

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
CONDUIT BOND PROGRAM GUIDELINES

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SECTION I.

INTRODUCTION

A. Defined Terms

As used in these Guidelines, the following terms shall have the meanings set forth below:

“**Act**”: The Illinois Housing Development Act at 20 ILCS 3805, as amended.

“**Application**”: The Authority’s Common Application.

“**Area Median Income**”: The median household income adjusted for family size for applicable income limit areas as determined annually by HUD under Section 8 of the United States Housing Act of 1937, 42 USC § 1437.

“**Authority**”: The Illinois Housing Development Authority.

“**Board**”: The board of directors of the Authority.

“**Bond**” or “**Bonds**”: Bonds issued from time to time by the Authority to finance a Development under the Conduit Bond Program.

“**Bond and Loan Resolution**”: A resolution of the Board authorizing the issuance of Bonds and the making of a Loan by the Authority with proceeds of such Bonds, as discussed further in Section II.E of these Guidelines.

“**Bond Counsel**”: Legal counsel to the Authority regarding the issuance of the Bonds, responsible for drafting all Bond and Loan documents, except as otherwise noted.

“**Borrower**”: The entity or entities that receive a Loan from the proceeds of a Bond issuance. These Guidelines also refer to any entity that applies for such a Loan as a “Borrower.”

“**Certificate of Completion**”: A certificate provided by the Borrower stating that the construction or rehabilitation of its Development is complete and identifying all unspent Bond proceeds.

“**Chief Financial Officer**”: The Chief Financial Officer of the Authority.

“**Clearinghouse**”: A State, regional or metropolitan agency designated by the Governor or the Authority or established by State statute to provide notice to appropriate State and local agencies of proposed Developments and to review such Developments.

“**Code**”: The Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder.

“Conduit Bond Program”: The program whereby the Authority issues Bonds for which another party assumes the risk of default, including, but not limited to, a default arising out of a default on the Loan funded with proceeds of the Bonds.

“Development”: The affordable housing development for which Bonds may be issued.

“EMMA”: The Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website.

“General Assembly”: The General Assembly of the State.

“General Counsel”: The Authority’s General Counsel.

“Governor”: The Governor of the State.

“Guidelines”: These Conduit Bond Program Guidelines.

“HUD”: The United States Department of Housing and Urban Development.

“Indenture”: The trust indenture between the Authority and a trustee governing the issuance of the Bonds.

“Inducement Resolution”: A resolution of the Board evidencing the Authority’s intent to issue Bonds to finance a Development, as discussed further in Section II.D of these Guidelines.

“Issuer’s Counsel”: Legal counsel to the Authority regarding the issuance of Bonds.

“LIHTC”: Low Income Housing Tax Credits.

“Loan”: A mortgage loan or other similar financing arrangement made by the Authority to a Borrower with the proceeds of the Bonds.

“Members”: The members of the Board.

“Official Statement”: The legal document that serves as the prospectus for the Bond issue and discloses the finances and all other material facts and circumstances surrounding the issuance of the Bonds.

“Placement Memorandum”: The legal document informing prospective investors of the opportunity to invest in Bonds made available for private placement.

“PPA”: Preliminary Project Assessment.

“Preliminary Official Statement”: The preliminary version of the Official Statement that is used to describe the proposed Bond issuance prior to the determination of the interest rates and offering prices.

“Prevailing Wage Requirements”: The requirements set forth in the Illinois Prevailing Wage Act or the Davis-Bacon Act, as applicable.

“**QAP**”: The Authority’s LIHTC Qualified Allocation Plan, as amended from time to time.

“**Remarketing Agreement**”: The legal document between a remarketing agent and a Borrower related to the remarketing agent’s agreement to remarket any Bonds tendered for purchase.

“**Rules**”: The Authority’s Multifamily Rental Housing Mortgage Loan Program administrative rules codified at 47 Ill. Adm. Code 310.

“**SEC**”: The United States Securities and Exchange Commission.

“**State**”: The State of Illinois.

“**TEFRA**”: The Tax Equity and Fiscal Responsibility Act of 1982 pursuant to which a public hearing related to the Development is required to be held before the Governor can approve the issuance of tax-exempt debt.

“**Tenant Selection Plan**”: The Tenant Selection Plan approved by the Authority for a Development that sets forth the criteria and procedures for selecting tenants for a Development.

“**Underwriter**”: Underwriter of the Bonds.

“**Underwriter’s Counsel**”: Legal counsel to the Underwriter.

B. General

The Authority is a body politic and corporate of the State of Illinois created in 1967 by the Act to assist in the financing and development of decent, safe and sanitary housing for persons and families of low and moderate income within the State.

These Guidelines set forth the policies and procedures applicable to the Authority’s Conduit Bond Program. The exhibits to these Guidelines include certain forms and standard provisions that must appear in each applicable financing. All participants to a transaction under the Conduit Bond Program should review these Guidelines carefully. Please contact the Authority’s General Counsel with any questions concerning the matters discussed in these Guidelines.

These Guidelines reflect the current policies of the Authority and are subject to revision at the sole discretion of the Authority. **The Authority reserves the right to impose additional requirements in order to implement the policies of the Authority.** These Guidelines are not intended to, and do not, include all the requirements of a Conduit Bond Program transaction.

When the Authority acts as a “conduit issuer”, it is issuing Bonds for the benefit of Borrowers. These Bonds are not general or moral obligations of the Authority or the State. Rather, the Borrower maintains all payment obligations related to the Bonds. In some instances, the Borrower may procure the added security of credit enhancement (e.g., a letter of credit, guaranty or insurance). The details of any given financing may vary.

These Guidelines do not address requirements under other Authority programs. If a Borrower wishes to apply for other sources of financing or LIHTC, it must consult the appropriate

Authority guidelines and requirements for those programs. In particular, if a Borrower intends to pursue a tax exempt financing utilizing LIHTC, it should consult the Authority's QAP and the Multifamily Financing Department.

For a list of the Authority's current Members, officers and staff, please visit www.ihda.org. Contact information for the Authority is as follows:

Illinois Housing Development Authority
111 E. Wacker Drive, Suite 1000
Chicago, Illinois 60601
Telephone: 312-836-5200
866-324-4431 (TDD)
Website: www.ihda.org

C. Overview

In general, Underwriter's Counsel will prepare the Official Statement, other underwriting materials and any Remarketing Agreement. For private placements, Bond Counsel may prepare the Placement Memorandum. The credit enhancer's counsel will prepare the letter of credit or other credit enhancement and related security materials. Bond Counsel will prepare all other materials.

With slight variations, an issuance of the Authority's conduit Bonds will consist of the following:

1. Preliminary Project Assessment Process

- a. Borrower submits a proposed Development for PPA, along with a non-refundable PPA fee.
- b. The Authority performs a site review of the proposed site, which includes a visual inspection analyzing the suitability of the site. This analysis includes considering items such as Development scope; Development design and layout; aesthetic compatibility of the existing neighborhood; availability of and access to appropriate public and community services and amenities; potential development concerns located on, adjacent to, or near the site; and consistency with Authority initiatives and objectives.
- c. The Authority performs a market review of the proposed Development using the following metrics:
 - i. *Authority Market Share* – determined as the total number of rental units financed by the Authority in a market area divided by the total number of rental units for the market area. The Authority views an Authority market share of 10% or higher for a particular market area as a possible indicator of over-concentration;
 - ii. *Affordable Market Share* – determined as the total number of rental units financed or subsidized by the Authority, HUD and/or USDA in a market area divided by the total number of rental units for the

market area. The Authority views an affordable market share of 20% or higher for a particular market area as a possible indicator of over-concentration; and

- iii. *Affordable Rental Unit Concentrations* – estimate of rental units affordable to a variety of income levels produced from ACS 5-year data regarding actual rents being charged, regardless of subsidy, in Development census tract (or census tract + adjacent census tracts) for the market area. The Authority views a 60% of total rental units or higher for a particular income level as a possible indicator of over-concentration.
- d. The Authority performs a preliminary financial feasibility review. This analysis includes considering items such as Development budget, operating budget, unit mix and rent levels, current market conditions and underwriting assumptions.
- e. The Authority performs a Development team review as outlined in the QAP. The Authority evaluates the deal team participants and their capacity to successfully complete the Development.

2. Application

- a. At least three months prior to the anticipated Board approval date, Borrower submits an Application to the Authority, consisting of:
 - i. a signed Application form, including a request for 4% tax credits, if applicable;
 - ii. a non-refundable Application fee^{*}; and
 - iii. all other applicable requirements under the QAP (found at www.ihda.org).
- b. The Authority reviews the Application. In rare instances, if requested by the Borrower and approved by the Authority's loan committee, the Authority may present an Inducement Resolution to the Board.
- c. The Authority completes its review of the Development, which may include a site visit, and prepares a transaction summary for presentation to the Authority's loan committee.

^{*} The Authority's current fee schedule, including any required deposits, may be obtained by visiting its website at www.ihda.org.

3. Document Drafting and Authorization

- a. A good faith deposit is collected from the Borrower prior to presentation to the Authority's loan committee.
- b. If approved by the Authority's loan committee, and if all required submissions are made, the Development is recommended to the Board for approval via a Bond and Loan Resolution.
- c. After approval by the Authority's loan committee, the parties to the transaction will convene a transaction kickoff call, during which the transaction schedule and the financing structure will be agreed to by the parties. These parties at a minimum will include the Authority, Issuer's Counsel, Bond Counsel, the Borrower, Borrower's counsel, the Underwriter and Underwriter's Counsel.
- d. A distribution list of the transaction team is regularly maintained and recirculated.
- e. A due diligence checklist from the Authority's legal department is regularly maintained and recirculated.
- f. The Bond and Loan Resolution is drafted by Bond Counsel and the Authority. Underwriter's Counsel drafts its documents. At the time of submission for Board approval, the Bond and Loan Resolution must be in final form and the documents in the exhibits must be in substantially final form.
- g. Issuer's Counsel reviews bond and closing documents, including the bond purchase agreement, offering statement, disclosure documents and documents from Underwriter's Counsel (and the credit enhancer, if any).
- h. The Authority publishes TEFRA notice. The Authority holds the TEFRA hearing.
- i. The Board votes on the Bond and Loan Resolution and the participants in the transaction (including, but not limited to, the credit enhancer and the equity provider).

4. Finalization

- a. The Authority submits a request to the Governor's office for the Bond issuance approval letter.
- b. The Authority works with the Borrower to confirm that all aspects of the financing incident to closing are in place.
- c. The Preliminary Official Statement or preliminary Placement Memorandum is issued. Bonds are priced, and final par amount is set.
- d. The Final Official Statement or final Placement Memorandum is issued.

5. Dry (Real Estate) Closing

- a. Unless otherwise authorized by the Authority, all real estate documents must be finalized, executed and held in escrow at least one week in advance of any release of a Preliminary Official Statement or preliminary Placement Memorandum and any rate lock for Bond interest rates.

6. Closing

- a. Bond pre-closing.
 - i. In the case of an electronic or “virtual” pre-closing, all documents must be finalized, executed and held in escrow pending authorized release by the transaction participants at least 24 hours in advance of the pre-closing.
 - ii. At the pre-closing, transaction participants review the executed documents and resolve any final issues.
- b. Bond closing.
 - i. Transaction participants authorize the release of all signature pages from escrow.
 - ii. Funds are wired in accordance with transaction documents.
- c. Confirmation of issuance is mailed to Governor’s office. This confirmation of issuance will be part of the closing package.
- d. Bond counsel transmits closing binder or electronic transcript to the Authority.
- e. Post-closing compliance and monitoring.

D. Bond Volume Cap Allocation

The Authority may allocate tax-exempt bond volume cap to its Bond issuances in accordance with the State’s guidelines on volume cap. If the Borrower would like the Authority to allocate bond volume cap, it must request the volume cap simultaneously with the submission of the Borrower’s Application to the Authority. All requests for the Authority’s bond volume cap should be submitted to the Authority and should not be submitted to the Governor’s office.

If a Borrower has secured volume cap from another unit of local government that is to be ceded or allocated to the Authority for the Development, the Authority must receive the duly adopted resolution(s), the applicable request letters sent to the Governor’s office, and any confirmation letters from the Governor’s office prior to presentation of the Bond and Loan Resolution to the Board. The Board will not consider a financing prior to its receipt of these documents.

E. Authority Requirements

Certain requirements for conduit bond financings as set forth in the Act, the Authority's Rules[†] and the Code are summarized below.

1. Required Submissions

The following actions must be completed, and documents submitted, by the Borrower prior to the time a Bond and Loan Resolution is recommended to the Board.

i. Notice to Public Officials

When the Authority receives an Application for a Loan, the Authority will provide written notice of the proposed Development to: (i) the chairman of the county board in which the proposed Development will be located; (ii) the mayor or other chief executive of the municipality, if any, in which the proposed Development will be located; (iii) in municipalities with a population of 1,500,000 or more, the alderman of the ward in which the proposed Development will be located; (iv) appropriate Clearinghouses; and (v) the members of the General Assembly in the legislative district in which the proposed Development will be located.

This notice will include the name, address and telephone number of the Borrower, the name and address of the proposed Development, the estimated amount of the Loan, the type of any subsidies, the total number of units and subsidized units, the type of Development and any other information the Authority deems relevant.

The individuals notified have 30 days to respond, and the Borrower must respond in writing to all comments received. The Borrower must submit to the Authority all comments, responses, a history of any conferences, hearings or other action taken in connection with the comments, a summary of what the Borrower has done in response and a certification that the information provided to the Authority is accurate.

ii. Appraisal; Site and Market Study

An appraisal and a site and market study are required for every Development. Such appraisal and site market study must adhere to the standards for appraisals and site and market studies as posted on the Authority's website.

iii. Tenant Selection Plan

The Borrower must submit a Tenant Selection Plan to the Authority for approval before the Bond closing. This plan lists the number of income-restricted units and must give preference to individuals and families displaced by urban renewal, government action or natural disaster. A form of the Authority's Tenant Selection Plan is available on the Authority's website.

[†] The Rules may be obtained by visiting the Authority's website at [http://www.ihda.org/government/docs/RulesandRegs/47-310Multifamily rental Housing Mortgage Loan Program.pdf](http://www.ihda.org/government/docs/RulesandRegs/47-310Multifamily%20rental%20Housing%20Mortgage%20Loan%20Program.pdf)

iv. Energy Efficiency Certification

The Authority must certify that the proposed Development meets the Authority's energy efficiency standards, which can be found in the Illinois Housing Development Authority Standards for Architectural Planning and Construction at:

<https://www.ihda.org/wp-content/uploads/2016/08/2016-IHDA-Property-Standards.pdf>.

Accordingly, the Borrower must provide a certification that all plans and specifications meet the Authority's energy efficiency standards, before Authority staff can recommend the Development to the Board.

v. Compliance with State and Federal Laws; Prevailing Wage Requirements

The design, construction, maintenance and occupancy of a Development must comply with all state and federal laws, including all anti-discrimination laws. Accordingly, the Borrower must provide a certification that the Development complies, or when constructed will comply, with all state and federal laws, including anti-discrimination laws, before Authority staff can recommend the Development to the Board. In addition, the Borrower must comply with applicable Prevailing Wage Requirements. For further information regarding additional requirements, please see Exhibit A (Loan Agreement Rider).

vi. Documentation Supporting Ceding or Allocation of Bond Volume Cap, if Applicable

If applicable, the Borrower should submit prior to Board approval all documents in connection with the ceding or allocation of bond cap, including all relevant resolutions from the ceding or allocating entities and notifications to the Governor's office, as described in Section I.D above. Failure to receive these documents may delay an approval of the Development by the Board. ***Borrowers should consult with the Authority's General Counsel about the content of the ceding resolution before it is adopted by the ceding entity so as to include all language required by the Authority.***

2. Loan Requirements

i. Loan by the Authority

The conduit transaction must be structured so that the Authority will make a Loan to the Borrower. The Loan documents will require that payments made by the Borrower are sufficient to repay the Bonds. The Loan will be assigned by the Authority to the appropriate entity as security for repayment of the Bonds.

ii. Limited Profit Entity

The Borrower must be either a non-profit corporation or a limited-profit entity[‡]. The Borrower may have a restricted return on its equity in the Development. These restrictions are typically contained within the Authority Regulatory Agreement (the form of which is attached as Exhibit B). The Borrower may be required to provide a certification to the Authority regarding surplus cash and allowable distributions (the form of which is attached as Exhibit C).

iii. Loan Amount and Term

The maximum Loan amount available from the Authority is 90% of the cost of the Development as determined by the Authority, and the maximum term of a Loan is 50 years.

3. Operating Requirements

The Borrower and the Authority must enter into a regulatory agreement, which will be recorded against the Development. A form of the Authority's Regulatory Agreement is attached as Exhibit B. This agreement is in addition to the Tax Regulatory Agreement prepared by Bond Counsel, if any, or any Land Use Restriction Agreement. The Agreement will include, among other things, the following requirements:

i. Occupancy Requirements

The Act requires that, prior to initial occupancy, the Authority set the number of low-income units and the rent to be charged. This will be set forth in the Authority's Regulatory Agreement for the Development and will require verification by tenant income certifications submitted to the Authority or the trustee under the Indenture entered into in connection with the issuance of the Bonds.

For a tax exempt issue, the Development must additionally satisfy the minimum occupancy requirements set by federal law: either 20% of the units must be rented to tenants whose incomes are 50% of Area Median Income or lower, or 40% of the units must be rented to tenants whose incomes are 60% of Area Median Income or lower. The Authority uses the income limits established by HUD for the Area Median Income adjusted for family size.

ii. Annual Financial Statement

The Borrower must provide the Authority with an audited annual financial statement for the Development and such other reports and tax returns as may be required by law within 90 days of the end of the fiscal year; failure to provide such documents in this period will result in a Borrower default.

[‡] Pursuant to 20 ILCS 3805/2(k), "limited-profit entity" means any individual, joint venture, partnership, limited partnership, trust or corporation organized or existing under the laws of the State of Illinois or authorized to do business in this State and having articles of incorporation or comparable documents of organization or a written agreement with the Authority which, in addition to other requirements of law, provide that if the limited-profit entity receives any loan from the Authority as provided for in the Act, it shall be authorized to enter into an agreement with the Authority providing for regulations with respect to rents, profits, dividends and disposition of property or franchises.

iii. Books and Records

The books and records of the Development must be kept in accordance with generally accepted accounting principles. The Borrower must, upon reasonable notice from the Authority and during normal business hours, allow access to the records and books of account related to the operation of the Development.

SECTION II.

MECHANICS OF AUTHORITY BOND FINANCING

A. Application Process

1. The Application

The Bond issuance process commences when a Borrower receives PPA approval and submits an Application to the Authority.

An Application and instructions can be obtained from the Authority's website (www.ihda.org) or by contacting the Authority's Multifamily Financing Department at Multifamilyfin@ihda.org.

2. Authority Fees

The Borrower must pay a nonrefundable fee upon submission of a proposed Development for PPA, and an additional nonrefundable Application fee upon submission of an Application. In addition, the Authority requires a good faith deposit prior to presentation of a proposed Development to the Authority's loan committee. This good faith deposit will be credited against the remaining fee of the Authority at closing. The Authority reserves the right to increase the amount of the good faith deposit if it determines in its discretion that the circumstances require such an increase.

All other applicable fees are payable at the Bond closing. If a Development approved by the Board does not close, the Borrower will not be required to pay the Authority's origination fee. However, the Borrower will be required to pay all costs associated with the Authority's work on the Development, including any costs associated with the retention of outside professionals.

Fee and deposit requirements can be found on the Authority's website (<https://www.ihda.org/developers/multifamily-financing-programs/bond-programs-2/>) or by contacting the Authority's Multifamily Financing Department. The fee schedule is subject to change.

3. Application Review

After receiving a completed Application and a nonrefundable Application fee, Authority staff will review the proposed Development and financing. As part of its review, Authority staff may request additional information from the Borrower and conduct a site visit.

Before a Development is recommended to the Board for approval, the Borrower must also complete the requirements under the QAP and the Application, both of which may be found on the Authority's website, www.ihda.org.

After its review of all the information requested and its receipt of the Application fee, the Authority's loan committee will consider the Development. If approved by the loan committee, the Development will be presented to the Board for consideration.

B. Attorney and Underwriter Selection

For a conduit bond financing, it is the current policy of the Authority to select Bond Counsel from a previously approved list. The Authority also chooses its Issuer's Counsel. A Borrower may choose its underwriter and the underwriter may choose its Underwriter's Counsel, subject to the requirement that the parties chosen are duly qualified and recognized professionals in their field.

C. Authority Staff Recommendation

Prior to initiating the Board approval process, a Development must be reviewed and recommended for approval by the applicable staff of the Authority.

D. Inducement Resolution

In rare instances, if requested, the Authority may present an Inducement Resolution to the Board evidencing its intent to issue tax-exempt bonds to finance a Development as required under Treas. Reg. §1.103-8(a)(5) and §1.150-2. The Inducement Resolution may be presented after an Application is received but prior to the time the Authority has completed its Application review. Adoption of an Inducement Resolution is an accommodation to the Borrower for the purposes of determining eligible expenses related to the transaction, and does not commit the Board or the Authority to approve a Development or to finance it.

The Inducement Resolution allows the Borrower to recapture costs associated with the acquisition, construction and/or rehabilitation, and equipping of the Development. Passage of an Inducement Resolution by the Board does not constitute a contractual or other obligation of the Authority. Issuance of the Bonds is subject to the Authority's entry into Loan documents with the Borrower on terms satisfactory to the Authority and approval by further resolution of the Board.

Notwithstanding the foregoing, the Authority reserves the right not to present an Inducement Resolution to the Board.

E. Bond and Loan Resolution

No later than noon on the Tuesday prior to the week of the Board meeting at which approval of a Bond and Loan Resolution shall be considered, the following must be submitted to the Authority's General Counsel in a form satisfactory to the Authority and Issuer's Counsel:

- Final form of the Bond and Loan Resolution

- Substantially final forms of all major financing documents, including, without limitation, the Loan or financing agreement, the Trust Indenture (or its equivalent), the Official Statement (or other disclosure document) and the Bond Purchase Agreement

The Authority expects Bond Counsel and Underwriter’s Counsel to work with its Issuer’s Counsel to prepare these documents. Once received, the Authority will review the submitted materials. If the materials are found to be insufficient, the Authority will remove the financing from the Board meeting agenda.

F. TEFRA Notice and Hearing

Prior to the Board considering a Bond and Loan Resolution for a tax-exempt financing, each Borrower must facilitate and provide information required for compliance with the public notice and hearing requirements of Section 147(f) of the Code and applicable regulations:

- Section 147(f) of the Code requires that a public hearing be held prior to the Authority’s issuance of tax-exempt bonds.
- Ordinarily, the public hearing must be held before the adoption of the Bond and Loan Resolution. The Authority may consider requests to hold a public hearing after adoption of a Bond and Loan Resolution on a case by case basis. Such a request must be made to the Authority’s General Counsel, and the Authority may grant such requests at its sole discretion.
- Responsibility for compliance with requirements of Section 147(f), including, without limitation, timely publication of notices, rests solely with Bond Counsel. Borrowers have no obligation to attend the public hearing unless requested by the Authority.
- The Governor acts as the “applicable elected representative” for purposes of the public approval requirement of Section 147(f)(2)(E) of the Code. The Governor’s office requires a transcript of the public hearing and adoption of the Bond and Loan Resolution prior to the Governor’s execution of an approval letter.

Accordingly, the Authority only submits approval requests to the Governor that consist of (i) affidavits of publication, (ii) a public hearing transcript, which the Authority prepares, and (iii) an approved Bond and Loan Resolution.

For scheduling purposes, the Borrower should assume a minimum turnaround time of 14 business days for the Governor’s approval letter.

G. Due Diligence

All transaction parties must comply with all applicable federal and state securities laws, including, but not limited to, those requiring full and complete disclosure of material facts to potential investors. Responsibility falls on the transaction parties to determine the appropriate investigations, material facts and required disclosure to prospective purchasers of Bonds. Except as described in the Bond Purchase Agreement, the Authority has no responsibility for such investigations or disclosures.

The Authority will perform due diligence reviews consistent with the requirements of the QAP. The due diligence process undertaken for Authority financings must meet the following standards:

1. Underwriter's Counsel, which must be well experienced in municipal bond and securities law matters, is expected to take responsibility for due diligence investigations and preparation and distribution of the Preliminary Official Statement and the Official Statement.
2. Underwriter's Counsel is expected to issue an opinion in connection with the transaction and the adequacy of disclosure in the Official Statement. The disclosure opinion must comply with market practice for Rule 10b-5 opinions, without any exceptions considered material by Issuer's Counsel or General Counsel to the Authority. The Authority considers financial and statistical information and financial statements to be permissible exceptions.

Prior to, during and after an Application is submitted, the Authority, at its discretion and without obligation, reserves the right to conduct site visits, upon reasonable notice to the Borrower.

All opinions of counsel must be addressed to the Authority, excluding the opinions of Underwriter's Counsel.

H. Disclosure Compliance

1. Private Placements

A Bond issue constitutes a private placement if it is offered to a limited number of "qualified institutional buyers," as that term is defined by the SEC. The Authority may agree to issue Bonds where certain conditions are met. These conditions include (i) a certificate or letter from each Bond purchaser covering the matters set forth in Exhibit D (Form of Qualified Transferee Letter) and (ii) the incorporation of the provisions set forth in Exhibit E (Required Private Placement Provisions) into the documents noted therein. These requirements are in addition to and not in lieu of the other requirements noted in these Guidelines. The Authority and Issuer's Counsel will assume that Bond purchasers in a private placement transaction will be provided from the other parties to the transaction the information that the Bond purchasers deem necessary to finalize their investment decisions.

2. Public Offerings

All other offerings that do not meet the private placement requirements described above are considered public offerings. Upon request the Authority will, in the Bond and Loan Resolution, authorize the distribution of a disclosure document in the form of an Official Statement or the like. Provisions required to be incorporated in an Official Statement are set forth in Exhibit F (Required Official Statement Provisions).

For Bond issuances that are unrated or lack credit enhancement, the Authority, in its discretion, may apply certain additional requirements related to the offering, including requiring purchasers to be qualified institutional buyers and restricting future transfers of the Bonds.

The Authority will not sign any Bond disclosure document. In addition, in closing certificates, the Authority will certify only to those portions of the Official Statement describing the Authority and material litigation pending or threatened against the Authority.

3. Secondary Market Disclosure

Under the Conduit Bond Program, the Authority does not provide secondary market disclosure. The Authority requires the Borrower and/or other participants to provide secondary market disclosure of financial information, operational data and other material information, as required by law. If applicable, given the particulars of the financing, the Official Statement must conspicuously contain language stating that the Authority does not provide secondary market disclosure, either at closing or on an on-going basis. The Authority will not execute any continuing disclosure undertaking in connection with the Bonds, and all such disclosures must be provided on an ongoing basis by the Borrower.

The Borrower may provide such secondary market disclosure through a dissemination agent, such as the trustee or through other agents approved by the Authority. All costs and expenses associated with retaining the dissemination agent will be the sole responsibility of the Borrower and the ultimate responsibility for such disclosure remains with the Borrower.

4. Blue Sky Laws; New York Policy Statement 103

The Underwriter and Underwriter's Counsel are expected to perform a review of blue sky law compliance. If the Authority is required to file a New York Policy Statement 103 application because a Bond offering will be marketed in the State of New York, such application shall be promptly filed by Underwriter's Counsel upon issuance of the preliminary offering document related to the Bonds. Underwriter's Counsel must request the Authority's approved form of Policy Statement 103 application from Issuer's Counsel. Underwriter's Counsel shall coordinate the filing of two copies of the final offering documents with the New York Attorney General within ten days of Bond closing.

I. Indemnification

In order to foster the Authority's statutory role and to enable it to provide Borrowers discretion relative to their financings, all issuances must provide for indemnification of the Authority. In addition to the indemnification, the Borrower will be responsible for any costs (including, but not

limited to, any legal fees) associated with a review of the transaction by the Internal Revenue Service.

A clear statement of the Authority's indemnification must appear in all relevant Bond documents. In addition, please note the following:

- For the Authority's standard indemnification provisions, see Exhibit G (Required Bond Purchase Agreement Provisions), Exhibit A (Loan Agreement Rider) and, for private placements, Exhibit E (Required Private Placement Provisions).
- The Official Statement or other disclosure document must clearly state that the Authority has only reviewed or approved particular information relating to the Authority under specific headings.
- The Bond Purchase Agreement must articulate the Authority's non-participation in preparation of the offering document, except for the information relating to the Authority under specific headings. All such disclaimers must be conspicuously stated.
- The existence of credit enhancement does not obviate the obligation to indemnify the Authority. Credit enhancement does not release any party from their obligation to abide by the Bond documents.
- The Authority will not approve a Development or participate in a Bond financing if its indemnification requirements are not met.

J. Miscellaneous

Following are additional policies of the Authority:

- The front page of an Official Statement must bear the Authority's logo.
- The back page of an Official Statement may only bear the Authority's logo, not the Borrower's logo.
- Prior to posting a Preliminary Official Statement or Official Statement, the Borrower or its counsel must receive affirmative, written approval from the Authority and Issuer's Counsel. Implied approval is not sufficient. Once approval has been granted, the Borrower or its counsel must notify the Authority when the Preliminary Official Statement or Official Statement have been posted.
- Once pricing is agreed to by the Authority and Underwriter, the Borrower or its counsel must notify the Authority when pricing has occurred.

K. Closing Documents

The Borrower and Bond Counsel are responsible for all closing documents, except for the following documents provided by the Authority in customary form:

- a. Bond and Loan Resolution
- b. Certified Copy of the Act
- c. Authority By-Laws
- d. Certificates of Incumbency of the Board and Officers
- e. Facsimile Signatures of the Authority Signers
- f. TEFRA Notice along with Certificates of Publication and Newspaper Clippings, or such other evidence of public notice, such as electronic and physical postings as appropriate
- g. Minutes of TEFRA Hearing
- h. Governor's Approval Letter (TEFRA)

SECTION III.

POST-CLOSING COMPLIANCE

The Authority considers post-closing monitoring essential to ensuring accomplishment of its public mission. Borrowers and other participants are required to cooperate with Authority staff conducting post-closing monitoring tasks.

A. Annual Financial Statements

Consistent with the Rules, Borrowers must submit audited financial statements annually to the Authority. Financial statements should be submitted to the Director of Asset Management Services Department at asset@ihda.org within 90 days following the end of each fiscal year.

B. Certificate of Completion

All Borrowers must complete and submit a Certificate of Completion stating that the Development is completed and identifying any unspent Bond proceeds. The Certificate of Completion should be delivered to the Director of the Authority's Asset Management Services Department within 30 days of completion of the Development.

C. Site Visits

Prior to, during and after completion of the Development, the Authority, at its discretion and without obligation, reserves the right to conduct site visits, upon reasonable notice to the Borrower.

D. Tenant Income Certifications

The Act requires that prior to initial occupancy, the Authority set the number of low-income units and the rents to be charged. This will be set forth in the Authority's Regulatory Agreement for the Development and must be verified by tenant income certifications.

On forms designated in the Tax Regulatory Agreement prepared by Bond Counsel and approved by the Authority, a Borrower must obtain from each prospective tenant, prior to admission to the Development, a certification of income and thereafter on an annual basis (unless otherwise required by the Code), a recertification of income.

E. Arbitrage Rebate Calculations

For tax-exempt Bonds, the Authority requires Borrowers to be responsible for all arbitrage rebate calculations and all rebate payments.

- These calculations, along with a legal opinion, must be provided by the Borrower through a qualified arbitrage rebate consultant and submitted to the trustee for the Bonds no later than 30 days after the end of each fifth year that the Bonds remain outstanding and upon retirement of the Bonds.
- It is recommended that the Borrower make the arbitrage calculation each year and deposit the requisite amount of funds in an escrow account to ensure that the Borrower has enough funds to make the rebate payments. All costs and expenses associated with the rebate consultant will be the sole responsibility of the Borrower.
- The trustee and the Authority must be entitled conclusively to rely on the calculations and directions of the Borrower's arbitrage rebate consultant, and must not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance on those calculations and directions.
- The Borrower must send the Authority each rebate report that is prepared with evidence of payment of any amount that is owed.

F. Reporting Requirements

The Borrower must furnish to the Authority and agencies of the State such periodic reports or statements as are required under the Act, or as such agencies may otherwise reasonably require of the Authority or Borrower throughout the term of the Loan Agreement.

Without limiting the foregoing, the Borrower must provide to the Authority all written certifications required under Section 4 of the Loan Agreement Rider attached hereto as Exhibit A (Loan Agreement Rider). The trustee or dissemination agent for the Bonds must also provide the Authority with notice of any such filings.

Both the Borrower and the trustee or dissemination agent for the Bonds must notify the Authority of any prepayment of Bonds and provide to the Authority copies of all filings on EMMA. Additionally, the Borrower must provide to the Authority all filings with the Internal Revenue Service of a Form 8703 (Annual Certification of a Residential Rental Development).

The trustee or escrow agent for the Bonds is required to report the information set forth in Exhibit H (Form C-08: Notice of Payment of Bond Interest and/or Principal to State Comptroller) to the State Comptroller's Office.

G. Post-Closing Compliance for Other Authority Programs

As noted previously, Developments utilizing other Authority financing or low income housing tax credits will have additional requirements both in the initial underwriting process and post-

closing. Borrowers and their counsel should consult these programs and/or with the appropriate Authority personnel to determine what post-closing requirements these programs require.

SECTION IV.

FORM DOCUMENTS AND STANDARD PROVISIONS

The Authority requires the use of the following form of agreements or, in the case of the Bond Purchase Agreement, Official Statement and Loan Agreement, the provisions noted.

<u>Exhibit</u>	<u>Document</u>
A	Loan Agreement Rider
B	Form of Regulatory Agreement
C	Form of Certification Regarding Surplus Cash and Allowable Distributions
D	Form of Qualified Transferee Letter
E	Required Private Placement Provisions
F	Required Official Statement Provisions
G	Required Bond Purchase Agreement Provisions
H	Form C-08: Notice of Payment of Bond Interest and/or Principal to State Comptroller

These exhibits address only those provisions required by the Authority. They do not address those documents and provisions that will be required by Bond Counsel or the underwriters and purchasers of the Bonds. The documents and provisions noted are in addition to any such requirements. Borrowers, Bond Counsel and Issuer's Counsel must strictly adhere to the requirements set forth herein.

The exhibits reflect tax-exempt Bond issuances and modifications to reflect taxable Bond issues are acceptable. Any material changes must be necessitated by the circumstances of the transaction and brought to the attention of the Authority's General Counsel for approval at the earliest possible time.

EXHIBIT A

LOAN AGREEMENT RIDER

The following Rider must be attached to and made a part of any Loan Agreement pursuant to which a loan is being made to a Borrower. Any material changes to the provisions of this Rider must be approved by the Authority and its counsel.

RIDER

1. Definitions. As used in this Rider, the following terms shall have the meanings set forth below:

a. “Act” shall mean the Illinois Housing Development Act, as amended, 20 ILCS 3805/1 *et seq.*

b. “Bond Documents” shall mean _____.

c. “Bonds” shall mean [insert name of bonds being issued].

d. “Borrower” shall mean [insert name of the borrower].

e. [“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.]⁴

f. “Development” shall mean the multifamily housing development the [construction] [rehabilitation] of which is being financed with the proceeds of the Loan.

g. “Indenture” shall mean the trust indenture between the Authority and the Trustee authorizing the issuance of the Bonds.

h. “Loan” shall mean the first mortgage loan being made to the Borrower with the proceeds of the Bonds pursuant to the Loan Agreement.

i. “Loan Agreement” shall mean the loan agreement or financing agreement pursuant to which the Loan is being made to the Borrower, and to which this rider is attached.

j. “Loan Documents” shall mean _____.

k. “Official Statement” shall mean the disclosure document prepared in connection with the offering of the Bonds.

l. “Regulatory Agreement” shall mean the Regulatory Agreement between the Borrower and the Authority setting forth certain restrictions on the occupancy and operation of the Development, as required by the Act.

⁴ Tax-exempt transactions

m. [“Tax Regulatory Agreement” shall mean the Regulatory Agreement and Declaration of Restrictive Covenants between the Borrower and the Authority containing certain occupancy and income restrictions on the Development required by the Code.]⁵

n. [“Tax Certificate” shall mean the Tax Certificate executed by the Borrower in connection with the issuance of the Bonds.]⁶

o. “Trustee” shall mean [insert name of trustee], the trustee for the Bonds.

p. “Unassigned Rights” shall mean the rights of the Authority with respect to (i) the payment of fees and expenses to the Authority, (ii) indemnification, (iii) giving and withholding consents and (iv) receiving notices and other documents pursuant to the Loan Agreement and not assigned to the Trustee under the Indenture.

2. Indemnification of the Authority by the Borrower.

a. The Borrower releases the Authority and its respective members, officers, directors, agents, officials, employees, and any person who controls such party within the meaning of the Securities Act of 1933, as amended, from, and covenants and agrees to indemnify, hold harmless and defend the Authority and its respective members, officers, directors, employees, agents, officials and any person who controls such party within the meaning of the Securities Act of 1933, as amended, and each of them (each, including the Authority, an “Indemnified Party or Person”), from and will at its expense pay, indemnify, defend and hold harmless the Indemnified Persons against any and all losses, claims, damages, costs, liabilities and expenses (including reasonable attorneys’ fees and expenses), taxes, causes of action, suits, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of or in connection with, or resulting from, or in any way connected with

i. the approval of financing for the Development, or the making of the Loan;

ii. the issuance and sale or resale of any Bonds or any certifications or representations made by any person [other than the party seeking indemnification] in connection therewith, including, but not limited to, any (i) statement or information made by the Borrower with respect to the Borrower or the Development in the Official Statement or materials regarding the Bonds, the Development or the Borrower [or in the Tax Certificate⁷] or in any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect; (ii) untrue statement or alleged untrue statement of a material fact relating to the Borrower or the Development, which is made as approved by the Borrower and is contained in any offering material relating to the sale of the Bonds, as from time to time amended or supplemented, or arising out of or based upon the omission or alleged omission to state in such

⁵ Tax-exempt transactions

⁶ Tax-exempt transactions

⁷ Tax-exempt transactions

offering material a material fact relating to the Borrower or the Development required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading; or (iii) failure to properly register or otherwise qualify the sale of Bonds or failure to comply with any licensing or other law or regulation that would affect the manner in which or to whom the Bonds could be sold;

iii. the interpretation, performance, enforcement, breach, default or amendment of the Bond Documents, the Loan Documents or any other documents relating to the Development or the Bonds or in connection with any federal or state tax audit, or any questions or other matters arising under such documents;

iv. the Borrower's failure to comply with any requirement of the Loan Agreement, the Regulatory Agreement [or the Tax Regulatory Agreement⁸];

v. the condition of the Development (environmental or otherwise), including any violation of any law, ordinance, court order or regulation affecting the Development or any part of it;

vi. any damage or injury, actual or claimed, of whatever kind, cause or character to the Development (including loss of use of the Development) or persons, occurring or allegedly occurring in, on or about the Development or arising out of any action or inaction of the Borrower or any of its agents, servants, employees or licensees, whether or not related to the Development, or resulting from the acquisition, construction, design, repair, operation, use or management of all or any part of the Development;

vii. to the extent not mentioned in any of the preceding subsections, any cause whatsoever in connection with the transactions provided for in the Loan Agreement and the other Loan Documents or otherwise in connection with the Development, the Bonds or the execution or amendment of any documents relating to the Bonds or the Development;

viii. any and all claims arising in connection with the operation of the Development, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or supervision of work done in or about, or from the planning, design, construction, repair or equipping of, the Development or any part of it, including, but not limited to, the Americans with Disabilities Act; and

ix. to the extent not mentioned in any of the preceding paragraphs of this Section 2(a), any cause whatsoever in connection with transactions provided for in this Loan Agreement and the other Loan Documents or otherwise in connection with the Development, the Bonds or the execution or amendment of any document relating to the Bonds or the Development.

⁸ Tax-exempt transactions

This indemnification shall extend to and include, without limitation, all reasonable costs, attorneys' fees and expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except to the extent such damages are caused by the gross negligence or willful misconduct of the Authority.

b. If any claim shall be made or any action shall be brought against an Indemnified Person in respect of which indemnity can be sought against the Borrower pursuant to the preceding subsection a or otherwise, the Indemnified Person shall promptly notify the Borrower in writing, and the Borrower shall promptly assume the defense of such claim or action, including the employment of counsel chosen by the Borrower and approved by the Authority, the payment of all expenses and the right to negotiate a settlement with the consent and approval of the Authority; if the Borrower shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Authority within a reasonable time after notice of the commencement of such action, the Borrower shall pay the reasonable fees and expenses of counsel retained by the Authority. If the Authority is advised in a written opinion of counsel that there may be legal defenses available to the Indemnified Person that are adverse to or in conflict with those available to the Borrower or that the defense of the Indemnified Person should be handled by separate counsel, the Borrower shall not have the right to assume the defense of the Authority, but shall be responsible for the reasonable fees and expenses of counsel retained by the Authority in assuming its own defense. Notwithstanding the foregoing, the Authority shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the Authority shall pay the fees and expenses of such counsel unless the employment of such counsel has been specifically authorized by the Borrower or unless the provisions of the immediately preceding sentence are applicable. The Borrower shall not be liable for any settlement of any such action effected without the consent of the Borrower, but if such claim or action is settled with the consent of the Borrower, or if there is a final judgment for the plaintiff in any such action with or without consent, the Borrower agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

c. The Borrower shall also indemnify the Authority for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred in: (i) enforcing any obligation of the Borrower under the Loan Agreement or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by the Loan Agreement or any related agreement, or (iv) taking any action considered necessary by the Authority and that is authorized by the Loan Agreement or any related agreement. If the Authority is to take any action under the Loan Agreement or any other instrument executed in connection herewith for the benefit of the Borrower, it will do so only if (i) the Authority is a necessary party to any such action or proceeding, and (ii) the Authority has received specific written direction from the Borrower, as required under this Rider or the Loan Agreement or under any other instrument executed in connection with this Rider or the Loan Agreement, as to the action to be taken by the Authority.

d. All amounts payable to the Authority under this Rider shall be deemed to be fees and expenses payable to the Authority for the purposes of the provisions of the Loan Agreement and this Rider, and of the Indenture dealing with assignment of the Authority's rights under the Loan Agreement. The Authority and its members, officers, agents, employees and their successors and assigns shall not be liable to the Borrower for any reason.

e. Any provision of the Loan Agreement, this Rider or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Authority retains the right to (i) enforce any applicable federal or State law or regulation or resolution of the Authority, and (ii) enforce any rights accorded to the Authority by federal or State law or regulation of the Authority, and nothing in this Agreement shall be construed as an express or implied waiver of such right.

3. Representations and Warranties of the Borrower.

a. The information used in the preparation of the financial statements, the Loan Agreement, the Tax Certificate and any other written statement furnished by the Borrower to the Authority (including the descriptions and information contained in the Official Statement relating to (i) the Borrower and the Development, (ii) the operations and financial and other affairs of the Borrower, (iii) the application by the Borrower of the proceeds to be received by it from the Loan, and (iv) the participation by the Borrower in the transactions contemplated in the Loan Agreement and in the Official Statement, and the material relating to the Borrower in the Official Statement under the caption "Bondholders' Risks") do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading. There is no fact that the Borrower has not disclosed to the Authority in writing that materially adversely affects or, so far as the Borrower can now foresee, will materially adversely affect the financial condition of the Borrower, the tax-exempt status of the Borrower, the ability of the Borrower to own and operate the Development or the Borrower's ability to make payments on the note evidencing the Loan and under this Loan Agreement when and as the same become due and payable.

b. Compliance by the Borrower with the provisions of the Bond Documents will not involve, to the extent applicable, any prohibited transaction within the meaning of the Employee Retirement Income Security Act of 1974, as amended (sometimes referred to in this subsection 3.b as "ERISA"), or Section 4975 of the Code. No "employee pension benefit plans," that are subject to Title IV of ERISA (sometimes referred to in this subsection 3.b as "Plans"), maintained by the Borrower, nor any trust created thereunder, have incurred any "accumulated funding deficiency" as defined in Section 302 of ERISA, to the extent applicable and the present value of all benefits vested under all Plans, if any, did not exceed, as of the last annual valuation date, the value of the assets of the Plans allocable to such vested benefits.

c. With respect to the construction and equipping of the Development with proceeds of the Bonds, the Borrower has complied with and will comply with the Illinois

Prevailing Wage Act, 820 ILCS 130/1 to 130/12, to the extent required by applicable state laws.

d. The Borrower intends to cause the residential units in the Development to be rented or available for rental on a basis, which satisfies the requirements of the Tax Regulatory Agreement and the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases, which comply with all applicable laws.

e. The Borrower shall, through the term of this Agreement and at no expense to the Authority, promptly comply or cause compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities that may be applicable to the Development or to the repair and alteration thereof, or to the use or manner of use of the Development, including, but not limited to, the Americans with Disabilities Act, Illinois Accessibility Code, all federal, State and local environmental, health and safety laws, rules, regulations and orders applicable to or pertaining to the Development, Federal Worker Adjustment and Retraining Notification Act and Illinois Prevailing Wage Act.

4. Reporting Requirements of the Borrower.

The Borrower will furnish to the Authority and agencies of the State such periodic reports or statements as are required under the Act, or as such agencies may otherwise reasonably require of the Authority or Borrower throughout the term of the Loan Agreement. Without limiting the foregoing, (i) at the Closing, the Borrower will provide to the Authority a written certification as to the scheduled monthly amortization of the Loan and the Bonds, and represent to the Authority in connection therewith that the Loan and the Bonds will remain in compliance therewith unless and until the Borrower provides a new schedule with respect thereto, and (ii) on or before July 15th of each year, the Borrower will provide (or cause to be provided) to the Authority's Comptroller a written certification as to the unpaid principal balances of the Loan and the Bonds as of the prior June 30th. Borrower must promptly notify the Authority of any prepayment of Bonds and promptly provide the Authority with copies of all filings on EMMA. The Borrower also must provide to the Authority all filings with the Internal Revenue Service of a Form 8703 (Annual Certification of a Residential Rental Development).

5. No Warranty by the Authority.

THE BORROWER RECOGNIZES THAT THE AUTHORITY HAS NOT MADE AN INSPECTION OF THE PLANS AND SPECIFICATIONS FOR THE DEVELOPMENT OR THE DEVELOPMENT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE DEVELOPMENT OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, CONDITION, WORKMANSHIP, OR FITNESS, SUITABILITY OR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF. THE BORROWER FURTHER RECOGNIZES THAT THE AUTHORITY HAS NO TITLE INTEREST TO ANY PART OF THE DEVELOPMENT AND THAT THE AUTHORITY

MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND AS TO THE BORROWER'S TITLE THERETO OR OWNERSHIP THEREOF OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PLANS AND SPECIFICATIONS FOR THE DEVELOPMENT, THE DEVELOPMENT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE AUTHORITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS RIDER HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE AUTHORITY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PLANS AND SPECIFICATIONS FOR THE DEVELOPMENT, THE DEVELOPMENT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF ILLINOIS OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

6. Liability of Authority.

All obligations of the Authority incurred under any of the Bond Documents shall be limited obligations of the Authority, payable solely and only from the Trust Estate (as defined in the Indenture). The Bonds shall be payable solely from the Revenues (as defined in the Indenture) and other funds and accounts pledged under the Indenture for the payment of the Bonds, and no owner or owners of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the Authority, the State or any political subdivision or other public body of the State, nor to enforce the payment of the Bonds against the Authority, the State or any such political subdivision or other public body, except as provided in the Indenture. No Member, officer, agent, director, employee, or attorney of the Authority, including any person executing this Loan Agreement on behalf of Authority, shall be liable personally under this Loan Agreement for any reason relating to the issuance of the Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds, or for any claim based on the Bonds, or otherwise in respect of the Bonds, or based in or in respect of the Loan Agreement or any amendment to the Loan Agreement, against any member, officer, agent, director, employee or attorney of the Authority, as such, of the Authority or any successor whether by virtue of any constitution, statute or rule of law, or by enforcement of any assessment or penalty or otherwise; all such liability is, by acceptance of the Loan Agreement and as part of the consideration for the issuance of Bonds, expressly waived and released.

7. Unassigned Authority Rights.

The Authority retains the right to enforce any or all of the Unassigned Rights, and may take independent action to so enforce such Unassigned Rights.

8. Governing Law.

The Loan Agreement and this Rider shall be governed exclusively by and construed in accordance with the internal laws of the State of Illinois without regard to conflicts of laws

principles of Illinois law, except to the extent that the laws of the United States of America may prevail.

9. Trust Indenture.

The provisions of the Indenture concerning the Bonds and other matters therein are an integral part of the terms and conditions of the Loan, and the Loan Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

10. Incorporation.

This Rider is incorporated into and made a part of the Loan Agreement.

[BORROWER]

Dated: _____

Its: _____

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____

Its: _____

EXHIBIT B

The following regulatory agreement must be executed by the Borrower. This agreement is in addition to any tax regulatory agreement that may be required by Bond Counsel.

FORM OF REGULATORY AGREEMENT

This document was prepared by and after recording, return to: _____
Illinois Housing Development Authority
111 E. Wacker Dr., Suite 1000
Chicago, Illinois 60601
Permanent Tax I.D. No.:

Property Address: _____
_____, Illinois

IHDA Loan No. _____

IHDA REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (this "Agreement") is made and entered into as of this ___ day of _____, 201_, between _____, a _____ (the "Borrower"), whose address is _____, _____, Illinois _____, and the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY** ("Authority"), a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended from time to time (the "Act"), whose principal office is located at 111 E. Wacker Dr., Suite 1000, Chicago, Illinois 60601.

RECITALS:

WHEREAS, the Borrower is the owner of certain real estate located at and commonly known as _____, Illinois _____, legally described on **Exhibit A** attached to and made a part of this Agreement, and all easements and similar rights and privileges appurtenant to and in favor of such real estate (such real estate, easements, rights and privileges are collectively referred to in this Agreement as the "Real Estate"); and

WHEREAS, the Authority is issuing its _____ (the "Bonds") to provide financing for a multifamily housing development located on the Real Estate (the Real Estate and the improvements constructed and to be constructed on it are collectively referred to in this Agreement as the "Development") containing _____ (___) units; and

WHEREAS, the Authority is using the proceeds of the Bonds to make a loan (the "Loan") to the Borrower, which will immediately be assigned to

_____ (the “Bank”); the Loan is evidenced, secured and governed by, among other things: (a) the [Loan Agreement] [Financing Agreement] of even date herewith (the “Loan Agreement”) executed by the Borrower and the Authority and pledged to the Bank, and (b) this Agreement. The Loan Agreement and all other documents executed by the Borrower that evidence, govern or secure the Loan are sometimes collectively referred to in this Agreement as the “Loan Documents;” and

WHEREAS, as an inducement to the Authority to issue the Bonds to provide financing for the Loan, the Borrower has agreed to enter into this Agreement and consents to be regulated and restricted by the Authority as provided in this Agreement, the Act and the Rules (as defined below).

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions set forth in this Agreement, the parties hereto agree as follows:

1. **Recitals**. The foregoing recitals are made a part of this Agreement.
2. **Definitions**. The following terms used in this Agreement shall have the following definitions:

a. “Administrative Expenses” shall mean expenses of managing and administering the Development, including, but not limited to, expenses for office services and supplies; postage and telephone; legal, accounting, advertising and auditing services; management fees; the management agent’s fidelity bond fees; and salaries and payroll expenses for any management agent’s on-site employees. Administrative Expenses shall not include any expenses not directly related to the Development; these excluded expenses include, but are not limited to, costs of (i) accounting work and attorneys’ fees and other legal expenses in connection with acquiring the Development or any property made a part of it, (ii) defending or prosecuting litigation by or against the Authority or for services relating to bankruptcy or similar debtor protection laws, (iii) forming, syndicating, registering and maintaining any person or entity, (iv) any fees paid to the Borrower for managing the Development, (v) repayment of loans or advances made by the Borrower or its principals to the Development, and (vi) any other expenses not approved by the Authority as Administrative Expenses.

b. “Closing Date” shall mean the date on which the Loan proceeds are made available to the Borrower.

c. “Cost of the Development” shall mean costs and expenses of the Development, including, without limitation, acquisition costs, construction costs, job overhead, a developer’s fee, architectural, engineering, legal and accounting costs, organizational expenses, any fees payable to the Authority, interest paid during construction or rehabilitation, and the cost of landscaping, whether or not such costs have been paid in cash or in a form other than cash.

d. “Development” shall mean the Real Estate and all of the improvements constructed on it.

e. “Development Funds” shall mean all cash, rent subsidies, gross Development income, bank accounts, certificates of deposit, trust funds, reserves, escrows, accounts receivable, and other similar assets of the Development, but excluding security deposits that, pursuant to contract or law, the Borrower is, or may be, required to return to a Tenant.

f. “Distribution” shall mean any withdrawal or taking of Surplus Cash and/or Residual Receipts, including (i) segregation of amounts of Surplus Cash and/or Residual Receipts for subsequent withdrawal for payment to or on behalf of the Borrower pursuant to the Authority’s written authorization, (ii) any transfer of Development property to or on behalf of the Borrower and (iii) any payment from Development funds of any obligation of the Borrower or its [shareholders/parties/members/partners]. Any Distribution is contingent upon the Borrower submitting a certification, the form of which is set forth in **Exhibit B**, as may be updated or replaced from time to time by the Authority.

g. “Equity” shall mean the amount of funds provided by the Borrower for the acquisition and [construction/rehabilitation] of the Development, which shall be equal to the difference between the total Cost of the Development and the sum of the amount of the Loan plus the amount of any permitted subordinate financing. The calculation of Equity will be as set forth in a certification, the form of which is set forth in **Exhibit B**, as may be updated or replaced from time to time by the Authority.

h. “Maintenance Expenses” shall mean the expenses of maintaining the Development, including, but not limited to, security services, grounds maintenance services and supplies, elevator maintenance and repairs, painting and decorating, equipment repairs, and minor or routine repairs to Units.

i. “Operating Expenses” shall mean the costs of operating the Development, including, but not limited to, non-capital expenses for water and sewer, electricity, gas and other utilities not paid for directly by Tenants; janitorial services and supplies; exterminating; trash removal; real estate taxes; assessments; and insurance premiums. Operating Expenses shall not include capital expenditures; expenses of readying the Development for initial occupancy; or reimbursements to the Borrower for capital contributions.

j. “Residual Receipts” shall mean any Surplus Cash remaining as of the end of a Calendar Year after the deduction of (i) the amount of any repayment of any subordinate loans, if any, evidenced by a note to be repaid from Surplus Cash and (ii) all Distributions.

k. “Residual Receipts Account” means the account into which Residual Receipts from the Development are deposited.

l. “Rules” shall mean the administrative rules promulgated by the Authority under the Act, as amended from time to time, and codified at 47 Ill. Adm. Code 310.

m. “Surplus Cash” means that part of the gross operating income (including rent insurance proceeds, but not including fire or other insurance proceeds, condemnation proceeds, loan proceeds and any contributions or advances from [shareholders/members/partners] of the Borrower) of the Development, determined on an accrual basis (a security deposit shall not be deemed part of the gross operating income unless and until it unequivocally becomes the property of the Borrower, free of any claim of any person claiming as or through the Tenant who had deposited such security), remaining as of the end of each calendar year after payment of, or the reservation of funds for the payment of, the following (but only to the extent payable from such gross operating income):

i. Operating Expenses, Maintenance Expenses and Administrative Expenses;

ii. all other costs, whether or not capitalized, pertaining to the operation of the Development during such calendar year, including, but not limited to, reasonable costs of renting, managing, repairing, maintaining and improving the Development;

iii. all losses on any investment of funds deposited in any reserve account;

iv. all sums required to be deposited during such Calendar Year in any reserve account of the Development (other than the Residual Receipts Account), whether or not in fact deposited;

v. all sums due, whether or not currently required to be paid during such calendar year, under the terms of the Loan Documents; and

vi. all sums due under any permitted secondary financing that are permitted to be paid from gross operating income;

all as reflected on audited financial statements for the Development (including the income statements and balance sheets) for each such calendar year. The actual amount of Surplus Cash shall be determined by the Authority, in its sole discretion.

n. “Tenant” shall mean a person, family or unrelated persons leasing a Unit.

o. “Unit” shall mean a dwelling unit in the Development.

3. Act and Regulations. The Borrower agrees that at all times its acts regarding the Development shall conform to the Act and the Rules.

4. **Residual Receipts Account.** The Borrower shall establish and maintain, a Residual Receipts Account. The Borrower shall deposit all Residual Receipts into the Residual Receipts Account within ten (10) business days of the determination of the amount of Residual Receipts for the calendar year. The Borrower shall be entitled to receive such permissible Distributions from the Residual Receipts Account only to the extent that (i) any sums remain in the Residual Receipts Account at the end of each calendar year and (ii) to the extent that the Borrower has not made Distributions on a cumulative basis equal to the maximum permissible Distributions under **Paragraph 6** hereof.

5. **Additional Borrower Covenants.** The Borrower further agrees that:

a. At least _____ percent (___%) of the Units shall be occupied by Tenants whose family income is _____ percent (___%) or less of the median income of the Chicago metropolitan statistical area, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937.

b. The Borrower has previously submitted to the Authority a Tenant Selection Plan. In the advertising, marketing and rental of Units, the Borrower agrees to abide by the terms and conditions of its Tenant Selection Plan, as approved by the Authority.

c. The Borrower shall obtain from each prospective Tenant, prior to admission to the Development, a certification of income (the "Certification") and thereafter, on an annual basis (unless otherwise required by the Code), a recertification of income (the "Recertification").

d. The Borrower shall obtain written evidence substantiating the information given on the Certifications and Recertifications and shall retain that evidence in its files for three (3) calendar years after the end of the year to which such evidence of income pertains. Within thirty (30) days following the end of each calendar year, the Borrower shall certify to the Authority that, at the time of such certification and during the preceding calendar year, the Borrower was in compliance with the requirements of this **Paragraph 5**.

e. The Borrower shall not permit the use of the Units for any purpose except residential use.

6. **Distributions.** The Borrower shall not make, receive or retain any Distribution except as permitted in this Agreement, and then only on the following conditions:

a. Any Distribution shall be made only after (i) the Borrower submits to the Authority the audited financial statements of the Development for fiscal years to which

the Distribution relates and a certification as to the calculation of the Distribution, the form of which is set forth in **Exhibit B**, as may be updated or replaced from time to time by the Authority.

b. Any Distribution shall be limited in any one (1) calendar year to Surplus Cash, as calculated and approved by the Authority, so as not to exceed _____ percent (____%) of the Borrower's Equity ("Limited Distribution").

c. The right to Limited Distributions shall cumulate from the Closing Date. To the extent that the Borrower does not receive a Limited Distribution in any calendar year, it may be paid out of Surplus Cash or Residual Receipts, if any, available in subsequent years.

7. **Borrower's Duties.** In addition to, but not by way of limiting, the other duties of the Borrower set forth in this Agreement or any of the other Loan Documents, the Borrower shall comply with the following:

a. **Audit.** The Development and all equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating to it shall at all times be maintained in reasonable condition for proper inspection and audit, and shall be subject to examination, inspection and copying at any reasonable time, and from time to time, by the Authority or its agents or representatives.

b. **Books and Records.** The books of account and records of the Borrower and of the operations of the Development shall be kept in accordance with generally accepted accounting principles. The Borrower shall, upon reasonable notice from the Authority and during normal business hours, allow access to the records and books of account related to the operation of the Development, including, without limit, any supporting or related vouchers or papers, kept by or on behalf of the Borrower and their representatives or agents; such access shall include the right to make extracts or copies of them.

c. **Financial Statement.** Within ninety (90) days following the end of each fiscal year, the Borrower shall furnish to the Authority a complete audited financial statement report for the Development based upon an examination of the books of accounts and records of the Borrower, prepared at the Borrower's expense in accordance with generally accepted accounting principles, and certified to the Borrower by an Illinois licensed certified public accountant, or other person acceptable to the Authority.

d. **Furnishing Information.** At the request of the Authority, the Borrower shall furnish such reports, projections and analyses as are required pursuant to the Rules, and the policies and procedures of the Authority, as amended and supplemented from time to time, and shall give specific answers to questions upon which information is desired from time to time relative to the Development's condition, income, assets, liabilities, contracts and operation.

8. Non-Discrimination in Housing.

a. The Borrower shall not, in the selection of Tenants, in the provision of services or in any other matter relating to the construction or operation of the Development discriminate against any person on the grounds of race, color, creed, religion, sex, age, handicap, national origin, ancestry, unfavorable military discharge or familial or marital status, or because the Tenant is receiving governmental assistance.

b. The Borrower shall comply with all of the provisions of Section 13 of the Act and all other provisions of applicable federal, state and local law relative to non-discrimination.

9. Violation of Agreement by Borrower. If the Borrower violates any of the provisions of this Agreement, the Authority may give written notice of such violation to the Borrower, and the Borrower shall then have thirty (30) days to correct or cure it; provided, however, that if such violation cannot be reasonably cured within such thirty (30) day period (and is curable within such longer reasonable period as the Authority shall, in its discretion, approve), Borrower shall have such time as may be reasonably necessary to cure it, if the Borrower commences to cure the violation within such thirty (30) day period and diligently prosecutes such cure to completion. If such violation is not corrected within thirty (30) days after the date of such notice, or within such further time as the Authority in its sole discretion permits, then without further notice the Authority may declare a default under this Agreement, effective on the date of such declaration, and upon such default, the Authority may exercise any and all remedies that it may have, at law or in equity. The Authority's remedies are cumulative and the exercise of one remedy shall not be deemed an election of remedies, nor foreclose the exercise of the Authority's other remedies.

Notwithstanding anything to the contrary contained in this Agreement, the Authority agrees that any cure of any default made or tendered by one of Borrower's [limited partners/members] shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

10. Development Funds and Development Property. The Development and Development Funds are referred to in this Agreement as "Development Property." Development Funds shall be expended only for: (i) payment of Operating Expenses, Maintenance Expenses and Administrative Expenses; (ii) payments into any tax and insurance reserve account; (iii) payments of amounts due under the Loan Agreement, including principal, interest, late charges and other amounts payable under it; (iv) payments into any replacement reserve account; and (v) payments of amounts due under any permitted subordinate financing; and (vi) subject to any amounts required to be paid into the Residual Receipts Account pursuant to **Paragraph 4** hereof, or by reason of the limitations of **Paragraph 6** hereof, payments to the Borrower as a Distribution.

11. Termination of Liabilities. In the event of a sale or other transfer of the Development, all of the duties, obligations, undertakings and liabilities of the Borrower and/or

such owner-transferor under the terms of this Agreement shall thereafter cease and terminate as to the Borrower and/or such owner-transferor, except as to any acts or omissions or obligations to be paid or performed by the Borrower and/or owner-transferor that occurred prior to such sale or transfer. However, as a condition precedent to the termination of the liability of the Borrower or owner-transferor under this Agreement, the owner-transferee shall assume, on the same terms and conditions as apply under this Agreement to the owner-transferor, all of the duties and obligations of such owner-transferor arising under this Agreement from and after such sale or transfer. The owner-transferee shall assume the Loan Documents to the extent provided in them.

12. Term of Agreement/Covenants Running with Land. The covenants set forth in this Agreement shall be deemed to run with and bind and burden the Development, and shall be deemed to bind any future owners of the Development and any legal, equitable or beneficial interest in it, and shall not be deemed extinguished, satisfied or completed until the later to occur of: (i) payment in full of the Loan; (ii) termination of the [Bond Regulatory Agreement] executed by Borrower in regards to the Bonds; and (iii) fifteen (15) years.

13. Subordination. This Agreement is subordinate in each and every respect to any and all rights of any kind created under the Loan Documents, including, without limitation, that certain Mortgage dated as of the date of this Agreement made by the Borrower to the Bond Trustee.

14. Miscellaneous.

a. Amendment of Regulatory Agreement. This Agreement shall not be altered or amended except in a writing executed by all of the parties.

b. Partial Invalidity. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of its remaining portions.

c. Binding Successors. This Agreement shall bind, and the benefits shall inure to, the respective parties to this Agreement, their legal representatives, executors, administrators, successors in office or interest and assigns.

d. Number and Gender. The use of the plural in this Agreement shall include the singular; the singular the plural; and the use of any gender shall be deemed to include all genders.

e. Recording Agreement. The Borrower agrees and assumes the obligation to have this Agreement recorded in the appropriate land records in the jurisdiction in which the Development is situated. If the Borrower fails to do so, the Authority may have it recorded at the expense of the Borrower. The Borrower agrees to pay such expenses or reimburse the Authority for its payment of such expenses promptly upon demand.

f. Waiver by the Authority. No waiver by the Authority of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach.

g. Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of the Agreement.

h. Third Parties. The parties do not intend this Agreement to inure to the benefit of any third party, including, but not limited to, contractors, subcontractors, management and marketing agents and creditors of the Borrower or the Development.

i. Notices. Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this Agreement shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States mail, postage prepaid, return receipt requested.

If to the Authority:
Illinois Housing Development Authority
111 E. Wacker Dr., Suite 1000
Chicago, Illinois 60601
Attention: Managing Director, Multifamily Financing Department

with a copy to:

Illinois Housing Development Authority
111 E. Wacker Dr., Suite 1000
Chicago, Illinois 60601
Attention: General Counsel

If to the Borrower:

Attention: _____

[With a courtesy copy to:

In connection with a courtesy copy, the Authority will exercise reasonable efforts to provide copies of any notices given to Borrower; however, the Authority's failure to furnish copies of such notices shall not limit the Authority's exercise of any of its rights and remedies under any document evidencing, securing or governing the Bonds, or affect the validity of the notice.]

Such addresses may be changed by notice to the other party given in the same manner as provided in this **Paragraph 14.i**. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (c) shall be

served and effective three (3) business days after proper deposit with the United States Postal Service.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized representatives.

THE BORROWER:

_____, an Illinois [limited partnership/limited liability company/corporation]

By: _____, a
_____, its [General Partner/Manager/Managing Member]

By: _____
Its _____

THE AUTHORITY:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY,
a body politic and corporate

By: _____
Printed Name: _____
Title: _____

STATE OF ILLINOIS)
) **SS**
COUNTY OF COOK)

ACKNOWLEDGMENT OF BORROWER

I, the undersigned, a Notary Public in and for the State and County aforesaid, certify that _____, personally known to me to be the _____ of _____ and same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that, as such _____, he signed and delivered such instrument as his free and voluntary act, as the free and voluntary act of _____, the [general partner/managing member/manager] of _____, an Illinois [limited partnership/limited liability company/corporation], for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, 201_.



Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the State and County aforesaid, certify that _____, personally known to me to be the _____ of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that ___ signed and delivered the said instrument in ___ capacity as _____ of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, as ___ free and voluntary act and deed and as the free and voluntary act and deed of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, 201_.

Notary Public

EXHIBIT A (to Form of Regulatory Agreement)

LEGAL DESCRIPTION

EXHIBIT B (to Form of Regulatory Agreement)

**FORM OF CERTIFICATION REGARDING SURPLUS CASH
AND ALLOWABLE DISTRIBUTIONS**

The Borrower certifies that the Development has distributed Surplus Cash (as defined in the Regulatory Agreement) in accordance with the Regulatory Agreement. Borrower further certifies that the information and calculations set forth below are true and accurate.

**SCHEDULE OF SURPLUS CASH AND
ALLOWABLE DISTRIBUTIONS
AS OF DECEMBER 31, 20_1**

A - Surplus Cash Computations

Cash - Development Accounts		\$ _____
Receivables - Tenant	\$ _____	
HUD	\$ _____	\$ _____
Due from Affiliates (Project Only)		\$ _____
Prepaid Expenses: Taxes	\$ _____	
Sundry	\$ _____	\$ _____
Deposit Held in Trust for Tenant's Security Deposit		\$ _____
Accrued Interest Receivable:		
Replacement Reserve	\$ _____	
Tax & Insurance Reserve	\$ _____	
Development Cost Escrow	\$ _____	
Others	\$ _____	\$ _____
Other, Due within 60 Days:		
Insurance Claims	\$ _____	
Transfer to Partnership Accounts	\$ _____	
_____	\$ _____	\$ _____
		\$ _____
Less: Accounts Payable - Trade		(\$ _____)
Rents Received in Advance		(\$ _____)
Delinquent Mortgage Payments & Escrow Deposit		(\$ _____)
Tenant's Deposits (Including Accrued Interest)		(\$ _____)
Accrued Expenses Not Escrowed (Project Only)		(\$ _____)
Due to Affiliate (Project Only)		(\$ _____)
_____		(\$ _____)
_____		(\$ _____)
Total Deductions		\$ _____
Surplus (Deficit) Cash		\$ _____

B - Allowable Distribution Computation:

Project Equity per Final Closing Documents		\$
Allowable Rate of Return		_____ %
Current Year Allowable Distribution		<u>\$</u>
Cumulative Allowable Unpaid		\$
Distribution At Dec. 31, 20_1	\$	<u>_____</u>
Less: Distributions Paid During 20_1	(\$	<u>_____</u>)

TOTAL CUMULATIVE ALLOWABLE AND UNPAID DISTRIBUTION AT DECEMBER 31, 20_1		\$ _____

[INSERT BORROWER SIGNATURE BLOCK]

Date: _____]

EXHIBIT C

**FORM OF CERTIFICATION REGARDING SURPLUS CASH
AND ALLOWABLE DISTRIBUTIONS**

The Borrower certifies that the Development has distributed Surplus Cash (as defined in the Regulatory Agreement) in accordance with the Regulatory Agreement. Borrower further certifies that the information and calculations set forth below are true and accurate.

**SCHEDULE OF SURPLUS CASH AND
ALLOWABLE DISTRIBUTIONS
AS OF DECEMBER 31, 20_1**

A - Surplus Cash Computations

Cash - Development Accounts		\$ _____
Receivables - Tenant	\$ _____	
HUD	\$ _____	\$ _____
Due from Affiliates (Project Only)		\$ _____
Prepaid Expenses: Taxes	\$ _____	
Sundry	\$ _____	\$ _____
Deposit Held in Trust for Tenant's Security Deposit		\$ _____
Accrued Interest Receivable:		
Replacement Reserve	\$ _____	
Tax & Insurance Reserve	\$ _____	
Development Cost Escrow	\$ _____	
Others	\$ _____	\$ _____
Other, Due within 60 Days:		
Insurance Claims	\$ _____	
Transfer to Partnership Accounts	\$ _____	
_____	\$ _____	\$ _____
		\$ _____
Less: Accounts Payable - Trade		(\$ _____)
Rents Received in Advance		(\$ _____)
Delinquent Mortgage Payments & Escrow Deposit		(\$ _____)
Tenant's Deposits (Including Accrued Interest)		(\$ _____)
Accrued Expenses Not Escrowed (Project Only)		(\$ _____)
Due to Affiliate (Project Only)		(\$ _____)
_____		(\$ _____)
_____		(\$ _____)
Total Deductions		\$ _____
Surplus (Deficit) Cash		\$ _____

B - Allowable Distribution Computation:

Project Equity per Final Closing Documents		\$
Allowable Rate of Return		_____ %
Current Year Allowable Distribution		\$ _____
Cumulative Allowable Unpaid		\$ _____
Distribution At Dec. 31, 20_1	\$ _____	
Less: Distributions Paid During 20_1	(\$ _____)	\$ _____

TOTAL CUMULATIVE ALLOWABLE AND UNPAID DISTRIBUTION AT DECEMBER 31, 20_1		\$ _____

[INSERT BORROWER SIGNATURE BLOCK]

Date: _____]

EXHIBIT D

FORM OF QUALIFIED TRANSFEREE LETTER

[Letterhead of Investor]

[Date]

Illinois Housing Development Authority
111 E. Wacker Dr., Suite 1000
Chicago, Illinois 60601
Attention: Managing Director, Multifamily Financing Department

Re: \$ _____ Illinois Housing Development Authority Multi-Family
Housing Revenue Bonds, Series _____ (_____ Development)
(the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

1. The Investor proposes to purchase [To Be Used Only for Partial Participations: a portion of] the Bonds. The Investor understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state, and will be sold to the Investor in reliance upon certain exemptions from registration and in reliance upon the representations and warranties of the Investor set forth in this letter.
2. The Investor is duly and legally authorized to purchase the Bonds, and the Purchaser is duly and legally authorized to execute this Qualified Transferee Letter. The Investor has satisfied itself that the Bonds are a lawful investment for it under all applicable laws.
3. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.
4. The Investor is purchasing [To Be Used Only for Partial Participations: a portion of] the Bonds solely for its own account for investment purposes and has no intention to resell or distribute all or any portion of, or interest in, the Bonds; provided that the Investor reserves the right to transfer or dispose of the Bonds at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 4, 5 and 6 of this letter.
5. The Investor is familiar with the Illinois Housing Development Authority (the "Authority") and is aware that the Bonds are not being offered and sold under or pursuant to an official statement or other disclosure document. In lieu thereof, the Investor was afforded the opportunity to ask questions of the Borrower and to review documents and other materials relating to the Authority generally and the Bonds particularly. Specifically, but without

limitation, the Investor was given the opportunity to review and did review and evaluate information relating to the sources of repayment of the Bonds and the security therefore. Based on that review and on a general familiarity with the Authority, the Investor understands that (i) the Bonds and interest thereon do not constitute an indebtedness, a liability, a general or moral obligation or a pledge of the faith or loan of credit of the Authority, the State of Illinois (the “State”) or any political subdivision of the State within the meaning of any constitutional or statutory provisions, (ii) neither the Authority, the State nor any of its political subdivisions shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and assets pledged with respect thereto, (iii) neither the faith and credit nor the taxing power of the United States of America, the Authority, the State or any of its political subdivisions is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto and (iv) the Bonds are not a debt of the United States of America or any of its agencies and are not guaranteed by the United States of America or any of its agencies.

6. The Investor has independently evaluated the factors associated with its investment decision. The Investor has been given full and complete access to, and has been furnished with, all information requested by the Investor regarding _____ (the “Borrower”), and has conducted such other investigations relating to the Borrower, the Development and the Bonds, as in the opinion of the Investor was necessary in connection with its purchase of the Bonds. The Investor acknowledges that the Authority, its members, officers, counsel, advisors and employees, and agents of any of the foregoing (each individually an “Authority Party” and all collectively with the Authority, the “Authority Parties”), have not undertaken to furnish information to the Investor, or to ascertain the accuracy or completeness of any information that may have been furnished to the Investor by or on behalf of the Authority or the Borrower relating to the operations, financial condition or future prospects of the Borrower or the Development, and that none of the Authority Parties has made any representations concerning the accuracy or completeness of any information supplied to the Investor relating to the Borrower and the Development. The Investor further acknowledges that the Borrower has not undertaken to furnish information to the Investor regarding the Authority, or to ascertain the accuracy or completeness of any information that may have been furnished to the Investor by or on behalf of the Authority, and that the Borrower has not made any representations concerning the accuracy or completeness of any information supplied to the Investor relating to the Authority. The Investor waives any requirements of due diligence in investigation or inquiry on the part of any of the Authority Parties and all claims, actions or causes of action which the Purchaser may have directly or indirectly from or relating to any action which the Authority Parties took, or could have taken, in connection with the issuance and sale of the Bonds to the Investor.

7. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bonds (or any legal or beneficial interest in the Bonds) in whole, and then only (i) in accordance with an available exemption from the registration requirements of Section 5 of the 1933 Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the provisions of the Bonds.

8. The Investor is a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (“Rule 144A”); it is aware that the sale of the Bonds to it is made in reliance on Rule 144A, and understands that the Bonds may be offered, resold, pledged or transferred

only (i) to a person who is a “qualified institutional buyer,” as defined in Rule 144A, in compliance with Rule 144A, and (ii) in compliance with the Bonds and applicable state securities laws.

9. If the Investor sells the Bonds (or any legal or beneficial interest in the Bonds), the Investor or its agent will obtain for your benefit, and deliver to you, from any subsequent purchaser a Qualified Transferee Letter in the form of this letter or such other materials (including, but not limited to, an opinion of counsel) as are required by you to evidence compliance of such sale and purchase with the requirements of the 1933 Act for an exemption from registration under the Act. The Investor indemnifies the Authority Parties against any failure by the Investor to transfer the Bonds in accordance with the restrictions relating thereto set forth in this letter.

All representations of the Investor contained herein shall survive the sale and delivery of the Bonds to the Investor as representations of fact existing as of the date of execution and delivery of this letter.

Very truly yours,

[Name of Investor]

[Dated: _____]

By: _____

Name: _____

Title: _____

EXHIBIT E

REQUIRED PRIVATE PLACEMENT PROVISIONS

The following provisions must be included in the Bond Form where the transaction involves a private placement:

a. Face of Bond

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS BOND MAY BE SOLD OR OTHERWISE TRANSFERRED IN WHOLE ONLY IN TRANSACTIONS IN WHICH THIS BOND IS REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR IN TRANSACTIONS IN WHICH THIS BOND IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE AUTHORITY HAS NOT UNDERTAKEN AN OBLIGATION TO CAUSE THIS BOND TO BE REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, OR TO COMPLY WITH ANY EXEMPTION THAT MAY BE AVAILABLE UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, INCLUDING, WITHOUT LIMITATION, RULE 144A UNDER THE SECURITIES ACT. THE REGISTERED OWNER OF THIS BOND AGREES THAT ANY TRANSFER OF THIS BOND WILL BE IN WHOLE IN ACCORDANCE WITH THE PROVISIONS OF THIS BOND.

b. Securities Registration Provision

This Bond may be transferred in whole, but not in part (and then only in conjunction with a transfer in whole of the Bond and only to a Qualified Transferee who has executed and delivered to the Authority a letter in the form of the Qualified Transferee Letter attached hereto in the form of [Exhibit D to these Guidelines]. Notwithstanding the foregoing, the Owner may sell participations in this Bond in accordance with applicable law and this Agreement. For purposes of this paragraph, the term “Qualified Transferee” shall mean a “qualified institutional buyer” as defined in Rule 144A promulgated under the United States Securities Act of 1933, as amended, executing and delivering to the Authority a Qualified Transferee Letter in the form attached hereto in the form of [Exhibit D to these Guidelines]. The Authority acknowledges that the Lender may enter into a participation agreement with one or more sophisticated investors.

c. Disclaimer

The Authority neither has nor will assume any responsibility as to the accuracy of completeness of the information in this [Private Placement Memorandum/Limited Offering Memorandum/Official Statement], other than that relating to the Authority under the caption “The Authority.” The Authority is issuing the Bonds as a conduit on a non-recourse basis, and the Bonds are payable solely from the Trust Estate hereinafter described. The Authority has no responsibility for, and is not a guarantor of, the payment or tax status of the Bonds.

EXHIBIT F

REQUIRED OFFICIAL STATEMENT PROVISIONS

The following provisions must be included in the Official Statement or other disclosure document. The Authority will not sign the Official Statement. In addition to the provisions set forth below, the Borrower must obtain from the Authority a current description of the Authority for inclusion in the Official Statement at the time the Official Statement is drafted.

i. Secondary Market Disclosure

The Authority has not and will not agree to provide any annual financial statements or other credit information of the Authority or the Borrower to investors on a periodic basis.

ii. Cover Page

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

iii. Inside Cover Page

The information set forth herein relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION - THE AUTHORITY" has been obtained from the Authority, and all other information herein has been obtained by the Underwriters from the Borrower, the Underwriters and other sources deemed by the Underwriters to be reliable, but is

not to be construed as a representation by, the Authority or the Underwriters. The Authority has not reviewed or approved any information in this Official Statement, except information relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION - THE AUTHORITY". The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.

iv. Security for and Source of Payment of the Bonds

The Bonds and interest thereon do not constitute an indebtedness, a liability, a general or moral obligation or a pledge of the faith or loan of credit of the Authority, the State or any political subdivision of the State within the meaning of any constitutional or statutory provisions. Neither the Authority, the State nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and assets pledged with respect thereto. Neither the faith and credit nor the taxing power of the United States of America, the Authority, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof and are not guaranteed by the United States of America or any agency thereof. The Authority has determined by resolution that the provisions of Section 26.1 of the Illinois Housing Development Act, which requires the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because insufficient moneys are available for such purpose, shall not apply to the Bonds.

EXHIBIT G

REQUIRED BOND PURCHASE AGREEMENT PROVISIONS

The following provisions must be included in the Bond Purchase Agreement.

i. Authority Representations

The Authority represents that

(a) it is duly existing as a body politic and corporate of the State of Illinois, with full legal right, power and authority to: (i) adopt the resolution authorizing the Bonds, the Loan Agreement, the Indenture, [the Pledge Agreement], and this Purchase Contract (collectively the “**Authority Documents**”) and (ii) execute and deliver the Authority Documents;

(b) assuming due authorization, execution, and delivery of the other parties to them, the Authority Documents constitute valid and binding obligations of the Authority enforceable against the Authority, subject to customary exceptions for bankruptcy, the availability of equitable remedies, and the enforceability of indemnification provisions under federal and state securities laws;

(c) On the date of this Purchase Contract and on the date of the Closing, the statements and information contained in the Official Statement under the captions “THE AUTHORITY” and “LITIGATION - THE AUTHORITY” are and will be true and complete in all material respects, and such statements and information do not and will not omit any statement or information with respect to the Authority that is necessary to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect;

(d) The Authority is duly authorized to issue, sell, and deliver the Bonds. When delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered in conformity with, and entitled to the benefit and security of, the Indenture, subject to customary exceptions for bankruptcy, and the availability of other remedies; and

(e) Except as may be set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending against the Authority (as to which the Authority has received service of process) or, to the knowledge of the Authority, threatened against or affecting the Authority in which an unfavorable decision, ruling or finding would (i) adversely affect the transactions contemplated by the Authority Documents, or the validity or enforceability of the Authority Documents, or any other agreement or instrument to which the Authority is a party and that is used or contemplated for use in the consummation of the transactions contemplated by the Issuer

Documents or (ii) question the exclusion of the interest on the Bonds from the gross income of their owners for federal income tax purposes.

ii. Purchaser Representations

The Purchaser represents that:

(a) it is duly existing as a [national banking association], with full legal right, power and authority to execute and deliver this Purchase Contract and purchase the Bonds from the Authority;

(b) assuming due authorization, execution and delivery of the Borrower and the Authority, this Purchase Contract constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to customary exceptions for bankruptcy, the availability of other remedies, and the enforceability of indemnification provisions under federal and state securities laws;

(c) it has not given any information or made any representation in connection with its purchase of the Bonds other than as contained in the Official Statement, including Appendices to it; and

(d) [to Purchaser's knowledge, no person holding an office of the Authority, either by election or appointment, is in any manner interested, either directly or indirectly, in any contract being entered into or the performance of any work to be carried out in connection with the purchase of the Bonds and upon which such officer may be called upon to act or vote.]

iii. Borrower Representations

The Borrower represents that:

(a) is and on the date of Closing will be a _____ duly organized, validly existing and in good standing under the laws of the State of _____ and qualified to do business in the State of Illinois;

[if applicable: (b) the General Partner is duly organized, validly existing and in good standing as a corporation under the laws of the State of Illinois;]

(c) the Borrower has full legal power and authority to execute and deliver and to enter into and perform its obligations under this Purchase Contract, the Bond Documents and such other documents, instruments, certificates or agreements to be executed and delivered in connection with the issuance and sale of the Bonds or the making of the mortgage loan, and at the time of such execution and delivery, the Borrower will have duly authorized the execution, delivery and performance of the Borrower Documents and Purchase Contract if not included among Borrower Documents;

(d) the execution and delivery of the Borrower Documents and Purchase Contract if not included among the Borrower Documents, and compliance with the provisions thereof under the circumstances contemplated herein and therein, do not and will not conflict

with or constitute on the part of the Borrower a breach or violation of or default under: (1) the Borrower's partnership agreement, or any agreement or other instruments to which the Borrower is a party, or any existing law, administrative regulation, court order or consent decree to which the Borrower is subject, the effect of which will be to prevent or interfere with the Borrower's ability to fulfill its obligations as contemplated by this Purchase Contract and the Borrower Documents; or (2) the Certificate of Formation or the by-laws of the Borrower, any existing law, court or administrative regulation, judgment, decree or order, or any material agreement, indenture, mortgage, lease, sublease of other instrument or obligation to which the Borrower is a party or by which it may be bound;

(e) the statements and information in the Official Statement (other than the information under the headings "THE AUTHORITY" and "LITIGATION - THE AUTHORITY") as of the date of this Purchase Contract, as of its date and as of the Closing Date, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information made therein, in the light of the circumstances under which they are made, not misleading;

(f) no event of default or event that, with notice or lapse of time or both, would constitute an event of default or a default under the Borrower Documents or any other material instrument, agreement, decree or order to which the Borrower is bound or to which any of its property or assets is subject has occurred and is continuing;

(g) at the Closing, all liens, encumbrances, covenants, conditions and restrictions, if any, applicable to [Name of Development] will not interfere with or impair the operation of, or materially adversely affect the value of, [Name of Development];

(h) except as may be described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or to the knowledge of the Borrower any meritorious basis therefore, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the financial condition of the Borrower, the operation by the Borrower of [Name of Development] or the transactions contemplated by the Borrower Documents and Purchase Contract, if not included among Borrower Documents, and the Official Statement or would have an adverse effect on the validity or enforceability of the Borrower Documents and Purchase Contract, if not included among Borrower Documents, or any agreement or instrument by which the Borrower or its property is bound or would in any way contest the corporate existence or powers of the Borrower or the federal tax-exempt status of the interest on the Bonds or the amounts to be received by the Authority pursuant to the Indenture or the Loan Agreement;

(i) this Purchase Contract is, and upon their execution the other Borrower Documents will be, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect and to applicable legal principles and procedural requirements if equitable and other specific remedies are sought and subject to the qualification that enforcement

of the indemnification provisions of this Purchase Contract may be limited by federal or state securities laws as the same may have been interpreted by judicial decisions);

(j) (i) no approvals, permits, consents, authorizations, certifications or other orders not already obtained are required as of the date of this Purchase Contract by the Borrower from any governmental agency, authority, board or commission having jurisdiction that could materially affect (A) the performance by the Borrower of its obligations under the Borrower Documents or (B) the acquisition, rehabilitation or operation of [Name of Development];

(ii) the financing of the costs of [Name of Development], as contemplated by the Official Statement, is consistent with and does not violate or conflict with the terms of the various consents or approvals of any such agencies or entities;

(iii) the Borrower does not have any reason to believe that any additional approvals, licenses or permits necessary for the acquisition, rehabilitation and operation of [Name of Development] will not be obtained in due course;

(k) all of the representations and warranties of the Borrower in the other Borrower Documents are true and correct as of this date, as if made on this date;

(l) the Borrower will, on the date of Closing, have good and marketable title to [Name of Development];

(m) any certificate signed by an authorized officer of the Borrower delivered to the Authority or the Purchaser shall be deemed a representation and warranty by the Borrower to such parties as to the statements made therein;

(n) any certificate signed by an authorized officer of the General Partner on behalf of the Borrower delivered to the Authority or the Underwriter shall be deemed a representation and warranty by the Borrower to such parties as to the statements made therein;

(o) the Borrower will, on the date of the issuance of the Bonds, have good and marketable title to the Development;

(p) the Borrower will apply the proceeds of the Bonds in a manner that is consistent with the Bond and Loan Resolution and the Loan Agreement;

(q) the audited financial statements included in the Official Statement [as incorporated by reference therein] present fairly the financial position of the Borrower for each of the years then ended and the results of the Borrower's operations for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as stated in the notes thereto. Except as described in the Preliminary Official Statement, since [_____], there has been no material adverse change in the audited financial statements as of and for the period ending that date and the Borrower has not since [_____] incurred any material liabilities, directly or indirectly, except in the ordinary course of its operations; and

(r) the Borrower covenants that between the date of this Purchase Contract and the Closing it will not take any action or omit to take an action that will cause any of the representations and warranties made in subparagraph () of this Section __ to be untrue as of the Closing.

iv. Indemnification of the Authority

(b) The Purchaser shall indemnify, defend and hold harmless the Authority along with the Authority's members, officers, agents, employees, successors and assigns or other elected or appointed officials of the Authority, past, present or future and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Authority, pursuant to the Act or the Authority's regulations or by-laws (each, including the Authority, an "*Authority Indemnified Party*" and collectively "*Authority Indemnified Parties*"), to the fullest extent permitted by law, from and against any and all losses, claims, damages, demands, taxes, liabilities, costs or expenses (collectively, "*Claims*"), including reasonable attorneys' fees and expenses related thereto, or liability of any nature due to any and all suits, actions, legal proceedings or Claims arising or resulting from, or in any way connected with any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact necessary to be stated therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Purchaser will only be liable in any such case to the extent that any such Claim, or liability arising out of or based upon any such untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of material fact in the Official Statement or caused by any omission or alleged omission from the Official Statement, or in any amendment or supplement thereto, is in reliance upon and in conformity with written information furnished to the Authority by the Purchaser for inclusion therein, including the information contained in the section "UNDERWRITING."

(c) (1) The Borrower agrees, at its expense, to pay and to indemnify, defend and hold harmless the Authority Indemnified Parties, the Purchaser, any person who "controls" the Purchaser within the meaning of Section 15 of the Securities Act of 1933, as amended, and any member, officer, director, official and employee of the Purchaser (collectively, with the Authority Indemnified Parties, the "*Indemnified Parties*") from and against any and all losses, claims, demands, actions or rights of action and any damages, taxes, liabilities, costs, penalties or expenses (including reasonable attorneys' fees and expenses), or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with: (i) the exercise or performance by the Borrower of any of its powers or duties under this Purchase Contract or any of the other Bond Documents, or in connection with the initial offering of the Bonds, (ii) any audit examination by the Internal Revenue Service of the tax-exempt status of interest on the Bonds, or any investigation or litigation by the Securities and Exchange Commission or the Securities Department of the Office of the Secretary of State of Illinois arising from the offering and issuance of the Bonds to prospective investors, (iii) the financing, acquisition, construction, operation, use, management or maintenance of the Development, (iv) any act, failure to act, or

misrepresentation by any Indemnified Person in connection with the issuance, sale, delivery or remarketing of the Bonds, or (v) any act, failure to act, or misrepresentation by the Authority in connection with this Purchase Contract or any other document involving the Authority in this matter, regardless of whether any such loss, claim, demand, action or right of action or such damage, tax, penalty or expense, or liability should be contributed to by the sole or partial negligence of the Authority or any Authority Indemnified Party. If any suit, action or proceeding is brought against the Authority or any Indemnified Party, that suit, action or proceeding shall be defended by counsel to the Authority or the Borrower, as the Authority shall determine. If the defense is by counsel to the Authority, the Borrower shall indemnify the Authority and Indemnified Parties for the reasonable cost of that defense including reasonable attorneys' fees and expenses. If the Authority determines that the Borrower shall protect and defend the Authority or any Indemnified Parties, the Borrower shall immediately assume the defense at its own cost. Neither the Authority nor the Borrower shall be liable for any settlement of any proceeding made without each of their consents (which consents shall not be unreasonably withheld).

(2) The Borrower shall also indemnify the Indemnified Parties for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred in: (i) enforcing any obligation of the Borrower under this Purchase Contract or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by this Purchase Contract or any related agreement, or (iv) taking any action considered necessary by the Authority and which is authorized by this Purchase Contract or any related agreement.

(3) Any provision of this Purchase Contract or any other instrument or document executed and delivered in connection with this Purchase Contract to the contrary notwithstanding, the Authority retains the right to (i) enforce any applicable federal or state law or regulation or resolution of the Authority and (ii) enforce any rights accorded to the Authority by federal or state law or regulation or resolution of the Authority, and nothing in this Purchase Contract shall be construed as an express or implied waiver of such right. This indemnification is in addition to any other indemnification provided by the Borrower to the Indemnified Parties.

(4) The Borrower acknowledges that the intention of this Section is that the Authority's interests be reasonably protected. Accordingly, the Borrower agrees that if any provision of this Section is construed to be unenforceable for any reason or under any circumstance, the enforceability of the remaining provisions will not be affected.

(c) Each Indemnified Party shall give prompt notice to each indemnifying party of any action commenced against it or any claim asserted against it in respect of which indemnity may be sought hereunder, but failure to so notify any indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party, upon receiving notice of any action or claim for which indemnification is sought by an Indemnified Party, may assume and control the defense thereof with counsel satisfactory to it and the Indemnified Party. Following the assumption of the defense of any such action or claim, the indemnifying party shall not be liable for any legal or other expense subsequently incurred by the Indemnified Party in the defense of such action or claim, except expenses incurred because (i) the indemnifying party shall not have employed

counsel to defend such action or claim within a reasonable time after its assumption of the defense thereof or (ii) the Indemnified Party has been advised by counsel employed by the Indemnified Party to defend such action or claim that the Indemnified Party may have available to it one or more defenses to such action or claim that are inconsistent with the defenses available to the indemnifying party or one or more other Indemnified Parties. An Indemnified Party may participate in the defense of such action or claim. In no event (other than aforesaid) shall the indemnifying parties be liable for the fees and expenses of more than one counsel for all Indemnified Parties in connection with any action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances unless it is determined that the retention of one counsel would create a conflict between the Indemnified Parties, in which case additional counsel may be retained.

(d) In order to provide for just and equitable contribution as a result of specific circumstances or acts for which both the Borrower and the Purchaser are determined to be liable to the Authority for the indemnities provided for in paragraph (a) and (b) of this Section, the Borrower and the Purchaser shall contribute to the aggregate losses, damages, expenses, liabilities or claims contemplated by said indemnity agreement incurred by the Borrower and the Purchaser, in such proportions as are determined by a court of competent jurisdiction; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person who controls the Purchaser, within the meaning of the Securities Act or the 1934 Act, shall have the same rights of contribution as the Purchaser and each person who controls the Borrower within the meaning of the Securities Act or the 1934 Act shall have the same rights of contribution as the Borrower.

(e) The indemnity provided by Subsection (b) of this Section shall be in addition to any other liability the Borrower may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the Purchaser and the Authority and their respective successors, assigns, legal representatives or controlling persons and the members, directors, officers, employees and agents thereof, and no other person shall acquire or have any right under or by virtue of such provisions of this Purchase Contract. The indemnity provided by Subsection (a) of this Section shall be in addition to any other liability the Purchaser may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the Authority Indemnified Parties and their respective successors, assigns, legal representatives or controlling persons and the members, officers, employees and agents thereof, and no other person shall acquire or have any right under or by virtue of such provisions of this Purchase Contract.

v. Payment of Expenses

The Borrower shall pay all expenses incident to the issuance of the Bonds; absent such payment, the Purchaser shall pay such expenses.

vi. Term of Purchase Contract

All representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the parties, (b) delivery of any payment under this Purchase Contract for the Bonds, and (c) except as otherwise provided in this Purchase Contract, any termination of this Purchase Contract.

vii. Governing Law

This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to the conflict of law provisions of Illinois law.

EXHIBIT H

Form C-08

Notice of Payment of Bond Interest and/or Principal to State Comptroller

The following page sets forth the Form C-08: Notice of Payment of Bond Interest and/or Principal as of March 1, 2018. To confirm the most current form, please see Exhibit 31.30.20-A of the State Comptroller's Statewide Accounting Management System Procedures Manual, available at <https://illinoiscomptroller.gov/comptroller/assets/File/SamsManualMaster.pdf>.

Notice of Payment of Bond Interest and/or Principal

To: Office of the Comptroller
Bonds Department
325 W. Adams St.
Springfield, IL 62704-1871

E-mail: bondpayments@illinoiscomptroller.gov

Fax: 217/524-5877

By _____

On Behalf Of _____

To Paying Agent _____

For Principal In The Amount Of \$ _____

For Interest In The Amount Of \$ _____

For Premium In The Amount Of \$ _____

Due On _____ Paid On _____

Bond Issue Titled (Including Name & Year) _____

Amount of Bond Principal Outstanding
(After current payment is applied) _____

Comptroller Use Only

Type _____

Agency _____

Bond Ref _____

Posted By/Date _____

By _____

Title _____

Date _____

Telephone Number _____

E-Mail Address _____

Date Trustee Statement Received _____