

May 2, 2019

Dear MV Future Financing Participant,

Martha's Vineyard is in the midst of a housing crisis, impacting not only the people and families who are struggling to afford to live here, but also all of us who are part of the Vineyard economy and who value the diversity and character of our island. Housing directly affects Martha's Vineyard Hospital, one of the island's largest non-profit employers and our only primary care provider who struggles to attract and retain qualified employees to service our community's health care needs.

The Island Housing Trust (IHT) would like to make you aware of an opportunity to participate in a \$1.8 million below-market-rate 10-year loan that will be used for year-round hospital employee housing at Hanover House, a former 16-bedroom inn that IHT recently renovated and repurposed in Vineyard Haven.

Please find attached a summary of the participation loan opportunity that describes the property and loan participation opportunity for your consideration. Should you find this opportunity interesting, the enclosed expression of interest letter and questionnaire will initiate the next step in the process.

Should you decide to participate in the loan, Martha's Vineyard Bank (MV Bank) will act as the lead lender, escrow agent, and loan servicer for each participant in the loan. Your consideration and eventual participation in the loan will progress through three steps:

1. Once you have expressed your interest, MV Bank will provide you with a due diligence package including a detailed credit analysis, collateral property appraisal, and project description.
2. Subject to your continued interest, a pre-settlement document package will then be provided to include loan documents (promissory note, mortgage, loan agreement, participation agreement, assignment of rents and leases, disclosures, etc.) along with commitment documents for you to execute and return (loan participation agreement, deposit account opening documents, funding instructions from deposit account to loan, funding instructions from loan payments to deposit account).
3. Finally, executed copies of all documents will be provided to you by the MV Bank in a post-settlement document package.

Please contact Christopher Anderson, Development Director, at christopheranderson@ihtvm.org and 508-693-1117x 3 for more information. Thank you for consideration in the loan and the future of Martha's Vineyard.

Sincerely,



Philippe Jordi,
Executive Director



Martha's Vineyard Future Financing

Building Homes & Preserving Community

HANOVER HOUSE – workforce housing for hospital employees



Martha's Vineyard Bank - Loan Participation Opportunity
\$1,800,000 loan to Hanover House LLC, a Massachusetts limited liability company (the "Borrower") affiliated with the Island Housing Trust, a Massachusetts not-for-profit corporation ("IHT"), secured by 28 Edgartown Road, Vineyard Haven, Tisbury, Massachusetts

Proprietary and Confidential

CONFIDENTIALITY

This summary has been prepared solely for the benefit of a limited number of sophisticated individuals or commercial or financial entities interested in participating in the loan that Martha's Vineyard Bank (MV Bank) will make to an affiliate of the Island Housing Trust Corporation (IHT). Any reproduction or distribution of this summary in whole or in part without the prior written consent of MV Bank or IHT is prohibited. By accepting delivery of this summary, you agree to destroy or return this summary and any documents you receive from MV Bank if you determine not to participate in the Loan.

THE PROPERTY

The loan proceeds will be used to finance the repayment of the purchase price for and the development of the Property (defined below), which consists of 12 bedrooms and private bathrooms with a shared kitchen and dining room, and 3 separate one-bedroom apartments. The Property is within walking distance to the year-round amenities found on Main Street in Vineyard Haven. The Vineyard Transit Authority bus line provides year-round public transportation to all six island towns, including the Martha's Vineyard Hospital in Oak Bluffs.

IHT purchased the Property on August 24, 2018 using \$1,850,000 of short-term loans and is making approximately \$600,000 in improvements and renovations to the exterior and interior of the main house and cottage house. In conjunction with the loan closing, IHT will transfer the Property to the Borrower, a newly-formed special purpose entity. The Borrower has master leased the Property to the Martha's Vineyard Hospital to provide affordable year-round housing for hospital employees earning low to moderate income (currently, this equates to an income of \$50,350 or less for a single person).

The total cost of the acquisition and renovation of the Property is approximately \$2,450,000. IHT will provide leasing, compliance, and property management services for the operating life of the Property. IHT structures each of its properties to be financially self-sustainable.

THE LOAN PARTICIPATION

MV Bank will act as lead lender, escrow agent, and loan servicer under the Loan Agreement and the Participation Agreements by and among MV Bank and each participant in the loan. As the loan servicer, MV Bank will deliver annual interest payments and principle payment at maturity, using funds provided by Borrower pursuant to the Loan Documents (defined below), which may be sourced from rental payments received by Borrower from Martha's Vineyard Hospital.

Summary

This summary summarizes but does not fully describe the terms of the loan participation opportunity. It is subject to and qualified by the provisions of (1) the Loan Agreement by and between Borrower and MV Bank (the “Loan Agreement”) and each of the other documents executed and/or delivered in connection with the loan (collectively, together with the Loan Agreement, the “Loan Documents”), (2) a definitive Loan Participation Agreement by and between MV Bank and each loan participant, and (3) applicable law. Prospective participants must complete their own due diligence before determining to participate.

The Loan:	
Borrower	Hanover House LLC, a Massachusetts limited liability company affiliated with Island Housing Trust, a Massachusetts not-for-profit corporation (“IHT”).
Property	Hanover House, located at 28 Edgartown Road in Vineyard Haven, Tisbury, Massachusetts, consisting of 12 bedrooms and private bathrooms with a shared kitchen and dining room, and 3 separate one-bedroom apartments to be used for year-round affordable rental housing (the “Property”).
Master Lease	The Borrower and the Martha’s Vineyard Hospital have entered into a 5-year master lease (the “Master Lease”) with renewable 5-year extensions for the entire Property to provide year-round housing to income-qualified hospital employees. Revenues from the Master Lease will be used to service the Loan and to support the management of the Property.
Loan	\$1,800,000
Minimum Loan Participation Amount	\$25,000
Deadline to Participate	December 31, 2019
Funding Deadline	Upon each party (MV Bank and the loan participant) having executed a Loan Participation Agreement.
The Loan:	
Term	10 years
Interest Rate	2.5% per annum, compounded annually.
Payments	Interest and amortization of the principal based on a 30 year amortization period and paid annually.
Source of Repayment	The loan is full recourse to the Borrower, which expects to make payments based on anticipated revenue from the Master Lease. The Loan will not be guaranteed by IHT.
Collateral	The Loan Agreement and the Interests are secured by a mortgage on the Property, together with a security interest in all personal property of Borrower and an assignment of leases and rents.

EXPRESSION OF INTEREST

The Island Housing Trust, a non-profit corporation located on the island of Martha’s Vineyard, has made me aware of an opportunity to participate in a \$1.8 million below-market-rate 10-year loan that will be used to finance the repayment of the purchase and development of the Hanover House Inn in Vineyard Haven for year-round hospital employee housing opportunity. I would like to receive additional information about this opportunity.

I acknowledge and certify as follows:

(a) Individual:

_____ **(please initial)** My individual net worth or joint net with my spouse exceeds worth or assets under management of \$1 million or more, excluding the value of my primary residence.

or

_____ **(please initial)** My individual income is in excess of (1) \$200,000 in each of the two most recent years **or** (2) my joint income together with my spouse is in excess of \$300,000 in each of those years, **and** I reasonably expect to reach the same income level in the current year.

or

_____ **(please initial)** I don’t have net worth of \$1 million or income in excess of \$200,000, but am still interested in participating in MV Future Financing and receiving more information on donor advised funds.

(b) Foundation:

_____ **(please initial)** My foundation has a net worth or assets under management of \$5 million or more.

or

_____ **(please initial)** My foundation does not have a net worth or assets of \$5 million or more, but I am still interested in investing in participating in MV Future Financing and receiving more information on donor advised funds.

I acknowledge that I have been contacted directly and privately about this loan participation opportunity.

By so certifying and acknowledging, I am not committing to participate in the MV Future Financing’s participation loan.

I HEREBY CERTIFY AND ACKNOWLEDGE THE ACCURACY OF THE ABOVE.

(Signature) Address: _____

(Print Name) _____

Date: _____ Phone: _____

After completing and signing this Expression of Interest statement, please deliver via email or post to: christopheranderson@ihtmv.org Christopher Anderson, Island Housing Trust, P.O. Box 779, West Tisbury, MA 02575