Minutes of the Meeting
of the Members of
MassHousing
held on
June 13, 2017

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on June 13, 2017 at MassHousing's offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members	Michael Dirrane, Chair Ping Yin Chai, Vice Chair Rachel Madden, Designee of Kristen Lepore Mary Nee Lisa Serafin Carolina Avellaneda Andy Silins
Members Not Present	Marc Cumsky Chrystal Kornegay
Staff	Tim Sullivan Frank Creedon Beth Elliott Tom Lyons Chuck Karimbakas Karen Kelleher Laurie Bennett Maureen Burke Sarah Hall Kathleen Evans Daniel Staring Lisa Levine Henry Mukasa Sergio Ferreira Tom Farmer Paul McMorrow Eric Gedstad Monte Stanford Kevin Mello Cynthia Lacasse Lisa Fiandaca Amy Domenici Nancy Slaney Carol McIver

Jill Lavacchia
Andrea Laing
Anna Reppucci
Zan Bross
Meaghan McCarthy
Ken Penta
Peter Cooper
Amy Blouin
Tyrone Reed
Paul Mulligan
Belmira Fallon
Laura Corkery
Daniel Barbanell
Mildred Mukasa
LaVergne Randolph
Rachel Carlson
Bill Dunn
Kaitlyn Mulcahy
Oscar Vila
Paul Garrity
John W. McCormack
Craig Merry
Kathy Connolly
Stephen Vickery
Paul Scola
Joseph Mullen
Paul Hagerty
Beth Abely
Rebecca Casey
Maureen McLaughlin
Michael Fenlon
Deepak Karamcheti
Beth DeFranzo

Guests Geoff Proulx, Morgan Stanley
Joe Tait, Raymond James
Charles Carey, Mintz Levin
Paul R. Haley, Barclays
Lena Altomare, US Bank
Lori Hindle, PFM
David Reeser, PFM
Ray Lawson, Loop Capital
Ken Schneider, Loop Capital
Kayla Lessin, Mullins Management
Dave Reeser, PFM
Paul Ladd, BofA Merrill Lynch

Michael McKeeman, Wells Fargo
Jamie Oppedisano

Chairman Dirrane convened the meeting to order at 2:00 p.m. He indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was

VOTED: That the minutes of the meeting held on May 9, 2017 are hereby approved and placed on record.

Agency Member Avellaneda indicated that she abstained from the vote.

Chairman Dirrane then called upon Timothy Sullivan, MassHousing's Executive Director, for his monthly report to the Members.

Executive Director's Report

Mr. Sullivan began by discussing Home Ownership lending for the current fiscal year, noting that $650 million in production had been achieved at the beginning of June. He previewed a recommendation to be presented by Karen Kelleher later in the meeting to assist even more borrowers at 80% of area median income and below. He observed that the Agency was able to create that volume of business with only $20 million of volume cap from the Commonwealth – an allocation that is appreciated and fully used.

He then spoke of the goals established for the Rental business units, noting that that all but one of the goals had been surpassed: lending volume in dollars; number of transactions; and preserved units. The goal to produce new units was not met; however, Mr. Sullivan observed that he expects to make up for that shortfall in the coming years as a result of the new units being built through the Agency's workforce housing program which is largely all new construction.

With respect to rental, Mr. Sullivan went on to say that MassHousing is now one of the top 10 FHA multifamily lenders in the country, and the only HFA to have that distinction.

Mr. Sullivan then discussed a recent article from the Boston Herald and a comment made by the State Comptroller that state government faces a "silver tsunami" with 40% of the State's workforce at or nearing retirement age. He then compared the demographics of MassHousing's workforce to the Commonwealth's workforce, observing that the problem is even more pronounced at MassHousing. With an aging and tenured workforce, the Agency's pension and OPEB obligations have also increased. Over the past five fiscal years, MassHousing has contributed $35 million into the pension system and the OPEB Trust, representing a 63% increase.

Mr. Sullivan continued by discussing a recommendation contained in the proposed FY18 Fiscal Plan to reinstate the match for the 457 plan. Today, only 58% of employees contribute to their unmatched 457 plan versus 75% when there was a match. Fewer than a quarter of employees with fewer than ten years of service contribute to the 457 plan versus approximately two-thirds of employees with ten years of service. He explained that the budget includes $500,000 to reinstate a modified 457 plan match. We are recommending a tiered approach that provides a larger match for less tenured (non-vested) employees. The reinstatement of the match will help to retain staff and attract our future workforce.

Mr. Sullivan then discussed the Spring Home Ownership advertising campaign which targeted low- and moderate-income homebuyers ages 23-40 in Gateway Cities. The goal of the campaign was to build brand awareness, drive visitors to the masshousing.com website, increase followership on social media, especially Facebook, and to increase Home Ownership lending. The campaign included increased digital content and more social media followers, 30 billboards in Gateway Cities and Little League fields, and local team sponsorships. In addition, the campaign included Spanish language television, digital promotion and a call-in segment. MassHousing also co-branded 60-second ads with our lender partners on WBZ radio. In addition, we also had advertising in trade publications such as such as Banker & Tradesman, The Real Reporter and Bisnow. Boston Business Journal also featured MassHousing in an article on workforce housing.

Mr. Sullivan then congratulated the MassHousing Marketing team as a Silver Bell Ringer Awardee from the Publicity Club of New England for the MassHousing 2016 Annual Report.

Mr. Sullivan went on to mention the M/WBE Trade Fair that was held on June 8, 2017. The fair was very well attended and gave owners and managers of affordable housing an opportunity to meet and connect with minority- and women-owned businesses. Mr. Sullivan also mentioned several upcoming events including Workforce Housing in Beverly on June 14th; the annual Community Services Conference in Framingham on June 15th, and another Workforce Housing event in Worcester on June 22nd.

Chairman Dirrane commented on the exceptional job the Agency is doing and asked how MassHousing plans to attract millennial borrowers – how do we get to the age 21-35 cohort? Mr. Sullivan answered that the WBZ radio spots will likely not hit the millennial demographic, but that MassHousing has been targeting social media as a venue.

Andy Silins added that there is a lot of "buzz" around workforce housing, and that should attract the demographic we are trying to reach.

Carolina Avellaneda asked if there are metrics for MassHousing's advertising costs. Mr. Sullivan responded saying that most of the expenditure has been to increase brand recognition versus customer acquisition… though that's the direction we are pursuing.

Lisa Serafin asked about the new production goal. Mr. Sullivan indicated that the five-year goal is a total of 2,000 new units, or 400 new units a year. While progress is lagging, he indicated that new production has a longer lead time, and that he hopes to make up for the shortfall in subsequent years.

Chairman Dirrane asked about closing metrics, and the amount of time it takes to close a committed rental loan. There is considerable variability in those timelines, and the business motivations of the developers including tax considerations, holding costs, lining up investors, and securing all of the funding sources, approvals and permits. From the feedback he has received, Andy Silins observed that MassHousing is not slowing anything down.

FY18 Fiscal Plan

Chuck Karimbakas presented the proposed Fiscal Plan for Fiscal Year 2018. He began by noting that the fiscal plan is very similar to those that have been adopted by the Members in recent years. The budget is predicated on $1.25 billion in loan production: $650 million in Home Ownership and $600 million in Rental. He continued, noting that MassHousing's net income, on a cash basis, is ahead of the 2017 budget by approximately $3.4 million, mostly due to higher fee income (which is production related) and lower administrative costs.

For comparative historical purposes, Mr. Karimbakas compared the FY17 budget to the FY07 budget, the last full year prior to the credit crisis. In the FY07 budget, the Agency projected to earn $55 million without making a loan; in the FY17 forecast, that drops to only $3 million, illustrating the criticality of loan production to the Agency's financial performance.

On the expense side, pension and OPEB (Other Post-Employment Benefits) are costs that have grown substantially since the credit crisis. On a combined basis, they are budgeted at $8.9 million in FY18. The unfunded liability in the pension system has increased to $38 million because of several factors:

(1) investment earnings have been lower than the target;
(2) changes in the mortality tables (people are living longer); and
(3) lowering the discount rate from 7.75% to 7.50%.

Despite that, the funding ratio of the system – at 76.8% – is among the highest in the Commonwealth. The unfunded liability in OPEB has decreased to $13.2 million due to the lowering of the discount rate from 7.40% to 7.25% and changes in health plan costs. At 66.3%, the OPEB funding ratio is among the top five in the state.

Mr. Karimbakas went on to discuss the Opportunity Fund. After the close of FY17 and the latest pension actuarial report, he said that the Agency will resume making deposits into the Opportunity Fund. Mr. Karimbakas reminded the Members that the Capital Adequacy Study recommended that 50% of excess revenues be deposited into the Opportunity Fund. The Opportunity Fund was initially capitalized with a single deposit representing 50% of the excess revenues from fiscal years 13, 14 and 15. Referencing the likelihood of a one-time pension contribution in the fall, Mr. Karimbakas indicated that a subsequent deposit representing 50% of the excess revenues from fiscal years 16 and 17 would be made at that point.

Mr. Karimbakas compared MassHousing's pension plan with the pension plans of other Massachusetts quasi-public agencies. Quasi-publics with a pension are generally for essential services, with limited or no competition; they can raise revenue unilaterally or receive state support; or they are part of the larger education system. MassHousing has none of these characteristics. Fifty years ago, when MassHousing was established, it had no competition and no limitation on volume cap. Now, MassHousing has significant competitive disadvantages as compared to its public competition including pension and OPEB costs of $9 million annually as well as a restrictive statute. Mr. Karimbakas added that MassHousing is also one of only four HFAs nationally that do not allocate tax credits or state subsidies.

As stated earlier, the FY18 Plan assumes $1.25 billion of lending and a full year of the existing PCBA contract, accounting for $19.7 million in fee revenue, representing approximately 23% of WCF revenue.

Before concluding, Mr. Karimbakas reviewed the major components of the fiscal plan and changes from the prior year including payroll, benefits and other administrative costs. He also reviewed the Agency's capital budget which includes technology investments as well as the acquisition of the servicing rights to the home ownership loans expected to be purchased in FY18. Finally, Mr. Karimbakas reviewed the Agency's cumulative commitments to program areas and initiatives that help to "move the mission" including its continuing support of the Mel King Institute, a wide range of community service programs, as well as the funding of appropriation shortfalls for housing programs.

Upon a motion duly made and seconded, it was

VOTED: To adopt the Proposed Fiscal Plan for Fiscal Year 2018 substantially in the form attached hereto, provided that the Executive Director may authorize the Agency to deviate from such plan during the course of the fiscal year to the extent that he deems necessary or appropriate, provided, however, that any material deviations from such plan shall be reported to the Board on a periodic basis.

Home Possible 80 Program

Karen Kelleher presented a request to commit $250,000 from the Agency's Opportunity Fund to finance closing cost assistance for targeted home buyers under the Home Possible 80 Program. Ms. Kelleher stated that MassHousing had recently started selling loans to Freddie Mac as a supplement to MassHousing's primary outlet, Fannie Mae. She added that Freddie and Fannie have each been offering financial incentives to attract loans serving low-income borrowers.

Ms. Kelleher stated that MassHousing – working with its GSE partners – can provide four critical benefits to make homeownership more attainable for low-income borrowers:

- Below-market interest rates (0.25% below market);
- $1,500 closing cost credit;
- 20% discount on mortgage insurance; and
- MIPlus unemployment insurance coverage.

Ms. Kelleher noted that the first two of these borrower benefits will be financed largely with the value offered by the Agency's GSE partners for loans delivered this calendar year. However, there are some limits to the opportunities the GSEs have made available, so staff is seeking a commitment of $250,000 from the Opportunity Fund to finance closing cost assistance for loans that fall outside of those parameters. This will enable the Agency to offer and market a simple, powerful product with the same benefits, whether the loan is underwritten on Fannie's or Freddie's underwriting platform. The product is available only to borrowers with incomes at or below 80% of area median income, and the closing cost credit would be offered as a "summer special", available between July and September, to create borrower interest and a sense of urgency.

The HomePossible80 product is already available to MassHousing's lending partners with the below-market interest rate described above. However, use of this product has been modest so far, and it has only been available to lenders able to process using Freddie Mac's underwriting system.

Ms. Kelleher stated that the hope is to boost the Agency's production by 20% during the period we offer the closing cost credit, and may consider extending the summer special if enough funding remains from the GSEs and/or the Opportunity Fund commitment. If the requested funds are not exhausted, the vote ensures that the funds will be deployed in other ways to assist low-income borrowers.

Vice Chair Chai asked if a forgivable soft second mortgage had been considered for down payment assistance. Ms. Kelleher responded, indicating that approach had been considered though not pursued with the current offer. She added that it was an excellent suggestion, and thanked him for that.

Carolina Avellaneda asked if there will be a marketing campaign targeting the Latino and Portuguese communities. Ms. Kelleher answered that the Agency has targeted loan officers and realtors in Gateway Cities which we hope will overlap with that market of potential homebuyers.

Mary Nee asked if we have been hearing about supply problems. Ms. Kelleher said that inventory of available properties is at an all-time low, causing price pressure and properties not being on the market for very long.

Upon a motion duly made and seconded, it was

VOTED: To authorize the Agency to dedicate $250,000 from the Opportunity Fund to provide closing cost or downpayment assistance to low-income borrowers under HomePossible80 or a similar home ownership loan program for borrowers with incomes at or below 80% of area median income.

FURTHER VOTED: To authorize the Executive Director, Deputy Director, and General Counsel, each acting singly, to execute and deliver on behalf of the Agency such agreements necessary or appropriate to implement the foregoing.

LOAN COMMITTEE

Oxford Place, Boston (Chinatown)

David Keene presented a proposed $7.75 million loan to refinance and preserve Oxford Place, a 39-unit Section 8 development in the Chinatown neighborhood of Boston. The sponsor, the Chinese Economic Development Council (CEDC), is in good standing with the Agency and the property is rated AAA for financial, physical and managerial risk. Wingate will continue to manage the property.

Mr. Keene explained that Oxford Place was originally financed under HUD's Section 8 Financial Adjustment Factor ("FAF") Program. FAF provided additional Section 8 to cover the high cost of borrowing during the early 1980s when interest rates were exceedingly high. With the refinancing of a FAF loan and the refunding of the HFA bonds, the savings that ensue are shared with HUD. The savings that accrue to the HFA must be used for certain designated purposes, he explained. Mr. Keene added that Oxford Place is the last remaining FAF loan in MassHousing's portfolio.

The proposed new loan will be sized so that it does not exceed 90% of market value based on an independent third party appraisal, which is currently under review. Additionally, the loan will be sized with debt service coverage of 1.10. Risk Share financing using the HUD/Treasury/FFB execution will be used, Mr. Keene explained. The owner will preserve affordability with a new 20-year Section 8 contract; $400,000 of the loan proceeds (or $10,000 per unit) will be used to address the property's capital needs. An additional $700,000 (or $18,000 per unit) will be deposited into the Replacement Reserve account. Finally, Mr. Keene indicated that the proposal also includes the project's participation in the Section 8 Recapitalization (surplus cashflow sharing) Program which will yield $511,311 to the Agency.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize a permanent first mortgage loan in a principal amount of up to $7,750,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program, to be made to Oxford Place Associates Limited Partnership, or another special- purpose entity controlled by Oxford Place Associates Limited Partnership (the "Borrower") as owner of the multifamily residential development known as Oxford Place in Boston, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board; and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs; and (2) the following special conditions: a) the Borrower shall secure the approval of the Boston Planning and Development Agency (BPDA), formerly known as the Boston Redevelopment Authority (BRA), for this financing and to modify, if necessary, the terms of the Chapter 121A Regulatory Agreement dated October 8, 1982 in a form and under such terms as acceptable to the General Counsel; b) the Borrower and MassHousing shall obtain resolution of the FAF obligation prior to closing from HUD on terms acceptable to MassHousing and HUD; and c) the Borrower shall pay MassHousing $511,311 of surplus cash at closing to settle their Section 8 Recap Program obligation.

Chelsea Village, Chelsea

Sarah Hall presented a proposed loan commitment for Chelsea Village, an existing 161-unit development located in Chelsea. An affiliate of the Estate of Edward A. Fish is seeking approval to prepay the existing mortgage loan in order to proceed with a refinancing. Ms. Hall explained that after having closed 20 MAP deals under the Joint Venture, this transaction is proposed as the first to be done solely in-house. She added that this transaction is a good candidate given that it is relatively straightforward and involves a borrower team that knows MassHousing well and the 223(f) program, in particular. Chelsea Village meets all those requirements. While not technically eligible to prepay under the current prepayment policy, Ms. Hall stated that staff feels that there is a compelling public purpose to grant such a waiver and proceed as recommended.

Ms. Hall indicated that all but one of the 161 units are covered under a Section 8 HAP Contract which will be renewed for 20 years as part of this transaction. While the property is well-managed and in good condition, the third-party CNA did identify some non-critical repairs that need to be addressed in the first year. The work includes site work on sidewalks and parking areas, partial window replacement, emergency call and intercom system replacements and masonry repairs.

Ms. Hall explained that the development team is familiar to the Agency and has been involved in 7 of the 20 MAP JV deals which have closed thus far. The proposed $25.8 million permanent loan allows the borrower to prepay the existing debt; fund capital needs; make a sizeable initial deposit to replacement reserves; and fund transaction costs as well as an equity takeout. Ms. Hall noted that the transaction has been underwritten with a processing rate of 4% which instead of being based on an index plus a spread, is based on recent MAP rates plus a cushion. Following the issuance of the HUD firm commitment and based on the MBS market at that time, the actual closing interest rate will be set at that point.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A and to authorize a first mortgage loan in a principal amount of $25,840,000 or such other amount as evidenced in the HUD Firm Commitment; provided, however, that the loan shall not be more than $28,424,000 nor less than $23,256,000 (i.e., 10% of the approximate loan amount) without seeking additional further Board approval, to be insured through the Federal Housing Administration pursuant to Section 223(f) under the National Housing Act, to be made to Chelsea Elderly Housing Associates Limited Partnership or another single-purpose entity controlled by Edward A. Fish Marital B. Trust, James Sullivan III, and Gerard Doherty (the "Borrower") as owner of the multifamily residential development known as "Chelsea Village" (the "Development") and located in Chelsea, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by MassHousing on March 12, 2013, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to Chelsea Elderly Housing Associates Limited Partnership for Chelsea Village.

FURTHER VOTED: To authorize the Executive Director and Deputy Director, and their respective designees, to permit the prepayment, upon terms and conditions acceptable to the foregoing, of the existing mortgage loan(s) from MassHousing for the Development without the need to make the findings set forth in the mortgage(s) securing such existing loan(s).

Wollaston Manor, Quincy

Sarah Hall next presented a proposed refinancing of Wollaston Manor in Quincy under the MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative. She explained that the property comprises 164 units of housing for elderly or disabled residents. Wollaston Manor was constructed under the HUD Section 236 program in 1975. In 2001, the property was rehabilitated with the use of federal Low Income Housing Tax Credits; a new loan, with a 40-year term, was put into place at that time. That loan was one of a handful of loans with lockouts through maturity, meaning that this loan is not eligible to prepay under the current prepayment policy.

Ms. Hall went on to say that because the proposal involves fully funding replacement reserves and full repayment of the state and local subordinate debt, there was a compelling public purpose to proceed. The new loan is estimated to be $15,560,000, the proceeds of which will be used to repay existing Agency debt and subordinate debt; fund repairs and transactions costs; make an initial deposit to replacement reserves; and provide an equity takeout to the owner.

Upon a motion duly made and seconded, it was

VOTED: To authorize the Executive Director and Deputy Director, and their respective designees, to permit the prepayment, upon terms and conditions acceptable to the foregoing, of the existing mortgage loan(s) from MassHousing for the Development without the need to make the findings set forth in the mortgage(s) securing such existing loan(s).

FURTHER VOTED: To approve the findings and determinations contained in Attachment A and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $15,560,000 or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $23,340,000 nor less than $7,780,000 to Wollaston-Quincy Limited Partnership for Wollaston Manor and (2) to make the FHA-insured first mortgage loan to Wollaston-Quincy Limited Partnership for Wollaston Manor in the approximate amount of $15,560,000 subject to the limitation that the final amount of such loan shall not be more than $23,340,000 nor less than $7,780,000 on terms acceptable to MassHousing, and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by MassHousing on March 12, 2013, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to Wollaston-Quincy Limited Partnership for Wollaston Manor.

E. Henry Twiggs Estate-Phase II, Springfield

Dan Staring presented a proposed Tax-Exempt Conduit Loan for E. Henry Twiggs Estate - Phase II in Springfield. The property, he explained, comprises 59 buildings that provide 136 units of affordable housing on multiple scattered sites. The development results from the merging of Kenyon College Estates and Neighborhood Homes. Neighborhood Homes is made up of 102 units in 41 Victorian homes that are approximately 100 years old, whereas Kenyon College Estates comprises 18 buildings built in the 1980s that provide 34 units of housing.

Mr. Staring explained the scope of the work which will include new kitchens and bathrooms in all units, HVAC systems, roofing, siding and structural repairs. In addition, the following work will be completed to improve energy efficiency – updated wiring, installation of exterior wall insulation and replacement boilers.

Upon a motion duly made and seconded, it was

VOTED: (i) that the Agency grant Official Action Status and consider the application of the developer for Multifamily Conduit Tax-Exempt financing for the rental residential development known as E. Henry Twiggs, Phase II, in Springfield, Massachusetts (the "Development") at such time as it is submitted; (ii) that this vote serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency, if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of $11,880,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Code or Treasury Regulations promulgated thereunder.

FURTHER VOTED: To approve the findings and determinations contained in Attachment B hereto and to authorize the issuance of Multifamily Conduit Tax-Exempt obligations as conduit financing to be purchased by TD Bank N.A. (the "Bank") or another entity controlled by the Bank, and to be lent on via conduit lending by the Bank to a new ownership entity controlled by Better Homes, Inc. (the "Borrower") as owner of the multifamily residential development known as "E. Henry Twiggs, Phase II" (the "Development") and located in Springfield, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. All closing conditions shall be as set forth in the conduit loan commitment and as otherwise determined by MassHousing's General Counsel to satisfy any applicable requirements of the Enabling Act and the provisions of Section 142 of the Internal Revenue Code of 1986, as amended. The Borrower shall satisfy all such requirements on or prior to the closing date. The conduit documents shall be subject to the review and approval of MassHousing's General Counsel.

2. Borrower will be responsible for all costs of issuance, credit enhancement and trustee fees.

FURTHER VOTED: That the portion of the Tenant Selection Regulations of the Massachusetts Housing Finance Agency published in November 1997 requiring, through mandatory inclusion of such provisions in each tenant selection plan, that the applicant conference procedure for applicants rejected from housing or reclassified in a lower tenant-selection priority category (which is attached to such Regulations as Exhibit 3) not be applied to any tenant selection plan for the Development.

FURTHER VOTED: To authorize the Executive Director and Deputy Director, and their respective designees, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing's mortgage loans, and (2) such subordinate mortgage loans shall be subject to MassHousing's requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing's General Counsel or her designee.

FURTHER VOTED: That the portion of Section 6A of the Equity Policy promulgated by the Agency on July 14, 1998, as amended by the Agency on November 9, 1999 (the "Agency Equity Policy") requiring any balance of Borrower's equity that had been escrowed in accordance with the Agency Equity Policy in excess of the allowed distribution of equity to Borrower to become MassHousing's funds following repayment in full of the tax-exempt obligations not be applicable to the Borrower, provided that such balance instead be required to be applied for the benefit of low-income persons or families at the Development in a manner reasonably acceptable to MassHousing.

FURTHER VOTED: That the amount of 4% Credits as set by the Executive Director, the Deputy Director, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing,, to be used in connection with the Development will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

(a) the sources and uses of funds and the total financing planned for the Development;

(b) any proceeds or receipts expected to be generated by reason of tax benefits;

(c) the percentage of the tax credit amount used for Development costs other than the cost of intermediaries; and

(d) the reasonableness of the developmental and operational costs of the Development, provided, however, that such determination shall not be construed to be a representation or warranty as to the feasibility or viability of the Development.

FURTHER VOTED: To authorize the Executive Director, the Deputy Director, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding Board vote.

LPI Portfolio

Lawrenceville Apartments
Infill I
Infill II
Boston (Roxbury)

Kathleen Evans presented a proposal from Lorenzovest Holdings, LLC, the owner of three of the properties included in the planned LPI Portfolio refinancing, seeking MassHousing's approval of new subordinate debt for pre-development activities.

Ms. Evans explained that the LPI Portfolio comprises 22 buildings with a total of 219 units of affordable housing. The properties are owned by entities related to Lorenzo Pitts, Inc. – Lorenzovest Holdings LLC and GCT Limited Partnership – and are in dire need of renovation. The owner entities have entered into a partnership with the Jamaica Plain Neighborhood Development Corporation ("JPNDC") for the purpose of pursuing a tax-exempt refinancing with 4% credits. The contemplated rehabilitation has hard costs in excess of $100,000 per unit. The management of the property has been transferred to Peabody Properties.

At this time, LPI is seeking approval of a new subordinate predevelopment loan from JPNDC. JPNDC is funding predevelopment expenses for all six properties, but only the prorated portion of the expenses associated with three properties held by Lorenzovest Holdings LLC – Lawrenceville, Infill I and Infill II – will be paid out of predevelopment loan proceeds; the prorata share of expenses attributable to the remaining three properties will be addressed with other resources.

The anticipated preservation refinancing will include the repayment of this loan. MassHousing's consent to this subordinate loan represents minimal risk to MassHousing's debt on the properties since the proposed loan will be subject to MassHousing's standard subordinate mortgage requirements.

Upon a motion duly made and seconded, it was

VOTED: That MassHousing authorizes the Executive Director or his designee to consent to a proposed subordinate mortgage loan in the approximate amount of $2,000,000 (the "Subordinate Loan") by Jamaica Plain Neighborhood Development Corp. (the "Subordinate Mortgagee") to Lorenzovest Holdings, LLC (the "Borrower"), subject to the following conditions:

1. The Subordinate Loan shall be subordinate to MassHousing's mortgage loans, and shall be subject to MassHousing requirements pertaining to subordinate mortgages, as set forth in Attachment A ("Requirements for Subordinate Mortgages") except to the extent modified or waived by the General Counsel for good cause. The Borrower and Subordinate

Mortgagee shall execute a subordination agreement and/or such other documentation, in a form prescribed by MassHousing's General Counsel, to evidence compliance with MassHousing subordination requirements.

2. The Borrower will satisfy any additional reasonable conditions concerning the Subordinate Loan deemed necessary by the Executive Director and/or General Counsel.

Pine Grove Village, Lexington

Kathleen Evans next presented a proposal from the owner of Pine Grove Village in Lexington seeking MassHousing's approval of a new subordinate predevelopment loan from CEDAC to fund predevelopment expenses in anticipation of a future preservation of this property. Ms. Evans indicated that it is the staff's intention to bring a comprehensive preservation proposal to the Board in July or August.

Ms. Evans indicated that the owner is incurring substantial costs as it works to structure the preservation transaction. As such, the owner is requesting MassHousing's approval of a new subordinate loan from CEDAC in an amount not to exceed $160,000 in order to fund predevelopment expenses. The anticipated preservation refinancing will include the repayment of this loan.

MassHousing's consent to this subordinate loan represents minimal risk to MassHousing's debt on the property since the proposed loan will be subject to MassHousing's standard subordinate mortgage requirements.

Upon a motion duly made and seconded, it was

VOTED: That MassHousing authorizes the Executive Director or his designee to consent to a proposed subordinate mortgage loan in the approximate amount of $130,000 (the "Subordinate Loan") by Community Economic Development Assistance Corporation (the "Subordinate Mortgagee") to Pine Grove Village Coop Corp. (the "Borrower"), subject to the following conditions:

1. The Subordinate Loan shall be subordinate to MassHousing's mortgage loan, and shall be subject to MassHousing requirements pertaining to subordinate mortgages, as set forth in Attachment A ("Requirements for Subordinate Mortgages") except to the extent modified or waived by the General Counsel for good cause. The Borrower and Subordinate Mortgagee shall execute a subordination agreement and/or such other documentation, in a form prescribed by MassHousing's General Counsel, to evidence compliance with MassHousing subordination requirements."

2. The Borrower will satisfy any additional reasonable conditions concerning the Subordinate Loan deemed necessary by the Executive Director and/or General Counsel.

Chairman Dirrane asked if there was any other old or new business for the Members' consideration.

Mary Nee announced that her term as a MassHousing Board Member was coming to an end later in the year, and that she was stepping down at this time given other obligations. Ms. Nee stated that she has been proud to serve and be part of an organization like MassHousing. The issue of homelessness and MassHousing's ability to provide permanent housing options for people is important to her. She added that the people of Massachusetts have been well-served by this organization.

Chairman Dirrane thanked Ms. Nee for her commitment, inspiration, and creativity to the Agency. He also thanked her for pushing for the advancement of women in management positions within MassHousing, such as Karen Kelleher, Beth Elliott, Lisa Fiandaca and Cynthia Lacasse.

Tim Sullivan presented Ms. Nee with a plaque and thanked her for her help and wise counsel.

Chairman Dirrane made a motion to adjourn the meeting at 3:10 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 3:10 p.m.

A true record.

Attest.

Beth M. Elliott
Secretary

Francis P. Creedon
Assistant Secretary