



Massachusetts
**Housing
Investment**
Corporation

ANNUAL REPORT
2006

MISSION STATEMENT

Our mission at MHIC is to be an innovative private financier of affordable housing and community development throughout Massachusetts, providing financing that would not otherwise be available, and extending the impact of that financing to ensure the broadest possible benefit.

In undertaking this mission, MHIC is founded on six core values:

- Private capital from a broad base of investors can prudently finance community development initiatives on an ongoing basis as self-sustaining ventures.
- The benefits of expanding community investment should flow to the minority workers and the minority-owned businesses in those communities.
- Special effort is required to harness private capital for geographic areas, sponsors and projects that have historically been unable to compete effectively for financing.
- The sponsors of community development projects deserve ongoing support in their efforts to build and maintain sustainable communities.
- The system of financing community development, which is overly fragmented and cumbersome, must be streamlined and improved.
- The communities we serve must see MHIC in a leadership position in advancing these values and not as merely another player.

As an institution established by private corporations in collaboration with community leaders, MHIC's mission depends on a partnership among corporate investors, housing sponsors, and public agencies. Through it all, MHIC is committed to maintaining its industry leadership, on the cutting edge, expanding the envelope, inspiring confidence in what can be done. This role places demands on MHIC, but it also forms the very foundation for the value MHIC creates.





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LETTER FROM THE CHAIRMAN AND PRESIDENT



In 2006 MHIC achieved two significant milestones. First, we surpassed the \$1 billion mark in total financing. This number represents the creation or preservation of nearly 12,000 housing units throughout the state. We now have nearly \$600 million in real estate assets under management in our funds, and we continue to grow as a leading financier of affordable housing and community development in Massachusetts.

Second, we are one of only two organizations in the United States to have been awarded four allocations of New Markets Tax Credits, bringing our total to \$259 million. The New Markets Tax Credit program has allowed us to expand the types of projects we finance to include a local specialty foods producer, a nonprofit provider of meals to home-bound individuals who are ill, a healthcare provider for the homeless and several other high community-impact projects you will see in these pages. We also expanded our geographic reach into new communities including Foxborough, Bedford, Attleboro, Great Barrington, Dracut, and Westford.

By investing in commercial projects, educational centers and in service providers in communities where we have already financed affordable housing, we are leveraging our investments to achieve the broadest possible public benefit. Our projects in the heart of Roxbury's Egleston Square—Egleston Crossing, a mixed-use redevelopment project in 2005, and the conversion of the MBTA's Egleston Power Station into the new home of Boston Neighborhood Network in 2006—are just two examples of how MHIC works to expand and enhance the impact of its financing.

As we move into our seventeenth year, we are well positioned to continue to expand and diversify our capital base and develop new financial products and strategies to serve the specific needs of our customers and to provide market-rate returns to our investors. The most important part of our success remains our experienced and dedicated staff, the support of our investors, and the commitment and creativity of the sponsors—both for-profit and nonprofit—who continue to bring us exciting projects that address the many needs of low-income communities and persons.

Guillaem Aertsen
Chairman

Joseph L. Flatley
President and CEO

The biggest news for 2006 was MHIC's ability to compete for and secure a fourth allocation of New Markets Tax Credits (NMTC). MHIC is one of only two entities in the country to receive an allocation in each of the four NMTC national competitions. This \$90 million award in credits set the stage for our third New Markets fund, and a busy year of closing important community development projects around the state.

Overall, MHIC provided a total of \$91.9 million in project financing in 2006: \$63.5 million was in New Markets Tax Credit investment, \$20.9 million was in Low Income Housing Tax Credit (LIHTC) investment, and \$7.4 million in loan financing. Our investments supported 248 units of affordable housing and more than 280,000 square feet of commercial space for a variety of health facilities, non-profit program space, and commercial business expansion.

For the second year in a row, our New Markets investment was the major focus of our financing activity. The continued growth of our New Markets program has not only brought major community development projects to fruition, but has enabled us to broaden the partnerships we have with public and private lenders, creating opportunities for innovative projects that might otherwise never happen.

The New Markets program has clearly been an area where we are adding the most significant value—providing capital to projects that wouldn't otherwise be financed. Over the last year, that has been less the case with Low Income Housing Tax Credit investment and lending, where capital has been broadly available from other sources.

Through 2006, MHIC has provided over \$1 billion in financing to 286 projects across the state. This financing has assisted in the creation of more than 11,700 units of housing and more than 600,000 square feet of commercial space. Total investment by program is: \$388 million in loans, \$448 million in Low Income Housing Tax Credit investment, and \$165 million in New Markets investment.



Brunswick-Holborn Apartments, Dorchester



Project Place Gatehouse, Boston

New Markets Tax Credits

- MHIC received a \$90 million allocation of New Markets Tax Credit authority in May of 2006, bringing our total allocation from the first four rounds of awards from the U.S. Treasury Department to \$259 million.
- Combining this fourth round award with the remaining tax credit authority from our third round allocation enabled us to create our third New Markets Tax Credit fund in the amount of \$121.7 million.
- A total of eight New Markets investments closed in 2006: four in NMTC Fund II and four in NMTC Fund III, bringing total NMTC closings in all three funds to twenty.
- MHIC's leveraged fund structure—combining financing from equity investors, from public and private lenders and from philanthropic sources—has become a proven, and imitated, structure for maximizing the value of the New Markets credit. In particular, the willingness of public and private lenders to embrace this structure has been a key component of our ability to pull together the resources necessary to undertake these high-impact projects.



One Lenox, Roxbury

Low Income Housing Tax Credits

- Prices paid for Low Income Housing Tax Credits continued their upward trajectory in 2006. A key component of MHIC's mission has always been to support projects that would not otherwise happen. On that basis, we focused on closing investments in service-enhanced housing or housing that contributes to on-going neighborhood revitalization programs.
- In Lawrence, Lazarus House Ministries expanded its housing and services for families wanting to move out of poverty.
- In Chelsea, Toward Independent Living and Learning, Inc. expanded its housing and skill development services for disabled adults.
- On Dudley Street in Boston, Dorchester Bay Economic Development Corporation is bringing affordable housing in a mixed-use development to a long-blighted site.

Lending

- MHIC's loan fund, MHIC LLC, had earnings of \$1,421,591 for the year, slightly below target because of a \$236,000 addition to our loan loss reserve. While the LLC has never suffered a loss, the addition to reserves was a prudent response to a softening in home and condominium sales.
- With competition for construction loans for affordable housing continuing to be strong among banks in the state, MHIC continued to focus on loans to non-traditional types of sponsors and projects. One of the most interesting of these is our participation in a \$1.5 million predevelopment loan to the Jackson Square Partners, a coordinated effort with the Massachusetts Housing Partnership, Community Economic Development Assistance Corporation, The Life Initiative, and Boston Community Capital.

- We extended lines of credit totaling approximately \$2 million to four community development corporations, providing them the ability to respond quickly to market opportunities in order to acquire at-risk housing and strategic sites.

Asset Management

- Managing our portfolio of 12 LIHTC funds is a challenging piece of our business, particularly for projects outside of Greater Boston, where rent increases are hard-pressed to keep pace with increases in expenses, especially in utilities, insurance, and real estate taxes. However, 11 of MHIC's 12 LIHTC funds are delivering projected benefits to our investors. One of our LIHTC funds is running slightly below its original target return as a result of the steep run-up in pricing in 2005 as we began to close investments in that Fund. MHIC has not experienced a foreclosure in any of its funds.
- Our first two New Markets Tax Credit funds continue to meet their target returns. Our third NMTC fund, with about half of the specified investments closed, exceeds the projected return.
- As our earliest LIHTC funds begin to near the end of the 15-year compliance period, our Asset Management group has begun to assist project sponsors in preparing disposition plans that meet their objectives as well as the objectives of our investors.

Minority Participation

- One of MHIC's core objectives is that minority-owned businesses, minority employees and minority communities should participate in the economic benefits generated by the projects we finance.
- For 2006, Boston-area projects achieved results of 46% for minority employment and 22% for minority business utilization. Minority business utilization is a particular challenge, and in that area we saw significant improvement compared with 2005.

Charles E. Dahm Memorial Scholarship Fund

- In August 2006 MHIC selected four students to receive scholarships from the Charles E. Dahm Memorial Scholarship Fund. Created in 2002 in memory of long-time Board member Chuck Dahm, the Fund has now awarded 27 scholarships. The Fund was created in collaboration with the Dahm family to provide scholarships to students living in MHIC-financed housing.



Bliss School Apartments, Attleboro



Brewery Main Block, Jamaica Plain

Marbury Terrace

Jamaica Plain



Community Servings, Inc. (CSI) is a nonprofit corporation that distributes free home-delivered meals to over 635 individuals homebound with HIV/AIDS, Lou Gehrig's disease, lupus, cancer and other acute, life-threatening illnesses in Boston and 14 surrounding low-income communities.

Community Servings is reconfiguring the building as a state-of-the-art food service operation with classrooms for volunteer training and coursework on nutrition. The new



MHIC Chief Investment Officer Andrea Daskalakis and David Waters, Executive Director of Community Servings, recently toured the construction site of the new building, due to be completed in July 2007.

facility will allow CSI to extend its service area to include Lowell and Lawrence, double its meal preparation and delivery capacity, and expand its operations to include the preparation and sale of meals on a wholesale basis to other 'meals on wheels' programs. MHIC provided \$4.8 million in New Markets Tax Credit financing, and Wainwright Bank and Boston Community Loan Fund provided a permanent loan for the project.



Baker Street Foxborough

The Foxborough Housing Authority (FHA) used \$2,340,000 in MHIC construction financing to develop 20 units of affordable housing on two parcels previously owned by the Commonwealth of Massachusetts as part of the Foxborough State Hospital. The FHA used the state's Chapter 40B Comprehensive Permit process to fast track the approval and development process. In addition to renovating a single family house as a two-family house, the FHA constructed 18 new modular units, each with a private entrance and rear patio. There are 14 two-bedroom units and 6 three-bedroom units.



Fenway Community Health Center Boston

The Fenway Community Health Center (FCHC) serves the diverse health needs of the Fenway neighborhood, and is a pioneering provider of physical and mental health care to lesbian, gay, bisexual and transgender individuals, and one of the largest community-based providers of HIV medical care in New England. FCHC also operates the nation's first community-based HIV research program, and has been conducting long-term epidemiological research since 1985. This new facility, being developed within the campus of a larger mixed-use development, will enable FCHC to expand and modernize its operations. MHIC is working with MassDevelopment to leverage tax exempt bonds issued by the Boston Industrial Development Finance Agency, with MHIC allocating \$9.5 million in New Markets Tax Credit financing for the project.

Project Hope

Dorchester



Project Hope is a nonprofit organization that grew out of the work of the Little Sisters of the Assumption beginning in Dudley Square in 1947. Now, with a New Markets Tax Credit investment of \$5.4 million, Project Hope has opened a mixed-use facility that is a model for providing neighborhood-based services for homeless and formerly homeless women and parents. The nonprofit provides job training, housing, counseling and other services to foster self-sufficiency and to enable low and very low income people to obtain and hold livable wage jobs. Project Hope raised \$3 million from foundations for their new home and the City of Boston provided the land.



Paul Chan, MHIC Director of Development, and Sister Margaret Leonard, Project Hope Executive Director, are shown here giving a tour of Project Hope's New Home to Charlotte Golar Richie, Chief of Housing and Director of the City of Boston's Department of Neighborhood Development.







Bedford Veterans SRO

Bedford

Caritas Communities is the largest owner of single room occupancy lodging houses in Boston and eight suburban communities. Using a \$750,000 construction loan from MHIC, Caritas is rehabilitating two floors in Building 5 at the Edith Nourse Rogers Memorial Veterans Hospital to create 60 SRO units affordable to a very low income population. The units provide permanent housing and support services to homeless and disabled veterans. The project is made possible by a ground lease with the Department of Veterans Affairs to ensure long-term affordability for eligible veterans.



Dudley Village North

Dorchester

Dorchester Bay Economic Development Corporation (DBEDC) began the development process for this project in 2002, and is now contributing 24 new affordable housing units and attractive retail space to the revitalization of Dudley Street. This project accomplishes the long-held objective of area neighbors to eliminate the Fundonzinho Lounge on this site and the criminal activity and violence associated with it. An MHIC acquisition loan enabled DBEDC to purchase the property, close the lounge, and begin the process to create these two buildings. MHIC is providing \$1.6 million in NMTC financing, with Citizens Bank as the senior lender and the City of Boston Department of Neighborhood Development as the subordinate lender to create the retail space, and a Low Income Housing Tax Credit investment of \$4 million to fund the development of the housing.



Egleston Power Station

Roxbury

The MBTA closed its Egleston Power Substation in the heart of Egleston Square 30 years ago. Until now it has remained Egleston Square's most prominent vacant building. Now, with development assistance from Urban Edge, Boston Neighborhood Network (BNN), Boston's community access cable provider, is restoring and reusing the building as the home of its media center. By consolidating its operations in one location with proper technical facilities and spaces designed for television production, BNN will be able to expand its production capacity, produce more content for its channels, diversify its revenue base, and increase its public presence and youth programs. MHIC provided \$6.9 million in New Markets tax credit and historic tax credit financing with the help of permanent and bridge loans totaling \$2,194,000 from the Property and Casualty Initiative and \$1 million in grants from the City of Boston.



Jackson Square Partners

Jamaica Plain

Straddling the border of Roxbury and Jamaica Plain, Jackson Square has been the focus of a comprehensive community planning process to create a new neighborhood center in Boston. This effort has been led by Urban Edge Development Corporation and Jamaica Plain Neighborhood Development Corporation, longtime leaders engaged in revitalization through community empowerment, economic development and affordable housing creation. They are joined by Mitchell Properties LLC, a private development firm based in Boston, specializing in residential and commercial real estate development in low-income communities. The Jackson Square plan includes 800,000 square feet of space for residential, commercial, and community uses, with more than 400 rental and homeownership units (more than half of which will be affordable to low and moderate income households), a youth and family center, and an indoor sports facility with a skating rink. MHIC is a participant in a \$1.5 million predevelopment loan to all three partners with the Massachusetts Housing Partnership, the Community Economic Development Assistance Corporation, The Life Initiative, and Boston Community Capital.

Colonial Theatre

Pittsfield



The restored Colonial Theatre is an architectural treasure with extraordinary acoustics, garnering rave reviews from the local community, audiences, critics and performers. Located in the heart of culturally-rich Berkshire County, the theater is the centerpiece of the revitalization of Pittsfield. The project, which opened its doors in the summer of 2006, came about as a result of the City's dedication, leadership and financial support, the strong financial backing of the local business and philanthropic community, and an infusion of state resources. MHIC provided a \$23.8 million New Markets Tax Credit investment for the project.



David Fleming, Executive Director, Colonial Theatre; Deanna Ruffer, Director of Community Development, City of Pittsfield; and Deborah Favreau, Senior Investment Officer, MHIC.



Michael Daly, President and CEO, Berkshire Bank; James Ruberto, Mayor of Pittsfield; Michael MacDonald, Vice President and Co-Chair, Building Committee, Board of Directors, Colonial Theatre; and Peter Lafayette, Foundation Executive Director, Berkshire Bank.





Boston Health Care for the Homeless Boston

Boston Health Care for the Homeless Program (BHCHP), a national leader in providing health care services to the homeless community, is rehabilitating the Mallory Building within the Boston Medical Center campus to consolidate its clinical services, inpatient respite care, and research and administrative functions under one roof. BHCHP will use this new facility to double the number of outpatient exam rooms, enable 500 additional respite admissions each year, and establish a centrally located hub for its decentralized service model. MHIC is providing \$20.9 million in New Markets and historic tax credit financing. Wainwright Bank and TD Banknorth provided the senior debt for the project.



Sanctuary Lane Hopkinton

This project, for which MHIC provided \$8.5 million in construction financing, consists of 40 homeownership units, located on 22 acres of land. The condominiums are restricted to senior families and 25% affordability. It was developed by Weston Community Housing under a Local Initiative Program and the Chapter 40B Comprehensive Permit Law.



Walnut House

Boston

Walnut House is a 34-unit housing community for mentally disabled adults. It is part of the redevelopment of the Elizabeth Carlton Home for Aged Couples campus near Egleston Square, sponsored by Forward, Inc. Walnut House is managed, along with Carleton House and Spencer House, by Rogerson Communities. Services are provided by Bay Cove Human Services, Inc. and funded by the Department of Mental Health, the City of Boston and the Department of Housing and Community Development. MHIC provided \$1,046,000 in historic tax credit equity financing.



TILL Building

Chelsea

Toward Independent Living and Learning, Inc. (TILL) is a private not-for-profit human service agency established in 1980, serving some 1,000 individuals with physical, developmental, and emotional disabilities in its housing and service programs. TILL has owned this property since 1998, operating an adult day-habilitation program for developmentally disabled adults on the first floor. TILL is rehabilitating the building to put 2 one-bedroom, 19 two-bedroom and 2 three-bedroom units on the first, second and third floors, and will continue to operate the adult day-habilitation program on the first floor and basement levels. All 23 units will be reserved for tax credit eligible households. MHIC provided \$4.7 million in Low Income Housing Tax Credit equity financing.

Trolley Square

Cambridge



Homeowner's Rehab, Inc. championed this award-winning Transit Oriented Development of 40 units of low-income rental and mixed-income condominium housing and commercial and community space that features environmentally-friendly design and smart growth principles. The project benefited from the substantial participation of the City in the financing of the project, and in creating an underground parking garage and a park adjacent to the Linear Park Bike Path that runs from Somerville to Bedford. This greenway links residents to mass transit and bus lines and nearby neighborhood services and amenities.

MHIC provided \$4.4 million in low income housing tax credit financing for this project. Trolley Square has been recognized nationally with an Enterprise Green Communities Award.



MHIC Chief Investment Officer Andrea Daskalakis and Peter Daley, Executive Director of Homeowners Rehab, Inc., are enjoying the out-of-doors while discussing the project.



Keet & Tamarack Apartments Amherst

MHIC is providing a \$330,000 construction loan to the Amherst Housing Authority (AHA) for the rehabilitation of Keet House, a fully-occupied, four-unit, two-story apartment building, and the new construction of two modular duplex buildings on two unimproved lots on Tamarack Drive. Amherst is a community marked by a shortage of affordable multi-family housing units, where low income households must compete for units with the growing student population. Keet House was an expiring use property that was acquired by AHA in 2003 to preserve affordability. Tamarack Drive is a neighborhood of one and two-family homes. The units are being developed under the Commonwealth's Modular Infill Pilot Program, designed to encourage local housing authorities to build new affordable housing that is not public housing.



Chinatown Community Education Center Boston

The Asian American Civic Association (AACA) and Kwong Kow Chinese School (KKCS) teamed up to develop a new community education/training center for both organizations at 87 Tyler Street in Chinatown. This new facility will enable AACA to expand employment training and social services to the Greater Boston Asian American community, and KKCS expects to double the number of predominantly low-income children served in its after school, weekend and summer educational and cultural programs. MHIC provided \$11,995,240 in New Markets Tax Credit financing for this development.

Atlantic Works

East Boston



One of the oldest CDCs in the country, East Boston CDC, added another important community facility with the completion of the renovation of the Atlantic Works building. The day care facility, important for the newly-upgraded Maverick HOPE VI development nearby, includes classrooms, indoor and outdoor play areas and related support space. Artists' work spaces occupy the upper floors, and a sculpture garden and gallery are located on the first floor. The project received \$3.4 million in New Markets Tax Credit financing, and significant support from the City of Boston.

Derek Cavanaugh, MHIC Senior Investment Officer (right) and Al Caldarelli, Executive Director of East Boston Community Development Corporation, are pictured here with painter/photographer Ejay Kahn, enjoying a tour of Kahn Studios, a gallery of visual and literary art, located on the first floor of Atlantic Works.





Lazarus Hope Lawrence

Lazarus House Ministries is a non-denominational faith-based organization that has opened avenues out of poverty for 23 years. This new building provides 20 one and two-bedroom rental units for very low-income households. The sponsor will use new program space in the building to provide services to residents as well as to nearby neighbors, including free medical and dental clinics, food programs, and job training and skills development. Almost 90% of Lazarus House program participants attain permanent employment. MHIC is providing \$2,850,915 in Low Income Housing Tax Credit equity for the project.



Nuestra Casa—Our House Lawrence

Lawrence CommunityWorks (LCW) is enhancing its successful and highly-regarded community education programs with this adaptive reuse and historic renovation of a former parish school building into a state-of-the-art educational and community facility. This facility will house the Young Professionals program, which focuses on improving the educational opportunities of its disadvantaged youth population, the Family Asset Building program, which focuses on building wealth for low-income families, and other adult education and family support programs. MHIC provided a \$5.5 million financing package that combined New Markets Tax Credit and federal historic tax credit financing.

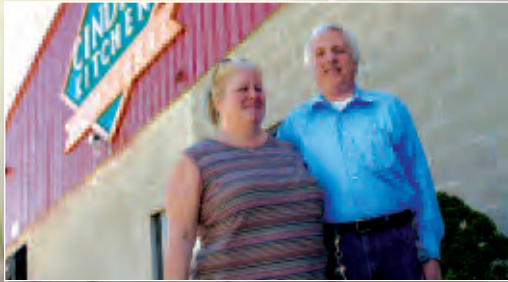
Natural Kitchens

Brockton



Deborah Favreau, Senior Investment Officer, MHIC; Ed and Cindy Byers, Owners, Natural Kitchens and Custom Blends; Susan Schlesinger, Vice President, The Life Initiative.

Ed and Cindy Byers, Brockton natives, started Custom Blends in 1996 to produce nutritional, high-quality salad dressings, dips, and sauces sold under the brand name "Cindy's Kitchen" in stores such as Whole Foods, Hannaford's, Wild Oats, Roche Brothers, and COSTCO. The Byers have demonstrated a strong commitment to the employment of the local population, particularly those with few skills, formerly homeless, and individuals with disabilities. The company turned to MHIC's New Markets program to finance the acquisition and renovation of a new building to triple its production space and allow for a gradual doubling of the workforce. With the help of a \$1,440,000 permanent loan from the Life Initiative, MHIC was able to provide a \$2,100,023 New Markets Tax Credit financing package.



PROJECTS FINANCED IN 2006

Project	Units	Loan	Housing Credits	NMTC	Total
Baker Street, Foxborough	20	\$2,340,000			\$2,340,000
Bedford Veterans SRO, Bedford	60	750,000			750,000
Boston Neighborhood Network, Boston		515,000			515,000
Boston Health Care for the Homeless, Boston				\$20,948,716	20,948,716
Chinatown Community Education Center, Boston				11,995,240	11,995,240
Dorchester Bay EDC, Line of Credit, Boston		350,000			350,000
Dudley Village North, Dorchester	24		\$4,038,767	1,653,067	5,691,834
Egleston Crossing, Roxbury			580,000		580,000
Egleston Power Station, Roxbury				6,990,232	6,990,232
Fenway Community Health Center, Boston				9,500,000	9,500,000
HAP, Inc., Line of Credit, Springfield		500,000			500,000
Jackson Square Partners, Jamaica Plain		1,500,000			1,500,000
Keet & Tamarack Apartments, Amherst	8	330,000			330,000
Lazarus Hope, Lawrence	20		2,850,915		2,850,915
Long Glen, Allston	59		7,718,628		7,718,628
Madison Park CDC Line of Credit, Boston		250,000			250,000
Marbury Terrace, Boston				4,809,965	4,809,965
Natural Kitchens, Brockton				2,100,023	2,100,023
Nuestra Casa—Our House, Lawrence				5,520,746	5,520,746
Nuestra Comunidad, Line of Credit, Boston		850,000			850,000
One Lenox, Roxbury		50,000			50,000
The TILL Building, Chelsea	23		4,669,240		4,669,240
Walnut House, Boston	34		\$1,046,080		1,046,080
Totals	248	\$7,435,000	\$20,903,630	\$63,517,989	\$91,856,619

MHIC's 26 member corporations have collectively committed more than \$598 million to finance the development of affordable housing and community development. The status of these commitments as of December 31, 2006 is displayed in the table below.

MEMBER CORPORATION	LOAN	HOUSING TAX CREDITS	NEW MARKETS	TOTAL
Bank of America	\$20,750,000	\$164,079,260		\$184,829,260
State Street Bank & Trust Company	4,600,000	75,134,400	11,000,000	90,734,400
Freddie Mac		89,730,000		89,730,000
Fannie Mae		61,255,600		61,255,600
Citizens Bank	4,000,000	30,715,600	9,000,000	43,715,600
TD Banknorth	1,750,000	25,980,000	11,000,000	38,730,000
Mellon Financial Corporation		15,535,600		15,535,600
AEGON USA			24,000,000	24,000,000
Eastern Bank	750,000	13,720,000	3,000,000	17,470,000
Berkshire Bank			8,000,000	8,000,000
PNC Bank	1,500,000	6,358,900		7,858,900
Boston Private Bank & Trust Company	300,000	3,150,000	1,500,000	4,950,000
Sovereign Bank	1,000,000	2,440,000		3,440,000
PeoplesBank		1,420,000	1,000,000	2,420,000
The Bank of Western Massachusetts		1,010,000		1,010,000
Flagship Bank & Trust Company		1,010,000		1,010,000
First Trade Union Bank	1,000,000			1,000,000
Fall River Five Cents Savings Bank		568,000		568,000
The Life Initiative	500,000			500,000
Hyde Park Savings Bank	350,000	-		350,000
Danversbank	300,000			300,000
Capital Crossing Bank	250,000			250,000
Investors Bank & Trust	250,000			250,000
Stoneham Savings Bank	250,000			250,000
Wainwright Bank	200,000			200,000
OneUnited Bank	150,000			150,000
Total	\$37,900,000	\$492,107,360	\$68,500,000	\$598,507,360

Balance Sheets

	December 31, 2006	December 31, 2005
Assets		
Cash	\$2,939,653	\$1,216,874
Notes receivable	8,389,522	22,158,434
Amounts receivable and other assets	7,747,353	5,630,503
Total assets	\$19,076,528	\$29,005,811
Liabilities and net assets		
Unearned fees	\$11,516,002	\$17,157,390
Notes payable and other liabilities	2,505,858	7,036,310
Net assets	5,054,668	4,812,111
Total liabilities and net assets	\$19,076,528	\$29,005,811

Statements of Activities

Revenues		
Loan program revenue	\$1,389,042	\$1,765,015
Equity program revenue	2,895,461	2,575,025
New markets program revenue	2,185,736	2,805,886
Total revenue	6,470,239	7,145,926
Expenditures		
Salaries and benefits	4,586,281	4,123,324
Professional services	377,418	612,079
Other expenditures	1,263,983	1,571,390
Total expenditures	6,227,682	6,306,793
Change in net assets	242,557	839,133
Net assets at beginning of year	4,812,111	3,972,978
Net assets at end of year	\$5,054,668	\$4,812,111

These are unaudited financial statements. Certain amounts in this presentation have been recharacterized for presentation purposes. Audited financial statements are available on MHIC's web site: www.mhic.com.

Assets Under Management

as of December 31, 2006

By Fund	LIHTC	New Markets	Loans	Total
LLC			\$37,537,755	\$37,537,755
MHEF 1993-1994 LP	\$22,098,129			22,098,129
MHEF 1995 LP	24,018,462			24,018,462
MHEF 1996 LP	30,087,904			30,087,904
MHEF 1997 LP	32,283,864			32,283,864
MHEF 1998 LP	36,439,586			36,439,586
MHEF 1999 LP	30,631,853			30,631,853
MHEF 2000 LLC	41,905,662			41,905,662
MHEF 2001 LLC	42,923,503			42,923,503
MHEF 2002 LLC	42,352,464			42,352,464
MHEF X LLC	37,094,791			37,094,791
MHEF XI	23,893,753			23,893,753
MHEF XII	22,995,268			22,995,268
MHIC			151,519	151,519
MHIC New Markets Fund I		26,030,011		26,030,011
MHIC New Markets Fund II		99,199,588		99,199,588
MHIC New Markets Fund III		39,092,015		39,092,015
Total	\$386,725,239	\$164,321,614	\$37,689,274	\$588,736,127
By Location				
Not Applicable			\$777,445	\$777,445
Greater Boston	\$225,264,286	\$98,295,112	6,789,998	330,349,396
North	37,096,467	5,520,746	18,035,327	60,652,540
South	29,422,775	12,589,016	6,564,232	48,576,023
West	94,941,711	47,916,740	5,522,271	148,380,722
Total	\$386,725,239	\$164,321,614	\$37,689,274	\$588,736,127
By Development Type				
Assisted Living	\$20,359,834		\$1,687,525	\$22,047,359
Commercial (including Non-Profit)	14,725,904	\$143,718,575	1,557,629	160,002,108
Cooperative Housing	4,387,689			4,387,689
Not Applicable			814,425	814,425
Ownership Housing			17,286,905	17,286,905
Rental Housing	314,836,182	20,603,039	16,292,790	351,732,011
Rental, Senior Housing	15,302,823			15,302,823
Rental, Single Room Occupancy	17,112,807		50,000	17,162,807
Total	\$386,725,239	\$164,321,614	\$37,689,274	\$588,736,127

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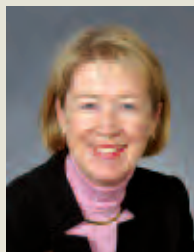
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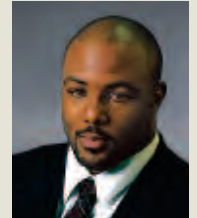
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