

**MINUTES OF MEETING
OF THE TRUSTEES OF THE
AFFORDABLE HOUSING TRUST**

A meeting of the Trustees of the Affordable Housing Trust Fund of Rhode Island Housing and Mortgage Finance Corporation was scheduled for Thursday, December 16, 2004 at 9:00 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Trustees in attendance were Anthony J. Marouchoc, Richard H. Godfrey Jr., and Thomas Hogg.

Michael V. Milito, deputy assistant director of law and human resources was also in attendance.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Trustees was posted in the Offices of Rhode Island Housing, and at the second floor bulletin board in the State House.

The Trustees convened the meeting at approximately 11:11 a.m.

Approval of Minutes of the Affordable Housing Trust Fund Meeting Held August 19, 2004

Upon a motion made by Anthony Marouchoc and seconded by Thomas Hogg the following was approved:

VOTED: That the Minutes of the Affordable Housing Trust Fund Meeting held August 19, 2004 be, and hereby are, approved.

Approval of Real Estate Investment Proposal

Mr. Godfrey gave an overview of this request.

Over the past several years, the Affordability Housing Trust (the "Trust") has generally participated in preservation related transactions by extending second mortgage financing. Through fees and other contributions, the Trust has built up its financial resources and is now in a position to become more broadly involved in the preservation and creation of affordable housing stock. At the same time, Rhode Island Housing & Mortgage Finance Corporation (the "Corporation") operates a land bank program that holds properties that have been identified by non-profit community development agencies as suitable for development or refurbishment into permanent affordable housing. Participation in this land bank program would give the Trust an additional opportunity to extend its programmatic objectives.

As the price of real estate has increased, the land bank program in the Corporation has grown significantly. The Corporation holds properties for community development agencies pending arrangement of building approvals and financing. For this, the Corporation is reimbursed any out-of-pocket holding costs and receives an imputed financing fee of 5% to 6% per annum. Of course, the Corporation has other investment and loan alternatives within its substantial range of activities.

Over the last few years, the Trust has been active as a lender in the area of multifamily preservation financing. As a consequence, and partly as a result of the increase in real estate prices, it has received a significant amount of preservation related revenues, which have been invested in its securities portfolio.

Allowing the Trust to acquire the land bank portfolio from the Corporation would diversify the Trust's asset composition, broaden its preservation activities, and increase the yield on its investments. The Corporation would use the proceeds to replenish its operating funds for other loan and investment activities available to it.

Staff recommends that the Trust acquire the existing land bank portfolio with all its attendant rights and obligations from the Corporation. The transaction will be without recourse to the Corporation and the Corporation will service the portfolio for the Trust at no cost.

Upon a motion made Mr. Marouchoc by and seconded by Mr. Hogg the following resolution was adopted:

Resolution of Affordable Housing Trust Fund

Whereas, the Corporation is active in many affordable housing programs including a land bank program which assists non-profit community development corporations in the preservation of otherwise at-risk real estate parcels throughout the State, and

Whereas, the purpose of the Affordable Housing Trust is to assist in the preservation of affordable housing throughout the State, and

Whereas, the Trust has increased its investment portfolio over the last few years through its preservation refinancing activities, and

Whereas, participation in the land bank program would broaden the Trust's investment focus and provide additional financial resources in furtherance of its charter.

Now, therefore, it is hereby

Resolved: That the Trust is authorized to participate in land bank activities administered by Rhode Island Housing & Mortgage Finance Corporation, and to acquire the Corporation's interests in the existing land bank portfolio, and to increase its investment in such portfolio from time to time in an amount not to exceed \$15 million in outstanding investments, and further

Resolved: That any of the Trustees of the Trust are authorized to execute any documents necessary to effect the transaction as described above.

There being no further business, a motion to adjourn the meeting at 11:15 a.m. was made by Mr. Hogg and seconded by Mr. Marouchoc.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director