

Massachusetts Housing Investment Corporation
Neighborhood Stabilization Loan Fund

The Neighborhood Stabilization Loan Fund (NSLF) was established in 2008 to address foreclosure problems in distressed urban areas located throughout the Commonwealth of Massachusetts. NSLF is managed by the Massachusetts Housing Investment Corporation (MHIC). NSLF is a \$22 million fund that combines \$17 million in private capital with \$5 million in philanthropic and governmental sources. These sources include Massachusetts Housing Partnership, Massachusetts Affordable Housing Trust Fund, The Boston Foundation, The Hyams Foundation, and Living Cities. MHIC will also be managing \$13 million in federal NSP and state HSF subsidies to support projects financed under the loan program.

NSLF has approved 17 non-profit and for-profit developers who will be acquiring and rehabilitating properties in targeted neighborhoods located in the cities of Boston, Worcester, Springfield, Lawrence, Lowell, Chelsea and New Bedford. Collectively, these developers envision acquiring and rehabbing over 300 units in the first 12-18 months of the program. Additional borrowers may be approved subject to availability of funding.

NSLF is also providing receivership program loans in Worcester and Springfield. These programs, managed by local non-profits, will support stabilization efforts in the above communities by providing small rehab loans to court-appointed receivers of occupied distressed properties.

Financing Products: The NSLF provides four financing products: 1) acquisition/construction loans to redevelop foreclosed residential properties; 2) a line of credit to be used for deposits and pre-development costs; 3) federal NSP or state HSF subsidies of up to \$60,000 per unit; and 4) receivership program loans, provided to non-profit receivership program administrators.

Neighborhood Plans: Projects financed under this program must be part of a municipally-supported strategic neighborhood redevelopment plan.

Property Types: Foreclosed and/or abandoned properties located in targeted neighborhoods. Properties are typically 2- or 3-family homes.

Affordability: Properties must meet the affordability requirements of either the NSP or HSF programs. For developers utilizing NSP funds, 25% of the units must be affordable to households with incomes up to 50% AMI, other units may be occupied by households up to 120% AMI. Typically, properties must remain affordable for 15 years.

Applications:	Applications involve a two-step process: 1) borrowers are approved for a lending line based on their financial and organizational capacity, the quality of their neighborhood plan, and their implementation plan; after which 2) individual properties receive financing commitments based on applications that demonstrate their feasibility and the availability of take-out financing.
Term of Loans:	Lending lines are approved for a three year period. Individual acquisition/construction loans will generally carry a term of up to 12 months; line of credit advances, up to 3 months (repaid at property closing).
Loan-to-Value:	The loan for an individual property shall not exceed 100% of the committed take out financing.
Interest Rate:	Interest rates will be set monthly based on either the 30-day Libor rate or 1 year CD rates, with a floor of 6.00% for acquisition construction loans and 7.00% for line of credit advances.
Fees:	None
Recourse:	NSLF contains both full and limited recourse provisions.
Security:	Loans will be secured by a first mortgage on each acquired property, a first lien by assignment of all leases, rents, contracts, and profits, and a first security interest in all personal property, equipment, and fixtures used in connection with the property.