



THE
LIFE
INITIATIVE



LITE Bond Program

The Life Initiative Tax-Exempt (“LITE”) Bond Program makes low-rate tax-exempt bond financing available for the first time to developers and owners of smaller affordable housing developments. Affordable rental housing is a critical need across Massachusetts, but smaller-scale affordable developments often have limited financing options. With the new LITE Bond Program, MassDevelopment, the Massachusetts Housing Partnership (MHP), and The Life Initiative have created an innovative approach to bond financing which eliminates the cost and complexity of a public offering by providing for the direct purchase of bonds by The Life Initiative. This provides borrowers with higher financing amounts and a much simpler closing process.

Program Specifics

Who is eligible?

- Developers of affordable rental housing.

What can be financed?

- Eligible projects are multifamily rental housing developments with at least 20% of the units affordable to renters earning up to 50% of area median income, or at least 40% of the units affordable to renters earning up to 60% of median area income.
- Financing is available in amounts ranging from \$1-\$2.75 million per project. Bond proceeds may be used to construct new housing, acquire expiring use properties, refinance existing properties, or to take out construction financing for newly built properties. Qualified projects may also receive an allocation of low-income housing tax credits.
- Minimum debt service coverage ratio is 110%; maximum loan-to-value ratio is 85%.
- Assistance in obtaining construction financing will be provided if needed.

How do the bonds work?

- Bonds are issued by MassDevelopment on behalf of MHP and are purchased by The Life Initiative. The MHP provides the project sponsor with a mortgage loan for the full amount of the bond issue.
- Mortgage loans are secured by a first lien on the property and rental revenues.
- Bonds are issued with a fixed interest rate for a 20-year term with a 30-year amortization, leaving a balloon payment due at maturity.

What fees and interest rates can be expected?

- Bonds issued by June 30, 2006 will have a fixed interest rate of 5%. In addition to interest payments, an annual letter of credit fee of 1.25%-1.5% is payable depending on the size of the loan.
- Closing costs are dependent in part on the amount financed, and can be financed in an amount not to exceed 2% of the total bond issue. Borrowers may request a full estimate of closing costs before submitting an application.
- There is a 10 basis point application fee due to MHP at the time of application.

What is the application process?

- A completed One Stop application is submitted to MHP and MassDevelopment for review.
- Upon approving the project's eligibility and credit, MHP's and MassDevelopment's boards of directors will vote on the project and the bonds can proceed to closing.
- Borrowers should allow a minimum of 90 days from application to closing.

About MassDevelopment , MHP and The Life Initiative

MassDevelopment is the Commonwealth's economic development authority, providing real estate development and financial support to projects that provide community benefits. Products are offered to support projects at every stage, from predevelopment and environmental remediation funding to tax-exempt bonds and loans and guarantees for real estate and equipment. MassDevelopment is one of the largest issuers of tax-exempt bonds in the state, having issued over \$12.8 billion in bonds for over 3000 projects.

The Massachusetts Housing Partnership (MHP) is a primary lender for the development and financing of affordable housing in the Commonwealth. MHP provides a variety of innovative financing programs for the construction, acquisition, renovation, and refinancing of affordable properties. Established in 1985, MHP has helped over 8,000 families buy their first home, financed the production of more than 12,000 housing units and helped organize housing partnerships in more than 200 cities and towns across the state.

The Life Initiative (TLI) is a community investment fund capitalized by Massachusetts based life insurance companies. Since its inception in 1999, The Life Initiative has committed over \$100 million in loans to affordable housing projects, small businesses, child care facilities and health care centers around the state. For more information about TLI, please call us at 617-450-9639 or visit our website at lifeinitiative.com.

For more information:

- Please call MHP toll-free at 617-330-9944 x222, or MassDevelopment's marketing department toll-free at 800-445-8030. Or visit our websites at www.mhp.net or www.massdevelopment.com.