Dear Partner in Hope,

As the affordable housing crisis continues, and in many places worsens, we at Mercy Loan Fund (MLF) are working with renewed energy to make American communities more equitable, by lending to socially responsible affordable housing developers and others committed to creating essential infrastructure projects.

2015 was an exceptionally active year in pursuit of this goal. In partnership with like-minded organizations who share a vision of a society in which every person has the ability to live up to their full potential, our remarkable eight-person team closed 17 transactions in the amount of $17.3 million, leveraging nearly $200 million in total development costs. In doing so, we helped preserve or create 1,626 affordable homes, bringing our historical total to nearly 30,000 homes.

These homes are located in diverse places: in partnership with ROC USA, we financed a resident-owned community in Elmwood, Wash. Working with Heartland Housing, Inc., we were able to preserve more than 100 affordable homes at Leland Apartments, located in the Uptown neighborhood of Chicago, IL. And together with the Low Income Investment Fund, we provided $1 million of predevelopment funding to Abode Communities, a nonprofit developer working in Wilmington, CA. These loans are just a few of many we made nationwide in our effort to revitalize communities.

We ended the year with $46 million in loans outstanding, exceeding our goal by $6 million and setting a new MLF record for portfolio size. We had a 99 percent renewal rate on our investments, and raised $5.7 million in new or increased capital. And for the first time, we obtained $10 million in flexible capital from the following partners: the Federal Home Loan Bank of Topeka, Deutsche Bank, and Capital One. This flexible capital transformed our approach to cash management and helped us grow our portfolio, improve our liquidity and profitability, and expand our impact.

In my first year as MLF President, I have found myself repeatedly humbled by the scope of work that remains to be done, and invigorated by those that help us do it: our partners, our affiliates, and the communities we serve. I also want to extend a special thanks to the MLF team; I feel honored to work with such a dedicated, hardworking group of people.

As issues of inequality continue to dominate national conversations, I remain positive that we can come together and take steps toward fixing society’s most seemingly intransigent problems.

I echo the words of one of Mercy Housing’s founders, Patricia O’Roark, when I say, “We can do better.”

Jason Battista
President
Mercy Loan Fund
For three decades, Mercy Loan Fund, a certified Community Development Financial Institution (CDFI), has provided capital to socially responsible developers in support of affordable housing and essential community projects.

**MLF BOARD**

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Affordable Advisors LLC

**HIGHLIGHTS**

Closed 17 loans totaling $17.3 million, leveraging nearly $200 million in total development costs.

$5.7 million raised in new or increased capital.

Financing helped to provide over 1,600 homes for 3,200 low-income residents, resulting in a total annual household savings of $5,759,000.

Maintained our very strong “AA2” rating from Aeris, a third-party rating agency.

Mercy Loan Fund was the first CDFI loan fund to become a member of the Federal Home Loan Bank of Topeka.
By the Numbers

RESIDENTS SERVED ever to date
- Families 75%
- Seniors 4%
- Farmworkers 2%
- Special Needs 1%
- Formerly Homeless 15%
- Native American 3%

UNITS FINANCED by median income
- Extremely Low (0-30% AMI) 19%
- Very Low (31-50% AMI) 36%
- Low (51-80% AMI) 41%
- Moderate (81-120% AMI) 4%

OUR LOAN TERMS
- BORROWERS: Nonprofits, public housing authorities, & mission driven for-profit organizations
- RATE: Typically 5.5% – 7%
- TERM: Up to 10 years; prefer 3 years
- MAXIMUM LTV: 90%
- DEBT COVERAGE RATIO: Minimum 1.20
- MAX LOAN AMOUNT: Up to $5MM
- AFFORDABILITY: Not to exceed 80% AMI, lower preferred
- SECURITY: First or subordinate Deed of Trust/ Mortgage lien; other security may be considered

Rates and terms are negotiable and can vary, depending on loan request.

NUMBER OF LOANS: 468
TOTAL AMOUNT LOANED: $265 million
TOTAL LEVERAGED: $1.78 billion
NUMBER OF STATES: 38
NUMBER OF COMMUNITIES: 185
TOTAL UNITS: 20,232
TOTAL RESIDENTS: 53,892
TOTAL HOUSEHOLD SAVINGS IN RENT IN 2015*: $3,363,483
TOTAL HOMEOWNERSHIP SAVINGS IN 2015**: $3,201,076

*Difference between the average annual market rent and the average annual restricted rent
**Difference between the average market sale price and the average affordable sale price
## Loans

- **3 Loans** $1.6 M
- **1 Loan** $2.2 M
- **4 Loans** $2.7 M
- **1 Loan** $2.4 M
- **9 Loans** $4.3 M
- **25 Loans** $5.9 M
- **3 Loans** $2.9 M
- **3 Loans** $3.3 M
- **2 Loans** $2.8 M
- **5 Loans** $5.7 M
- **4 Loans** $3.2 M
- **1 Loan** $2.4 M
- **15 Loans** $7.3 M
- **7 Loans** $7.3 M
- **3 Loans** $2.2 M
- **1 Loan** $2.4 M
- **2 Loans** $3.9 M
- **4 Loans** $3.9 M
- **4 Loans** $6.1 M
- **1 Loan** $1.7 M
- **2 Loans** $5.2 M
- **3 Loans** $2.4 M
- **1 Loan** $2.2 M
- **10 Loans** $5.9 M
- **1 Loan** $2.4 M
- **3 Loans** $2.8 M
- **2 Loans** $5.2 M
- **1 Loan** $1.7 M
- **1 Loan** $2.4 M
- **7 Loans** $13.6 M
- **2 Loans** $2.7 M
- **1 Loan** $1.7 M
- **4 Loans** $70.5 M
- **30 Loans** $5.7 M
- **5 Loans** $261,000
- **20 Loans** $20.8 M
- **1 Loan** $2.4 M
- **2 Loans** $558,000
- **3 Loans** $982,000
- **1 Loan** $800,000
- **2 Loans** $4.4 M

## Type of Loan

- **27%** Acquisition
- **22%** Construction
- **16%** Bridge
- **11%** Predevelopment
- **11%** Line of Credit
- **8%** Mortgage
- **5%** Other

## Investor Type

- **40%** Banks
- **29%** Religious Institutions
- **20%** Religious Health Systems
- **4%** Government
- **5%** Other
- **2%** Individuals
- **<1%** Foundations
LELAND APARTMENTS
In 2015, Mercy Loan Fund partnered with Heartland Housing, Inc. to preserve The Leland, a 137-unit community for people who have experienced homelessness and people with low incomes in Chicago’s Uptown neighborhood.

The previous debt on the property had a high interest rate, and the property had been struggling to maintain positive cash flow. MLF helped preserve The Leland by purchasing the existing note, reducing the interest rate, and re-amortizing the outstanding loan balance over 30 years. The lowered interest rate will help the community save more than $48,000 annually.

Featured on the National Register of Historic Places, The Leland includes 14 homes subsidized by the Chicago Housing Authority under a Section 8 HAP contract, as well as 50 homes subsidized by the US Department of Housing and Urban Development’s Supportive Housing Program, which gives formerly homeless residents a safe environment in which they can receive supportive services, build skills, and plan a path forward.

This approach is based on the philosophy of harm reduction, which helps participants identify and decrease high-risk behaviors and increase healthy behaviors. The outcomes for residential services confirm their effectiveness: 97 percent of residents adhere to their psychiatric medications and 100 percent of those recently discharged remain housed 60 days later. Services are provided by Heartland Health Outreach, a nonprofit that provides healthcare for Chicago’s homeless and underserved communities.

“Because of Mercy Loan Fund, Leland Apartments now has strong financial footing that will help ensure it remains quality affordable housing for years to come,” said Michael Goldberg, Executive Director of Heartland Housing. “The Mercy Loan Fund team’s dedication and the creative solutions they came up with demonstrate why they are leaders in the field, and make them critical partners in social innovation.”
Borrowers & Partners

Abode Communities, Inc. (CA)
Advocate Housing Alliance (CA)
Albemarle Housing Improvement Program (VA)
Aletheia House (AL)
Almost Home, Inc. (CO)
American Housing Opportunity Fund (DC)
Andrews Gardens, Inc. (IN)
Atlanta Neighborhood Development Partnership, Inc. (GA)
Bethphage Mission, Inc. (NE)
Better Housing Coalition of Richmond (VA)
Blackshear Neighborhood Development Corporation (TX)
Boulder Housing Partners (CO)
Boys’ and Girls’ Club of Newark, Inc. (NJ)
Brother’s Redevelopment, Inc. (CO)
Brother’s Redevelopment, Inc. (CO)
Caballero Economic Development Corporation (CA)
Candle Development (CA)
Cesar Chavez Foundation (TX)
Chesapeake Community Advisors, Inc. (MD)
Chesney-Kleinjohn Housing, Inc. (CO)
Chestnut Neighborhood Revitalization Corp. (TX)
Clarkamas Community Land Trust (OR)
Colorado Bluesky Enterprises, Inc. (CO)
Colorado Coalition for the Homeless (CO)
Colorado Rural Housing Development Corporation (CO)
Columbia Cascade Housing Corporation (OR)
Community Development, Inc. (ID)
Community Housing Capital Community HousingWorks (CA)
Community Preservation and Development Corporation (DC)
Community Services of Arizona (AZ)
Dallas City Homes, Inc. (TX)
East Central Kansas Economic Opportunity Corporation (KS)
Elkhorn Valley Community Development Corporation (NE)
The Empowerment Program, Inc. (CO)
Enterprise Community Partners (MD)
Episcopal Community Services of San Francisco (CA)
Fair Housing Partners (NE)
First Baptist Church of Clarendon (VA)
First Unitarian Church of Los Angeles (CA)
Florida Community Loan Fund (FL)
Florida Low Income Housing Association (FL)
Franklin County Development Association (OH)
Friendly Neighbors Cooperative Association, Inc. (DC)
Gardenside Terrace Cooperative, Inc. (IN)
Grace Partners (NV)
Grecio Housing Unlimited, Inc. (CO)
Greenwood Apartments, Inc. (IN)
Guadalupe Neighborhood Development Corporation (TX)
Habitat for Humanity of Bucks County (PA)
Heartland Housing, Inc. (IL)
Home Opportunities Made Easy, Inc. (HOME) (IA)
Hope Communities, Inc. (CO)
Hope House of Colorado (CO)
Housing Authority of the City of Leadville, Colorado
Human Resources Council District XII (MT)
Inner City Community Development Corporation (CO)
Intercommunity Housing, Inc. (WA)
4620 Iowa Avenue NW Cooperative Association, Inc. (DC)
Jasper County Neighborhoods United (SC)
Lakefront Supportive Housing (IL)
Las Marias Cooperative, Inc. (DC)
Low Income Investment Fund (CA)
Lumber River Housing Development, Inc. (NC)
Lutheran Social Services of Colorado (CO)
Lutheran Social Services of Michigan (MI)
Mainstream Housing, Inc. (OR)
Merton Housing Development Services (CO)
MidAmerica Housing Partnership (IA)
Mt. Auburn Housing, Inc. (OH)
Missoula Housing Authority (MT)
Monroe Group, LTD
Mount Moriah Development Corporation, Inc. (OH)
National Affordable Housing Network (MT)
National Caucus and Center on Black Aged, Inc. (DC)
National Church Residences (OH)
NeighborWorks New Horizons
NEWSED Community Development Corporation (CO)
Opportunities for Neighborhood Empowerment Company, Inc. (ONE Co.) (CA)
Opportunities Industrialization Centers (PA)
Opportunity In Living, Inc. (CO)
Otis Kaga, Inc. (SD)
PathStone Housing Action Corporation (NY)
Peoples’ Self-Help Housing Corporation (CA)
Preservation of Affordable Housing, Inc. (MI)
Preservation Partners (CA)
Progressive Redevlopment Inc. (GA)
ROC USA Capital (NH)
Rocky Mountain HDC, Inc. (CO)
Rural Community Assistance Corporation
Sabin Community Development Corporation (OR)
San Antonio Alternative Housing Corporation (TX)
Self Help Housing Corporation of Hawaii (HI)
Senior Housing Options, Inc. (CO)
Sinai Falls Environmental Access (IA)
Soledad Local Development Corporation (CA)
South Rome Redevelopment Agency (GA)
Southern Mutual Help Association, Inc. (LA)
St. Charles Town Company (CO)
St. Mary’s Development Corp. (OH)
Thistle Community Housing (CO)
Tri-County Housing and Community Development Corporation (CO)
Trinity Village Nonprofit Housing Corporation (MI)
USA Properties Fund, Inc. (CA)
Valley Assisted Living, Inc. (CO)
Vitality Center (NV)
Wakeland Housing and Development Corporation (CA)
Washtenaw Affordable Housing Corporation (MI)
West Central Housing Development Organization (CO)
Wishrock Group (ME)
Women Organizing Resources, Knowledge and Services (W.O.R.K.S.) (CA)
Woodbine Community Organization, Inc. (TN)
Yamhill Community Development Corporation (OR)