

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

**Supplement No. 3 to Official Statement
dated July 28, 2011
relating to**

\$59,500,000

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

Dated: December 30, 2009
(interest accrual commencing July 28, 2011)

Due: September 1, 2041

The Illinois Housing Development Authority (the "**Authority**") previously issued \$184,080,000 aggregate principal amount of its Multifamily Initiative Bonds, Series 2009A (the "**Series 2009A Bonds**"), and expects to release a portion of the escrowed proceeds of the Series 2009A Bonds in the aggregate principal amount of \$59,500,000 (the "**Released Amount**") and to convert and redesignate a corresponding portion of the Series 2009A Bonds as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009D (the "**Series 2009D Bonds**"). On November 18, 2010, the Authority converted \$34,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the "**Series 2009B Bonds**"). On December 16, 2010, the Authority converted \$27,860,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009C (the "**Series 2009C Bonds**" and, together with the Series 2009B Bonds and the Series 2009D Bonds, the "**Converted Bonds**"). See "THE NEW ISSUE BOND PROGRAM". This Supplement No. 3 to Official Statement ("**Supplement No. 3**") supplements and amends the Official Statement, dated December 18, 2009, relating to the Series 2009A Bonds (the "**Original Official Statement**") in connection with the conversion and redesignation of the Series 2009D Bonds. The Original Official Statement was previously supplemented and amended by Supplement No. 1 to Official Statement dated November 18, 2010 ("**Supplement No. 1**") relating to the Series 2009B Bonds and Supplement No. 2 to Official Statement dated December 16, 2010 ("**Supplement No. 2**") relating to the Series 2009C Bonds. The Original Official Statement as supplemented and amended by Supplement No. 1, Supplement No. 2 and this Supplement No. 3 is referred to as the "**Official Statement**". The Original Official Statement is attached to this Supplement No. 3 as Appendix D. Supplement No. 1 is attached to this Supplement No. 3 as Appendix E. Supplement No. 2 is attached to this Supplement No. 3 as Appendix F. To the extent not supplemented and amended by Supplement No. 1, Supplement No. 2 and this Supplement No. 3, the Original Official Statement remains in full force and effect. Certain capitalized terms used but not otherwise defined in this Supplement No. 3 are defined in the Original Official Statement or in the Indenture defined below.

The Series 2009D Bonds were issued pursuant to and are outstanding under the Trust Indenture, dated as of December 1, 2009 (the "**Trust Indenture**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the "**Trustee**"), the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the "**Series 2009A Supplemental Indenture**"), between the Authority and the Trustee, the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the "**Series 2009B Supplemental Indenture**"), between the Authority and the Trustee, the Series 2009C Supplemental Indenture, dated as of December 1, 2010 (the "**Series 2009C Supplemental Indenture**"), between the Authority and the Trustee, and the Series 2009D Supplemental Indenture, dated as of July 1, 2011, between the Authority and the Trustee (the "**Series 2009D Supplemental Indenture**" and collectively with the Trust Indenture, the Series 2009A Supplemental Indenture, the Series 2009B Supplemental Indenture and the Series 2009C Supplemental Indenture, the "**Indenture**"). Principal of and premium, if any, and interest on the Series 2009D Bonds will be paid by the Trustee as Paying Agent pursuant to the Indenture.

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

The Series 2009D Bonds will bear interest from and including July 28, 2011 to but excluding September 28, 2011 at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day (as defined in the Indenture) prior to July 28, 2011, plus 60 basis points or (b) 3.48%. Thereafter, the Series 2009D Bonds will bear interest at the permanent rate of 3.48% per annum to maturity. Interest on the Series 2009D Bonds will be payable on September 28, 2011 and thereafter on March 1 and September 1 of each year, commencing March 1, 2012, and on each redemption date. See “THE SERIES 2009D BONDS”.

The Series 2009D Bonds are subject to redemption prior to maturity, including optional, projected sinking fund and special mandatory redemption, at the prices set forth herein under certain circumstances, as more fully described herein. See: “THE SERIES 2009D BONDS—Redemption Provisions” herein and “THE SERIES 2009A BONDS—Redemption Provisions” in the Original Official Statement in Appendix D.

The Series 2009D Bonds were issued to make funds available, together with certain other available moneys, to (a) fund Mortgage Loans in order to acquire, construct or rehabilitate multifamily residential housing located in the State of Illinois (the “State”), all as described herein and in Appendix B, including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009D Bonds. See “SOURCES AND USES OF FUNDS.”

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

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

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

The delivery of the Series 2009D Bonds is subject to the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, as to the validity of, and the excludability from gross income for federal income tax purposes of interest on, the Series 2009D Bonds. Certain legal matters will be passed upon for the Authority by its Acting General Counsel, Kristi S. Poskus, Esq. and by its counsel, Schiff Hardin LLP, Chicago, Illinois. See “LEGAL MATTERS.”

CONCERNING THE OFFICIAL STATEMENT

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

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

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

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

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Supplement No. 3 to Official Statement
dated July 28, 2011
relating to
\$59,500,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Multifamily Initiative Bonds, Series 2009D

INTRODUCTION

This Supplement No. 3 to Official Statement (including the cover page and appendices, “**Supplement No. 3**”) is being furnished by the Illinois Housing Development Authority (the “**Authority**”) in order to provide information in connection with the conversion and redesignation of a portion of the Authority’s Multifamily Initiative Bonds, Series 2009A (the “**Series 2009A Bonds**”), as the Multifamily Initiative Bonds, Series 2009D (the “**Series 2009D Bonds**”). The Series 2009A Bonds were issued by the Authority on December 30, 2009 pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended (the “**Act**”). On November 18, 2010, the Authority converted \$34,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the “**Series 2009B Bonds**”). On December 16, 2010, the Authority converted \$27,860,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009C (the “**Series 2009C Bonds**” and together with the Series 2009B Bonds and the Series 2009D Bonds, the “**Converted Bonds**”).

Supplement No. 3 supplements and amends the Official Statement dated December 18, 2009, relating to the Series 2009A Bonds (the “**Original Official Statement**”) in connection with such conversion and redesignation. The Original Official Statement was previously supplemented and amended by Supplement No. 1 to Official Statement dated November 18, 2010 (“**Supplement No. 1**”) relating to the Series 2009B Bonds and Supplement No. 2 to Official Statement dated December 16, 2010 (“**Supplement No. 2**”) relating to the Series 2009C Bonds. The Original Official Statement as supplemented and amended by Supplement No. 1, Supplement No. 2 and this Supplement No. 3 is referred to as the “**Official Statement.**” The Original Official Statement is attached to this Supplement No. 3 as Appendix D. Supplement No. 1 is attached to this Supplement No. 3 as Appendix E. Supplement No. 2 is attached to this Supplement No. 3 as Appendix F. To the extent not supplemented and amended by Supplement No. 1, Supplement No. 2 and this Supplement No. 3, the Original Official Statement remains in full force and effect.

Certain capitalized terms used but not otherwise defined in this Supplement No. 3 are defined in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions” in the Original Official Statement attached as Appendix D or in the Indenture defined below.

The Series 2009D Bonds are secured by credit enhancement provided by the Federal National Mortgage Association (“Fannie Mae”) under a Credit Enhancement Instrument

dated as of July 28, 2011 (the “Fannie Mae Credit Enhancement”). The form of the Fannie Mae Credit Enhancement is attached as Appendix G. This Supplement No. 3 describes the Series 2009D Bonds during the period in which the Series 2009D Bonds are secured by the Fannie Mae Credit Enhancement. If the Series 2009D Bonds are secured by credit enhancement other than the Fannie Mae Credit Enhancement or are no longer secured by credit enhancement, the Authority will prepare and provide to the registered owners of the Series 2009D Bonds promptly an additional supplement to the Official Statement that describes the new form of credit enhancement or the fact that the Series 2009D Bonds are no longer secured by credit enhancement, as applicable.

The Series 2009A Bonds were issued and the Series 2009D Bonds are being converted and redesignated under the provisions of (i) the Trust Indenture, dated as of December 1, 2009 (the “**Trust Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “**Trustee**”), (ii) the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the “**Series 2009A Supplemental Indenture**”), between the Authority and the Trustee, (iii) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009A Bonds (the “**Series 2009A Determination**”), (iv) the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the “**Series 2009B Supplemental Indenture**”), between the Authority and the Trustee, (v) the Series 2009C Supplemental Indenture, dated as of December 1, 2010 (the “**Series 2009C Supplemental Indenture**”), between the Authority and the Trustee, (vi) the Series 2009D Supplemental Indenture, dated as of July 1, 2011 (the “**Series 2009D Supplemental Indenture**” and collectively with the Trust Indenture, the Series 2009A Supplemental Indenture, the Series 2009B Supplemental Indenture, and the Series 2009C Supplemental Indenture the “**Indenture**”), between the Authority and the Trustee, (vi) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009D Bonds (the “**Series 2009D Determination**” and together with the Series 2009A Determination, the “**Determinations**”), and (vii) Resolution 2009-IHDA-158 of the Authority adopted on November 20, 2009 (the “**Bond Resolution**”), as amended by Resolution 2009-IHDA-178 of the Authority adopted on December 18, 2009 (the “**First Amendatory Resolution**”), and as further amended by Resolution 2010-IHDA-123 of the Authority adopted on September 17, 2010 (the “**Second Amendatory Resolution**” and together with the Bond Resolution, the First Amendatory Resolution and the Determinations, the “**Resolution**”).

The Trust Indenture contains terms and conditions relating to the Bonds, including terms and conditions relating to the issuance and sale of Bonds and various covenants and security provisions, certain of which are summarized in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in the Original Official Statement in Appendix D. That summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Trust Indenture, to which reference is hereby made, copies of which are available from the Authority or the Trustee.

A portion of the proceeds of the Series 2009D Bonds in the amount of \$59,500,000 (the “**Released Amount**”) is being released on July 28, 2011 (the “**Release Date**”) and a portion of the Series 2009A Bonds allocable to the Released Amount is being redesignated as the Series 2009D Bonds. The Authority is authorized by the Act, the Resolution and the Indenture to (i) release a portion of the proceeds of the Series 2009A Bonds currently held in escrow by the Trustee in a principal amount corresponding to the principal amount of the Series 2009D Bonds,

(ii) redesignate a corresponding portion of the Series 2009A Bonds as the Series 2009D Bonds, and (iii) convert the interest rate on the Series 2009D Bonds from the Short-Term Rate (as defined in the Original Official Statement) to the Permanent Rate (as defined in the Original Official Statement) on September 28, 2011 (the “**Conversion Date**”). See “THE NEW ISSUE BOND PROGRAM”.

Under the Act, the Authority is authorized to finance mortgage loans for multifamily housing for persons and families of low and moderate income in the State of Illinois (the “**State**”). Under the Indenture, the Authority is authorized to issue bonds to provide funds for the making of multifamily mortgage loans to housing sponsors (the “**Developers**”) eligible under the Act for the financing of housing developments (the “**Developments**”), including making deposits in funds and accounts under the Indenture, all as specified in one or more Determinations. Multifamily mortgage loans financed under the Resolution and the Indenture, including, without limitation, the loan described in Appendix B–“DESCRIPTION OF MORTGAGE LOAN AND DEVELOPMENT EXPECTED TO BE FINANCED BY THE SERIES 2009D BONDS” to this Supplement No. 3 and in Appendix B–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009C BONDS” to Supplement No. 2 and Appendix C–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009B BONDS” to Supplement No. 2, to the extent such loans constitute Permitted Mortgage Loans as defined in the Series 2009A Supplemental Indenture, are referred to at various times as either the “**Mortgage Loans**” or the “**Mortgage Loan**”, as appropriate.

Following the Release Date, a portion of the proceeds of the Series 2009A Bonds in an amount equal to the Released Amount will be transferred from the Series 2009A Escrow Account in the Program Fund to the Series 2009D Funding Account in the Program Fund and used, together with certain other available moneys, to (a) fund a Mortgage Loan (the “**Series 2009D Mortgage Loan**”) to the Developer identified in Appendix B–“DESCRIPTION OF MORTGAGE LOAN AND DEVELOPMENT EXPECTED TO BE FINANCED BY THE SERIES 2009D BONDS” (the “**Series 2009D Developer**”) to finance the acquisition, construction and/or rehabilitation of the Development described in Appendix B (the “**Series 2009D Development**”), including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009D Bonds. See “SOURCES AND USES OF FUNDS.” Proceeds of the Series 2009A Bonds released on November 18, 2010 upon the conversion and redesignation of the Series 2009B Bonds were used to fund Mortgage Loans to the Developers identified in Appendix C–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009B BONDS” to Supplement No. 2, to finance the acquisition, construction and/or rehabilitation of the Developments described in that Appendix C. Proceeds of the Series 2009A Bonds released on December 16, 2010 upon the conversion and redesignation of the Series 2009C Bonds were used to fund Mortgage Loans to the Developers identified in Appendix B–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009C BONDS” to Supplement No. 2 to finance the acquisition, construction and/or rehabilitation of the Developments described in that Appendix B.

The Series 2009A Bonds were the first obligations issued by the Authority under the Trust Indenture. The Trust Indenture provides that Subsequent Series of Bonds may be issued under the Trust Indenture pursuant to a Supplemental Indenture and Determination, the proceeds

of which are available to the Authority to finance one or more Developments. The Series 2009B Bonds were the first Subsequent Series, the Series 2009C Bonds were the second Subsequent Series, and the Series 2009D Bonds are the third Subsequent Series. Additional Subsequent Series may be issued by the Authority which will be on parity with the Converted Bonds, the remaining unconverted Series 2009A Bonds, and other Subsequent Series of Bonds outstanding under the Trust Indenture, in accordance with and under the provisions of the Trust Indenture, the Resolution and the Act. The Converted Bonds, the remaining unconverted Series 2009A Bonds and any additional Subsequent Series of Bonds issued under the Trust Indenture are hereinafter sometimes collectively called the “**Bonds**.”

All of the Bonds issued and outstanding under the Indenture, including the Converted Bonds, the unconverted Series 2009A Bonds, and Subsequent Series of Bonds, are parity bonds and are equally and ratably secured by the “Trust Estate” under the Indenture. Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Standard & Poor’s Ratings Services, (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program or credit enhancement provided by Fannie Mae, which secure only the respective Subsequent Series to which they pertain.

The Bonds are special, limited obligations of the Authority and are payable solely from the Authority’s revenues, assets or moneys pledged therefor under the Indenture, including moneys drawn under the Fannie Mae Credit Enhancement. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. Neither the State nor any political subdivision thereof is liable on the Bonds, and the Bonds are not a debt of the State or any political subdivision thereof and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009D BONDS” below and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in the Original Official Statement attached as Appendix D.

The Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009D BONDS” below and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in the Original Official Statement attached as Appendix D.

THE NEW ISSUE BOND PROGRAM

The Authority issued the Series 2009A Bonds as escrow bonds under the Multifamily New Issue Bond Program (the “**NIBP Program**”) announced by the United States Department of the Treasury (“**Treasury**”), Fannie Mae and Freddie Mac. The Series 2009A Bonds were purchased by Fannie Mae and Freddie Mac (the “**Purchasers**” or the “**GSEs**”) pursuant to the NIBP Program, the Bond Resolution, the First Amendatory Resolution, the Series 2009A Determination, the Trust Indenture and the Series 2009A Supplemental Indenture. Proceeds derived from the sale of the Series 2009A Bonds in an amount equal to \$184,080,000 were deposited in the Series 2009A Escrow Account in the Program Fund established by the Trust Indenture and the Series 2009A Supplemental Indenture. Under the NIBP Program, the Purchasers exchanged the Series 2009A Bonds for securities issued by the Purchasers (“**GSE Securities**”) backed by the Series 2009A Bonds, which securities were then purchased by the Treasury. Such GSE Securities are not part of the security for the Bonds. The Series 2009A Bonds bear interest at a short term variable rate and the interest rate calculation method may be converted in up to six tranches prior to December 31, 2011.

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

SOURCES AND USES OF FUNDS

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

Sources

Released Amount	\$59,500,000.00
Borrower Contribution	<u>460,400.00</u>
Total Sources	<u>\$59,960,400.00</u>

Uses

Deposit to Series 2009D Funding Account of the Program Fund	\$58,321,900.00
Deposit to the Reserve Fund	
Capitalized interest	
GSE fees	80,350.00
Costs of Issuance	<u>1,558,150.00</u>
Total Uses	<u>\$59,960,400.00</u>

THE AUTHORITY

Membership

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

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

KAREN DAVIS, Vice Chair – Senior Vice President, Friendly Temple Church

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

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

WILLIAM J. MALLERIS, Member – President, Maple Court Development, Inc.

MELODY REYNOLDS, Member – Executive Director, Advocates for Access

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

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

Management

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

MARY R. KENNEY, Executive Director, returned to the Authority in March 2011. She previously served as the Authority’s General Counsel over the period of August 2000 through

October 2010. Ms. Kenney also served as an administrator in the Authority's Portfolio Administration Department from 1988 through 1991. Ms. Kenney earned her law degree from the School of Law of Loyola University of Chicago. After law school, she joined the Chicago law firm of Johnson & Bell in 1994 where she specialized in litigation. She also holds a Bachelor of Science degree in finance from DePaul University, where she concentrated in real estate and graduated with honors.

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

KRISTI S. POSKUS, Acting General Counsel and Assistant Secretary, joined the Authority in April 2004. Prior to her employment with the Authority, she served as a Loan Administrator-Officer for Harris Bank. Ms. Poskus holds a Bachelor of Arts degree from the University of Wisconsin-Whitewater and a Juris Doctor degree from DePaul University College of Law.

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009D BONDS

General

For general information concerning the security for and sources of payment of the Bonds, including the Series 2009D Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS" in the Original Official Statement attached as Appendix D.

Credit Enhancement of the Series 2009D Bonds

The Series 2010D Bonds are secured by the Fannie Mae Credit Enhancement. The form of the Fannie Mae Credit Enhancement is attached as Appendix G. The Fannie Mae Credit Enhancement was issued pursuant to a Reimbursement Agreement, dated as of July 1, 2011 (as amended and supplemented from time to time, the “**Reimbursement Agreement**”), between Fannie Mae and the Series 2009D Developer. A brief description of certain provisions of the Reimbursement Agreement is attached as Appendix H. For further information concerning Fannie Mae, see the information below under the caption “THE CREDIT PROVIDER.”

Fannie Mae Credit Enhancement

General. The Fannie Mae Credit Enhancement is an irrevocable obligation of Fannie Mae to make advances to the Trustee on a stand by basis.

The Fannie Mae Credit Enhancement provides that up to \$59,500,000 may be drawn with respect to unpaid principal on the Series 2010D Bonds, \$1,052,555 may be drawn with respect to interest actually accrued on the Series 2010D Bonds and \$148,750 may be drawn on with respect to the Authority’s fee. The Trustee may draw upon the Fannie Mae Credit Enhancement if (a) the Trustee does not have sufficient available funds three Business Days prior to any interest payment date to pay the full amount of principal of and interest due on the Series 2010D Bonds (other than Excluded Bonds, as defined in the Credit Enhancement Instrument); (b) if the Trustee does not have sufficient available funds three Business Days prior to the date on which the Trustee is required to pay (i) the principal of and interest on the Series 2010D Bonds (other than Excluded Bonds) as a result of an acceleration of the Series 2010D Bonds pursuant to the Indenture or (ii) the principal and interest components (but not premium) of the redemption price of any Series 2010D Bonds (other than Excluded Bonds) in connection with a special mandatory redemption of Bonds as described under the heading “THE SERIES 2009D BONDS – Redemption Provisions – Mandatory Redemption” below; or (c) to pay to Bondholders the amount of any payment of principal of or interest on the Series 2010D Bonds (other than Excluded Bonds) (i) which is recovered from any Bondholder as a result of an Act of Bankruptcy (as defined in the Series 2009D Supplemental Indenture) or (ii) such principal or interest being prevented from being paid to Bondholders as the result of the imposition of the automatic stay pursuant to the Bankruptcy Code. **The amount of any payment to a Bondholder in respect of any payment of principal of or interest on the Series 2010D Bonds (other than Excluded Bonds) which is recovered from such Bondholder as a result of an Act of Bankruptcy will be limited to the amount so recovered and will not include interest on such amount.**

Indenture Provisions Relating to Fannie Mae Credit Enhancement. The Trustee is required to present Certificates (as defined in the Fannie Mae Credit Enhancement) to Fannie Mae as required by and in accordance with the Fannie Mae Credit Enhancement in order to receive Advances (as defined in the Series 2009D Supplemental Indenture) under, and as and to the extent provided in and permitted by, and in the amounts available under, the Fannie Mae Credit Enhancement. For purposes of determining the amount of any Advance, the Trustee will, at the direction of Fannie Mae, first apply any amounts then on deposit in the Funds and Accounts applicable to the Series 2009D Bonds (other than in the Rebate Fund and in the Series 2009D Cost of Issuance Account) for such purposes.

The Trustee will hold the Fannie Mae Credit Enhancement and will enforce in its name all rights of the Trustee and all obligations of Fannie Mae under the Fannie Mae Credit Enhancement for the benefit of the Bondholders. The Trustee will not assign or transfer the Fannie Mae Credit Enhancement except to a successor Trustee under the Indenture. If, at any time during the term of the Fannie Mae Credit Enhancement, a successor Trustee is appointed and qualified under the Indenture, the successor Trustee, without any further act, deed or conveyance, will become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of the predecessor Trustee, but the former Trustee will nevertheless, on the written request of the Authority, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for more fully and certainly vesting and confirming in the successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under the Indenture, and will pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture.

Replacement Credit Facility. At the request of Fannie Mae, the Trustee shall exchange the Fannie Mae Credit Enhancement with Fannie Mae for a new Credit Facility (a “**Replacement Credit Facility**”), *provided* that there is delivered to the Trustee (i) a written confirmation from the rating agencies rating the Series 2009D Bonds to the effect that such exchange shall not adversely affect the ratings then in effect for the Series 2009D Bonds and (ii) a written opinion of Bond Counsel (as defined in the Series 2009D Supplemental Indenture) to the effect that such exchange will not adversely affect the excludability of interest on the Series 2009D Bonds from gross income for federal income tax purposes. No such exchange shall require the approval of the Authority, the Trustee or any of the Bondholders or constitute or require a modification or supplement to the Indenture.

FANNIE MAE’S OBLIGATIONS WITH RESPECT TO THE SERIES 2009D BONDS ARE SOLELY AS PROVIDED IN THE FANNIE MAE CREDIT ENHANCEMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE FANNIE MAE CREDIT ENHANCEMENT WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER-OWNED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE SERIES 2009D BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE SERIES 2009D BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

THE SERIES 2009D BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE, INCLUDING MONEYS DRAWN UNDER THE FANNIE MAE CREDIT ENHANCEMENT. NEITHER THE AUTHORITY, ANY OF ITS PROGRAM PARTICIPANTS, THE STATE OF ILLINOIS (THE “**STATE**”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE SERIES 2009D BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE SERIES 2009D BONDS OR ANY OF THE AUTHORITY’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY

CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE AUTHORITY HAS NO TAXING POWER.

This Supplement No. 3 describes the Series 2009D Bonds during the period in which the Series 2009D Bonds are secured by the Fannie Mae Credit Enhancement. If the Series 2009D Bonds are secured by credit enhancement other than the Fannie Mae Credit Enhancement or are no longer secured by credit enhancement, the Authority will prepare and provide to the registered owners of the Series 2009D Bonds promptly an additional supplement to the Official Statement that describes the changes new form of credit enhancement or the fact that the Series 2009D Bonds are no longer secured by credit enhancement, as applicable.

Projected Sinking Fund Redemption

The Projected Sinking Fund Redemption Schedule on the Series 2009D Bonds described below under “THE SERIES 2009D BONDS—Projected Sinking Fund Redemption” has been established by the Authority in the Series 2009D Supplemental Indenture based on the scheduled amortization payments on the Series 2009D Mortgage Loan expected to be made or purchased with moneys on deposit in the Series 2009D Funding Account in the Program Fund. As described below under “THE SERIES 2009D BONDS—Projected Sinking Fund Redemption”, the Projected Sinking Fund Redemption Schedule may be revised by the Authority from time to time. If funds (including Series 2009D Mortgage Loan prepayments, if any) are received from time to time in amounts less than the amounts necessary to pay (i) the interest on Series 2009D Bonds and (ii) the redemption price of Series 2009D Bonds in accordance with the Projected Sinking Fund Redemption Schedule then in effect, the Trustee is required to redeem Series 2009D Bonds in such lesser amount and there shall be no Event of Default under the Indenture attributable to such lesser redemption. Payments of principal and interest on the Series 2009D Mortgage Loan, including Series 2009D Mortgage Loan prepayments, in excess of the amounts necessary to pay the interest on Series 2009D Bonds and the redemption price of Series 2009D Bonds in accordance with the Projected Sinking Fund Redemption Schedule then in effect may be applied to redeem Series 2009D Bonds prior to maturity.

To the extent that the Series 2009D Mortgage Loan is not purchased or made at the time and interest rate anticipated by the Authority, or timely payment of principal or interest on the Series 2009D Mortgage Loan is not received when due, or prepayments on the Series 2009D Mortgage Loan are received at a rate substantially higher than assumed, or the Authority suffers losses on the Series 2009D Mortgage Loan in excess of any applicable mortgage insurance or guarantee or in excess of amounts otherwise available therefor or investment income differs from the amount projected by the Authority, the moneys available under the Indenture for payment of the Series 2009D Bonds, including the amounts in the Reserve Fund, may be adversely affected and the redemption of Series 2009D Bonds pursuant to the Projected Sinking Fund Redemption Schedule may be delayed. Certain proceeds of the Series 2009D Bonds, including proceeds on deposit in the Program Fund and the Reserve Fund, will be invested in Permitted Investments.

Reserve Fund

The Trust Indenture requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Requirement. The Trust Indenture establishes the Reserve Requirement as an amount at least equal to the aggregate amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing all Series of Bonds currently outstanding. Pursuant to the Series 2009D Supplemental Indenture, the Reserve Requirement with respect to the Series 2009D Bonds is established as \$0.00. In connection with the conversion and redesignation of the Series 2009D Bonds, no deposit will be made into the Reserve Fund. See “SOURCES AND USES OF FUNDS” above.

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

Additional Bonds

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

All of the Bonds issued and outstanding under the Indenture, including the unconverted Series 2009A Bonds, the Converted Bonds and Subsequent Series of Bonds, are parity bonds and are equally and ratably secured by the “Trust Estate” under the Indenture. Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Standard & Poor’s Ratings Services, (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program.

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

FANNIE MAE

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

Fannie Mae is a federally chartered corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 *et seq.* Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage backed securities (“**MBS**”), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

On September 6, 2008, Fannie Mae’s safety and soundness regulator, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae.

On September 7, 2008 Fannie Mae, through its conservator, entered into two agreements with the U.S. Department of the Treasury (“**Treasury**”) – a Senior Preferred Stock Purchase Agreement (“**Stock Purchase Agreement**”) and a Common Stock Warrant (“**Warrant**”). Pursuant to the Stock Purchase Agreement, Fannie Mae issued to Treasury 1,000,000 shares of Senior Preferred Stock with an initial liquidation preference of \$1,000 per share and the Warrant, which allows Treasury to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae.

The Senior Preferred Stock and the Warrant were issued to Treasury as an initial commitment fee for Treasury’s commitment (the “**Commitment**”), set forth in the Stock Purchase Agreement, to initially provide up to \$100 billion in funds to Fannie Mae. The Stock Purchase Agreement was amended on May 6, 2009 to increase the size of the Commitment to \$200 billion. The Stock Purchase Agreement was further amended on December 24, 2009 to ensure that the Commitment would increase as necessary to accommodate any Fannie Mae net worth deficits for calendar quarters in 2010 through 2012. For any net worth deficits on or after December 31, 2012, the remaining amount of the Commitment will be \$124.8 billion (\$200 billion less the \$75.2 billion cumulatively drawn by Fannie Mae through March 31, 2010), less the smaller of (i) any positive net worth Fannie Mae may have as of December 31, 2012, or (ii) Fannie Mae’s cumulative draws for the period from 2010 through 2012. Fannie Mae generally may draw funds under the Commitment on a quarterly basis when Fannie Mae’s total liabilities exceed its total assets on its consolidated balance sheet calculated in accordance with

generally accepted accounting principles as of the end of a quarter. As of September 30, 2010, Fannie Mae has drawn \$85.1 billion in funds under the Commitment from Treasury. Fannie Mae also disclosed in its Annual Report on Form 10-Q for the quarterly period ended September 30, 2010 that it was requesting an additional \$2.5 billion in funding from the Treasury Department, which it expects to receive on or before December 31, 2010.

The Stock Purchase Agreement and the Warrant contain covenants that significantly restrict Fannie Mae's business activities. These covenants include a prohibition on the issuance of equity securities (except in limited instances), a prohibition on the payment of dividends or other distributions on Fannie Mae's equity securities (other than the Senior Preferred Stock or the Warrant), a prohibition on Fannie Mae's issuance of subordinated debt securities, and a limitation on the amount of debt securities Fannie Mae may have outstanding.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's web site at <http://www.fanniemae.com/ir/sec> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae is incorporating by reference in this Official Statement the documents listed below that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to you by referring you to those documents. Those documents are considered part of this Official Statement, so you should read this Official Statement, and any applicable supplements or amendments, together with those documents before making an investment decision.

You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae incorporates by reference the following documents Fannie Mae has filed, or may file with the SEC:

- Fannie Mae's Form 10-K for the fiscal year ended December 31, 2009, filed with the SEC on February 26, 2010, Fannie Mae's Form 10-Q for the quarterly period ended March 31, 2010, filed with the SEC on May 10, 2010, Fannie Mae's Form 10-Q for the quarterly period ended June 30, 2010, filed with the SEC on August 5, 2010, and Fannie Mae's Form 10-Q for the quarterly period ended September 30, 2010, filed with the SEC on November 5, 2010; and

- all other proxy statements that Fannie Mae files with the SEC, and all documents Fannie Mae files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Official Statement and prior to the termination of the offering of securities under the Official Statement, excluding any information "furnished" to the SEC on Form 8-K.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the Fannie Mae Credit Enhancement and exercising the rights reserved to it in the Indenture and the Reimbursement Agreement.

THE SERIES 2009D BONDS

General

The Series 2009D Bonds are dated December 30, 2009, will mature on September 1, 2041 (the "**Stated Maturity**"), and will bear interest from July 28, 2011 (the "**Release Date**") to but excluding September 28, 2011 (the "**Conversion Date**") at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day prior to the Release Date plus 60 basis points or (b) 3.48%, payable on the Conversion Date. On and after the Conversion Date, the Series 2009D Bonds will bear interest at a rate per annum equal to 3.48% per annum, payable on each March 1 and September 1, commencing March 1, 2012 (each an "**Interest Payment Date**") until payment of the principal thereof, from the Interest Payment Date next preceding the date of registration and authentication of each such Series 2009D Bond, unless such Series 2009D Bond is registered and authenticated as of an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date, or unless such Series 2009D Bond shall be in default, in which event such Series 2009D Bond shall bear interest from the date on which interest was last paid on such Series 2009D Bond or from the Conversion Date if no interest has been paid on such Series 2009D Bond. The Series 2009D Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Series 2009D Bonds. If any such dates are not business days, then payments will be made on the next business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2009A Bonds, the Series 2009B Bonds and the Series 2009C Bonds will also mature, subject to prior redemption, on the Stated Maturity.

Payment of the principal of and the interest on the Series 2009D Bonds on the Stated Maturity will be made upon the presentation and surrender of the Series 2009D Bonds. All payments of interest on and principal of, the Series 2009D Bonds will be paid through DTC in accordance with its normal procedures, which as of the date of this Supplement No. 3 provide for payment by the Securities Depository to its Direct Participants (as defined under the caption "BOOK-ENTRY ONLY SYSTEM" in the Original Official Statement attached as Appendix D).

Redemption Provisions

Projected Sinking Fund Redemption. The Series 2009D Bonds are subject to special mandatory redemption ("**Projected Sinking Fund Redemption**") in direct order of maturity (and by lot within a maturity) at a redemption price equal to 100 percent of their principal amount, plus accrued interest to the date of redemption, if any, on the first Business Day of any month, pursuant to the provisions summarized under the caption "–Optional Redemption" below.

The Trustee shall base its redemption of Series 2009D Bonds on the table set forth below, as revised from time to time by the Authority by certificate of the Authority filed with the Trustee or pursuant to the provisions summarized under the caption “Selection of Bonds to be Redeemed” below, provided that, in the case of revisions to the tables that are discretionary and not pursuant to the provisions of the Series 2009D Supplemental Indenture, such revisions are conditioned upon an opinion of bond counsel to the effect that such revisions do not adversely affect the exclusion of interest on the Series 2009D Bonds from gross income for federal income tax purposes. To the extent that amounts are available on the related redemption date for any such Projected Sinking Fund Redemption but are less than the related amount set forth in the table, the Trustee shall redeem Series 2009D Bonds in such lesser amount and there shall be no Event of Default under the Indenture attributable to such lesser redemption.

The Series 2009D Bonds are subject to Projected Sinking Fund Redemption pursuant to the Projected Sinking Fund Redemption Schedule below, adjusted as provided in the paragraph following the schedule.

The Projected Sinking Fund Redemption Schedule is as follows:

<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>	<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>
Sep 1, 2012	\$ 100,000	Mar 1, 2023	\$ 540,000
Mar 1, 2013	330,000	Sep 1, 2023	540,000
Sep 1, 2013	330,000	Mar 1, 2024	560,000
Mar 1, 2014	340,000	Sep 1, 2024	570,000
Sep 1, 2014	350,000	Mar 1, 2025	590,000
Mar 1, 2015	360,000	Sep 1, 2025	600,000
Sep 1, 2015	360,000	Mar 1, 2026	610,000
Mar 1, 2016	380,000	Sep 1, 2026	630,000
Sep 1, 2016	380,000	Mar 1, 2027	650,000
Mar 1, 2017	400,000	Sep 1, 2027	660,000
Sep 1, 2017	400,000	Mar 1, 2028	680,000
Mar 1, 2018	420,000	Sep 1, 2028	700,000
Sep 1, 2018	430,000	Mar 1, 2029	710,000
Mar 1, 2019	430,000	Sep 1, 2029	730,000
Sep 1, 2019	450,000	Mar 1, 2030	750,000
Mar 1, 2020	460,000	Sep 1, 2030	770,000
Sep 1, 2020	470,000	Mar 1, 2031	790,000
Mar 1, 2021	480,000	Sep 1, 2031	810,000
Sep 1, 2021	490,000	Mar 1, 2032	830,000
Mar 1, 2022	510,000	Sep 1, 2032	850,000
Sep 1, 2022	510,000	Mar 1, 2033	860,000

<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>	<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>
Sep 1, 2033	\$ 900,000	Mar 1, 2038	\$ 1,120,000
Mar 1, 2034	910,000	Sep 1, 2038	1,140,000
Sep 1, 2034	940,000	Mar 1, 2039	1,170,000
Mar 1, 2035	960,000	Sep 1, 2039	1,190,000
Sep 1, 2035	980,000	Mar 1, 2040	1,230,000
Mar 1, 2036	1,010,000	Sep 1, 2040	1,260,000
Sep 1, 2036	1,030,000	Mar 1, 2041	1,290,000
Mar 1, 2037	1,060,000	Sep 1, 2041	19,420,000
Sep 1, 2037	1,080,000		

In the case of redemptions other than Projected Sinking Fund Redemptions, if less than all of the Series 2009D Bonds of a specific maturity have been redeemed other than through Projected Sinking Fund Redemption applicable to such Series 2009D Bonds, the principal amount of the Series 2009D Bonds of such maturity to be redeemed in each year through Projected Sinking Fund Redemption Schedule shall be decreased pro rata (or as nearly as practicable to pro rata to keep each Projected Sinking Fund Redemption in Authorized Denominations) among all Projected Sinking Fund Redemption payments provided for in the Projected Sinking Fund Redemption Schedule.

Mandatory Redemption. The Series 2009D Bonds are subject to mandatory redemption on the earliest practicable Redemption Date for which timely notice of redemption can be given pursuant the Trust Indenture following the occurrence of the event requiring such redemption. Series 2009D Bonds will be redeemed at a redemption price equal to 100 percent of the principal amount of such Series 2009D Bonds plus accrued interest to the Redemption Date. Series 2009D Bonds subject to mandatory redemption in part shall be redeemed in Authorized Denominations or shall be redeemed in such amounts so that the Series 2009D Bonds Outstanding following the redemption are in Authorized Denominations.

(a) **Casualty or Condemnation.** The Series 2009D Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property (“**Proceeds**”) are applied in accordance with the Security Instrument to the prepayment of the Loan.

(b) **After an Event of Default under the Reimbursement Agreement.** The Series 2009D Bonds shall be redeemed in whole or in part in an amount specified by and at the direction of Fannie Mae requiring that the Series 2009D Bonds be redeemed following any Event of Default under the Reimbursement Agreement. The Redemption Date shall be the earliest practicable date, but in no event shall such redemption occur later than six Business Days prior to the date, if any, that the Fannie Mae Credit Enhancement terminates on account of Fannie Mae’s giving of direction to the Trustee to redeem all of the Series 2009D Bonds.

Optional Redemption. The Series 2009D Bonds are subject to optional redemption in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess of that amount at the option of the Authority, in whole or in part, from any source of funds, on the first Business

Day of any month, at a redemption price equal to 100% of the principal amount of the Series 2009D Bonds to be redeemed, without premium, plus accrued interest, if any, to the redemption date.

Conditional Redemption; Rescission of Conditional Redemption; Cancellation of Optional Redemption. For any optional redemption of Series 2009D Bonds, the notice of redemption shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Series 2009D Bonds including Available Moneys to pay any redemption premium in full (“**Conditional Redemption**”), and such notice and optional redemption shall be of no effect if either (i) by no later than the scheduled redemption date, sufficient moneys to redeem the Series 2009D Bonds and sufficient Available Moneys to pay any redemption premium have not been deposited with the Trustee, or if such moneys are deposited, are not available or (ii) the Trustee at the direction of Fannie Mae rescinds such notice on or prior to the scheduled redemption date. The Trustee shall rescind any Conditional Redemption if the requirements for such redemption have not been met on or before the Redemption Date or the Trustee has received a direction to cancel the Conditional Redemption from Fannie Mae. The Trustee shall give notice of rescission by the same means as is provided for the giving of notice of redemption or by Electronic Means (as defined in the Series 2009D Supplemental Indenture) confirmed in writing. The optional redemption shall be canceled once the Trustee has given notice of rescission. Any Series 2009D Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the Redemption Date shall constitute an Event of Default. Notwithstanding notice having been given in the manner provided above, any optional redemption of Series 2009D Bonds shall be canceled with the consent of or at the direction of Fannie Mae if Fannie Mae has notified the Trustee in writing that an Event of Default under the Reimbursement Agreement has occurred.

Selection of Bonds To Be Redeemed. If less than all of the Outstanding Series 2009D Bonds are called for redemption, the Trustee shall select the Outstanding Series 2009D Bonds to be redeemed proportionately by maturity, and by lot within any maturity, subject to selection by the Trustee as provided below. The portion of any Series 2009D Bond to be redeemed shall be an Authorized Denomination and in selecting Series 2009D Bonds for redemption, each Series 2009D Bond shall be considered as representing that number of Series 2009D Bonds which is obtained by dividing the principal amount of such Series 2009D Bond by the minimum Authorized Denomination. Series 2009D Bonds which have previously been selected for redemption will not be deemed Outstanding. If for any reason the principal amount of Series 2009D Bonds called for redemption would result in a redemption of Series 2009D Bonds less than the Authorized Denomination, the Trustee, to the extent possible within the principal amount of Series 2009D Bonds to be redeemed, is authorized to adjust the selection of Series 2009D Bonds for such purpose in order to minimize any such redemption. If a portion of a Series 2009D Bond is called for redemption, then, upon surrender of such Series 2009D Bond, the Authority shall execute and the Trustee shall authenticate and deliver a new Series 2009D Bond in principal amount equal to the unredeemed portion thereof and with the same maturity, interest rate, series and tenor in any Authorized Denomination, without charge to the holder of such Series 2009D Bond. Notwithstanding the foregoing, DTC will select the Series 2009D Bonds for redemption within particular maturities according to its stated procedures. Upon any redemption of Series 2010D Bonds from sources other than Projected Sinking Fund Payments,

the Sinking Fund Installments shall be adjusted as described above in “THE SERIES 2009D BONDS—Redemption Provisions—Projected Sinking Fund Redemption.”

Redemption Restrictions and Recycling Prohibition. Except as limited by tax law requirements, the Authority shall apply the following exclusively to the redemption of Series 2009D Bonds: (i) all proceeds of the Series 2009D Bonds, to the extent not used to fund Permitted Mortgage Loans, refund outstanding bond issues as provided in the Indenture, pay Series 2009D Bond issuance expenses or fund related reserve accounts and (ii) a *pro rata* portion (calculated based on the outstanding principal amount of the Series 2009D Bonds divided by the sum of the outstanding principal amount of the Series 2009A Bonds, the outstanding principal amount of the Series 2009B Bonds, the outstanding principal amount of the Series 2009C Bonds, the outstanding principal amount of the Series 2009D Bonds, and the outstanding principal amount of any Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009 C Bonds, and the Series 2009D Bonds) of all principal prepayments and recoveries of principal received with respect to the Permitted Mortgage Loans acquired or financed with the proceeds of the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009 C Bonds, the Series 2009D Bonds and any such Subsequent Series, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds and any Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds, and the Series 2009D Bonds. Notwithstanding the foregoing, tax credit equity with respect to projects funded with Permitted Mortgage Loans may be used solely to redeem related bonds issued in conjunction with Series 2009A Bonds, Series 2009B Bonds, Series 2009C Bonds, or Series 2009D Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Series 2009D Bonds promptly and as provided above shall not be recycled into new Permitted Mortgage Loans. The Series 2009A Bonds, the Series 2009B Bonds, Series 2009C Bonds, the Series 2009D Bonds and any Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds, the Series 2009B Bonds, Series 2009C Bonds, and the Series 2009D Bonds may be redeemed with payments of specified Permitted Mortgage Loans.

Notice of Redemption. When the Trustee is required or authorized to redeem Series 2009D Bonds, the Trustee will, in accordance with the terms and provisions of the Series 2009D Bonds and of the Indenture, give notice (which notice shall be dated the date given) of the redemption of Series 2009D Bonds, which notice will specify (a) the name of the Series 2009D Bonds, (b) the date of issue, (c) the redemption price, (d) the CUSIP number or numbers of the Series 2009D Bonds to be redeemed, (e) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (f) if less than all of the Series 2009D Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2009D Bonds so to be redeemed (*i.e.*, certificate numbers), (g) in the case of a Series 2009D Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed, and (h) such other information as may be specified in the Series 2009D Supplemental Indenture. Such notice will further state that, except as otherwise provided in the second succeeding paragraph, on the redemption date there will become due and payable upon each Series 2009D Bond to be redeemed the redemption price

thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Series 2009D Bond to be redeemed in part only, and that from and after such date, interest on such Series 2009D Bond will cease to accrue and be payable. Such notice will be given by mailing a copy of such notice, first class mail, postage prepaid, at least 30 days but no more than 60 days prior to such redemption date, to the registered owner of any Series 2009D Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice will not be a condition precedent to or affect the validity of any proceedings for the redemption of other Series 2009D Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Series 2009D Bond for redemption within 30 days subsequent to the redemption date. Each such notice will be sent by first class mail, postage prepaid.

Any notice of redemption may, if directed by the Authority, be given specifying that the redemption of the Series 2009D Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the redemption date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Series 2009D Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain outstanding.

Additionally, written notice of each redemption of Series 2009D Bonds must be provided by the Trustee to the GSEs, the Administrator and the Treasury's Financial Agent, such notice to be provided by facsimile transmission to addresses provided by such parties. Redemption of Series 2009D Bonds will not be conditioned or delayed for the giving of such notice, which must be provided at least ten (10) days in advance of the date of such redemption.

Purchase in Lieu of Redemption. Purchase in lieu of redemption shall be available for all of the Series 2009D Bonds called for redemption or for such lesser portion of such Series 2009D Bonds as constitute Authorized Denominations. Fannie Mae or the Series 2009D Developer with the written consent of Fannie Mae may direct the Trustee to purchase all or such lesser portion of the Series 2009D Bonds so called for redemption. In no event will Fannie Mae in its capacity as provider of the Fannie Mae Credit Enhancement purchase Series 2009D Bonds for its own account in lieu of redemption without the prior written consent of the General Counsel to Fannie Mae. Any such direction to the Trustee must: (1) be in writing; (2) state either that all of the Series 2009SD Bonds called for redemption are to be purchased or, if less than all of the Series 2009SD Bonds called for redemption are to be purchased, identify those Series 2009SD Bonds to be purchased by maturity date and outstanding principal amount in Authorized Denominations; and (3) be received by the Trustee no later than 12:00 noon one Business Day prior to the Redemption Date.

If so directed, the Trustee shall purchase such Series 2009D Bonds on the date which otherwise would be the Redemption Date. Any of the Series 2009D Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by Supplemental Indenture on the Redemption Date.

Withdrawal of Direction to Purchase. On or prior to the scheduled redemption date, any direction given to the Trustee pursuant to this Section or any consent given by Fannie Mae to such a direction may be withdrawn by written notice to the Trustee. Subject generally to the Series 2009D Supplemental Indenture, should a direction to purchase or the consent of Fannie Mae be withdrawn, the purchase of Series 2009D Bonds in lieu of the scheduled redemption of such Series 2009D Bonds shall not occur.

Purchaser. If the purchase is directed by Fannie Mae, the purchase shall be made for the account of Fannie Mae or its designee. If the purchase is directed by the Series 2009D Developer with the consent of Fannie Mae, the purchase shall be made for the account of the Series 2009D Developer or its designee.

Purchase Price. The purchase price of the Series 2009D Bonds shall be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Series 2009D Bonds on the Redemption Date for such redemption. To pay the purchase price of such Series 2009D Bonds, the Trustee shall use such funds, if any, in:

(a) such funds, if any, in the Interest Account or the Redemption Account to pay the principal and interest components of the purchase price; and

(b) Available Moneys (as defined in the Series 2009D Supplemental Indenture) provided by or on behalf of the Series 2009D Developer held in a segregated subaccount in the Redemption Account to pay the redemption premium component of the purchase price;

(c) that the Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, that would have been payable on the redemption of such Series 2009D Bonds on the Redemption Date. The Trustee shall not purchase the Series 2009D Bonds pursuant to this Section if by no later than the Redemption Date, sufficient moneys have not been deposited with the Trustee, or such moneys are deposited, but are not available.

No Notice to Bondholders. No notice of the purchase in lieu of redemption shall be required to be given to the Bondholders (other than the notice of redemption otherwise required under Supplemental Indenture).

Book-Entry Only System

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

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

Permitted Investments Generally; Investment Limitations

(a) **Permitted Investments Generally.** Moneys held as part of any Fund, Account or Subaccount established by the Series 2009D Supplemental Indenture shall be invested and reinvested in Permitted Investments. Permitted Investments shall have maturities corresponding to, or shall be available for withdrawal without penalty no later than, the dates upon which such moneys shall be needed for the purpose for which such moneys are held.

(b) **Certain Limitations on Permitted Investments.** Moneys on deposit in the:

(1) Series 2009D Interest Subaccount shall be invested only in investments described in paragraphs (a), (b), (c) and (h) of the definition of Permitted Investments;

(2) Series 2009D Redemption Subaccount shall be invested only in investments described in paragraph (a) of the definition of Permitted Investments, with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that such moneys are anticipated to be required for redemption;

(3) Series 2009D Credit Facility Subaccount shall be held uninvested; and

(4) Series 2009D Costs of Issuance Account, until disbursed or returned to the Borrower upon the closing of such Account, shall be invested only in investments described in paragraph (h) of the definition of Permitted Investments.

(c) **Selection of Permitted Investments.** Subject to subsections (a) and (b), the Borrower may select all Permitted Investments by written direction to the Trustee; but if the Borrower fails to provide direction to the Trustee, the Trustee shall invest such moneys in investments described in paragraph (h) of the definition of Permitted Investments or, in the case of the Series 2009D Redemption Subaccount, in investments described in paragraph (a) of the definition of Permitted Investments, or, in the case of the Series 2009D Credit Facility Subaccount, shall hold the moneys uninvested.

Permitted Investments

“**Permitted Investments**” means, with respect to the funds, accounts and subaccounts created by the Series 2009D Supplemental Indenture and to the extent authorized by law for investment of moneys of the Authority:

(a) “Government Obligations”.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the highest rating category.

(c) Obligations, in each case rated in the highest rating category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.

(d) Any written repurchase agreement entered into with a “Qualified Financial Institution” whose unsecured short term obligations are rated in the highest rating category.

(e) Commercial paper rated in the highest rating category.

(f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers’ acceptances, issued by a “Qualified Financial Institution” if either (A) the Qualified Financial Institution’s unsecured short term obligations are rated in the highest rating category or (B) such deposits, accounts or acceptances are fully insured by the Federal Deposit Insurance Corporation.

(g) an agreement held by the Trustee for the investment of moneys at a guaranteed rate with (i) Fannie Mae or (ii) a Qualified Financial Institution whose unsecured long-term obligations, obligations for which a current insurer financial enhancement rating is available or obligations for which an insurer financial strength rating is available, are rated in the highest rating category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations, obligations for which a current insurer financial enhancement rating is available or obligations for which an insurer financial strength rating is available, are rated in the highest rating category; provided, that:

1. the agreement provides that the invested funds will be available for withdrawal without penalty or premium, at any time that (A) the Trustee is required to pay moneys from any fund established under the Indenture to which the agreement is applicable, or (B) subject to paragraph (4), any rating agency lowers, suspends or withdraws the rating on the Series 2009D Bonds on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;

2. the agreement is an unconditional and general obligation of the provider and, if applicable, the guarantee or insurance is an unconditional and general obligation of the guarantor or insurer of the agreement, and ranks *pari passu* with all other unsecured, unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

3. the Trustee receives an opinion of counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an opinion of counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms;

4. the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any rating agency or falls below the highest rating category, the provider must:

(A) within five days of such withdrawal, suspension or downgrade, notify the Trustee, the Series 2009D Developer and Fannie Mae; and

(B) within 15 days of such withdrawal, suspension or downgrade and at the option of the provider, either (i) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain the then current rating of the Series 2009D Bonds, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, so as to maintain the then current rating of the Series 2009D Bonds, (ii) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations or claims paying ability are then rated in the highest rating category; and

(5) the agreement also provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any rating agency or falls below the highest rating category, and the provider does not satisfy the requirements of paragraph (4) above within the required period of time, then the Trustee may or Fannie Mae may direct the Trustee to notify the provider that it intends to withdraw the entire balance of the agreement then on deposit, together with all of the accrued and unpaid earnings thereon. The provider will, if the requirements of paragraph (4) above have not been timely satisfied, repay the principal of and accrued but unpaid interest on the investment, with no penalty or premium unless required by law, to the Trustee within two (2) business days of receipt of such notice from the Trustee. Upon any such withdrawal the agreement shall terminate.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAM-G or AAAM by S&P or Aaa by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by Fannie Mae, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Series 2009D Bonds are rated by a rating agency, the money market mutual fund must be rated AAAM-G or AAAM by S&P, if S&P maintains a rating on the Series 2009D Bonds, or Aaa by Moody's, if Moody's maintains a rating on the Series 2009D Bonds. If at any time the Series 2009D Bonds are not rated, then the money market mutual fund must be rated AAAM-G or AAAM by S&P or Aaa by Moody's. If at any time (i) the Series 2009D Bonds are not rated, (ii) both S&P and Moody's rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the highest rating category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by Fannie Mae.

The term “Permitted Investments” does not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to any obligation that provides for the optional or mandatory tender, at par, by the holder of such obligation at least once within one year of the date of purchase, Government Obligations irrevocably deposited with the Trustee for payment of Series 2009D Bonds, and Permitted Investments listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset-backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities.

(4) Any interest-only or principal-only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(9) any investment to which S&P has added an “r” or “t” highlighter.

Investment Income

Investment income from moneys held in the Series 2009D Funding Account, the Series 2009D Account of the Rebate Fund and the Series 2009D Costs of Issuance Account shall remain in the respective Fund where earned. All other investment income from moneys held in all other fund, accounts and subaccounts, upon receipt, shall be deposited into the Series 2009D Interest Subaccount.

Trustee's Authority and Responsibilities Regarding Investments

All Permitted Investments shall be made by the Trustee in its name, as Trustee, and shall be held by or under the control of the Trustee. The Trustee shall take such actions as shall be necessary to assure that Permitted Investments purchased by it under the Indenture are held pursuant to the terms of the Indenture and are subject to the trusts and security interests created in the Indenture. The Trustee is authorized to sell and reduce to cash a sufficient amount of Permitted Investments whenever the cash balance is or will be insufficient to make a requested or required disbursement. The Trustee shall not be accountable for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale. The Trustee may trade with itself and its affiliates in the purchase and sale of securities for investments, and may transact purchases and sales through its investment department or through its affiliates. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to any investments. In computing the amount in any fund or account, Permitted Investments if purchased at par shall be valued at principal cost plus accrued interest, or, if purchased at other than par, at principal cost plus amortized discount or less amortized premium (amortization to be on a straight-line basis to the date of stated maturity without regard to redemptions or repayments of principal which may occur prior to maturity) plus accrued interest. The Authority and the Series 2009D Developer each acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Series 2009D Developer the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Series 2009D Developer specifically waive receipt of such confirmations to the extent permitted by law.

Supplemental Indentures to Series 2009D Supplemental Indenture Not Requiring Bondholder Consent

The Authority and the Trustee, without the consent of or notice to any Series 2009D Bondholder, may enter into an indenture or indentures supplemental to the Series 2009D Supplemental Indenture for one or more of the following purposes:

- (a) to cure any ambiguity or to correct or supplement any provision contained in the Series 2009D Supplemental Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Series 2009D Supplemental Indenture or in any supplemental indenture;
- (b) to amend, modify or supplement the Series 2009D Supplemental Indenture in any respect if such amendment, modification or supplement is not materially adverse to the interests of the Series 2009D Bondholders;
- (c) to grant to or confer upon the Trustee for the benefit of the Series 2009D Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Series 2009D Bondholders or the Trustee, or to grant or pledge to the Trustee for the benefit of the Series 2009D Bondholders any additional security other than that granted or pledged under the Series 2009D Supplemental Indenture;

(d) to modify, amend or supplement the Series 2009D Supplemental Indenture in such manner as to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Series 2009D Bonds for sale under the securities laws of any of the States of the United States;

(e) to appoint a successor trustee, separate trustee or co trustee, or a separate bond registrar;

(f) to make any change requested by Fannie Mae which, in the judgment of the Trustee, is not materially adverse to the interests of the Series 2009D Bondholders, including, but not limited to, provision of a Credit Facility other than or in substitution for the initial Credit Enhancement Instrument, provided that the provision of such other Credit Facility does not adversely affect the rating then in effect for the Series 2009D Bonds;

(g) to make any changes in the Series 2009D Supplemental Indenture or in the terms of the Series 2009D Bonds necessary or desirable in order to maintain the then existing rating awarded to the Series 2009D Bonds by a rating agency or otherwise to comply with requirements of any rating agency then rating the Series 2009D Bonds; and

(h) to comply with the Code and the regulations and rulings issued with respect to the Code, to the extent determined as necessary in an opinion of bond counsel.

If the Trustee has received written confirmation from a rating agency to the effect that such supplemental indenture will not result in the suspension, withdrawal or reduction of the then current rating on the Series 2009D Bonds and all conditions precedent in the Series 2009D Supplemental Indenture and have been satisfied, the Trustee shall join the Authority in the execution of any such supplemental indenture. The Trustee promptly shall furnish a copy of any such supplemental indenture to Fannie Mae, the Loan Servicer and the Series 2009D Developer.

Supplemental Indentures to Series 2009D Supplemental Indenture Requiring Bondholder Consent

The Authority and the Trustee may, with the consent of Series 2009D Bondholders owning not less than 51 percent in aggregate principal amount of Series 2009D Bonds then outstanding, from time to time, execute indentures supplemental to the Series 2009D Supplemental Indenture for the purpose of modifying or amending any of the provisions of the Series 2009D Supplemental Indenture provided, that nothing in the Series 2009D Supplemental Indenture permits, or shall be construed as permitting:

(a) an extension of the maturity of the principal of or interest on, or the mandatory redemption date of, any Series 2009D Bond, without the consent of the owner of such Series 2009D Bond;

(b) a reduction in the principal amount of, or the rate of interest on, any Series 2009D Bond, without the consent of the owner of such Series 2009D Bond;

(c) a preference or priority of any Bond or Series 2009D Bonds over any other Series 2009D Bond or Series 2009D Bonds, without the consent of the owners of all such Series 2009D Bonds;

(d) the creation of a lien prior to or on parity with the lien of the Series 2009D Supplemental Indenture, without the consent of the owners of all of the Series 2009D Bonds then Outstanding;

(e) a change in the percentage of Series 2009D Bondholders necessary to waive an Event of Default under the Series 2009D Supplemental Indenture or otherwise approve matters requiring Series 2009D Bondholder approval under the Series 2009D Supplemental Indenture, including consent to any supplemental indenture, without the consent of the owners of all the Series 2009D Bonds then outstanding;

(f) a transfer, assignment or release of the Credit Enhancement Instrument (or modification of the provisions of the Series 2009D Supplemental Indenture governing such transfer, assignment or release), other than as permitted by the Series 2009D Supplemental Indenture or the Credit Enhancement Instrument, without the consent of the owners of all of the Series 2009D Bonds then Outstanding;

(g) a reduction in the aggregate principal amount of the Series 2009D Bonds required for consent to such supplemental indenture, without the consent of the holders of all of the Series 2009D Bonds then outstanding;

(h) the creation of any lien other than a lien ratably securing all of the Series 2009D Bonds at any time outstanding under the Series 2009D Supplemental Indenture, without the consent of the holders of all of the Series 2009D Bonds then outstanding; or

(i) the amendment of these provisions, without the consent of the holders of all of the Series 2009D Bonds then Outstanding.

The Trustee shall promptly furnish a copy of any such supplemental indenture to Fannie Mae, the Loan Servicer and the Series 2009D Developer. Notice of any amendment pursuant to this Section shall be given to the Series 2009D Bondholders promptly following the execution thereof.

No Series 2009D Bondholder Consent Required for Amendments to Loan Documents

Unless a wrongful dishonor has occurred and is continuing, Fannie Mae alone may consent to any amendment to the Loan Documents and no consent of the Series 2009D Bondholders is required; provided, however, that any amendment or substitution of the Note shall occur only following written confirmation of the rating agencies then rating the Series 2009D Bonds that such amendment or substitution will not result in a reduction or withdrawal of the rating on the Series 2009D Bonds.

Amendments to the Credit Enhancement Instrument

The Credit Enhancement Instrument may only be amended, supplemented or otherwise changed in accordance with the following:

(a) **Replacement Credit Facility.** At the request of Fannie Mae, the Trustee shall exchange the Credit Enhancement Instrument with Fannie Mae for a new Credit Facility issued by a Credit Provider, provided that there is delivered to the Trustee (i) a written confirmation from the rating agencies than rating the Series 2009D Bonds to the effect that such exchange shall not adversely affect the rating then in effect for the Series 2009D Bonds and (ii) a written opinion of bond counsel to the effect that such exchange will not adversely affect the excludability of interest on the bonds from gross income for federal income tax purposes. No such exchange shall require the approval of the Authority, the Trustee or any of the Series 2009D Bondholders or constitute or require a modification or supplement to the Series 2009D Supplemental Indenture.

(b) **Amendment of the Credit Enhancement Instrument.** The Trustee may consent, without the consent of the owners of the Series 2009D Bonds, to any amendment of the Credit Enhancement Instrument not addressed in subsection (a) which does not prejudice in any material respect the interests of the Series 2009D Bondholders.

(c) **Other Amendments of the Credit Enhancement Instrument.** Except as provided in subsections (a) and (b), the Credit Enhancement Instrument may be amended only with the consent of the Trustee and the owners of a majority of the owners of all Outstanding Series 2009D Bonds. No amendment may be made to the Credit Enhancement Instrument which would reduce the amounts required to be paid under the Credit Enhancement Instrument or change the time for payment of such amounts; provided, however, that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts.

Notice to and Consent of Series 2009D Bondholders to Amendments

If consent of the Series 2009D Bondholders is required for any supplement, amendment or modification to the Series 2009D Supplemental Indenture or for any other similar purpose, the Trustee shall give notice of the proposed supplement, amendment or modification by first class mail, postage prepaid, to the Series 2009D Bondholders. Such notice will be conclusively presumed to have been duly given and received when given in such manner, whether or not any holder actually receives the notice. Such notice shall briefly set forth the nature of the proposed supplement, amendment or modification, and shall state that copies of any such supplement, amendment or modification are on file at the designated office of the Trustee for inspection by the Series 2009D Bondholders. The consent of the holder of any Series 2009D Bond will be binding on any transferee and successor transferees of such Bond.

Required Approvals for Amendments to Transaction Documents

Subject to the provisions of the Series 2009D Supplemental Indenture, no amendment, supplement or modification may be made to any Transaction Document without the prior written consent of Fannie Mae. Anything in the Series 2009D Supplemental Indenture to the contrary

notwithstanding, a supplement or amendment or other document which materially and adversely affects any rights or obligations of the Series 2009D Developer will not become effective unless and until the Series 2009D Developer (if the Series 2009D Developer is not then in default under any Bond Document or any Loan Document and if no event which, with notice or the passage of time or both, would constitute such a default has occurred and is continuing) has consented in writing to the execution of such supplemental indenture, amendment or other document. The Trustee shall not be required to enter into any supplement or amendment which adversely effects the Trustee's rights and duties under the Series 2009D Supplemental Indenture.

Opinions of Counsel

Subject to the provisions of the Trust Indenture with respect to the Trustee, the Trustee may obtain and will be fully protected in relying upon an Opinion of Counsel as conclusive evidence that any supplement or amendment to the Series 2009D Supplemental Indenture is authorized and permitted by the Series 2009D Supplemental Indenture and, if applicable, is not materially adverse to the interests of the Series 2009D Bondholders. No supplement or amendment with respect to the Series 2009D Supplemental Indenture will be effective until the Authority and the Trustee have received an opinion of Bond Counsel to the effect that such supplement or amendment will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Series 2009D Bonds.

Notation of Modification on Series 2009D Bonds; Preparation of New Series 2009D Bonds

Series 2009D Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation, in form approved by the Trustee and the Authority as to any matter provided for in such supplemental indenture, and if such supplemental indenture so provides, new Series 2009D Bonds, so modified as to conform, in the opinion of the Trustee and the Authority, to any modification of the Series 2009D Supplemental Indenture contained in any such supplemental indenture, may be prepared by the Authority, authenticated by the Trustee and delivered without cost to the Series 2009D Bondholders, upon surrender for cancellation of such Series 2009D Bonds in equal aggregate principal amounts.

TAX MATTERS

Opinion of Bond Counsel

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

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

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

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

Certain Parity Indenture Aspects

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2009D Bonds in order that interest on the Series 2009D Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2009D Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Series 2009D Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is

discovered. The Authority has covenanted in the Indenture that it will do and perform all acts necessary or desirable to assure the exclusion of interest on the Series 2009D Bonds from gross income under Section 103 of the Code. The Authority will deliver its Tax Certificate concurrently with the issuance of the Series 2009D Bonds which will contain provisions relating to compliance with the requirements of the Code. The Authority also has required or will require Developers to make certain covenants in the Mortgage Loan program documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Authority or the owners of the Series 2009D Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series 2009D Bonds for Federal income tax purposes. Such Federal tax compliance covenants will be subordinate to the rights of FHA under the Series 2009D Loan documents and the enforcement of such covenants will be subject to FHA approval. Because of these FHA restrictions, enforcement remedies available to the Authority or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on such Series 2009D Bonds for Federal income tax purposes.

Low Income Set-Aside Requirements under the Code

The Series 2009D Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly in this subsection. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Series 2009D Bonds be continuously occupied during the “qualified project period” by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Series 2009D Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Authority will make elections on the applicable low income set-aside requirements with respect to the Developments expected to be financed with the proceeds of the Series 2009D Bonds prior to the issuance date of the Series 2009D Bonds. In addition, all of the units in any Development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the “qualified project period” as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to such project is outstanding, or (iii) the date upon which any assistance provided with respect to such project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Development generally will meet the continuing low income set aside requirement so long as a tenant’s income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant’s income over 140% of the applicable income limitation, the next available unit of

comparable or smaller size in the applicable Development must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

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

Information Reporting and Backup Withholding

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

“payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2009D Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2009D Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2009D Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2009D Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2009D Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2009D Bonds or the market value thereof would be impacted thereby. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2009D Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

The authorization and delivery of the Series 2009D Bonds are subject to receipt of the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, which will be in substantially the form set forth in Appendix A. Certain legal matters will be passed upon for the Authority by its Acting General Counsel, Kristi S. Poskus, Esq., and by its counsel, Schiff Hardin LLP, Chicago, Illinois.

LITIGATION

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

The Authority is a party to litigation incident to the conduct of its programs. The Authority is not engaged in and has not been threatened with any litigation with respect to its statutory powers or otherwise which in the judgment of the Authority is material to the performance of its programs or its obligations with respect to notes and bonds, including the Series 2009D Bonds, of the Authority.

RATINGS

The Series 2009D Bonds have received a rating of “Aaa under review for possible downgrade” from Moody’s Investors Service, Inc. (“**Moody’s**”) and a rating of “AAA with negative outlook” from Standard & Poor’s Ratings Services, a business unit of Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies (“**S&P**”). Ratings assigned to the Series 2009D Bonds reflect only the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. There is no assurance that the ratings that have been assigned to the Series 2009D Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies if, in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2009D Bonds. See “FEDERAL DEBT LIMIT” below.

FEDERAL DEBT LIMIT

The present federal debt ceiling, applicable to nearly all kinds of federal indebtedness, was established at \$14.294 trillion by House Joint Resolution 45 effective February 12, 2010. By letters dated January 6, April 4, and May 2, 2011, U.S. Treasury Secretary Timothy Geithner requested increases in the federal debt ceiling in light of Treasury Department projections that the United States would reach the limit of Congressionally authorized federal debt on May 16, 2011. In a May 16, 2011 letter, Secretary Geithner (a) described certain measures he would take during an interim period to avoid default, and (b) projected that the borrowing authority of the United States will be completely exhausted by August 2, 2011 if the debt ceiling is not raised by Congressional action.

On July 13, 2011, Moody’s Investors Service Inc. announced that it “has placed the “Aaa” bond rating of the government of the United States on review for possible downgrade given the rising possibility that the statutory debt limit will not be raised on a timely basis, leading to a default on US Treasury debt obligations . . . In conjunction with this action, Moody’s has placed on review for possible downgrade the “Aaa” ratings of financial institutions directly linked to the US government: Fannie Mae, Freddie Mac, the Federal Home Loan Banks, and the Federal Farm Credit Banks. We have also placed on review for possible downgrade securities either guaranteed by, backed by collateral securities issued by, or otherwise directly linked to the US government or the affected financial institutions.”

On July 14, 2011, Standard & Poor’s Ratings Services announced that it “has placed its “AAA” long-term and “A-1+” short-term sovereign credit ratings on the United States of America on CreditWatch with negative implications. Standard & Poor’s uses CreditWatch to indicate a substantial likelihood of it taking a rating action within the next 90 days, or in response

to events presenting significant uncertainty to the creditworthiness of an issuer. Today's CreditWatch placement signals our view that, owing to the dynamics of the political debate on the debt ceiling, there is at least a one-in-two likelihood that we could lower the long-term rating on the U.S. within the next 90 days. . . . we believe there is an increasing risk of a substantial policy stalemate enduring beyond any near-term agreement to raise the debt ceiling. . . . We may lower the long-term rating on the U.S. by one or more notches into the 'AA' category in the next three months, if we conclude that Congress and the Administration have not achieved a credible solution to the rising U.S. government debt burden and are not likely to achieve one in the foreseeable future.”

If, after the Series 2009D Bonds are issued and delivered, either Moody's or Standard & Poor's lowers its rating of the obligations of the United States, and of related entities such as Fannie Mae, below a “Aaa/AAA” rating, no further escrowed proceeds of the Series 2009A Bonds can be released under the terms of the Indenture unless appropriate amendments to the Indenture are made. If such a rating downgrade occurs before the Series 2009D Bonds are issued and delivered, under the terms of the Indenture, it will not be possible to issue and deliver the Series 2009D Bonds as contemplated by this Supplement No. 3 unless appropriate amendments to the Indenture are made.

CONTINUING DISCLOSURE

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

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

under the Indenture, and (x) copies of publicly available information disclosures concerning the financial condition or performance of the Authority.

The Authority also agreed in the Series 2009D Supplemental Indenture to provide the GSEs with notice of certain events, including (i) events which would require the filing of an “events notice” under Rule 15c2-12 as that Rule is amended, restated or replaced from time to time, (ii) any “event of default” or event which, with the passage of time or the giving of notice, or both, would become such an “event of default” under the Indenture or certain related documents, (iii) resignation or removal of the Trustee, or any failure by the Trustee to perform its duties under the Indenture or any related document, (iv) demands for payments or for the posting of collateral under a hedging arrangement, (v) any litigation, administrative or other proceeding or other development that would have a material and adverse effect on the ability of the Authority to perform its duties and obligations under the Indenture or any related document, (vi) a ratings downgrade, or notice of a negative outlook applicable to existing ratings, relating to the Authority as a whole or to the Bonds, (vii) certain adverse changes with respect to any provider of a guaranteed investment contract or hedge relating to the Indenture or to the Authority as a whole, (viii) supplements or amendments to the Indenture, (ix) unscheduled draws on a debt service reserve of credit enhancement for any of the Bonds, (x) defeasance of any Bonds, and (xi) release, sale or substitution of any property securing any of the Bonds.

MISCELLANEOUS

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

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Executive Director

Appendix A

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

Illinois Housing Development Authority
Chicago, Illinois

\$59,500,000
Illinois Housing Development Authority
Multifamily Initiative Bonds,
Series 2009D

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

It is now deemed necessary and advisable to supplement the Trust Indenture by the Series 2009D Supplemental Indenture, dated as of July 1, 2011 (the “Series 2009D Supplemental Indenture”), by and between the Authority and the Trustee, to provide for and establish a Release Date (as defined below) with respect to a portion of the proceeds of the Series 2009A Bonds currently held in escrow and to provide for the application of such released proceeds to the funding of mortgage loans, all as hereinafter provided. In accordance with and subject to the terms, conditions and limitations established in the Trust Indenture and the Series 2009D Supplemental Indenture, a portion of the proceeds of the Series 2009A Bonds in the principal amount of \$59,500,000 shall be released from escrow on the date hereof (the “Release Date”), and the portion of the Series 2009A Bonds relating thereto shall be redesignated “Series 2009D” (the “Series 2009D Bonds” or the “Bonds”) and deemed reissued for federal income tax purposes as of the date hereof.

The Trust Indenture, the Series 2009A Supplemental Indenture and the Series 2009D Supplemental Indenture are collectively referred to herein as the “Indenture.”

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

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

The Internal Revenue Code of 1986 (the "Code") establishes certain continuing requirements which must be met in order that interest on the Bonds not be included in gross income of the owners thereof for federal income tax purposes. These include requirements as to the use and investment of proceeds of the Bonds, the payment of certain amounts to the United States and the use and occupancy of the projects financed by the Bonds. In the Indenture, various tax certificates and Tax Regulatory Agreements, each dated as of December 1, 2010 (collectively, the "Tax Regulatory Agreements"), among the Authority, the Trustee and the various borrowers (collectively, the "Borrowers"), the Authority and the Borrower have made various covenants with respect to these requirements. Failure to comply with certain of such covenants could cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes, retroactively to the date of issuance of the Bonds.

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

Based on the foregoing it is our opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

Appendix B

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

<u>Name</u>	<u>Location</u>	<u>Owner</u>	<u>No. of Units</u>	<u>Credit Enhancement</u>	<u>Term of Mortgage Loan (Years)</u>	<u>Interest Rate(s)</u>	<u>Expected Date of Construction Completion</u>	<u>Mortgage Loan Amount</u>
Parkway Gardens	6330-6546 S. Martin Luther King Drive, Chicago, IL 60637	Parkway Gardens Preservation, L.P.	694	Fannie Mae Credit Facility	30	4.94%	7/31/2013	\$59,500,000

Appendix C

SUMMARY OF THE AUTHORITY'S CONTINUING DISCLOSURE UNDERTAKING

Undertaking. The Authority shall make all required filings and reports so that all requirements of Rule 15c2-12(b)(5) (the “**Rule**”) of the United States Securities and Exchange Commission (the “**SEC**”), as amended from time to time, are met with respect to the Series 2009D Bonds.

Annual Financial Information. Each year the Authority shall provide annual financial information concerning the Series 2009D Bonds to the Municipal Securities Rulemaking Board (the “**MSRB**”) via its Electronic Municipal Market Access (“**EMMA**”) System. A copy of the annual financial information shall also be provided to the Trustee. The annual financial information shall be so provided within 180 days after the end of the Authority's fiscal year, beginning with the fiscal year ending June 30, 2011. Copies of the annual financial information shall also be made available to any beneficial owner of Series 2009D Bonds upon written request. The annual financial information shall include the Authority's audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America as in effect from time to time.

The annual financial information may include any or all information by incorporating, by specific reference, other documents which have been provided to the MSRB. If the incorporated information is in an Official Statement, it must be available from the MSRB. The annual financial information shall include a notice of any change in the Authority's fiscal year.

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

- i. principal and interest payment delinquencies;
- ii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iii. unscheduled draws on credit enhancements reflecting financial difficulties;
- iv. substitution of credit or liquidity providers or their failure to perform;
- v. adverse tax opinions or events affecting the tax-exempt status of the Series 2009D Bonds;
- vi. defeasances;
- vii. rating changes;
- viii. the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2009D Bonds, or other material events affecting the tax status of the Series 2009D Bonds;

- ix. tender offers; and
- x. bankruptcy, insolvency, receivership or similar event of the obligated person.

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

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

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

The Authority will give a copy of each such report to the Trustee. The Authority will give notice in a timely manner to the Trustee and to the MSRB of any failure timely to provide the annual financial information as provided in this Summary.

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

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

Amendment and Waiver. The Authority may amend the undertakings described in this summary, and any provision of the undertaking may be waived, if: (i) the amendment or waiver is being made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type

of business conducted; (ii) the undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2009D Bonds, as determined by a party unaffiliated with the Authority (such as bond counsel) at the time of the amendment. Any such amendment shall be described in the next annual financial information.

Appendix D

THE ORIGINAL OFFICIAL STATEMENT

NEW ISSUE - BOOK ENTRY ONLY

RATINGS: See “RATINGS” herein.

In the opinion of Bond Counsel, interest on the Series 2009A Bonds is includible in the gross income of the recipient thereof for federal income tax purposes. Under the Illinois Housing Development Act (the “Act”), in its present form, interest on the Series 2009A Bonds is exempt from Illinois income tax. See “TAX MATTERS” herein.

\$184,080,000

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

Dated: December 30, 2009

Price: 100%

Due: September 1, 2051

The Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009A (the “Series 2009A Bonds”) are issuable only in registered form. The Depository Trust Company (“DTC” or the “Depository”), New York, New York, will act as securities depository of the Series 2009A Bonds and its nominee will be the registered owner of the Series 2009A Bonds. See “BOOK-ENTRY ONLY SYSTEM.”

The Series 2009A Bonds are issued pursuant to the Trust Indenture dated as of December 1, 2009 (the “Trust Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “Trustee”) and the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the “Series 2009A Supplemental Indenture”, and collectively with the Trust Indenture, the “Indenture”), between the Authority and the Trustee. Principal of and premium, if any, and interest on the Series 2009A Bonds will be paid by the Trustee as Paying Agent pursuant to the Series 2009A Supplemental Indenture.

The Series 2009A Bonds will initially bear interest at a Short-Term Rate, as set forth herein, accruing on and after January 12, 2010 until Conversion of any such Series 2009A Bonds; provided, however, that any Series 2009A Bond which is a Variable Rate Construction Program Bond shall bear interest at the Construction Program Bond Variable Rate from and after the Release Date until Conversion, all as set forth herein. After Conversion, interest on the Series 2009A Bonds shall bear interest at a Permanent Rate, as set forth herein, payable semi-annually on March 1 and September 1 of each year. See “THE SERIES 2009A BONDS.”

The Series 2009A Bonds are subject to redemption prior to maturity, including optional and special redemption, at the prices set forth herein under certain circumstances, as more fully described herein.

The interest rate on all or a portion of the Series 2009A Bonds is subject to Conversion at the times and in the manner described herein. See “THE SERIES 2009A BONDS.”

This Official Statement is not intended to describe the terms of any Series 2009A Bonds after a Release Date (described herein) pertaining to such Series 2009A Bonds and is intended only to provide disclosure with respect to the Series 2009A Bonds until the respective Release Date. Disclosure with respect to the Series 2009A Bonds subsequent to a Release Date will be provided in offering materials distributed in conjunction with one or more Release Dates for the proceeds of such Series 2009A Bonds.

The Series 2009A Bonds are being issued to make funds available, together with certain other available moneys, to (a) fund Mortgage Loans in order to acquire, construct or rehabilitate multifamily residential housing located in the State of Illinois (the “State”), all as described herein, including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the issuance of the Series 2009A Bonds. See “SOURCES AND USES OF FUNDS.”

The Series 2009A Bonds along with any other Bonds issued under the Indenture are secured by a pledge of the Trust Estate established under the Indenture, including revenues, assets or moneys held under the Indenture and the related Supplemental Indentures (other than the Rebate Fund, if any), in each case solely to the extent such items are subject to the pledge, assignment, lien and security interest as provided in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS.”

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

THE SERIES 2009A BONDS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OF OR GUARANTEED BY THE STATE OR THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF. THE AUTHORITY HAS DETERMINED BY RESOLUTION THAT THE RELEVANT PROVISIONS OF SECTION 26.1 OF THE ACT, AS AMENDED, WHICH REQUIRE THE GOVERNOR TO SUBMIT TO THE GENERAL ASSEMBLY THE AMOUNT CERTIFIED BY THE AUTHORITY AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE OF INSUFFICIENT MONEYS AVAILABLE FOR SUCH PAYMENTS, SHALL NOT APPLY TO THE SERIES 2009A BONDS. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS.”

The Series 2009A Bonds are offered when, as and if issued and subject to the approval of legality by Kutak Rock LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Authority by its General Counsel, Mary R. Kenney, Esq., and by its special counsel, Mayer Brown LLP, Chicago, Illinois. See "LEGAL MATTERS."

The date of this Official Statement is December 18, 2009.

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

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THE SERIES 2009A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RESOLUTIONS AND INDENTURES RELATING TO THE SERIES 2009A BONDS HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1929, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2009A BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES IN WHICH THE SERIES 2009A BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

\$184,080,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Multifamily Initiative Bonds, Series 2009A

INTRODUCTION

This Official Statement (including the cover page and appendices) is being distributed by the Illinois Housing Development Authority (the “Authority”) in order to furnish information in connection with the issuance by the Authority of \$184,080,000 aggregate principal amount of its Multifamily Initiative Bonds, Series 2009A (the “Series 2009A Bonds”). The Series 2009A Bonds are being issued by the Authority pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended (the “Act”).

This Official Statement is not intended to describe the terms of any Series 2009A Bonds after a Release Date (described herein) pertaining to such Series 2009A Bonds and is intended only to provide disclosure with respect to the Series 2009A Bonds until the respective Release Date. Disclosure with respect to the Series 2009A Bonds subsequent to a Release Date will be provided in offering materials distributed in conjunction with one or more Release Dates for the proceeds of such Series 2009A Bonds.

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

The Series 2009A Bonds are being issued under the provisions of (i) the Trust Indenture dated as of December 1, 2009, (the “Trust Indenture”) between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “Trustee”); (ii) the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the “Series 2009A Supplemental Indenture”, and collectively with the Trust Indenture, the “Indenture”) between the Authority and the Trustee; and (iii) Resolution 2009-IHDA-158 of the Authority adopted on November 20, 2009 (the “Bond Resolution”), as amended by Resolution 2009-IHDA-178 of the Authority adopted on December 18, 2009 (the “Amendatory Resolution”), each as supplemented by the determination of any two of the Chairman (or, in the absence of the Chairman, the Vice-Chairman), Treasurer or Executive Director (or, in the absence of the Executive Director, the Deputy Director) of the Authority with respect to the Series 2009A Bonds (the “Determination” and together with the Bond Resolution and the Amendatory Resolution, the “Resolution”). Initially capitalized terms used but not otherwise defined in this Official Statement have the same meanings given them in the “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions”.

Under the Act, the Authority is authorized to finance mortgage loans for multifamily housing for persons and families of low and moderate income in the State of Illinois (the “State”). Under the Indenture, the Authority is authorized to issue bonds to provide funds for the making of multifamily mortgage loans (the “Mortgage Loans”) to housing sponsors (the “Developers”) eligible under the Act for the financing of housing developments (the

“Developments”), including making deposits in funds and accounts under the Indenture, all as specified in one or more Determinations. Proceeds of the Series 2009A Bonds will be used, together with certain other available moneys, to (a) fund Mortgage Loans in order to acquire, construct or rehabilitate multifamily residential housing located in the State, all as described herein, including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the issuance of the Series 2009A Bonds. See “SOURCES AND USES OF FUNDS.”

The Series 2009A Bonds are the first obligations issued by the Authority under the Trust Indenture. Additional Series of bonds or notes are expected to be issued by the Authority, which will be on parity with the Series 2009A Bonds and other series of bonds outstanding under the Trust Indenture, provided that each additional Series is authorized by a supplemental indenture and determination adopted in accordance with and under the provisions of the Trust Indenture, the Resolution and the Act. The Series 2009A Bonds and additional bonds issuable under the Trust Indenture are hereinafter sometimes collectively called the “Bonds.”

The proceeds of the Series 2009A Bonds, together with certain funds of the Authority, will be deposited in the Series 2009A Escrow Account (the “Series 2009A Escrow Account”) established in the Program Fund (as defined herein). The proceeds shall be held in the Series 2009A Escrow Account until such date or dates in calendar year 2010 when the Authority elects to establish a Release Date (as defined herein). At such time, all or a portion of the proceeds of the Series 2009A Bonds will be transferred from the Series 2009A Escrow Account to the Series 2009A Program Sub-Account under the Program Fund and used to make or acquire Multifamily Mortgage Loans.

All Bonds issued under the Indenture, including the Series 2009A Bonds, are secured, to the extent and as provided in such Indenture, by the Trust Estate. The Trust Estate includes all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Authority), and other assets from time to time held by the Trustee under and subject to the terms of the Trust Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any, with respect to Subsequent Series) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Authority, or by anyone in its behalf or with its written consent, to the Trustee.

The Series 2009A Bonds are special limited obligations of the Authority and are payable solely from the Authority’s revenues, assets or moneys pledged therefor under the Indenture. The Series 2009A Bonds will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Series 2009A Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from the revenues or assets of the Authority pledged therefor. The State is not liable on the Series 2009A Bonds, and the Series 2009A Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or the interest on the Series 2009A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS.”

THE SERIES 2009A BONDS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OF OR GUARANTEED BY THE STATE OR THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF. THE AUTHORITY HAS DETERMINED BY RESOLUTION THAT THE RELEVANT PROVISIONS OF SECTION 26.1 OF THE ACT, AS AMENDED, WHICH REQUIRE THE GOVERNOR TO SUBMIT TO THE GENERAL ASSEMBLY THE AMOUNT CERTIFIED BY THE AUTHORITY AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE OF INSUFFICIENT MONEYS AVAILABLE FOR SUCH PAYMENTS, SHALL NOT APPLY TO THE SERIES 2009A BONDS. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS.”

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document.

SOURCES AND USES OF FUNDS

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

Sources

Series 2009A Bonds Proceeds	\$184,080,000
Other Authority Sources ¹	<u>454,120</u>
Total Sources	<u>\$184,534,120</u>

Uses

Deposit to Series 2009A Escrow Account of the Program Fund	\$184,080,000
Deposit to the Reserve Fund	-0-
Authorized GSE fees and other expenses	236,580
Costs of Issuance	<u>217,540</u>
Total Uses	<u>\$184,534,120</u>

¹ Includes the amount necessary to fund the deposit of the Shortfall Amount. See “THE SERIES 2009A BONDS—Release and Conversion.”

THE AUTHORITY

Powers and Duties

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

The Authority has the power under the Act to have up to \$3,600,000,000 of bonds and notes outstanding, excluding those issued to refund its outstanding bonds and notes. As of September 30, 2009, the Authority had debt outstanding in the amount of \$1,802,865,982, which consisted of general obligation debt, special limited obligation debt and conduit debt. The conduit debt, which is special limited obligation debt, accounts for \$368,647,130 of the total as of that date.

Multifamily Housing Experience

The Authority has significant experience in the underwriting and servicing of multifamily mortgage loans. In its more than 30 years of operation, the Authority has financed over 200 multifamily developments throughout the State under several separate multifamily bond and loan programs.

The Authority is a U.S. Federal Housing Administration (“FHA”) approved mortgagee and is also an approved seller/servicer under the Fannie Mae Prior Approval Program. The Authority also serves as the State’s administering agency for the low income housing tax credit. As of September 30, 2009, the Authority’s Multi-Family Programs and Technical Services Departments employed approximately 47 persons with a variety of skills in multifamily loan underwriting, market research, construction management and subsidy contract administration, and the Authority’s Asset Management Services Department employed approximately 30 persons in the areas of asset management and other aspects of loan servicing.

Membership

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

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

ROBERT BARKER, Vice-Chairman – President, Barker Brothers, Inc.

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

KAREN DAVIS, Treasurer – Manager, Regions Bank, NA

FLOYD GARDNER III, Member – Deputy Director, Single Family Programs, NHS
Redevelopment Corporation

MARK KOCHAN, Member – Attorney, Kochan & Kochan

GEORGE L. LAMPROS, Member – President and Managing Partner, Business Growth
Innovations, Inc.

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

Management

The Authority employs a staff of approximately 210 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. Certain members of the senior staff of the Authority are listed below.

GLORIA L. MATERRE, Executive Director, was appointed by the Authority’s Members on September 18, 2009. Ms. Materre served as Deputy Chief of Staff under Governor Pat Quinn, playing an instrumental role in housing, legislative matters, economic and business development and community stabilization. In October 2009, she became chair of the Illinois Task Force on Minority Business Development. Ms. Materre holds a bachelor’s degree in journalism from the University of Wisconsin-Madison, and a law degree from the University of Illinois at Urbana-Champaign.

PHILLIP CULPEPPER, Deputy Executive Director and Chief of Staff, joined the Authority in October 2009. He brings extensive experience to the Authority in the areas of public finance, bond fund accounting, strategic planning and revenue forecasting. As the Director of Debt Management for the State of Illinois, Mr. Culpepper oversaw more than \$7 billion in public finance transactions. He also served as a Debt Management Specialist for the Illinois Toll Highway Authority, where he structured and coordinated more than \$3 billion of municipal bonds and derivative transactions to support construction projects for Illinois' Congestion Relief Program. Mr. Culpepper served as a Non-Commissioned Officer in the U.S. Army and holds a bachelor's degree in economics from Loyola University of Chicago.

ROBERT W. KUGEL, Chief Financial Officer, Assistant Treasurer and Assistant Executive Director, has served as Chief Financial Officer of the Authority since 1983. He has been with the Authority since 1975. Previously, he served as finance manager of Telco Marketing Services Inc. for three years and of a division of The Greyhound Corporation for four years. Mr. Kugel holds a Juris Doctor degree from John Marshall Law School, a Master of Business Administration degree from Loyola University of Chicago and a Bachelor of Science degree from Northern Illinois University.

MARY R. KENNEY, General Counsel, returned to the Authority in August 2000. She previously served as an administrator of the Authority's Portfolio Administration Department from 1988 through 1991 and earned her law degree from Loyola University of Chicago. After law school, she joined the Chicago law firm of Johnson & Bell in 1994 where she specialized in commercial litigation. Ms. Kenney has argued before various appellate courts and has participated in all phases of litigation at the trial court level. She also holds a Bachelor of Science degree in finance from DePaul University, where she concentrated in real estate and graduated with honors.

LINDA THURMOND, Managing Director of Multifamily Programs, re-joined the Authority in April 2008. Ms. Thurmond had previously served at the Authority from 1999 through 2005 as both the Director of Asset Management as well as the Director of Multifamily Programs. Prior to working at the Authority, she worked in various investment banking capacities directly involving mortgage finance. Ms. Thurmond holds a Masters of Management from the Kellogg School of Northwestern University and a Bachelor of Science degree in Finance from the University of Illinois.

JAMES J. KREGOR, Controller, joined the Authority in December 1985. Prior to that time he served as International Financial Manager of Baker & McKenzie for three years and in various management positions with Northwest Industries, Inc. for eight years. A Certified Public Accountant, Mr. Kregor holds a Master of Business Administration degree from Northern Illinois University and a Bachelor of Business degree from Western Illinois University.

The offices of the Authority are located at 401 North Michigan Avenue, Suite 700, Chicago, Illinois 60611. The telephone number of the Authority is (312) 836-5200.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS

General

Except as may be provided in a Supplemental Indenture with respect to some or all the Bonds of the related Series, the Bonds issued under the Indenture, including the Series 2009A Bonds, are special limited obligations of the Authority, and each Series of Bonds is payable solely from the Trust Estate pledged under the Indenture. The Bonds, including the Series 2009A Bonds, will not constitute a debt of the State or any political subdivision thereof, and neither said State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State or of any political subdivision thereof but will be payable solely from the revenues or assets of the Authority pledged under the Indenture. The State is not liable on the Bonds, and the Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds.

THE SERIES 2009A BONDS ARE NOT A GENERAL OBLIGATION OF THE AUTHORITY OR A DEBT OF OR GUARANTEED BY THE STATE OR THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF. THE AUTHORITY HAS DETERMINED BY RESOLUTION THAT THE RELEVANT PROVISIONS OF SECTION 26.1 OF THE ACT, WHICH REQUIRE THE GOVERNOR TO SUBMIT TO THE GENERAL ASSEMBLY THE AMOUNT CERTIFIED BY THE AUTHORITY AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE OF INSUFFICIENT MONEYS AVAILABLE FOR SUCH PAYMENTS, SHALL NOT APPLY TO THE SERIES 2009A BONDS.

The Bonds issued under the Indenture, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, except as expressly provided or permitted in the Trust Indenture or in a Supplemental Indenture. The Bonds are secured by a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Bonds, including the Series 2009A Bonds. The Trust Estate includes all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Authority), and other assets from time to time held by the Trustee under and subject to the terms of the Trust Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any, with respect to Subsequent Series) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Authority, or by anyone in its behalf or with its written consent, to the Trustee.

The Act provides that any pledge, assignment, lien, security interest or grant made pursuant to the Act, which includes the pledge and security interest made pursuant to the Trust Indenture and any Series Supplemental Indenture, will be valid and binding and immediately effective upon its being made or granted without any physical delivery, filing, recording or further act. The pledge, assignment, lien and security interest will be valid and binding as against, and will be superior to any claims of any others having claims of any kind in tort, contract or otherwise against the Authority or any other person, irrespective of whether such

other parties have notice of the pledge, assignment, lien, security interest or grant, and neither the Indenture nor any other instrument by which such pledge is created need be recorded.

Restrictions on Escrowed Proceeds

The proceeds of the Series 2009A Bonds, together with certain funds of the Authority (including the amount necessary to fund the Shortfall Amount), will be deposited and retained in the Series 2009A Escrow Account (the “Series 2009A Escrow Account”) established in the Program Fund. The proceeds shall be held in the Series 2009A Escrow Account until such date or dates in calendar year 2010 when the Authority elects to establish a Release Date. The funds held in the Series 2009A Escrow Account are pledged exclusively to the repayment of the Series 2009A Bonds. See “THE SERIES 2009A BONDS.”

Additionally, moneys held in the Series 2009A Escrow Account shall be invested solely in Permitted Escrow Investments as described in this paragraph. From the period beginning on January 12, 2010 to the First Available Issue Date, the Trustee will invest all moneys in the Series 2009A Escrow Account in overnight repos the counterparties for which are rated at least ‘P-1’/’A-1+’ and which are fully collateralized by U.S. Treasury securities. On the First Available Issue Date, the Trustee will invest all moneys in the Series 2009A Escrow Account in Four Week U.S. Treasury Bills issued on such date. The Trustee shall remain continuously invested in Four Week U.S. Treasury Bills by holding each such security to maturity and then using the proceeds to purchase a new Four week U.S. Treasury Bill delivered on the Issue Date coinciding with such maturity date. Each Release Date shall be an Issue Date. For the period beginning on any maturity of Four Week U.S. Treasury Bills and ending on the redemption date of Series 2009A Bonds which are being redeemed due to a failure to convert, withdrawal of closing certificates or failure to meet minimum rating thresholds (all as described herein under “THE SERIES 2009A BONDS—Redemption Provisions, Special Redemptions”), the proceeds of such Four Week U.S. Treasury Bills shall be invested to the redemption date in overnight repos the counterparties for which are rated at least ‘P-1’/’A-1+’ and which are fully collateralized by U.S. Treasury Securities.

“*First Available Issue Date*” means the first date following the Settlement Date on which Four Week Treasury Bills are available to be purchased by the Trustee at the U.S. Treasury’s weekly auction.

“*Issue Date*” means the date each week that Four Week Treasury Bills are issued and delivered pursuant to the U.S. Treasury’s weekly auction.

The proceeds received from the release of funds in the Series 2009A Escrow Account in connection with Series 2009A Bonds shall be used only to redeem Series 2009A Bonds or as follows:

- (i) to acquire and finance the holding of Permitted Mortgage Loans;
- (ii) to refund, as fixed rate bonds, any of the Authority’s outstanding variable rate debt (including auction rate securities) issued on or before October 19, 2009, so long as such debt, in turn, was issued to acquire and finance the holding of Permitted Mortgage Loans for projects that were initially financed on or after October 19, 2004 (proceeds used for the purpose described in this paragraph may not exceed 30% of the

principal amount of the Series 2009A Bonds, provided, however, that 'replacement refundings' where proceeds of Series 2009A Bonds are exchanged dollar for dollar for unexpended tax exempt bond proceeds and/or mortgage loan prepayments shall not be considered a refunding for purposes hereof);

(iii) acquire and finance the holding of Permitted Mortgage Loans which are either (i) loans guaranteed by either GSE or (ii) loans originated pursuant to underwriting criteria agreed to by the GSEs and which are financed with Series 2009A Bonds that the Issuer elects to treat as Construction Program Bonds; and

(iv) to fund reasonably required reserves and pay costs of issuance of the Series 2009A Bonds in accordance with the requirements and limitations of applicable federal tax law.

Sinking Fund Installment Payments

Upon Conversion of any Series 2009A Bonds to a Permanent Rate, the Principal payments or Sinking Fund Installments on the Converted Series 2009A Bonds will be established based on the scheduled amortization payments on the Mortgage Loans then expected to be made or purchased with the proceeds of such Series 2009A Bonds so that even if no Mortgage Loan prepayments were received with respect to such Mortgage Loans, money or cash equivalents expected to be held in the funds and accounts under the Indenture would be sufficient to pay when due the Principal payments and Sinking Fund Installments of and interest on the Series 2009A Bonds and all Program Expenses allocable thereto. Funds (including Mortgage Loan prepayments, if any) may be received from time to time in amounts in excess of the amounts necessary to pay the interest on and Principal payments of the Bonds then due. Payments of principal and interest on Mortgage Loans, including Mortgage Loan prepayments, in excess of the amounts necessary to pay interest on and Principal payments of the Bonds may be applied to redeem Bonds, including the Series 2009A Bonds, prior to maturity.

To the extent that Mortgage Loans are not purchased at the times and interest rates anticipated by the Authority, or timely payment of principal or interest on the Mortgage Loans is not received when due, or prepayments on Mortgage Loans are received at a rate substantially higher than assumed, or the Authority suffers losses on Mortgage Loans in excess of any applicable mortgage insurance or guarantee or in excess of amounts otherwise available therefor or investment income differs from the amount projected by the Authority, the moneys available under the Indenture for payment of the Bonds, including the amounts in the Reserve Fund, may be adversely affected. Certain proceeds of the Bonds, including proceeds on deposit in the Program Fund and the Reserve Fund, will be invested in Permitted Investments.

Reserve Fund

The Trust Indenture requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Requirement. The Trust Indenture establishes the Reserve Requirement as an amount at least equal to the aggregate amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing all Series of Bonds currently outstanding. Pursuant to the Series 2009A Supplemental Indenture, the Reserve Requirement with respect to the Series 2009A Bonds is an amount equal to at least zero percent (0.00%) of the aggregate principal amount thereof not yet

Converted to constitute a Subsequent Series. Permitted Investments on deposit in the Reserve Fund are valued under the Indenture at par, if purchased at par, or at Amortized Value if purchased at other than par. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Depositaries of Moneys and Investment of Funds.”

Moneys in the Reserve Fund may not be withdrawn in any amount which would reduce the amount on deposit in the Reserve Fund to less than the Reserve Requirement except for the purpose of paying principal of and interest on Bonds maturing and becoming due for payment and any Sinking Fund Installments. In lieu of cash or securities, the Trust Indenture allows the Authority to satisfy the Reserve Requirement in part or in whole by maintaining letters of credit, insurance policies, sureties, guarantees or other security arrangements as defined and provided for in a Supplemental Indenture (collectively, “Cash Equivalents”), which Cash Equivalents shall have the necessary terms to maintain the then current Rating of the Bonds.

Additional Bonds

The Indenture permits the issuance of additional Bonds thereunder for the purpose of providing funds to be applied with other available funds to make Mortgage Loans to borrowers with respect to Developments pursuant to the terms of a Supplemental Indenture and Determination. Any additional Bonds issued under the Trust Indenture would be on a parity with the Outstanding Bonds and would be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Trust Indenture, provided such Bonds are only secured by multifamily loans which are Permitted Mortgage Loans. The Trust Indenture provides that upon the issuance of any such additional Bonds there is to be deposited in the Reserve Fund, if necessary, amounts sufficient to increase the amount therein to the Reserve Requirement calculated after such issuance.

So long as any Series of Bonds is Outstanding, the Authority will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds under the Indenture, which may only be secured by multifamily loans which are Permitted Mortgage Loans) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged under the Indenture for such Series or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to the Indenture for such Series. The Authority may, however, issue evidences of indebtedness (including general obligations of the Authority) not issued and secured under the Indenture, which evidences of indebtedness may be secured by a lien on particular revenues, moneys or assets not already pledged under the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Authorization and Issuance of Bonds.”

The Authority has further represented and warranted that the Series 2009A Bonds are not secured on a subordinate or parity basis with any other Bonds of the Authority secured, in whole or in part, with multifamily loans which are not Permitted Mortgage Loans. Additionally, the Authority has covenanted that it will not issue Bonds or other Debt senior to or on a parity with the Series 2009A Bonds, which additional parity or senior Bonds or Debt is secured, in whole or in part, with multifamily loans which are not Permitted Mortgage Loans. The Authority has further covenanted in the Series 2009A Supplemental Indenture that (i) the sum of the Series 2009A Bonds and any parity bonds which are not Series 2009A Bonds issued and Outstanding under the Indenture shall not at any time exceed \$306,800,000, (ii) on each Release Date, Series 2009A Bonds and any Subsequent Series of Bonds which are also Program Bonds

(as defined herein) that are Outstanding shall constitute not less than 30% of the aggregate amount of Series 2009A Bonds and parity bonds issued and Outstanding under the Indenture which are not Series 2009A Bonds or a Subsequent Series of Bonds which are also Program Bonds and, (iii) following the final Release Date, the Issuer will not issue any additional parity bonds (other than parity bonds issued to refund outstanding parity bonds) under the Indenture so long as any Series 2009A Bonds or a Subsequent Series of Bonds which are also Program Bonds remain Outstanding.

“*Program Bonds*” means the bonds issued pursuant to the Series 2009A Supplemental Indenture, and includes Series 2009A Bonds and Series 2009A Bonds which have been Converted to a Subsequent Series of Bonds.

Enforceability of Remedies

Notwithstanding anything to the contrary in the Indenture the owners of a majority in principal amount of the Series 2009A Bonds shall have the exclusive right to direct the exercise of remedies under the Indenture and, following the occurrence of an Event of Default with respect to the Series 2009A Bonds and any such parity bonds, the Trustee shall take such remedial actions as are directed solely by the owners of a majority in principal amount of the Series 2009A Bonds.

The remedies available to the Owners of the Series 2009A Bonds upon an event of default under the Indenture or other documents described herein are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies set forth in the Indenture and the various Program Documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2009A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights generally.

Special GSE Rights

For so long as any Series 2009A Bonds remain outstanding, certain rights have been granted to the GSEs pursuant to the terms of the Series 2009A Supplemental Indenture. These rights include, but are not limited to, the right to approve the appointment of a Successor Trustee and to directly enforce certain provisions of the Series 2009A Supplemental Indenture.

THE SERIES 2009A BONDS

General

The Series 2009A Bonds are issuable only as fully registered bonds in denominations of \$5,000 and integral multiples thereof and, for purposes of initial issuance and redemption of Series 2009A Bonds, \$10,000 or any integral multiple thereof, registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. See “BOOK-ENTRY ONLY SYSTEM.” The proceeds of the Series 2009A Bonds will initially be deposited in the Series 2009A Escrow Account. Amounts deposited in the Series 2009A Escrow Account shall be retained therein until the requirements of

the Series 2009A Supplemental Indenture with respect to the establishment of a release date (as described below) are satisfied or until applied to the redemption of the Series 2009A Bonds. Amounts on deposit in the Series 2009A Escrow Account shall be pledged exclusively to the repayment of the Series 2009A Bonds. While such proceeds are held in the Series 2009A Escrow Account, such proceeds may only be invested in Permitted Escrow Investments (as defined below).

Upon the satisfaction of the requirements of the Series 2009A Supplemental Indenture with respect to the establishment of a Release Date (as described below) and to the extent provided therein, amounts designated by the Authority and on deposit in the Series 2009A Escrow Account shall be transferred to such fund or account as directed by the Authority to be used in accordance with the Series 2009A Supplemental Indenture.

The Series 2009A Bonds shall mature, subject to redemption, on September 1, 2051 (the “Stated Maturity”).

Payment of the principal of and the interest on the Series 2009A Bonds at Stated Maturity shall be made upon the presentation and surrender of the Series 2009A Bonds. All payments of interest on and principal of, the Series 2009A Bonds shall be paid through DTC in accordance with its normal procedures, which as of the date hereof provide for payment by the Securities Depository to its Direct Participants (as defined in “BOOK-ENTRY ONLY SYSTEM”).

Interest—General

Until Converted to a Permanent Rate on a Conversion Date, each Series 2009A Bond which is not a Variable Rate Construction Program Bond shall bear interest at the Short Term Rate from January 12, 2010 (the “Settlement Date”) to the related Conversion Date. The interest rate on some or all of the Series 2009A Bonds which are not Variable Rate Construction Program Bonds may be Converted on a Conversion Date to a Permanent Rate in accordance with the provisions of the Series 2009A Supplemental Indenture.

Until Converted on a Conversion Date, each Series 2009A Bond which is a Variable Rate Construction Program Bond shall bear interest at the Short Term Rate from January 12, 2010 to the Release Date. On and after the Release Date to the Variable Rate Construction Program Bond Conversion Date, the Construction Program Bonds shall bear interest at the Construction Program Bond Variable Rate. On and after the Construction Program Bond Conversion Date, the interest rate on the Variable Rate Construction Program Bonds shall be the Permanent Rate.

Series 2009A Bonds bearing interest at the Construction Program Bond Variable Rate shall bear interest on the basis of actual days elapsed for a year of 365 or 366 days, as applicable. Series 2009A Bonds which have been Converted and are bearing interest at the Permanent Rate shall bear interest based on a 360-day year consisting of 12 30-day months.

Release and Conversion

A Conversion may involve all or only a portion of the Series 2009A Bonds, provided that such Series 2009A Bonds may only be Converted in authorized denominations of \$10,000. Any particular Series 2009A Bond may be Converted to a Permanent Rate only once. The Authority may exercise its right of Conversion on no more than three (3) occasions and must cause each

related Release Date to occur on or prior to December 31, 2010. If Series 2009A Bonds are Converted to Permanent Rates in part on different dates, each portion of such Series 2009A Bond may bear interest at different Permanent Rates based on their respective Conversion Dates.

The following definitions apply to the Series 2009A Bonds with respect to the determination of interest thereon:

“*Administrator*” means U.S. Bank National Association, as administrator pursuant to that certain Administration Agreement by and among U.S. Bank National Association, Fannie Mae and Freddie Mac and concerning the administration of the Program, together with its successors and assigns in such capacity.

“*Bond Rating*” means the long term credit rating (without regard to any bond insurance or any other form of credit enhancement on the Bonds) assigned to the Series 2009A Bonds or parity debt by each Rating Agency then providing its long term rating therefor. If more than one rating agency provides a rating, the “Bond Rating” is the lowest such rating.

“*Construction Program Bond Conversion Date*” means the first day of the first month which is more than 48 months after January 12, 2010.

“*Construction Program Bond Variable Rate*” means a variable rate equal to the sum of (i) the index of the weekly index rate resets of tax exempt variable rate issues included in a database maintained by Municipal Market Data, a Thomson Financial Services Company, or its successors, which meet specific criteria established by The Securities Industry and Financial Markets Association, such index currently known as The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or any successor to such index plus (ii) .50% per annum.

“*Construction Program Bonds*” means bonds designated by the Authority as Construction Program Bonds issued to finance Permitted Mortgage Loans which are either (A) loans guaranteed by either GSE or (B) loans originated pursuant to underwriting criteria agreed to by the GSEs and which are financed with Series 2009A Bonds that the Authority elects to treat as Construction Program Bonds, which bonds mature less than 34 years after January 12, 2010 and bear interest and have the terms set forth above. Construction Program Bonds may be either fixed rate Construction Program Bonds (which shall bear interest at the Permanent Rate on and after the Conversion Date) or Variable Rate Construction Program Bonds, which bear interest at the Construction Program Bond Variable Rate on and after the Release Date and at the Permanent Rate on and after the Construction Program Bond Conversion Date

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

“*Conversion Date*” means, with respect to all or a portion of Series 2009A Bonds that are converting to a Permanent Rate, the date two (2) months after the related Release Date; provided that there shall be no more than three (3) Conversion Dates.

“*Converted Bonds*” means Series 2009A Bonds that have been through the process of Conversion.

“*Fannie Mae*” means the Federal National Mortgage Association, a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. § 1716 et seq.

“*FHA*” means the Federal Housing Administration or its successors.

“*First Available Issue Date*” means the first date following the Settlement Date on which Four Week Treasury Bills are available to be purchased by the Trustee at the U.S. Treasury’s weekly auction.

“*Four Week T Bill Rate*” means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address <http://www.federalreserve.gov/releases/h15/update/h15upd.htm>.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States.

“*GNMA*” means the Government National Mortgage Association, a government sponsored enterprise organized and existing under the laws of the United States.

“*GSE*” means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

“*Interest Payment Date*” means, with respect to Series 2009A Bonds which have not been Converted, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Series 2009A Bonds which have not been Converted with respect to which amounts in the Series 2009A Escrow Account are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Series 2009A Bonds which have not been Converted which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond and each Construction Program Bond which is not a Variable Rate Construction Program Bond shall be March 1 and September 1 each year, commencing on the March 1 or September 1 first occurring after a Conversion Date. In addition, with respect to Variable Rate Construction Program Bonds, the first Business Day of each month after the Release Date to and including the Construction Program Bond Conversion Date shall be an Interest Payment Date.

“*Issue Date*” means the date each week that Four Week Treasury Bills are issued and delivered pursuant to the U.S. Treasury’s weekly auction.

“*MBS*” means a mortgage backed security or securities issued by either GSE or by GNMA.

“*Permanent Rate*” means the interest rate per annum equal to the sum of (i) 3.49% plus (ii) the Spread.

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the Series 2009A Bonds, which shall be, with respect to each applicable portion of the Series 2009A Bonds which have not been Converted, a date acceptable to the GSEs selected by the Authority on or prior to December 31, 2010 by

delivery of a Release Certificate, in the form set forth in Exhibit A to the Series 2009A Supplemental Indenture (a “Release Certificate”), as provided in the Indenture.

“*Permitted Escrow Investments*” means the investments described as the Permitted Escrow Investments in the section entitled “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS—Restrictions on Escrowed Proceeds.”

“*Release Date*” means such date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 and which dates are acceptable to the GSEs, on which dates the requirements under the Series 2009A Supplemental Indenture are satisfied, including, without limitation, delivery of a Release Certificate.

“*Shortfall Amount*” means the difference, as of the Settlement Date, between the proceeds of the Series 2009A Bonds to be received on such Settlement Date and the initial principal amount of such Series 2009A Bonds.

“*Short Term Rate*” means, (i) for the period from January 12, 2010 to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Series 2009A Bonds with respect to which amounts on deposit in the Series 2009A Escrow Account are subject to release on such Release Date equal to Investment Earnings and (ii) with respect to Series 2009A Bonds which are not Variable Rate Construction Program Bonds, from the Release Date to the Conversion Date, an interest rate equal to the sum of the Spread plus the lesser of (A) the Four Week T Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less the Spread. For purposes of this provision, “Investment Earnings” means total investment earnings on the portion of the Series 2009A Escrow Account related to Series 2009A Bonds with respect to which a Release Date is occurring.

“*Special Permanent Rate Advisor*” means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

“*Spread*” means (i) with respect to Series 2009A Bonds which are not Variable Rate Construction Program Bonds, additional per annum interest on the Series 2009A Bonds based upon the lowest Bond Rating effective as of the Permanent Rate Calculation Date to the Series 2009A Bonds under the Indenture by the rating agencies rating the Series 2009A Bonds, as follows:

Rating	Additional Spread
‘Aaa’/‘AAA’	60 bps
‘Aa’/‘AA’	75 bps
‘A’	110 bps

and, (ii) with respect to Series 2009A Bonds which are Variable Rate Construction Program Bonds, additional per annum interest on the Variable Rate Construction Program Bonds based upon the lowest Bond Rating of the Series 2009A Bonds effective as of the Permanent Rate Calculation Date under the Indenture by the rating agencies rating the Variable Rate Construction Program Bonds as follows:

Rating	Additional Spread
‘Aaa’/’AAA’	140 bps
‘Aa’/’AA’	155 bps
‘A’	190 bps

“*Treasury’s Financial Agent*” means JPMorgan Chase Bank, N.A., as Treasury’s financial agent, or such other party as Treasury may appoint for such purpose from time to time.

“*Variable Rate Construction Program Bonds*” means bonds designated by the Authority as Variable Rate Construction Program Bonds issued to finance Permitted Mortgage Loans which are either (A) loans guaranteed by a GSE or (B) loans originated pursuant to underwriting criteria agreed to by the GSEs and which are financed with Series 2009A Bonds and must be designated Construction Program Bonds, which bonds mature no more than thirty four (34) years after January 12, 2010 and which bear interest and have the terms set forth above.

Release and Conversion Procedures

On or prior to the date which is fourteen (14) days prior to a proposed Release Date, the Authority shall notify the Trustee, the GSEs, the Administrator, Treasury’s Financial Agent and the rating agencies of (A) the proposed Release Date, (B) the proposed Conversion Date, (C) the principal amount of Series 2009A Bonds to be Converted on such Conversion Date, (D) the proposed Permanent Rate Calculation Date and (E) the Bond Rating anticipated to be in effect on the Release Date.

The Authority shall deliver or cause to be delivered to the Trustee on or prior to any Release Date, the following:

- (a) the certification of the Special Permanent Rate Advisor specifying, as applicable, the Permanent Rate Calculation Date and the Four Week T Bill Rate, Spread and Permanent Rate applicable to the relevant Conversion;
- (b) an Official Statement or supplement to this Official Statement relative to the Series 2009A Bonds being Converted;
- (c) (i) an opinion or opinions of counsel and a certificate of an authorized officer of the Authority to the effect that nothing has come to their attention that the Official Statement or supplement to this Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which there were made, not misleading and (ii) a letter or letters from the counsel referenced in the foregoing clause (i) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them;
- (d) confirmation by the rating agencies of the Bond Rating on the applicable Series 2009A Bonds after giving effect to the Release Date and related Conversion;
- (e) an opinion of Bond Counsel dated as of the Release Date to the effect that the applicable Series 2009A Bonds have been duly and validly issued and are enforceable obligations of the Authority and that interest payable on such Series 2009A Bonds is exempt from federal income taxation under Section 103 of the Code; and

(f) a certificate of the GSEs, evidencing (i) their consent to the Release Date and (ii) that the Authority has paid or made arrangements to pay the fees of the GSEs' counsel in connection with the Release Date.

In addition to the above Release and Conversion requirements, the Authority shall specify, by Certificate filed with the Trustee, the Mortgage Loan or Mortgage Loans to be financed by the Series 2009A Bond proceeds to be released and that the following determinations continue to be true: (a) that the issuance of Series 2009A Bonds in said amount is necessary to provide sufficient funds to be used and expended from time to time for the Program; and (b) the Authority will derive receipts, revenues and other income from the Mortgage Loans made with the proceeds of the Bonds sufficient to provide, together with all other available receipts, revenues and income of the Authority, for the payment of the Bonds and the payment of all costs and expenses incurred by the Authority with respect to the Program or purpose for which the Bonds are issued.

The Authority has represented and warranted that it reasonably expects to have Volume Cap, to the extent necessary for the Series 2009A Bonds to be tax-exempt, on a timely basis and in a manner which shall permit the Conversion of all Series 2009A Bonds to a Permanent Rate and the release of all funds in the Series 2009A Escrow Account by December 31, 2010 and that the Authority shall use its best efforts to obtain such Volume Cap, if necessary.

Redemption Provisions

Special Redemptions

Redemption Due to Failure to Convert. The Series 2009A Bonds with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or any earlier date selected by the Authority), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Redemption Due to Withdrawal of Closing Certificates. The Series 2009A Bonds are subject to mandatory redemption in whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after January 12, 2010, if there is delivered by mail or by electronic means to the Trustee on or prior to January 12, 2010 a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following January 12, 2010, provided the Trustee a written waiver.

“*Certificate of Adverse Change*” means a written notice from or on behalf of the GSEs or the Authority stating that one or more of the certificates or opinions required to be delivered by the Authority pursuant to the Placement Agreement, between the Authority and the GSEs, has been revised or withdrawn prior to the receipt by the Authority of proceeds of the Series 2009A Bonds on January 12, 2010.

Pre Conversion Series 2009A Bonds Not Meeting Minimum Rating Thresholds. Within ten (10) Business Days of receipt by the Trustee of notice that the long term unenhanced rating on the Series 2009A Bonds has been withdrawn or fallen below “A3” or “A-”, all proceeds that are held in the Series 2009A Escrow Account shall be used to mandatorily redeem a corresponding amount of Series 2009A Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, to the redemption date. If the Permitted Escrow

Investments mature more than ten (10) business days after the receipt of such notice by the Trustee, the redemption date, shall be the date such Permitted Escrow Investments mature and the Trustee receives the proceeds thereof. The Authority has covenanted to provide notice to the Trustee promptly upon receipt by the Authority of notice of any such withdrawal or downgrade.

Available Moneys for Redemptions. With respect to the redemptions set forth above, moneys on deposit in the Series 2009A Escrow Account shall be used for any such redemption; if amounts in the Series 2009A Escrow Account are not sufficient, then any available moneys under the Indenture shall be used for any such redemption.

Sinking Fund Installments. The Series 2009A Bonds are subject to mandatory sinking fund redemption, prior to maturity, in the amounts and on the dates to be established by the Authority not later than the final Release Date (provided, however, that Construction Program Bonds shall not be subject to sinking fund redemption prior to the Construction program Bond Conversion Date). The principal amount of any Series 2009A Bonds redeemed pursuant to the redemption provisions described above shall be applied to reduce each respective Sinking Fund Installment in the manner described in a certificate of an Authorized Officer.

Optional Redemption. The Series 2009A Bonds are redeemable at the option of the Authority, in whole or in part, from any source of funds, on the first Business Day of any month, at 100% of the principal amount, without premium, plus accrued interest thereon to the date of redemption.

Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of like Series, interest rate and maturity, the Bonds to be redeemed in part shall be selected by the Authority in its sole discretion by written notice to the Trustee of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair. Whenever the Trustee is required or authorized to redeem Series 2009A Bonds other than at the election or direction of the Authority, the Trustee shall select the Series 2009A Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Indenture. The Series 2009A Bonds may be redeemed only in Authorized Denominations.

Additional Redemptions. The Authority may add redemption provisions, in addition to those specified above, with respect to any Subsequent Series of Bonds when all or a portion of the Series 2009A Bonds are Converted.

Notice of Redemption. When the Trustee shall be required or authorized to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of the Indenture, give notice (which notice shall be dated the date given) of the redemption of Bonds, which notice shall specify (a) the name of the Bonds, (b) the Series, (c) the date of issue, (d) the redemption price, (e) the maturities, interest rates and CUSIP numbers of the Bonds to be redeemed, (f) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (g) if less than all of the Bonds of any Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed (i.e., certificate numbers), (h) in the case of a Bond to be redeemed in part

only, such notice shall also specify the portion of the principal amount thereof to be redeemed, and (i) such other information as may be specified in a Supplemental Indenture with respect to a particular Series of Bonds. Such notice shall further state that, except as otherwise provided in Section 4.05 of the Trust Indenture, on the redemption date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, with interest accrued and unpaid to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, first class mail, postage prepaid, at least 30 days but no more than 60 days prior to such redemption date, to the registered owner of any Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice shall not be a condition precedent to or affect the validity of any proceedings for the redemption of other Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 30 days subsequent to the redemption date. Each such notice will be sent by first class mail, postage prepaid.

Any notice of redemption pursuant to Section 4.05 of the Trust Indenture may, if directed by the Authority, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the redemption date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

Additionally, written notice of each redemption of Series 2009A Bonds shall be provided by the Trustee to the GSEs, the Administrator and the Treasury's Financial Agent, such notice to be provided by facsimile transmission to addresses provided by such parties. Redemption of Series 2009A Bonds shall not be conditioned or delayed for the giving of such notice, which shall be provided at least ten (10) days in advance of the date of such redemption.

Redemption Restrictions and Recycling Prohibition. Except as limited by tax law requirements, the Authority shall apply the following exclusively to the redemption of Series 2009A Bonds: (i) all proceeds of the Series 2009A Bonds, to the extent not used to fund Permitted Mortgage Loans, refund outstanding bond issues as provided in the Indenture, pay Series 2009A Bond issuance expenses or fund related reserve accounts and (ii) a pro rata portion (calculated based on the outstanding principal amount of the Series 2009A Bonds divided by the sum of the outstanding principal amount of the Series 2009A Bonds and the outstanding principal amount of any bonds issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds) and 100% (if no bonds issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds are then Outstanding) of all principal prepayments and recoveries of principal received with respect to the Permitted Mortgage Loans acquired or financed with the proceeds of the Series 2009A Bonds and any such parity bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on Series 2009A Bonds and any bonds issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds. Notwithstanding the foregoing, tax credit equity with respect to projects funded with Permitted Mortgage Loans may be used solely to redeem related bonds issued in conjunction with Series 2009A Bonds. Amounts set forth in

clause (ii) are required to be applied to the redemption of Series 2009A Bonds promptly and as provided above shall not be recycled into new Permitted Mortgage Loans. Particular series of Series 2009A Bonds may be redeemed with payments of specified Permitted Mortgage Loans.

Certain Covenants of the Authority

The Authority has covenanted that, so long as the Series 2009A Bonds are Outstanding, it shall:

(g) use its reasonable best efforts to obtain Volume Cap allocations as needed for the Series 2009A Bonds in 2010;

(h) not permit the aggregate principal amount of the Series 2009A Bonds issued under the Indenture to exceed the Multifamily Program Bond Limit;

(i) not allow the aggregate principal amount of Series 2009A Bonds to exceed the reasonable expectations requirement applicable to tax exempt mortgage revenue bonds;

(j) not issue new Bonds under the Indenture in a variable rate demand, adjustable rate or auction rate mode other than Series 2009A Bonds during the period such Series 2009A Bonds bear interest at the Short Term Rate or the Construction Program Bond Variable Rate;

(k) take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the Series 2009A Bonds and all other Bonds issued under the Indenture shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the Indenture;

(l) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:

(i) the Authority may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Authority, ordinary and customary operating expenses of any of the indentures of the Authority (such as, for example, fees and payments due on an interest rate swap entered into by the Authority) and to fund or reimburse the cost of programs sponsored by the Authority, subject to each of the following requirements:

(A) either:

(1) the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as projected to the date of such withdrawal in the cash flows most recently submitted to the rating agencies in connection with the then current long term rating of the Series 2009A Bonds; or

(2) prior to and as a condition to such withdrawal, the Authority obtains and furnishes to the Administrator and to

Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Series 2009A Bonds that the proposed withdrawal will not adversely affect such ratings; and

(B) prior to and as a condition to such withdrawal described in paragraph (f)(i), the Authority provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this section (f)(i) have been met with respect to such withdrawal.

In spite of anything to the contrary contained in this paragraph (f)(i), no withdrawals whatsoever shall be made under this paragraph (f)(i) during any period when any of the ratings on the Series 2009A Bonds are below the level of "A3" or "A-" or has been suspended or withdrawn;

(ii) the Authority may withdraw cash or other assets from the Indenture for any purpose of the Authority other than as set out in paragraph (f)(i) above, subject to each of the following requirements:

(A) prior to and as a condition to such withdrawal, the Authority obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Series 2009A Bonds that the rating on the Series 2009A Bonds will be not less than "Aaa" and "AAA", respectively, from Moody's and S&P (each as defined herein) with a rating outlook that is either "stable" or "positive" or the equivalent;

(B) the cash or other assets withdrawn from the lien of the Indenture pursuant to this paragraph (f)(ii) are retained by the Authority within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Authority; and

prior to and as a condition of such withdrawal described in paragraph (f)(ii), the Authority provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(ii) have been met with respect to such withdrawal.

(m) with respect to the purchase, origination, enforcement and servicing of Permitted Mortgage Loans, the Authority shall:

(i) originate or cause to be originated, and, if applicable, purchased, mortgage loans and purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Indenture and any supplements thereto, and such other related documents by which the Authority is bound,

(ii) cause all mortgage loans to be serviced pursuant to the servicing requirements of the Authority, GNMA, FHA, Fannie Mae and Freddie Mac, as applicable,

(iii) except as otherwise permitted by Treasury or the GSEs, diligently take all steps necessary or desirable to enforce all terms of the mortgage loans, MBS, loan program documents and all such other documents evidencing obligations to the Authority, and

(iv) diligently take all actions consistent with sound mortgage loan origination, purchase and servicing practices and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Series 2009A Bonds;

(n) not issue any bonds senior in priority to the Series 2009A Bonds and the Authority has represented and warranted that the Series 2009A Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2009A Bonds. The Series 2009A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Series 2009A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Series 2009A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2009A Bonds, except in the event that use of the book-entry system for the Series 2009A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2009A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Series 2009A Bonds may wish to ascertain that the nominee holding the Series 2009A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2009A 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 Series 2009A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Series 2009A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments (including redemption proceeds) on the Series 2009A 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 Trustee or the Authority, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2009A Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2009A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2009A Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2009A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2009A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2009A Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2009A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

THE TRUSTEE, ANY PAYING AGENT AND THE AUTHORITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN ANY SERIES 2009A BOND UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON THAT IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDOWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON ANY SERIES 2009A BOND, ANY NOTICE THAT IS REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE (EXCEPT IN CONNECTION WITH CERTAIN NOTICES OF DEFAULT AND REDEMPTION), THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2009A BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION

TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2009A BONDS.

MULTIFAMILY INITIATIVE MORTGAGE LOAN PROGRAM

The Series 2009A Supplemental Indenture provides that proceeds of the Series 2009A Bonds may only be used to finance (or in certain cases refund debt issued to finance) “Permitted Mortgage Loans,” which are defined as (i) loans insured by FHA, including loans under the FHA risk sharing program, (ii) loans guaranteed by GNMA, (iii) loans guaranteed by either GSE, and (iv) loans originated pursuant to underwriting criteria agreed to by the GSEs (which criteria are provided by the GSEs in writing for use in connection with the Series 2009A Bonds) which are either newly originated or refinanced as part of a refunding of variable rate debt of the Issuer issued on or before October 19, 2009, which debt was issued to acquire and finance the holding of multifamily loans described in (i) (iv) above on or after October 19, 2004, so long as all such loans are eligible to be financed on a tax exempt basis under applicable federal income tax law.

The Series 2009A Supplemental Indenture further provides that the proceeds of the Series 2009A Bonds may not be used for essential governmental functions within the meaning of Section 115 of the Code and that (i) escrowed proceeds of Series 2009A Bonds with a maturity in excess of 34 years may only be used to fund Permitted Mortgage Loans insured by FHA, and (ii) escrowed proceeds of Series 2009A Bonds with a maturity of more than 32 years and 34 years or less may only be used to fund either (A) Permitted Mortgage Loans insured by FHA or (B) Permitted Mortgage Loans guaranteed by either GSE or originated pursuant to underwriting criteria agreed to by the GSEs and must be designated Construction Program Bonds.

OTHER AUTHORITY PROGRAMS

Information regarding the Authority’s other multifamily mortgage loan programs and the single-family mortgage purchase programs is provided below for purposes of general reference only. The mortgage loans and other funds and assets held under these programs are not pledged as security for the Bonds. Many of the developments financed under the multifamily mortgage loan programs depend upon subsidies by the United States Department of Housing and Urban Development (“HUD”) under Section 8 (“Section 8”) of the United States Housing Act of 1937, as amended (the “1937 Housing Act”) to meet their mortgage loan payments to the Authority. There have been several proposals discussed by HUD and members of Congress that could reduce or eliminate Section 8 subsidies. The Authority is unable to predict the outcome of these discussions or future discussions or the potential impact on developments financed under these programs.

Other Multifamily Mortgage Loan Programs

Affordable Housing Program Trust Fund Bonds. The Authority is designated the administrator of the Illinois Affordable Housing Program. The program is funded by the Illinois Affordable Housing Trust Fund with funds generated by the State real estate transfer tax. The Authority is authorized to pledge an aggregate of \$10 million annually of the revenues and amounts on deposit or to be deposited to the Affordable Housing Trust Fund as security for affordable housing bonds that the Authority issues under this program to finance low and very low income single-family and multifamily housing. The Authority has pledged and may in the future pledge its general obligation in certain limited respects as security for some of these

bonds, but such bonds are not and will not be subject to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Housing Bonds. The Authority issued bonds for the first time under this program in April 1999. Bonds issued under this program are anticipated to be used to finance new mortgage loans and refinance, directly or indirectly, and to make additional loans for, multifamily developments. The bonds issued under this program to date are general obligations of the Authority but not subject to certification pursuant to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Single Project Financings. The Authority issues from time to time special limited obligation bonds to finance single projects. These bonds are generally conduit financings and are not general obligations of the Authority or subject to certification pursuant to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Single-Family Mortgage Purchase Bond Programs

Information regarding the Authority's single-family mortgage purchase programs is provided below for purposes of general reference only. The mortgage loans and other funds and assets held under these programs are not pledged as security for the Bonds.

Homeowner Mortgage Revenue Bonds. Proceeds of bonds issued under this program, which was commenced in 1994, are used to purchase single-family mortgage loans made to eligible borrowers for qualified dwellings. The Authority has issued several series of bonds under this program, and the Authority anticipates issuing additional bonds under this program. The Authority anticipates participating in the U.S. Treasury New Issue Bond Program in December 2009 through the issuance of Homeowner Mortgage Revenue Bonds. These bonds are not general obligations of the Authority and are not subject to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Residential Mortgage Revenue Bonds. The Authority adopted its 1983 Resolution for the purpose of purchasing mortgage loans from approved lending institutions located throughout the State, on owner-occupied, one-to-four unit dwellings acquired by eligible buyers. From 1983 through 1993, the Authority issued 32 series of bonds (a de minimis amount of which remain outstanding) under the 1983 Resolution for an aggregate amount of approximately \$1.8 billion in lendable proceeds. The Authority does not plan to issue additional bonds to purchase additional mortgage loans under this program.

Other Authorized Activities

In addition to the bond programs described above, the Authority is authorized under the Act to: (i) make grants to non-profit corporations for operating, administrative and other expenses relating to developments financed under assisted or unassisted mortgage financing programs; (ii) make housing assistance grants to non-profit corporations and limited profit entities for the benefit of residents of developments in order to achieve lower rentals for some or all of the housing units in such developments financed under assisted or unassisted mortgage financing programs; (iii) make loans, grants or deferred payment loans to low and moderate income persons or to non-profit and limited profit entities to finance the improvement or rehabilitation of single-family residences; (iv) make non-interest bearing advances to non-profit corporations for constructing or rehabilitating developments to make housing available to low and moderate income persons; (v) make loans for housing related commercial facilities; (vi) act as a developer of land or structures to provide developments, community facilities or housing related commercial facilities; and (vii) make loans or grants to encourage research in demonstration projects to develop new and better techniques for increasing the supply of housing for low and moderate income persons and families. The Authority may also provide technical assistance in the development of housing for low and moderate income persons and families.

FHA Direct Lending programs. The Authority is an FHA and HUD approved lender to initiate loans under the following programs:

Risk Share Program. Under the Risk Share Program, the Authority underwrites certain mortgage loans on multi-family housing following its own underwriting guidelines to be insured by HUD. In the event of a foreclosure, HUD will bear 10 to 90 percent of the loss, as elected by the Authority at the time the loan was made. The Authority will bear the remainder of the risk. The Authority has made a number of Risk Share loans, but cannot predict whether additional Risk Share loans will be made.

Multifamily Accelerated Processing (MAP) Program. Under the MAP Program, the Authority processes applications for multi-family mortgage loans using underwriting requirements for FHA insurance programs for new construction or substantial rehabilitation of multi-family housing under Section 221(d)(4) of the 1937 Housing Act and refinancing of existing multi-family housing including moderate rehabilitation under Section 223(f) of the 1937 Housing Act.

FHA LEAN Program. Under the FHA LEAN Program, the Authority processes applications targeting supportive living or assisted living facilities using underwriting for FHA insurance programs for new construction or substantial rehabilitation under Section 232 of the 1937 Housing Act and refinancing of existing facilities under Section 207 of the 1937 Housing Act.

Trust Fund Loan Program. As the administrator of the Illinois Affordable Housing Program, the authority may use Trust Fund moneys, not otherwise pledged as security for Affordable Housing Program Trust Fund Bonds, to make grants, mortgages or other loans to acquire, construct, rehabilitate, develop, operate, insure and retain affordable single family and multifamily housing for low and very low income households. The program is funded by the Illinois Affordable Housing Trust Fund with funds generated by the State real estate transfer tax.

See “OTHER AUTHORITY PROGRAMS—OTHER MULTIFAMILY MORTGAGE LOAN PROGRAMS.”

HOME Loan Program. The Authority is designated the program administrator for the HOME Program for the State, as authorized by Title II of the National Affordable Housing Act of 1990. Under that program, participating Mortgage Lenders that have been approved by the Authority may be allowed to originate Mortgage Loans on Qualified Dwellings. The HOME Program provides down payment and closing cost assistance to certain eligible borrowers whose income is at or below 80 percent of the median income for the area in which the Qualified Dwelling is located, as determined by HUD. Applications for HOME Program funds are accepted on a quarterly basis from for-profit and not-for-profit organizations, local and county governments and public agencies. HOME Program funds may be used, with the approval of the Authority, to make grants or loans for moderate or substantial rehabilitation, property acquisition, new construction, tenant-based rental assistance, reconstruction, site improvements, owner-occupied rehabilitation, demolition and relocation expenses, all in connection with providing housing for low and very low income persons.

Tax Credit Assistance Program and Section 1602 Program. In addition to the loan programs described above, the Authority serves as the administrator on behalf of the State for the low income housing tax credit program. As such, and pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA”), the Authority serves as the administrator for the Tax Credit Assistance Program (“TCAP”) and the Section 1602 Program (“Section 1602”). Under TCAP, HUD makes a grant to the Authority for the Authority to award funds to projects, on a competitive basis, that have received low income housing tax credits under Section 42(h) of the Code during the period from October 1, 2006 to September 30, 2009. ARRA requires that 75% of the TCAP funds be committed no later than February 16, 2010 and that 75% of TCAP funds be expended by February 16, 2011. Under Section 1602, the U.S. Treasury Department (“Treasury”) will make a grant to the Authority in lieu of, or in exchange for, low income housing tax credits. Section 1602 funds will be used to finance the construction or acquisition and rehabilitation of qualified low-income buildings, with or without an allocation under Section 42. Funds from TCAP and Section 1602 are subject to recapture for non-compliance with the requirements of TCAP and Section 1602.

Rental Housing Support Program. The Illinois Rental Housing Support program is the state’s rental assistance program, which provides rent subsidies each year on units for extremely low income households. Funding for the program is generated through a \$10 real estate document recording fee collected throughout the state. The Authority administers the program overall, but the RHS Program is designed to utilize local agencies, called Local Administering Agencies (LAAs), that manage the program in their communities. LAAs are awarded funding and contract directly with landlords to rent units in the program to qualified tenants. In addition, the RHS Program provides funding through the Long Term Operating Support (LTOS) Program, which awards contracts directly with developments throughout Illinois. All tenants participating either through a LAA, or through the LTOS Program, pay approximately 30% of their income in rent and must be at or below 30% of their area’s median income.

Neighborhood Stabilization Program. The Authority has been designated by the State as the party with the lead administrative and implementation responsibilities with respect to the federal Neighborhood Stabilization Program (the “NSP”), which was authorized by the Housing and Economic Recovery Act of 2008. The NSP provides funding to projects located in areas of

greatest need to acquire, rehabilitate, and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. Grant funds under the NSP may be allocated for eligible activities including purchase, rehabilitation, and redevelopment of foreclosed or abandoned homes and property for resale or rental in order to stabilize neighborhoods and stem the decline of values of neighboring homes.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains terms and conditions relating to the issuance and sale of Bonds, including various covenants and security 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 Indenture, to which reference is hereby made, copies of which are available from the Authority or the Trustee. Summary definitions of certain terms used in the Indenture and this Official Statement are set forth below. Capitalized terms used in this summary that are not otherwise defined herein have the meanings set forth in the Indenture.

In addition to the provisions of the Indenture summarized below, the Series 2009A Supplemental Indenture sets forth provisions specific to the Series 2009A Bonds and the terms and conditions of such Bonds as well as additional covenants and security provisions applicable to such Bonds (see “THE SERIES 2009A BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS”).

Certain Definitions

The following are definitions in summary form of certain terms contained in the Indenture and used in this Official Statement:

“*Bondholder*” or “*holder of Bonds*” or “*owner of Bonds*”: the registered owner of any Bond.

“*Federal Agency Obligations*” means, subject to the provisions of State law, bonds, debentures or other obligations issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, any Federal Home Loan Bank, the Resolution Funding Corporation, the Tennessee Valley Authority, any Federal Loan Bank or the Government National Mortgage Association and any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States.

“*Federal Obligations*” means direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States.

“*Fiscal Year*” means the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

“*HUD*” means the Department of Housing and Urban Development and any successor thereto and shall include FHA, as dictated by context.

“*Interest*” or “*interest*” means, with respect to any Bonds, the amount of interest specified with respect thereto by the Supplemental Indenture authorizing the issuance thereof.

“*Mortgage Loan*” means a mortgage loan, or a mortgage-backed security of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association representing an interest in a mortgage loan.

“*Outstanding*” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except (a) bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity; (b) bonds for the payment or redemption of which cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; (c) bonds in lieu of which other Bonds have been executed and delivered under the Indenture; and (d) bonds otherwise specified in a Supplemental Indenture.

“*Permitted Investments*” means any of the following which at the time are legal investments under the law of the State for funds held under the Indenture which are then proposed to be invested hereunder: (a) Federal Obligations; (b) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated in the highest long term rating category by each Rating Agency); (c) Federal Agency Obligations; (d) repurchase agreements collateralized by securities described in (a), (b) or (c) above with any institution that will not adversely affect the Rating of the Bonds at the time of purchase; (e) investment agreements, secured or unsecured as required by the Authority, with any institution that will not adversely affect the Rating of the Bonds at the time of execution; (f) any of the following obligations that would not adversely affect the Rating of the Bonds at the time of purchase: (i) time deposits, certificates of deposit or any other deposit with federally or state chartered banks (including the Trustee and its affiliates), the deposits of which are fully insured by the FDIC, (ii) commercial paper, (iii) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least \$100 million, and (iv) any other investment with a financial institution; provided that, for the purposes of (d), (e) or (f) above, unless otherwise notified by a Rating Agency, if the general unsecured obligation of an institution is rated by such Rating Agency at a level which is not lower than one rating below the Rating on the Bonds, any agreement constituting a general unsecured obligation of such an institution shall not be treated as adversely affecting the Rating of the Bonds; and further provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Executive Director deems from time to time to be in the interest of the Authority to include as Permitted Investments, as reflected in an Executive Director’s Determination, or in a Supplemental Indenture if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current Rating on the Bonds.

“*Principal*” or “*principal*” means as such term references the principal amount of any Bond, the principal amount of such Bond.

“*Program Expenses*” means any fee, premium or other item of expense directly or indirectly payable by or reimbursable to the Authority and related to (a) the compensation and expenses of the Trustee and any other paying agents, (b) the servicing of Mortgage Loans

(whether by the Authority or others), (c) the maintenance in full force and effect of any additional security for the Bonds, (d) any policy or policies of insurance on or relating to Mortgage Loans maintained by the Authority pursuant to any supplemental indenture and (e) reasonable costs and expenses incurred by the Authority in connection with the administration of the Authority's programs pursuant to which the Mortgage Loans are financed or its ownership, preservation, rehabilitation or disposition of property acquired by the Authority through the protection or enforcement of its rights conferred by law under the applicable Mortgage Loan.

“Rating”: with respect to any Series of Bonds, the then current rating or ratings assigned by the Rating Agency pursuant to the request of the Authority without regard to the benefit of any bond insurance or other credit enhancement relating to any Bond.

“Rating Agency”: a nationally recognized organization that has an outstanding rating on the Bonds pursuant to the request of the Authority.

“Reserve Requirement”: as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing the outstanding Series of Bonds. The Trustee may rely upon a Certificate of the Authority which states the Reserve Requirement as of the date of the Certificate.

“Sinking Fund Installment”: any amount of money required by or pursuant to the Indenture or a Supplemental Indenture to be paid on a specified date toward the retirement of any particular Term Bonds of a Series before maturity.

“Supplemental Indenture”: an indenture supplemental to or amendatory of the Indenture, adopted by the Authority in accordance with the Indenture; a Supplemental Indenture may consist of a supplement to the Indenture or a certificate of the Authority specifying the terms of the Bonds being issued under the Indenture.

“Trust Estate” means all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Authority), and other assets from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Authority, or by anyone in 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.

Indenture as Contract with Bondowners

The Indenture constitutes a contract among the Authority, the Trustee and the Bondowners. The pledge made in the Indenture and the provisions, covenants and agreements therein are for the equal benefit, protection and security of all owners of the Bonds, all of which, regardless of their times of issue or maturity, rank equally without preference, priority or distinction of any Bond over another except as expressly provided in the Indenture.

Pledge of the Indenture

The Indenture creates a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Bonds. The Trust Estate includes all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Authority), and other assets from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any, with respect to subsequent Series) and any and all other real or personal property of every name and nature from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Authority, or by anyone in its behalf or with its written consent, to the Trustee.

Additionally, the Bonds are not general obligations of the Authority, but are limited obligations of the Authority, payable from the revenues, assets and moneys held under the Indenture for the benefit of the holders of the Bonds, subject only to agreements made with holders of Bonds or other indebtedness pledging particular revenues, moneys or assets for the payment thereof. The Bonds will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from the revenues, assets and moneys pledged therefor. The State is not liable on the Bonds, and the Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds.

Authorization and Issuance of Bonds

Bonds of the Authority may be issued from time to time in one or more Series without limitation as to amount except as provided in the Indenture or as may be limited by law. The Bonds will be limited obligations of the Authority. The Authority may issue a Series of Bonds by adopting a supplemental indenture and delivering to the Trustee, among other things:

- (1) A Counsel's Opinion with respect to the issuance of the Bonds in a form acceptable to the Authority as specified in the Supplemental Indenture;
- (2) A copy of the Supplemental Indenture and Determination authorizing such Bonds, which shall specify, among other things, the terms and conditions of the Bonds and the related Reserve Requirement; and
- (3) A Certificate stating that (i) the principal amount of the Bonds then to be issued, together with the principal amount of the Bonds and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed herein, by the Authority's authorizing resolution or by law, (ii) upon the issuance and delivery of such Bonds, the Reserve Requirement (if any) will be met, and (iii) at the time of issuance of such additional Bonds, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture.

Cash Equivalents

The Indenture permits the use of a letter of credit, insurance policy, surety, guarantee or other security arrangement (as may be defined and provided for in a Supplemental Indenture) (each a “Cash Equivalent”), so long as such Cash Equivalent shall have such terms necessary to maintain the Rating of the Bonds.

Establishment of Funds and Accounts

The Indenture establishes or authorizes the establishment of the following funds and accounts to be held by the Trustee:

Program Fund
Revenue Fund
Debt Service Fund
Reserve Fund
Special Program Fund
Rebate Fund

In addition, within the Program Fund, the Series 2009A Supplemental Indenture establishes the Series 2009A Escrow Account. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS—Restrictions on Escrowed Proceeds.”

The Trustee shall establish in each Fund, a separate Account for each Series of Bonds; *provided, however*, that no such separate accounts shall be established in the Reserve Fund under the Indenture. Except as otherwise provided, the proceeds of a particular Series of Bonds issued pursuant to a Supplemental Indenture and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds; *provided, however*, that all earnings on investments of moneys in the Reserve Fund shall be deposited or credited to the Reserve Fund. Withdrawals from Funds (other than the Reserve Fund) and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) only for such Series of Bonds, except as otherwise provided in the Indenture or in the related Supplemental Indenture. For purposes of investment, the Trustee and the Authority may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

Program Fund

Program Fund moneys may be used for any purpose set forth in a Supplemental Indenture. The Trustee may also, to the extent amounts are insufficient in the Revenue Fund to pay principal of or interest on the Bonds or any Sinking Fund Installment when due, transfer (after transferring amounts in any capitalized interest account established in connection with the Series 2009A Bonds, the Special Program Fund or the Reserve Fund) moneys from the Program Fund (to the extent of amounts available therein) to the Revenue Fund to pay principal of or interest on the Series 2009A Bonds and any Sinking Fund Installments. Additionally, amounts or assets credited to the Program Fund may, upon the direction of an Authorized Officer, be

transferred or credited by the Trustee to the Revenue Fund or another Fund or Account or to the Authority at such times as directed by such Authorized Officer.

Revenue Fund

All moneys and amounts pledged under the Indenture shall, promptly upon receipt by the Authority, be deposited in the Revenue Fund.

On or before each interest payment date for the Outstanding Bonds, or on such other dates as may be directed in a Supplemental Indenture, the Trustee will transfer from the Revenue Fund the balance on deposit in such Fund as follows in the following order of priority:

(i) To the Debt Service Fund, an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to the Indenture, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased;

(ii) To the Debt Service Fund, (i) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, and (ii) an amount equal to the Sinking Fund Installment, if any, due on that date; and

(iii) To the Reserve Fund, if and to the extent required so that the amount therein shall equal the Reserve Requirement.

The Trustee shall, to the extent the amount in the Revenue Fund and the Debt Service Fund is insufficient to pay principal of or interest on the Bonds or any Sinking Fund Installment when due, transfer the amount of such deficiency from the following funds in the following order: (i) any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, (ii) the Special Program Fund, if any, to the extent of amounts available therein and therefor, (iii) the Reserve Fund, to the extent of amounts available therein, and (iv) the Program Fund, to the extent of amounts available therein and therefor.

So long as there shall be held in the Debt Service Fund an amount sufficient to fully pay all Outstanding Bonds in accordance with their terms (including Principal Amount or Redemption Price and interest), no deposits shall be required to be made into the Debt Service Fund.

Amounts or assets in the Revenue Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be used to pay Program Expenses or may be transferred or credited by the Trustee to another Fund or Account or, if permitted by the related Supplemental Indenture, to the Authority at such times as directed by such Authorized Officer.

Debt Service Fund

On each Interest Payment Date and any other date on which interest on the Bonds is payable, the Trustee shall withdraw from the Debt Service Fund an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to the Indenture, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or

purchased, and shall cause it to be applied to the payment of said interest or amount when due, or shall transmit it to one or more Paying Agents, who shall apply it to such payment.

The Trustee shall withdraw from the Debt Service Fund on each date on which principal of the Bonds is payable (i) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, which shall be applied to the payment or purchase of the principal of said Bonds or transmitted to one or more Paying Agents who shall apply it to such payment and (ii) an amount equal to the Sinking Fund Installment, if any, due on that date, which shall be applied to the redemption of Bonds to be redeemed on that date or transmitted to one or more Paying Agents who shall apply it to such redemption.

Unless other dates are specified in the Supplemental Indenture authorizing a Series of Bonds, on or before the thirty first day prior to each such date on which a Sinking Fund Installment is due, the Trustee shall proceed to select for redemption in the manner provided in this heading “—Debt Service Fund” from all Outstanding Bonds of the Series subject to redemption from such Sinking Fund Installment an amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and shall call such Bonds for redemption from such Sinking Fund Installment on the next succeeding date for redemption, and give notice of such call in accordance with the Indenture. On or before the fortieth day next preceding any date on which a Sinking Fund Installment is due, the Authority, by a Certificate, may (i) deliver to the Trustee for cancellation Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof, in any aggregate principal amount desired or (ii) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which prior to said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof on the obligation with respect to such Sinking Fund Installments as the Certificate shall direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment shall be accordingly reduced.

Amounts or assets in the Debt Service Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be transferred or credited by the Trustee to another Fund or Account or to the Authority at such times as directed by such Authorized Officer.

Reserve Fund

The Authority shall deposit amounts in the Reserve Fund as provided in the Series Supplemental Indentures and as provided in the Trust Indenture. The Trustee shall transfer money held in the Reserve Fund to the Revenue Fund, pursuant to the Indenture, to be applied to pay the principal of and interest on the Bonds to the extent no other funds are available for that purpose. Amounts held in the Reserve Fund as of any date in excess of the Reserve Requirement, taking into account any Cash Equivalents in the Reserve Fund, shall upon an Authority written request, be transferred to the Special Program Fund pro rata across all Subsequent Series, unless otherwise provided in the various Series Supplemental Indentures. A Series Supplemental Indenture may provide that the Series Reserve Requirement with respect to the applicable Series of Bonds be funded in whole or in part through Cash Equivalents.

Rebate Fund

There shall be deposited in the Rebate Fund, as directed by a Certificate of an Authorized Officer, such amounts determined by the Authority as are necessary to satisfy any “arbitrage rebate requirements” to comply with the requirements of Section 148 of the Code. Payments shall be made from the Rebate Fund, as directed by a Certificate of an Authorized Officer, at such times and in such amounts as are necessary to comply with the requirements of Section 148 of the Code.

Special Program Fund

Unless the Authority directs otherwise, on each Interest Payment Date for a Series of Bonds, after the payment of all amounts due to be paid therefrom with respect to the related Series of Bonds, the Trustee will transfer all surplus revenues on deposit in each Series Account of the Revenue Fund to the Series Account in the Special Program Fund created with respect to the related Series of Bonds. If the Authority either does not create a Special Program Fund, or a Series Account in the Special Program Fund for a Series of Bonds, all such surplus revenues shall be retained in the related Series Account in the Revenue Fund.

If and to the extent directed by a Certificate of an Authorized Officer, the Trustee shall create the Special Program Fund, or accounts therein, and from time to time to the extent permitted by the terms of the related Supplemental Indenture, (i) pay out money from the Special Program Fund for any purpose permitted under the Act and (ii) transfer funds to the Authority free and clear of the lien of the Indenture.

The Trustee shall, to the extent the amount in the Revenue Fund is insufficient to pay the principal of and interest on the Bonds and any Sinking Fund Installment when due, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture) moneys from the Special Program Fund, to the extent of amounts therein which are not otherwise restricted for specific purposes, to the Revenue Fund to pay the principal of and interest on the Bonds and any Sinking Fund Installment.

Depositaries of Moneys and Investment of Funds

Except as otherwise provided below, the Authority may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the Funds and the Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are reasonably expected to be required for the purposes provided in the Indenture and any related Supplemental Indenture.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such Fund or Account. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of the Indenture, so long as adequate records are maintained as to the amounts held in each such Fund or Account allocable to each Series of Bonds.

In computing the amount in any Fund or Account held by the Trustee under the provisions of the Indenture, obligations purchased by the Trustee or transferred by the Authority to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par, unless the provider of the Investment Agreement is in default of its payments thereunder in which case it shall be valued as provided in the immediately preceding sentence.

At the direction of an Authorized Officer, the Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another.

Issuance of Additional Obligations

So long as any Bonds are Outstanding, the Authority covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged under the Indenture or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to the Indenture. The Authority may, however, issue evidences of indebtedness (including general obligations of the Authority) not issued and secured under the Indenture.

Supplemental Indentures

Any of the provisions of the Indenture may be amended by the Authority by a Supplemental Indenture with the consent of (i) the holders of not less than a majority in aggregate Principal Amount of the Bonds then outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time of such consent is given, shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such indentures supplemental hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indentures; provided however, that except as set forth in the last paragraph under this heading or in the case of consent given by all of the holders of the Bonds then Outstanding, no such modification or amendment may permit (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued under the Indenture, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the

aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of the above paragraph, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of the Indenture if the same materially or adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Authority and all holders of Bonds. With respect to matters affecting the security for the Bonds, the Trustee may conclusively rely upon written evidence from each Rating Agency that a change will not adversely affect the Rating on the Outstanding Bonds.

Notwithstanding anything contained in the foregoing paragraphs, with the consent of all of the holders of all the Bonds then Outstanding, the terms and provisions of the Indenture, and the rights and obligations of the Authority and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Authority and filing in accordance with the provisions of a Supplemental Indenture of the Authority making such modification or amendment; provided, however, that no such modification or amendment shall change or modify any of the rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

In addition, the Authority may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns) and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders.

Notwithstanding anything in this paragraph to the contrary, the Authority may not modify or supplement the Indenture as described in “—Debt Service Fund” with respect to a Series of Bonds insured by a policy of municipal bond insurance without the prior written consent of the applicable provider of such municipal bond insurance.

The Authority may adopt (without the consent of any Owners of the Bonds) Supplemental Indentures to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable, not materially adverse to the security of the Bondholders and not contrary to or inconsistent with the Indenture as theretofore in effect.

Events of Default

Events of Default specified in the Indenture include (i) interest on any of the Bonds is not paid on any date when due or the principal of any Bonds is not paid at maturity or the redemption price of any Bond is not paid at a redemption date at which such Bonds have been called for redemption, (ii) if there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority in the Indenture, in any Supplemental Indenture or in the Bonds contained, and such default is not remedied within 60 days after notice thereof pursuant to the Indenture, or (iii) the Authority files a petition seeking a

composition of indebtedness under the federal bankruptcy laws or under any applicable law or statute of the United States of America or of the State, or if the State has limited or altered the rights of the Authority pursuant to the Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the holders of Bonds or in any way impaired the rights and remedies of holders of Bonds while any Bonds are Outstanding.

Remedies

Upon the occurrence of any Event of Default, the Trustee in its own name may pursue, and upon the written request of the Owners of not less than a majority in aggregate Principal Amount of the Bonds then outstanding, must pursue, any available remedy under the Act, at law or in equity, to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding, and any other creditors secured hereunder, including, without limitation, the following:

(iv) The Trustee may declare the principal amount of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest shall thereupon become immediately due and payable, if an Event of Default pursuant to clause (i) under “—Events of Default” above;

(v) The books and records of the Authority relating to the Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, but only to the extent that such inspection and use does not challenge, in the Authority’s discretion, the confidentiality of such books and records as well as other related communications of the Authority; and

(vi) The Authority, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all money, securities and Funds and Accounts pledged or held under the Indenture for such period as shall be stated in such demand.

Application Moneys After Default

All moneys received by the Trustee pursuant to any right given upon an Event of Default or action taken under the allowed actions for remedy of such Event of Default, following the satisfaction of any payments due the Trustee under the Indenture, be deposited in the Revenue Fund and all moneys in the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as described below.

Unless the principal amount of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied in the following order of priority:

(vii) To the payment to the persons entitled thereto of all interest then due on the Bonds, in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, according to the amounts due to the persons entitled thereto, without any discrimination or privilege;

(viii) To the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the

provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due at the rate borne by the Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

(ix) To be held for the payment to the persons entitled thereto as the same shall become due of the principal amount of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

If the principal amount of all the Bonds shall have become or shall have been declared due, all such moneys shall be applied; first, to the payment of the principal amount and interest then due and unpaid upon the Bonds, without preference or priority of principal amount over interest or of interest over principal amount, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amount and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever all principal amounts of and interest on all Bonds have been paid and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the Revenue Fund shall be paid to the Authority.

Discharge of Lien

If the Authority shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a Certificate to the contrary, these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Authority such instruments in writing as shall be requisite to release the lien hereof, and reconvey, release, assign and deliver unto the Authority any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this subheading “— Discharge of Lien” and for all purposes of the Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (a) moneys sufficient to make such payment and/or (b) Federal Obligations (which may be subject to redemption prior to maturity

only if such terms of redemption do not adversely affect the Rating of the Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

(x) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;

(xi) to call for redemption pursuant to the Indenture (and at such times as notice thereof may be given in accordance with the Indenture) any Bonds to be redeemed prior to maturity pursuant to in clause (b) of the preceding paragraph hereof; and

(xii) to mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the holders of such Bonds and to each Rating Agency that the deposit required by clause (b) of the preceding paragraph above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided above may at the direction of the Authority also be invested and reinvested in Federal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Revenue Fund as and when realized and collected for such an application as are other moneys deposited in such Fund.

Notwithstanding any provision of the Indenture which may be contrary to the provisions of this subheading of “—Discharge of Lien,” all moneys or Federal Obligations set aside and held in trust pursuant to the provisions of this subheading of “—Discharge of Lien” for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Anything in “—Supplemental Indentures” above to the contrary notwithstanding, if moneys or Federal Obligations have been deposited or set aside with the Trustee pursuant to this subheading of “—Discharge of Lien” for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this heading “—Discharge of Lien” shall be made without the consent of the holder of each Bond affected thereby.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2009A Bonds is includable in the gross income of the holders thereof for federal income tax purposes. The owners of the Series 2009A Bonds, by accepting such Series 2009A Bonds, have agreed to treat the Series 2009A Bonds as indebtedness. The Authority will treat the Series 2009A Bonds as a financing reflecting the Series 2009A Bonds as its indebtedness for tax and financial accounting purposes. See Appendix A, "FORM OF BOND COUNSEL OPINION."

Holders of the Series 2009A Bonds should consult with their tax advisor regarding other federal income tax consequences of holding the Series 2009A Bonds, including, but not limited to, market discount or premium, deductibility of investment interest expense, sale or exchange of the Series 2009A Bonds, backup withholding, state and local taxation, tax-exempt investors, foreign investors, and ERISA.

Treasury Circular 230 Disclosure

To ensure compliance with Treasury Circular 230, taxpayers are hereby notified that (a) any discussion of U.S. federal tax issues in this Official Statement is not intended by us to be relied upon, and cannot be relied upon, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers under the Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

Illinois Taxes

Under the Illinois Housing Development Act, in its present form, income from the Series 2009A Bonds is exempt from all taxes of the State or its political subdivisions, except for estate, transfer and inheritance taxes. The Series 2009A Bonds and the income therefrom may be subject to taxation under the laws of states other than the State.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress of the United States and the various states that, if enacted, could alter or amend the federal and state tax matters referred to herein and adversely affect the market value of the Series 2009A Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, would apply to bonds issued prior to the enactment. In addition, regulatory actions are, from time to time, announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2009A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2009A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2009A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinions expressed by Bond Counsel are

based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2009A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives, or litigation.

LEGAL MATTERS

The approving opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, will be delivered with the Series 2009A Bonds. The proposed form of that opinion is included in this Official Statement as Appendix A. Certain legal matters will be passed upon for the Authority by its General Counsel, Mary R. Kenney, Esq., and by its special counsel, Mayer Brown LLP, Chicago, Illinois.

LITIGATION

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

The Authority is a party to litigation incident to the conduct of its programs. The Authority is not engaged in and has not been threatened with any litigation with respect to its statutory powers or otherwise which in the judgment of the Authority is material to the performance of its programs or its obligations with respect to notes and bonds, including the Series 2009A Bonds, of the Authority.

RATINGS

The Series 2009A Bonds have received ratings of “Aaa” and “AAA”, respectively, from Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies (“S&P”). Ratings assigned to the Series 2009A Bonds reflect only the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. There is no assurance that the ratings that have been assigned to the Series 2009A Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies if, in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2009A Bonds.

FINANCIAL MANAGEMENT POLICY

The Authority’s management of funds under its control is governed by the Act and the Authority’s Financial Management Policy, as amended from time to time. The Act permits the Authority to invest its funds in any investments as may be lawful for fiduciaries in the State of Illinois, for Illinois or nationally chartered banks and savings banks and fiduciaries subject to the Employment Retirement Income Security Act of 1974.

The Authority's Financial Management Policy (the "Financial Management Policy"), contains the following stated objectives:

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

In addition, the Financial Management Policy establishes guidelines for the use and management of all interest rate risk management agreements including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively, "Risk Management Agreements") executed in connection with debt obligations.

CONTINUING DISCLOSURE

In connection with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the Authority has agreed to provide to certain parties certain annual financial information and operating data and notices of certain material events (the "Continuing Disclosure Undertaking"). A summary of that Continuing Disclosure Undertaking is included as Appendix B to this Official Statement. This undertaking may be enforced by any beneficial or registered owner of the Series 2009A Bonds, but the Authority's failure to comply with this undertaking will not be a default under the Indenture.

In addition, the Authority has agreed to file annually, within 180 days after the close of each Fiscal Year, financial statements for such Fiscal Year. The financial statements shall be accompanied by the related report of its independent public accountants.

MISCELLANEOUS

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of facts. This Official

Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2009A Bonds. The execution and distribution of this Official Statement have been duly authorized by the Authority.

**ILLINOIS HOUSING DEVELOPMENT
AUTHORITY**

Executive Director

APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

January 12, 2010

Illinois Housing Development Authority
401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611

\$184,080,000

Illinois Housing Development Authority
Multifamily Initiative Bonds, Series 2009A

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

The Series Bonds are being issued to fund additional Mortgage Loans to acquire, construct or rehabilitate multifamily residential housing located in the State of Illinois (the "State"). The Series Bonds, as well as any additional bonds to be issued under the Trust Indenture (collectively, the "Bonds"), are equally and ratably secured by the Indenture unless otherwise specified in a supplemental indenture or by the Authority pursuant to the provisions thereof. Assuming the United States Department of Treasury pays for the Series Bonds on the date hereof, the Series Bonds will be issued on the date hereof.

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

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

Based on the foregoing it is our opinion that:

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

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

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

(r) Assuming compliance by the Authority with certain covenants and certifications contained in the Indenture, under existing laws, regulations, rulings, and judicial decisions, interest on the Series Bonds is includable in the gross income of the holders of the Series Bonds for federal income tax purposes.

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

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

To ensure compliance with Treasury Circular 230, taxpayers are hereby notified that: (a) any discussion of U.S. federal tax issues in this opinion is not intended or written by us to be relied upon, and cannot be relied upon, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers under the Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

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

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

Very truly yours,

APPENDIX B

SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING OF THE AUTHORITY

Undertaking. The Authority shall make all required filings and reports so that all requirements of Rule 15c2-12(b)(5) (the “Rule”) of the United States Securities and Exchange Commission (“SEC”), as amended from time to time, are met with respect to the Series 2009A Bonds.

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

The annual financial information may include any or all information by incorporating, by specific reference, other documents which have been provided to the MSRB and the State Depository, if any. If the incorporated information is in an Official Statement, it must be available from the MSRB. The annual financial information shall include a notice of any change in the Authority’s fiscal year.

Reporting Significant Events. Upon the occurrence of any of the following events with respect to the Series 2009A Bonds, if material, the Authority shall report the event in a timely manner to the State Depository, if any, and to the MSRB:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults;
- iii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers or their failure to perform;
- vi. adverse tax opinions or events affecting the tax-exempt status of the Series 2009A Bonds;
- vii. modifications to rights of Owners of the Series 2009A Bonds;
- viii. bond calls;

- ix. defeasances;
- x. release, substitution, or sale of property securing repayment of the Series 2009A Bonds; and
- xi. rating changes.

The Authority will give a copy of each such report to the Trustee. The Authority will give notice in a timely manner to the Trustee, to the State Depository, if any, and to the MSRB of any failure timely to provide the annual financial information as provided in this Summary.

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

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

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

Appendix E

SUPPLEMENT NO. 1 TO OFFICIAL STATEMENT

ESCROW RELEASE - BOOK ENTRY ONLY

RATINGS: See "RATINGS" herein.

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

**Supplement No. 1 to Official Statement
dated November 18, 2010
relating to**

\$34,670,000

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

**Dated: December 30, 2009
(interest accrual commencing November 18, 2010)**

Due: September 1, 2051

The Illinois Housing Development Authority (the "**Authority**") previously issued \$184,080,000 aggregate principal amount of its Multifamily Initiative Bonds, Series 2009A (the "**Series 2009A Bonds**"), and expects to release a portion of the escrowed proceeds of the Series 2009A Bonds in the aggregate principal amount of \$34,670,000 (the "**Released Amount**") and to convert and redesignate a corresponding portion of the Series 2009A Bonds as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the "**Series 2009B Bonds**"). See "THE NEW ISSUE BOND PROGRAM". This Supplement No. 1 to Official Statement ("**Supplement No. 1**") supplements and amends the Official Statement, dated December 18, 2009, relating to the Series 2009A Bonds (the "**Original Official Statement**") in connection with such conversion and redesignation. The Original Official Statement as supplemented and amended by this Supplement No. 1 is referred to as the "**Official Statement**". The Original Official Statement is attached to this Supplement No. 1 as Appendix E. To the extent not supplemented and amended by this Supplement No. 1, the Original Official Statement remains in full force and effect. Certain capitalized terms used but not otherwise defined in this Supplement No. 1 are defined in the Original Official Statement or in the Indenture defined below.

The Series 2009B Bonds were issued pursuant to and are outstanding under the Trust Indenture, dated as of December 1, 2009 (the "**Trust Indenture**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the "**Trustee**"), the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the "**Series 2009A Supplemental Indenture**"), between the Authority and the Trustee, and the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the "**Series 2009B Supplemental Indenture**") and collectively with the Trust Indenture and the Series 2009A Supplemental Indenture, the "**Indenture**", between the Authority and the Trustee. Principal of and premium, if any, and interest on the Series 2009B Bonds will be paid by the Trustee as Paying Agent pursuant to the Indenture.

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

The Series 2009B Bonds will bear interest from and including November 18, 2010 to but excluding January 18, 2011 at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day (as defined in the Indenture) prior to November 18, 2010, plus 60 basis points or (b) 3.50%. Thereafter, the Series 2009 B Bonds will bear interest at the permanent rate of 3.50% per annum to maturity. Interest on the Series 2009B Bonds will be payable on January 18, 2011 and thereafter on March 1 and September 1 of each year, commencing March 1, 2011, and on each redemption date. See "THE SERIES 2009B BONDS".

The Series 2009B Bonds are subject to redemption prior to maturity, including optional, projected sinking fund and special redemption, at the prices set forth herein under certain circumstances, as more fully described herein. See: “THE SERIES 2009B BONDS—Redemption Provisions” herein and “THE SERIES 2009A BONDS—Redemption Provisions” in the Original Official Statement in Appendix E.

The Series 2009B Bonds were issued to make funds available, together with certain other available moneys, to (a) fund Mortgage Loans in order to acquire, construct or rehabilitate multifamily residential housing located in the State of Illinois (the “State”), all as described herein and in Appendix B, including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009B Bonds. See “SOURCES AND USES OF FUNDS.”

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

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

The Series 2009B Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Series 2009B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009B BONDS” herein and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in Appendix E.

The delivery of the Series 2009B Bonds is subject to the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, as to the validity of, and the excludability from gross income for federal income tax purposes of interest on, the Series 2009B Bonds. Certain legal matters will be passed upon for the Authority by its Acting General Counsel, Kristi S. Poskus, Esq., by its counsel, Schiff Hardin LLP, Chicago, Illinois, and by its special counsel, Holland & Knight LLP, Chicago, Illinois. See “LEGAL MATTERS.”

CONCERNING THE OFFICIAL STATEMENT

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

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

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

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

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Supplement No. 1 to Official Statement
dated November 18, 2010
relating to
\$34,670,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Multifamily Initiative Bonds, Series 2009B

INTRODUCTION

This Supplement No. 1 to Official Statement (including the cover page and appendices, “**Supplement No. 1**”) is being furnished by the Illinois Housing Development Authority (the “**Authority**”) in order to provide information in connection with the conversion and redesignation of a portion of the Authority’s Multifamily Initiative Bonds, Series 2009A (the “**Series 2009A Bonds**”), as the Multifamily Initiative Bonds, Series 2009B (the “**Series 2009B Bonds**”). The Series 2009A Bonds were issued by the Authority on December 30, 2009 pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended (the “**Act**”).

Supplement No. 1 supplements and amends the Official Statement dated December 18, 2009, relating to the Series 2009A Bonds (the “**Original Official Statement**”) in connection with such conversion and redesignation. The Original Official Statement as supplemented and amended by this Supplement No. 1 is referred to as the “**Official Statement**”). The Original Official Statement is attached to this Supplement No. 1 as Appendix E. To the extent not supplemented and amended by this Supplement No. 1, the Original Official Statement remains in full force and effect. Certain capitalized terms used but not otherwise defined in this Supplement No.1 are defined in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions” in the Original Official Statement attached as Appendix E or in the Indenture defined below.

This Supplement No. 1 describes the Series 2009B Bonds during the period in which the Series 2009B Mortgage Loans all have credit enhancement under the FHA Risk-Sharing Program as described in Appendix C. If (i) the FHA Risk-Sharing Program is changed substantially from the program described in Appendix C, or (i) one or more of the Series 2009B Mortgage Loans is supported by other forms of credit enhancement, or (iii) one or more of the Series 2009B Developments receives federal housing subsidy payments under the Section 8 housing assistance payments program, the Section 236 program or other similar federal housing subsidy programs and such payments are at any time material to the credit of the Series 2009B Bonds, the Authority will prepare and provide to the registered owners of the Series 2009B Bonds promptly an additional supplement to the Official Statement that describes the changes in the FHA Risk-Sharing Program, the new form of credit enhancement or the relevant federal housing subsidy program, as applicable.

The Series 2009A Bonds were issued and the Series 2009B Bonds are being converted and redesignated under the provisions of (i) the Trust Indenture, dated as of December 1, 2009

(the “**Trust Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “**Trustee**”), (ii) the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the “**Series 2009A Supplemental Indenture**”), between the Authority and the Trustee, (iii) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009A Bonds (the “**Series 2009A Determination**”), (iv) the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the “**Series 2009B Supplemental Indenture**” and collectively with the Trust Indenture and the Series 2009A Supplemental Indenture, the “**Indenture**”), between the Authority and the Trustee, (v) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009B Bonds (the “**Series 2009B Determination**” and together with the Series 2009A Determination, the “**Determinations**”), (vi) Resolution 2009-IHDA-158 of the Authority adopted on November 20, 2009 (the “**Bond Resolution**”), as amended by Resolution 2009-IHDA-178 of the Authority adopted on December 18, 2009 (the “**First Amendatory Resolution**”), and as further amended by Resolution 2010-IHDA-123 of the Authority adopted on September 17, 2010 (the “**Second Amendatory Resolution**” and together with the Bond Resolution, the First Amendatory Resolution and the Determinations, the “**Resolution**”).

The Trust Indenture contains terms and conditions relating to the Bonds, including terms and conditions relating to the issuance and sale of Bonds and various covenants and security provisions, certain of which are summarized in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in the Original Official Statement in Appendix E. That summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Trust Indenture, to which reference is hereby made, copies of which are available from the Authority or the Trustee.

A portion of the proceeds of the Series 2009A Bonds in the amount of \$34,670,000 (the “**Released Amount**”) is being released on November 18, 2010 (the “**Release Date**”) and a portion of the Series 2009A Bonds allocable to the Released Amount is being redesignated as the Series 2009B Bonds. The Authority is authorized by the Act, the Resolution and the Indenture to (i) release a portion of the proceeds of the Series 2009A Bonds currently held in escrow by the Trustee in a principal amount corresponding to the principal amount of the Series 2009B Bonds, (ii) redesignate a corresponding portion of the Series 2009A Bonds as the Series 2009B Bonds, and (iii) convert the interest rate on the Series 2009B Bonds from the Short-Term Rate (as defined in the Original Official Statement) to the Permanent Rate (as defined in the Original Official Statement) on January 18, 2011 (the “**Conversion Date**”). See “THE NEW ISSUE BOND PROGRAM”.

Under the Act, the Authority is authorized to finance mortgage loans for multifamily housing for persons and families of low and moderate income in the State of Illinois (the “**State**”). Under the Indenture, the Authority is authorized to issue bonds to provide funds for the making of multifamily mortgage loans to housing sponsors (the “**Developers**”) eligible under the Act for the financing of housing developments (the “**Developments**”), including making deposits in funds and accounts under the Indenture, all as specified in one or more Determinations. Multifamily mortgage loans financed under the Resolution and the Indenture, including, without limitation, the loans described in Appendix B–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS”, to the extent such loans constitute Permitted Mortgage Loans as defined in the Series 2009A Supplemental Indenture, are referred to at various times as either the “**Mortgage Loans**” or the “**Mortgage Loan**”, as appropriate.

Following the Release Date, a portion of the proceeds of the Series 2009A Bonds in an amount equal to the Released Amount will be transferred from the Series 2009A Escrow Account in the Program Fund to the Series 2009B Funding Account in the Program Fund and used, together with certain other available moneys, to (a) fund Mortgage Loans (the “**Series 2009B Mortgage Loans**”) to the Developers identified in Appendix B–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS” (the “**Series 2009B Developers**”) to finance the acquisition, construction and/or rehabilitation of the Developments described in Appendix B (the “**Series 2009B Developments**”), including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009B Bonds. See “SOURCES AND USES OF FUNDS.”

The Series 2009A Bonds were the first obligations issued by the Authority under the Trust Indenture. The Trust Indenture provides that Subsequent Series of Bonds may be issued under the Trust Indenture pursuant to a Supplemental Indenture and Determination, the proceeds of which are available to the Authority to finance one or more Developments. The Series 2009B Bonds are the first Subsequent Series. Additional Subsequent Series may be issued by the Authority which will be on parity with the Series 2009B Bonds and the remaining unconverted Series 2009A Bonds and other Subsequent Series of Bonds outstanding under the Trust Indenture, in accordance with and under the provisions of the Trust Indenture, the Resolution and the Act. The Series 2009B Bonds, the remaining unconverted Series 2009A Bonds and any additional Subsequent Series of Bonds issued under the Trust Indenture are hereinafter sometimes collectively called the “**Bonds**.” The Authority expects to issue an additional Subsequent Series of Bonds on December 16, 2010.

All of the Bonds issued and outstanding under the Indenture, including the Series 2009A Bonds, the Series 2009B Bonds and Subsequent Series of Bonds, are parity bonds and are equally and ratably secured by the “Trust Estate” under the Indenture. Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Standard & Poor’s Ratings Services, (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program.

The Series 2009B Bonds are special, limited obligations of the Authority and are payable solely from the Authority’s revenues, assets or moneys pledged therefor under the Indenture. The Series 2009B Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. Neither the State nor any political subdivision thereof is liable on the Series 2009B Bonds, and the Series 2009B Bonds are not a debt of the State or any political subdivision thereof and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Series 2009B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009B BONDS” below and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in the Original Official Statement attached as Appendix E.

The Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009B BONDS” below and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in the Original Official Statement attached as Appendix E.

THE NEW ISSUE BOND PROGRAM

The Authority issued the Series 2009A Bonds as escrow bonds under the Multifamily New Issue Bond Program (the “NIBP Program”) announced by the United States Department of the Treasury (“Treasury”), Fannie Mae and Freddie Mac. The Series 2009A Bonds were purchased by Fannie Mae and Freddie Mac (the “Purchasers” or the “GSEs”) pursuant to the NIBP Program, the Bond Resolution, the First Amendatory Resolution, the Series 2009A Determination, the Trust Indenture and the Series 2009A Supplemental Indenture. Proceeds derived from the sale of the Series 2009A Bonds in an amount equal to \$184,080,000 were deposited in the Series 2009A Escrow Account in the Program Fund established by the Trust Indenture and the Series 2009A Supplemental Indenture. Under the NIBP Program, the Purchasers exchanged the Series 2009A Bonds for securities issued by the Purchasers (“GSE Securities”) backed by the Series 2009A Bonds, which securities were then purchased by the Treasury. Such GSE Securities are not part of the security for the Bonds. The Series 2009A Bonds bear interest at a short term variable rate and the interest rate calculation method may be converted in up to six tranches prior to December 31, 2011.

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

SOURCES AND USES OF FUNDS

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

Sources

Released Amount	\$34,670,000.00
Borrowers' Contribution	<u>1,067,674.34</u>
Total Sources	<u>\$35,737,674.34</u>

Uses

Deposit to Series 2009B Funding Account of the Program Fund	\$33,889,000.00
Deposit to the Reserve Fund	781,000.00
Capitalized interest	147,274.34
GSE fees	10,000.00
Costs of Issuance	<u>910,400.00</u>
Total Uses	<u>\$35,737,674.34</u>

THE AUTHORITY

Membership

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

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

KAREN DAVIS, Vice Chair – Manager, Regions Bank, NA

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

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

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

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

Management

Phillip Culpepper, the Authority’s Deputy Executive Director and Chief of Staff, has resigned. Mary R. Kenney, the Authority’s General Counsel, left the Authority in October 2010 and was replaced by Kristi S. Poskus as Acting General Counsel. Michelle Williams replaced James Kregor as the Authority’s Controller effective in May 2010.

KRISTI S. POSKUS, Acting General Counsel and Assistant Secretary, joined the Authority in April 2004. Prior to her employment with the Authority, she served as a Loan Administrator-Officer for Harris Bank. Ms. Poskus holds a Bachelor of Arts degree from the University of Wisconsin-Whitewater and a Juris Doctor degree from DePaul University College of Law.

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009B BONDS

General

For general information concerning the security for and sources of payment of the Bonds, including the Series 2009B Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS" in the Original Official Statement attached as Appendix E.

Credit Enhancement of the Series 2010B Mortgage Loans

The Series 2010B Mortgage Loans are expected to have credit enhancement under the FHA Risk-Sharing Program. See Appendix C—"MORTGAGE INSURANCE PROGRAMS—THE FHA Risk-Sharing Program."

The FHA Risk-Sharing Program is administered by the United States Department of Housing and Urban Development ("**HUD**"), acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992 (the "**Risk-Sharing Act**") and applicable HUD Regulations found at 24 C.F.R. Part 266. The Risk-Sharing Act authorizes the Secretary of HUD (the "**HUD Secretary**") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("**HFA**s") to enable HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible developments. Under this program, FHA endorses mortgages on qualified multifamily projects for insurance. HUD delegates to the HFA certain loan underwriting, loan management and property disposition functions. Upon default of an insured loan, FHA is required to make an initial payment in the amount of the unpaid principal and interest due to the date of claim. The HFA is required to reimburse HUD an agreed percentage of any loss resulting upon disposition of the property (but in any event within five years, subject to extension in the discretion of HUD).

Pursuant to Section 542(c) of the Risk-Sharing Act, the Authority and HUD have entered into a risk-sharing agreement, dated as of June 20, 1994 (the "**Risk Sharing Agreement**") under which the Authority has been granted Level 1 status, HUD has agreed to provide federal insurance on certain mortgage loans made by the Authority, and the Authority has agreed to reimburse HUD for 50 percent to 90 percent (as negotiated for each specific mortgage loan) of the payments made by HUD on any of the mortgage loans insured under the federal insurance.

However, any failure by the Authority to reimburse HUD pursuant to the Risk Sharing Agreement will not affect HUD's obligation to pay insurance claims. Claims made by the Authority under the federal insurance program will be made at the times and in the manner described in Appendix C.

The Authority currently expects that its participation in the FHA Risk-Sharing Program will be in connection with new Series 2009B Mortgage Loans on a case-by-case basis.

Neither FHA nor any other credit enhancer insures or guarantees the Series 2009B Bonds. The assets of FHA or of any other credit enhancers are not available to the Authority or the Trustee to satisfy obligations to the holders of the Series 2009B Bonds. The obligations of FHA and other credit enhancers, if any, are limited to the payment of mortgage insurance claims, credit enhancement or guaranties as described herein.

This Supplement No. 1 describes the Series 2009B Bonds during the period in which the Series 2009B Mortgage Loans all have credit enhancement under the FHA Risk-Sharing Program as described in Appendix C. If (i) the FHA Risk-Sharing Program is changed substantially from the program described in Appendix C, or (i) one or more of the Series 2009B Mortgage Loans is supported by other forms of credit enhancement, or (iii) one or more of the Series 2009B Developments receives federal housing subsidy payments under the Section 8 housing assistance payments program, the Section 236 program or other similar federal housing subsidy programs and such payments are at any time material to the credit of the Series 2009B Bonds, the Authority will prepare and provide to the registered owners of the Series 2009B Bonds promptly an additional supplement to the Official Statement that describes the changes in the FHA Risk-Sharing Program, the new form of credit enhancement or the relevant federal housing subsidy program, as applicable.

Projected Sinking Fund Redemption

The Projected Sinking Fund Redemption Schedule on the Series 2009B Bonds described below under "THE SERIES 2009B BONDS—Projected Sinking Fund Redemption" has been established by the Authority in the Series 2009B Supplemental Indenture based on the scheduled amortization payments on the Series 2009B Mortgage Loans expected to be made or purchased with moneys on deposit in the Series 2009B Funding Account in the Program Fund. As described below under "THE SERIES 2009B BONDS—Projected Sinking Fund Redemption", the Projected Sinking Fund Redemption Schedule may be revised by the Authority from time to time. If funds (including Series 2009B Mortgage Loan prepayments, if any) are received from time to time in amounts less than the amounts necessary to pay (i) the interest on Series 2009B Bonds and (ii) the redemption price of Series 2009B Bonds in accordance with the Projected Sinking Fund Redemption Schedule then in effect, the Trustee is required to redeem Series 2009B Bonds in such lesser amount and there shall be no Event of Default under the Indenture attributable to such lesser redemption. Payments of principal and interest on Series 2009B Mortgage Loans, including Series 2009B Mortgage Loan prepayments, in excess of the amounts necessary to pay the interest on Series 2009B Bonds and the redemption price of Series 2009B Bonds in accordance with the Projected Sinking Fund Redemption Schedule then in effect may be applied to redeem Series 2009B Bonds prior to maturity.

To the extent that Series 2009B Mortgage Loans are not purchased at the times and interest rates anticipated by the Authority, or timely payment of principal or interest on the Series 2009B Mortgage Loans is not received when due, or prepayments on Series 2009B Mortgage Loans are received at a rate substantially higher than assumed, or the Authority suffers losses on Series 2009B Mortgage Loans in excess of any applicable mortgage insurance or guarantee or in excess of amounts otherwise available therefor or investment income differs from the amount projected by the Authority, the moneys available under the Indenture for payment of the Series 2009B Bonds, including the amounts in the Reserve Fund, may be adversely affected and the redemption of Series 2009B Bonds pursuant to the Projected Sinking Fund Redemption Schedule may be delayed. Certain proceeds of the Series 2009B Bonds, including proceeds on deposit in the Program Fund and the Reserve Fund, will be invested in Permitted Investments.

Reserve Fund

The Trust Indenture requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Requirement. The Trust Indenture establishes the Reserve Requirement as an amount at least equal to the aggregate amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing all Series of Bonds currently outstanding. Pursuant to the Series 2009B Supplemental Indenture, the Reserve Requirement with respect to the Series 2009B Bonds is an amount equal to the maximum amount of principal and interest due on the Series 2009B Bonds on any interest payment date (excluding the final interest payment date). For purposes of this calculation, principal due on any date includes principal payable at maturity (and not scheduled for payment pursuant to sinking fund installments) and principal payable pursuant to sinking fund installments. Any change from time to time in the amount of this Series 2009B Reserve Requirement shall be evidenced by a calculation made by the Authority and submitted in writing to the Trustee. The Trustee may conclusively rely on any such calculation by the Authority. In connection with the conversion and redesignation of the Series 2009B Bonds, a deposit in the amount of \$781,000.00, equal to the maximum amount of principal and interest due on the Series 2009B Bonds on any interest payment date (beginning on and after September 1, 2013 and excluding the final interest payment date) as of the delivery of the Series 2009B Bonds, will be made into the Reserve Fund. See “SOURCES AND USES OF FUNDS” above.

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

Additional Bonds

The Indenture permits the issuance of Subsequent Series of Bonds for the purpose of providing funds to be applied with other available funds to make Mortgage Loans to borrowers with respect to Developments pursuant to the terms of a Supplemental Indenture and Determination (each as defined in the Trust Indenture). Any Subsequent Series of Bonds issued under the Trust Indenture would be on a parity with the outstanding Series 2009B Bonds and the remaining unconverted Series 2009A Bonds and other Subsequent Series of Bonds outstanding under the Trust Indenture, and would be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Trust Indenture, provided such Bonds are only

secured by multifamily loans which are Permitted Mortgage Loans. The Trust Indenture provides that upon the issuance of any Subsequent Series of Bonds there is to be deposited in the Reserve Fund, if necessary, amounts sufficient to increase the amount therein to the Reserve Requirement calculated after such issuance.

All of the Bonds issued and outstanding under the Indenture, including the Series 2009A Bonds, the Series 2009B Bonds and Subsequent Series of Bonds, are parity bonds and are equally and ratably secured by the “Trust Estate” under the Indenture. Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Standard & Poor’s Ratings Services, (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program.

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

THE SERIES 2009B BONDS

General

The Series 2009B Bonds are dated December 30, 2009, will mature on September 1, 2051 (the “**Stated Maturity**”), and will bear interest from November 18, 2010 (the “**Release Date**”) to but excluding January 18, 2011 (the “**Conversion Date**”) at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day prior to the Release Date plus 60 basis points or (b) 3.50%, payable on the Conversion Date. On and after the Conversion Date, the Series 2009B Bonds will bear interest at a rate per annum equal to 3.50% per annum, payable on each January 1 and July 1, commencing March 1, 2011 (each an “**Interest Payment Date**”) until payment of the principal thereof, from the Interest Payment Date next preceding the date of registration and authentication of each such Series 2009B Bond, unless such Series 2009B Bond is registered and authenticated as of an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date, or unless such Series 2009B Bond shall be in default, in which event such Series 2009B Bond shall bear interest from the date on which interest was last paid on such Series 2009B Bond or from the Conversion Date if no interest has been paid on such Series 2009B Bond. The Series 2009B Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Series 2009B Bonds. If any such dates are not business days, then payments will be made on the next business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2009A Bonds will also mature, subject to prior redemption, on September 1, 2051, on the Stated Maturity.

Payment of the principal of and the interest on the Series 2009B Bonds at Stated Maturity will be made upon the presentation and surrender of the Series 2009B Bonds. All payments of

interest on and principal of, the Series 2009B Bonds will be paid through DTC in accordance with its normal procedures, which as of the date of this Supplement No. 1 provide for payment by the Securities Depository to its Direct Participants (as defined under the caption “BOOK-ENTRY ONLY SYSTEM” in the Original Official Statement attached as Appendix E).

Redemption Provisions

Projected Sinking Fund Redemption. The Series 2009B Bonds are subject to special mandatory redemption (“**Projected Sinking Fund Redemption**”) in direct order of maturity (and by lot within a maturity) at a redemption price equal to 100 percent of their principal amount, plus accrued interest to the date of redemption, if any, on the first Business Day of any month, pursuant to the provisions summarized under the caption “–Optional Redemption” below. No notice of such redemption shall be given to the Trustee, and the Trustee shall base its redemption of Series 2009B Bonds on the table set forth below, as revised from time to time by the Authority. Such table may be revised at any time in a certificate of the Authority provided to the Trustee. To the extent that amounts are available on the related redemption date for any such Projected Sinking Fund Redemption but are less than the related amount set forth in the table, the Trustee shall redeem Series 2009B Bonds in such lesser amount and there shall be no Event of Default under the Indenture attributable to such lesser redemption.

The Projected Sinking Fund Redemption Schedule is as follows:

<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>	<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>
Jan 1, 2012	\$3,850,000	Mar 1, 2032	\$300,000
Mar 1, 2012	90,000	Sep 1, 2032	300,000
Sep 1, 2012	180,000	Mar 1, 2033	310,000
Jan 1, 2013	4,070,000	Sep 1, 2033	330,000
Mar 1, 2013	230,000	Mar 1, 2034	330,000
Sep 1, 2013	230,000	Sep 1, 2034	340,000
Mar 1, 2014	240,000	Mar 1, 2035	340,000
Sep 1, 2014	240,000	Sep 1, 2035	350,000
Mar 1, 2015	250,000	Mar 1, 2036	360,000
Sep 1, 2015	250,000	Sep 1, 2036	370,000
Mar 1, 2016	250,000	Mar 1, 2037	380,000
Sep 1, 2016	270,000	Sep 1, 2037	380,000
Mar 1, 2017	280,000	Mar 1, 2038	390,000
Sep 1, 2017	300,000	Sep 1, 2038	400,000
Mar 1, 2018	300,000	Mar 1, 2039	410,000
Sep 1, 2018	300,000	Sep 1, 2039	410,000
Mar 1, 2019	300,000	Mar 1, 2040	410,000

<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>	<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>
Sep 1, 2019	\$ 300,000	Sep 1, 2040	\$ 430,000
Mar 1, 2020	300,000	Mar 1, 2041	440,000
Sep 1, 2020	300,000	Sep 1, 2041	440,000
Mar 1, 2021	310,000	Mar 1, 2042	450,000
Sep 1, 2021	310,000	Jul 1, 2042	80,000
Mar 1, 2022	320,000	Sep 1, 2042	350,000
Sep 1, 2022	330,000	Jan 1, 2043	30,000
Mar 1, 2023	350,000	Mar 1, 2043	310,000
Sep 1, 2023	350,000	Sep 1, 2043	310,000
Mar 1, 2024	350,000	Mar 1, 2044	310,000
Sep 1, 2024	370,000	Sep 1, 2044	320,000
Mar 1, 2025	370,000	Mar 1, 2045	320,000
Sep 1, 2025	370,000	Sep 1, 2045	330,000
Mar 1, 2026	380,000	Mar 1, 2046	350,000
Sep 1, 2026	390,000	Sep 1, 2046	350,000
Mar 1, 2027	400,000	Mar 1, 2047	350,000
Sep 1, 2027	420,000	Jul 1, 2047	100,000
Mar 1, 2028	420,000	Sep 1, 2047	200,000
Sep 1, 2028	410,000	Mar 1, 2048	220,000
Mar 1, 2029	430,000	Sep 1, 2048	220,000
Sep 1, 2029	450,000	Mar 1, 2049	220,000
Mar 1, 2030	450,000	Sep 1, 2049	220,000
Sep 1, 2030	480,000	Mar 1, 2050	230,000
Mar 1, 2031	480,000	Sep 1, 2050	240,000
Sep 1, 2031	480,000	Mar 1, 2051	240,000
Jan 1, 2032	110,000	Sep 1, 2051	240,000

Optional Redemption. The Series 2009B Bonds are subject to optional redemption in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess of that amount at the option of the Authority, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount of the Series 2009B Bonds to be redeemed, without premium, plus accrued interest, if any, to the redemption date.

Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the outstanding Series 2009B Bonds, the Series 2009B Bonds to be redeemed shall be selected by the Authority in its sole discretion by written notice to the Trustee of the principal amount of the Series 2009B Bonds to be redeemed, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair. Whenever the Trustee is required or authorized to redeem Series 2009B Bonds other than at the election or direction of the Authority, the Trustee shall select the Series 2009B Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price to the appropriate Paying Agent or Paying Agents in accordance with the terms of the Indenture. The Series 2009B Bonds may be redeemed only in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess of that amount. All Series 2009B Bonds called for redemption will cease to accrue interest on the specified redemption date and shall no longer be considered outstanding under the Indenture, if funds sufficient for the redemption of those Series 2009B Bonds are deposited with the Trustee. Upon presentation and surrender of Series 2009B Bonds called for redemption at the place or places of payment, together with a written instrument of transfer duly executed by the owner thereof or by the owner's attorney duly authorized in writing, such Series 2009B Bonds are to be paid and redeemed.

Redemption Restrictions and Recycling Prohibition. Except as limited by tax law requirements, the Authority shall apply the following exclusively to the redemption of Series 2009B Bonds: (i) all proceeds of the Series 2009B Bonds, to the extent not used to fund Permitted Mortgage Loans, refund outstanding bond issues as provided in the Indenture, pay Series 2009B Bond issuance expenses or fund related reserve accounts and (ii) a pro rata portion (calculated based on the outstanding principal amount of the Series 2009B Bonds divided by the sum of the outstanding principal amount of the Series 2009A Bonds, the outstanding principal amount of the Series 2009B Bonds and the outstanding principal amount of any Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds and the Series 2009B Bonds) of all principal prepayments and recoveries of principal received with respect to the Permitted Mortgage Loans acquired or financed with the proceeds of the Series 2009A Bonds, the Series 2009B Bonds and any such Subsequent Series, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on Series 2009A Bonds, Series 2009B Bonds and any Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds and the Series 2009B Bonds. Notwithstanding the foregoing, tax credit equity with respect to projects funded with Permitted Mortgage Loans may be used solely to redeem related bonds issued in conjunction with Series 2009A Bonds or Series 2009B Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Series 2009B Bonds promptly and as provided above shall not be recycled into new Permitted Mortgage Loans. The Series 2009A Bonds, the Series 2009B Bonds and any Subsequent Series issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009A Bonds and the Series 2009B Bonds may be redeemed with payments of specified Permitted Mortgage Loans.

Notice of Redemption. When the Trustee is required or authorized to redeem Series 2009B Bonds, the Trustee will, in accordance with the terms and provisions of the Series 2009B Bonds and of the Indenture, give notice (which notice shall be dated the date given) of the redemption of Series 2009B Bonds, which notice will specify (a) the name of the Series 2009B Bonds, (b) the date of issue, (c) the redemption price, (d) the CUSIP number or numbers of the

Series 2009B Bonds to be redeemed, (e) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (f) if less than all of the Series 2009B Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2009B Bonds so to be redeemed (*i.e.*, certificate numbers), (g) in the case of a Series 2009B Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed, and (h) such other information as may be specified in the Series 2009B Supplemental Indenture. Such notice will further state that, except as otherwise provided in the second succeeding paragraph, on the redemption date there will become due and payable upon each Series 2009B Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Series 2009B Bond to be redeemed in part only, and that from and after such date, interest on such Series 2009B Bond will cease to accrue and be payable. Such notice will be given by mailing a copy of such notice, first class mail, postage prepaid, at least 30 days but no more than 60 days prior to such redemption date, to the registered owner of any Series 2009B Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice will not be a condition precedent to or affect the validity of any proceedings for the redemption of other Series 2009B Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Series 2009B Bond for redemption within 30 days subsequent to the redemption date. Each such notice will be sent by first class mail, postage prepaid.

Any notice of redemption may, if directed by the Authority, be given specifying that the redemption of the Series 2009B Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the redemption date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Series 2009B Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain outstanding.

Additionally, written notice of each redemption of Series 2009B Bonds must be provided by the Trustee to the GSEs, the Administrator and the Treasury's Financial Agent, such notice to be provided by facsimile transmission to addresses provided by such parties. Redemption of Series 2009B Bonds will not be conditioned or delayed for the giving of such notice, which must be provided at least ten (10) days in advance of the date of such redemption.

Book-Entry Only System.

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

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

Certain Parity Indenture Aspects

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

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

Certain Ongoing Federal Tax Requirements and Covenants

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

Low Income Set-Aside Requirements under the Code

The Series 2009B Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly in this subsection. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Series 2009B Bonds be continuously occupied during the “qualified project period” by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Series 2009B Bonds be continuously occupied during the qualified

project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Authority will make elections on the applicable low income set-aside requirements with respect to the Developments expected to be financed with the proceeds of the Series 2009B Bonds prior to the issuance date of the Series 2009B Bonds. In addition, all of the units in any Development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the “qualified project period” as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to such project is outstanding, or (iii) the date upon which any assistance provided with respect to such project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Development generally will meet the continuing low income set aside requirement so long as a tenant’s income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant’s income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the applicable Development must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

“Original issue discount” (“**OID**”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2009B Bond (excluding certain “qualified stated interest” that is

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

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

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

Bond Premium

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

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

Information Reporting and Backup Withholding

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

If an owner purchasing a Series 2009B Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2009B Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2009B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2009B Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2009B Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2009B Bonds or the market value thereof would be impacted thereby. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2009B Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

The authorization and delivery of the Series 2009B Bonds are subject to receipt of the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, which will be in substantially the form set forth in Appendix A. Certain legal matters will be passed upon for the Authority by its Acting General Counsel, Kristi S. Poskus, Esq., by its counsel, Schiff Hardin LLP, Chicago, Illinois, and by its special counsel, Holland & Knight LLP, Chicago, Illinois.

LITIGATION

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

The Authority is a party to litigation incident to the conduct of its programs. The Authority is not engaged in and has not been threatened with any litigation with respect to its statutory powers or otherwise which in the judgment of the Authority is material to the performance of its programs or its obligations with respect to notes and bonds, including the Series 2009B Bonds, of the Authority.

RATINGS

The Series 2009B Bonds have received ratings of “Aaa” and “AAA”, respectively, from Moody’s Investors Service, Inc. (“**Moody’s**”) and Standard & Poor’s Ratings Services, a business unit of Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies (“**S&P**”). Ratings assigned to the Series 2009B Bonds reflect only the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. There is no assurance that the ratings that have been assigned to the Series 2009B Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies if, in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2009B Bonds.

CONTINUING DISCLOSURE

In connection with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the Authority has agreed to provide to certain parties certain annual financial information and operating data and notices of certain material events. In addition, the Authority has agreed to file annually, within 180 days after the close of each Fiscal Year, beginning with the fiscal year ending June 30, 2010, financial statements for such Fiscal Year. The financial statements must be accompanied by the related report of its independent public accountants. The Authority’s agreement to provide this information is referred to as the (the “**Continuing Disclosure Undertaking**”). Such information will be provided to (i) the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and (ii) any entity

designated by the State of Illinois as a state information depository for purposes of Rule 15c2-12. A summary of the Continuing Disclosure Undertaking is included as Appendix D to this Official Statement. The Continuing Disclosure Undertaking may be enforced by any beneficial or registered owner of the Series 2009B Bonds, but the Authority's failure to comply with this undertaking will not be a default under the Indenture.

In addition, in the Series 2009B Supplemental Indenture, the Authority has covenanted to provide certain information to the GSEs for each period after and including the calendar quarter ending September 30, 2010. Such information includes principally (i) audited financial statements of the Authority for each Fiscal Year, including in supplemental schedules financial statements specific to the Indenture, (ii) financial statements of the Authority for interim portions of a Fiscal Year if produced, (iii) financial statements specific to the Indenture for each of the first three calendar quarters of each Fiscal Year, (iv) a compliance certificate in a specified form, (v) specified quarterly reports, (vi) copies of cash flow certificates, (vii) certificates required under the Series 2009B Supplemental Indenture for the withdrawal of cash from the Indenture, (viii) copies of rating agency presentations and ratings pertaining to the Indenture or to the Authority as a whole, (ix) copies of disclosure documents with respect to obligations outstanding under the Indenture, and (x) copies of publicly available information disclosures concerning the financial condition or performance of the Authority.

The Authority also agreed in the Series 2009B Supplemental Indenture to provide the GSEs with notice of certain events, including (i) events which would require the filing of an "events notice" under Rule 15c2-12 as that Rule is amended, restated or replaced from time to time, (ii) any "event of default" or event which, with the passage of time or the giving of notice, or both, would become such an "event of default" under the Indenture or certain related documents, (iii) resignation or removal of the Trustee, or any failure by the Trustee to perform its duties under the Indenture or any related document, (iv) demands for payments or for the posting of collateral under a hedging arrangement, (v) any litigation, administrative or other proceeding or other development that would have a material and adverse effect on the ability of the Authority to perform its duties and obligations under the Indenture or any related document, (vi) a ratings downgrade, or notice of a negative outlook applicable to existing ratings, relating to the Authority as a whole or to the Bonds, (vii) certain adverse changes with respect to any provider of a guaranteed investment contract or hedge relating to the Indenture or to the Authority as a whole, (viii) supplements or amendments to the Indenture, (ix) unscheduled draws on a debt service reserve of credit enhancement for any of the Bonds, (x) defeasance of any Bonds, and (xi) release, sale or substitution of any property securing any of the Bonds.

MISCELLANEOUS

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

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Executive Director

Appendix A

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

Illinois Housing Development Authority
Chicago, Illinois

\$34,670,000
Illinois Housing Development Authority
Multifamily Initiative Bonds,
Series 2009B

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

It is now deemed necessary and advisable to supplement the Trust Indenture by the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the “Series 2009B Supplemental Indenture”), by and between the Authority and the Trustee, to provide for and establish a Release Date (as defined below) with respect to a portion of the proceeds of the Series 2009A Bonds currently held in escrow and to provide for the application of such released proceeds to the funding of mortgage loans, all as hereinafter provided. In accordance with and subject to the terms, conditions and limitations established in the Trust Indenture and the Series 2009B Supplemental Indenture, a portion of the proceeds of the Series 2009A Bonds in the principal amount of \$34,670,000 shall be released from escrow on the date hereof (the “Release Date”), and the portion of the Series 2009A Bonds relating thereto shall be redesignated “Series 2009B” (the “Series 2009B Bonds” or the “Bonds”) and deemed reissued for federal income tax purposes as of the date hereof.

The Trust Indenture, the Series 2009A Supplemental Indenture and the Series 2009B Supplemental Indenture are collectively referred to herein as the “Indenture.”

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

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

The Internal Revenue Code of 1986 (the "Code") establishes certain continuing requirements which must be met in order that interest on the Bonds not be included in gross income of the owners thereof for federal income tax purposes. These include requirements as to the use and investment of proceeds of the Bonds, the payment of certain amounts to the United States and the use and occupancy of the projects financed by the Bonds. In the Indenture, various tax certificates and Tax Regulatory Agreements, each dated as of November 1, 2010 (collectively, the "Tax Regulatory Agreements"), among the Authority, the Trustee and the various borrowers (collectively, the "Borrowers"), the Authority and the Borrower have made various covenants with respect to these requirements. Failure to comply with certain of such covenants could cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes, retroactively to the date of issuance of the Bonds.

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

Based on the foregoing it is our opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

Appendix B

DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009B BONDS

<u>Name</u>	<u>Location</u>	<u>Owner</u>	<u>No. of Units</u>	<u>Credit Enhancement</u>	<u>Term of Mortgage Loan (Years)</u>	<u>Interest Rate(s)</u>	<u>Expected Date of Construction Completion</u>	<u>Mortgage Loan Amount</u>
Liberty Lakes Apartments	201 S. Buesching Lake Zurich, IL 60047	Standard Liberty Venture LP	70	FHA Risk-Sharing Program	40	4.35%	11/30/2011	\$7,372,000
Lilac Apartments	3 Lilac Drive Fox Lake, IL 60020	Standard Lilac Venture LP	105	FHA Risk-Sharing Program	40	4.35%	11/30/2011	\$4,350,000
Moline Enterprise Live-Work Lofts	1809-1829 River Drive Moline, IL 61265	Moline Enterprise Live-Work Lofts, LLC	69	FHA Risk-Sharing Program	30	4.35%	11/30/2012	\$5,667,000
Park Apartments	202-30 E. Garfield Blvd., 5447 S. Indiana Ave., 5446-50 S. Prairie Ave., 5730 S. Calumet Ave., Chicago IL 60615, 60637	Parkr, LLC	120	FHA Risk-Sharing Program	20	4.35%	11/30/2011	\$6,600,000
River to River of Anna Supportive Living	151 Denny Drive Anna, IL 62906	Anna Supportive Living, L.P.	50	FHA Risk-Sharing Program	35	4.35%	5/31/2012	\$5,700,000
Zurich Meadows Apartments	250 Mohawk Trail Lake Zurich, IL 60047	Zurich Meadows Senior Apartments, LP	95	FHA Risk-Sharing Program	30	4.35%	5/31/2012	\$4,200,000

Appendix C

MORTGAGE INSURANCE PROGRAMS

THE FHA RISK-SHARING PROGRAM

The following is a brief description of the multifamily mortgage insurance program administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992, as amended (the “**Risk-Sharing Act**”), of Title II of the National Housing Act, as amended (the “**National Housing Act**”), and is qualified in its entirety by reference to the National Housing Act and the Risk-Sharing Act and the regulations thereunder.

The Risk-Sharing Act authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies (“**HFA**s”) to enable those HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the “**Regulations**”) pursuant to the National Housing Act. The FHA Risk-Sharing Program established by the Risk-Sharing Act allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, including reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect. The FHA Risk-Sharing Program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA.

This mortgage insurance program requires that an interested HFA first be approved as a qualified HFA. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement with the Commissioner of FHA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA’s standards and procedures for underwriting and servicing loans and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the FHA Risk-Sharing Program include qualified new construction projects, substantial rehabilitation projects, existing projects, projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program. Risk-sharing projects must be maintained as “affordable housing,” which means that either (1) 20% or more of the units are both rent-restricted (as defined below) and occupied by families whose income is 50% or less of the area median income as determined by HUD, with adjustments to income based on household size, or (2) 40% or more of the units are both rent-restricted and occupied by families whose income is 60 percent or less of the area median income as determined by HUD, with adjustments to income based on household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30% of the imputed income limitation applicable to the unit as published from time to time by HUD.

Pursuant to Section 542(c) of the Risk-Sharing Act, the Authority and HUD have entered into a risk-sharing agreement, dated as of June 20, 1994 (the “**Risk-Sharing Agreement**”) under which the Authority has been granted Level 1 status, HUD has agreed to provide federal insurance on certain mortgage loans made by the Authority, and the Authority has agreed to reimburse HUD for 50 percent to 90 percent (as negotiated for each specific mortgage loan) of the payments made by HUD on any of the mortgage loans insured under the federal insurance. However, any failure by the Authority to reimburse HUD pursuant to the Risk-Sharing Agreement will not affect HUD’s obligation to pay the insurance claim as described below. Claims made by the Authority under the federal insurance program will be made at the times and in the manner described below.

The Authority will authorize the use of the FHA Risk-Sharing Program in connection with new Mortgage Loans financed by the Series 2009B Bonds on a case-by-case basis.

FHA Insurance under the FHA Risk-Sharing Program with respect to any Mortgage Loan may be terminated upon the occurrence of certain events, including the following: (1) the corresponding mortgage is paid in full; (2) the Authority acquires mortgaged property and notifies the Commissioner that it will not file an insurance claim; (3) a party other than the Authority acquires property at a foreclosure sale; (4) the Authority notifies the Commissioner of a voluntary termination of insurance; (5) the Authority or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (6) the receipt by the Commissioner of an application for final claims settlement by the Authority; or (7) the Authority acquires the mortgaged property and fails to make an initial claim.

During its participation in the program, the HFA must take responsibility for certain functions, including specified functions relating to the Affirmative Fair Housing Marketing Plan, labor standards, insurance of advances, cost certification, and lead-based paint requirements. A mortgagor must certify to the HFA that it is in compliance with certain enumerated discrimination and civil rights statutes and executive orders. HUD has specifically retained certain functions, including monitoring compliance with the Davis-Bacon Act, environmental laws, enforcement of certain fair housing and equal opportunity laws and other program criteria. Certain HUD requirements may only be applicable when construction advances are insured.

Upon completion of construction, presentation of a closing docket, including an executed regulatory agreement between the HFA and the mortgagor, and certifications required by the Regulations, FHA issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Authority. Although the Authority has been given authority to approve cost certifications by a mortgagor, HUD has the authority, in its sole discretion, at any time prior to and including final endorsement, to adjust the amount of mortgage insurance.

The Regulations indicate that a default under an FHA-insured mortgage has occurred (which default causes the HFA to become eligible for insurance benefits) when (1) the mortgagor fails to make any payment due under the mortgage, or (2) the mortgagor fails to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage), the HFA has accelerated the debt and the owner has failed to pay the full amount due. If the default continues to exist at the end of the 30-

day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Authority has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Authority must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Authority, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Authority certifies that the project owner is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days but not exceed 360 days from the date of default.

The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. The mortgage note interest component of the initial claim amount is subject to curtailment as described below. HUD must make all claim payments in cash. The initial claim payment to the Authority is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessed under the Regulations. **The Authority must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms securing the mortgage within 30 days of the initial claim payment.** Any excess funds resulting from such retirement or repayment must be returned to HUD within 30 days of the retirement.

In determining the mortgage note interest component of the initial claim amount, if the Authority fails to meet any of the requirements of the Regulations within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late. The Regulations also indicate that losses sustained as a consequence of the (sole) negligence of the Authority shall be the sole obligation of the Authority, notwithstanding the risk apportionment otherwise agreed to by HUD and the Authority.

Within 30 days of the initial claim payment, the Authority must also issue to HUD a debenture in a form approved by HUD (each, a “**Debenture**”), payable in five years unless extended, in an amount equal to the amount of the initial claim payment. Each Debenture must be supported by the full faith and credit of the Authority. Each Debenture will bear interest at HUD’s published debenture rate, and interest will be payable annually. The Risk-Sharing Act contemplates that during the five year term of each Debenture, the Authority would work toward curing the default, foreclosure or resale of the related development. On or before the due date of each Debenture, the total loss to be shared by the Authority and HUD shall be computed pursuant to the Risk-Sharing Agreement.

The Regulations provide that the HFA must file an application for final claim settlement not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed in lieu of foreclosure, or (2) expiration of the term of the Debenture. The total loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the mortgage note and the risk-sharing agreement.

The Regulations indicate that if the initial claim amount is less than HUD's share of the loss, HUD shall make a final claim payment to the HFA that is equal to the difference between HUD's share of the loss and the initial claim amount and shall return the related Debenture to the HFA for cancellation. If the initial claim amount is more than HUD's share of the loss, the HFA shall, within 30 days of notification of the amount due, remit to HUD an amount equal to the difference between the initial claim amount and HUD's share of the loss. The related Debenture will be considered redeemed upon receipt of the cash payment.

Information on project management and servicing will be required after endorsement. Additionally, the HFA must submit semiannual reports, annual financial statements and must maintain its eligibility by continued compliance with the risk-sharing agreement, the regulatory agreement, and all the requirements for initial program eligibility.

Appendix D

SUMMARY OF THE AUTHORITY'S CONTINUING DISCLOSURE UNDERTAKING

Undertaking. The Authority shall make all required filings and reports so that all requirements of Rule 15c2-12(b)(5) (the “**Rule**”) of the United States Securities and Exchange Commission (the “**SEC**”), as amended from time to time, are met with respect to the Series 2009B Bonds.

Annual Financial Information. Each year the Authority shall provide annual financial information concerning the Series 2009B Bonds to the Municipal Securities Rulemaking Board (the “**MSRB**”) via its Electronic Municipal Market Access (“**EMMA**”) System and to any entity designated by the State of Illinois as a state information depository (“**State Depository**”) for purposes of the Rule. A copy of the annual financial information shall also be provided to the Trustee. The annual financial information shall be so provided within 180 days after the end of the Authority's fiscal year, beginning with the fiscal year ending June 30, 2010. Copies of the annual financial information shall also be made available to any beneficial owner of Series 2009B Bonds upon written request. The annual financial information shall include the Authority's audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America as in effect from time to time.

The annual financial information may include any or all information by incorporating, by specific reference, other documents which have been provided to the MSRB and the State Depository, if any. If the incorporated information is in an Official Statement, it must be available from the MSRB. The annual financial information shall include a notice of any change in the Authority's fiscal year.

Reporting Significant Events. Upon the occurrence of any of the following events with respect to the Series 2009B Bonds, if material, the Authority shall report the event in a timely manner to the State Depository, if any, and to the MSRB:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults;
- iii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers or their failure to perform;
- vi. adverse tax opinions or events affecting the tax-exempt status of the Series 2009B Bonds;
- vii. modifications to rights of Owners of the Series 2009B Bonds;
- viii. bond calls;

- ix. defeasances;
- x. release, substitution, or sale of property securing repayment of the Series 2009B Bonds; and
- xi. rating changes.

The Authority will give a copy of each such report to the Trustee. The Authority will give notice in a timely manner to the Trustee, to the State Depository, if any, and to the MSRB of any failure timely to provide the annual financial information as provided in this Summary.

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

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

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

Appendix E

THE ORIGINAL OFFICIAL STATEMENT

Appendix F

SUPPLEMENT NO. 2 TO OFFICIAL STATEMENT

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

**Supplement No. 2 to Official Statement
dated December 16, 2010
relating to**

\$27,860,000

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

**Dated: December 30, 2009
(interest accrual commencing December 16, 2010)**

Due: September 1, 2051

The Illinois Housing Development Authority (the "**Authority**") previously issued \$184,080,000 aggregate principal amount of its Multifamily Initiative Bonds, Series 2009A (the "**Series 2009A Bonds**"), and expects to release a portion of the escrowed proceeds of the Series 2009A Bonds in the aggregate principal amount of \$27,860,000 (the "**Released Amount**") and to convert and redesignate a corresponding portion of the Series 2009A Bonds as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009C (the "**Series 2009C Bonds**"). On November 18, 2010, the Authority converted \$34,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the "**Series 2009B Bonds**") and together with the Series 2009C Bonds, the "**Converted Bonds**"). See "THE NEW ISSUE BOND PROGRAM". This Supplement No. 2 to Official Statement ("**Supplement No. 2**") supplements and amends the Official Statement, dated December 18, 2009, relating to the Series 2009A Bonds (the "**Original Official Statement**") in connection with the conversion and redesignation of the Series 2009C Bonds. The Original Official Statement as supplemented and amended by this Supplement No. 2 is referred to as the "**Official Statement**". The Original Official Statement is attached to this Supplement No. 2 as Appendix F. To the extent not supplemented and amended by this Supplement No. 2, the Original Official Statement remains in full force and effect. Certain capitalized terms used but not otherwise defined in this Supplement No. 2 are defined in the Original Official Statement or in the Indenture defined below.

The Series 2009C Bonds were issued pursuant to and are outstanding under the Trust Indenture, dated as of December 1, 2009 (the "**Trust Indenture**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the "**Trustee**"), the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the "**Series 2009A Supplemental Indenture**"), between the Authority and the Trustee, the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the "**Series 2009B Supplemental Indenture**"), between the Authority and the Trustee, and the Series 2009C Supplemental Indenture, dated as of December 1, 2010 (the "**Series 2009C Supplemental Indenture**" and collectively with the Trust Indenture, the Series 2009A Supplemental Indenture and the Series 2009B Supplemental Indenture, the "**Indenture**"), between the Authority and the Trustee. Principal of and premium, if any, and interest on the Series 2009C Bonds will be paid by the Trustee as Paying Agent pursuant to the Indenture.

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

The Series 2009C Bonds will bear interest from and including December 16, 2010 to but excluding February 16, 2011 at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day (as defined in the Indenture) prior to December 16, 2010, plus 60 basis points or (b) 3.01%. Thereafter, the Series 2009C Bonds will bear interest at the permanent rate of 3.01% per annum to maturity. Interest on the Series 2009C Bonds will be payable on February 16, 2011 and

thereafter on March 1 and September 1 of each year, commencing March 1, 2011, and on each redemption date. See “THE SERIES 2009C BONDS”.

The Series 2009C Bonds are subject to redemption prior to maturity, including optional, projected sinking fund and special redemption, at the prices set forth herein under certain circumstances, as more fully described herein. See: “THE SERIES 2009C BONDS—Redemption Provisions” herein and “THE SERIES 2009A BONDS—Redemption Provisions” in the Original Official Statement in Appendix F.

The Series 2009C Bonds were issued to make funds available, together with certain other available moneys, to (a) fund Mortgage Loans in order to acquire, construct or rehabilitate multifamily residential housing located in the State of Illinois (the “**State**”), all as described herein and in Appendix B, including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009C Bonds. See “SOURCES AND USES OF FUNDS.”

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

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

The Series 2009C Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Series 2009C Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009C BONDS” herein and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in Appendix F.

The delivery of the Series 2009C Bonds is subject to the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, as to the validity of, and the excludability from gross income for federal income tax purposes of interest on, the Series 2009C Bonds. Certain legal matters will be passed upon for the Authority by its Acting General Counsel, Kristi S. Poskus, Esq. and by its counsel, Schiff Hardin LLP, Chicago, Illinois. See “LEGAL MATTERS.”

CONCERNING THE OFFICIAL STATEMENT

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

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

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

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

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Supplement No. 2 to Official Statement
dated December 16, 2010
relating to
\$27,860,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Multifamily Initiative Bonds, Series 2009C

INTRODUCTION

This Supplement No. 2 to Official Statement (including the cover page and appendices, “**Supplement No. 2**”) is being furnished by the Illinois Housing Development Authority (the “**Authority**”) in order to provide information in connection with the conversion and redesignation of a portion of the Authority’s Multifamily Initiative Bonds, Series 2009A (the “**Series 2009A Bonds**”), as the Multifamily Initiative Bonds, Series 2009C (the “**Series 2009C Bonds**”). The Series 2009A Bonds were issued by the Authority on December 30, 2009 pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended (the “**Act**”). On November 18, 2010, the Authority converted \$34,670,000 aggregate principal amount of the Series 2009A Bonds and redesignated them as the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009B (the “**Series 2009B Bonds**” and together with the Series 2009C Bonds, the “**Converted Bonds**”).

Supplement No. 2 supplements and amends the Official Statement dated December 18, 2009, relating to the Series 2009A Bonds (the “**Original Official Statement**”) in connection with such conversion and redesignation. The Original Official Statement as supplemented and amended by this Supplement No. 2 is referred to as the “**Official Statement**”). The Original Official Statement is attached to this Supplement No. 2 as Appendix F. To the extent not supplemented and amended by this Supplement No. 2, the Original Official Statement remains in full force and effect. Certain capitalized terms used but not otherwise defined in this Supplement No. 2 are defined in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions” in the Original Official Statement attached as Appendix F or in the Indenture defined below.

This Supplement No. 2 describes the Series 2009C Bonds during the period in which the Series 2009C Mortgage Loans all have credit enhancement under the FHA Risk-Sharing Program as described in Appendix D. If (i) the FHA Risk-Sharing Program is changed substantially from the program described in Appendix D, or (i) one or more of the Series 2009C Mortgage Loans is supported by other forms of credit enhancement, or (iii) one or more of the Series 2009C Developments receives federal housing subsidy payments under the Section 8 housing assistance payments program, the Section 236 program or other similar federal housing subsidy programs and such payments are at any time material to the credit of the Series 2009C Bonds, the Authority will prepare and provide to the registered owners of the Series 2009C Bonds promptly an additional supplement to the Official Statement that describes the changes in the FHA Risk-Sharing

Program, the new form of credit enhancement or the relevant federal housing subsidy program, as applicable.

The Series 2009A Bonds were issued and the Series 2009C Bonds are being converted and redesignated under the provisions of (i) the Trust Indenture, dated as of December 1, 2009 (the “**Trust Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as trustee (the “**Trustee**”), (ii) the Series 2009A Supplemental Indenture, dated as of December 1, 2009 (the “**Series 2009A Supplemental Indenture**”), between the Authority and the Trustee, (iii) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009A Bonds (the “**Series 2009A Determination**”), (iv) the Series 2009B Supplemental Indenture, dated as of November 1, 2010 (the “**Series 2009B Supplemental Indenture**”), between the Authority and the Trustee, (v) the Series 2009C Supplemental Indenture, dated as of December 1, 2010 (the “**Series 2009C Supplemental Indenture**” and collectively with the Trust Indenture, the Series 2009A Supplemental Indenture and the Series 2009B Supplemental Indenture, the “**Indenture**”), between the Authority and the Trustee, (vi) a determination of the Chairman and Executive Director of the Authority with respect to the Series 2009C Bonds (the “**Series 2009C Determination**” and together with the Series 2009A Determination, the “**Determinations**”), and (vii) Resolution 2009-IHDA-158 of the Authority adopted on November 20, 2009 (the “**Bond Resolution**”), as amended by Resolution 2009-IHDA-178 of the Authority adopted on December 18, 2009 (the “**First Amendatory Resolution**”), and as further amended by Resolution 2010-IHDA-123 of the Authority adopted on September 17, 2010 (the “**Second Amendatory Resolution**” and together with the Bond Resolution, the First Amendatory Resolution and the Determinations, the “**Resolution**”).

The Trust Indenture contains terms and conditions relating to the Bonds, including terms and conditions relating to the issuance and sale of Bonds and various covenants and security provisions, certain of which are summarized in “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in the Original Official Statement in Appendix F. That summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Trust Indenture, to which reference is hereby made, copies of which are available from the Authority or the Trustee.

A portion of the proceeds of the Series 2009C Bonds in the amount of \$27,860,000 (the “**Released Amount**”) is being released on December 16, 2010 (the “**Release Date**”) and a portion of the Series 2009A Bonds allocable to the Released Amount is being redesignated as the Series 2009C Bonds. The Authority is authorized by the Act, the Resolution and the Indenture to (i) release a portion of the proceeds of the Series 2009A Bonds currently held in escrow by the Trustee in a principal amount corresponding to the principal amount of the Series 2009C Bonds, (ii) redesignate a corresponding portion of the Series 2009A Bonds as the Series 2009C Bonds, and (iii) convert the interest rate on the Series 2009C Bonds from the Short-Term Rate (as defined in the Original Official Statement) to the Permanent Rate (as defined in the Original Official Statement) on February 16, 2011 (the “**Conversion Date**”). See “THE NEW ISSUE BOND PROGRAM”.

Under the Act, the Authority is authorized to finance mortgage loans for multifamily housing for persons and families of low and moderate income in the State of Illinois (the “**State**”). Under the Indenture, the Authority is authorized to issue bonds to provide funds for the

making of multifamily mortgage loans to housing sponsors (the “**Developers**”) eligible under the Act for the financing of housing developments (the “**Developments**”), including making deposits in funds and accounts under the Indenture, all as specified in one or more Determinations. Multifamily mortgage loans financed under the Resolution and the Indenture, including, without limitation, the loans described in Appendix B–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009C BONDS” and Appendix C – “DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009B BONDS”, to the extent such loans constitute Permitted Mortgage Loans as defined in the Series 2009A Supplemental Indenture, are referred to at various times as either the “**Mortgage Loans**” or the “**Mortgage Loan**”, as appropriate.

Following the Release Date, a portion of the proceeds of the Series 2009A Bonds in an amount equal to the Released Amount will be transferred from the Series 2009A Escrow Account in the Program Fund to the Series 2009C Funding Account in the Program Fund and used, together with certain other available moneys, to (a) fund Mortgage Loans (the “**Series 2009C Mortgage Loans**”) to the Developers identified in Appendix B–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009C BONDS” to finance the acquisition, construction and/or rehabilitation of the Developments described in Appendix B (the “**Series 2009C Developments**”), including capitalized interest, if any, (b) make a deposit to the Reserve Fund equal to the amount of the Reserve Requirement, and (c) pay certain costs incurred in connection with the conversion and redesignation of the Series 2009C Bonds. See “SOURCES AND USES OF FUNDS.” Proceeds of the Series 2009A Bonds released on November 18, 2010 upon the conversion and redesignation of the Series 2009B Bonds were used to fund Mortgage Loans to the Developers identified in Appendix C–“DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009B BONDS” to finance the acquisition, construction and/or rehabilitation of the Developments described in Appendix C.

The Series 2009A Bonds were the first obligations issued by the Authority under the Trust Indenture. The Trust Indenture provides that Subsequent Series of Bonds may be issued under the Trust Indenture pursuant to a Supplemental Indenture and Determination, the proceeds of which are available to the Authority to finance one or more Developments. The Series 2009B Bonds were the first Subsequent Series and the Series 2009C Bonds are the second Subsequent Series. Additional Subsequent Series may be issued by the Authority which will be on parity with the Converted Bonds, the remaining unconverted Series 2009A Bonds, and other Subsequent Series of Bonds outstanding under the Trust Indenture, in accordance with and under the provisions of the Trust Indenture, the Resolution and the Act. The Converted Bonds, the remaining unconverted Series 2009A Bonds and any additional Subsequent Series of Bonds issued under the Trust Indenture are hereinafter sometimes collectively called the “**Bonds**.”

All of the Bonds issued and outstanding under the Indenture, including the Converted Bonds, the unconverted Series 2009A Bonds, and Subsequent Series of Bonds, are parity bonds and are equally and ratably secured by the “Trust Estate” under the Indenture. Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Standard & Poor’s Ratings Services, (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then

outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program.

The Bonds are special, limited obligations of the Authority and are payable solely from the Authority's revenues, assets or moneys pledged therefor under the Indenture. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. Neither the State nor any political subdivision thereof is liable on the Bonds, and the Bonds are not a debt of the State or any political subdivision thereof and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009C BONDS" below and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS" in the Original Official Statement attached as Appendix F.

The Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or any political subdivision thereof or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that the relevant provisions of Section 26.1 of the Act, as amended, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009C BONDS" below and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS" in the Original Official Statement attached as Appendix F.

THE NEW ISSUE BOND PROGRAM

The Authority issued the Series 2009A Bonds as escrow bonds under the Multifamily New Issue Bond Program (the "**NIBP Program**") announced by the United States Department of the Treasury ("**Treasury**"), Fannie Mae and Freddie Mac. The Series 2009A Bonds were purchased by Fannie Mae and Freddie Mac (the "**Purchasers**" or the "**GSEs**") pursuant to the NIBP Program, the Bond Resolution, the First Amendatory Resolution, the Series 2009A Determination, the Trust Indenture and the Series 2009A Supplemental Indenture. Proceeds derived from the sale of the Series 2009A Bonds in an amount equal to \$184,080,000 were deposited in the Series 2009A Escrow Account in the Program Fund established by the Trust Indenture and the Series 2009A Supplemental Indenture. Under the NIBP Program, the Purchasers exchanged the Series 2009A Bonds for securities issued by the Purchasers ("**GSE Securities**") backed by the Series 2009A Bonds, which securities were then purchased by the Treasury. Such GSE Securities are not part of the security for the Bonds. The Series 2009A Bonds bear interest at a short term variable rate and the interest rate calculation method may be converted in up to six tranches prior to December 31, 2011.

The release of amounts held in the 2009 Series A Escrow Account to become available to make Mortgage Loans depends upon compliance with various conditions set forth in agreements between the Authority and the Purchasers and in the Trust Indenture and the Series 2009A Supplemental Indenture. Upon the satisfaction of the conditions precedent to the release of funds

from the Series 2009A Escrow Account, the Authority expects to release the Released Amount from the Series 2009A Escrow Account on the Release Date. A portion of the Series 2009A Bonds corresponding to the Released Amount will be converted and re-designated as the Series 2009C Bonds on the Release Date pursuant to the Series 2009C Determination and the Series 2009C Supplemental Indenture.

SOURCES AND USES OF FUNDS

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

Sources

Released Amount	\$27,860,000.00
Borrowers' Contribution	<u>945,637.85</u>
 Total Sources	 <u><u>\$28,805,637.85</u></u>

Uses

Deposit to Series 2009C Funding Account of the Program Fund	\$27,231,000.00
Deposit to the Reserve Fund	629,000.00
Capitalized interest	113,297.85
GSE fees	7,500.00
Costs of Issuance	<u>824,840.00</u>
 Total Uses	 <u><u>\$28,805,637.85</u></u>

THE AUTHORITY

Membership

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

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

KAREN DAVIS, Vice Chair – Manager, Regions Bank, NA

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

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

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

There are currently four vacancies in the Authority's membership.

Management

Phillip Culpepper, the Authority's Deputy Executive Director and Chief of Staff, resigned. Mary R. Kenney, the Authority's General Counsel, left the Authority in October 2010 and was replaced by Kristi S. Poskus as Acting General Counsel. Michele Williams replaced James Kregor as the Authority's Controller effective in May 2010. Jane R. Bilger has been appointed an Assistant Executive Director, and Hazim Taib has been appointed an Assistant Executive Director and Assistant Treasurer.

KRISTI S. POSKUS, Acting General Counsel and Assistant Secretary, joined the Authority in April 2004. Prior to her employment with the Authority, she served as a Loan Administrator-Officer for Harris Bank. Ms. Poskus holds a Bachelor of Arts degree from the University of Wisconsin-Whitewater and a Juris Doctor degree from DePaul University College of Law.

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

JANE R. BILGER, Assistant Executive Director, joined the Authority in 2003. Ms. Bilger has held various management positions in public and community development finance, including Director of Finance and Lending for the Illinois Facilities Fund, a statewide community development financial institution, Deputy Commissioner for Program Development for the City of Chicago Department of Housing, Vice President, Public Finance for W.H. Newbold's/American Capital Group and as Assistant Director-Program Coordination/ Neighborhood Program Coordinator in Philadelphia, Pennsylvania. Ms. Bilger has a Bachelor of Arts degree in Urban Studies from the University of Pennsylvania.

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009C BONDS

General

For general information concerning the security for and sources of payment of the Bonds, including the Series 2009C Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009A BONDS” in the Original Official Statement attached as Appendix F.

Credit Enhancement of the Series 2010C Mortgage Loans

The Series 2010C Mortgage Loans are expected to have credit enhancement under the FHA Risk-Sharing Program. See Appendix D–“MORTGAGE INSURANCE PROGRAMS–The FHA Risk-Sharing Program.”

The FHA Risk-Sharing Program is administered by the United States Department of Housing and Urban Development (“**HUD**”), acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992 (the “**Risk-Sharing Act**”) and applicable HUD Regulations found at 24 C.F.R. Part 266. The Risk-Sharing Act authorizes the Secretary of HUD (the “**HUD Secretary**”) to enter into risk-sharing agreements with qualified state or local housing finance agencies (“**HFA**s”) to enable HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible developments. Under this program, FHA endorses mortgages on qualified multifamily projects for insurance. HUD delegates to the HFA certain loan underwriting, loan management and property disposition functions. Upon default of an insured loan, FHA is required to make an initial payment in the amount of the unpaid principal and interest due to the date of claim. The HFA is required to reimburse HUD an agreed percentage of any loss resulting upon disposition of the property (but in any event within five years, subject to extension in the discretion of HUD).

Pursuant to Section 542(c) of the Risk-Sharing Act, the Authority and HUD have entered into a risk-sharing agreement, dated as of June 20, 1994 (the “**Risk Sharing Agreement**”) under which the Authority has been granted Level 1 status, HUD has agreed to provide federal insurance on certain mortgage loans made by the Authority, and the Authority has agreed to reimburse HUD for 50 percent to 90 percent (as negotiated for each specific mortgage loan) of the payments made by HUD on any of the mortgage loans insured under the federal insurance. However, any failure by the Authority to reimburse HUD pursuant to the Risk Sharing Agreement will not affect HUD’s obligation to pay insurance claims. Claims made by the Authority under the federal insurance program will be made at the times and in the manner described in Appendix D.

The Authority currently expects that its participation in the FHA Risk-Sharing Program will be in connection with new Series 2009C Mortgage Loans on a case-by-case basis.

Neither FHA nor any other credit enhancer insures or guarantees the Series 2009C Bonds. The assets of FHA or of any other credit enhancers are not available to the

Authority or the Trustee to satisfy obligations to the holders of the Series 2009C Bonds. The obligations of FHA and other credit enhancers, if any, are limited to the payment of mortgage insurance claims, credit enhancement or guaranties as described herein.

This Supplement No. 2 describes the Series 2009C Bonds during the period in which the Series 2009C Mortgage Loans all have credit enhancement under the FHA Risk-Sharing Program as described in Appendix D. If (i) the FHA Risk-Sharing Program is changed substantially from the program described in Appendix D, or (i) one or more of the Series 2009C Mortgage Loans is supported by other forms of credit enhancement, or (iii) one or more of the Series 2009C Developments receives federal housing subsidy payments under the Section 8 housing assistance payments program, the Section 236 program or other similar federal housing subsidy programs and such payments are at any time material to the credit of the Series 2009C Bonds, the Authority will prepare and provide to the registered owners of the Series 2009C Bonds promptly an additional supplement to the Official Statement that describes the changes in the FHA Risk-Sharing Program, the new form of credit enhancement or the relevant federal housing subsidy program, as applicable.

Projected Sinking Fund Redemption

The Projected Sinking Fund Redemption Schedule on the Series 2009C Bonds described below under “THE SERIES 2009C BONDS—Projected Sinking Fund Redemption” has been established by the Authority in the Series 2009C Supplemental Indenture based on the scheduled amortization payments on the Series 2009C Mortgage Loans expected to be made or purchased with moneys on deposit in the Series 2009C Funding Account in the Program Fund. As described below under “THE SERIES 2009C BONDS—Projected Sinking Fund Redemption”, the Projected Sinking Fund Redemption Schedule may be revised by the Authority from time to time. If funds (including Series 2009C Mortgage Loan prepayments, if any) are received from time to time in amounts less than the amounts necessary to pay (i) the interest on Series 2009C Bonds and (ii) the redemption price of Series 2009C Bonds in accordance with the Projected Sinking Fund Redemption Schedule then in effect, the Trustee is required to redeem Series 2009C Bonds in such lesser amount and there shall be no Event of Default under the Indenture attributable to such lesser redemption. Payments of principal and interest on Series 2009C Mortgage Loans, including Series 2009C Mortgage Loan prepayments, in excess of the amounts necessary to pay the interest on Series 2009C Bonds and the redemption price of Series 2009C Bonds in accordance with the Projected Sinking Fund Redemption Schedule then in effect may be applied to redeem Series 2009C Bonds prior to maturity.

To the extent that Series 2009C Mortgage Loans are not purchased at the times and interest rates anticipated by the Authority, or timely payment of principal or interest on the Series 2009C Mortgage Loans is not received when due, or prepayments on Series 2009C Mortgage Loans are received at a rate substantially higher than assumed, or the Authority suffers losses on Series 2009C Mortgage Loans in excess of any applicable mortgage insurance or guarantee or in excess of amounts otherwise available therefor or investment income differs from the amount projected by the Authority, the moneys available under the Indenture for payment of the Series 2009C Bonds, including the amounts in the Reserve Fund, may be adversely affected and the redemption of Series 2009C Bonds pursuant to the Projected Sinking Fund Redemption

Schedule may be delayed. Certain proceeds of the Series 2009C Bonds, including proceeds on deposit in the Program Fund and the Reserve Fund, will be invested in Permitted Investments.

Reserve Fund

The Trust Indenture requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Requirement. The Trust Indenture establishes the Reserve Requirement as an amount at least equal to the aggregate amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing all Series of Bonds currently outstanding. Pursuant to the Series 2009C Supplemental Indenture, the Reserve Requirement with respect to the Series 2009C Bonds is an amount equal to the maximum amount of principal and interest due on the Series 2009C Bonds on any interest payment date (excluding the final interest payment date). For purposes of this calculation, principal due on any date includes principal payable at maturity (and not scheduled for payment pursuant to sinking fund installments) and principal payable pursuant to sinking fund installments. Any change from time to time in the amount of this Series 2009C Reserve Requirement shall be evidenced by a calculation made by the Authority and submitted in writing to the Trustee. The Trustee may conclusively rely on any such calculation by the Authority. In connection with the conversion and redesignation of the Series 2009C Bonds, a deposit in the amount of \$629,000, equal to the maximum amount of principal and interest due on the Series 2009C Bonds on any interest payment date (beginning on and after March 1, 2013 and excluding the final interest payment date) as of the delivery of the Series 2009C Bonds, will be made into the Reserve Fund. See “SOURCES AND USES OF FUNDS” above.

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

Additional Bonds

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

All of the Bonds issued and outstanding under the Indenture, including the unconverted Series 2009A Bonds, the Converted Bonds and Subsequent Series of Bonds, are parity bonds and are equally and ratably secured by the “Trust Estate” under the Indenture. Under the Indenture, Subsequent Series may be issued if (i) the Bonds of such

Subsequent Series are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Standard & Poor’s Ratings Services, (ii) the issuance of such Subsequent Series will not result in the withdrawal of lowering of the rating on any other Series of Bonds then outstanding, and (iii) certain other conditions are satisfied. Subsequent Series of Bonds may be secured by credit enhancement other than FHA insurance provided under the FHA Risk-Sharing Program.

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

THE SERIES 2009C BONDS

General

The Series 2009C Bonds are dated December 30, 2009, will mature on September 1, 2051 (the “**Stated Maturity**”), and will bear interest from December 16, 2010 (the “**Release Date**”) to but excluding February 16, 2011 (the “**Conversion Date**”) at a rate per annum equal to the lesser of (a) the interest rate for four week Treasury bills as of the Business Day prior to the Release Date plus 60 basis points or (b) 3.01%, payable on the Conversion Date. On and after the Conversion Date, the Series 2009C Bonds will bear interest at a rate per annum equal to 3.01% per annum, payable on each March 1 and September 1, commencing March 1, 2011 (each an “**Interest Payment Date**”) until payment of the principal thereof, from the Interest Payment Date next preceding the date of registration and authentication of each such Series 2009C Bond, unless such Series 2009C Bond is registered and authenticated as of an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date, or unless such Series 2009C Bond shall be in default, in which event such Series 2009C Bond shall bear interest from the date on which interest was last paid on such Series 2009C Bond or from the Conversion Date if no interest has been paid on such Series 2009C Bond. The Series 2009C Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Series 2009C Bonds. If any such dates are not business days, then payments will be made on the next business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2009A Bonds and the Series 2009B Bonds will also mature, subject to prior redemption, on the Stated Maturity.

Payment of the principal of and the interest on the Series 2009C Bonds at Stated Maturity will be made upon the presentation and surrender of the Series 2009C Bonds. All payments of interest on and principal of, the Series 2009C Bonds will be paid through DTC in accordance with its normal procedures, which as of the date of this Supplement No. 2 provide for payment by the Securities Depository to its Direct Participants (as defined under the caption “BOOK-ENTRY ONLY SYSTEM” in the Original Official Statement attached as Appendix F).

Redemption Provisions

Projected Sinking Fund Redemption. The Series 2009C Bonds are subject to special mandatory redemption (“**Projected Sinking Fund Redemption**”) in direct order of maturity

(and by lot within a maturity) at a redemption price equal to 100 percent of their principal amount, plus accrued interest to the date of redemption, if any, on the first Business Day of any month, pursuant to the provisions summarized under the caption “–Optional Redemption” below. No notice of such redemption shall be given to the Trustee, and the Trustee shall base its redemption of Series 2009C Bonds on the table set forth below, as revised from time to time by the Authority. Such table may be revised at any time in a certificate of the Authority provided to the Trustee. To the extent that amounts are available on the related redemption date for any such Projected Sinking Fund Redemption but are less than the related amount set forth in the table, the Trustee shall redeem Series 2009C Bonds in such lesser amount and there shall be no Event of Default under the Indenture attributable to such lesser redemption.

The Projected Sinking Fund Redemption Schedule is as follows:

<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>	<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>
Sep 1, 2011	60,000	Mar 1, 2032	280,000
Dec 1, 2011	2,600,000	Sep 1, 2032	300,000
Jan 1, 2012	2,640,000	Mar 1, 2033	300,000
Mar 1, 2012	130,000	Sep 1, 2033	300,000
Sep 1, 2012	190,000	Mar 1, 2034	320,000
Mar 1, 2013	200,000	Sep 1, 2034	330,000
Sep 1, 2013	210,000	Mar 1, 2035	330,000
Mar 1, 2014	210,000	Sep 1, 2035	340,000
Sep 1, 2014	230,000	Mar 1, 2036	340,000
Mar 1, 2015	230,000	Sep 1, 2036	350,000
Sep 1, 2015	230,000	Feb 1, 2037	60,000
Mar 1, 2016	230,000	Mar 1, 2037	280,000
Sep 1, 2016	230,000	Sep 1, 2037	280,000
Mar 1, 2017	230,000	Mar 1, 2038	280,000
Sep 1, 2017	250,000	Sep 1, 2038	290,000
Mar 1, 2018	250,000	Mar 1, 2039	290,000
Sep 1, 2018	250,000	Sep 1, 2039	290,000
Mar 1, 2019	260,000	Mar 1, 2040	300,000
Sep 1, 2019	260,000	Sep 1, 2040	300,000
Mar 1, 2020	260,000	Mar 1, 2041	310,000
Sep 1, 2020	270,000	Sep 1, 2041	320,000
Mar 1, 2021	270,000	Mar 1, 2042	320,000
Sep 1, 2021	270,000	May 1, 2042	30,000
Mar 1, 2022	290,000	Sep 1, 2042	250,000
Sep 1, 2022	290,000	Mar 1, 2043	250,000
Mar 1, 2023	300,000	Sep 1, 2043	260,000
Sep 1, 2023	300,000	Mar 1, 2044	260,000
Mar 1, 2024	300,000	Sep 1, 2044	270,000
Sep 1, 2024	300,000	Mar 1, 2045	270,000
Mar 1, 2025	320,000	Sep 1, 2045	270,000
Sep 1, 2025	330,000	Mar 1, 2046	280,000
Mar 1, 2026	330,000	Sep 1, 2046	280,000
Sep 1, 2026	330,000	Mar 1, 2047	290,000
Mar 1, 2027	330,000	Sep 1, 2047	290,000

<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>	<u>Redemption Date</u>	<u>Projected Sinking Fund Redemption</u>
Sep 1, 2027	260,000	Mar 1, 2048	300,000
Mar 1, 2028	260,000	Sep 1, 2048	300,000
Sep 1, 2028	260,000	Mar 1, 2049	310,000
Mar 1, 2029	270,000	Sep 1, 2049	320,000
Sep 1, 2029	270,000	Mar 1, 2050	320,000
Mar 1, 2030	270,000	Sep 1, 2050	330,000
Sep 1, 2030	270,000	Mar 1, 2051	330,000
Mar 1, 2031	280,000	Sep 1, 2051	340,000
Sep 1, 2031	280,000		

Optional Redemption. The Series 2009C Bonds are subject to optional redemption in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess of that amount at the option of the Authority, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount of the Series 2009C Bonds to be redeemed, without premium, plus accrued interest, if any, to the redemption date.

Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the outstanding Series 2009C Bonds, the Series 2009C Bonds to be redeemed shall be selected by the Authority in its sole discretion by written notice to the Trustee of the principal amount of the Series 2009C Bonds to be redeemed, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair. Whenever the Trustee is required or authorized to redeem Series 2009C Bonds other than at the election or direction of the Authority, the Trustee shall select the Series 2009C Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price to the appropriate Paying Agent or Paying Agents in accordance with the terms of the Indenture. The Series 2009C Bonds may be redeemed only in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess of that amount. All Series 2009C Bonds called for redemption will cease to accrue interest on the specified redemption date and shall no longer be considered outstanding under the Indenture, if funds sufficient for the redemption of those Series 2009C Bonds are deposited with the Trustee. Upon presentation and surrender of Series 2009C Bonds called for redemption at the place or places of payment, together with a written instrument of transfer duly executed by the owner thereof or by the owner's attorney duly authorized in writing, such Series 2009C Bonds are to be paid and redeemed.

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

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

Notice of Redemption. When the Trustee is required or authorized to redeem Series 2009C Bonds, the Trustee will, in accordance with the terms and provisions of the Series 2009C Bonds and of the Indenture, give notice (which notice shall be dated the date given) of the redemption of Series 2009C Bonds, which notice will specify (a) the name of the Series 2009C Bonds, (b) the date of issue, (c) the redemption price, (d) the CUSIP number or numbers of the Series 2009C Bonds to be redeemed, (e) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (f) if less than all of the Series 2009C Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2009C Bonds so to be redeemed (*i.e.*, certificate numbers), (g) in the case of a Series 2009C Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed, and (h) such other information as may be specified in the Series 2009C Supplemental Indenture. Such notice will further state that, except as otherwise provided in the second succeeding paragraph, on the redemption date there will become due and payable upon each Series 2009C Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Series 2009C Bond to be redeemed in part only, and that from and after such date, interest on such Series 2009C Bond will cease to accrue and be payable. Such notice will be given by mailing a copy of such notice, first class mail, postage prepaid, at least 30 days but no more than 60 days prior to such redemption date, to the registered owner of any Series 2009C Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice will not be a condition precedent to or affect the validity of any proceedings for the redemption of other Series 2009C Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Series 2009C Bond for redemption within 30 days subsequent to the redemption date. Each such notice will be sent by first class mail, postage prepaid.

Any notice of redemption may, if directed by the Authority, be given specifying that the redemption of the Series 2009C Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the redemption date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Series 2009C Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain outstanding.

Additionally, written notice of each redemption of Series 2009C Bonds must be provided by the Trustee to the GSEs, the Administrator and the Treasury's Financial Agent, such notice to be provided by facsimile transmission to addresses provided by such parties. Redemption of Series 2009C Bonds will not be conditioned or delayed for the giving of such notice, which must be provided at least ten (10) days in advance of the date of such redemption.

Book-Entry Only System.

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

status of the Series 2009C Bonds. In addition, the Series 2009C Bonds and the income therefrom may be subject to taxation under the laws of the states other than the State of Illinois.

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

Certain Parity Indenture Aspects

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

Certain Ongoing Federal Tax Requirements and Covenants

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

enforcement of such covenants will be subject to FHA approval. Because of these FHA restrictions, enforcement remedies available to the Authority or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on such Series 2009C Bonds for Federal income tax purposes.

Low Income Set-Aside Requirements under the Code

The Series 2009C Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly in this subsection. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Series 2009C Bonds be continuously occupied during the “qualified project period” by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Series 2009C Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Authority will make elections on the applicable low income set-aside requirements with respect to the Developments expected to be financed with the proceeds of the Series 2009C Bonds prior to the issuance date of the Series 2009C Bonds. In addition, all of the units in any Development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the “qualified project period” as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to such project is outstanding, or (iii) the date upon which any assistance provided with respect to such project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Development generally will meet the continuing low income set aside requirement so long as a tenant’s income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant’s income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the applicable Development must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Certain Collateral Federal Tax Consequences

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

advisors regarding the Federal tax consequences of owning and disposing of the Series 2009C Bonds.

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

Original Issue Discount

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

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

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

Bond Premium

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

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

Information Reporting and Backup Withholding

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

If an owner purchasing a Series 2009C Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2009C Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2009C Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2009C Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2009C Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2009C Bonds or the market value thereof would be impacted thereby. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2009C Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

The authorization and delivery of the Series 2009C Bonds are subject to receipt of the opinion of Kutak Rock LLP, Chicago, Illinois, Bond Counsel, which will be in substantially the form set forth in Appendix A. Certain legal matters will be passed upon for the Authority by its Acting General Counsel, Kristi S. Poskus, Esq., and by its counsel, Schiff Hardin LLP, Chicago, Illinois.

LITIGATION

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

The Authority is a party to litigation incident to the conduct of its programs. The Authority is not engaged in and has not been threatened with any litigation with respect to its statutory powers or otherwise which in the judgment of the Authority is material to the performance of its programs or its obligations with respect to notes and bonds, including the Series 2009C Bonds, of the Authority.

RATINGS

The Series 2009C Bonds have received ratings of “Aaa” and “AAA”, respectively, from Moody’s Investors Service, Inc. (“**Moody’s**”) and Standard & Poor’s Ratings Services, a business unit of Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill

Companies (“S&P”). Ratings assigned to the Series 2009C Bonds reflect only the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. There is no assurance that the ratings that have been assigned to the Series 2009C Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies if, in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2009C Bonds.

CONTINUING DISCLOSURE

In connection with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the Authority has agreed to provide to certain parties certain annual financial information and operating data and notices of certain material events. In addition, the Authority has agreed to file annually, within 180 days after the close of each Fiscal Year, beginning with the fiscal year ending June 30, 2010, financial statements for such Fiscal Year. The financial statements must be accompanied by the related report of its independent public accountants. The Authority’s agreement to provide this information is referred to as the (the “**Continuing Disclosure Undertaking**”). Such information will be provided to (i) the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and (ii) any entity designated by the State of Illinois as a state information depository for purposes of Rule 15c2-12. A summary of the Continuing Disclosure Undertaking is included as Appendix E to this Official Statement. The Continuing Disclosure Undertaking may be enforced by any beneficial or registered owner of the Series 2009C Bonds, but the Authority’s failure to comply with this undertaking will not be a default under the Indenture.

In addition, in the Series 2009C Supplemental Indenture, the Authority has covenanted to provide certain information to the GSEs for each period after and including the calendar quarter ending September 30, 2010. Such information includes principally (i) audited financial statements of the Authority for each Fiscal Year, including in supplemental schedules financial statements specific to the Indenture, (ii) financial statements of the Authority for interim portions of a Fiscal Year if produced, (iii) financial statements specific to the Indenture for each of the first three calendar quarters of each Fiscal Year, (iv) a compliance certificate in a specified form, (v) specified quarterly reports, (vi) copies of cash flow certificates, (vii) certificates required under the Series 2009C Supplemental Indenture for the withdrawal of cash from the Indenture, (viii) copies of rating agency presentations and ratings pertaining to the Indenture or to the Authority as a whole, (ix) copies of disclosure documents with respect to obligations outstanding under the Indenture, and (x) copies of publicly available information disclosures concerning the financial condition or performance of the Authority.

The Authority also agreed in the Series 2009C Supplemental Indenture to provide the GSEs with notice of certain events, including (i) events which would require the filing of an “events notice” under Rule 15c2-12 as that Rule is amended, restated or replaced from time to time, (ii) any “event of default” or event which, with the passage of time or the giving of notice, or both, would become such an “event of default” under the Indenture or certain related documents, (iii) resignation or removal of the Trustee, or any failure by the Trustee to perform its duties under the Indenture or any related document, (iv) demands for payments or for the posting of collateral under a hedging arrangement, (v) any litigation, administrative or other proceeding or other development that would have a material and adverse effect on the ability of the Authority to perform its duties and obligations under the Indenture or any related document, (vi) a ratings downgrade, or notice of a negative outlook applicable to existing ratings, relating to the Authority as a whole or to the Bonds, (vii) certain adverse changes with respect to any provider of a guaranteed investment contract or hedge relating to the Indenture or to the Authority as a whole, (viii) supplements or amendments to the Indenture, (ix) unscheduled draws on a debt service reserve of credit enhancement for any of the Bonds, (x) defeasance of any Bonds, and (xi) release, sale or substitution of any property securing any of the Bonds.

MISCELLANEOUS

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

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Executive Director

Appendix A

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

Illinois Housing Development Authority
Chicago, Illinois

\$27,860,000
Illinois Housing Development Authority
Multifamily Initiative Bonds,
Series 2009C

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

It is now deemed necessary and advisable to supplement the Trust Indenture by the Series 2009C Supplemental Indenture, dated as of December 1, 2010 (the “Series 2009C Supplemental Indenture”), by and between the Authority and the Trustee, to provide for and establish a Release Date (as defined below) with respect to a portion of the proceeds of the Series 2009A Bonds currently held in escrow and to provide for the application of such released proceeds to the funding of mortgage loans, all as hereinafter provided. In accordance with and subject to the terms, conditions and limitations established in the Trust Indenture and the Series 2009C Supplemental Indenture, a portion of the proceeds of the Series 2009A Bonds in the principal amount of \$27,860,000 shall be released from escrow on the date hereof (the “Release Date”), and the portion of the Series 2009A Bonds relating thereto shall be redesignated “Series 2009C” (the “Series 2009C Bonds” or the “Bonds”) and deemed reissued for federal income tax purposes as of the date hereof.

The Trust Indenture, the Series 2009A Supplemental Indenture and the Series 2009C Supplemental Indenture are collectively referred to herein as the “Indenture.”

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

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

The Internal Revenue Code of 1986 (the "Code") establishes certain continuing requirements which must be met in order that interest on the Bonds not be included in gross income of the owners thereof for federal income tax purposes. These include requirements as to the use and investment of proceeds of the Bonds, the payment of certain amounts to the United States and the use and occupancy of the projects financed by the Bonds. In the Indenture, various tax certificates and Tax Regulatory Agreements, each dated as of December 1, 2010 (collectively, the "Tax Regulatory Agreements"), among the Authority, the Trustee and the various borrowers (collectively, the "Borrowers"), the Authority and the Borrower have made various covenants with respect to these requirements. Failure to comply with certain of such covenants could cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes, retroactively to the date of issuance of the Bonds.

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

Based on the foregoing it is our opinion that:

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

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

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

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

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

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

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

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

Very truly yours,

Appendix B

DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009C BONDS

<u>Name</u>	<u>Location</u>	<u>Owner</u>	<u>No. of Units</u>	<u>Credit Enhancement</u>	<u>Term of Mortgage Loan (Years)</u>	<u>Interest Rate(s)</u>	<u>Expected Date of Construction Completion</u>	<u>Mortgage Loan Amount</u>
The Homestead at Morton Grove	6406 Lincoln Avenue Morton Grove, IL 60053	Homestead of Morton Grove, L.L.C.	82	FHA Risk-Sharing Program	40	3.70%	6/30/2012	\$14,480,000
O'Keefe Apartments	7150 S. Euclid, 6900 S. Clyde, 2049-2059 E. 69 th Street, 7000 S. Clyde, 2049-2059 E. 70 th Street, 7152-7156 South Bennett Ave., 1834-42 E. 72 nd Street, 7001 S. Paxton and 2201-2205 E. 70 th Street, Chicago, IL 60649	O'Keefe Mulford, LLC	67	FHA Risk-Sharing Program	16	4.35%	9/30/2011	\$2,125,000
Merrill Court Apartments	7201-15 S. Merrill Ave., Chicago, IL 60649	Merrill Court Apartments Limited Partnership	40	FHA Risk-Sharing Program	30	3.60%	3/31/2012	\$1,685,000
Williamsburg Apartments	6900 West Main Street, Belleville, IL 62223, 515 South Jackson Street, Belleville, IL 62220 and 250 Marcella Drive, Swansea, IL 62226	Williamsburg Apartments, L.P.	88	FHA Risk-Sharing Program	30	4.35%	1/31/2012	\$3,841,000
Town and Country Apartments	2562 Parkview Drive, Granite City, IL 62040	Town and Country Preservation Associates, LP	121	FHA Risk-Sharing Program	25	4.35%	12/31/2011	\$5,100,000

Appendix C

DESCRIPTION OF MORTGAGE LOANS AND DEVELOPMENTS EXPECTED TO BE FINANCED BY THE SERIES 2009B BONDS

<u>Name</u>	<u>Location</u>	<u>Owner</u>	<u>No. of Units</u>	<u>Credit Enhancement</u>	<u>Term of Mortgage Loan (Years)</u>	<u>Interest Rate(s)</u>	<u>Expected Date of Construction Completion</u>	<u>Mortgage Loan Amount</u>
Liberty Lakes Apartments	201 S. Buesching Lake Zurich, IL 60047	Standard Liberty Venture LP	70	FHA Risk- Sharing Program	40	4.35%	11/30/2011	\$7,372,000
Lilac Apartments	3 Lilac Drive Fox Lake, IL 60020	Standard Lilac Venture LP	105	FHA Risk- Sharing Program	40	4.35%	11/30/2011	\$4,350,000
Moline Enterprise Live- Work Lofts	1809-1829 River Drive Moline, IL 61265	Moline Enterprise Live-Work Lofts, LLC	69	FHA Risk- Sharing Program	30	4.35%	11/30/2012	\$5,667,000
Park Apartments	202-30 E. Garfield Blvd., 5447 S. Indiana Ave., 5446-50 S. Prairie Ave., 5730 S. Calumet Ave., Chicago IL 60615, 60637	Parkr, LLC	120	FHA Risk- Sharing Program	20	4.35%	11/30/2011	\$6,600,000
River to River of Anna Supportive Living	151 Denny Drive Anna, IL 62906	Anna Supportive Living, L.P.	50	FHA Risk- Sharing Program	35	4.35%	5/31/2012	\$5,700,000
Zurich Meadows Apartments	250 Mohawk Trail Lake Zurich, IL 60047	Zurich Meadows Senior Apartments, LP	95	FHA Risk- Sharing Program	30	4.35%	5/31/2012	\$4,200,000

Appendix D

MORTGAGE INSURANCE PROGRAMS

THE FHA RISK-SHARING PROGRAM

The following is a brief description of the multifamily mortgage insurance program administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992, as amended (the “**Risk-Sharing Act**”), of Title II of the National Housing Act, as amended (the “**National Housing Act**”), and is qualified in its entirety by reference to the National Housing Act and the Risk-Sharing Act and the regulations thereunder.

The Risk-Sharing Act authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies (“**HFA**s”) to enable those HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the “**Regulations**”) pursuant to the National Housing Act. The FHA Risk-Sharing Program established by the Risk-Sharing Act allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, including reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect. The FHA Risk-Sharing Program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA.

This mortgage insurance program requires that an interested HFA first be approved as a qualified HFA. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement with the Commissioner of FHA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA’s standards and procedures for underwriting and servicing loans and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the FHA Risk-Sharing Program include qualified new construction projects, substantial rehabilitation projects, existing projects, projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program. Risk-sharing projects must be maintained as “affordable housing,” which means that either (1) 20% or more of the units are both rent-restricted (as defined below) and occupied by families whose income is 50% or less of the area median income as determined by HUD, with adjustments to income based on household size, or (2) 40% or more of the units are both rent-restricted and occupied by families whose income is 60 percent or less of the area median income as determined by HUD, with adjustments to income based on household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30% of the imputed income limitation applicable to the unit as published from time to time by HUD.

Pursuant to Section 542(c) of the Risk-Sharing Act, the Authority and HUD have entered into a risk-sharing agreement, dated as of June 20, 1994 (the “**Risk-Sharing Agreement**”) under which the Authority has been granted Level 1 status, HUD has agreed to provide federal insurance on certain mortgage loans made by the Authority, and the Authority has agreed to reimburse HUD for 50 percent to 90 percent (as negotiated for each specific mortgage loan) of the payments made by HUD on any of the mortgage loans insured under the federal insurance. However, any failure by the Authority to reimburse HUD pursuant to the Risk-Sharing Agreement will not affect HUD’s obligation to pay the insurance claim as described below. Claims made by the Authority under the federal insurance program will be made at the times and in the manner described below.

The Authority will authorize the use of the FHA Risk-Sharing Program in connection with new Mortgage Loans financed by the Series 2009B Bonds on a case-by-case basis.

FHA Insurance under the FHA Risk-Sharing Program with respect to any Mortgage Loan may be terminated upon the occurrence of certain events, including the following: (1) the corresponding mortgage is paid in full; (2) the Authority acquires mortgaged property and notifies the Commissioner that it will not file an insurance claim; (3) a party other than the Authority acquires property at a foreclosure sale; (4) the Authority notifies the Commissioner of a voluntary termination of insurance; (5) the Authority or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (6) the receipt by the Commissioner of an application for final claims settlement by the Authority; or (7) the Authority acquires the mortgaged property and fails to make an initial claim.

During its participation in the program, the HFA must take responsibility for certain functions, including specified functions relating to the Affirmative Fair Housing Marketing Plan, labor standards, insurance of advances, cost certification, and lead-based paint requirements. A mortgagor must certify to the HFA that it is in compliance with certain enumerated discrimination and civil rights statutes and executive orders. HUD has specifically retained certain functions, including monitoring compliance with the Davis-Bacon Act, environmental laws, enforcement of certain fair housing and equal opportunity laws and other program criteria. Certain HUD requirements may only be applicable when construction advances are insured.

Upon completion of construction, presentation of a closing docket, including an executed regulatory agreement between the HFA and the mortgagor, and certifications required by the Regulations, FHA issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Authority. Although the Authority has been given authority to approve cost certifications by a mortgagor, HUD has the authority, in its sole discretion, at any time prior to and including final endorsement, to adjust the amount of mortgage insurance.

The Regulations indicate that a default under an FHA-insured mortgage has occurred (which default causes the HFA to become eligible for insurance benefits) when (1) the mortgagor fails to make any payment due under the mortgage, or (2) the mortgagor fails to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage), the HFA has accelerated the debt and the owner has failed to pay the full amount due. If the default continues to exist at the end of the 30-

day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Authority has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Authority must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Authority, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Authority certifies that the project owner is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days but not exceed 360 days from the date of default.

The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. The mortgage note interest component of the initial claim amount is subject to curtailment as described below. HUD must make all claim payments in cash. The initial claim payment to the Authority is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessed under the Regulations. **The Authority must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms securing the mortgage within 30 days of the initial claim payment.** Any excess funds resulting from such retirement or repayment must be returned to HUD within 30 days of the retirement.

In determining the mortgage note interest component of the initial claim amount, if the Authority fails to meet any of the requirements of the Regulations within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late. The Regulations also indicate that losses sustained as a consequence of the (sole) negligence of the Authority shall be the sole obligation of the Authority, notwithstanding the risk apportionment otherwise agreed to by HUD and the Authority.

Within 30 days of the initial claim payment, the Authority must also issue to HUD a debenture in a form approved by HUD (each, a “**Debenture**”), payable in five years unless extended, in an amount equal to the amount of the initial claim payment. Each Debenture must be supported by the full faith and credit of the Authority. Each Debenture will bear interest at HUD’s published debenture rate, and interest will be payable annually. The Risk-Sharing Act contemplates that during the five year term of each Debenture, the Authority would work toward curing the default, foreclosure or resale of the related development. On or before the due date of each Debenture, the total loss to be shared by the Authority and HUD shall be computed pursuant to the Risk-Sharing Agreement.

The Regulations provide that the HFA must file an application for final claim settlement not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed in lieu of foreclosure, or (2) expiration of the term of the Debenture. The total loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the mortgage note and the risk-sharing agreement.

The Regulations indicate that if the initial claim amount is less than HUD's share of the loss, HUD shall make a final claim payment to the HFA that is equal to the difference between HUD's share of the loss and the initial claim amount and shall return the related Debenture to the HFA for cancellation. If the initial claim amount is more than HUD's share of the loss, the HFA shall, within 30 days of notification of the amount due, remit to HUD an amount equal to the difference between the initial claim amount and HUD's share of the loss. The related Debenture will be considered redeemed upon receipt of the cash payment.

Information on project management and servicing will be required after endorsement. Additionally, the HFA must submit semiannual reports, annual financial statements and must maintain its eligibility by continued compliance with the risk-sharing agreement, the regulatory agreement, and all the requirements for initial program eligibility.

Appendix E

SUMMARY OF THE AUTHORITY'S CONTINUING DISCLOSURE UNDERTAKING

Undertaking. The Authority shall make all required filings and reports so that all requirements of Rule 15c2-12(b)(5) (the “**Rule**”) of the United States Securities and Exchange Commission (the “**SEC**”), as amended from time to time, are met with respect to the Series 2009C Bonds.

Annual Financial Information. Each year the Authority shall provide annual financial information concerning the Series 2009C Bonds to the Municipal Securities Rulemaking Board (the “**MSRB**”) via its Electronic Municipal Market Access (“**EMMA**”) System. A copy of the annual financial information shall also be provided to the Trustee. The annual financial information shall be so provided within 180 days after the end of the Authority's fiscal year, beginning with the fiscal year ending June 30, 2010. Copies of the annual financial information shall also be made available to any beneficial owner of Series 2009C Bonds upon written request. The annual financial information shall include the Authority's audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America as in effect from time to time.

The annual financial information may include any or all information by incorporating, by specific reference, other documents which have been provided to the MSRB. If the incorporated information is in an Official Statement, it must be available from the MSRB. The annual financial information shall include a notice of any change in the Authority's fiscal year.

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

- i. principal and interest payment delinquencies;
- ii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iii. unscheduled draws on credit enhancements reflecting financial difficulties;
- iv. substitution of credit or liquidity providers or their failure to perform;
- v. adverse tax opinions or events affecting the tax-exempt status of the Series 2009C Bonds;
- vi. defeasances;
- vii. rating changes;
- viii. the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2009C Bonds, or other material events affecting the tax status of the Series 2009C Bonds;

- ix. tender offers; and
- x. bankruptcy, insolvency, receivership or similar event of the obligated person.

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

- xi. non-payment related defaults;
- xii. modifications to rights of Owners of the Series 2009C Bonds;
- xiii. bond calls;
- xiv. release, substitution, or sale of property securing repayment of the Series 2009C Bonds;
- xv. the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- xvi. Appointment of a successor or additional trustee or a change in name of the trustee.

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

The Authority will give a copy of each such report to the Trustee. The Authority will give notice in a timely manner to the Trustee and to the MSRB of any failure timely to provide the annual financial information as provided in this Summary.

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

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

Amendment and Waiver. The Authority may amend the undertakings described in this summary, and any provision of the undertaking may be waived, if: (i) the amendment or waiver is being made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type

of business conducted; (ii) the undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2009C Bonds, as determined by a party unaffiliated with the Authority (such as bond counsel) at the time of the amendment. Any such amendment shall be described in the next annual financial information.

Appendix F

THE ORIGINAL OFFICIAL STATEMENT

Appendix G
FORM OF FANNIE MAE CREDIT ENHANCEMENT
STAND-BY
IRREVOCABLE TRANSFERABLE
CREDIT ENHANCEMENT INSTRUMENT

(Parkway Gardens Apartments)

July 28, 2011
U.S. \$60,701,305

The Bank of New York Mellon Trust Company, N.A., as Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602
Attention: Corporate Trust Services

At the request of Parkway Gardens Preservation, L.P. (“**Borrower**”) Fannie Mae (“**Fannie Mae**”) issues this stand-by, irrevocable, transferable Credit Enhancement Instrument (“**Credit Enhancement Instrument**”) to The Bank of New York Mellon Trust Company, N.A. (“**Trustee**”), not in its individual or corporate capacity but solely as Trustee for the owners of \$59,500,000 aggregate principal amount of the Illinois Housing Development Authority Multifamily Initiative Bonds, Series 2009D (“**Bonds**”) issued pursuant to the Series 2009D Supplemental Indenture (“**Supplemental Indenture**”) dated as of July 1, 2011 between the Illinois Housing Development Authority (“**Issuer**”) and the Trustee.

1. Definitions. Capitalized terms used in this Credit Enhancement Instrument have the meanings given to those terms in this Section 1 or elsewhere in this Credit Enhancement Instrument.

“**Act of Bankruptcy**” means any proceeding instituted under the Bankruptcy Code by or against the Borrower or the Loan Servicer.

“**Advance**” means a Scheduled Payment Advance, Extraordinary Advance, Bankruptcy-Related Advance or Issuer’s Fee Advance as such terms are defined in Section 3.

“**Affiliate**” as applied to any person, means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, “control” (including with correlative meanings, the terms “controlling”, “controlled by” and

“under common control with”), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

“**Amount Available**” has the meaning given that term in Section 2.

“**Bankruptcy Code**” means Title 11 of the United States Code, entitled “Bankruptcy,” as now in effect and as amended from time to time in the future, or any successor provisions of federal law.

“**Bond Payment Date**” means the Initial Bond Payment Date, and each March 1 and September 1 thereafter.

“**Business Day**” means any day other than:

- (a) a Saturday or a Sunday;
- (b) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close;
- (c) any day on which banking institutions located in the city or cities in which the Designated Office (as that term is defined in the Indenture) of the Trustee or the Loan Servicer is located are required or authorized by law or executive order to close;
- (d) any day on which Fannie Mae is closed.

“**Certificate**” means any certificate in the form attached to this Credit Enhancement Instrument as an Exhibit or such other form as provided in Section 3. If the certificate is submitted to Fannie Mae by personal delivery or by telecopy, the certificate must be signed by one who purports to be an authorized officer of the Trustee. If the certificate is submitted to Fannie Mae in any other medium (such as e-mail or a web based medium), the certificate must be authenticated as provided in the related Presentation Protocol.

“**Credit Enhancement Instrument**” means this Credit Enhancement Instrument as the same may be amended, supplemented or restated from time to time.

“**Excluded Bond**” means any Bond which is not Outstanding (as that term is defined in the Indenture), any Bond registered in the name of or otherwise owned, directly or indirectly, by the Borrower or any Affiliate of the Borrower.

“**Expiration Date**” means the Expiration Date stated in Section 7.

“**Indenture**” means, collectively, the Series 2009 Indenture and the Supplemental Indenture.

“**Initial Bond Payment Date**” means September 28, 2011.

“**Interest Component**” means the amount of an Advance which is made on account of interest on any of the Bonds.

“**Interest Portion**” has the meaning given that term in Section 2.

“**Issuer’s Fee**” means the Issuer’s annual administration fee equal to 0.50% of the then outstanding principal amount of the Bonds payable semiannually in equal installments on each Bond Payment Date by the Borrower under the Financing Agreement.

“**Issuer’s Fee Portion**” has the meaning given that term in Section 2.

“**Loan**” means the loan made by the Issuer to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to reimbursing the Borrower for, and otherwise funding, costs of acquiring, rehabilitating and equipping the Mortgaged Property and paying costs of issuance related to the Bonds.

“**Loan Servicer**” means initially Oak Grove Commercial Mortgage, LLC or any other entity approved by Fannie Mae in its discretion as the servicer of the Loan, and any permitted successors or assigns.

“**Note**” means the Multifamily Note (together with all addenda thereto) dated as of July 1, 2011, executed by the Borrower in favor of the Issuer, as the same may be amended, supplemented or restated from time to time or any mortgage note executed in substitution therefor in accordance with the terms of the Bond Documents, as such substitute note may be amended, supplemented or restated from time to time.

“**Presentation Protocol**” means an agreement between Fannie Mae and the Trustee regarding one or more media through which the Trustee may present Certificates to Fannie Mae under this Credit Enhancement Instrument, as such agreement may be amended, supplemented or restated from time to time.

“**Principal Component**” means the amount of an Advance which is made on account of the principal of any of the Bonds or the principal component of the redemption price of any Bonds.

“**Principal Portion**” has the meaning given that term in Section 2.

“**Reimbursement Agreement**” means the Reimbursement Agreement, dated as of July 1, 2011, between Fannie Mae and the Borrower, as such agreement may be amended, supplemented or restated from time to time.

“**Series 2009 Indenture**” means the Trust Indenture, dated as of December 1, 2009, between the Issuer and the Trustee.

“**Supplemental Indenture**” has the meaning given to that term in the preamble hereof.

“**Termination Date**” means, subject to Section 7(d), the date on which this Credit Enhancement Instrument terminates in accordance with Section 7(b).

“**Trustee**” means The Bank of New York Mellon Trust Company, N.A., a national banking association, not in its individual or corporate capacity, but solely as trustee under the Indenture, or any permitted successor trustee under the Indenture.

2. Amount Available. Subject to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae irrevocably authorizes the Trustee to draw on Fannie Mae, from time to time, from and after the date of this Credit Enhancement Instrument to, and including, the earlier of the Expiration Date or the Termination Date, a maximum aggregate amount not exceeding \$60,701,305(as such amount may be reduced or reinstated from time to time in accordance with Section 8, “**Amount Available**”). The Amount Available is made up of the following portions:

(a) Up to \$59,500,000 (“**Principal Portion**”) may be drawn with respect to the unpaid principal of the Bonds.

(b) Up to \$1,052,555 (“**Interest Portion**”) may be drawn with respect to interest actually accrued on the Bonds. The Interest Portion is 183 days of interest on the Bonds calculated at a rate of 3.48% per annum (equal to the highest Bond coupon rate at closing) determined on the basis of a year of 360 days consisting of twelve 30-day months. The Interest Portion is subject to automatic and permanent reduction as set forth below in Section 8(a)(3) and (a)(5).

(c) Up to \$148,750 (“**Issuer’s Fee Portion**”) may be drawn with respect to the Issuer’s Fee.

3. Advances. Each demand for an Advance shall be made by the Trustee’s presentation to Fannie Mae of a Certificate:

(a) in the form of Exhibit B if the Trustee does not have sufficient available funds three Business Days prior to any Bond Payment Date, to pay (i) the full amount of principal of and interest due on the Bonds (other than Excluded Bonds) on such Bond Payment Date or (ii) the principal and interest components (but not premium) of the redemption price of any Bonds (other than Excluded Bonds) in connection with a mandatory sinking fund redemption of Bonds pursuant to Section 2.4 of the Supplemental Indenture (“**Scheduled Payment Advance**”);

(b) in the form of Exhibit C if the Trustee does not have sufficient available funds three Business Days prior to the date on which the Trustee is required to pay (i) the principal of and interest on the Bonds (other than Excluded Bonds) as a result of an acceleration of the Bonds pursuant to the Indenture or (ii) the principal and interest components (but not premium) of the redemption price of any Bonds (other than Excluded Bonds) in connection with a special mandatory redemption of Bonds pursuant to Section 2.5 of the Supplemental Indenture (“**Extraordinary Advance**”);

(c) reserved;

(d) in the form of Exhibit E to pay to Bondholders the amount of any payment of principal of or interest on the Bonds (other than Excluded Bonds) (i) which is recovered from any Bondholder as a result of an Act of Bankruptcy or (ii) such principal or interest being prevented from being paid to Bondholders as the result of the imposition of the automatic stay pursuant to the Bankruptcy Code (“**Bankruptcy-Related Advance**”); and

(e) in the form of Exhibit F if the Trustee does not have sufficient available funds three Business Days prior to a date on which the Trustee is required to pay the Issuer’s Fee to the Issuer (“**Issuer’s Fee Advance**”).

Any Certificate submitted to Fannie Mae by the Trustee shall have all blanks appropriately completed and shall be signed by one who states therein that he or she is an authorized officer of the Trustee.

Neither demands for, nor Advances, may be made under this Credit Enhancement Instrument to pay (i) principal of or interest on, any Excluded Bond, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bond.

Fannie Mae may amend the form of any Certificate or delete any of the information, statements and certifications set out in the form of any Certificate to accommodate the sending of such Certificate by a medium pursuant to a Presentation Protocol. No such amendment may (i) require any additional information, statement or certification than that required by such form of certificate attached to this Credit Enhancement Instrument on the date of issuance, (ii) modify the timing for the presentation of such Certificate, and the payment thereof or (iii) require personal delivery with respect to the presentation of any Certificate with respect to which payment is to be made on the same Business Day.

4. Presentation of Certificates. Each Certificate must be given to Fannie Mae by:

(a) personal delivery at 3900 Wisconsin Avenue, Washington, D.C. 20016, Attention: Vice President, Multifamily Operations; or

(b) telecopy to phone number (301) 280-2042, immediately followed by telephonic notice to the Director, Multifamily Operations at telephone number (301) 204-8422 (which telephonic notice shall not be a condition to a Certificate conforming to the terms and conditions of this Credit Enhancement Instrument for purposes of Section 5); or

(c) such other medium as Fannie Mae and the Trustee may agree in a Presentation Protocol from time to time.

A Presentation Protocol may provide that the Trustee may not submit a Certificate by telecopy after a stated date or may only submit Certificates by telecopy after a certain date with the prior written permission of Fannie Mae, in which case subsection (b) shall be automatically deemed amended to that effect.

Fannie Mae will notify the Trustee in writing of any change in address or telecopy number to which all Certificates must be delivered or of any change relating to the person to be called for telephonic notices confirming telecopy communications. Any such written notice shall be effective upon receipt by the Trustee.

5. Fannie Mae's Engagement. Upon due receipt by Fannie Mae of a Certificate conforming to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will honor payment of the amount specified in such Certificate if presented as specified below on or before the earlier of the Expiration Date or the Termination Date:

(a) If a presentation in respect of a Scheduled Payment Advance, Extraordinary Advance, Issuer's Fee Advance or Bankruptcy-Related Advance is made:

(1) at or prior to 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the second Business Day following such presentation.

(2) after 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the third Business Day following such presentation.

(b) Reserved.

All Advances made under this Credit Enhancement Instrument will be made with Fannie Mae's own funds in immediately available funds.

6. Nonconforming Tender. If a demand for payment under this Credit Enhancement Instrument made by the Trustee does not conform to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will notify the Trustee of such lack of conformity within a reasonable time after delivery of such demand for payment, such notice to be promptly confirmed in writing to the Trustee, and Fannie Mae shall hold all documents at the Trustee's disposal or, at the Trustee's option, return the same to the Trustee.

7. Expiration and Termination.

(a) **Expiration.** This Credit Enhancement Instrument shall expire at 4:00 p.m. Eastern time on September 6, 2041 ("**Expiration Date**").

(b) **Termination Before Expiration Date.** This Credit Enhancement Instrument shall automatically terminate prior to the Expiration Date on the first to occur of: (i) the honoring by Fannie Mae of an Advance which automatically and permanently reduces the Principal Portion to zero and (ii) Fannie Mae's receipt of a Certificate in the form of Exhibit G (which shall be conclusive evidence of the matters set forth therein). The date determined in the preceding sentence is the "**Termination Date.**"

(c) **Business Day Convention.** In the event that any date on which this Credit Enhancement Instrument would otherwise expire or terminate is not a Business Day, this Credit Enhancement Instrument shall continue in effect and shall not expire or terminate until 4:00 p.m. Eastern time on the next Business Day.

(d) **Continuation.** Notwithstanding the provisions of subsections (a), (b) and (c), this Credit Enhancement Instrument shall continue in effect beyond the Expiration Date and any earlier Termination Date solely with respect to Fannie Mae's obligations to make a Bankruptcy-Related Advance with respect to any payment of principal of or interest on the Bonds within ninety-one days prior to an Act of Bankruptcy. Fannie Mae shall not be obligated to make any Bankruptcy-Related Advance with respect to any Excluded Bond or with respect to any redemption premium on any of the Bonds. This Credit Enhancement Instrument shall continue until the earlier of the date on which Fannie Mae pays to the Trustee the amount recovered pursuant to a bankruptcy proceeding or the date on which all applicable statutes of limitations expire without a claim having been filed (or if any claim is filed prior to such expiration, the latter of the date on which such claim is denied with prejudice by a final order which is no longer subject to appeal or the date on which such claim is paid by Fannie Mae).

(e) **Delivery.** The Trustee shall deliver this Credit Enhancement Instrument to Fannie Mae for cancellation immediately upon the date upon which Fannie Mae's obligations under this Credit Enhancement Instrument cease pursuant to the terms of Section 7(d).

8. Reduction and Reinstatement of Amount Available. The Amount Available shall be reduced automatically by the amount of each Advance paid by Fannie Mae, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with this Credit Enhancement Instrument. Each reduction shall be permanent or subject to reinstatement as provided in this Section.

(a) **Permanent Reductions.**

(1) Permanent Reduction of Principal Portion on Account of Bond Payment. The Principal Portion will be reduced automatically and permanently 91 days after the day that any principal of any Bond or the principal component of the redemption price of any Bond is paid to any Bondholder; provided, however, that no Act of Bankruptcy has occurred within such 91 day period. The amount of such reduction shall be the principal amount of such payment, or, if applicable, the principal component of such redemption price. For purposes of this subsection, a payment of principal shall be deemed to have been made on the later to occur of:

(A) the day any principal of any Bond or the principal component of the redemption price of any Bond is due to be paid to any Bondholder pursuant to the Indenture; and

(B) the day the Trustee has the full amount of funds available under the Indenture to make such payment;

without regard to whether any Bondholder actually presents a Bond for payment and consequently receives payment on such day or any later day.

(2) Permanent Reduction of Principal Portion by Principal Component of each Scheduled Advance, Extraordinary Advance and Bankruptcy-Related Advance. The Principal Portion will be reduced automatically and permanently by the Principal Component of each Scheduled Payment Advance, Extraordinary Advance and Bankruptcy-Related Advance.

(3) Permanent Reduction of Interest Portion on Account of Permanent Reduction of Principal Portion. The Interest Portion will be reduced automatically and permanently by an amount equal to 183 days of interest (calculated at the rate of 3.48% per annum on the basis of a year of 360 days consisting of twelve 30-day months) on the amount of the related permanent reduction of the Principal Portion pursuant to paragraphs (1) and (2).

(4) Permanent Reduction on Notice from the Trustee. The Amount Available shall be reduced automatically and permanently by the amounts specified in any Certificate in the form of Exhibit I which is delivered to Fannie Mae. Such reduction

shall be applied to the Principal Portion, the Interest Portion, and the Issuer's Fee Portion as set out in the Certificate.

(5) Permanent Reduction of Interest Portion. Immediately upon the payment of interest on the Bonds on the Initial Bond Payment Date:

(A) the Interest Portion will be reduced automatically and permanently by an amount equal to 60 days of interest calculated at 0.61% determined on the basis of a year of 360 days consisting of twelve 30-day months on the original principal amount of the Bonds; and

(B) the Interest Portion shall be equal to 183 days interest on the Bonds at the interest rate equal to 3.48%, determined on the basis of a year of 360 days consisting of twelve 30-day months).

(b) **Reserved.**

(c) **Reinstatements.**

(1) Reinstatement of Interest Portion for Scheduled Payment Advances. Except to the extent of any permanent reduction of the Interest Portion under subsections (a)(3) and (a)(5), the amount by which the Interest Portion was reduced by the Interest Component of any Scheduled Payment Advance shall be reinstated immediately and automatically.

(2) Reinstatement of Interest Portion for Bankruptcy-Related Advances. Except to the extent of any permanent reduction of the Interest Portion under subsection (a)(3), the amount by which the Interest Portion was reduced by the Interest Component of any Bankruptcy-Related Advance shall be reinstated immediately and automatically, provided, however, that:

(A) no such reinstatement shall occur if the Principal Portion of the Bankruptcy-Related Advance was in an amount equal to or greater than an amount equal to (i) the original principal of the Bonds less (ii) the sum of (a) the unpaid principal amount of all Excluded Bonds, (b) all principal paid to Bondholders on the Bonds at any time prior to ninety-one days prior to an Act of Bankruptcy and (c) the aggregate principal paid on the Bonds from the proceeds of all Advances made by Fannie Mae pursuant to this Credit Enhancement Instrument from the date which is ninety-one days prior to an Act of Bankruptcy to the date of the Bankruptcy-Related Advance related to the reinstatement;

(B) If, on or before the date of the Bankruptcy-Related Advance, the Bonds have been accelerated pursuant to Section 9.2 of the Supplemental Indenture, the reinstated Interest Portion shall not exceed an amount necessary to pay all interest which will accrue on the Bonds (other than Excluded Bonds) from, and including, the date of the Bankruptcy-Related Advance to the acceleration date; and

(C) If, on or before the date of the Bankruptcy-Related Advance, the Bonds have been called for redemption pursuant to Section 2.5(b) of the Supplemental Indenture, the reinstated Interest Portion shall not exceed an amount necessary to pay all interest which will accrue on the Bonds (other than Excluded Bonds) from, and including, the date of the Bankruptcy-Related Advance to the date on which the Bonds are scheduled to be redeemed.

(3) Reserved.

(4) Reinstatement of Issuer's Fee Advance. The amount of the Issuer's Fee Portion reduced by an Issuer's Fee Advance shall be reinstated immediately and automatically.

Upon any permanent reduction of the Amount Available, Fannie Mae may deliver to the Trustee a substitute Credit Enhancement Instrument in exchange for this Credit Enhancement Instrument, in an amount available equal to the then current Amount Available, but otherwise having terms identical to this Credit Enhancement Instrument.

9. Discharge of Obligations. Only the Trustee may demand an Advance under this Credit Enhancement Instrument. Upon payment to the Trustee of the amount specified in any Certificate presented under this Credit Enhancement Instrument, Fannie Mae shall be fully discharged of its obligation under this Credit Enhancement Instrument with respect to such Certificate and Fannie Mae shall not thereafter be obligated to make any further payment to the Trustee or any other person (including the Issuer, with respect to payment of the Issuer's Fee) in respect of such Certificate for payment of principal of, purchase price of, or interest on any Bond, or payment of the Issuer's Fee.

10. Nature of Fannie Mae's Obligations. Fannie Mae's obligation to make Advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of this Credit Enhancement Instrument is absolute, unconditional and irrevocable, shall be fulfilled strictly in accordance with this Credit Enhancement Instrument, and shall not be affected by any right of set-off, recoupment or counterclaim Fannie Mae might otherwise have against the Issuer, the Trustee, the Borrower, the Loan Servicer or any other person.

Fannie Mae's obligations under this Credit Enhancement Instrument are primary obligations and shall not be affected by the performance or non-performance by the Issuer under the Indenture or the Bonds or by the Borrower under the Note or the Reimbursement Agreement or by the performance or non-performance of any party under any other agreement between or among any of the Issuer, the Trustee, the Borrower or Fannie Mae.

11. Transfer. This Credit Enhancement Instrument may be successively transferred in whole only, to each successor Trustee under the Indenture. Any such transfer shall be effective upon receipt by Fannie Mae of a signed copy of the instrument effecting such transfer signed by the transferor and by the transferee in the form attached as Exhibit J (which shall be conclusive evidence of such transfer). In each such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Credit Enhancement Instrument in the transferor's place.

12. Notices and Deliveries. All documents, notices and other communications, other than Certificates, shall be in writing and personally delivered to Fannie Mae at the address (and to the attention of the party) set out in Section 4(a) or may be sent to Fannie Mae by telecopy immediately followed by telephonic notice as set out in Section 4(b), as such address, telephone and telecopy numbers and parties to whom such notices are sent are changed by Fannie Mae pursuant to Section 4.

(a) **Governing Law.** This Credit Enhancement Instrument shall be governed by the laws of the District of Columbia, including the Uniform Commercial Code as in effect in the District of Columbia.

The remainder of this page is intentionally blank.

13. Entire Credit Enhancement Instrument. This Credit Enhancement Instrument sets forth in full the terms of Fannie Mae's undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to in this Credit Enhancement Instrument (including, without limitation, the Bonds) or in which this Credit Enhancement Instrument is referred to or to which this Credit Enhancement Instrument relates, except for (i) the Exhibits referred to in this Credit Enhancement Instrument and (ii) any Presentation Protocol, all of which shall be deemed fully incorporated into this Credit Enhancement Instrument as if fully set forth herein.

FANNIE MAE

By: _____

Name: Bob Simpson

Title: Vice President, Multifamily Mortgage

Exhibit A
RESERVED

Exhibit B
CERTIFICATE FOR “SCHEDULED PAYMENT ADVANCE”

STAND-BY

Fannie Mae
3900 Wisconsin Avenue,
Washington, D.C. 20016 N.W.

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned, a duly authorized officer of the Trustee named below (“**Trustee**”), certifies to Fannie Mae, with reference to the stand-by Credit Enhancement Instrument, that:

- (1) **Demand for Advance.** The Trustee demands a Scheduled Payment Advance in the amount of \$_____ (of which (i) \$_____ is the Principal Component and (ii) \$_____ is the Interest Component). The amount requested by this Paragraph is the total deficiency amount (item (i) on of “Total” line in Paragraph 4 below) calculated pursuant to Paragraph 4.
- (2) **When the Advance Must be Made.** If this demand for Advance is made:
 - (a) at or prior to 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the second Business Day following such presentation.
 - (b) after 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the third Business Day following such presentation.
- (3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____ [specify account].
- (4) **Reconciliation of Amount Demanded.** The following reconciles the amount demanded pursuant to Paragraph 1 with the principal or the principal component of the redemption price of a mandatory sinking fund redemption due on the Bonds (other than Excluded Bonds) and the accrued interest or interest component of the redemption price of a mandatory sinking fund redemption to be paid on the Bonds (other than Excluded Bonds) on the [[[Payment Date]]] and the amounts actually held by the Trustee under the Indenture for these payments as of three Business Days prior to the [[[Payment Date]]]:

	<u>Amounts Required For Bond Payment:</u>	<u>Amounts Held:</u>	<u>Deficiency:</u>
Principal:	(a) \$	(b) \$	(c) \$
Accrued Interest:	(d) \$	(e) \$	(f) \$
Total:	(g) \$	(h) \$	(i) \$

(5) Amount Available. Upon the payment of the Advance the Amount Available will be \$_____, of which:

(a) \$_____ will be the Principal Portion; and

(b) \$_____ will be the Interest Portion.

(6) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) Upon the payment referred to in paragraph 1, the aggregate principal amount of all Bonds outstanding will be \$_____.

(c) The amount of the drawing made by this Certificate was computed in compliance with the Indenture and the Credit Enhancement Instrument and, when added to the amount of any other drawing under the Credit Enhancement Instrument made simultaneously with this Certificate, does not exceed the Amount Available of the Credit Enhancement Instrument.

(d) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

(e) The aggregate principal amount of all Excluded Bonds outstanding is \$_____.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

Dated:_____

as Trustee

By:_____
Authorized Officer

Exhibit C
CERTIFICATE FOR “EXTRAORDINARY ADVANCE”

STAND-BY

Fannie Mae
3900 Wisconsin Avenue,
Washington, D.C. 20016 N.W.

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned, a duly authorized officer of the Trustee named below (“**Trustee**”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Extraordinary Advance under the Credit Enhancement Instrument in the amount of \$_____ of which:

(a) \$_____ is the Principal Component; and

(b) \$_____ is the Interest Component.

(2) **When the Advance Must be Made.** If this demand for Advance is made:

(a) at or prior to 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the second Business Day following such presentation.

(b) after 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the third Business Day following such presentation.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____[specify account].

(4) **Reason for Certificate.** This Certificate is being given because (check applicable box):

(a) payment of the Bonds has been accelerated in accordance with and as permitted by the Indenture.

(b) the Bonds are to be redeemed pursuant to Section 2.5(a) of the Supplemental Indenture due to a casualty or condemnation.

(c) the Bonds are to be redeemed pursuant to Section 2.5(b) of the Supplemental Indenture at the direction of the Credit Provider following an Event of Default under the Reimbursement Agreement.

(5) **Sufficiency of Amount.** The amount of the requested Advance under Paragraph 1, (check applicable box):

(a) is sufficient and does not exceed the amount necessary, after taking into account moneys, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture to provide for payment of the outstanding principal balance of the Bonds, plus accrued interest on the Bonds to the date of the Trustee's declaration of acceleration of the Bonds.

(b) is sufficient and does not exceed the amount necessary, after taking into account:

(1) the amount of insurance or condemnation proceeds, as applicable, applied to the prepayment of the Note (which amount is \$_____);

(2) moneys, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture to be applied, at the direction of Fannie Mae, to the payment of the Bonds (which amount is \$_____);and

(3) funds provided by the Borrower pursuant to the Financing Agreement (which amount is \$_____);

to provide for payment of the outstanding principal balance of the Bonds, plus accrued interest on the Bonds to the date of the redemption of the Bonds.

(c) is sufficient and does exceed the amount necessary, after taking into account, at the direction of Fannie Mae, moneys, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture (which amount is \$_____), to provide, with respect to a special mandatory redemption of the Bonds in whole under Section 3.3(b) for payment of the outstanding principal balance of the Bonds, plus accrued interest on the Bonds to the date of the redemption of the Bonds.

(6) **Amount Available.** Upon the payment of the Advance the Amount Available will be \$_____, of which:

(a) \$_____ will be the Principal Portion; and

(b) \$_____ will be the Interest Portion.

(7) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) Upon the payment referred to in Paragraph 1, the aggregate principal amount of all Bonds outstanding will be \$_____.

(c) The amount of the drawing made by this Certificate was computed in compliance with the Indenture and the Credit Enhancement Instrument and, when added to the amount of any other drawing under the Credit Enhancement Instrument made simultaneously with this Certificate, does not exceed the Amount Available of the Credit Enhancement Instrument.

(d) Upon receipt by the Trustee of the Advance, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 4, and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 4.

(e) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

(f) The aggregate principal amount of all Excluded Bonds outstanding is \$_____.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

Dated: _____

as Trustee

By: _____
Authorized Officer

Exhibit D
RESERVED

Exhibit E
CERTIFICATE FOR “BANKRUPTCY-RELATED ADVANCE”

STAND-BY

Fannie Mae
3900 Wisconsin Avenue,
Washington, D.C. 20016 N.W.

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. _____ (“**Credit Enhancement Instrument**”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned, a duly authorized officer of the Trustee named below (“**Trustee**”), certifies to Fannie Mae, with reference to the stand-by Credit Enhancement Instrument, that:

(1) **Demand for Advance**. The Trustee demands a Bankruptcy-Related Advance under the Credit Enhancement Instrument in the amount of \$_____ of which:

(a) \$_____ is the Principal Component; and

(b) \$_____ is the Interest Component.

(2) **When the Advance Must be Made**. If this demand for Advance is made:

(a) at or prior to 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the second Business Day following such presentation.

(b) after 12:00 noon, Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the third Business Day following such presentation.

(3) **Where the Advance Must be Made**. Please pay the Advance demanded by this Certificate to the Trustee at _____ [specify account].

(4) **Source of Payment Recaptured or Stayed**. Check applicable box:

(a) A payment was made with monies held under the Indenture to pay the principal of or interest on the Bonds.

(b) The Borrower made an optional prepayment under the Note which resulted in an optional redemption of Bonds.

(5) **Applicable Bankruptcy Action.** Either (check applicable box):

(a) One or more payments received by the Bondholders, as described in Paragraph 4 above, have been recovered from Bondholders pursuant to Sections 547, 549 or 550 of the Bankruptcy Code (or pursuant to any successor provisions of law) pursuant to a final nonappealable order of a court of competent jurisdiction in any proceeding instituted under the Bankruptcy Code.

(b) The Trustee has been prevented from using moneys on deposit under the Indenture to pay an amount due to Bondholders pursuant to the terms of the Indenture as a result of the imposition of the automatic stay by a bankruptcy court under Section 362 of the Bankruptcy Code (or pursuant to any successor provision of law).

(6) **Reason for Certificate.** Check applicable box:

(a) the amount of principal of Bonds that has been recovered from Bondholders is \$ _____, and the amount of interest on Bonds that has been recovered is \$ _____, and the total amount of the requested Advance referred to in Paragraph 1 does not exceed such amount.

(b) The amount of principal of the Bonds that is subject to the automatic stay is \$ _____, and the amount of interest on Bonds that is subject to the automatic stay is \$ _____, and the total amount of the requested Advance referred to in Paragraph 1 does not exceed such amount.

(6) **Amount Available.** Upon the payment referred to in Paragraph 1, the Amount Available will be \$ _____, of which:

(a) \$ _____ will be the Principal Portion; and

(b) \$ _____ will be the Interest Portion.

(7) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) Upon the payment referred to in Paragraph 1, the aggregate principal amount of all Bonds outstanding will be \$ _____.

(c) The amount of the drawing made by this Certificate was computed in compliance with the Indenture and the Credit Enhancement Instrument and, when added to the amount of any other drawing under the Credit Enhancement Instrument made simultaneously with this Certificate, does not exceed the Amount Available of the Credit Enhancement Instrument.

(d) The amount of the requested Advance does not exceed the Principal Portion of the Amount Available or the Interest Portion of the Amount Available, respectively, on the date of this Certificate.

(e) Upon receipt by the Trustee of the Advance, (a) the Trustee will apply the same directly for the purpose specified in Paragraph 2, and (b) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 5.

(f) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

(g) The aggregate principal amount of all Excluded Bonds outstanding is \$_____.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

Dated: _____

as Trustee

By: _____
Authorized Officer

Exhibit F
CERTIFICATE FOR “ISSUER’S FEE ADVANCE”

STAND-BY

Fannie Mae
3900 Wisconsin Avenue,
Washington, D.C. 20016 N.W.

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. _____ (“**Credit Enhancement Instrument**”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

- (1) **Demand for Advance**. The Trustee demands an Advance in the amount of \$ _____ under the Issuer’s Fee Portion of the Amount Available to be used to pay the Issuer’s Fee.
- (2) **When the Advance Must be Made**. If this demand for Advance is made:
 - (a) at or prior to 1:00 p.m., Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the second Business Day following such presentation.
 - (b) after 1:00 p.m., Eastern time, on a Business Day, Fannie Mae shall pay the amount specified to the Trustee no later than 1:00 p.m., Eastern time, on the third Business Day following such presentation.
- (3) **Where the Advance Must be Made**. Please pay the Advance demanded by this Certificate to the Trustee at _____ [specify account].
- (4) **Other Matters**.
 - (a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
 - (b) The Borrower has failed to pay the Issuer’s Fee by [date of annual, quarterly or monthly payment].
 - (c) The amount of the Advance demanded (i) does not exceed the Issuer’s Fee Portion of the Amount Available and (ii) was computed in accordance with the terms and conditions of the Financing Agreement dated _____, _____ among the Issuer, the Trustee and the Borrower.
 - (d) Upon receipt by the Trustee of the Advance (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

Dated: _____

as Trustee

By: _____
Authorized Officer

Exhibit G
NOTICE OF TERMINATION

Fannie Mae
3900 Wisconsin Avenue,
Washington, D.C. 20016
Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. _____ (“**Credit Enhancement Instrument**”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned, a duly authorized officer of the undersigned Trustee (“**Trustee**”), certifies to Fannie Mae, with respect to the Credit Enhancement Instrument, that the Trustee is authorized to file this notice pursuant to the Indenture. Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

The undersigned certifies to Fannie Mae that none of the Bonds are Outstanding under the Indenture.

Pursuant to the Indenture we enclose the Credit Enhancement Instrument for cancellation.

Dated: _____

Very truly yours,

as Trustee

By: _____
Authorized Officer

Exhibit H
RESERVED

Exhibit I
CERTIFICATE OF REDUCTION

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. _____ (“**Credit Enhancement Instrument**”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The aggregate principal amount of Bonds outstanding has been reduced to \$_____.
- (3) Effective on **[insert date]**:
 - (a) the Amount Available will be \$_____, of which:
 - (1) \$_____ will be the Principal Portion; and
 - (2) \$_____ will be the Interest Portion; and
 - (b) the Amount Available will be not less than the aggregate unpaid principal amount of the Bonds Outstanding (as that term is defined in the Indenture).

By its execution hereof, Parkway Gardens Preservation, L.P. (“Borrower”) certifies to Fannie Mae that the Trustee is authorized to deliver this Certificate to Fannie Mae. The Borrower and the Trustee further certify that the amounts specified in paragraph 3 have been determined in accordance with the terms and conditions of the Indenture and the Reimbursement Agreement.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

Dated: _____

as Trustee

By: _____
Authorized Officer

BORROWER

By: _____
Authorized Officer

Exhibit J
CERTIFICATE FOR SUCCESSOR TRUSTEE

Fannie
3900
Washington,
Attention: Director, Multifamily Operations

Wisconsin
D.C.

Mae
Avenue
20016

Re: Credit Enhancement Instrument relating to Loan No. _____ (“**Credit Enhancement Instrument**”)
\$59,500,000 Illinois Housing Development Authority Multifamily Initiative Bonds,
Series 2009D/Parkway Gardens Apartments

The undersigned is a duly authorized officer of the Trustee under the Indenture for the holders of the Bonds

The Trustee transfers all rights in the Credit Enhancement Instrument to _____, subject to the terms and conditions of the Credit Enhancement Instrument. The Trustee certifies that the transferee is the successor Trustee under the Indenture referred to in the Credit Enhancement Instrument and such successor Trustee has been approved in writing by Fannie Mae. The transferee acknowledges below that it is the successor Trustee. Such successor Trustee has entered into a written agreement to be bound by the Assignment and Intercreditor Agreement dated _____, ____ by and among Fannie Mae, the Trustee and the Issuer.

By this transfer, all rights of the undersigned Trustee in the Credit Enhancement Instrument are transferred to the transferee and the transferee shall have the sole rights as the beneficiary, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned.

Dated: _____

as Trustee

By: _____
Authorized Officer

The above signature of an officer or other authorized representative conforms to that on file with us. Said officer or representative is authorized to sign for said party.

By: _____

Authorized Officer

_____ acknowledges that it is the successor to _____ as Trustee under the Indenture.

By: _____

Authorized Officer

Appendix H

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The following statements are a brief summary of certain provisions of the Reimbursement Agreement. The summary does not purport to be complete, and reference is made to the Reimbursement Agreement for a full and complete statement of the provisions thereof. In addition, Fannie Mae shall have the right without the consent of, or notice to, the Trustee, the Authority or the Bondholders, to amend, modify, change, add to or delete any of the provisions of the Reimbursement Agreement. Capitalized terms used in this Appendix and not otherwise defined will have the meanings given them in the Reimbursement Agreement.

The Fannie Mae Credit Enhancement is issued pursuant to the Reimbursement Agreement. The Reimbursement Agreement obligates the developer of the Series 2009D Development (the “Borrower”), among other things, to reimburse Fannie Mae for funds advanced by Fannie Mae under the Fannie Mae Credit Enhancement and to pay various fees and expenses. The Reimbursement Agreement sets forth various affirmative and negative covenants of the Borrower, some of which are more restrictive with respect to the Borrower than similar covenants contained in the Financing Agreement. The Reimbursement Agreement also includes various Events of Default, including, but not limited to, payment defaults, covenant defaults and cross-defaults to other documents, including in some cases other indebtedness.

Upon the occurrence of an Event of Default under the Reimbursement Agreement, Fannie Mae may, among other things, accelerate the Series 2009D Bonds, subject the Series 2009D Bonds to mandatory purchase and/or exercise any other rights or remedies available under any Transaction Document or take any other action, whether at law or in equity, without notice or demand, as it deems advisable to protect and enforce its rights.

Fannie Mae shall have the right, in its sole discretion, to amend, modify, change, add to or delete any provisions of the Reimbursement Agreement, including, but not limited to, adding cross-defaults to any other documents and agreements, without receiving the consent of, or providing notice to, the Trustee, the Issuer or the Bondholders. Fannie Mae shall also have the right, in its sole discretion, to waive any Event of Default under any Transaction Document. Unless such waiver expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.