has been assigned to the Series 2009I Bonds will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency if, in the judgment of the rating agency, circumstances so warrant. A downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2009I Bonds.

## CONTINUING DISCLOSURE

In connection with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the Authority has agreed to provide to certain parties certain annual financial information and operating data and notices of certain material events. In addition, the Authority has agreed to file annually, within 180 days after the close of each Fiscal Year, beginning with the fiscal year ending June 30, 2011, financial statements for such Fiscal Year. The financial statements must be accompanied by the related report of its independent public accountants. The Authority’s agreement to provide this information is referred to as the (the “**Continuing Disclosure Undertaking**”). Such information will be provided to (i) the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and (ii) any entity designated by the State of Illinois as a state information depository for purposes of Rule 15c2-12. A summary of the Continuing Disclosure Undertaking is included as Appendix C to this Official Statement. The Continuing Disclosure Undertaking may be enforced by any beneficial or registered owner of the Series 2009I Bonds, but the Authority’s failure to comply with this undertaking will not be a default under the Indenture.

In addition, in the Series 2009I Supplemental Indenture, the Authority has covenanted to provide certain information to the GSEs for each period after and including the calendar quarter ending September 30, 2011. Such information includes principally (i) audited financial statements of the Authority for each Fiscal Year, including in supplemental schedules financial statements specific to the Indenture, (ii) financial statements of the Authority for interim portions of a Fiscal Year if produced, (iii) financial statements specific to the Indenture for each of the first three calendar quarters of each Fiscal Year, (iv) a compliance certificate in a specified form, (v) specified quarterly reports, (vi) copies of cash flow certificates, (vii) certificates required under the Series 2009I Supplemental Indenture for the withdrawal of cash from the Indenture, (viii) copies of rating agency presentations and ratings pertaining to the Indenture or to the Authority as a whole, (ix) copies of disclosure documents with respect to obligations outstanding under the Indenture, and (x) copies of publicly available information disclosures concerning the financial condition or performance of the Authority.

The Authority also agreed in the Series 2009I Supplemental Indenture to provide the GSEs with notice of certain events, including (i) events which would require the filing of an “events notice” under Rule 15c2-12 as that Rule is amended, restated or replaced from time to time, (ii) any “event of default” or event which, with the passage of time or the giving of notice, or both, would become such an “event of default” under the Indenture or certain related documents, (iii) resignation or removal of the Trustee, or any failure by the Trustee to perform its duties under the Indenture or any related document, (iv) demands for payments or for the posting of collateral under a hedging arrangement, (v) any litigation, administrative or other proceeding or other development that would have a material and adverse effect on the ability of the Authority to perform its duties and obligations under the Indenture or any related document, (vi) a ratings downgrade, or notice of a negative outlook applicable to existing ratings, relating to the Authority as a whole or to the Bonds, (vii) certain adverse changes with respect to any provider of a

guaranteed investment contract or hedge relating to the Indenture or to the Authority as a whole, (viii) supplements or amendments to the Indenture, (ix) unscheduled draws on a debt service reserve of credit enhancement for any of the Bonds, (x) defeasance of any Bonds, and (xi) release, sale or substitution of any property securing any of the Bonds.

#### **MISCELLANEOUS**

All quotations from, and summaries and explanations of, the Constitution of the State, the Act and the Indenture contained in this Official Statement do not purport to be complete and reference is made to the Constitution of the State, the Act and the Indenture for full and complete statements of their provisions. Copies, in reasonable quantity, of the Indenture may be obtained upon request directed to the Authority at 401 North Michigan Avenue, Suite 700, Chicago, Illinois 60611.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2009I Bonds. The execution and distribution of this Official Statement have been duly authorized by the Authority.

#### **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

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Executive Director



**Appendix A**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

[Date of Delivery]

Illinois Housing Development Authority  
Chicago, Illinois

\$9,570,000  
Illinois Housing Development Authority  
Multifamily Initiative Bonds,  
Series 2009I

We have previously acted as Bond Counsel in connection with the issuance by the Illinois Housing Development Authority (the "Authority") of \$184,080,000 aggregate principal amount of its Multifamily Initiative Bonds, Series 2009A (the "Series 2009A Bonds"). The Series 2009A Bonds were authorized to be issued pursuant to the Illinois Housing Development Authority Act, 20 ILCS 3805/1 *et seq.*, as amended (the "Act"), and under and pursuant to the Trust Indenture, dated as of December 1, 2009 (the "Trust Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), resolutions of the Authority authorizing the issuance and sale of bonds to finance multifamily mortgage loans, and the Supplemental Indenture dated as of December 1, 2009 (the "Series 2009A Supplemental Indenture"), between the Authority and the Trustee.

It is now deemed necessary and advisable to supplement the Trust Indenture by the Series 2009I Supplemental Indenture, dated as of December 1, 2011 (the "Series 2009I Supplemental Indenture"), by and between the Authority and the Trustee, to provide for and establish a Release Date (as defined below) with respect to a portion of the proceeds of the Series 2009A Bonds currently held in escrow and to provide for the application of such released proceeds to the funding of mortgage loans, all as hereinafter provided. In accordance with and subject to the terms, conditions and limitations established in the Trust Indenture and the Series 2009I Supplemental Indenture, a portion of the proceeds of the Series 2009A Bonds in the principal amount of \$9,570,000 shall be released from escrow on the date hereof (the "Release Date"), and the portion of the Series 2009A Bonds relating thereto shall be redesignated "Series 2009I" (the "Series 2009I Bonds" or the "Bonds") and deemed reissued for federal income tax purposes as of the date hereof.

The Trust Indenture, the Series 2009A Supplemental Indenture and the Series 2009I Supplemental Indenture are collectively referred to herein as the "Indenture."

The Bonds are equally and ratably secured by the Trust Indenture with all other bonds issued thereunder unless otherwise specified in a supplemental indenture or by the Authority pursuant to the provisions thereof.

The Bonds are dated, mature in the years, in the respective principal amounts and bear interest at the rates per annum (subject to conversion) set forth in the Series 2009F Supplemental Indenture. The Bonds are also subject to redemption prior to maturity upon the terms and conditions and at the redemption prices provided in the Indenture.

The Internal Revenue Code of 1986 (the “Code”) establishes certain continuing requirements which must be met in order that interest on the Bonds not be included in gross income of the owners thereof for federal income tax purposes. These include requirements as to the use and investment of proceeds of the Bonds, the payment of certain amounts to the United States and the use and occupancy of the projects financed by the Bonds. In the Indenture, various tax certificates and a Tax Regulatory Agreement, dated as of December 1, 2011 (the “Tax Regulatory Agreement”), among the Authority, the Trustee and the borrower (the “Borrower”), the Authority and the Borrower have made various covenants with respect to these requirements. Failure to comply with certain of such covenants could cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes, retroactively to the date of issuance of the Bonds.

In rendering this opinion we have reviewed the Indenture and certain other documents, certificates and other materials delivered in connection with the issuance of the Bonds.

Based on the foregoing it is our opinion that:

(a) The Authority is a legally existing body politic and corporate of the State and has the right and power under the Act to adopt the Indenture and to authorize, issue and deliver the Bonds.

(b) The Authority has duly adopted the Resolution. The Indenture has been duly and lawfully authorized and executed by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms and no other authorization for the Indenture is required. The Indenture creates the valid pledge which it purports to create of the Trust Estate (except the Rebate Fund), subject only to the provisions of the Indenture permitting the application of amounts held thereunder for the purposes (including particular series or subseries of Bonds) and on the terms and conditions set forth in the Indenture.

(c) The Bonds have been duly authorized, executed, issued and delivered by the Authority in accordance with the Act and the Indenture and constitute valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of the Act and the Indenture. The Bonds are special limited obligations, and not general obligations, of the Authority payable solely from the revenues, assets or moneys pledged therefor under the Indenture, enforceable in accordance with their terms and the terms of the Indenture, and entitled to the benefit of the Indenture and the Act. The Authority has no taxing power. The Bonds are not a debt of the State of Illinois and the State of Illinois is not liable on the Series Bonds. The Bonds are not subject to Section 26.1 of the Act.

(d) Under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income of their owners for federal income tax purposes. We are further of the opinion that interest on the Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax. If there is continuing compliance by the Authority and the Borrower with their respective covenants described above as contained in the Indenture and the Tax Regulatory Agreement, we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. No opinion is expressed, however, as to the exclusion from gross income of the owners of the Bonds for federal income tax purposes of interest on any Bond for any period during which such Bond is held by a person who is a “substantial user” of the Development or by any person considered to be related to such person within the meaning of the Code. Ownership of the Bonds may result in other federal tax

consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

(e) Under the Act, in its present form, the Bonds and all income from the Bonds is free from all taxation by the State of Illinois or its political subdivisions, except for estate, transfer and inheritance taxes.

The opinions we have expressed herein as to the treatment of the Bonds or the interest borne thereon for federal income tax purposes and for state tax purposes are based upon statutes, regulations, and court decisions in effect on the date hereof. We undertake no obligation to update the contents of this opinion on any future date. Each purchaser of the Bonds should consult his or her tax advisor regarding any changes in the status of any pending or proposed legislation.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Bonds and the Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

This opinion is based upon facts known or certified to us and laws in effect on its date and speaks as of that date. We have not undertaken any obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention after the date of this opinion, or any changes in law that may occur after that date.

Very truly yours,

**Appendix B**

**DESCRIPTION OF MORTGAGE LOAN AND DEVELOPMENT EXPECTED TO BE FINANCED BY THE SERIES 2009I BONDS**

<u>Name</u>	<u>Location</u>	<u>Owner</u>	<u>No. of Units</u>	<u>Credit Enhancement</u>	<u>Term of Mortgage Loan (Years)</u>	<u>Interest Rate(s)</u>	<u>Expected Date of Construction Completion</u>	<u>Mortgage Loan Amount</u>
Pullman Wheelworks	901 East 104 <sup>th</sup> Street, Chicago, Illinois	104 <sup>th</sup> Street Limited Partnership	210	Ginnie Mae Certificates	40	3.15	August 1, 2013	\$9,570,000

## Appendix C

### SUMMARY OF THE AUTHORITY'S CONTINUING DISCLOSURE UNDERTAKING

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 2009I Bonds.

Annual Financial Information. Each year the Authority shall provide annual financial information concerning the Series 2009I Bonds to the Municipal Securities Rulemaking Board (the “**MSRB**”) via its Electronic Municipal Market Access (“**EMMA**”) System. A copy of the annual financial information shall also be provided to the Trustee. The annual financial information shall be so provided within 180 days after the end of the Authority’s fiscal year, beginning with the fiscal year ending June 30, 2012. Copies of the annual financial information shall also be made available to any beneficial owner of Series 2009I Bonds upon written request. The annual financial information shall include the Authority’s audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America as in effect from time to time.

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. The annual financial information shall include a notice of any change in the Authority’s fiscal year.

Reporting Significant Events. Upon the occurrence of any of the following events with respect to the Series 2009I Bonds, the Authority shall report the event to the MSRB:

- i. principal and interest payment delinquencies;
- ii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iii. unscheduled draws on credit enhancements reflecting financial difficulties;
- iv. substitution of credit or liquidity providers or their failure to perform;
- v. adverse tax opinions or events affecting the tax-exempt status of the Series 2009I Bonds;
- vi. defeasances;
- vii. rating changes;
- viii. 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 2009I Bonds, or other material events affecting the tax status of the Series 2009I Bonds;
- ix. tender offers; and
- x. bankruptcy, insolvency, receivership or similar event of the obligated person.

Upon the occurrence of any of the following events with respect to the Series 2009I Bonds, if material, the Authority shall report the event to the MSRB:

- i. non-payment related defaults;
- ii. modifications to rights of Owners of the Series 2009I Bonds;
- iii. bond calls;
- iv. release, substitution, or sale of property securing repayment of the Series 2009I Bonds;
- v. the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- vi. Appointment of a successor or additional trustee or a change in name of the trustee.

If notices are required to be filed, filing shall be made within ten (10) business days after the occurrence of the event giving rise to the requirement to file.

**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 Summary.**

Enforcement. The undertaking of the Authority described in this summary shall be solely for the benefit of the beneficial owners of the Series 2009I Bonds from time to time, and shall create no right in anyone else. It may be enforced by any beneficial owner of Series 2009I Bonds. The sole remedy with respect to the Authority's compliance with its undertaking described in this summary shall be to require compliance. The Trustee shall have no powers or duties with respect to the undertaking described in this summary. No violation by the Authority of any provision described in this summary shall constitute any Event of Default or a default under the Indenture or under the Act.

Termination. The obligation of the Authority described in this summary shall terminate if the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2009I Bonds. The Authority shall give notice of termination in a timely manner to the MSRB.

Amendment and Waiver. The Authority may amend the undertakings described in this summary, and any provision of the undertaking may be waived, if: (i) the amendment or waiver is being made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted; (ii) the undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2009I Bonds, as determined by a party unaffiliated with the Authority (such as bond counsel) at the time of the amendment. Any such amendment shall be described in the next annual financial information.

**Appendix D**

**THE ORIGINAL OFFICIAL STATEMENT**