

NEW ISSUE - BOOK ENTRY ONLY

RATING: Moody's: "Aa1/VMIG 1"
See "RATING" herein

Subject to compliance by the Issuer and the Borrower with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended) and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Under the laws of the State of Illinois, as presently enacted and construed, the interest on the Bonds is exempt from the income tax imposed by the State of Illinois pursuant to the Illinois Income Tax Act. No opinion is expressed regarding taxation of interest on the Bonds under any other provisions of Illinois law. See "TAX MATTERS" herein for a more complete discussion.



\$20,000,000*
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2026
(ISLAND TERRACE)

Dated: Date of Delivery

Interest Rate: ____ %

Price: ____ %

Initial Mandatory Tender Date: April 1, 2028*

Maturity Date: April 1, 2029*

CUSIP: _____

The above-captioned bonds (the "Bonds") will be issued under the provisions of the Trust Indenture dated as of February 1, 2026 (the "Indenture"), between the Illinois Housing Development Authority (the "Issuer") and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Bonds will be issued for the purpose of making a loan to Island Terrace 4% Preservation Associates Limited Partnership, an Illinois limited partnership (the "Borrower"), to finance the costs of constructing, rehabilitating and/or equipping of approximately 168 out of 180 units and associated common areas and improvements within 15 condominium units of a 240-unit mixed-income multifamily residential development known as Island Terrace Condominium, as more fully described under "THE PROJECT" herein.

The Bonds will be issued as fully registered bonds in book entry form and book entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 or any integral multiple of \$1,000 in excess thereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2026*. Owners of book entry interests in the Bonds will not receive physical delivery of bond certificates. The Depository Trust Company, Brooklyn, New York ("DTC") will act as a securities depository for the Bonds. DTC, or its nominee, will receive all payments with respect to the Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. See "THE BONDS—Book Entry System" herein.

The Bonds, when, as and if issued will be special obligations of the Issuer, payable solely from the revenues and other moneys assigned by the Indenture to secure that payment, which include the payments required to be made by the Borrower under the Loan Agreement dated as of February 1, 2026 (the "Loan Agreement") between the Borrower and the Issuer.

At all times, the Bonds will be secured by Eligible Investments and Available Moneys sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Mandatory Tender Date, as further described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER. 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 ISSUER, THE STATE OF ILLINOIS (THE "STATE") OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE ISSUER, 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 THE ISSUER 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 ISSUER, 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 ISSUER HAS NO TAXING POWER. THE ISSUER 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 ISSUER AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE INSUFFICIENT MONEYS ARE AVAILABLE FOR SUCH PURPOSES SHALL NOT APPLY TO THE BONDS.

The Bonds are subject to redemption, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Holders must surrender their Bonds for payment of the redemption price on the Mandatory Tender Date. See "THE BONDS" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered for delivery when, as and if issued and received by the Holder subject to, among other things, the approving opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., for the Issuer by its General Counsel, Christina McClernon, Esq., and for the Borrower by its counsel, Applegate & Thorne-Thomsen, P.C., Chicago, Illinois. It is expected that the Bonds will initially be issued in the form of a physical certificated Bond registered in the name of the Holder on or about February ___, 2026.

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The date of this Official Statement is February ___, 2026.

* Preliminary; subject to change.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Information herein has been obtained from the Issuer (only as to the Sections labeled “THE ISSUER” and “NO LITIGATION” as it pertains to the Issuer) and the Borrower and other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter.

The information set forth herein relating to the Issuer under the headings “THE ISSUER” and “NO LITIGATION – The Issuer” has been obtained from the Issuer, and all other information herein has been obtained by the Underwriter from the Borrower and other sources deemed by the Underwriter to be reliable, but is not to be construed as a representation by the Issuer or the Underwriter. The Issuer has not reviewed or approved any information in this Official Statement, except information relating to the Issuer under the headings “THE ISSUER” and “NO LITIGATION – The Issuer.” 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 Issuer or the Borrower since the date hereof.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement, except for the contents of the Section labeled “THE TRUSTEE.”

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered by the Issuer under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuer (to the extent described herein) approved the Bonds for sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE ISSUER	3
THE PRIVATE PARTICIPANTS	6
THE PROJECT	7
THE BONDS	13
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	23
THE TRUSTEE	24
CERTAIN BONDHOLDERS' RISKS	25
NO LITIGATION	26
UNDERWRITING	27
TAX MATTERS	28
LEGAL MATTERS	30
RATING	30
CONTINUING DISCLOSURE	31
MISCELLANEOUS	31
 APPENDIX A DEFINITIONS OF CERTAIN TERMS	
APPENDIX B FORM OF BOND COUNSEL OPINION	
APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	
APPENDIX D SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT	
APPENDIX E SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT	
APPENDIX F FORM OF CONTINUING DISCLOSURE AGREEMENT	

OFFICIAL STATEMENT

\$20,000,000*

ILLINOIS HOUSING DEVELOPMENT AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2026 (ISLAND TERRACE)

INTRODUCTION

This Official Statement, including the Appendices, is furnished in connection with the original issuance and sale by the Illinois Housing Development Authority (the “Issuer”) of the Bonds identified on the cover page (the “Bonds”). The Bonds are being issued by the Issuer pursuant to a Trust Indenture (the “Indenture”) dated as of February 1, 2026, between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). The Trustee is expected to also serve as Registrar. Capitalized terms used but not otherwise defined herein are defined in Appendix A.

The Issuer will loan the proceeds of the sale of the Bonds (the “Loan”) to Island Terrace 4% Preservation Associates Limited Partnership, an Illinois limited partnership (the “Borrower”), pursuant to the Loan Agreement (the “Loan Agreement”) dated as of February 1, 2026, between the Issuer and the Borrower to pay a portion of the costs of constructing, rehabilitating and/or equipping of approximately 168 out of 180 units and associated common areas and improvements within 15 condominium units (the “Project”) owned by the Borrower of a 240-unit mixed-income multifamily residential development known as Island Terrace Condominium. See “THE PROJECT.” Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due (the “Bond Debt Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note in the principal amount of \$20,000,000* (the “Note”) from the Borrower to the Issuer. The Loan Agreement, except for Unassigned Issuer’s Rights, and the Note will be assigned under the Indenture without recourse by the Issuer to the Trustee. During rehabilitation of the Project, the Bonds will be cash-collateralized and no mortgage lien with respect to the Project will secure the Bonds or the Loan.

The aggregate funds on deposit in the Project Fund and the Collateral Fund, together with the Initial Deposit to the Initial Deposit Account of the Bond Fund, as invested pursuant to the Indenture, will, at all times, be sufficient to pay principal and interest on the Bonds as and when they become due to the Mandatory Tender Date. Interest on the Bonds will be paid from amounts on deposit in the Bond Fund and the Bond Debt Service Charges will otherwise be paid first from amounts on deposit in the Initial Deposit Account of the Bond Fund, second, from amounts on deposit in the Collateral Fund, and third, from amounts on deposit in the Project Fund (such foregoing funds, collectively, the “Special Funds”), and projected investment earnings thereon. Amounts on deposit in the Special Funds will be invested in Eligible Investments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds shall bear interest on the outstanding principal amount at the interest rate set forth on the cover hereof, payable on each February 1 and August 1, commencing August 1, 2026* (each an “Interest Payment Date”).

The Bonds are subject to redemption, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on April 1, 2028* (the “Initial Mandatory Tender Date”). All Holders must

* Preliminary; subject to change.

surrender their Bonds for payment of the redemption price on the Mandatory Tender Date. See “THE BONDS – Redemption of Bonds” herein.

The Bonds are special obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. **At all times, the Bonds will be secured by Eligible Investments and Available Moneys sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Mandatory Tender Date, as further described herein. See “THE PROJECT – Plan of Financing” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.**

The Borrower will be required to operate the Project in compliance with a Tax Regulatory Agreement (the “Tax Regulatory Agreement”) dated as of February 1, 2026, by and among the Borrower, the Trustee and the Issuer. The Tax Regulatory Agreement requires that the Project be operated as a qualified residential rental project with at least 40% of completed units of the Project continuously occupied (or treated as occupied as provided in the Tax Regulatory Agreement), or held available for occupancy, by Lower-Income Tenants (i.e., individuals or families whose aggregate incomes do not exceed 60% of the applicable median gross income (adjusted for family size) for the area in which the Project is located) during the Qualified Project Period (as defined in the Tax Regulatory Agreement), in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance. See “TAX MATTERS” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT.” In addition to the rental restrictions imposed upon the Project by the Tax Regulatory Agreement, the Project will be further encumbered by use restrictions pursuant to a Low Income Housing Tax Credit Extended Use Agreement (the “Extended Use Agreement”) in connection with the low-income housing tax credits (the “Tax Credits”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. The Borrower will also execute a Regulatory Agreement with the Issuer (the “IHDA Regulatory Agreement”) setting forth certain restrictions on the occupancy and operation of the Project, as required by the Act. See “THE PRIVATE PARTICIPANTS” and “THE PROJECT.”

The Borrower executed the HUD Regulatory Agreement (hereinafter defined) required by FHA (hereinafter defined) with respect to the Project in order to provide for, among other things, a reserve fund for replacements, as well as escrows for taxes, insurance and mortgage insurance premiums, which will be held by the FHA Lender. In the event of conflict between the provisions of the FHA-Insured Note (hereinafter defined), which is secured by the first-lien FHA Mortgage (hereinafter defined) on the Project, the HUD Regulatory Agreement (hereinafter defined) and the FHA Loan Documents (hereinafter defined) and the Indenture, the Loan Agreement, the Note or the Tax Regulatory Agreement, the FHA Loan Documents will control.

Brief descriptions of the Issuer, the Project, the Borrower, the use of proceeds of the Bonds and the Bonds together with summaries of the Indenture, the Loan Agreement and the Tax Regulatory Agreement are provided below. All information with respect to the Borrower, the Project and the private participants contained in this Official Statement has been furnished by the Borrower. The descriptions and summaries of the Loan Agreement, the Indenture and the Tax Regulatory Agreement and other documents contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to those documents, and all references to the Bonds are qualified in their entirety by the definitive forms thereof included in the Indenture. See “MISCELLANEOUS” for the availability of those documents.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter nor any of their respective counsel, members, officers or employees make any representations as to the accuracy or sufficiency of such information.

Powers and Duties

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

The Issuer has the power under the Act to have up to \$11,500,000,000 of bonds and notes outstanding, excluding those issued to refund its outstanding bonds and notes. As of December 31, 2025, the Issuer had debt outstanding in the amount of \$7,693,333,543.40, which consisted of general obligation debt, special limited obligation debt and conduit debt. The conduit debt, which is special limited obligation debt, accounts for \$2,231,160,723.13 of the total as of that same date.

Membership

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

The Members of the Issuer are:

<u>Members</u>	<u>Office</u>
King Harris	Chairman – Chairman, Harris Holdings
Luz Ramirez	Vice Chairman – President, LR Global Consulting
Salvatore Tornatore	Treasurer – Principal, Tornatore Law Office
Sonia Berg	Secretary – Realtor, Ruhl & Ruhl Realtors
Daniel Hayes	Member – Senior Director of Structured Debt, New York Life Real Estate Investors
Brice Hutchcraft	Member – Market President, First State Bank (Monticello)
Claire Leopold	Member – Managing Broker, Nester Realty, Inc.
Thomas Morsch	Member – Managing Director, H2C Securities Inc.
Erika Poethig	Member – Executive Vice President for Strategy and Planning, Civic Committee and Commercial Club of Chicago

Management

The Issuer employs a staff of approximately 368 persons, including persons who have experience and responsibilities in the areas of finance, accounting, law, mortgage loan underwriting, loan servicing, housing development, market analysis, construction, housing marketing and housing management.

KRISTIN FAUST, Executive Director, joined the Issuer in November of 2019 and brings more than 30 years of affordable housing industry experience to the Issuer. As the State’s chief affordable housing official, Executive Director Faust provides leadership in State housing policy to advance the Issuer’s mission of financing the creation and preservation of affordable housing throughout Illinois. Prior to joining the Issuer, Executive Director Faust served as President of Neighborhood Housing Services of Chicago (“NHS”), a community development organization committed to helping homeowners and strengthening neighborhoods. As President, Ms. Faust’s strong leadership and holistic vision helped spur community revitalization by creating homeownership opportunities for those most vulnerable, improving not only their lives, but their neighborhoods as well. Before joining NHS, Executive Director Faust was Chief Credit Officer and Director of Lending & Network Services at Partners for the Common Good. In that role, she was responsible for the growth and oversight of the domestic and international loan portfolio. In addition, Executive Director Faust served as president of the Enterprise Community Loan Fund, one of the largest non-depository community development financial institutions in the country. Ms. Faust previously served as Chief Deputy Treasurer for the State of California and worked for Nehemiah Corporation of California. Earlier in her career, Executive Director Faust spent 15 years in community development banking in Chicago, primarily with LaSalle National Bank, where she started the Community Development Lending Department. Her work in Chicago earned her distinction in Crain’s Chicago Business “Forty Under 40” list. Ms. Faust is a graduate of the John F. Kennedy School of Government at Harvard University, where she obtained a Master’s in City and Regional Planning and Brown University, where she holds a Bachelor of Arts in Political Science and Philosophy.

LAWRENCE GRISHAM, Assistant Executive Director/Chief of Staff, joined the Executive Staff of the Issuer in October of 2021. Prior to joining the Issuer, Mr. Grisham oversaw the City of Chicago’s affordable housing programs and activities which included multifamily rental projects, single-family purchase/rehab assistance, foreclosure prevention/mitigation programs and housing preservation efforts.

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

KAREN DAVIS, Deputy Executive Director, joined the Issuer in August of 2020. Ms. Davis most recently served as Vice-Chairman and Audit Committee Chair for the Illinois Housing Development Authority Board of Directors and the Executive Director of the Greater Peoria Local Initiatives Support Corporation ("LISC"), where she led a team dedicated to transforming distressed neighborhoods into healthy and sustainable communities of choice and opportunity. She has been passionately involved in community and economic development activities over the last 20 years, holding executive level positions within corporate America and with socially responsible not-for-profits focusing on strategic solutions to propel community and economic development initiatives. Before accepting the position with Greater Peoria LISC, Ms. Davis was Director of the Office of Planning and Economic Development for the City of Springfield, Illinois where she oversaw the city planning initiatives for housing and business development. Prior to her position with the City of Springfield, Ms. Davis was Senior Vice President and Regional Community Affairs Manager of Regions Bank, where she directed community and economic development initiatives across the Midwest. In that role, Ms. Davis, with the help of designated staff, identified and promoted programs that fostered and spurred community and economic development in Illinois, Indiana, Missouri, Iowa, Kentucky, Texas, and Arkansas. Ms. Davis received both a Bachelor of Arts Degree in Management and a Master of Arts Degree in Community Development from the University of Illinois at Urbana-Champaign. Ms. Davis is also the Past President of the National Association of State Housing Boards.

SETH RUNKLE, Chief Financial Officer and Assistant Treasurer, became the Issuer's Chief Financial Officer (CFO) in 2024, bringing extensive experience in bank management and executive leadership. Most recently Mr. Runkle served as CFO for First Bankers Trust Company, N.A. Prior to this role, he served as CFO for the City and County of Denver's Department of Transportation and Infrastructure. Mr. Runkle served 21 years with Citigroup in a variety of finance/accounting positions in the United States, Europe, and Latin America. Mr. Runkle holds a Bachelor's degree in Finance from Western Illinois University. Additionally, he served as Sergeant, 7th Battalion, 1st Field Artillery in the US Army Reserves.

CHRISTINA MCCLERNON, General Counsel, is responsible for the day-to-day management of the Legal Department's attorneys, paralegals, and support staff, and serves as a key strategic advisor to IHDA's business department on all aspects of operations. Ms. McClernon joined IHDA in 2022 and previously served as its Associate Corporate & Compliance Counsel. Prior to joining IHDA, she was a litigation attorney for several years, both in private practice and for Chicago Public Schools. She also served as an associate general counsel in the Office of the Governor and as the Chief Ethics Officer for the

State of Illinois. Ms. McClernon received her J.D. from the University of Chicago Law School and her Bachelor of Arts degree in History and Anthropology from the College of William & Mary.

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

THE PRIVATE PARTICIPANTS

The following information under this heading has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is Island Terrace 4% Preservation Associates Limited Partnership, an Illinois limited partnership, a single asset entity formed for the specific purpose of acquiring, developing, financing, owning, and operating the Project. The general partner of the Borrower is POAH Island Terrace 4%, LLC, an Illinois limited liability company (the “General Partner”), which has a 0.01% ownership interest in the Borrower. MCI Island Terrace 4, LLC, an Indiana limited liability company (the “Investor Limited Partner”), owns a 99.99% interest in the Borrower. Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation (the “Sponsor”), is the manager of the General Partner and has a 79% ownership interest in the General Partner. The Community Builders, Inc., a Massachusetts nonprofit corporation, has a 21% ownership interest in the General Partner and is a passive member.

Investor Limited Partner

Simultaneously with the issuance of the Illinois Housing Development Authority Multifamily Housing Revenue Bonds, Series 2023 (Island Terrace) (the “Series 2023 Bonds”), the General Partner and the Investor Limited Partner entered into an Amended and Restated Agreement of Limited Partnership of the Borrower pursuant to which the Investor Limited Partner acquired its 99.99% ownership interest in the Borrower. Pursuant to this agreement, the equity funding arrangements for the funding of the tax credit equity are expected to be in the total amount set forth under “THE PROJECT — Plan of Financing” herein paid in stages during and after rehabilitation of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Limited Assets and Obligation of Borrower, General Partner and Investor Limited Partner

The Borrower and the General Partner have no substantial assets other than the Project and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the General Partner, the Investor Limited Partner, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Note to be applied to

pay the principal of and interest on the Bonds, subject to certain customary recourse carve-outs. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

The Developer

The developer is Preservation of Affordable Housing LLC, a Massachusetts limited liability company (the "Developer"). The Developer was started in 2001 and has more than 23 years of experience in affordable housing development. The Developer has developed 13,000 units in 11 states. The Sponsor is the sole member and manager of the Developer.

The Architect

The architect for the Project is LBBA Ltd., an Illinois corporation (the "Architect"). The Architect is not an affiliate of the Sponsor or Developer. The Architect has been a licensed architect for more than 30 years and has been the principal architect for approximately 100 multifamily developments with an excess of 2,500 units throughout Missouri, Wisconsin, Illinois and Michigan.

The General Contractor

The general contractor for the Project is Walsh/GMA JV IV, an Illinois joint venture (the "General Contractor"). The General Contractor is not an affiliate of the Developer. The General Contractor and its affiliated construction companies have been constructing and rehabilitating multifamily rental housing developments for over 30 years and have constructed over 100 projects, with nearly 20,000 units.

The Property Manager

The Project is managed by POAH Communities LLC or its affiliates (collectively, the "Property Manager"). The Property Manager is an affiliate of the Developer. The Property Manager has been involved in the management of apartment complexes since 2002. The Property Manager currently manages more than 100 apartment complexes comprising a total of approximately 13,000 units throughout the United States. The Property Manager was formed in 2002.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The project is the construction, rehabilitation and/or equipping of a multifamily residential development known as Island Terrace 4%, located at 6430 South Stony Island in Chicago, Illinois, Units 1-A to 1-O within the Island Terrace Condominium (the "Project").

The Island Terrace Condominium was created pursuant to a Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws for Island Terrace Condominium (the "Condo Declaration") executed and recorded by POAH Island Terrace, LLC (the "Declarant") and amended by the Borrower and Island Terrace 9% Preservation Associates Limited Partnership (the "9% Owner"). The Condo Declaration initially created two units within the high-rise apartment building at 6430 South Stony Island Avenue in Chicago, Illinois, known as Island Terrace Apartments: (i) Unit 1, consisting

of 180 residential rental units for market, moderate-income (earning 80% or less of area median gross income), low-income (earning 60% or less of area median gross income), very low-income (earning 50% or less of area median gross income), and extremely low-income (earning 30% or less of area median gross income) persons and families, all located on the 3rd through 17th floors of the building (“Unit 1”), which comprises the Project; and (ii) Unit 2, consisting of 60 residential rental units for a similar mix of market and low-income tenants, and 1 manager’s unit, all located on the 18th through 22nd floors of the building (“Unit 2” or the “9% Project”). The Condo Declaration will be amended to divide Unit 1 into 15 condominium units, each consisting of 12 residential rental units and located on a floor of the building (floors 3 through 17) (the “4% Units”). The Borrower will continue to own and operate the 4% Units, and the 9% Owner will continue to separately own and finance Unit 2, which may also be further divided pursuant to the amendment of the Condo Declaration, and neither the Project nor the 9% Project will be cross-collateralized or cross-defaulted, but collectively, the Project and the 9% Project form the Island Terrace housing development (total 240 dwelling units for rent; the one (1) manager’s unit has been converted to a rental unit).

The following unit mix, Plan of Financing, Project Regulation, and HAP Contract information provided hereafter relates solely to the Project, and is separate and distinct from the unit mix, financing, project regulation, and rental assistance for the 9% Project. Neither the Borrower’s financing for the Project nor the financing for the 9% Project will be cross-collateralized or cross-defaulted, and there will be separate owner/architect, owner/contractor, and owner/property management agreements for the Project and the 9% Project, among others.

Island Terrace’s common area improvements will include: an office, a lounge with a kitchen, office equipment for tenant use, and meeting rooms. Site amenities include: playground areas for various ages of children and families and landscaped courtyard. There will be 91 parking spaces for building use only.

The unit mix and approximate square footage for the units of the Project will be as follows:

Unit Type	Average Square Feet	Number of Units
1 bedroom 1 bath	650	60
2 bedroom 1 bath	880	90
3 bedroom 1 bath	980	<u>30</u>
TOTAL		180

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Plan of Financing

The estimated sources and uses of funds for the Project are projected to be approximately as follows:

Sources of Funds*

Series 2026 Bond Proceeds	\$20,000,000.00
Series 2023 Bond Proceeds (Par)	41,878,000.00
Series 2023 Bond Proceeds (Premium)	1,121,074.06
FHA Insured Mortgage Loan	17,152,000.00
LIHTC Proceeds ¹	44,654,434.00
City of Chicago Loans	16,775,000.00
CAHGP Loan	11,175,000.00
Seller Note	4,088,701.00
Second POAH Loan	13,713,779.33
General Partner Equity	100.00
Interest Earnings	9,200,000.00
Cash Flow from Operations	1,456,927.00
Soft Loan Interest During Construction	2,854,010.00
ComEd Loan	466,912.00
Deferred Developer Fee	<u>6,450,000.00</u>
Total	<u>\$190,985,937.39</u>

Uses of Funds*

Acquisition Costs	\$29,656,600.00
Construction Costs, including Contingency	55,000,000.00
Soft Costs	35,162,185.33
Reserves	1,418,078.00
Developer Fee	300,000.00
Deferred Developer Fee	6,450,000.00
Repayment of Series 2026 Bond Par	20,000,000.00
Repayment of Series 2023 Bonds	<u>42,999,074.06</u>
Total	<u>\$190,985,937.39</u>

¹A portion of the tax credit equity is expected to be initially funded using an equity bridge loan (the "Bridge Loan"), which will then be repaid pursuant to a promissory note in favor of Merchants Bank of Indiana, an Indiana corporation (the "Bridge Lender"), and an equity bridge loan (the "POAH Loan"), which will then be repaid pursuant to a promissory note in favor of the Sponsor.

All costs of issuance of the Bonds, including the underwriter's fee, will be paid by the Borrower.

The Bridge Loan. The Project is utilizing an equity bridge loan in the principal amount of \$29,203,028* (the "Bridge Loan"). The Bridge Loan proceeds are disbursed by the Bridge Lender to the Borrower based upon approved advances. Such advances are evidenced by a promissory note (the "Bridge Note") from the Borrower to the Bridge Lender and are repayable out of Tax Credit Equity and secured by various collateral assignments. The Bridge Note has a term of approximately 4 years and 2 months* and bears interest at a rate of 2.75%* per annum over the index rate with a floor rate of 3.25%*, with interest-only payments due during its term and annual principal and interest not otherwise paid, due at maturity.

* Preliminary; subject to change.

The POAH Loan. The Project is utilizing an equity bridge loan in the principal amount of \$5,000,000* (the “POAH Loan”) from the Sponsor. The POAH Loan proceeds are disbursed by the Sponsor to the Borrower based upon approved advances. Such advances are evidenced by a promissory note (the “POAH Note”) from the Borrower to the Sponsor and are repayable out of Tax Credit Equity and secured by various collateral assignments in subordinate priority to the Bridge Loan. The POAH Note has a term of approximately 2.5 years* and bears interest at a rate of 5.00% per annum, with interest-only payments due during its term and annual principal and interest not otherwise paid, due at maturity.

The FHA Insured Mortgage Loan. The Project is utilizing a mortgage loan (the “FHA Insured Mortgage Loan”) insured by the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. The FHA Insured Mortgage Loan closed simultaneously with the issuance of the Series 2023 Bonds with a construction term of approximately 2.5 years and a permanent term of 40 years.

The FHA Insured Mortgage Loan is in the original principal amount of \$17,152,000* and bears interest at the rate of 6.17% per annum during its construction term and 6.17% per annum during its permanent term. The FHA Insured Mortgage Loan proceeds are disbursed by the FHA Lender to the Borrower based upon approved advances. Such advances are evidenced by the FHA Note, secured by the Mortgage on the Project, and the FHA Lender issues, with respect to the FHA Note, fully amortized mortgage-backed securities (“GNMA Securities”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”). The FHA Insured Mortgage Loan is interest-only during its construction term and then annual principal and interest will be amortized over 40 years.

The Low Income Housing Tax Credit Proceeds. Upon the issuance of the Series 2023 Bonds, the Investor Limited Partner acquired a 99.99% ownership interest in the Borrower in exchange for funding tax credit equity in installments to the Borrower. Pursuant to the Borrower’s partnership agreement, as amended, the funding of the Federal Low Income Housing Tax Credit equity will total approximately \$44,654,434*, with an initial capital contribution of \$6,365,293*. The amounts and the timing of each installment are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The City of Chicago Loan. The Project is utilizing a loan in the principal amount of \$13,775,000* (the “City Loan”). The obligation to repay the City Loan is set forth in a promissory note (the “City Note”) from the Borrower to the City of Chicago (the “City”) and is repayable at maturity. The City Note is secured by a subordinate mortgage against the Project subordinate to the FHA Insured Mortgage Loan. The City Note has a term of 43 years and bears interest at a rate of 4.75% per annum, with principal and interest not otherwise paid, due at maturity.

The CAHGP Loan. The Project is utilizing a COVID-19 Affordable Housing Grant Program sponsor loan in the principal amount of \$11,175,000* (the “CAHGP Loan”). The obligation to repay the CAHGP Loan is set forth in a promissory note (the “CAHGP Note”) from the Borrower to the Sponsor (the “CAHGP Lender”) and is repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The CAHGP Note is secured by a subordinate mortgage against the Project subordinate to the FHA Insured Mortgage Loan. The CAHGP Note has a term equal to that of the FHA

* Preliminary; subject to change.

Insured Mortgage Loan and bears interest at a rate of 4.75% per annum, with annual principal and interest not otherwise paid, due at maturity.

The Second City of Chicago Loan. The Project is also expected to utilize a loan in the principal amount of \$3,000,000* (the “Second City Loan”) to be made available in 2027, subject to appropriation, if necessary. The obligation to repay the Second City Loan will be set forth in a promissory note (the “Second City Note”) from the Borrower to the City and is repayable at maturity. The Second City Note will be secured by a subordinate mortgage against the Project subordinate to the FHA Insured Mortgage Loan. The Second City Note is expected to have a term of 43 years and bear interest at a rate of 4.75%* per annum, with principal and interest not otherwise paid, due at maturity.

The Seller Loan. The Project is utilizing a seller financing loan in the principal amount of \$4,088,701* (the “Seller Loan”). The obligation to repay the Seller Loan is set forth in a promissory note (the “Seller Note”) from the Borrower to POAH Island Terrace, LLC (the “Seller”) and is repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Seller Note is secured by a subordinate mortgage against the Project subordinate to the FHA Insured Mortgage Loan. The Seller Note has a term equal to that of the FHA Insured Mortgage Loan and bears interest at a rate of long-term annual AFR the month of the closing of the Series 2023 Bonds, with annual principal and interest not otherwise paid, due at maturity.

The ComEd Loan. The Project is utilizing a sponsor loan in the principal amount of \$466,912* (the “ComEd Loan”). The obligation to repay the ComEd Loan is set forth in a promissory note (the “ComEd Note”) from the Borrower to the Sponsor and is repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The ComEd Note is secured by a subordinate mortgage against the Project subordinate to the FHA Insured Mortgage Loan. The ComEd Note has a term equal to that of the FHA Insured Mortgage Loan and bears interest at a rate of 3% per annum, with annual principal and interest not otherwise paid, due at maturity.

The Second POAH Loan. The Project will utilize a sponsor loan in the principal amount of \$13,713,779.33* (the “Second POAH Loan”) from the Sponsor. The obligation to repay the Second POAH Loan will be set forth in a promissory note (the “Second POAH Note”) from the Borrower to the Sponsor and is repayable at maturity. The Second POAH Note will be secured by a subordinate mortgage against the Project subordinate to the FHA Insured Mortgage Loan. The Second POAH Note will have a term of 43 years* and bear interest at a rate of 5.00%* per annum, with principal and interest not otherwise paid, due at maturity.

Cash Flow from Operations. The Project is utilizing surplus cash flow received from the operation of the Project in the amount of \$1,456,927* as a source of funding.

Deferred Developer Fee. The Project is utilizing a deferred developer fee in the amount of \$6,450,000* as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operation of the Project.

* Preliminary; subject to change.

The sources and uses of funds to be applied under the Indenture are projected to be approximately as follows:

Sources of Funds:*	
Bond Proceeds (Par)	\$
Total	<u>\$</u>
 Uses of Funds:*	
Project Fund	<u>\$</u>
Total	<u>\$</u>

Project Regulation

The Borrower intends to rehabilitate and operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Issuer and the Trustee will enter into the Tax Regulatory Agreement. Under the Tax Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period, the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). The Qualified Project Period commences on the later of the Closing Date or the first day on which at least 10% of the units are occupied and continues until the latest of (a) the date which is fifteen (15) years after the later of the Closing Date or the date on which at least ten percent (10%) of the units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bonds with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. The failure of the Borrower to comply with the Tax Regulatory Agreement could cause interest on the Bonds to be included in gross income for federal income tax purposes. See APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT.

The Project is also encumbered by an Extended Use Agreement required by Section 42 of the Code relating to tax credits, as may be amended, which (a) restrict the income levels of 100% of the tax credit units in the Project to amounts not greater than 80% of the area median income adjusted for family size, and (b) restrict the rents which may be charged to the tenants for occupancy of tax credit units in the Project to not more than 30% of the applicable area median income limitation for such unit, adjusted for family size. Additional restrictions are imposed on the Project pursuant to the Section 8 Use Agreement entered into by the Borrower in connection with the HAP Contract.

Additional restrictions are imposed on the Project pursuant to the IHDA Regulatory Agreements entered into by the Borrower in connection with the Series 2023 and Series 2026 Bonds.

Additional restrictions are imposed on the Project pursuant to the HUD Regulatory Agreement entered into by the Borrower in connection with the FHA Insured Mortgage Loan.

Additional restrictions are imposed on the Project pursuant to the Regulatory Agreement (CDBG Loan) entered into by the Borrower in connection with the City Loan.

Additional restrictions are imposed on the Project pursuant to the Regulatory Agreement (CAHGP) entered into by the Borrower in connection with the CAHGP Loan.

* Preliminary; subject to change.

Additional restrictions are imposed on the Project pursuant to the Partially Assigned and Amended and Restated Land Use Restriction Agreement between Sponsor, Seller, and Borrower in connection with an existing Capital Magnet Funds loan received by the Seller from the Sponsor.

Additional restrictions may be imposed on the Project pursuant to a regulatory agreement to be entered into by the Borrower in connection with the Second City Loan.

HAP Contract

The Borrower receives the benefit of a Section 8 Housing Assistance Payment Contract (the “HAP Contract”) covering 99 of the 180 apartment units for rent at the Project.

Funding under the HAP Contract is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the “Section 8 Program”) is authorized by Section 8 of the United States Housing Act of 1937, as amended, and Section 8 housing assistance payments contracts are administered by contract administrators selected by HUD. The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Renewals of Section 8 HAP Contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended (“MAHRA”). Section 8 housing assistance payments generally represent the difference between the “contract rent” for the unit approved by HUD and the eligible tenant’s contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in the HAP Contract, as renewed pursuant to MAHRA, are the “contract rents” for the Project. The HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters. If the Borrower fails to comply with the terms of the HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the HAP Contract, or take other sanctions. Funding for HAP contracts is generally appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contract. Since payments received under the HAP Contract constitute a primary source of revenues for the Project, the expiration of the HAP Contract without renewal, or the failure of Congress to appropriate funds sufficient to fund the HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest of the FHA Insured Mortgage Loan.

THE BONDS

General

The Bonds will be dated, will be payable in the amounts and on the dates, will bear interest (computed on the basis of a 360-day year consisting of 12 30-day months) at the rates, and will mature as described on the cover page. The Bonds will be issued as fully registered bonds in book entry form and book entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 or any integral multiple of \$1,000 in excess thereof.

The Trustee, in its capacity as Registrar, will keep all books and records necessary for registration, exchange and transfer of the Bonds.

Discussion of the Bonds being issued only under the Book Entry System is provided below. Details regarding the procedures for and manner of payment, issuance, exchange and transfer of the Bonds if ever issued in certificated form as provided in the Bond proceedings are also stated below.

Book Entry System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but the Borrower takes no responsibility for the accuracy thereof.

The Depository Trust Company, Brooklyn, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or Holder of the Bonds.

Owners of book entry interests in the Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the book entry interest owner) is in turn to be recorded on the Direct and Indirect Participant's records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic

statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued (see “Revision of Book Entry System; Replacement Bonds”).

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in actual ownership. DTC has no knowledge of the book entry interest owners (or beneficial owners) of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the book entry interest owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and debt service payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the book entry interest owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. See “Revision of Book Entry System; Replacement Bonds.”

Direct Participants and Indirect Participants may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.

The Issuer, the Borrower and the Trustee have no role in the purchases, transfers or sales of book entry interests. The rights of book entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

The Issuer, the Borrower and Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Issuer and the Borrower cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book entry interest owners payments of debt service on the Bonds made to DTC as the registered owner, or any notices, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Revision of Book Entry System; Replacement Bonds

Replacement Bonds may be issued directly to beneficial owners of Bonds other than a Depository, or its nominee, but only in the event that (i) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Issuer and the Trustee); or (ii) the Issuer has advised a Depository of its determination (which determination is conclusive as to the Depository and beneficial owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (iii) the Issuer has determined (which determination is conclusive as to the Depository and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Issuer and the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Issuer and the Borrower fail to locate another qualified securities depository to replace the Depository, the Issuer and the Borrower, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds as shown on the records of the Depository provided to the Issuer. In the event that the Issuer makes the determination noted in (ii) or (iii) above (*provided* that the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any such determination), the Issuer shall make provisions to notify the beneficial owners of Bonds of such determination by mailing an appropriate notice to the Depository.

Upon the written consent of one hundred percent (100%) of the beneficial owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (i) the requirements in the Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository

as to registering or transferring the book entry to produce the same effect and (ii) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of the Indenture to the contrary.

The Trustee and the Issuer shall enter into a letter of representation with a Depository to implement the Book Entry System of bond registration described above.

Redemption of Bonds

(a) **Optional Redemption.** The Bonds are subject to optional redemption prior to their maturity, at direction of the Authorized Borrower Representative (with notice to the Issuer and with the consent of the Investor Limited Partner), either in whole or in part on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Trustee, and (ii) the Initial Mandatory Tender Date at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption. On each redemption date the Trustee shall transfer to the Paying Agent, but only from and to the extent of funds held by the Trustee hereunder available for such purpose, an amount sufficient to pay the redemption price of all Bonds or portions thereof to be redeemed on such redemption date. Notwithstanding the foregoing, the Bonds shall not be subject to optional redemption pursuant to the Indenture until the Trustee and Investor Limited Partner receive a certificate from the Borrower stating that (i) the last building in the Project has been placed in service for purposes of Section 42 of the Code and (ii) at least 50% of the aggregate basis in the land and buildings of the Project have been financed or will be financed with the proceeds of the Bonds.

(b) **Mandatory Redemption.** The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth in the Indenture, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Central Standard Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Available Moneys available or made available for such purpose at the direction of the Borrower.

(c) **Purchase in Lieu of Redemption.** At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Remarketing Agent or Underwriter given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of the bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any prepayment fee, if due, and shall be payable on the date of the redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

(d) Any notice of optional redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds are not received by the Trustee on or prior to the redemption

date, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

(e) At the election of the Authorized Borrower Representative, upon a redemption in whole of the Bonds, by written notice to the Trustee given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Authorized Borrower Representative.

(f) The Trustee shall pay the redemption price of Bonds, or the purchase price from Bonds deemed to be tendered pursuant to subsection (e), from the following sources in the following priority: (i) amounts on deposit in the Collateral Fund and the Bond Fund (other than funds in the Negative Arbitrage Account therein) and (ii) any other Available Moneys available or made available for such purpose at the direction of the Authorized Borrower Representative.

Mandatory Tender

(a) The Bonds are subject to mandatory tender in whole and not in part on the Mandatory Tender Date and shall be purchased at a price equal to 100 percent of the principal amount of such Bonds, plus accrued interest, if any to the Mandatory Tender Date, and without premium. No later than 10:00 a.m., Central time, on the Mandatory Tender Date, the Holders shall deliver the Bonds to the Trustee. Unless an Extension Payment has been delivered pursuant to the Remarketing Agreement, the Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Central time on the Mandatory Tender Date, in the following priority; (i) amounts representing proceeds of remarketed Bonds received pursuant to the Indenture, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase, (ii) amounts on deposit in the Collateral Fund and the Project Fund, to pay the principal amount of Bonds tendered for purchase, (iii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase, and (iv) any other Available Moneys available or made available for such purpose at the direction of the Authorized Borrower Representative.

(b) In the event that the conditions set forth in the Indenture are not satisfied and/or the Trustee shall not have received remarketing proceeds on the Mandatory Tender Date equal to the principal amount of the Bonds outstanding on such date, the Bonds shall be purchased in whole on the Mandatory Tender Date using amounts on deposit in the Collateral Fund, the Project Fund, the Bond Fund (other than funds in the Negative Arbitrage Account therein) and any other Available Moneys available or made available for such purpose at the direction of the Borrower, and, immediately following such purchase, the Bonds shall be deemed redeemed (in accordance with the Indenture) on the Mandatory Tender Date and cancelled by the Trustee.

(c) Not less than 30 days before the Mandatory Tender Date, the Trustee shall give written notice of tender and remarketing to the Holders by first class mail, postage prepaid, at their respective addresses appearing on the Register. The notice shall state the Mandatory Tender Date and that:

(1) all Outstanding Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date and must be tendered for purchase on the Mandatory Tender Date;

(2) all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(3) Holders will not have the right to elect to retain their Bonds and any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date; and

(4) the address of the office of the Trustee at which Holders should deliver their Bonds for purchase on the Mandatory Tender Date.

If notice is given as stated in this section, failure of any Holder to receive such notice, or any defect in the notice, shall not affect the remarketing or the validity of the proceedings for the remarketing of the Bonds.

Duties of Remarketing Agent

The Remarketing Agent shall do the following in connection with the remarketing of the Bonds:

(a) Unless otherwise directed in writing by the Authorized Official, not less than ten (10) days before the Mandatory Tender Date, the Remarketing Agent shall offer for sale and use its best efforts to sell Bonds on the Mandatory Tender Date at a price equal to 100 percent of the principal amount of such Bonds plus accrued interest, if any.

(b) (1) From and after the Mandatory Tender Date, the Bonds shall bear interest at the Remarketing Rate determined pursuant to this subsection. Any Remarketing Rate determined by the Remarketing Agent and taking effect pursuant to the Indenture for a Remarketing Period shall be conclusive and binding for the purposes of the Indenture upon the Trustee, the Issuer, the Borrower, and the Holders.

(2) The Remarketing Agent shall determine the Remarketing Rate on or before the Mandatory Tender Date to be effective to a new Mandatory Tender Date selected by the Authorized Borrower Representative with the consent of the Remarketing Agent or the Maturity Date, as applicable. The Remarketing Rate shall be the minimum rate of interest necessary, in the professional judgment of the Remarketing Agent, taking into consideration prevailing market conditions, to enable the Remarketing Agent to remarket all of the Bonds outstanding on the Mandatory Tender Date at par for the period beginning on the Mandatory Tender Date and ending on such new Mandatory Tender Date or the Maturity Date, as applicable.

(3) Immediately upon determining the Remarketing Rate, the Remarketing Agent shall give notice to the other Remarketing Notice Parties. In no event shall the Remarketing Agent give its notice later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate.

Conditions Precedent to Remarketing of Bonds

(a) The remarketing of the Bonds on the Mandatory Tender Date is subject to the satisfaction of each of the following conditions precedent not less than four Business Days before the Mandatory Tender Date:

(1) The Remarketing Notice Parties have received notice from the Borrower no fewer than 30 days prior to the Mandatory Tender Date that the Borrower elects to cause the Bonds to be remarketed.

(2) The Trustee has received notice from the Remarketing Agent that all of the Bonds have been remarketed and that the proceeds from the remarketing are expected to be available to the Trustee on the Mandatory Tender Date and deposited into the Bond Fund in an amount equal to the principal amount of the Bonds.

(3) The Trustee has received written notice from the Issuer that the Issuer has approved as to form and substance any disclosure document or offering materials which, in the opinion of counsel to the Issuer and the Remarketing Agent, are necessary to be used in connection with the remarketing of the Bonds.

(4) The Trustee has received written notice from the Remarketing Agent that the Remarketing Agent has received written confirmation from the Rating Agency that the then current rating assigned to the Bonds will continue to be effective on the Mandatory Tender Date.

(5) The Trustee has received an opinion of Bond Counsel to the effect that the remarketing of the Bonds will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(6) The Trustee has received an amount necessary to cover negative arbitrage, if any, in connection with remarketed Bonds as determined by the Remarketing Agent, through the Maturity Date or some other date as set by the Remarketing Agent.

(7) The Trustee and the Remarketing Agent have received a preliminary Cash Flow Projection with respect to the proposed Remarketing Period.

(b) If the conditions set out in subsection (a) are satisfied, the Trustee shall immediately give notice to the other Remarketing Notice Parties stating that (i) all conditions precedent to the remarketing of the Bonds have been satisfied and (ii) the remarketing and settlement of the Bonds is expected to occur on the Mandatory Tender Date.

(c) Remarketing Costs. The costs of remarketing of the Untendered Bonds (as defined in the Indenture) shall be paid by the Borrower.

Remarketing of Bonds

Each Holder must deliver its Bonds to the Trustee for purchase not later than 10:00 a.m., Central time, on the Mandatory Tender Date. Bonds received by the Trustee shall be held by the Trustee in trust for the tendering Holders pending receipt of funds for the payment of such Bonds.

Any Bond which is not tendered on the Mandatory Tender Date (an "Untendered Bond") will be deemed to have been tendered to the Trustee as of such Mandatory Tender Date, and, from and after such

Mandatory Tender Date shall cease to bear interest and no longer will be considered to be outstanding. In the event of a failure by owners to deliver Bonds on the Mandatory Tender Date, such Holders will not be entitled to any payment (including any interest to accrue from and after the Mandatory Tender Date) other than the purchase price for such Untendered Bond, and any Untendered Bond will no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price for such Untendered Bond.

The Remarketing Agent shall give notice to the Remarketing Notice Parties no fewer than four (4) days prior to the Mandatory Tender Date specifying the names, addresses and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which it has found purchasers. The Remarketing Agent shall instruct such purchasers to deliver to the Trustee, no later than 11:00 a.m., Central time, on the Mandatory Tender Date, in immediately available funds, remarketing proceeds to the extent the Bonds have been successfully remarketed. Upon receipt by the Trustee of such amount from such purchasers, the Trustee shall transfer the registered ownership of the Bonds to the respective new purchasers and deliver such Bonds to such purchasers. Moneys deposited with the Trustee for the purchase of Bonds shall be held in trust in the Bond Fund and shall be paid to the tendering Holder upon presentation of its Bonds at the designated office of the Trustee.

The Trustee shall promptly give notice by registered or “certified first class” mail, postage prepaid, to each Holder of Bonds whose Bonds are deemed to have been purchased stating that interest on such Bonds ceased to accrue on the date of purchase and that moneys representing the purchase price of such Bonds are available against delivery of such Bonds at the designated office of the Trustee.

Notice of Redemption

Not less than 20 days prior to the redemption date, the Trustee shall give written notice of redemption to the Holders (with a copy to the Borrower, the Investor Limited Partner and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register. The notice shall state: (1) the redemption date, (2) the redemption price, (3) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price of each such Bond will become due and payable to the extent of funds on deposit with the Trustee for that purpose, and that interest on the principal amount of each such Bond to be redeemed shall cease to accrue on such date, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Trustee designated in such notice, and (6) such additional information as the Trustee or the Issuer shall deem appropriate.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given under the Indenture shall contain the information required above for an official notice of redemption and in addition (i) the complete official title, including series designation, delivery date, interest rate and maturity date of each Bond being redeemed, (ii) the certificate and CUSIP number of each such Bond, if applicable, and, in the case of a partial redemption, the amount of the principal represented by each such certificate that is being redeemed, (iii) the date of mailing of official notice of redemption, and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed. Further notices of redemption shall be sent by first class mail.

Further notices of redemption shall be sent by first-class mail or overnight delivery service, postage prepaid, to any Holder owning, on the date such notice is sent, Bonds in the aggregate principal amount of \$1,000,000 or more.

If the Bonds are not then being held under a book entry system, each further notice of redemption shall be sent at least 30 days before the redemption date by first class mail or overnight delivery service to the Securities Depositories and to Information Services. The further notice of redemption sent to the Securities Depositories pursuant to the preceding sentence shall be sent at such time as shall insure that such notice is received at least two Business Days before official notice of such redemption is received.

A second notice of redemption shall be sent by the same means as the first such notice not later than 60 days after the redemption date to any Holder who shall not have presented for payment the Bond or Bonds called for redemption within 30 days after such date.

In the event the Bonds are called for redemption under circumstances resulting in discharge of the Indenture more than 90 days before the redemption date, additional official and further notice of redemption satisfying the requirements of the Indenture shall be given not less than 30 days nor more than 60 days prior to such redemption date.

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

Any notice of the optional redemption of Bonds may state that such notice is conditional and that if the conditions for redemption of such Bonds on the scheduled redemption date are not satisfied (including the availability of funds sufficient to redeem such Bonds), such Bonds will not be redeemed on such date and any Bonds tendered for payment on such date will be returned to the Holders thereof.

Notwithstanding the foregoing, as long as the Bonds are held in Book Entry Form, notice of redemption shall be given in accordance with the requirements of the Depository.

Notice of redemption having been given as aforesaid, subject to the conditionality of such notice and except as provided below, the principal amount of the Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Issuer shall default in the payment of the redemption price) such principal amount of the Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof to the extent that money is on deposit with the Registrar for that purpose. Neither the failure of a Holder to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for such redemption. If any Bond called for redemption shall not be so paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

If any Bond is to be redeemed only in part, it shall be surrendered to the Registrar (with, if the Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or its attorney duly authorized in writing) and the appropriate officers of the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same interest rate and of any Authorized Denomination or Authorized Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

Concerning the Remarketing Agent

The Remarketing Agent identified in the Indenture shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall provide to the Trustee its designated office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

- (a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Borrower and the Investor Limited Partner at all reasonable times; and
- (b) perform all of its functions and duties under the Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

Qualification of Remarketing Agent

The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$15,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$15,000,000, and shall be authorized by law to perform all the duties imposed upon it by the Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partner and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor. Upon receiving such a notice of resignation or upon such a termination, or in case at any time the Remarketing Agent shall cease to be eligible under this section, the Issuer may appoint a successor Remarketing Agent. The Issuer shall give written notice of appointment of a successor Remarketing Agent to the Borrower, the Trustee and the Registrar.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

At all times, the Bonds will be secured by Eligible Investments and Available Moneys sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Mandatory Tender Date, as further described herein.

To the extent provided in and except as otherwise permitted by the Indenture, (i) the Bonds will be special obligations of the Issuer and the Bond Debt Service Charges thereon shall be payable equally and ratably solely from the Issuer Revenues, including, but not limited, to moneys and investments in the Special Funds, (ii) the payment of Bond Debt Service Charges on the Bonds shall be secured by the assignment of Issuer Revenues under and by the Indenture, and (iii) payments due on the Bonds also shall

be secured by the Note. Issuer Revenues include the payments required to be made by the Borrower under the Loan Agreement and the Note; all other moneys received or to be received by the Issuer or the Trustee for the account of the Issuer with respect to repayment of the Loan; moneys and investments in or allocated to the Special Funds; and the income and profit from the investment of the foregoing moneys.

The Issuer has directed the Trustee to fund the Collateral Fund pursuant to the terms of the Indenture. Pursuant to the Indenture, to the extent funds available in the Bond Fund on any Loan Payment Date are insufficient to pay Bond Debt Service Charges on any Bond Payment Date, funds on deposit in the Initial Deposit Account of the Bond Fund, the Collateral Fund and the Project Fund will be transferred to the Trustee to pay the Bond Debt Service Charges. Amounts so transferred from the Special Funds shall be a credit to the Borrower against the Loan Payments due pursuant to the Loan Agreement and the Note.

The funds on deposit in the Special Funds will be invested in Eligible Investments. It is expected that there will be no fees of the Issuer, or the Trustee payable from the Issuer Revenues.

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 Issuer, the State or any political subdivision of the State within the meaning of any constitutional or statutory provisions. Neither the Issuer, 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 Issuer, 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 Issuer 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 Issuer as being required to pay debt service on its bonds because insufficient moneys are available for such purpose, shall not apply to the Bonds.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and has not been independently verified. No representation whatsoever as to the accuracy, adequacy or completeness of such information is being made.

Zions Bancorporation, National Association, will act as Trustee pursuant to the Indenture. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the Bonds, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest on the Bonds, or the investment quality of the Bonds. Except for the contents in this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement.

CERTAIN BONDHOLDERS' RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below. The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Note, and from amounts on deposit in the Special Funds and the projected interest earnings thereon. The Borrower's obligation to make payments pursuant to the Loan Agreement and the Note are nonrecourse obligations with respect to which the Borrower and its members have no personal liability (except as otherwise provided in the Note) and as to which the Borrower and its members have not pledged any of their respective assets.

General

Payment of the Bond Debt Service Charges, and the Borrower's obligations with respect to the Bond Debt Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and moneys deposited into the Collateral Fund and the Bond Fund, including the Initial Deposit Account held in the Bond Fund, and the projected interest earnings thereon. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except moneys in the Special Funds and the projected interest earnings thereon, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. Funds on deposit in the Special Funds and the projected interest earnings thereon will be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

The Bonds are not secured by the FHA Insured Mortgage Loan, any GNMA Securities, the Project or any mortgage on the Project. Investors should look exclusively to amounts on deposit in the Special Funds under the Indenture and the projected interest earnings thereon as the source of payment of debt service on the Bonds.

Issuer Limited Liability

The Bonds will not be insured or guaranteed by any governmental entity or by the Issuer or any member or program participant of the foregoing. The Holders will have no recourse to the Issuer in the event of an Event of Default on the Bonds. The Trust Estate (as defined in the Indenture) for the Bonds will be the only source of payment on the Bonds.

Enforceability of Remedies upon an Event of Default

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Tax Regulatory Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Tax Exemption

In the event the Borrower does not maintain the Project as a “qualified residential rental project” for the Qualified Project Period, the interest on the Bonds may be or become taxable from the date of original issuance to the Holders for federal income tax purposes. Such an event will not constitute an immediate default under the Loan and is not the basis for an increase in the rate of interest payable on the Bonds or give rise to the payment to the owners of the Bonds of any amount denoted as “supplemental interest,” “additional interest,” “penalty interest,” “liquidated damages” or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the event which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the owners of the Bonds.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist. The Issuer has not and will not agree to provide any annual financial statements or other credit information of the Issuer or the Borrower to investors on a periodic basis.

Potential Impact of Pandemics or Public Health Crises

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project’s operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the construction and/or rehabilitation of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower’s ability to make payments on the loans and result in a default and acceleration thereof.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

NO LITIGATION

The Issuer

It is a condition precedent to the Underwriter’s obligation to purchase the Bonds on the Closing Date that the Issuer deliver a certificate to the effect that there is not now pending or, to the knowledge of the Issuer, threatened, any proceeding or litigation against the Issuer restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the validity of the Bonds or the

proceedings or authority under which the Bonds are to be issued, neither the creation, organization or existence of the Issuer nor the title of any of the present members or other officers of the Issuer to their respective offices is being contested, and there is no litigation against the Issuer pending or, to the knowledge of the Issuer, threatened, that in any manner questions the right of the Issuer to enter into the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the IHDA Regulatory Agreement or the Bond Purchase Agreement or to secure the Bonds in the manner provided in the Indenture and the Act.

The Borrower

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 operations or financial condition of the Borrower, the operation by the Borrower of the Project or the transactions contemplated by the Borrower Documents and the Preliminary Official Statement or would have an adverse effect on the validity or enforceability of the 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 Issuer pursuant to the Indenture or the Loan Agreement or the exclusion from gross income for federal income tax purposes;

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement (the “Bond Purchase Agreement”), among Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), the Issuer and the Borrower, the Underwriter has agreed to purchase the Bonds at the price set forth on the cover hereof. For its services relating to the transaction, the Underwriter will receive a fee of \$_____ plus \$_____, payable in immediately available funds on the Closing Date, from which the Underwriter shall pay certain fees and expenses relating to the issuance of the Bonds[, plus an additional amount of \$_____ (the “Underwriter’s Advance) for initial deposits established under the Indenture]. The Underwriter’s fee shall not include the fee of its counsel. [The Borrower will reimburse the Underwriter for the Underwriter’s Advance on or before the Closing Date.]

The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter will purchase all the Bonds, if any are purchased. Pursuant to the Bond Purchase Agreement, the Borrower has agreed to indemnify the Underwriter and the Issuer against certain civil liabilities, including liabilities under federal securities laws. It is intended that the Bonds will be offered to the public initially at the offering prices set forth on the cover page of this Official Statement and that such offering prices subsequently may change without any requirement of prior notice. The Underwriter may offer the Bonds to other dealers at prices lower than those offered to the public.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include securities sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Issuer and/or the Borrower and to persons and entities with relationships with the Issuer and/or the Borrower, for which they received or

will receive customary fees and expenses. The Underwriter is not acting as financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and/or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing, if any, of the Bonds on the Initial Mandatory Tender Date; conflicts of interest could arise.

TAX MATTERS

Legal matters incident to the excludability from gross income of interest on the Bonds are subject to the unqualified approving opinion of Chapman and Cutler LLP, Bond Counsel, Chicago, Illinois, whose opinion will be available at the time of delivery of the Bonds. It is anticipated that the opinion of Chapman and Cutler LLP will be in substantially the form attached to this Official Statement as Appendix B.

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Issuer and the Borrower have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Issuer and the Borrower with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Code. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Under the laws of the State of Illinois, as presently enacted and construed, the interest on the Bonds is exempt from the income tax imposed by the State of Illinois pursuant to the Illinois Income Tax Act. No opinion is expressed regarding taxation of interest on the Bonds under any other provisions of Illinois law. Ownership of the Bonds may result in other state or local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state or local taxes.

In rendering its opinion, Bond Counsel will rely upon certifications of the Issuer and the Borrower with respect to certain material facts within the Issuer's and the Borrower's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price for original issue discount and market discount purposes (the "OID Issue Price") for the Bonds is the price at which a substantial amount of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption, or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption, or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax exempt status of the interest thereon (see “TAX MATTERS”) are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. A copy of such opinion will accompany the Bonds and a draft of that opinion is attached hereto as Appendix B.

In rendering its approving opinion, Bond Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel will not have independently verified. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., for the Issuer by its General Counsel, Christina McClernon, Esq., and for the Borrower by its counsel, Applegate & Thorne-Thomsen, P.C., Chicago, Illinois.

RATING

Moody’s Investors Service, Inc. (the “Rating Agency”) has assigned to the Bonds the rating set forth on the cover hereof. The rating reflects only the views of the Rating Agency, and an explanation of the significance of such rating may be obtained from it. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward, suspended or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward change in, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Underwriter, the Borrower and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision, suspension or withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

Simultaneously with the issuance of the Bonds, the Borrower will execute and deliver a Continuing Disclosure Agreement pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). Financial statements and other operating data will be provided at least annually to the Municipal Securities Rulemaking Board (the “MSRB”) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (“EMMA”) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX F.

A failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker or dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price and the ability of the Issuer to issue and sell bonds in the future.

MISCELLANEOUS

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Loan Agreement, the Indenture, the Tax Regulatory Agreement and the IHDA Regulatory Agreement, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. After the Closing Date, copies of the Loan Agreement, the Indenture, the Note, the Tax Regulatory Agreement and the IHDA Regulatory Agreement may be obtained from the Trustee at its designated corporate trust office.

[Signature page to follow]

The Official Statement has been duly authorized, executed and delivered by the Borrower.

**ISLAND TERRACE 4% PRESERVATION ASSOCIATES
LIMITED PARTNERSHIP,**
an Illinois limited partnership

By: POAH Island Terrace 4%, LLC,
an Illinois limited liability company,
its general partner

By: Preservation of Affordable Housing, Inc.,
an Illinois not-for-profit corporation,
its manager

By: _____
Aaron Gornstein
President and CEO

APPENDIX A

DEFINITION OF CERTAIN TERMS

“9% Borrower Loan Documents” means any documents relating to the 9% Borrower Loans.

“9% Borrower Loans” means, collectively, the loans made to Island Terrace 9% Preservation Associates Limited Partnership to finance the acquisition, rehabilitation and/or equipping of the other condominium unit(s) in Island Terrace.

“Act” means the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended.

“Additional Payments” means the amounts required to be paid by the Borrower pursuant to the provisions of the Loan Agreement.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” or “Loan Agreement” means the Loan Agreement dated as of even date with the Indenture, between the Issuer and the Borrower and assigned by the Issuer, except for Unassigned Issuer’s Rights, to the Trustee, as amended or supplemented from time to time.

“Authenticating Agent” means the Trustee acting as such, or any other bank or trust company designated as an Authenticating Agent by or in accordance with the Indenture.

“Authorized Attesting Official” means the Secretary or an Assistant Secretary of the Board of the Issuer, or such other officer or official of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Borrower Representative” means the person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates.

“Authorized Denomination” means \$5,000, or any integral multiple of \$1,000 in excess thereof.

“Authorized Official” means any one or more of the Chairman, the Vice-Chairman, the Treasurer, the Executive Director (or in the absence of the Executive Director, the Deputy Executive Director), or the Assistant Treasurer of the Issuer, and any other officer of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Official is an Authorized Official until such time as such provider files with it a written certificate identifying a different person or persons to act in such capacity.

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

- (a) the proceeds of the Bonds (including any additional amount paid by the Underwriter to the Trustee as the purchase price of the Bonds);
- (b) moneys received by the Trustee representing advances to the Borrower of proceeds of the CAHGP Loan, proceeds of the Bridge Loan, proceeds of the POAH Loan, proceeds of the Second POAH Loan, proceeds of the ComEd Loan, proceeds of the City Loan, and proceeds of the Second City Loan;
- (c) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent to the Trustee as the remarketing price of the Bonds) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, or any Affiliate of either the Borrower or the Issuer);
- (d) any other amounts for which the Trustee has received an opinion of counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (e) the proceeds of any letter of credit;
- (f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy has occurred during such period; and
- (g) investment earnings derived from the investment of moneys described in (a) through (f).

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“Beneficial Owner” means, with respect to a Bond, the Person owning the beneficial ownership interest of the Bond.

“Board” means the Board of the Issuer.

“Bond Counsel” shall mean, collectively, Chapman and Cutler LLP, or any other attorney or firm of attorneys designated by the Issuer and approved by a Majority of the Holders of the Bonds and who has a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

“Bond Debt Service Charges” means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at the time whether due at maturity or upon redemption, mandatory redemption, mandatory tender or acceleration.

“Bond Fund” means the Bond Fund created in the Indenture.

“Bond Payment Date” means each Interest Payment Date and any other date Bond Debt Service Charges on the Bonds are due, whether at maturity, upon redemption, mandatory redemption, mandatory tender, acceleration or otherwise.

“Bond Resolution” means that certain Bond Resolution 2025-06-IHDA-____ of the Issuer relating to the Project, adopted by the Board on June ____, 2025.

“Bond Year” means each annual period of twelve months the first of which commences on the date of the original issuance and delivery of the Bonds and the last of which ends on the maturity of the Bonds, except that the first and last Bond Year may be less than twelve months.

“Bonds” means the Multifamily Housing Revenue Bonds, Series 2026 (Island Terrace) of the Issuer authorized in the Bond Resolution and the Indenture in an amount of \$20,000,000*.

“Book-Entry Form” or “Book-Entry System” means, with respect to the Bonds, a form or system, as applicable, under which (i) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (ii) the ownership of book entry interests in Bonds and Bond Debt Service Charges thereon may be transferred only through a book entry made by Persons other than the Issuer or the Trustee. The records maintained by Persons other than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book entry interests in the Bonds and Bond Debt Service Charges thereon.

“Borrower” means Island Terrace 4% Preservation Associates Limited Partnership, an Illinois limited partnership, and its lawful successors and assigns to the extent permitted by the Loan Agreement.

“Borrower Documents” has the meaning given to such term in the Loan Agreement.

“Bridge Lender” means Merchants Bank of Indiana, a corporation organized and existing under the laws of Indiana, and its successors and assigns, as maker of a bridge loan to the Borrower.

“Bridge Loan” means the equity bridge loan from the Bridge Lender to the Borrower in the principal amount of \$29,203,028*.

“Business Day” means a day of the week, other than a Saturday or a Sunday, on which commercial banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed. Unless specifically referred to herein as a Business Day, all references in the Indenture to “day” or “days” shall be to calendar days.

“CAHGP Loan” means the loan in the original principal amount of \$11,175,000* from the Sponsor to the Borrower evidenced by the CAHGP Note.

“CAHGP Note” means the promissory note dated December 20, 2023, from the Borrower to the Sponsor to evidence the indebtedness of the Borrower under the CAHGP Loan.

“Cash Flow Projection” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency establishing the sufficiency of (a)

* Preliminary; subject to change.

the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Available Moneys delivered to the Trustee by or on behalf of the Borrower to pay Bond Debt Service Charges when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds as provided in the Indenture, (iii) the release of Available Moneys from the Rebate Fund as provided in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as provided in the Indenture, and (v) the optional redemption of the Bonds as provided in the Indenture, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par.

“City” means the City of Chicago, Illinois.

“City Loan” means the loan from the City to the Borrower in the principal amount of \$13,775,000*.

“Closing Date” means February ___, 2026.

“Code” means the Internal Revenue Code of 1986, as amended, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“Collateral Fund” means the Collateral Fund created pursuant to the Indenture.

“ComEd Loan” means the loan in the original principal amount of \$466,912* from the Sponsor to the Borrower evidenced by the ComEd Note.

“ComEd Note” means the promissory note dated December 20, 2023, from the Borrower to the Sponsor to evidence the indebtedness of the Borrower under the ComEd Loan.

“Completion Date” means the date of substantial completion of the Project evidenced in accordance with the requirements of the Loan Agreement.

“Construction Period” means the period between the beginning of the rehabilitation, remodeling, improving and equipping of the Project and the Completion Date.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of February 1, 2026, by and between the Borrower and the Dissemination Agent.

“Contractual Obligation” means for any Person any obligation, covenant, or condition contained in any evidence of Indebtedness or any agreement or instrument under or pursuant to which any evidence of Indebtedness has been issued, or any other material agreement, instrument or guaranty, to which such Person is a party or by which such Person or any of its assets or properties are bound.

“Costs of Issuance Fund” means the Costs of Issuance Fund created in the Indenture.

“Depository” means, with respect to the Bonds in Book-Entry Form, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book-

* Preliminary; subject to change.

Entry System to record ownership of book entry interests in the Bonds or Bond Debt Service Charges thereon, and to effect transfers of book entry interests in the Bonds.

“Disbursement Request” shall have the meaning set forth in the Indenture.

“Dissemination Agent” means Zions Bancorporation, National Association, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“Dissemination Agent Fee” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; *provided, however*, the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement.

“DTC” means The Depository Trust Company (a limited purpose trust company), Brooklyn, New York, and its successors or assigns.

“DTC Participant” means any participant contracting with DTC under its Book-Entry System and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“Eligible Investments” means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature (or are redeemable at the option of the Trustee) at such times as to enable disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

“Event of Default” means any of the events described as an Event of Default in the Indenture or the Loan Agreement.

“Extension Payment” means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Available Moneys.

“Extraordinary Services” and “Extraordinary Expenses” mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“FHA” means the Federal Housing Administration.

“FHA Insurance Regulations” means the FHA Regulations promulgated under the National Housing Act.

“FHA Insured Mortgage Loan” means the mortgage loan in the original principal amount of \$17,152,000* to be advanced by the FHA Lender to the Borrower and insured by FHA under Section 221(d)(4) of the National Housing Act, as amended.

“FHA Lender” means Merchants Capital Corp., a corporation organized and existing under the laws of Indiana, and its successors and assigns.

“FHA Loan Documents” means the documents related to the FHA Insured Mortgage Loan, including the FHA Note, the FHA Mortgage, the HUD Regulatory Agreement and any and all other documents, agreements, or instruments which evidence or secure the indebtedness evidenced by the FHA Note.

“FHA Mortgage” means the first-lien priority Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement dated as of December 1, 2023 from Borrower for the benefit of FHA Lender to secure the repayment of the FHA Note.

“FHA Note” means the FHA Insured Note (Multistate), dated December 1, 2023, from Borrower to FHA Lender, in the amount of \$17,152,000* to evidence its indebtedness under the FHA Insured Mortgage Loan.

“Fiscal Year” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of that year or such other fiscal year as shall be designated by such Person as its annual accounting period.

“Force Majeure” means any of the causes, circumstances or events described as constituting Force Majeure in the Loan Agreement.

“GAAP” means generally accepted accounting principles applied on a consistent basis.

“GNMA” means the Government National Mortgage Association, a corporate instrumentality of the United States within the United States Department of Housing and Urban Development organized and existing under the National Housing Act.

“GNMA Documents” means the GNMA Guaranty and the documents related to the GNMA Guaranty.

“GNMA Guaranty” means the guaranty made by GNMA pursuant to the provisions of Section 306(g) of Title III of the National Housing Act, as amended, and the regulations promulgated under the National Housing Act.

“GNMA Mortgage-Backed Securities Guide” means the GNMA Handbook 5500.3, as it may be amended or modified from time to time, which describes and provides instruction to the participants in the GNMA Mortgage-Backed Securities program.

* Preliminary; subject to change.

“GNMA Regulations” means the GNMA Regulations promulgated under the National Housing Act.

“GNMA Security” or “GNMA Securities” means a fully modified pass through security in the form of a CLC or a PLC issued by an approved FHA Lender and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

“Government” shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any department, agency or instrumentality thereof; and “Governmental” shall mean of, by, or pertaining to any Government.

“Government Obligations” means (i) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in Book-Entry Form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“Highest Rating Category” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below “Aa1” or “Aa1/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“Holder,” “Holders,” “Bondholder” or “Holder of a Bond” means the Person in whose name a Bond is registered on the Register. For purposes of the Indenture, however, the Beneficial Owners shall possess all rights of the Holders under the Indenture to direct the actions of the Trustee, execute consents, waivers, amendments, give indemnities, and otherwise give directions and approve actions taken by the Trustee. The Trustee will verify the identity of the Beneficial Owners of the Bonds by any reasonable manner the Trustee deems satisfactory.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement for Multifamily Projects dated as of December 1, 2023 between the Borrower and HUD, related to the FHA Insured Mortgage Loan.

“IHDA Regulatory Agreement” means the IHDA Regulatory Agreement (Conduit Bonds) between the Borrower and the Issuer setting forth certain restrictions on the occupancy and operation of the Project, as required by the Act.

“Indebtedness” shall mean for any Person (a) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services, (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, the payment or collection of which such Person has guaranteed (except by reason of endorsement for deposit or collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, by way of agreement to purchase, to provide funds

for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss, (c) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness or other obligations, (d) all direct or contingent obligations of such Person in respect of letters of credit, (e) all lease obligations which have been or should be, in accordance with GAAP, capitalized on the books of such Person as lessee, and (f) guaranties of any of the foregoing; provided that Indebtedness does not include accounts payable and accrued expenses incurred in the ordinary course of business.

“Indenture” means the Trust Indenture, dated as of February 1, 2026, between the Issuer and the Trustee, as amended or supplemented from time to time.

“Independent” when used with respect to a specified Person means such Person has no specific financial interest, direct or indirect, in the Borrower or any Affiliate of the Borrower and, in the case of an individual, is not a director, trustee, officer, partner or employee of the Borrower or any Affiliate of the Borrower and, in the case of an entity, does not have a director, trustee, officer, partner or employee who is a director, trustee, officer or employee of any partner of the Borrower or any Affiliate of the Borrower.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“Initial Deposit” means the deposit of Available Moneys in the amount as set forth in the Indenture, which the Borrower shall cause to be made from Available Moneys other than the proceeds of the Bonds to the Negative Arbitrage Account of the Bond Fund on the Closing Date.

“Initial Mandatory Tender Date” means April 1, 2028*.

“Interest Payment Date” means each February 1 and August 1, commencing August 1, 2026*, and on any date the Bonds are called for redemption prior to maturity.

“Interest Rate” means ____% per annum from the Closing Date until the Mandatory Tender Date, and thereafter means the Remarketing Rate.

“Interest Rate for Advances” means the rate of twelve percent per annum (12%) or the rate per annum which is two percent plus that interest rate announced by the Trustee in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part.

“Investor Limited Partner” means MCI Island Terrace 4, LLC, an Indiana limited liability company, and its respective permitted successors and assigns.

“Issuer” means the Illinois Housing Development Authority, a body corporate and politic and political subdivision of the State of Illinois, and any successor to its powers or duties under the Act.

* Preliminary; subject to change.

“Issuer Revenues” means (a) the Loan Payments, (b) all other moneys received or to be received by the Issuer or the Trustee in respect of repayment of the Loan, including without limitation, all moneys and investments in the Bond Fund, (c) Special Funds, and (d) all income and profit from the investment of the foregoing moneys. The term “Issuer Revenues” does not include any moneys or investments in the Rebate Fund.

“Lien” means any mortgage, deed of trust, lien, charge, security interest or encumbrance of any kind upon, or pledge of, any property, whether owned as of or acquired after the date of the Indenture, and includes the acquisition of, or agreement to acquire, any property subject to any conditional sale agreement or other title retention agreement, including a lease on terms tantamount thereto or on terms otherwise substantially equivalent to a purchase.

“Loan” means the loan by the Issuer to the Borrower with the proceeds received from the sale of the Bonds.

“Loan Payment Cure Period” means a period of four Business Days following any Loan Payment Date.

“Loan Payment Date” means the fifth Business Day preceding each Bond Payment Date.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and the Loan Agreement.

“Majority of the Holders of the Bonds” means the Holders of more than fifty percent (50%) of the principal amount of the then Outstanding Bonds.

“Mandatory Tender Date” means the Initial Mandatory Tender Date and if the Bonds outstanding are remarketed or an Extension Payment is delivered, in either case, pursuant to the Indenture for a remarketing period that does not extend to the final maturity of the Bonds, any subsequent mandatory tender date.

“Mandatory Redemption Date” means a Mandatory Tender Date on which the Bonds are subject to mandatory redemption pursuant to the Indenture.

“Maturity Date” means April 1, 2029*.

“Moody’s” means Moody’s Investors Service, Inc. and its successors or assigns.

“Negative Arbitrage Account” means the Negative Arbitrage Account within the Bond Fund created in the Indenture.

“Note” means the Promissory Note, dated as of the Closing Date, in the form attached to the Loan Agreement as an exhibit, in the original principal amount of \$20,000,000*, evidencing the obligation of the Borrower to make Loan Payments.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Ordinary Services” and “Ordinary Expenses” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture. Without limiting the

* Preliminary; subject to change.

generality of this definition, Ordinary Services and Ordinary Expenses shall include, without limitation, services provided by the Trustee in connection with the redemption of Bonds as provided in the Indenture and in connection with any meetings of Holders of the Bonds as provided the Indenture.

“Outstanding Bonds,” “Bonds outstanding” or “outstanding” as applied to Bonds mean, as of the applicable date, all Bonds that have been authenticated and delivered, or that are being delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or the Paying Agent on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, that are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and
- (d) Bonds in lieu of which others have been authenticated under the Indenture.

“Paying Agent” means the Trustee acting as such, or any other bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

“Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“Plans and Specifications” means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Loan Agreement.

“Predecessor Bond” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under the Indenture in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in the Indenture, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“POAH Loan” means the loan in the original principal amount of \$5,000,000* from the Sponsor to the Borrower evidenced by the POAH Note.

“POAH Note” means the promissory note dated December 20, 2023, from the Borrower to the Sponsor to evidence the indebtedness of the Borrower under the POAH Loan.

“Project” means the construction, rehabilitation and/or equipping of approximately 168 out of 180 units and associated common areas and improvements within 15 condominium units known as Island Terrace 4% of a 240-unit mixed-income multifamily residential development known as Island Terrace Condominium and generally located at 6430 South Stony Island Avenue in Chicago, Illinois.

“Project Costs” means the costs of the Project specified in the Loan Agreement.

* Preliminary; subject to change.

“Project Fund” means the Project Fund created in the Indenture.

“Project Purposes” means the operation of the Project in accordance with the Act, the Code, the Tax Regulatory Agreement and the IHDA Regulatory Agreement.

“Rating Agency” means Moody’s, S&P, or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s so long as Moody’s is rating the Bonds.

“Rating Category” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“Rebate Fund” means the Rebate Fund created in the Indenture.

“Redemption Date” means any date under the Indenture on which Bonds are to be redeemed, including (a) the Maturity Date, (b) any Mandatory Tender Date, and (c) the date of acceleration of the Bonds.

“Register” means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to the Indenture.

“Registrar” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means, the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

“Remarketing Agent” means initially Stifel, Nicolaus & Company, Incorporated, and any successor Remarketing Agent that may be appointed by the Issuer.

“Remarketing Agreement” means the Remarketing Agreement, dated as of February 1, 2026, between the Borrower and the Remarketing Agent.

“Remarketing Notice Parties” means the Authorized Borrower Representative, the Issuer, the Trustee, the Remarketing Agent, the Investor Limited Partner and the Rating Agency.

“Remarketing Period” means the period beginning on a Mandatory Tender Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account created in the Indenture.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including the Mandatory Tender Date to the subsequent Mandatory Tender Date or to the Maturity Date, whichever occurs first.

“S&P” means S&P Global Ratings and its successors or assigns.

“Second City Loan” means the loan from the City to the Borrower in the principal amount of \$3,000,000* to be made available in 2027, subject to appropriation, if necessary.

“Second POAH Loan” means the loan from the Sponsor to the Borrower in the original principal amount of \$13,713,779.33* evidenced by the Second POAH Note.

“Second POAH Note” means the promissory note dated February 2, 2026, from the Borrower to the Sponsor to evidence the indebtedness of the Borrower under the Second POAH Loan.

“Securities Act” means the United States Securities Act of 1933, as in effect on the Closing Date.

“Securities Depositories” means The Depository Trust Company, 140 58th Street, Brooklyn, NY 10004, Fax (516) 227-4039 or 4191; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or, as the Issuer may designate in a request of the Issuer delivered to the Trustee, to no such depositories.

“SLGS” means United States Treasury Obligations – Time Deposit State and Local Government Series.

“Special Funds” means, collectively, the Bond Fund, the Collateral Fund and the Project Fund, and any accounts therein, all as created in the Indenture.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“Sponsor” means Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation.

“State” means the State of Illinois.

“Supplemental Indenture” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

“Tax Certificate” means the Tax Exemption Certificate and Agreement, dated the Closing Date, executed and delivered by the Issuer, the Borrower and the Trustee.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement dated as of February 1, 2026, by and among the Issuer, the Borrower and the Trustee.

“Trustee” means Zions Bancorporation, National Association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“Unassigned Issuer’s Rights” means the Tax Regulatory Agreement, all of the rights of the Issuer to receive Additional Payments under the Loan Agreement, to be held harmless and indemnified under the Loan Agreement, to be insured under the Loan Agreement, to be reimbursed for reasonable attorney’s fees and expenses under the Loan Agreement, to receive notices pursuant to the Loan Agreement and to give or withhold consent to amendments, changes, modifications, alterations and termination of the Loan Agreement thereunder.

* Preliminary; subject to change.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

The form of the approving legal opinion of Chapman and Cutler LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the final Official Statement shall create no implication that Chapman and Cutler LLP has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

February __, 2026

To the Addressees set forth
on Schedule I hereto

Re: \$20,000,000*
Illinois Housing Development Authority
Multifamily Housing Revenue Bonds, Series 2026
(Island Terrace)

Ladies and Gentlemen:

We have represented the Illinois Housing Development Authority (the “*Issuer*”) as its Bond Counsel in connection with the issuance by the Issuer of its Multifamily Housing Revenue Bonds (Island Terrace), Series 2026 (the “*Bonds*”) pursuant to a resolution adopted by the Board of Directors of the Issuer on June __, 2025 (the “*Bond Resolution*”) and a Trust Indenture, dated as of February 1, 2026 (the “*Indenture*”), between the Issuer and Zions Bancorporation, National Association (the “*Trustee*”). The Bonds are dated February __, 2026, and bear interest from such date, payable, semi-annually on February 1 and August 1 of each year commencing August 1, 2026*, until the earlier of the maturity or prior redemption thereof. The Bonds are being issued in the authorized denominations, principal amounts, bearing interest at the rates and maturing on the dates provided in the Bond and the Indenture. The Bonds are subject to mandatory or optional redemption as set forth in the Bond and in the Indenture. The Issuer is loaning the proceeds of the Bonds to Island Terrace 4% Preservation Associates Limited Partnership, an Illinois limited partnership (the “*Borrower*”), pursuant to the terms of a Loan Agreement, dated as of February 1, 2026 (the “*Loan Agreement*”), between the Issuer and the Borrower. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture.

The Bonds are being issued for the purpose of obtaining moneys to finance the acquisition, rehabilitation and equipping by the Borrower of approximately 168 out of 180 units and associated common areas and improvements within 15 condominium units of a 240-unit mixed-income multifamily residential development (the “*Development*”) located within the City of Chicago, Illinois, known as Island Terrace 4%.

We have assumed, without independent verification, (i) the genuineness of certificates, records and other documents submitted to us as originals and, as to questions of fact, the accuracy and completeness of the statements contained therein; (ii) except with respect to the Issuer, the due authorization, execution and delivery of the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Tax Certificate and the Project Certificate by the parties thereto, and the validity and binding effect of the Indenture, the Loan

* Preliminary; subject to change.

Agreement, the Tax Regulatory Agreement, the Tax Certificate and the Project Certificate on the parties thereto; (iii) that all documents and certificates submitted to us as copies are true and correct copies of the originals thereof; and (iv) that all factual information submitted to us was accurate and complete.

The scope of our engagement as Bond Counsel extends solely to an examination of the facts and law incident to rendering an opinion with respect to the validity of the Bonds and the security therefor and with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds. In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certain materials pertaining to the Bonds, including certain certified proceedings of the Issuer, the Trustee and the Borrower and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Illinois, the Trustee, the Borrower and others. We have also examined a fully executed Bond No. R-1.

Based on the foregoing, and subject to the matters set forth below, we are of the opinion that:

1. The Issuer has duly authorized the issuance, execution and delivery of the Bonds and the Indenture. The authorized representatives of the Issuer have duly executed the Bonds and the Trustee has delivered the Bonds to, or for the account of, the initial purchaser thereof. The Bonds constitute legal, valid and binding limited obligations of the Issuer and are entitled to the benefit and security of the Indenture. The Indenture constitutes a legal, valid and binding obligation of the Issuer and creates a valid lien on the Trust Estate. The form and execution of the executed Bond No. R-1 is regular and proper.

2. The Bonds have been duly and validly issued pursuant to the provisions of the Act and the Bond Resolution. The Bonds are not general obligations of the Issuer but are limited obligations payable solely from revenues, funds and assets of the Issuer pledged under the Indenture and not from any other revenues, funds or assets of the Issuer. The Bonds are not and do not create or constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of the Issuer, the State of Illinois, or any political subdivision thereof or any public agency. The Issuer has no taxing power.

3. Subject to compliance by the Issuer and the Borrower with certain covenants, under present law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”)) and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer or Borrower covenants could cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

4. Under the laws of the State of Illinois, as presently enacted and construed, the interest on the Bonds is exempt from the income tax imposed by the State of Illinois pursuant to the Illinois Income Tax Act. No opinion is expressed regarding taxation of interest on the Bonds under any other provisions of Illinois law. Ownership of the Bonds may result in other Illinois tax

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

The enforceability of certain provisions of the Bonds, the Bond Resolution and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, availability of equitable remedies under the Bonds, the Bond Resolution, the Indenture and the Loan Agreement may be limited by general principles of equity that permit the exercise of judicial discretion.

As Bond Counsel, we are opining only upon those matters set forth in this opinion and are not opining upon the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds. Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In providing the opinion set forth above, we have relied upon certifications of the Issuer and the Borrower with respect to certain material facts within the Issuer's and the Borrower's knowledge.

Prospective purchasers should be aware that the United States Department of Housing and Urban Development has required the inclusion of certain terms in the Indenture, the Loan Agreement and Tax Regulatory Agreement (collectively, the "*Bond Documents*") executed and delivered in connection with the Bonds providing that certain provisions of the Bond Documents are subordinate to the provisions of the FHA Loan Documents. We express no opinion as to whether any of the covenants and requirements set forth in the Bond Documents conflict with the FHA Loan Documents. Furthermore, we express no opinion as to the initial and continuing exclusion of interest on the Bonds from gross income for federal income tax purposes in the event that the provisions of the FHA Loan Documents preclude compliance with any of the covenants or requirements of the Bond Documents.

The opinion set forth above is based on existing law, which is subject to change. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in any law that may hereafter occur or become effective.

Respectfully submitted,

SCHEDULE I

Illinois Housing Development Authority
Chicago, Illinois

Zions Bancorporation, National Association
Chicago, Illinois

Island Terrace 4% Preservation Associates Limited Partnership
Chicago, Illinois

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following, in addition to the information provided under “THE BONDS,” summarizes certain provisions of the Indenture, to which reference is made for the detailed provisions thereof.

Creation of Trust

To secure the payment of Bond Debt Service Charges on the Bonds, the Issuer will assign to the Trustee its right, title and interest in (i) the Issuer Revenues, including, without limitation, all Loan Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts in those funds and all moneys deposited therein and the investment earnings on such moneys, (iii) all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which moneys in the Special Funds are invested, and (except for moneys in the Rebate Fund and moneys otherwise required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time after the date of the Indenture by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Note and (v) the Loan Agreement, except for the Unassigned Issuer’s Rights.

Mutilated, Lost, Wrongfully Taken or Destroyed Bonds

If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Registrar that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Registrar shall authenticate and deliver, a new Bond of like date, maturity, series and denomination as the Bond mutilated, lost, wrongfully taken or destroyed; provided, that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Registrar, and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Registrar evidence of the loss, wrongful taking or destruction satisfactory to the Registrar, together with indemnity satisfactory to the Registrar for the Trustee, the Registrar and the Issuer.

If any lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Trustee may pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as the Registrar may require, as in the case of issuance of a new Bond. The Issuer, the Registrar and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to the provisions described under this caption.

Every new Bond issued pursuant to the provisions described under this caption by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (i) shall constitute, to the extent of the outstanding principal amount of the Bond lost, mutilated, taken or destroyed, an additional contractual obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone and (ii) shall be entitled to all of the benefits of the Indenture equally and proportionately with any and all other Bonds issued and outstanding thereunder.

All Bonds shall be held and owned on the express condition that the foregoing provisions described under this caption are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully

taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary existing as of or enacted after the date of the Indenture.

Creation of Funds; Allocation of Bond Proceeds

The following funds and accounts described under this caption are created in the Indenture. Each fund is to be maintained in the custody of the Trustee as a separate fund or account. The funds and accounts are:

- (1) the Bond Fund designated “Bond Fund,” and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in the Indenture);
- (2) the Project Fund designated “Project Fund;”
- (3) the Collateral Fund designated “Collateral Fund;”
- (4) the Costs of Issuance Fund designated “Costs of Issuance Fund” (unless costs of issuance are otherwise paid on the Closing Date); and
- (5) the Rebate Fund designated “Rebate Fund.”

The Trustee may establish and create any funds or accounts which it deems necessary or convenient for the purposes of carrying out its duties under the Indenture.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the funds and accounts created hereunder shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain accurate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed. The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted under the Indenture.

Allocation of Bond Proceeds. The principal proceeds of the Bonds in the amount as stated in the Indenture, shall be deposited by the Trustee in the Project Fund.

On the Closing Date, the Initial Deposit shall be deposited in the Negative Arbitrage Account of the Bond Fund. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to the Indenture shall also be deposited in the Negative Arbitrage Account.

Application of Loan Payments

So long as there are any Outstanding Bonds, any payments made by the Borrower pursuant to the Note and the Loan Agreement shall be paid on each Loan Payment Date directly to the Trustee and deposited into the Bond Fund to be used to pay the interest and principal (if any) on the Bonds on the next succeeding Interest Payment Date; provided that so long as there are amounts available therefor, for purposes of paying interest on the Loan when due the Trustee shall debit the Negative Arbitrage Account in the amount of interest due on the Bonds on each Interest Payment Date and transfer the same to the Bond Fund to pay interest due on the Bonds on each Interest Payment Date; and provided further that so long as there are amounts available therefor, for purposes of making principal payments on the Loan when due the Trustee shall debit the Collateral Fund and transfer the same to the Bond Fund to pay the principal of the Bonds on the date set for redemption of the Bonds or payment of the Bonds on the Maturity Date.

Disbursements from the Project Fund

(a) Requisitions. Subject to the provisions described in (a) and (b) under this caption, the Trustee shall make disbursements from the Project Fund to pay Project Costs only upon the receipt of a written request of the Borrower signed by an Authorized Borrower Representative (which request shall be in the form attached to the Loan Agreement) (a “Disbursement Request”) and an executed Certificate of the Borrower (which certificate shall be in the form attached as an exhibit to the Loan Agreement). An initial disbursement from the Project Fund may be made on the Closing Date pursuant to a closing memorandum or similar written direction signed by an Authorized Borrower Representative. The Trustee may fully rely on any such Disbursement Request and Certificate and shall not be required to make any investigation of the accuracy of the statements made therein.

The proceeds of the Bonds shall be used or deemed used exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code’s regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a “qualified residential rental project” within the meaning of Section 142(d) of the Code.

(b) Project Fund. When the Trustee receives a Disbursement Request for the Project Fund in accordance with the provisions of paragraph (a) above and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Disbursements from the Project Fund” and “– Collateral Fund Deposits” subject to the following paragraph, the Trustee shall confirm that Available Moneys equal to or greater than the sum of (i) the amount set forth in the Disbursement Request and (ii) all prior disbursements made by the Trustee from the Project Fund, are on deposit in the Collateral Fund. Upon confirmation of the items above, the Trustee shall thereafter disburse the funds from the Project Fund to pay Project Costs in the amount pursuant to the Disbursement Request directly to (a) the FHA Lender, or at the direction of the FHA Lender as provided in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT — Collateral Fund Deposits” to the extent the corresponding deposit of Available Moneys to the Collateral Fund was made by or at the direction of the FHA Lender (as confirmed in an executed Certificate of the Borrower (which certificate shall be in the form attached as an exhibit to the Loan Agreement)), (b) the Issuer, or at the direction of the Issuer as provided in the Loan Agreement, to the extent the corresponding deposit of Available Moneys to the Collateral Fund was made by or at the direction of the Issuer (as confirmed in an executed Certificate of the Borrower (which certificate shall be in the form attached as an exhibit to the Loan Agreement)), or (c) the Borrower (or any other party designated in the Disbursement Request) to the extent the corresponding deposit of Available Moneys to the Collateral Fund was made by or at the direction of the Borrower or such other party. Any interest earnings on the Project Fund shall be credited to the Bond Fund.

There shall be deposited from time to time in the Collateral Fund Available Moneys in such amounts and at such times as may be necessary to allow the Trustee to disburse funds from the Project Fund, pursuant to the provisions described under this caption, upon the Trustee's receipt of a Disbursement Request from the Borrower to pay the Project Costs.

Notwithstanding any provisions to the contrary, the Trustee shall not disburse money from the Project Fund unless and until Available Moneys in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund and the Trustee has determined that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the amount to be disbursed in accordance with the Disbursement Request) is at least equal to the then-Outstanding principal amount of the Bonds.

To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is hereby authorized to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the Disbursement Request, to the Collateral Fund and (ii) transfer a like amount from the Collateral Fund to the Project Fund.

(c) On any Interest Payment Date, Redemption Date or other date when Bond Debt Service Charges are due and payable, to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund and the Collateral Fund, the Trustee shall transfer amounts from the Project Fund to the Bond Fund sufficient to make the necessary interest and principal payments, if any, without further written direction. The Trustee shall cause to be kept and maintained accurate records pertaining to the Project Fund and all disbursements therefrom as provided in the Indenture. If requested by the Issuer, the Borrower, or the Investor Limited Partner, after the filing by the Borrower of the Completion Certificate with the Trustee as provided in the Indenture, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the Borrower and the Investor Limited Partner.

(d) Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable as described under the caption "Acceleration" below, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Bond Fund

There shall be deposited in the Bond Fund (1) the amounts set forth under the captions "Creation of Funds; Allocation of Bond Proceeds" and "Application of Loan Payments" above, (2) interest earnings on the Project Fund and the Collateral Fund and (3) amounts set forth under this caption.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid by the Borrower on or before each Interest Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Debt Service Charges due on the Bonds on such Interest Payment Date.

The Bond Fund (and the Negative Arbitrage Account therein) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Debt Service Charges as they become due and at stated maturity, or upon redemption, mandatory redemption, mandatory tender, or acceleration, all as provided in the Indenture and in the Loan Agreement. The portion of any Extension Payment received by the Trustee in connection with an extension of a Mandatory Tender Date in accordance

with the Indenture designated for the payment of Bond Debt Service Charges shall also be deposited into the Negative Arbitrage Account.

Bond Debt Service Charges shall be payable, as they become due (a) in the first instance from the money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund), (b) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (c) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, the Trustee is hereby authorized to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to be released to or at the written direction of the Borrower from such account.

Investment of Special Funds

Except as otherwise set forth in this section, moneys in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrower Representative. At no time shall the Authorized Borrower Representative direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code. Investments of moneys in the Bond Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Bond Debt Service Charges on the Bonds. Each investment of moneys in a Project Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date. Any of those investments may be purchased from or sold to the Trustee, the Registrar, an authenticating agent or a paying agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient moneys applicable hereunder to and at the times required for the purposes of paying Bond Debt Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Available Moneys in the amount set forth in such Cash Flow Projection, if any. The Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's Expense, (i) a Cash Flow Projection and (ii) Available Moneys (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection. An investment made from moneys credited to the Special Funds shall constitute part of that respective Fund. All investment earnings from amounts on deposit in the Project Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. All investment earnings from amounts on deposit in the Collateral Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Special Fund from which the investment was made. In the absence of written directions of the Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds solely in Morgan Stanley Treasury Securities Portfolio (MSUXX), or if not available, the investments described in clause (b) of the definition of Eligible Investments. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Debt Service Charges shall be held uninvested and (ii) Bond proceeds and the Initial Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments. The Trustee may conclusively rely upon the written investment instructions of an Authorized Borrower Representative as to both the suitability and legality of the directed investments and such

investment direction shall be deemed to be a certification that such directed investments constitute Eligible Investments and comply with Section 148 of the Code.

Repayment to the Borrower from the Bond Fund

Except as described under the caption “Rebate Fund” below, any amounts remaining in the Bond Fund (i) after all of the outstanding Bonds shall be deemed paid and discharged under the provisions of the Indenture, and (ii) after payment of all fees, charges and expenses of the Trustee, the Registrar, the Paying Agent and the Issuer, and of all other amounts required to be paid under the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the IHDA Regulatory Agreement and the Note, shall be paid to the Borrower to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the outstanding Bonds; *provided, however*, that if the Trustee has received written notice from the FHA Lender that the FHA Insured Mortgage Loan has been assigned to the FHA in connection with a mortgage insurance claim, such funds shall not be remitted to the Borrower, but shall be remitted to the FHA Lender.

Rebate Fund

Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

The Trustee shall furnish to the Borrower all information reasonably requested by the Borrower with respect to the Bonds and investments of the funds and accounts maintained by the Trustee under the Indenture. The Trustee shall make deposits to and disbursements from the Rebate Fund (including rebate payments to the United States required to be made by the Tax Certificate), as well as investments of the amounts therein, in accordance with the written directions received from the Borrower and the Investor Limited Partner pursuant to the Tax Certificate. Anything in the Indenture to the contrary notwithstanding, the provisions of the Tax Certificate may be superseded or amended by an amendment or supplement to the Tax Certificate effected in accordance with the terms thereof.

Following a final rebate calculation required by the Tax Certificate and the payment of any amounts required thereunder as yield reduction payments or rebate payments to the United States, any amounts remaining on deposit in the Rebate Fund shall be paid to the Borrower to the extent those amounts are in excess of those necessary to fund the payment of any yield reduction payments or rebate payments. The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining whether the yield on any investments made in accordance with the Indenture would cause, or whether any other facts exist which would cause, any of the Bonds to become arbitrage bonds under Section 148 of the Code.

Collateral Fund

There shall be deposited in the Collateral Fund Available Moneys in such amounts and at such times as may be necessary to allow the Trustee to transfer funds from the Project Fund, pursuant to the Indenture, upon the Trustee’s receipt of a Disbursement Request from the Borrower. Moneys in the Collateral Fund shall be invested in Eligible Investments.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

Notwithstanding any provisions to the contrary in the Indenture or in the other Borrower Documents, upon receipt of (i) Available Moneys and (ii) a Disbursement Request pursuant to the Indenture

and the Loan Agreement, the Trustee shall be obligated to (A) promptly disburse funds in the same amount from the Project Fund in accordance with the applicable Disbursement Request or (B) return the Available Moneys to the applicable lender within one (1) Business Day after receipt of the Available Moneys; however the Trustee shall only be obligated to make such a disbursement to the extent of the amount of proceeds of the Bonds remaining in the Project Fund. If the Trustee received Available Moneys in excess of the available amount in the Project Fund, the Trustee shall promptly return any such excess to the applicable lender or other Person that provides the Available Moneys.

The Trustee shall transfer money in the Collateral Fund as follows: (i) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Debt Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund), (ii) on the Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the redemption price, to the extent the Bonds are not remarketed on any Mandatory Tender Date, and (iii) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On any Redemption Date, the Trustee shall transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Debt Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Debt Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in the Loan Agreement.

Costs of Issuance Fund

Unless costs of issuance are otherwise paid on the Closing Date, the Trustee shall use money on deposit to the credit of the Costs of Issuance Fund to pay the costs of issuance on the Closing Date or as soon as practicable thereafter in accordance with the title settlement statement. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Costs of Issuance Fund sixty (60) days after the Closing Date shall be remitted by the Trustee to the Borrower. Upon such final disbursement, the Trustee shall close the Costs of Issuance Fund.

Recycling Transactions

Notwithstanding any provision of the Indenture, the Bonds or the Loan Agreement to the contrary, upon written direction by the Issuer, the Trustee shall exchange money and/or Eligible Investments on deposit in any fund or account established under the Indenture for an equal amount of money and/or Eligible Investments on deposit in any other fund or account established under the Indenture or delivered to the Trustee from any fund or account held under another bond resolution or indenture of the Issuer. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code. Except as otherwise consented to by the Issuer in its reasonable discretion, the transfers between the parties described in the preceding provisions shall be satisfied pursuant to a funds exchange agreement that will provide that, for the convenience of the parties, payments may be netted or other transfers made to accomplish the result outlined.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture:

- (a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;
- (b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon mandatory tender or redemption, acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other material covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then outstanding; and
- (d) The occurrence and continuance of an Event of Default as defined in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Events of Default.”

The term “default” or “failure” as used in the Indenture means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement; *provided*, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Issuer or the Borrower uses commercially reasonable efforts to institute curative action within the applicable period and diligently pursues that action to completion, which must be resolved within one hundred eighty (180) days after the aforementioned notice.

Acceleration

Upon the occurrence of an Event of Default described in (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee may declare, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then outstanding the Trustee shall declare, by a notice in writing delivered to the Issuer and the Borrower, the principal of all Bonds then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee, with the written consent of all Holders of Bonds then outstanding, may declare by a notice in writing delivered to the Issuer and the Borrower, the principal of all Bonds then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon such declaration, the principal and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable under the Indenture (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or Paying Agent, and

(b) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Other Remedies; Rights of Holders

With or without taking action as described under the caption “Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Tax Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of not less than a majority in aggregate principal amount of Bonds outstanding, the Trustee shall exercise any rights and powers conferred upon it by the provisions described under this caption and those under “Acceleration” above.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders existing as of or after the date of the Indenture.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Unassigned Issuer’s Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or under the Indenture, the Trustee shall take such action as may be directed by the requisite percentage of the Holders of the Bonds then outstanding, applying the standards described in the Indenture.

Right of Holders to Direct Proceedings

Anything to the contrary in the Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or any other proceedings under the Indenture; provided, that (i) any direction shall not be other than in accordance with the provisions of law and the Indenture, and (ii) the Trustee shall be indemnified as provided in the Indenture.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless (i) there has occurred and is continuing an Event of Default of which the Trustee has been notified, (ii) the Holders of not less than a majority in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided for in the Indenture, and (iii) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Debt Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture upon the conditions stated therein and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds upon the written request of the Holders of (i) at least a majority in aggregate principal amount of all Bonds then outstanding in respect of which an Event of Default in the payment of Bond Debt Service Charges exists, or (ii) at least a majority in aggregate principal amount of all Bonds then outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in (a) or (b) under the caption "Defaults; Events of Default" above or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts provided under the caption "Acceleration" above for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture,

respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee; (c) to assign additional revenues under the Indenture; (d) to accept additional security and instruments and documents of further assurance with respect to the Project; (e) to add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture; (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds; (g) to permit the Trustee to comply with any obligations imposed upon it by law; (h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agent or Paying Agent; (i) to achieve compliance of the Indenture with any applicable federal securities or tax law; (j) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not cause the interest on the Bonds outstanding to be included in gross income of the Holders for federal income tax purposes which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee without its consent, in its sole discretion the obligation to make or perform the calculations required under Section 148 of the Code; and (k) to permit any other amendment that, in the judgment of the Trustee, is not materially adverse to the Trustee or the Holders.

The provisions of clauses (g) and (i) shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Release of Indenture

If (i) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Debt Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other sums payable under the Indenture or the Loan Agreement, the IHDA Regulatory Agreement, the Tax Regulatory Agreement and the Note, then the Indenture shall cease, determine and become null and void (except for those certain provisions surviving pursuant to the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption "Payment and Discharge of Bonds" below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to certain provisions of the Indenture if applicable,

(a) the Trustee shall release the Indenture (except for those certain provisions surviving pursuant to the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption "Payment and Discharge of Bonds" below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee and any other Paying Agent shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required (a) to be paid to the Borrower as described under the caption “Repayment to the Borrower from the Bond Fund” above, or (b) to be held by the Trustee and the Paying Agent as described under the caption “Rebate Fund” above or otherwise for the payment of Bond Debt Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, the provisions described under the caption “Release of Indenture” above, if:

(a) the Trustee, as paying agent, or the Paying Agent (if other than the Trustee) shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America which are certified by an Independent public accounting firm or such other firm experienced with such certifications of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so irrevocably committed, except as provided in the Indenture), for the payment of all Bond Debt Service Charges on those Bonds at their maturity.

Any moneys held by the Trustee in accordance with the provisions described under this caption may be invested by the Trustee only in noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which moneys will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held pursuant to the provisions of the Indenture described under this caption is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes described under this caption, that income, interest or increment shall be transferred at the time of that determination in the manner provided in under the caption “Repayment to the Borrower from the Bond Fund” above for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to the provisions described under this caption, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and shall set forth a description of the obligations held pursuant to subparagraph (b) under this caption.

Amendments Not Requiring Consent of Holders

Without the consent of or notice to the Holders, the Issuer, the Borrower and the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Tax Regulatory Agreement or the Note as may be required (i) by the provisions of the Loan Agreement, the Tax Regulatory Agreement or the Indenture, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Tax Regulatory Agreement or the Note, (iii) in connection with an amendment

or to effect any purpose for which there could be an amendment of the Indenture pursuant to the provisions described under the caption “Supplemental Indentures Not Requiring Consent of Holders” above, or (iv) in connection with any other change therein which is not materially adverse to the Trustee or the Holders of the Bonds, in the judgment of the Trustee, applying the standards set forth in the Indenture.

Amendments Requiring Consent of Holders

Except for the amendments, changes or modifications contemplated under the caption “Amendments Not Requiring Consent of Holders” above, neither the Issuer nor the Trustee shall consent to (a) any amendment, change or modification of the Loan Agreement or the Note that would change the amount or time as of which Loan Payments are required to be paid, without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification, or (b) any other amendment, change or modification of the Loan Agreement, the Tax Regulatory Agreement or the Note without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected by such amendment, change or modification.

The consent of the Holders shall be obtained as provided in the Indenture with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Tax Regulatory Agreement or the Note contemplated in clauses (a) or (b) under this caption, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by the Indenture with respect to notice of Supplemental Indentures. The notice shall be prepared by the Issuer or the Borrower, set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

Extent of Covenants; No Personal Liability

All covenants, stipulations, obligations and agreements of the Issuer contained in the Indenture are and shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and permitted by the Constitution of the State. No covenant, stipulation, obligation or agreement of the Issuer contained in the Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Board in other than that person’s official capacity. Neither the members of the Board nor any official executing the Bonds, the Indenture, the Loan Agreement or any amendment or supplement thereto shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution thereof.

FHA Federal Laws and Requirements Control

Notwithstanding anything in the Indenture or the Loan Agreement to the contrary:

Borrower, Trustee and Issuer acknowledge that the Indenture, and any obligations of Borrower thereunder, are subject and subordinate to the FHA Loan Documents. Notwithstanding any provision in the Indenture to the contrary, no obligations of the Borrower thereunder shall be payable except from (A)

Surplus Cash (as defined in the HUD Regulatory Agreement) or (B) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (iii) any proceeds of the FHA Note (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under the Indenture against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under the Indenture are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) the Indenture and (ii) the provisions of the FHA Loan Documents or the Program Obligations (as defined in the FHA Mortgage), the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions described under this caption shall control over any inconsistent provisions in the Indenture.

Any subsequent amendment to the Indenture or the Loan Agreement is subject to prior written approval of HUD (so long as the Project is subject to a mortgage insured or held by HUD). No amendment to the Indenture or the Loan Agreement shall conflict with the provisions of the Program Obligations.

The Bonds are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

There is no pledge under the Indenture or Loan Agreement of the gross revenues or any of the assets of the Project.

Neither a default under the Indenture nor under the Loan Agreement shall constitute a default under the FHA Loan Documents related to the Project.

Nothing contained in the Indenture or Loan Agreement shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any FHA Loan Documents related to the Project for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said FHA Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds.

Neither the Issuer, the Trustee, nor any of the Holders has or shall be entitled to assert any claim against the Project, any reserves or deposits required by HUD in connection with the Project, or the rents or deposits or other income of the Project.

Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the FHA Loan Documents.

In the event of an assignment or conveyance of the FHA Mortgage to the FHA Commissioner, subsequent to the issuance of the Bonds, all money remaining in all funds and accounts, other than the Rebate Fund under the Indenture, after payment or provision for payment of debt service on the Bonds pursuant hereto and the fees and expenses and any other obligations owed to the Issuer, the Trustee, and such other parties unrelated to the Borrower specified in the Indenture and in the Loan Agreement, shall be remitted to the FHA Lender.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following summarizes certain provisions of the Loan Agreement, to which reference is made for the detailed provisions thereof.

Issuance of the Bonds; Application of Proceeds

To provide funds to make the Loan for purposes of assisting in paying the Project Costs, the Issuer will issue, sell and deliver the Bonds to the Underwriter. The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest and will mature as set forth therein. The Borrower approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered.

The proceeds from the sale of the Bonds in the amount set forth in the Loan Agreement shall be loaned to the Borrower and paid over to the Trustee for the benefit of the Borrower and the Holders of the Bonds and deposited as follows: (a) a sum equal to any accrued interest, if any, paid by the Holders shall be deposited in the Bond Fund, and (b) the balance of the proceeds shall be deposited in the Project Fund. Pending disbursements pursuant to the heading, “Disbursements from the Project Fund” below, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Issuer Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Debt Service Charges as provided in the Indenture.

Disbursements from the Project Fund

Subject to the provisions described below and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the Loan Payments and principal amount of the Bonds has been declared to be immediately due and payable pursuant to the provisions described under the caption “Remedies on Default” below and in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” respectively, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

(a) Costs incurred directly or indirectly for or in connection with the construction and rehabilitation of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the Loan Agreement, financial, legal, accounting, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without

limitation, the fees and expenses of the Trustee, the Registrar and any Paying Agent properly incurred under the Indenture that may become due and payable during the Construction Period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of construction and rehabilitation of the Project.

(g) Payment of interest on the Bonds during the Construction Period.

(h) Payments to the Rebate Fund.

Any disbursements from the Project Fund shall be made by the Trustee only as permitted pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Disbursements from the Project Fund” and upon the written request of the Borrower executed by an Authorized Borrower Representative substantially in the form attached as an exhibit to the Loan Agreement (a “Disbursement Request”), which requests shall be consecutively numbered and accompanied by invoices or other appropriate documentation supporting the payments or reimbursements requested. An initial disbursement from the Project Fund may be made on the Closing Date pursuant to a closing memorandum or similar written direction signed by an Authorized Borrower Representative. No disbursement shall be made by the Trustee upon the basis of any such Disbursement Request except upon satisfaction of the following conditions and pursuant to the following procedures:

(i) The Trustee must receive an executed Certificate of the Borrower, substantially in the form attached to the Loan Agreement, related to the deposit of Available Moneys into the Collateral Fund for the applicable disbursement request.

(ii) An executed Disbursement Request substantially in the form attached to the Loan Agreement accompanied by a disbursement schedule listing the items for which the disbursement is sought and the total cost of each such item, together with invoices or other appropriate documentation (which may be a copy of an escrow agreement if a disbursement is to be made to an escrow account) for each such item.

(iii) All Loan Payments that are then due shall have been paid.

Any moneys in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Debt Service Charges.

Collateral Fund Deposits

The Sponsor has agreed to deliver or cause to be delivered to the Trustee, for deposit into the Collateral Fund, proceeds of the POAH Loan and/or the Second POAH Loan up to an amount set forth in the Loan Agreement upon its receipt and approval of a requisition from the Borrower requesting an advance under the POAH Loan and/or the Second POAH Loan for payments of Project Costs. The Sponsor has agreed to deliver or cause to be delivered to the Trustee, for deposit into the Collateral Fund, proceeds of the ComEd Loan up to an amount set forth in the Loan Agreement upon its receipt and approval of a requisition from the Borrower requesting an advance under the ComEd Loan for payments of Project Costs. The Sponsor has agreed to deliver or cause to be delivered to the Trustee, for deposit into the Collateral Fund, proceeds of the CAHGP Loan up to an amount set forth in the Loan Agreement upon its receipt and approval of a requisition from the Borrower requesting an advance under the CAHGP Loan for payments of Project Costs. The Bridge Lender has agreed to deliver or cause to be delivered to the Trustee, for deposit into the Collateral Fund, proceeds of the Bridge Loan up to an amount set forth in the Loan Agreement

upon its receipt and approval of a requisition from the Borrower requesting an advance under the Bridge Loan for payments of Project Costs. The City has agreed to deliver to the escrow agent identified in the Escrow Agreement and cause to be delivered by the escrow agent to the Trustee, for deposit into the Collateral Fund, proceeds of the City Loan up to an amount set forth in the Loan Agreement upon its receipt and approval of a requisition from the Borrower requesting an advance under the City Loan for payments of Project Costs. The City has agreed to deliver to the escrow agent identified in the Escrow Agreement and cause to be delivered by the escrow agent to the Trustee, for deposit into the Collateral Fund, proceeds of the Second City Loan up to an amount set forth in the Loan Agreement upon its receipt and approval of a requisition from the Borrower requesting an advance under the Second City Loan for payments of Project Costs.

The Borrower agrees to pay to the (1) Sponsor all amounts when due under the POAH Note, Second POAH Note, ComEd Note and CAHGP Note and to abide by the provisions of the POAH Loan, Second POAH Loan, ComEd Loan and CAHGP Loan, (2) Bridge Lender all amounts when due under the Bridge Loan documents and to abide by the provisions of the Bridge Loan and (3) City all amounts when due under the City Loan documents and to abide by the provisions of the City Loan and all amounts when due under the Second City Loan documents and to abide by the provisions of the Second City Loan.

The Trustee agrees upon receipt (i) of proceeds of the POAH Loan, Second POAH Loan, ComEd Loan and/or CAHGP Loan from the Sponsor and (ii) a Disbursement Request from the Borrower to disburse amounts from the Project Fund as provided in the Loan Agreement, to disburse amounts from the Project Fund in the exact same amount of the proceeds of the POAH Loan, Second POAH Loan, ComEd Loan and/or CAHGP Loan received by the Trustee from the Sponsor, to the Borrower or the Sponsor (or its designee), as applicable for application to the payment of the Project Costs. The Trustee agrees upon receipt (i) of proceeds of the Bridge Loan from the Bridge Lender and (ii) a Disbursement Request from the Borrower to disburse amounts from the Project Fund as provided in the Loan Agreement, to disburse amounts from the Project Fund in the exact same amount of the proceeds of the Bridge Loan received by the Trustee from the Bridge Lender, to the Borrower or the Bridge Lender (or its designee), as applicable for application to the payment of the Project Costs. The Trustee agrees upon receipt (i) of proceeds of the City Loan from the City and (ii) a Disbursement Request from the Borrower to disburse amounts from the Project Fund as provided in the Loan Agreement, to disburse amounts from the Project Fund in the exact same amount of the proceeds of the City Loan received by the Trustee from the City, to the Borrower or the City (or its designee), as applicable for application to the payment of the Project Costs. The Trustee agrees upon receipt (i) of proceeds of the Second City Loan from the City and (ii) a Disbursement Request from the Borrower to disburse amounts from the Project Fund as provided in the Loan Agreement, to disburse amounts from the Project Fund in the exact same amount of the proceeds of the Second City Loan received by the Trustee from the City, to the Borrower or the City (or its designee), as applicable for application to the payment of the Project Costs. The Trustee agrees upon receipt (i) of Available Moneys and (ii) a Disbursement Request from the Borrower to disburse amounts from the Project Fund as provided in the Loan Agreement, to disburse amounts from the Project Fund in the exact same amount of the Available Moneys received by the Trustee for deposit into the Collateral Fund, to the Borrower (or its designee), for application to the payment of the Project Costs.

The Borrower acknowledges that all CAHGP Loan proceeds, POAH Loan proceeds, Second POAH Loan proceeds, Bridge Loan proceeds, City Loan proceeds and Second City Loan proceeds requested by the Borrower shall be wired from the Sponsor, the Bridge Lender and the City, respectively, directly (or via title escrow) to the Trustee and disbursed and invested and applied by the Trustee in accordance with the provisions of the Indenture.

Borrower Required to Pay Costs in Event Project Fund Insufficient

If moneys in the Project Fund are not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in substantial accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds (or from other public or private financing sources available to the Borrower). The Borrower shall pay all costs of issuing the Bonds. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of issuance costs from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of the Loan Payments.

Completion Date

The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form attached to the Loan Agreement. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) through (d) of the Completion Certificate.

Remarketing of Bonds

The Borrower is granted the right to request a remarketing of the Bonds in the manner and to the extent set forth in the Indenture and, in consultation with the Remarketing Agent, designate the length of the remarketing period and the related Mandatory Tender Date in the manner and to the extent set forth in the Indenture.

Loan Repayment; Delivery of Note

Upon the terms and conditions of the Loan Agreement, the Issuer will make the Loan to the Borrower. In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Loan Payment Date, Loan Payments, equal to the amount necessary to pay Bond Debt Service Charges due on the next Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made under the Loan Agreement, on any date, equal to the amounts, if any, transferred by the Trustee from the Bond Fund, the Remarketing Proceeds Account of the Bond Fund, the Project Fund or the Collateral Fund on such date for the payment of Bond Debt Service Charges.

To secure the Borrower's performance of its obligations under the Loan Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note, the IHDA Regulatory Agreement and the Tax Regulatory Agreement.

Upon payment in full of the Bond Debt Service Charges on any or all of the Bonds, in accordance with the Indenture, whether at maturity, redemption, mandatory tender, upon acceleration or otherwise, or upon provision for the payment of all other obligations in the Loan Agreement and Indenture having been made in accordance with the provisions of the Indenture, (i) with respect to less than all of the Bonds then outstanding, an appropriate notation shall be endorsed on the Note evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and (ii) with respect to all of the Bonds then outstanding, the Note shall be deemed fully paid, the obligations of the Borrower shall be terminated, and the Note shall be surrendered by the

Trustee to the Borrower for cancellation. Unless the Borrower is entitled to a credit under express terms of the Loan Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Additional Payments

The Borrower shall pay to the Issuer or the Trustee, as the case may be, as Additional Payments under the Loan Agreement the following:

(a) To the Issuer, on the Closing Date, and also on _____, 20____, and the 20th day of each month thereafter while the Bonds are outstanding, (i) an upfront origination fee equal to 1.75% of the outstanding principal amount of the Bonds on such date, (ii) an upfront fee of \$15,000 for in-house legal services, (iii) an upfront miscellaneous fee of \$5,000 for administrative costs, and (iv) an annual administrative fee equal to 0.35% of the outstanding principal amount of the Bonds on each _____ 20th payable in monthly installments equal to one-twelfth of such amount on such _____ 20th and on the 20th day of each month thereafter (the first 24 months' of which shall be prepaid on the Closing Date totaling an amount set forth in the Loan Agreement);

(b) To the Issuer or the Trustee, as the case may be, whether or not an Event of Default has occurred under the Loan Agreement, as payment for or reimbursement or prepayment of any and all costs, expenses, and liabilities (i) incurred or paid by the Issuer or the Trustee, as the case may be, in satisfaction of any obligations of the Borrower under the Loan Agreement not performed by the Borrower in accordance with the provisions of the Loan Agreement, or (ii) incurred as a result of a request by the Borrower or of a requirement of any Borrower Document or the Indenture and not otherwise required to be paid by the Borrower under the Loan Agreement, or (iii) incurred in the defense of any action or proceeding with respect to the Project or any Borrower Document, or in enforcing any Borrower Document, or arising out of or based upon any other document related to the issuance of the Bonds;

(c) To the applicable party, as payment for or reimbursement or prepayment of any Ordinary Services and Ordinary Expenses and Extraordinary Services and Extraordinary Expenses of the Trustee as trustee, registrar, authenticating agent and paying agent, and of any other paying agent, authenticating agent, and registrar on the Bonds under the Indenture, all as provided in the Indenture, as and when the same become due; provided that the Borrower may, without creating an Event of Default under the Loan Agreement, contest in good faith the necessity for any Extraordinary Services and Extraordinary Expenses and the amount of any such Ordinary Services, Ordinary Expenses, Extraordinary Services or Extraordinary Expenses; provided that fees for Ordinary Services provided for by the respective letter agreements agreed to by the Borrower and the Trustee, the Registrar, and any Paying Agent and Authenticating Agent, respectively, shall be considered to be customary;

(d) On each remarketing date, the Remarketing Agent fee, any remarketing expenses and other sums required under the Indenture in order to remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such remarketing; and

(e) To the Dissemination Agent, the Dissemination Agent Fee, as well as any other costs, suits, judgments, losses, damages and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described under this caption by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation requested by the Borrower concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable as described under this caption are not paid by the Borrower within ten (10) business days of the Borrower's receipt of such demand, such Additional Payments shall bear interest from such tenth (10th) day at the Interest Rate for Advances until the amount due shall have been fully paid.

Additional Agreements and Covenants

Right of Inspection. Subject to the rights of tenants under leases, at all reasonable times and upon reasonable written notice, the Borrower shall allow any duly authorized representative of the Issuer or the Trustee to visit and inspect the Project, to examine and make copies of and from its books of record and account information related to the financing, and to discuss its affairs, finances, and accounts with its officers, and shall furnish to the Issuer and the Trustee any information reasonably required regarding its business affairs and financial condition within a reasonable time after receipt of written request therefor.

Borrower to Maintain its Existence; Sales of Assets or Mergers. The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity; provided, that it may do so if the surviving, resulting or transferee entity assumes in writing all of the obligations of the Borrower under the Loan Agreement, the IHDA Regulatory Agreement and the Tax Regulatory Agreement and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it, without the prior written consent of the Issuer; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided in the Loan Agreement. Nothing contained in the Loan Agreement shall limit the rights of (i) any direct or indirect owners of interests in the Borrower to (a) transfer, convey, sell or otherwise dispose (a "Transfer") their ownership interests to any Affiliate, or in connection with any estate planning, or by operation of law, (b) make Transfers among and between themselves, or (ii) Borrower to make Transfers as otherwise permitted by (or subject to the terms and conditions set forth in) the IHDA Regulatory Agreement and the Tax Regulatory Agreement, or (c) transfers in accordance with the right of first refusal and option agreements provided pursuant to the Borrower's Partnership Agreement.

Notwithstanding anything to the contrary contained in the Loan Agreement or in any other Borrower Document and subject to the consent of FHA Lender and HUD prior to each occurrence if and as required in accordance with the FHA Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee: (a) the transfer by the Investor Limited Partner of its interest in the Borrower in accordance with the terms of the Borrower's Amended and Restated Agreement of Limited Partnership, dated as of December 20, 2023, as it may be amended from time to time (the "Partnership Agreement"), which Partnership Agreement has been approved by the Issuer, (b) the removal of the general partner of the Borrower in accordance with the Partnership Agreement and the replacement thereof in accordance with the Partnership Agreement, (c) the transfer of ownership interests in the Investor Limited Partner, (d) the transfer of the interests of the Investor Limited Partner in the Borrower to the Borrower's general partner or any of its affiliates, (e) the admission of the Investor Limited Partner to the Borrower as a partner therein pursuant to the Partnership Agreement, (f) any amendment to

the Partnership Agreement to memorialize the transfers or removal described above, and (g) collateral assignments of partnership interests in the Borrower to secure Project funding approved by the Issuer.

Indemnification. The Borrower releases the Trustee from, agrees that the Trustee shall not be liable for, and indemnifies, defends and holds the Trustee harmless from and against, all liabilities, claims, costs and expenses and reasonable attorneys' fees imposed upon, incurred or asserted against the Trustee on account of: (i) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the acquisition, financing, rehabilitation, occupation, possession, management, equipping, furnishing, maintenance, operation and use of the Project or from any work or thing done in or about the Project site, or any sidewalks, passageways, driveways, curbs, vaults and vault space, streets or parking areas on the Project site or adjacent thereto; (ii) any breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under the Loan Agreement, the IHDA Regulatory Agreement, the Tax Regulatory Agreement, the Note or any related document, or arising from any act or failure to act by the Borrower, or any of its agents, contractors, servants, employees or licensees; (iii) the Borrower's failure to comply with any requirement of the Loan Agreement including the covenant under the heading, "Borrower Not to Adversely Affect Exclusion from Gross Income of Interest on Bonds" below; (iv) any action taken or omitted to be taken by the Trustee at the request of or with the written consent of the Borrower; (v) the issuance of the Bonds, to the extent that such issuance directly relates to the Borrower's furnishing information concerning the Project, the Borrower, its financial status or other matters relating to the Borrower; and (vi) any claim, action or proceeding brought with respect to any matter described above under clauses (i), (ii), (iii), (iv) or (v); provided, however, that the indemnification provided in the Loan Agreement shall not apply to any matter arising or resulting from the gross negligence, fraud, misrepresentation or willful misconduct of the Trustee.

The Borrower agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence, fraud, misrepresentation or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of the Loan Agreement, the Bonds, the Tax Regulatory Agreement, the Note or the Indenture or any action taken at the request of or with the consent of the Borrower, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Loan Agreement, the Bonds, the Indenture, the Tax Regulatory Agreement or the Note.

In case any action or proceeding is brought against the Trustee in respect of which indemnity may be sought under the Loan Agreement, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Borrower from any of its obligations under the Loan Agreement unless that failure prejudices the defense of the action or proceeding by the Borrower. The indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and consent of the Borrower, or because the indemnified party has been advised by counsel that there may be a conflict of interest between the Borrower and the indemnified party, the Borrower shall not be required to pay the fees and expenses of such separate counsel. The Borrower shall not be liable for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed.

The indemnification set forth above is intended to and shall include the indemnification of all affected officials, directors, officers, agents and employees of the Trustee. That indemnification is intended to and shall be enforceable by the Trustee to the full extent permitted by law.

The Borrower agrees to release the Issuer and its officers, directors, agents, officials, employees, members of its governing body and any person who controls the Issuer within the meaning of the Securities Act of 1933 (the "Issuer Indemnified Parties") from, and covenants and agrees to indemnify, hold harmless and defend the Issuer Indemnified Parties from and against any and all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees and expenses, litigation and court costs, costs incurred in connection with any audit by the Internal Revenue Service, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments), taxes, causes of action, suits, demands and judgments of any nature, joint or several, by or on behalf of any person to the extent set forth in an exhibit attached to the Loan Agreement.

Borrower Not to Adversely Affect Exclusion from Gross Income of Interest on Bonds. The Borrower represents that it has taken and caused to be taken, and covenants that it will take and cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such exclusion under the provisions of the Code.

Affirmative Covenants. Unless the Issuer or the FHA Lender shall otherwise consent in writing:

The Borrower shall maintain and preserve in good working order and condition, ordinary wear and tear and casualty loss excepted, all of its property which is necessary or useful in the proper conduct of its business, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to the Project. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times (except during times needed for repair or rebuilding) for habitation.

The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions.

The Borrower shall promptly pay and discharge: all taxes, assessments, fees, and other Government charges or levies imposed upon it or upon any of its property, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a Lien upon its property; any Indebtedness incurred by it before or after the date of the Loan Agreement when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any Lien existing at any time upon its property; provided, however, that the Borrower shall not be required to pay any of the foregoing if (a) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (b) the Borrower shall have set aside on its books adequate reserves with respect thereto, and (c) the title of the Borrower to, and its right to use, its property is not materially and adversely affected thereby. The Borrower agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Government charges or levies or the premium on any required insurance and such failure constitutes a default under the FHA Loan Documents, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances as provided under the caption "Additional Payments" above.

The Borrower shall at all times maintain, or cause to be maintained, insurance of such types and in such amounts as required by the FHA Loan Documents.

The Borrower shall promptly notify the Issuer and the Trustee in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may become a party or be subject to after the date of the Loan Agreement which may result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Loan Agreement, the IHDA Regulatory Agreement, the Tax Regulatory Agreement, the Borrower guaranties or the Note, or any other agreement or instrument therein contemplated.

In the event that any Event of Default occurs under the Loan Agreement, the Borrower shall give prompt notice in writing of such happening to the Trustee.

Except to the extent contested in good faith, the Borrower shall perform according to and shall comply with all of its Contractual Obligations and all requirements of law if nonperformance thereof would result in a change in the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform the Loan Agreement, the IHDA Regulatory Agreement, the Tax Regulatory Agreement or the Note or any other agreement or instrument therein contemplated.

The Borrower shall promptly notify the Trustee in writing of any of the following events: (i) any event with respect to the business or assets or in the condition, financial or otherwise, of the Borrower which would materially impair the ability of the Borrower to perform its obligations under the Loan Agreement, the IHDA Regulatory Agreement, the Tax Regulatory Agreement or the Note or any other agreement or instrument binding upon the Borrower in the Loan Agreement or therein contemplated and (ii) a default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its property or assets may be bound, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any Lien provided for in the Loan Agreement or in any agreement or document contemplated in the Loan Agreement or therein, or otherwise to carry out the intent of the Loan Agreement. The Borrower shall, and shall promptly execute, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a Lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein.

The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems in accordance with applicable environmental laws with respect to the Project, if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

The Borrower will not discriminate, and will require each contractor and subcontractor of the Project to covenant that it will not discriminate by reason of race, creed, color, handicap, national origin or sex in the employment of any Person employed by it in connection with the Project or working in or on the Project. The Borrower will require each manager of the Project to covenant that in the leasing of the Project it will not discriminate by reason of race, creed, color, handicap, national origin or sex.

The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the USA Patriot Act as described in the Indenture.

Additional Indebtedness

So long as no Event of Default under the Loan Agreement shall have occurred and be continuing, the Borrower shall be permitted to incur any Indebtedness for any Project Cost or other obligation or payment due under the Loan Agreement, the Indenture, the IHDA Regulatory Agreement or the Tax Regulatory Agreement.

Nature of Business

The Borrower will not change the general character of its business as conducted at the date of the Loan Agreement, or engage in any type of business not reasonably related to its business as normally conducted.

Cooperation in Enforcement of IHDA Regulatory Agreement and Tax Regulatory Agreement

In order to maintain the exclusion from gross income under federal tax law of interest on the Bonds and to assure compliance with the laws of the State (including the Act), the Borrower agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the agreements defined in the Indenture as the “IHDA Regulatory Agreement” and the “Tax Regulatory Agreement.” The Borrower covenants and agrees as follows:

- (a) to comply with all provisions of the IHDA Regulatory Agreement and the Tax Regulatory Agreement;
- (b) to advise the Issuer in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the IHDA Regulatory Agreement and the Tax Regulatory Agreement;
- (c) upon written direction by the Issuer, to cooperate fully and promptly with the Issuer in enforcing the terms and provisions of the IHDA Regulatory Agreement and the Tax Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the IHDA Regulatory Agreement and the Tax Regulatory Agreement all reports and certificates required thereunder, and the annual certification to the Secretary of the Treasury required by the Tax Regulatory Agreement.

The Issuer shall not incur any liability in the event of any breach or violation of the IHDA Regulatory Agreement and the Tax Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Issuer from any claim or liability for such breach pursuant the Loan Agreement.

Tax Exempt Status of the Bonds

It is the intention of the Issuer and the Borrower that interest on the Bonds shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower described under this caption are for the benefit of the owners of the Bonds and the Issuer.

The Borrower covenants and agrees that it will not (i) use or permit the use of any of the funds provided by the Issuer under the Loan Agreement or any other funds of the Borrower, directly or indirectly, in such manner as would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, or (ii) enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, or (iii) take or omit to take any other action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of the provisions described under this caption it is necessary to restrict or to limit the yield on the investment of any moneys held under the Indenture or otherwise by the Trustee, the Borrower shall determine the limitations and so instruct the Trustee in writing and cause the Trustee to comply with those limitations under the Indenture.

The Borrower will take such action or actions as may be reasonably necessary in the opinion of counsel to the Issuer, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code as applicable to the Bonds.

The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable State or federal law.

The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of the Loan Agreement, the IHDA Regulatory Agreement and the Tax Regulatory Agreement, and that in any event, the requirements of the Loan Agreement, the IHDA Regulatory Agreement and the Tax Regulatory Agreement are paramount and controlling as to the rights and obligations set forth in the Loan Agreement and supersede any other requirements in conflict therewith.

The Borrower will use due diligence to complete the construction and rehabilitation of all of the units comprising the Project and reasonably expects to fully expend the entire principal amount of the Loan set forth in the Loan Agreement by the Mandatory Tender Date.

The Borrower will take such action or actions as necessary to ensure compliance with the Loan Agreement.

Useful Life

The Borrower represents and warrants that, within the meaning of Section 147(b)(1) of the Code, the average maturity of the Bonds does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Federal Guarantee Prohibition

The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Prohibited Facilities

The Borrower represents and warrants that no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (a) the office is located on the premises of facilities constituting a portion of the Project and (b) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Optional Prepayment

The Loan is not subject to prepayment prior to January 1, 2028*. On and after January 1, 2028*, the Loan may be prepaid by the Borrower in whole but not in part on any Business Day determined by the Borrower in consultation with the Remarketing Agent in accordance with the Indenture, without penalty. In order to prepay the Loan, the Borrower shall give the Trustee and the Issuer written notice at least twenty-five (25) days prior to the prepayment date to effect an optional redemption of the Bonds pursuant to the Indenture.

Events of Default

The Loan Agreement provides that each of the following shall be an “Event of Default”: (a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable or, if a Loan Payment Cure Period is permitted, within the Loan Payment Cure Period; (b) the Borrower shall fail to observe and perform any other agreement, term or condition contained in the Loan Agreement and the continuation of such failure for a period of sixty (60) days after written notice thereof shall have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period (as certified in writing by the Borrower to the Issuer and the Trustee), that failure shall not constitute an Event of Default so long as the Borrower or Investor Limited Partner institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within one hundred eighty (180) days after the aforementioned notice unless a longer period is approved by the Issuer and the Trustee; (c) the Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as in effect as of or after the date of the Loan Agreement which is not dismissed within ninety (90) days, (iii) voluntarily commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety (90) days, (iv) make an assignment for the benefit of creditors, or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days; (d) any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given and to the extent such representation or warranty is capable of cure, is not cured within sixty (60) days of written notice to the Borrower; and (e) there shall occur an “Event of Default” as defined or otherwise described in the Indenture,

* Preliminary; subject to change.

the IHDA Regulatory Agreement or the Tax Regulatory Agreement, not cured within any applicable cure period.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition of the Loan Agreement which would give rise to an Event of Default under clause (b) above, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term “Force Majeure” shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under clause (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings. Moreover, a default or Event of Default under the 9% Borrower Loans and 9% Borrower Loan Documents shall not serve as a basis for default or an Event of Default under the Borrower Documents, and, to the extent that Issuer is a funder to Island Terrace 9% Preservation Associates Limited Partnership (the “9% Borrower”) and the other condominium units in Island Terrace Apartments, the Issuer acknowledges and agrees that a default or Event of Default under the Borrower Documents shall not be considered a default or Event of Default of any funding provided by the Issuer to the 9% Borrower or vice versa.

Remedies on Default

Whenever an Event of Default shall have happened and be continuing beyond the expiration of any applicable cure period, any one or more of the following remedial steps may be taken: (a) if acceleration of the principal amount of the Bonds has been declared pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” the Trustee shall declare by written notice to the Borrower all Loan Payments to be immediately due and payable together with any other amounts payable by the Borrower under the Loan Agreement and the Note whereupon the same shall become immediately due and payable; (b) the Trustee may exercise any or all or any combination of the remedies specified in the Loan Agreement; (c) the Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or (d) the Issuer or the Trustee may pursue all remedies existing as of or after the date of the Loan Agreement at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement, the IHDA Regulatory Agreement, the Tax Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee, as assignee of the Issuer, shall be obligated to take any step that in its respective opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee, as applicable, at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Debt Service Charges collected pursuant to action taken under this caption shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Repayment to the Borrower from the Bond Fund” for transfers of remaining amounts in the Bond Fund.

The provisions described under this caption are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to clause (a) above and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

HUD-Required Provisions

The Borrower and Issuer acknowledge that the Loan Agreement, and all Borrower’s obligations thereunder, are subject and subordinate to the FHA Loan Documents. Notwithstanding any provisions of the Loan Agreement to the contrary, no obligations of the Borrower thereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement) or (B) funds that are not derived from (i) revenues of the Project (as defined in the FHA Mortgage), (ii) any reserve or deposit made with the FHA Lender or any other party as required by HUD in connection with the FHA Loan Documents, or (iii) any proceeds of the FHA Note (collectively, “Non-Project Sources”). No claims or actions shall be made (or payable) under the Loan Agreement against the Project, the FHA Lender, the proceeds of the FHA Note, or the assets of the Borrower, except from Non-Project Sources. In addition, the rights and obligations of the parties under the Loan Agreement and all other documents evidencing, implementing, or securing the Loan Agreement are and shall be subordinated in all respects to the rights and obligations of the parties to and under the FHA Loan Documents. In the event of any conflict between the provisions of (i) the Loan Agreement or any other documents evidencing, implementing, or securing the Loan Agreement and (ii) the provisions of the FHA Loan Documents or the Program Obligations (as defined in the FHA Mortgage), the provisions of the FHA Loan Documents or the Program Obligations shall control. The provisions described under this caption shall control over any inconsistent provisions in the Loan Agreement or any other documents evidencing, implementing, or securing the Loan Agreement. The Loan Agreement shall not be amended or modified without the prior written consent of HUD. Any indemnification by the Borrower under the Loan Agreement shall be payable solely from surplus cash or the proceeds or an insurance policy. There is no pledge under the Loan Agreement or under the Indenture of the gross revenues or any of the assets of the Project.

Neither a default under the Loan Agreement or the Indenture shall constitute a default under the FHA Loan Documents related to the Project. Nothing contained in the Loan Agreement or in the Indenture shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any FHA Loan Documents related to the Project for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said FHA Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of the Bonds. Neither the Issuer, the Trustee, nor any of the Holders has or shall be entitled to assert any claim against the Project, any reserves or deposits required by HUD in connection with the Project, or the rents or deposits or other income of the Project.

Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the FHA Loan Documents.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT

The Tax Regulatory Agreement contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Tax Regulatory Agreement which reference is hereby made, copies of which are available from the Issuer. This summary uses various terms defined in the Tax Regulatory Agreement and such terms as used herein shall have the same meanings as so defined.

“Actually Outstanding” shall mean, with respect to the Bonds, those Bonds the principal and interest on which has not yet been fully paid, whether or not such Bonds are deemed to be outstanding under the Indenture or the Loan Agreement.

“Adjusted Family Income” shall mean the adjusted gross income of all persons who reside in a single residential rental unit, calculated in the manner prescribed in Section 142(d)(2)(B) of the Code, and determined in accordance with an exhibit attached to the Tax Regulatory Agreement.

“Affordable Units” shall mean those units in the Project set aside for occupancy by Lower-Income Tenants.

“Area” shall mean the Metropolitan Statistical Area in which the Project is located, as determined from time to time by HUD.

“Available Units” shall mean residential units in the Project (other than the unit occupied or to be occupied by agents, employees or representatives of the Borrower reasonably required for the proper maintenance or management of the Project) that are actually occupied and residential units in the Project that are unoccupied and have been leased at least once after becoming available for occupancy, *provided* that (i) a residential unit that is unoccupied on the later of (a) the date the Project is acquired or (b) the date of issuance of the Bonds, is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (ii) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and any final, temporary or proposed regulations applicable thereto or promulgated thereunder.

“HUD” shall mean the United States Department of Housing and Urban Development.

“Lower-Income Tenants” shall mean and include individuals or families with Adjusted Family Income that does not exceed eighty percent (80%) of Median Income, adjusted for family size; provided that Adjusted Family Income shall be determined in a manner consistent with determinations of lower income families and area median gross income made under the Section 8 Program.

“Median Income” shall mean the median gross income for the Area, as determined from time to time by HUD. For purposes of determining whether Adjusted Family Income qualifies a tenant for treatment as a Lower-Income Tenant, the Median Income shall be adjusted for family size.

“Qualified Project Period” shall mean the period beginning on the first day on which at least ten percent (10%) of the residential units in the Project are first occupied, and ending on the latest of (i) the

date which is fifteen (15) years after the date on which at least fifty percent (50%) of the residential units in the Project are first occupied; (ii) the first day on which no Bonds are Actually Outstanding; and (iii) the date on which any assistance provided with respect to the Project under the Section 8 Program terminates.

“Related Person” shall mean a person whose relationship to such other person is such that (i) the relationship between such persons would result in a disallowance of losses under Sections 267 or 707(b) of the Code, or (ii) such persons are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

“Section 8 Program” shall mean the program of assistance under Section 8 of the United States Housing Act of 1937, as amended, and the regulations promulgated thereunder.

“Student” shall mean an individual who during each of five (5) calendar months during the calendar year in which occupancy of a residential unit begins is a full-time student at an educational organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Project Restrictions

The Borrower represents, warrants and agrees that, until the expiration of the Qualified Project Period:

(a) At no time will either the Borrower or any Related Person occupy a unit in the Project other than the unit occupied or to be occupied by agents, employees or representatives of the Borrower reasonably required for the proper maintenance or management of the Project;

(b) The Project consists of 15 condominium units within a 240-unit building (i) containing approximately 168 similarly constructed one-bedroom, two-bedroom and three-bedroom dwelling units out of 180 units that are to be used on other than a transient basis and any facilities that are functionally related and subordinate to such units within the meaning of Sections 142(a)(7) and 142(d) of the Code, and (ii) each unit of which is to be rented or available for rental (except as permitted to be occupied by Borrower agents, employees or representatives in (a) above) on a continuous basis to members of the general public in accordance with the requirements of Sections 142(a)(7) and 142(d) of the Code;

(c) Each dwelling unit in the Project shall consist of separate and complete facilities for living, sleeping, eating, cooking and sanitation for a person, persons or family;

(d) Affordable Units will be substantially similar to all other units in the Project, and Lower-Income Tenants will enjoy equal access to all common facilities included in the Project;

(e) The Project and the Affordable Units shall, at all times, be suitable for occupancy and in compliance with all applicable laws including, without limitation, health, safety and building codes; and

(f) Except as provided in subparagraph (i) below, the Borrower certifies that none of the Proceeds will be used to acquire any property unless such property was or will be first used by the Borrower:

(i) Paragraph (f) does not apply to any building included in the Project (and the equipment thereof) if the Rehabilitation Expenditures (as such term is defined in subparagraph (f)(ii) below) incurred by the Borrower with respect to the Project (and the equipment thereof) equal or exceed in the aggregate 15% of the cost of acquiring such building and equipment that is financed with the proceeds. The Borrower covenants that the Rehabilitation Expenditures for the building (and the equipment thereof) acquired with proceeds of the Bonds will satisfy the conditions of the preceding sentence.

(ii) For purposes of the Tax Regulatory Agreement, the term “Rehabilitation Expenditures” means any amount properly chargeable to capital account that is incurred by the Borrower in connection with the rehabilitation of a building; in the case of an integrated operation contained in a building prior to its acquisition, such term includes costs of rehabilitating existing equipment in such building or replacing such equipment with equipment having substantially the same function. The term “Rehabilitation Expenditures” does not include (i) any expenditure described in Section 47(c)(2)(B) of the Code, and (ii) any amount incurred more than two (2) years after the later of (A) the date on which the building is acquired by the Borrower, or (B) the date on which the Bonds are issued.

Rental Restrictions Regarding Affordable Units

Under the Tax Regulatory Agreement, the Issuer and the Borrower declare their understanding and intent that the Project be a “qualified residential rental project” as described in Sections 142(a)(7) and 142(d) of the Code and agree that:

(a) Each Available Unit in the Project will be rented or available for rental to the general public on a continuous basis during the Qualified Project Period and that during such Qualified Project Period:

(i) The Borrower will rent the Affordable Units to Lower-Income Tenants such that, at all times during the Qualified Project Period, at least 40% of the Available Units in the Project will be occupied by Lower-Income Tenants, and the Issuer elects to apply the requirements of Section 142(d)(1)(B) of the Code to determine the status of the Project as a “qualified residential rental project” within the meaning of Section 142(d) of the Code. Notwithstanding the foregoing, if at all times within 60 days after the later of (a) the date the Project is acquired, or (b) the issue date of the Bonds, occupancy of the Project equals or exceeds ten percent (10%), the failure to satisfy the Occupancy Restrictions during a period of 12 months beginning on the issue date of the Bonds (the “Transition Period”) will not cause the Project to not be a qualified residential rental project within the meaning of Section 142(d) of the Code. If the Occupancy Restrictions are not satisfied on the last date of the Transition Period, such failure will cause the Project to not be a qualified residential rental project within the meaning of Section 142(d) of the Code as of the issue date of the Bonds unless all Bonds issued to finance the Project are redeemed as soon as possible, but in no event later than 18 months after the issue date of the Bonds.

(ii) The Borrower shall submit to the Secretary of the United States Department of the Treasury (at such time and in such manner as the Secretary shall prescribe) an annual certification as to whether the Project continues to meet the

requirements of Section 142(d) of the Code, and the Borrower acknowledges that failure to do so will subject the Borrower to penalties under Section 6652(j) of the Code.

(iii) On or before the fifteenth day of February, May, August and November of each year during the Qualified Project Period and within thirty (30) days after any change (but only if material to the Borrower's continuing compliance with the Tax Regulatory Agreement) in occupancy of an Affordable Unit by a Lower-Income Tenant, respectively, the Borrower shall prepare and submit to the Issuer and the Trustee, as applicable, a Certificate of Continuing Compliance in substantially the form attached as an exhibit to the Tax Regulatory Agreement, the aforesaid quarterly reporting to commence with the Certificate of Continuing Compliance due on the fifteenth day of the first quarter after the Qualified Project Period commences.

(b) The Borrower shall lease or enter into residency agreements for the occupancy of Affordable Units in the Project to Lower-Income Tenants only pursuant to written leases or residency agreements, and each such lease or residency agreement shall be for a term of at least one year (or the remainder of the tenant's life, if less) in compliance with the requirements of the Code and shall contain a clause or addendum in substantially the form attached as an exhibit to the Tax Regulatory Agreement. The Borrower shall, upon initial occupancy and annually thereafter, obtain from each Lower-Income Tenant occupying an Affordable Unit information about income substantially in the form attached as an exhibit to the Tax Regulatory Agreement or in the form or forms provided or approved by HUD under Section 8 of the United States Housing Act of 1937, as amended, or other Issuer-approved tenant income certification forms, and shall obtain and maintain on file from each such Lower-Income Tenant evidence reasonably sufficient to verify the Lower-Income Tenant's income and assets, including as may be necessary (i) a copy of such Lower-Income Tenant's most recently filed Federal income tax return, (ii) a verification from the Lower-Income Tenant's employer, if any, of the Lower-Income Tenant's wages and other compensation, and (iii) verification of other sources of income, if any.

(c) A residential unit will not satisfy the income tests if all the occupants are Students unless each of those Students is (1) a single parent with children; (2) a Student receiving assistance under title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a Student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws; (4) a Student who was previously under the care and placement responsibility of a foster care program (under part B or E of title IV of the Social Security Act) or (5) a Student who is married and files a joint return. The single parents may not be dependents of another individual and the children may not be dependents of another individual other than of their parents.

(d) For purposes of the Tax Regulatory Agreement, each Affordable Unit in the Project leased to or occupied by Lower-Income Tenants shall be treated as continuing to be leased to or occupied by Lower-Income Tenants, notwithstanding that the Adjusted Family Income of such Lower-Income Tenants, as of any subsequent determination date, may exceed the applicable limitation; provided however that such Affordable Unit shall no longer be considered leased to or occupied by Lower-Income Tenants if the Adjusted Family Income of such tenants exceeds one hundred forty percent (140%) of the applicable limitation and after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project is occupied by new residents who are not Lower-Income Tenants. In addition, each Affordable Unit in the Project that is leased to or occupied by Lower-Income Tenants shall continue to be considered leased to or occupied by Lower-Income Tenants after such Affordable Unit is vacated by such Lower-Income Tenants until such time as such residential unit is reoccupied, other than for a

temporary period not in excess of thirty-one (31) days, at which time a redetermination of whether the Affordable Unit is occupied by Lower-Income Tenants shall be made.

(e) The Borrower agrees that the Issuer shall not be liable for any losses, damages, costs, expenses or claims whatsoever arising from receipt or review by them (or by any person or entity acting on their behalf) of any certificates or reports as to compliance with the requirements of the Tax Regulatory Agreement. The Borrower further agrees that the Issuer (or any person or entity acting on its behalf) shall not be obligated to review any such report or certificate, or to take any action as a result thereof, but without prejudice to the right of the Issuer and the Bondholder to exercise their rights and remedies under the Tax Regulatory Agreement if any such report or certificate discloses noncompliance with the requirements thereof, or if such non-compliance is otherwise discovered. If the Borrower becomes aware of non-compliance with the requirements of the Tax Regulatory Agreement, the Borrower shall promptly give written notice thereof to the Issuer and the Trustee.

(f) The parties to the Tax Regulatory Agreement shall treat as confidential any of the foregoing information relating to a specific Lower-Income Tenant or Affordable Unit provided by the Borrower in compliance with the Tax Regulatory Agreement, all applicable state and federal statutes and regulations, and shall implement adequate systems and procedures for maintaining the confidentiality of such information (but may release general statistical and other information about the Project, so long as the privacy rights and interests of the individual residents are protected). The Issuer and the Borrower shall not use any of the information obtained and/or furnished pursuant to Subparagraph (g) for any purpose described in the federal Fair Credit Reporting Act (15 U.S.C. §1681a(d)(1)) and Section 603(d)(1) of Public Law No. 91-508 or in any manner that would cause a lender or borrower to be considered a “consumer reporting agency” under the federal Fair Credit Reporting Act (15 U.S.C. §1681a(f) and 603(f) of Public Law No. 91-508).

(g) The Borrower shall prepare and submit such additional reports as the Issuer may deem reasonably necessary to ensure compliance with the requirements of the Tax Regulatory Agreement.

(h) The Borrower shall maintain as part of its records for at least as long as the Bonds are outstanding, plus the period ending five years after the latest of the final payment date of the Bonds or the final payment date of any tax-exempt obligations or series of tax-exempt obligations issued to refund directly or indirectly all or any portion of the Bonds or for such longer period as may be required by the Tax Certificate (as defined in the Indenture), (i) copies of all leases and residency agreements of Affordable Units; (ii) all initial and annual income certifications by Lower-Income Tenants of Affordable Units and (iii) such additional records as the Issuer may deem necessary to ensure compliance with the requirements of the Tax Regulatory Agreement.

Transfer Restrictions; Covenants to Run With the Land; Duration of Tax Regulatory Agreement

The Borrower covenants and agrees that, except for transfers permitted under the Loan Agreement, the Borrower will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project, prior to the expiration of the Qualified Project Period (a “Transfer”) that the transferee of that portion assume in writing, in a form acceptable to the Issuer, all duties and obligations of the Borrower under the Tax Regulatory Agreement, including the duties and obligations described under this caption, in the event of a subsequent Transfer before the expiration of the Qualified Project Period. The Borrower shall deliver such written assumption agreement to the Issuer before the Transfer. Any conveyance, transfer or assignment by the Borrower of the Project not complying with the provisions described under this caption shall be null, void and without effect. Notwithstanding the foregoing and

except for any transfers permitted under the Loan Agreement, there shall be no Transfer without the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed.

The Borrower shall cause the Tax Regulatory Agreement and all amendments and supplements thereto to be recorded in the conveyance and real property records of Cook County, Illinois, and in such other places as the Issuer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. The covenants contained in the Tax Regulatory Agreement shall run with the land and shall bind the Borrower and its successors and assigns and all subsequent owners of any part of the Project or any interest therein, and the benefits shall inure to the Issuer and the Bondholder and their respective successors and assigns, during the Qualified Project Period. Unless the covenants contained in the Tax Regulatory Agreement have been released by the Issuer in writing, they shall survive and be effective for the term of the Tax Regulatory Agreement regardless of whether any obligations owed to the Issuer or the Bondholder or to any assignees of the Issuer or the Bondholder have been fully paid and/or performed.

Reliance

In performing their duties and obligations under the Tax Regulatory Agreement, the Issuer and the Trustee may conclusively rely upon statements and certificates of the Borrower or Lower-Income Tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Issuer and the Trustee may consult with counsel of their selection, respectively, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee under the Tax Regulatory Agreement in good faith and in conformity with the opinion of such counsel.

Term

The terms and provisions of the Tax Regulatory Agreement shall become effective upon its execution and delivery. Except as otherwise provided under this caption, the Tax Regulatory Agreement shall remain in full force and effect until the end of the Qualified Project Period. It is expressly agreed and understood that the provisions of the Tax Regulatory Agreement are intended to survive the payment of the Bonds. The foregoing notwithstanding, the Tax Regulatory Agreement and all restrictions thereunder may terminate: (A) if there is delivered to the Issuer, the Trustee and the Borrower an opinion of nationally recognized bond or tax counsel acceptable to the Issuer to the effect that failure to comply with the Tax Regulatory Agreement will not cause interest on the Bonds to become includable in the gross income of the holders thereof for Federal income tax purposes, or (B) in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, condemnation or similar event, or a change in a federal law or an action of a federal agency after the date of issuance of the Bonds that prevents the Issuer from enforcing the terms of the Tax Regulatory Agreement, but only if, within a reasonable period, either the Bonds are repaid or amounts received as a consequence of such event are used to provide a residential rental project that meets the terms of the Tax Regulatory Agreement. Notwithstanding the foregoing, such requirements shall continue to apply to the Project subsequent to a foreclosure, transfer of title by deed in lieu of foreclosure or similar event if, at any time subsequent to such event, the obligor on the purpose investment (as defined in Section 1.148-1(b) of the Treasury Regulations) or a Related Person obtains an ownership interest in the Project or any part thereof for Federal tax purposes.

Enforcement

The Borrower shall submit any information, documents or certifications reasonably requested by the Issuer or the Trustee that the Issuer or the Trustee deem reasonably necessary to substantiate continuing

compliance with the provisions of the Tax Regulatory Agreement and Section 142(d) of the Code and the regulations promulgated thereunder before or after the date of the Tax Regulatory Agreement.

The Issuer and the Borrower each covenant that it will not take or permit to be taken any action within its control that it knows would adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. Moreover, the Issuer and the Borrower covenant to take any lawful action within their control and the Trustee covenants to take any lawful action within the scope of its duties under the Tax Regulatory Agreement that it is directed to take by the Borrower, the Issuer or nationally recognized bond counsel (including amendment of the Tax Regulatory Agreement as may be necessary, in the opinion of Bond Counsel (as defined in the Indenture)) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Project.

The Borrower covenants and agrees to inform the Issuer and the Trustee by written notice of any violation of its obligations under the Tax Regulatory Agreement within ten days of first discovering any such violation. If any such violation is not corrected to the satisfaction of the Issuer and the Trustee within the period of time specified by either the Issuer or the Trustee, which shall be (A) 45 days after the effective date of any notice to or from the Borrower, or (B) such longer period as is specified in an opinion of Bond Counsel, and as in such opinion will not result in the loss of exclusion of interest on the Bonds, without further notice, the Issuer or the Trustee (at the direction of the Issuer) shall declare a default under the Tax Regulatory Agreement effective on the date of such declaration of default, and the Issuer or the Trustee (at the direction of the Issuer) shall apply to any court, state or federal, for specific performance of the Tax Regulatory Agreement or an injunction against any violation of the Tax Regulatory Agreement, or any other remedies at law or in equity or any such other actions as shall be necessary or desirable so as to correct noncompliance with the Tax Regulatory Agreement.

The Borrower and the Issuer each acknowledges that the primary purpose for requiring compliance with the restrictions provided in the Tax Regulatory Agreement is to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, and that the Issuer and the Trustee, on behalf of the owners of the Bonds, who are declared to be third-party beneficiaries of the Tax Regulatory Agreement, shall be entitled for any breach of the provisions thereof, to all remedies both at law and in equity in the event of any default under the Tax Regulatory Agreement, which in the opinion of the Issuer and nationally recognized bond counsel adversely affected the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

In the enforcement of the Tax Regulatory Agreement, the Issuer and the Trustee may rely on any certificate delivered by or on behalf of the Borrower or any tenant with respect to the Project.

Nothing under this caption shall preclude the Issuer, Trustee or the owners of the Bonds from exercising any remedies they might otherwise have, by contract, statute or otherwise, upon the occurrence of any violation under the Tax Regulatory Agreement, which in the opinion of the Issuer and Bond Counsel would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Incorporation of Rider

The HUD Rider to Restrictive Covenants attached to the Tax Regulatory Agreement as an exhibit is incorporated into the Tax Regulatory Agreement.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$20,000,000*

**Illinois Housing Development Authority
Multifamily Housing Revenue Bonds, Series 2026
(Island Terrace)**

This Continuing Disclosure Agreement, dated as of February 1, 2026 (this “Continuing Disclosure Agreement”), is executed and delivered by Island Terrace 4% Preservation Associates Limited Partnership, an Illinois limited partnership (the “Borrower”), and Zions Bancorporation, National Association, as dissemination agent (the “Dissemination Agent”), for the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of February 1, 2026 (the “Indenture”) between the Illinois Housing Development Authority (the “Issuer”) and Zions Bancorporation, National Association, as trustee (the “Trustee”). Pursuant to the Indenture and the Loan Agreement, dated as of February 1, 2026, between the Issuer and the Borrower (the “Loan Agreement”), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower, and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Audited Financial Statements” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Zions Bancorporation, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

* Preliminary; subject to change.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on December 31, 2026, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated

Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format (“PDF”) or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Listed Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties; and

(xvii) The Project's being placed in service for purposes of qualifying the property for low income housing tax credits. Notice of the Project's being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit D hereto or such other form as may be approved by the Dissemination Agent. Notice of the Project being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C hereto or such other form as may be approved by the Dissemination Agent.

For purposes of clauses (xv) and (xvi) of this Section 5(a), "financial obligation" is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the "Adopting Release").

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice by electronic transmission confirmed by telephone or by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent's having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xvii) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsection (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed, then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure

Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment or waiver in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(e) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Provision of Quarterly Statements. The Dissemination Agent shall, at the request of the Holders of the Bonds, furnish to the Holders of the Bonds, quarterly statements of the activity and assets held in each of the funds and accounts maintained by the Dissemination Agent in its capacity as Trustee

under the Indenture. The Dissemination Agent shall satisfy this obligation by providing such quarterly statements via EMMA and/or an online system accessible to the Borrower and the Holders of the Bonds on each March 31st, June 30th, September 30th and December 31st. The Dissemination Agent shall furnish such quarterly statements at the sole cost of the Borrower.

Section 10. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Island Terrace 4% Preservation Associates Limited Partnership
c/o POAH Island Terrace 4%, LLC
2 Oliver Street, Suite 500
Boston, MA 02109
Attention: General Counsel
Email: generalcounsel@poah.org

If to the Dissemination Agent:

Zions Bancorporation, National Association
141 West Jackson, Suite 3720
Chicago, IL 60604
Attention: Robert Cafarelli, VP, Regional Manager
Email: Robert.cafarelli@zionsbancorp.com

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Illinois.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, tender, conversion or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

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

[Borrower's Signature Page to Continuing Disclosure Agreement]

**ISLAND TERRACE 4% PRESERVATION ASSOCIATES
LIMITED PARTNERSHIP,**
an Illinois limited partnership

By: POAH Island Terrace 4%, LLC,
an Illinois limited liability company,
its general partner

By: Preservation of Affordable Housing, Inc.,
an Illinois not-for-profit corporation,
its manager

By: _____
Aaron Gornstein
President and CEO

[Counterpart Signature Page to Continuing Disclosure Agreement]

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$20,000,000*

**Illinois Housing Development Authority
Multifamily Housing Revenue Bonds, Series 2026
(Island Terrace)**

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Island Terrace 4%
Address:	6430 South Stony Island Avenue, Chicago, IL 60637, Units 1-A to 1-O
Number of Units:	180

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, 20__, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses ¹	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

¹ Excludes depreciation and other non-cash expenses.

* Preliminary; subject to change.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	_____ %
Economic Occupancy ¹	_____ %

¹ The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

AUDITED FINANCIAL STATEMENTS

_____ Attached

_____ Audited financial statements of the Borrower for the period ending December 31, 20____ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

_____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20____; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Illinois Housing Development Authority

Name of Bond Issue: Multifamily Housing Revenue Bonds, Series 2026 (Island Terrace)

Name of Borrower: Island Terrace 4% Preservation Associates Limited Partnership

CUSIP: _____

Date of Issuance: February __, 2026

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

Dated:

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
PROJECT PLACED IN SERVICE**

Name of Issuer: Illinois Housing Development Authority

Name of Bond Issue: Multifamily Housing Revenue Bonds, Series 2026 (Island Terrace)

Name of Borrower: Island Terrace 4% Preservation Associates Limited Partnership

Name of Project: Island Terrace 4%

Address of Project: 6430 South Stony Island Avenue, Chicago, IL 60637, Units 1-A to 1-O

Date of Issuance: February __, 2026

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of February 1, 2026, between the above-referenced borrower (the “Borrower”) and Zions Bancorporation, National Association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the “Project”) is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

\$20,000,000*

**Illinois Housing Development Authority
Multifamily Housing Revenue Bonds, Series 2026
(Island Terrace)**

The undersigned hereby provides notice to Zions Bancorporation, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”) that the multifamily rental housing facility known as Island Terrace 4% (the “Project”) has been placed in service in accordance with the Trust Indenture, dated as of February 1, 2026, between the Illinois Housing Development Authority (the “Issuer”) and Zions Bancorporation, National Association, a national banking association, as trustee (the “Trustee”), pursuant to which the above-captioned bonds were issued.

**ISLAND TERRACE 4% PRESERVATION ASSOCIATES
LIMITED PARTNERSHIP,**
an Illinois limited partnership

By: POAH Island Terrace 4%, LLC,
an Illinois limited liability company,
its general partner

By: Preservation of Affordable Housing, Inc.,
an Illinois not-for-profit corporation,
its manager

By: _____
Aaron Gornstein
President and CEO

* Preliminary; subject to change.