

**Minutes of the Regular Meeting  
of the Members of MassHousing  
held on  
April 13, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on April 13, 2021. In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, GL.c.30A Section 20 issued by Governor Baker on March 12, 2020, no Members were physically present and the meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

**Members** Carolina Avellaneda  
Lisa Serafin  
Ping Yin Chai  
Patricia McArdle  
Jennifer Maddox, ex officio  
Thomas Flynn

**Members**

**Not**

**Participating** Michael Dirrane, Chair  
Mark Attia, Designee of Michael Heffernan, ex officio  
Jerald Feldman

**Staff** *Due to the remote convening, a list of MassHousing staff participating or observing the meeting was not available*

**Guests** *Due to the remote convening, a list of guests observing the meeting was not collected*

Acting Chairman Ping Yin Chai convened the meeting to order at 2:00 p.m.

Acting Chairman Chai then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote of all the present Members, it was:

**VOTED:** That the minutes of the meeting held on March 9, 2021 are hereby approved and placed on record.

Carolina Avellaneda joined the meeting at 2:08 p.m.

## Executive Director's Report

Chrystal Kornegay began her report by discussing the Subsidized Housing Emergency Rental Assistance Program (SHERA.) SHERA is a federally funded emergency assistance program to help residents of public and affordable housing clear unpaid back rent. MassHousing will work with qualifying owners of housing with income-based rental subsidies to submit applications on behalf of residences to pay unpaid back rent from April 1, 2020 to February 28, 2021. MassHousing has partnered with DHCD and MHP to create a portal for landlords.

Ms. Kornegay went on to explain this program is an owner-based, online process to apply for assistance on behalf of multiple residents in a single application. Ms. Kornegay went on to say most of MassHousing's owners have pledged to avert evictions.

Acting Chairman Chai asked if MassHousing was expecting to receive a large number of applications for this program. Ms. Kornegay responded that there is a great deal of pent-up demand and this program is intended to create another valve so that some of the pressure is taken off the RAA's.

Lisa Serafin asked if the funds for this program were coming from the Commonwealth of Massachusetts. Ms. Kornegay answered the funds were from an appropriation from the Trump administration.

Jennifer Maddox thanked Ms. Kornegay and her team for partnering with DHCD and MHP to deliver immense resources to local owners to prevent the eviction of residents. Ms. Maddox said she is thrilled that this initiative is being launched jointly to qualifying owners so they can apply for relief on behalf of their tenants.

Tom Flynn congratulated Ms. Kornegay on a great program. Ms. Kornegay said MassHousing and DHCD came together to create a program that will help keep low and moderate income residents in stable housing. Carolina Avellaneda commented that she marveled at the effort it took to get this done.

Ms. Kornegay next discussed MassHousing's upcoming Symposium on Racial Justice and Housing in Massachusetts scheduled to be held on April 28, 2021. The symposium will affirm MassHousing's longstanding commitment to diversity and inclusion. This agenda will invest in the development and implementation of strategies to address racial disparities in housing and advance wealth generating opportunities in communities of color. The strategies will also encourage and support a racially diverse workforce within MassHousing and across the affordable housing industry.

Ms. Kornegay continued by discussing MassHousing's Five-Year Strategic Goals for FY 2022 to FY 2026. Our lending activity goal is to grow our lending and servicing activity by 10% over the previous five years. We are looking to substantially grow our servicing activities. Our working capital goal is to generate at least \$150 million of excess revenue in the Operating Working Capital Fund (after transfers.) As far as the future of working at MassHousing, our goal is to transition to an effective and efficient Hybrid Work Model while maintaining and promoting MassHousing's

mission and values. Our goal is a 30% footprint reduction, 100% data and business apps in the cloud and 100% remote accessibility. We also plan to conduct three employee surveys in years 1, 3 and 5 to measuring employee engagement. The Agency will also affirm its longstanding commitment to diversity and inclusion with such targets as 50% of homeownership loans to people of color and 10% of multifamily projects (5% loan balance) to minority-owned or senior principal borrowers. The Agency also intends to issue 75% of bonds with an ESG designation and allocate Agency expenditures to 15% M/WBEs with at least 6% to MBEs. There is also a goal to invest in staff excellence and transparent staff transitions which will include striving to become one of the Boston Globes' Top Place to Work, creating a mentor program with a target of 25% staff participation, and creating formal succession plans for all positions in the DBM Bands of D65 and above.

Lisa Serafin applauded MassHousing's diversity goals. Ms. Serafin also encouraged monitoring ways to keep MassHousing at the forefront as far as diversity and asked how the new goal for diversity in lending activity goal was arrived at. Ms. Avellaneda also asked about the underlying analytics in the goal development. Ms. Kornegay explained the process in developing the goals and the analysis in each of the business lines, finance, and D&I over the past five years and expectations moving forward.

Acting Chairman Chai announced that this board meeting would be Chief Financial Officer Charles Karimbakas's last board meeting. Acting Chairman Chai thanked Mr. Karimbakas for his many years of service to MassHousing.

Mr. Karimbakas thanked the Board and the MassHousing executive team, as well as his own team, and said that working at MassHousing had been a great experience and a great place to work.

### **Finance Update**

Charles Karimbakas reported that COVID statistics continue to remain consistent in the HomeOwnership program. We have been seeing a great deal of prepayment activity. Since March 2020, loan balance has decreased by 11%; loan count has decreased by 12%. On average there have been 495 loan payoffs and 332 new loans per month since March 2020. The multifamily portfolio has also been consistent and the portfolio is stable. There is \$4.7 billion in outstanding loans. There is one development that is delinquent and no developments in forbearance.

### **Vote Re-Adopting the Agency's Investment Policy**

Charles Karimbakas next presented a Vote for Re-Adopting the Agency's Investment Policy.

The Members of MassHousing have previously adopted an Investment Policy and last re-adopted it without amendment in 2015. The Investment Policy establishes guidelines for the use and management of various investments held in our Working Capital Fund and Opportunity Fund. Given the recent historic low investment and re-investment rates available, staff reached out to our investment advisor, PFM Asset Management LLC ("PFM"), to review our existing policy to seek input on updating our policy in order to maximize our investment returns.

As a result of a comprehensive review of the Investment Policy by PFM and the MassHousing Finance Team, several recommended changes are proposed, including the following:

- Improve the Policy's organization and eliminate redundancies
- Better align the Policy with MassHousing's current investment practices
- Update the descriptions of Authorized Investments to provide greater clarity
- Include more concise minimum credit rating and collateral requirements for Authorized Investments
- Expand Authorized Investments to provide additional diversification and yield enhancement opportunities to include U.S. Instrumentalities in the highest rating category, corporate debt in the highest three rating categories and Asset-Backed Securities in the highest rating category

The attached Investment Policy incorporates the changes advised by PFM and approved by the MassHousing Finance team and presented and approved at the March 9, 2021 Investment and Audit Committee.

Carolina Avellaneda noted that there appeared to be some ambiguity regarding the delegation of authority with respect to derivatives and as to the approval of changes to the policy overall and suggested some clarifying language. Colin McNiece responded that it was not the intent to allow any expansion of the authority with respect to derivatives in the delegated authority provisions and that only the Board of Directors has authority to make changes to the policy. It was agreed to add clarifying language to the policy.

Upon a motion duly made and seconded, by roll call vote of the Members present, it was

**VOTED:** To adopt the Investment Policy as presented with clarification that the delegation of authority in Section V.2 would not include derivatives and that only the Board of Directors has authority to adopt changes to the policy, as reflected in the attached.



## **Massachusetts Housing Finance Agency**

# **INVESTMENT POLICY**

**Adopted April 13, 2021**

Massachusetts Housing Finance Agency

INVESTMENT POLICY

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## I. Introduction

The intent of this Investment Policy (this “Policy”) of the Massachusetts Housing Finance Agency (“MassHousing”) is to establish guidelines and parameters for the investment of the funds governed by the Policy. The Policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the Policy framework. The guidelines are intended to allow MassHousing to function properly within the parameters of responsibility and authority and to adequately safeguard investments. The Policy will serve as a source of information for the Board of Directors, the Executive Director, credit rating agencies, and financial institutions.

## II. Governing Authority

Investment activity shall be conducted in conformance with federal, state, and other legal requirements.

The MassHousing Statute, Section 1-4 (i), General Grant of Powers, authorizes MassHousing to “Invest any funds held in reserves or sinking funds or any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries in the Commonwealth.”

Massachusetts General Laws Chapter 203C, the “Massachusetts Prudent Investor Act,” broadly defines the standards for investments by trustees and other fiduciaries.

The Investment and Audit Committee shall periodically review the investment performance and policies of MassHousing. Authority to invest funds (including money in the Mortgage Insurance Fund and other moneys entrusted to MassHousing) is delegated by MassHousing’s Board of Directors to the Financial Director and such other officials as may be designated by Board resolution (including bond resolutions), subject to (i) the governing authority noted above, (ii) this Policy and (iii) contracts with MassHousing bondholders. Personnel of the Finance Division are responsible for managing the investment plans and providing necessary reports as required.

## III. Scope

This Policy applies to the investment of all funds, excluding the investment of employee retirement funds. Where applicable, this Policy will also apply generally to the investment of funds held under MassHousing’s bond resolutions and other security agreements. However, investment of such funds is also governed by the provisions of such resolutions and agreements which define the permissible investments for such funds and required rating agency, bond insurer, and other reviews and approvals and, in the event of conflict, the bond related documents shall control.

Except for cash in restricted and special funds, MassHousing will consolidate cash and reserve balances to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. Cash held in separate funds and accounts established under a specific bond resolution or other security agreement may also be consolidated for investment to the extent permitted by the resolution or other agreement. Investment income earned on such consolidated funds or accounts will be allocated and deposited as provided in the bond resolution or other agreement.

#### IV. Objectives

The MassHousing portfolio shall be structured with the objective of maximizing return on investments considering the risk constraints and the cash flow requirements of MassHousing. Preservation of principal is the foremost objective of this Policy where investment safety is defined as the certainty of receiving principal plus accrued interest at a security's maturity.

Funds are invested in vehicles that provide the liquidity necessary to enable MassHousing to meet operating, debt service, and other cash flow requirements. Liquidity is defined as the ability to sell a security on short notice near the security's market value. An adequate amount of funds will be kept in short-term money market investments or the Massachusetts Municipal Depository Trust ("MMDT") Cash Portfolio to accommodate the reasonable cash needs of MassHousing.

The primary objectives, in order of priority, of investment activity shall be safety, liquidity, and yield.

1. **Safety:** Preservation of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the safety of capital in the overall portfolio, including mitigation of credit risk and interest rate risk.
  - a) **Credit Risk.** MassHousing will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
    1. Limiting investments to securities listed in Section VII of this Policy, subject, where applicable, to the provisions of any bond resolution or other security agreement;
    2. Ensuring that financial institutions, trustees, broker/dealers, intermediaries, and advisors meet the requirements of this Policy;



3. Diversifying the investment portfolio to minimize the impact of potential losses from one type of security or individual issuer.
- b) **Interest Rate Risk.** MassHousing will limit exposure to interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
  - i) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity;
  - ii) Investing operating funds in money market funds that meet the requirements set forth in Section VII of this Policy.
  - iii) Investing in the MMDT Cash Portfolio.
2. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating, debt service, and other cash flow requirements that may be reasonably anticipated.
3. **Yield:** The investment portfolio shall be designed with the objective of attaining a market rate of return considering the investment risk constraints and liquidity needs described in this Policy. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. A security with declining credit may be sold early to minimize loss of principal. A security may also be sold to meet the liquidity needs of the portfolio. With respect to the investment of funds under MassHousing’s bond resolutions, such investment portfolios shall be designed with the objective of maintaining compliance with all applicable yield restrictions imposed under applicable federal tax law.

a) **Investment Strategy**

Bond resolutions generally require that bond moneys be invested to ensure that principal and interest is paid no later than the dates on which the trustee needs such moneys for debt service and other disbursements provided by the bond resolution. Staff will strive to maximize investment income within the restrictions of the bond resolutions, including federal tax law, and guidelines of this Policy without speculation on future interest rates or market trends.

Derivative products are purchased as interest rate hedges. MassHousing enters into swap agreements and other derivative investments to hedge against rising interest rates in conjunction with the issuance of variable rate bonds or to produce a “synthetic” fixed-rate or variable-rate debt instrument. Except as authorized by the Board of Directors, the Executive Director, or the Financial Director for a particular financial transaction,

MassHousing does not invest cash required to meet operating, debt service, and other cash flow requirements in derivatives such as swaps, caps, collars, warrants, options, or futures.

The Finance Division shall direct any security sales. Such sales may be for the purpose of preserving capital, obtaining liquid funds for authorized disbursements such as loans, bond calls, or the semi-annual payment of bondholders as required by bond resolutions, federal tax law, and other security agreements.

**b) Cash Management**

The Finance Division has the operational responsibilities for cash management, including all disbursements, transfers of funds, and deposits of receipts. In addition, the Finance Division is responsible for ensuring that receipts of bond moneys are handled in accordance with the applicable bond resolution, or other security agreement and federal tax law.

**V. Standards of Care**

All participants in the investment process shall act responsibly and professionally. The MassHousing portfolio shall be invested and managed in accordance with the “Prudent Investor Rule” set forth in MGL Ch. 203C. In general, MassHousing will invest and manage the assets under its control as a prudent investor would, considering the purposes of MassHousing and the terms under which such assets are held by MassHousing, exercising reasonable care, skill, and caution.

**1. Ethics**

Employees involved in the investment process shall comply with all applicable statutory limits and the MassHousing Standards of Conduct. In addition, such employees shall refrain from personal business activity that may conflict with the proper management of the investment program or impair their ability to make impartial decisions. No employee shall use its position to secure anything of value or the promise or offer of anything of value that would create an improper influence upon the employee with respect to its duties. Each employee involved in investment decisions shall file a Statement of Financial Interests with the State Ethics Commission annually.

**2. Delegation of Authority**

The Financial Director is authorized by the Board of Directors to transact investments and may delegate authority to the Comptroller and Finance Division personnel, except with respect to derivative instruments which shall require authorization of the Board of Directors, Executive Director or Financial Director as

set forth in IV.3(a) hereof. Staff must consider all applicable factors for each investment under consideration within the framework of the investment objectives, the restriction, if any, imposed by the applicable bond resolution or other security agreement, including federal tax law, and the basic characteristics of the investment. Personnel of the Finance Division are responsible for executing the investment plans and providing necessary reports as required. As directed, bond trustees and depository banks are responsible for the execution of MassHousing's investment decisions regarding funds held under bond resolutions or other security agreements, the safekeeping of investment securities and providing necessary reports as required to comply with arbitrage restrictions applicable to MassHousing bonds and notes.

MassHousing may engage the services of external investment advisors to assist in management of its investment portfolio in accordance with this Policy. Such advisors must be registered under the Investment Advisors Act of 1940.

### 3. Indemnification of Employees

Employees of MassHousing are indemnified under Section 1-16A of the MassHousing statute, Chapter 708 of the Acts of 1966, as amended, and Article VII of the Bylaws of MassHousing. Section 1-16A provides, in part:

“No person shall be liable to the Commonwealth of Massachusetts, to MassHousing, or to any other person as a result of [such person's] activities, whether ministerial or discretionary, as a member, officer or employee of MassHousing except for willful dishonesty or intentional violation of the law; provided, however, that such person shall provide reasonable cooperation to MassHousing in the defense of any claim. Failure of such person to provide reasonable cooperation shall cause [such person] to be jointly liable with MassHousing, to the extent that such failure prejudiced the defense of the action.

MassHousing may indemnify or reimburse any person, or [such person's] personal representative, for losses or expenses, including legal fees and costs, arising from any claim, action, proceeding, award, compromise, settlement, or judgment resulting from such person's activities, whether ministerial or discretionary, as a member, officer, or employee of MassHousing; provided that the defense or settlement thereof shall have been made by counsel approved by MassHousing.”

## VI. Authorized Financial Institutions

**Commercial Banks:** MassHousing shall maintain accounts with commercial banks that have an IDC rating of 150 or better. IDC rates banks based on several criteria such as capitalization, profitability, and loan loss expense. MassHousing can make exceptions with deposits in banks with an IDC rating below 150 if there is acceptable collateral to cover the deposit.

**Trustees:** MassHousing shall select trustees among banks, national banking associations, or trust companies doing business in the Commonwealth of Massachusetts, with trust power, in good standing, that have a reported capital and surplus of not less than \$50,000,000 (or such greater amount as may be provided in the applicable bond resolution or other security agreement).

## VII. Authorized Investments

The MassHousing Statute, Section 1-4 (i), General Grant of Powers, authorizes MassHousing to “Invest any funds held in reserves or sinking funds or any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries in the Commonwealth.” MGL Ch. 203C(3)(e) provides that a trustee or other fiduciary may invest in any kind of property or type of investment consistent with the standards of that chapter. Each bond resolution or other security agreement sets forth specific deposits and investments that are authorized for investment of funds held under such bond resolution or other security agreement. Cash held by MassHousing may be invested with the approval of the Financial Director in the following deposits and investments, subject to this Policy and the standards set forth in MGL Ch. 203C, and provided that funds subject to bond resolutions or other security agreements remain subject to the specific provisions thereof:

(1) **U.S. Treasury/U.S. Government Guaranteed Obligations** – U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

(2) **Federal Agency or U.S. government sponsored enterprises (GSE) obligations** – Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal Agency or Government Sponsored Enterprise.

(3) **Agency or GSE Mortgage Backed Securities** - Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.

(4) **U.S. Instrumentalities (“Supranationals”)** – U.S. dollar denominated debt obligations of a multilateral organization of governments for which the United States government is a participant, shareholder, and/or voting member with minimum ratings of AAA/Aaa (or the equivalent) or A-1/P-1 (or the equivalent) by any one rating agency, including but not limited to: the Inter-American Development Bank, International Bank for Reconstruction & Development, African Development Bank, Asian Development Bank, and the International Finance Corporation.

(5) **Municipal Bonds** – Obligations issued or guaranteed by any state, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any U.S. state or with

minimum ratings of A-/A3 (or the equivalent) or SP-1/MIG 1 (or the equivalent) by any one rating agency.

**(6) Corporates and Other Debt Obligations** – U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity with minimum ratings of A-/A3 (or the equivalent) or A-1/P-1 (or the equivalent) by any one rating agency.

**(7) Commercial Paper** – U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs with minimum ratings of A-1/P-1 (or the equivalent) by any one rating agency.

**(8) Asset-Backed Securities** - Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans, with minimum ratings of AAA/Aaa (or the equivalent) or A-1+/P-1 (or the equivalent) by any one rating agency.

**(9) Bankers' Acceptances** - Bankers' acceptances issued, drawn on, or guaranteed by a U.S. bank or U.S. branch of a foreign bank with minimum ratings of A-1/P-1 (or the equivalent) by any one rating agency.

**(10) Negotiable Bank Deposit Obligations** - Negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state chartered bank, credit union or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution with minimum ratings of A-/A3 (or the equivalent) or A-1/P-1 (or the equivalent) by any one rating agency.

**(11) Collateralized Bank Deposits** - Non-negotiable interest bearing time certificates of deposit, savings accounts or deposit accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured or collateralized, if required by state or Federal law.

**(12) Insured Bank Deposits** - Interest bearing time certificates of deposit, savings accounts or deposit accounts fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

**(13) Money Market Funds** – Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940, operate in accordance with Securities and Exchange Commission Rule 2a-7, and maintain the highest rating at the time of investment from Standard & Poor's or Moody's, or the equivalent from a nationally-recognized statistical rating organization (NRSRO).

(14) **Participation units of the Massachusetts Municipal Depository Trust** established under General Laws, Chapter 29, Section 38A.

(15) **Repurchase agreements**, provided a Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction and the following conditions are satisfied:

- a. The agreement is fully collateralized by U.S. Treasury obligations or obligations issued by U.S. Federal Agencies or GSE's having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;
- b. The securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for MassHousing, provided such third party is not the seller under the repurchase agreement;
- c. A perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of MassHousing;
- d. For repurchase agreements with terms to maturity of greater than one (1) day, the collateral securities will be valued daily. If additional collateral is required, then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated);
- e. The counterparty is a primary government securities dealer that reports daily to the Federal Reserve Bank of New York, or a bank, savings and loan association, or diversified securities broker-dealer having at least \$50 billion in assets and \$500 million in capital subject to regulation of capital standards by any state or federal regulatory agency. The counterparty maintains a short-term credit rating of at least A-1/P-1 (or the equivalent) by any one rating agency and has been in operation for at least five years.

(16) **Investment agreements or guaranteed investment contracts** for investment durations of three or more years entered into with companies that have a rating of at least AA-/Aa3 (or the equivalent) from any one rating agency. Short term investment agreements with durations of less than three years may be entered into with companies that have a short term rating of at least SP-1/VMIG1/F1 (or the equivalent) from any one rating agency.

(17) **Any other investments expressly permitted** by Commonwealth statute and authorized by MassHousing.

## VIII. Investment Diversification Parameters

It is MassHousing's policy to diversify its investment portfolio to minimize risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities. For all funds governed by this Policy, including funds managed by an external investment advisor, MassHousing shall establish written sector and issuer allocation limits and maturity limits for Authorized Investments, as appropriate.

## IX. Internal Controls

The Financial Director shall establish a system of internal controls, which shall be documented in writing. The Comptroller and the independent auditor shall review and periodically test the controls. The controls shall be designed to prevent the loss of funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of MassHousing.

Internal controls shall address the following points:

- Clear delegation of authority to staff members
- Separation of transaction authority from financial reporting
- Dual authorizations of wire transfers
- Written confirmation of transactions for investments and wire transfers
- Timely reconciliation of transactions
- Avoidance of physical delivery of securities

Authorized signatories for the purchase and sale of investments shall be designated by the Board of Directors and may include the Executive Director, Financial Director, Comptroller or such other officials as may be designated by Board resolution (including bond resolutions).

## X. Reporting

**Investment Committee Report:** The Financial Director shall periodically report the status of the investment portfolio to the Investment and Audit Committee of the Board of Directors.

## XI. Approval of Policy

The Policy shall be reviewed periodically by the Financial Director and the Investment and Audit Committee of the Board of Directors. The Investment and Audit Committee of the Board of Directors may recommend changes for adoption by the Board of Directors. Any changes to the Policy may only be adopted by the Board of Directors.

## **Section 13A Update**

Kathleen Evans gave an update on the Section 13A Preservation Initiative. The Section 13A portfolio was financed in the 1970's and modeled after the Federal Section 236 Program. A "debt service subsidy" from the Commonwealth reduced the interest rate on Section 13A mortgages to 1%. Savings were passed on to the resident in the form of a reduced, budget-based rent, known as the "Basic Plan" which was often below the tax credit level.

Ms. Evans went on to say when the 40-year mortgages matured or were prepaid, the owner was free from affordability restrictions and rents could be raised to market levels over a 3-year period. Many 13A properties were in high-market areas, and long-term residents paid rents that were a fraction of rates charged for comparable market units.

Many projects matured or were prepaid out of the portfolio prior to 2013 when federal resources were available and tenants were protected. After 2013, federal resources became unavailable and outcomes were not as strong.

DHCD and MassHousing assembled the 13A Preservation Initiative and, beginning in 2016, endeavored to address the remaining properties in the program. In early 2016 MassHousing and DHCD compiled a package of resources: (1) Priority for tax-exempt volume cap; (2) \$100 million from DHCD and MassHousing; (3) MRVP rent increase and more than 200 project-based Section 8 vouchers from DHCD.

Ms. Evans concluded by stating that as a result of this initiative, more than two-thirds of the at-risk Section 13A properties and units will be preserved as affordable. The preservation efforts are addressing a significant backlog of capital needs and housing will be significantly improved. State subordinate debt and tax-exempt volume cap resources were strategically deployed and will prove sufficient.

Many properties have committed to broader and deeper affordability than what was in place under Section 13A, and units that were formerly unrestricted will be subject to new restrictions.

## **Loan Committee**

### **Roslindale School, Boston (Roslindale)**

Jeffrey Geller presented a proposal for an Approval to Accept Assignment of a HUD-Issued Firm Commitment for FHA-Insurance; Commitment of a First Mortgage Loan; and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS.

Roslindale House sits on a 1.32-acre site in Boston's Roslindale neighborhood. Surrounding uses are residential, and Roslindale Village and the Washington Street corridor a block away. Roslindale House is a three- and four-story former school building originally constructed in the



early 1920s and converted to affordable housing in 1986 under HUD's Section 202 program. The building also has a community room and common laundry area.

Eighty-three of the 84 units are covered under a project-based Section 8 contract, set to be renewed under Mark-up-to-Market as part of this transaction. The remaining unit is a non-revenue employee unit.

Upon a motion duly made, and seconded, by roll call vote of the Members present, it was:

**VOTED:** To approve the findings and determinations set forth below 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 \$13,880,000, 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 \$18,738,000 nor less than \$9,022,000 to Roslindale House Limited Partnership (the "Borrower") for Roslindale House and (2) to make the FHA-insured first mortgage loan to the Borrower for Roslindale House in the approximate amount of \$13,880,000 subject to the limitation that the final amount of such loan shall not be more than \$18,738,000 nor less than \$9,022,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Board on October 14, 2014 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 the Agency on May 14, 2019, 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 the Borrower for Roslindale House.

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

**1. The affordability of rents for 20% of the units:**

Eighty-three units (98.8%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

**2. Shortage of Affordable Housing Units in the Market Area**

Note: The market needs data reflects the information available to A&M staff as of the date of collection March 11, 2021 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 678 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 92% and 98%. Four out of the five comparables reviewed were offering rental concessions to prospective tenants. These include one to two months of free rent. The subject property has operated as a Section 8 elderly property since 1987 and the average vacancy rate for the property for the past 5 years is .96%. My review of similar mixed-income/subsidized portfolio properties (1,750 units) demonstrated a weighted average vacancy rate of approximately 1.54%.

3<sup>rd</sup> Qtr. 2020 CoStar data for the subject's JP/Roslindale/West Roxbury Multifamily submarket (6,149 units) has an overall vacancy rate at 7.7% YTD, which is an increase of 0.05% from one year ago. CoStar data for the Boston market (235,812 units) has an overall vacancy rate of 8.5% YTD, which is an increase of 2.35% from one year ago. The JP/Roslindale/West Roxbury Multifamily Submarket vacancy rate is projected to increase to 12.3% over the next five years, while the Boston market is projected to decrease to 7.2%.

CoStar, submarket data for the 4-5 Star building type (1,596 units) indicates a 3<sup>rd</sup> Qtr. 2020 vacancy rate of 17.5% and an average asking rent of \$2,701, while submarket data for the subject's 3 Star building type (2,108 units) indicates a 3<sup>rd</sup> Qtr. 2020 vacancy rate of 5.6% at an average asking rent of \$1,989 and 1-2 Star buildings (2,445 units) indicates a 3<sup>rd</sup> Qtr. 2020 vacancy rate of 5.4% at an average asking rent of \$1,576. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Boston 269,482 year round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households.

As of January 2021, the Boston Housing Authority (“BHA”) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston’s Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston approximately 68.3% earned less than the HUD published 2020 AMI (\$119,000), approximately 45.4% earned less than 50% of 2020 AMI, approximately 51.7 % earned less than 60% of the 2020 AMI, and approximately 59.4% earned less than 80% of the 2020 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

### **4. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

**Rent Schedule:**

Number of Bedrooms	0	1
Number of Units	36	47
Net SF/Unit	423	536
Elev./Non-Elev.	E	E
<b>Market Rate Rent</b> (insert)	\$1,903	\$2,188
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,720	\$2,005
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI	
<b>Underwriting Rents</b>		
Project-Based Section 8 (Contract)	\$1,720	\$2,025
Project-Based Section 8 (MH Disp.)	\$1,720	\$1,920

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

**Woodlands at Abington Station, Abington**

Max Glikman presented a proposal for Approval to Accept Assignment of a HUD-Issued Firm Commitment for FHA-Insurance; Commitment of a First Mortgage Loan; and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS.

The Woodlands at Abington Station (the “Development”) sits on a 34.54-acre site in Abington. The MBTA commuter rail has a stop in Abington that is adjacent to the property, and the property is proximate to restaurants, banks, retail/grocery stores, pharmacies, and local services.

Developed in 2002, the Development consists of eight three-story walkup buildings. The buildings are contained in a campus-style layout, with common amenities that include a fitness center, seasonal swimming pool, tennis courts, playgrounds, and a community room.

The Development was originally approved, permitted, and constructed under Chapter 40B of the Massachusetts General Laws. As part of the comprehensive permit with the town, the owner agreed to an affordable set-aside of 20% of units affordable to households earning up to 50% of AMI. The use restrictions will remain in perpetuity. The remaining units are unrestricted and rented at market rates.

Upon a motion duly made and seconded, by roll call vote of the Members present, it was

**VOTED:** To approve the findings and determinations set forth below 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 \$34,800,000, 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 \$46,980,000 nor less than \$22,620,000 to Abington Commons Limited Partnership (the “Borrower”) for Woodlands at Abington Station and (2) to make the FHA-insured first mortgage loan to the Borrower for Woodlands at Abington Station in the approximate amount of \$34,800,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$46,980,000 nor less than \$22,620,000 on terms acceptable to MassHousing, 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 the Agency on May 14, 2019, 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 the Borrower for Woodlands at Abington Station.

## STATUTORY FINDINGS AND DETERMINATIONS

### Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

#### **6. The affordability of rents for 20% of the units:**

Forty units (20.8%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

#### **7. Shortage of Affordable Housing Units in the Market Area**

Note: The market needs data reflects the information available to A&M staff as of the date of collection March 19, 2021, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (appx. 1,074 units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the 5 developments reviewed averaged appx. 98.4%, and range between 95% and 100%. The property has operated as a mixed income property since 2003. My review of similar mixed income/subsidized portfolio properties (1,065 units) demonstrated a weighted average vacancy rate of approximately 1.61%

4th Qtr. 2020 CoStar data for the subject's South Plymouth County (7,385 units) has an overall vacancy rate at 3.2% YTD, which is a decrease of 1.01 % from one year ago. CoStar data for the Boston market (233,887 units) has an overall vacancy rate of 8.3% YTD, which is an increase of 2.8% from one year ago. The South Plymouth count submarket vacancy rate is projected to stay the same at 3.2% over the next five years, while the Boston market is projected to decrease to 7.2%.

CoStar, submarket data for the 4-5 Star building type (1,572 units) indicates a 4<sup>th</sup> Qtr. 2020 vacancy rate of 2.91% and an average asking rent of \$2,188, while submarket data for the subject's 3 Star building type (2,620 units) indicates a 4th Qtr. 2020 vacancy rate of 5.1% at an average asking rent of \$1,917 for the 1-2 Star buildings (3,193 units) indicates a 4th Qtr. 2020 vacancy rate of 1.7% at an average asking rent of \$1,472. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

Further, the Abington Housing Authority (AHA) owns and /or operates two State funded Elderly/Disabled Public Housing developments which have 109 one-bedroom rental units, and 4 units are wheelchair accessible. Per the representative of AHA, the waiting list is approximately 3-6 years. They also own and/or operate two State funded three-bedroom homes and per the representative of AHA, there is at least a ten year wait for these homes. Per the representative of AHA the waiting lists are 3-5 years for non-residents, 1-3 years for residents and 6 months to 2 years for Veterans who are residents of Abington, AHA also administers 86 Section 8 Housing Vouchers. Per the AHA representative, they participate in the centralized waiting list administered through the state and wait time is over ten years.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the Town of Abington has 6,364 year-round housing units, 629 (9.9%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 6,396 households in the Town of Abington 49.9% earned less than the HUD published 2020 AMI (\$95,200), approximately 23.2% earned less than 50% of 2020 AMI, approximately 28.6% earned less than 60% of the 2020 AMI and approximately 39.6% earned less than 80% of the 2020 AMI.

## **8. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

## **9. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality. 20% of the development will continue a 18-year history of serving households earning less than 50 percent of the Area Median Income.

## **10. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

**Rent Schedule:**

Number of Bedrooms	1	1	2	2	2
Number of Units	30	48	18	30	66
Net SF/Unit	718	812	1,008	1,025	1,170
Elev./Non-Elev.	NE	NE	NE	NE	NE
<b>Market Rate Rent</b> (10% Rate 20 Yr. Term)	\$2,742	\$2,831	\$3,035	\$3,075	\$3,142
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,495	\$1,584	\$1,788	\$1,828	\$1,895
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI				
<b>Underwriting Rents</b>					
Market	\$1,707	\$1,791	\$2,031	\$2,050	\$2,130
Affordable – 50% of AMI	\$797	\$797	\$939	\$939	\$939

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

**Golda Meir House, Newton**

Max Glikman presented a proposal for Approval for a Category 1 Release of Collateral and Approval for a Category 3 Granting of Easement for Golda Meir House in Newton. 2Life Golda Limited Partnership (formerly known as JCHE Golda Limited Partnership) (the “Borrower”) is the owner of the existing Golda Meir House development located at 160 Stanton Avenue in Newton, Massachusetts (the “Existing Project”) and is requesting the above approvals to permit the release of collateral in order to allow the construction of 68 additional housing units (the “Expansion Project”), which will be built as two separate additions (one 7-story and one 5-story), each physically connected to the Existing Project. The Expansion Project will be constructed and owned by 2Life Golda Expansion Limited Partnership (the “Expansion Project Owner”), a newly formed



limited partnership entity in which an affiliate of the Sponsor will be the managing member of the general partner entity. MassHousing issued a commitment to provide the construction/permanent financing in the amount of \$8,100,000 in November 2020 for the Expansion Project. In connection with the release of collateral, the Borrower will execute a land swap and consolidation plan with adjacent landowners that will add approximately 18,015 square feet to the campus of the combined development.

As detailed below, the requested approvals are necessary to permit the modification of, and the release and conveyance of a portion of, the real estate collateral securing MassHousing's mortgage loan to the Existing Project, so that the Borrower may (i) create a two-unit condominium, to be comprised of the Existing Project as "Unit A" and the Expansion Project as "Unit B" (the "Condominium"), (ii) subordinate the MassHousing financing documents for the Existing Project to the Condominium documents, and (ii) convey Unit B to the Expansion Project Owner.

The Existing Project is an operating Low Income Housing Tax Credit project consisting of 199 residential rental apartments with community and program space, which was originally completed in two phases. A major rehabilitation of the Existing Project, which was financed by MassHousing through a new first mortgage loan insured under the HUD/HFA Risk Sharing Program, was completed in 2019. The Existing Project is supported by both Section 8 and PRAC rental subsidies.

In 2020, MassHousing's Risk Analysis ratings of the Existing Project was "A" for financial criteria, "A" for physical criteria, and "A" for compliance criteria. Neither the Borrower nor the Management Agent, nor their related parties, are in default under this or any MassHousing mortgage loan.

The Borrower's Request for Release of Collateral (the "Request") seeks MassHousing approval to (i) release certain land from, and acquire other land for, the Existing Project as part of a proposed land swap and consolidation; and (ii) submit the real estate collateral securing the MassHousing first mortgage loan to the provisions of the state condominium law, M.G.L. c. 183A, to create the two (2) unit Condominium comprised of Unit A and the Unit B (the "Declaration of Condominium"), and (iii) convey Unit B to the Expansion Project Owner.

In order to comply with the requirements of M.G.L. c.183A, the Condominium will have a "shed" condominium structure at the construction closing on the Expansion Project financing, with Unit B consisting of a minimal, placeholder unit until completion of construction, as described below.

The Expansion Project will provide 68 additional residential rental housing units. These units will exist in two additions: 31 units in a seven-story structure that will be connected to the northwest portion of the Existing Project, and 37 units in a separate five-story structure connected to the northeast portion of the Existing Project.

The Expansion Project will be financed in part by a construction/permanent loan from MassHousing (approved in November 2020) which will be secured by a first priority, Risk Sharing-insured mortgage on Unit B of the Condominium. A portion of the Expansion Project will be built on top of the Existing Project's units and there will be modifications made to entrances and hallways that will connect the Existing Project. Both additions will connect the Existing

Project and the Expansion Project on each floor. To make these connections, eleven (11) units in the Existing Project will be directly affected and will need to be unoccupied during construction. The plan for those units is as follows:

- Five (5) units will be reconfigured and increased in size,
- Two (2) units will be reconfigured in the same footprint, and
- Four (4) units will be demolished and replaced with newly constructed apartments that will be equal to or larger in size than the apartments they replace.

Tenants in the eleven (11) affected units, and the associated rental subsidies, have been relocated to other units in the Existing Project, and the Borrower has submitted a Relocation Plan prepared in consultation with Housing Opportunities Unlimited. Additionally, MassHousing will require the Expansion Project Owner to implement appropriate mitigation measures to minimize any impact from the construction work on tenants whose units will be in the vicinity of the work.

Contemporaneously with the Expansion Project construction closing, the Borrower will execute a land swap and consolidation to exchange a small portion of the Existing Project land for parcels currently owned by adjacent landowners, as a result of which the reconfigured Existing Project land will be slightly enlarged and will have a more uniform shape. The Borrower will then create the two-unit Condominium. The Borrower will retain title to Unit A, consisting of the Existing Project (excluding the land under the footprint of both Projects, which will be a common area of the Condominium), and immediately following the creation of the Condominium will convey Unit B (including the rights to develop the Expansion Project) to the Expansion Project Owner. MassHousing's collateral with respect to the MassHousing loan for the Existing Project will be Unit A, together with an undivided interest in the Condominium's common area. Unit B of the Condominium will be released from MassHousing's collateral.

Upon a motion duly made, and seconded, it was by roll call vote of the Members present,

**VOTED:** To approve the modification, release and conveyance of real estate collateral securing MassHousing's first mortgage loan to 2Life Golda Limited Partnership (formerly known as JCHE Golda Limited Partnership) (the "Borrower") in the original principal amount of \$37,800,000 (the "Existing Project Loan") for the existing Golda Meir House development located at 160 Stanton Avenue in Newton, Massachusetts (the "Existing Project"), as necessary or appropriate for the Borrower to (i) complete a land swap and consolidation plan with landowners adjacent to the Existing Project that will add approximately 18,015 square feet to the Existing Project property, (ii) create a two-unit condominium (the "Condominium"), to be comprised of the Existing Project as "Unit A" ("Unit A") and approximately 68 additional housing units in two additions to be constructed adjacent to and connected with the Existing Project (the "Expansion Project") as "Unit B" ("Unit B"), with the land underneath the footprints of the Existing Project and Expansion Project as common area of the Condominium, and to submit the real estate collateral for the Existing Project Loan to the provisions of M.G.L. c. 183A in connection with the creation of the Condominium, (iii) convey Unit B of the Condominium to 2Life Golda Expansion Limited Partnership, or

another affiliate of 2Life Inc. (f/k/a Jewish Community Housing for the Elderly, Inc.) (the “Expansion Project Owner”), and to amend and modify the MassHousing mortgage, restrictions of record and other loan documents relating to the Existing Project Loan as necessary or appropriate in connection therewith, subject to the Special Conditions appended to this vote; and

**VOTED:** To approve such development rights, easements, licenses and/or similar grants of rights as may be required or appropriate for the Expansion Project Owner’s construction of the Expansion Project and to permit the shared use of utilities, parking and access between Unit A and Unit B of the Condominium;

**VOTED:** That the Executive Director, Vice President of Multifamily Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith subject to satisfaction of the Special Conditions set forth below, as the same may be modified, or with such other conditions, as any such officer, acting singly, may require, with the execution by any such officer evidencing confirmation of the satisfaction of all such conditions.

### **SPECIAL CONDITIONS**

Capitalized terms in these Special Conditions shall have the meaning specified in the foregoing votes.

1. MassHousing’s Appraisal and Marketing staff shall commission, at the Borrower’s expense, an independent appraisal to determine the prospective value of the Existing Project following the proposed land swap and consolidation and declaration of condominium (constituted as the Condominium’s Unit A), to confirm that the permanent financing on the Existing Project would not exceed 90% of the value of the Unit A property. The appraisal shall also determine the prospective market value of the Expansion Project (constituted as the Condominium’s Unit B).
2. The proposed land swap and consolidation, condominium creation, and conveyance of Unit B to the Expansion Project Owner and the modification, conveyance and release of the real estate collateral securing the Existing Project Loan associated therewith, as described in the foregoing votes (collectively, the “Collateral Release and Condominium Conversion”), shall be subject to the prior written approval of HUD, as insurer of the Existing Project Loan under the HUD HFA Risk Sharing Program and with respect to the Section 8 and PRAC subsidies for the Existing Project, and the Massachusetts Department of Housing and Community Development, in connection with the federal Low Income Housing tax credits allocated to the Existing Project, and to MassHousing’s confirmation with bond counsel that all requirements applicable to the bonds funding the Existing Project Loan in connection with the Collateral Release and Condominium Conversion are or will be satisfied.

3. The conveyance of Unit B to the Expansion Project Owner for construction of the Expansion Project shall be for nominal consideration, with no repayment of MassHousing's mortgage loan for the Existing Project required.
4. The proposed amendment and modification of the MassHousing mortgage, restrictions of record and other loan documents relating to the Existing Project Loan and all other documents and/or amendments or modifications thereto relating to the Collateral Release and Condominium Conversion, including, without limitation, the documents establishing the Condominium and any agreements for easements and/or joint access to the Condominium units or property of the Existing Project shall be subject to prior review and approval by MassHousing's General Counsel.
5. The final site plan and Condominium plans shall be subject to the approval of the Manager of Design and Construction.
6. The Expansion Project shall have received all applicable approvals and permits required for commencement of construction and the closing on MassHousing's financing for the Expansion Project shall occur contemporaneously with the Collateral Release and Condominium Conversion.
7. The Borrower shall provide an endorsement to the mortgagee title insurance policy for the mortgage securing the Existing Project Loan, contemporaneously with the land swap and consolidation, reflecting the declaration of condominium, conveyance of Unit B and modification of the loan documents for the Existing Project Loan, and confirming MassHousing's continued first-priority lien on the Existing Project property (constituted as the Condominium's Unit A) subject only to those exceptions of title approved by MassHousing's General Counsel.
8. The Borrower shall cause its counsel to deliver a legal opinion or opinions, together with appropriate certificates of votes and incumbency and other supporting certificates, all in a form acceptable to MassHousing's General Counsel, as to: (1) the legal existence of the Borrower; (ii) the due authority of the Borrower to enter into, and its officers to execute on its behalf, the amendments and/or other modifications to the loan documents evidencing and securing the Existing Project Loan, and any additional documents (including any amendments and/or other modifications thereto) relating to the Existing Project Loan; and (3) the enforceability of such loan documents and certifications executed by the Borrower; and (4) the compliance of the Condominium with applicable zoning and related environmental and land use requirements.
9. The Borrower, the Expansion Project Owner and the Sponsor and their affiliated entities shall be current and not in default on all MassHousing mortgage loans.

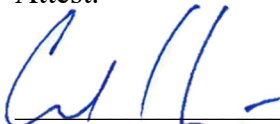
Acting Chairman Chai asked if there was any other old or new business for the Members' consideration. There was none.

Acting Chairman Chai asked for a motion to adjourn the meeting at 3:05 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 3:05 p.m.

A true record.

Attest.



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Colin M. McNiece  
Secretary