

January 2024

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. The Island Housing Trust (IHT) is the leading nonprofit developer serving the six towns on Martha's Vineyard, is developing four year-round affordable rental apartments behind the Aquinnah Town Center on Carl Widdiss Way in partnership with the Town of Aquinnah.

IHT would like to make you aware of an opportunity to participate in a \$650,000 below-market-rate 10-year loan that will be used to finance the four affordable rental apartments on Carl Widdiss Way at 939 State Road in Aquinnah.

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 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 Philippe Jordi, CEO, at pjordi@ihtmv.org and 508-693-1117x 1 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

CARL WIDDISS WAY – Aquinnah Town Center Rental Apartments



Martha's Vineyard Bank - Loan Participation Opportunity
\$750,000 loan to the Island Housing Trust, a Massachusetts not-for-profit corporation (the "Borrower")
secured by 939 State Road, Aquinnah, 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 the Island Housing Trust Corporation (IHT). Except as noted below (Summary) 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.

DEFINED TERMS

Capitalized terms not defined in the text are defined in the Summary.

THE PROPERTY

The loan proceeds will be used to finance the repayment of the development of the Property (defined below), which consists of 4 rental apartments, including 2 one-bedroom apartments each 770 square feet in size and 2 two-bedrooms each 990 square feet in size. The Property is within walking distance to the Aquinnah Town Center including the Town Hall and Vineyard Transit Authority bus line that provides year-round public transportation to all six-island town.

IHT is ground leasing the town owned land and is currently developing the 4 year-round affordable rental apartments. The \$2.43 million project has secured public and private funding and financing including a total of \$675,000 in Town of Aquinnah grants, \$580,000 in State grant and energy rebates, \$423,000 in private donations, and \$650,000 in short-term construction loans. The construction is anticipated to be completed with 100% occupancy in July of 2024.

IHT estimates the annual operating expenses and debt service under the Loan to total \$93,000. IHT intends to cover the annual expenses through \$99,000 in annual revenues from leasing the 4 rental apartments under contract with the Dukes County Regional Housing Authority. IHT structures each of its rental properties to be financially self-sustainable.

THE LOAN PARTICIPATION

Each Loan participant in the Loan will enter into a Loan Participation Agreement evidencing its share of the Loan with the MV Bank, who 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 to the Loan participants annual interest payments and principal payment at maturity, using funds provided by Borrower pursuant to the Loan Documents, which may be sourced from storage rental payments and donations received by IHT.

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 IHT 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 among MV Bank and each Loan participant, and (3) applicable law. Prospective participants must complete their own due diligence before determining to participate and may share the Loan Documents and Participation Agreement with their personal legal and financial advisor, subject to the CONFIDENTIALITY terms above. Loan participants, not MV Bank, are responsible for making the ultimate credit decision through the participant’s own review of information pertaining to the Borrower.

Opportunity:	
Borrower	Island Housing Trust, a Massachusetts not-for-profit corporation (“IHT”).
Property	Carl Widdiss Way at 939 State Road in Aquinnah, Massachusetts, consisting of 4 rental apartments, including 2 one-bedroom apartments each 770 square feet in size and 2 two-bedrooms each 990 square feet in size (the “Property”).
Rentals	Revenues from the 4 rentals will be used to service the Loan and to support the management of the Property under contract with the Dukes County Regional Housing Authority.
Loan	\$650,000
Minimum Loan Participation Amount	\$50,000
Deadline to Participate	June 30, 2024
Funding Deadline	Upon each party (MV Bank and the Loan participant) having executed a Loan Participation Agreement.
Loan:	
Term	10 years
Interest Rate	2.5% per annum.
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 4 rental apartments.
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 assignment of leases and rent.



Martha's Vineyard Future Financing - Frequently Asked Questions

SOCIAL IMPACT INVESTING

What is Social Impact Investing?

Investments made with the intention to achieve social and environmental impact while generating a financial return. Social Impact Investing blurs the dichotomy between traditional investing, with the goal of maximizing financial return, and philanthropic investing, with the goal of producing social benefit.

Who is an Impact Investor?

Impact Investors invest with an intention to address social and environmental challenges through investment of capital to enable solutions to these challenges on a larger scale. They may be individuals, wealth advisors, or institutional investors such as foundations, asset managers or companies. Impact investing creates opportunities for those with investment portfolios to use their assets to influence positive social change in the same way that philanthropists do through donations. Unlike traditional philanthropic donations, impact investments pay interest and return principal. Investors in *Martha's Vineyard Future Financing* must meet certain criteria as set forth on the expression of interest form, which is part of the initial document package.

How do Participants benefit?

Martha's Vineyard Future Financing Participants achieve both a financial and a social return. Under the loan participation agreement, Participants receive annual principal and interest payments based on 2.5% interest and a 30-year amortization schedule, with full repayment of principal at the end of the 10-year term.

Why is Island Housing Trust (IHT) offering Martha's Vineyard (MV) Future Financing?

While IHT has the capacity to build more housing to meet the growing need in our community, we have a shortfall in the capital funding needed to build it. Public funding for affordable housing has been eroding in recent years and we need to replace those monies with low cost capital to scale our development pipeline. We have two programs based on Social Impact Loans:

- IHT has previously launched the *Make It Happen Fund* in which donors provide a line of short term credit for IHT to utilize during project planning and construction;
- IHT has created *MV Future Financing* to bring longer term private capital in the form of loans into our project funding mix so that we can serve more of the needs for year-round affordable housing on Martha's Vineyard.

You can find more information about Social Impact Loans for both *MV Future Financing* and the *Make It Happen Fund* on our website at: <http://www.ihtmv.org/loans/>.

INVESTORS ARE URGED TO CONSULT WITH THEIR FINANCIAL ADVISORS AND TO REVIEW THE LOAN DOCUMENTS CAREFULLY INCLUDING THE RISK FACTORS OUTLINED IN THE LOAN PARTICIPATION AGREEMENT



How does *MV Future Financing* Work? How will the funds be utilized?

MV Future Financing offers a private alternative delivering a public good. Participants purchase a portion of a secured loan (the “Participation”) extended by Martha’s Vineyard Bank (“MV Bank”). IHT will use the proceeds of the loan to replace short-term construction financing. The 4 rental apartments on Carl Widdiss Way in Aquinnah will provide stable and affordable year-round housing for town residents and their families.

TERMS OF THE PARTICIPATION LOAN

What would I be purchasing?

You would be purchasing a Participation in a loan agreement, note and mortgage entered into between MV Bank and Island Housing Trust Corporation (IHT) and the owner of the Carl Widdiss Way rental apartments (the “Property”). The term of the Participation Loan Agreement is 10 years.

What is the source of funds to satisfy the Loan?

IHT under contract with the Dukes County Regional Housing Authority will lease the 4 rental apartments to income qualified tenants and their families. These lease payments will be used to satisfy the payment on the loan.

What are the benefits to IHT of this arrangement versus other financing opportunities?

With this arrangement, IHT does not tie up its capital and borrowing capacity, thereby allowing IHT to develop other projects, and Social Impact Investing is less costly than conventional financing.

What is my security in the Participation? Does IHT have any obligations under the Loan?

The participation is secured by a Mortgage on the Property and an assignment of rental payments and IHT. Rental payments and IHT revenues will be utilized to pay the Mortgage. The Loan and Mortgage are solely the obligations of IHT.

Does IHT have any equity in the Property?

IHT’s has invested \$1.68 million in project equity into the Property. MV Bank will secure an appraisal of the Property before the Loan is finalized.

Do I have any direct rights with respect to the Mortgage?

No. MV Bank will collect all monies due from IHT and will exercise all other rights with respect to the collateral on behalf of the holders of the Participations.



Is the rent sufficient to cover the amounts due under the Loan?

Monthly rental revenues are sufficient to service the Loan and to cover maintenance and operating costs associated with the Property.

RETURN ON INVESTMENT

Can you provide an example of the payments that an Investor would receive annually for a \$50,000 investment?

Based on an investment of \$50,000, the annual payment would be approximately \$2,381. For the first year, this would include interest of \$1,245 and principal of \$1,127.

Are investments or earnings tax deductible or exempt?

Investors should seek their own tax advice but in general, the Participations are private loans, not a donation or a tax-exempt bond purchase, and, therefore, the interest income to individual Investors is taxable. Imputed interest represented by any below-market interest component on the Loan is exempt for individual Investors. Foundations' participations may count towards their required annual minimum distribution.

What are the investment levels?

We are seeking a minimum investment by an Investor of \$50,000. If by June 30, 2024 less than \$650,000 in investments have been committed to the *MV Future Financing*, then you may request a refund of your participation, without interest.

When are payments made and how will they be distributed?

Payments will be made annually at year-end and will be direct deposited into your account with MV Bank.

How long am I committed to participate?

Each Participant is committing funds for 10 years.

Do I have the option to waive interest payments and/or forgive my portion of the Loan at any time?

Yes. Investors will be given an opportunity annually to donate their interest and/or principal payments from their account to the IHT.



May I sell my Participation?

There is no established market for Participations; however you may sell your Participation in its entirety with the consent of MV Bank. The Participation will be an asset of your estate in the event of your death prior to the Maturity Date.

How do I invest?

The deadline for investment in *Martha's Vineyard Future Financing* is June 30, 2024. The Loan Participation Agreement and supporting documentation will be made available to qualified individuals or entities who complete an expression of interest form, which is included in the initial document package.

Who do I contact if I have more questions?

We are happy to speak to you in person should you require additional information about this investment opportunity. Please contact Philippe Jordi, CEO, at pjordi@ihtmv.org and 508-693-1117, ext. 1 for more information.

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 \$650,000 below-market-rate 10-year loan that will be used to finance the repayment of the purchase and development of the property at 939 State Road – Carl Widdiss Way in Aquinnah for year-round affordable rental housing. 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: pjordi@ihtmv.org Philippe Jordi, Island Housing Trust, P.O. Box 779, West Tisbury, MA 02575