



The Spirit Lives On

Celebrating our 30th Anniversary

MERCY LOAN FUND ANNUAL REPORT 2012



H O N O R T H E L E G A C Y . C O N T I N U E T H E W O R K .

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 On the cover: Sharlene Jones and her son, residents at Mercy Housing's Bluff Lake Apartments in Denver, Colo.	



Mercy Loan Fund is a 501(c)3 nonprofit corporation, certified by the U.S. Treasury Department as a Community Development Financial Institution (CDFI). MLF is a national affordable housing lender, funding real estate secured loans that enable local nonprofit and socially responsible organizations to develop or preserve affordable housing in their communities.

MLF is an affiliate of Mercy Housing, Inc. (MHI), an affordable housing nonprofit organization whose mission is to create stable, vibrant and healthy communities by developing, financing and



operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities.

As a controlled subsidiary of MHI, MLF's mission is to work nationally with socially responsible affordable housing and community developers, providing innovative financing arrangements for credit-worthy projects for which conventional financing is not available or affordable.

Mercy Housing and Mercy Loan Fund are working to create a more humane world where poverty is alleviated, communities are healthy and all people can develop their full potential.

For more information, please contact loanfund@mercyhousing.org or call 303.830.3386.

The Spirit Lives On

Honor the Legacy. Continue the Work.

Sarah Smith, Mercy Loan Fund's first director, recently stopped by our Denver headquarters to see how far we had come since she was at the helm. In recounting our nearly three decades of operation, it took all of our breath away to see that:

- In our first year of operation, we made four loans totaling \$186,000 in rural Frederick, Colo.; in 2012, we closed loans totaling \$9 million in 5 states bringing our lending reach to 38 states at year end.
- Initially, two religious communities invested \$400,000 in the fledgling loan fund; in 2012, we raised nearly \$4 million in grants and capital combined.
- We had two investors in the beginning; in 2012 we have had a total of over 185 investors.
- In our first year, we created or preserved 8 units of affordable housing for 32 low income residents; in 2012, 364 units for 649 residents.
- And, through our entire three decades we've created or preserved 18,213 units of affordable housing for 50,232 residents.

Our lending focus remains our Preserving Lives and Neighborhoods (PLAN) initiative. In fact, since we have launched this initiative, nearly all of our multifamily affordable housing lending in 2011 and 2012 has been to preserve housing units in danger of being lost to the affordable housing stock – a two-year total of \$26 million lent to preserve over 1,200 units serving 2,200 residents.

Sister Corinne Florek, OP, an Adrian Dominican sister, manages the Catholic Women's Religious portfolio for our largest religious community investor, Mercy Partnership Fund, which is a program of Mercy Investment Services that is capitalized only by the Sisters of Mercy. Sr. Corinne is fond of saying to socially-responsible investors, "Once upon a time, it began with a small mustard seed ..."

As Mercy Loan Fund looks back on thirty years and forward for many more years, we are grateful to our many investors, donors and borrowers for your support of our affordable housing and community development mission that helps lift so many people and communities out of poverty.

Sarah Smith, we hope you can be proud of what Mercy Loan Fund has done since you were its first director!

Live in Hope,



Julie Gould
President, Mercy Loan Fund



Adrienne Crowe
2012 Chair, Mercy Loan Fund Board of Directors



The Spirit of Mercy Loan Fund in 2012

In 2012, Mercy Loan Fund closed loans totaling more than \$9 million, preserving 360 units of affordable housing that will help to provide homes for 640 residents, including families, seniors and people with special needs in Colorado, Massachusetts, New York, Oklahoma and the District of Columbia.

Other 2012 Highlights include:

- Celebrated the grand opening of our first New Market Tax Credit project, an orthopedic specialty hospital in Hattiesburg, Miss., that serves 19 medically underserved areas.
- Raised \$2 million in grants.
- Raised \$1.9 million in low-cost debt capital to support higher lending volume.

In 2013, Mercy Loan Fund will be focused on:

- Expanding our multifamily preservation initiative
- Increasing our leverage by participating loans with other Loan Funds
- Increasing the sophistication of the portfolio and asset management functions



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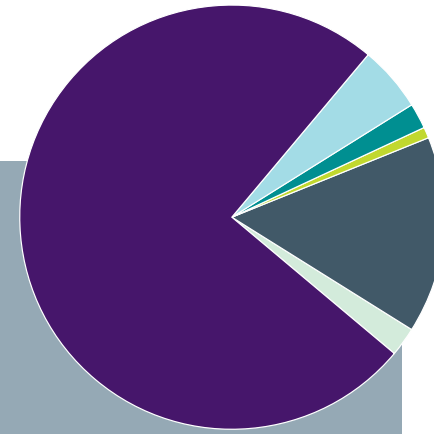
Mercy Loan Fund

Highlights

Loan Type

Loan Type	# Loans	
Acquisition	114	26%
Construction	103	23%
Bridge	69	16%
Predevelopment	53	12%
Line of Credit	46	11%
Other	3	8%
Mortgage	18	4%
Total	439	100%

Residents Served

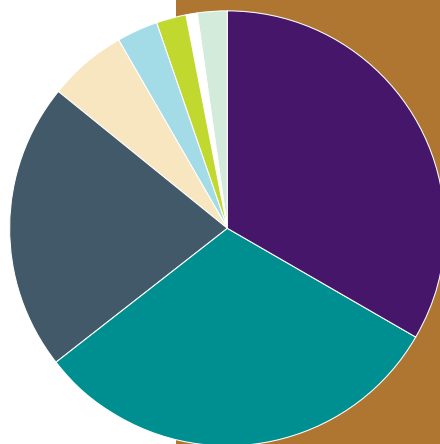


Impact

# of Loans:	439
Total Amount Loaned:	\$221 million
Total Leveraged:	\$1.5 billion
# of States:	38
# of Communities:	166
Total Units:	18,208
Total Residents:	50,232
Women Head of Household:	53%*

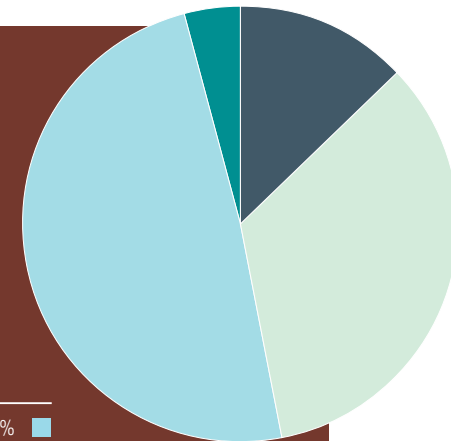
*past 2 years

Investor Type Amount



Investor Type

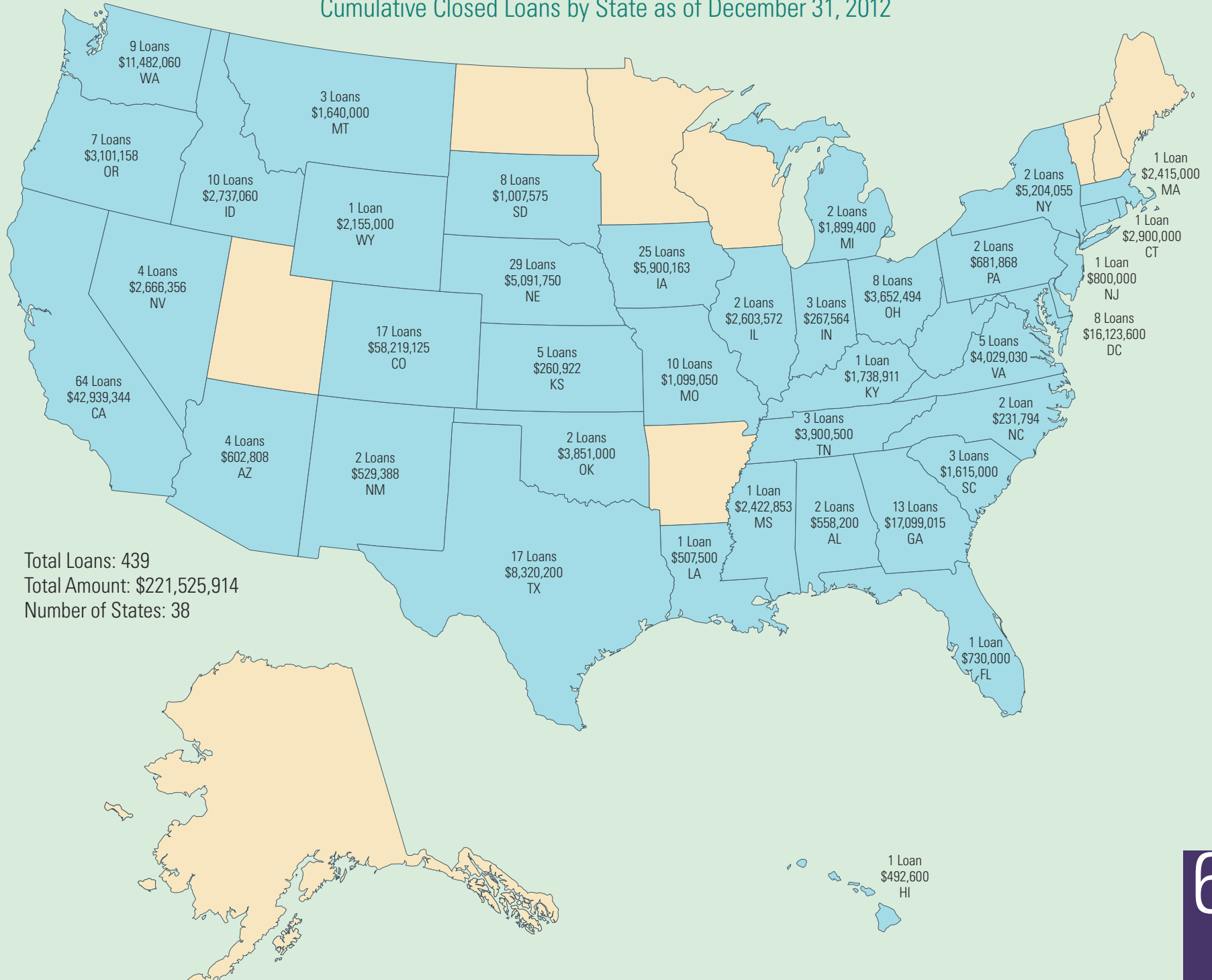
Religious Institutions	33%
Banks	31%
Religious Health Systems	21%
Government	6%
Other	4%
Foundations	2%
Individuals	2%
Corporations	1%
Total	100%



Units Financed by Median Income (past 5 years)

Mercy Loan Fund

Cumulative Closed Loans by State as of December 31, 2012





Mary Temple,
resident at vPoint

Healthy Homes

MERCY LOAN FUND

Investing



“Mercy Loan Fund is proud to have been able to help the First Baptist Church reach their goal of bringing affordable housing and quality day care to Arlington, Va.”

~ Julie Gould, Mercy Loan Fund president



vPoint Residences,
Arlington, Va.

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Investing in Adaptive Re-use Development



Front view of vPoint

Below:

FBCC Child

Development Center



Three years ago, Mercy Loan Fund provided a loan to vPoint (formerly Views At Clarendon Corporation). This \$2.7 million predevelopment loan was for the development of vPoint, an apartment complex with 70 affordable and 46 market-rate units for Arlington individuals and families at a crucial location within walking distance from the Clarendon Metro Station, where housing is out of reach for many working families. These affordable units are contractually bound to remain affordable for 75 years, one of the longest terms Arlington County, Va., has ever secured for affordable housing it has funded.

Prior to renovation, the complex was the site of a 100-year-old church, The First Baptist Church at Clarendon (FBCC), which was in disrepair. With the predevelopment loan from Mercy Loan Fund, along with financing from the Virginia Housing Development Authority and Arlington County's Affordable Housing Investment Fund, the church proper was demolished and the sanctuary was refurbished. The church steeple was preserved and melded into the design of the apartment complex, along with the adjacent education building. Now, vPoint consists of the First

Baptist Church on the first two floors, 116 mixed-income apartments on floors three through eight, and three levels of underground parking. The adjacent renovated education building houses one of the largest daycare facilities in Arlington.

"This project demonstrates innovative approaches to providing affordable housing in a core urban area and is a great example of repositioning an aging underutilized church building into a vibrant mixed-use community asset," said Ben Etheridge, Vice President of Chesapeake Community Advisors, Inc. (CCA).

The vPoint Apartments are fully leased and the benefits the residents enjoy seem endless. The complex is equipped with environmentally conscious features and products, including bike storage, carpool drop-off areas, ENERGY STAR appliances, dual-flush toilets, Green Label Plus carpet and a recycling center on each floor. With all these environmentally sound features, vPoint was able to achieve a coveted LEED Gold certification.

"Mercy Loan Fund is proud to have been able to help vPoint and the FBCC reach their goal of bringing affordable housing and quality daycare to Arlington, Va.," said Julie Gould, Mercy Loan Fund president. "Working with an organization like CCA helps achieve our mission of financing stable, vibrant and healthy communities across the United States."

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Mercy Loan Fund

2012 Highlights

Raised **\$2 million** in grants
to increase lending capacity.

Closed loans totaling more than
\$9 million, preserving **360** units
of affordable housing that will help to provide homes for **640**
residents, including families, seniors and people with special needs in
Colorado, Massachusetts, New York,
Oklahoma and the District of Columbia.

Raised **\$1.9 million** in low-cost
debt capital to support
higher lending volume.

Celebrated the grand opening of our first New
Market Tax Credit project, an orthopedic speciality
hospital in Hattiesburg, Miss., that serves
19 medically underserved areas.

Achieved a **98%**
renewal rate on
matured investments.

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Contributing to the Future

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Mercy Loan Fund

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Catholic Charities USA
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Borrowers

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 The Affordable Housing Group of North Carolina, Inc.
 AIDS Housing Alliance
 Albemarle Housing Improvement Program
 Aletheia House
 Almost Home, Inc.
 American Housing Opportunity Fund



Andrews Gardens, Inc.
 Atlanta Neighborhood Development Partnership, Inc.
 Bethphage Mission, Inc.
 Better Housing Coalition of Richmond
 Blackshear Neighborhood Development Corporation
 Boulder County Housing Authority
 Boulder Housing Partners
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 Brother's Redevelopment, Inc.
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 First Unitarian Church of Los Angeles
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 Golden Home Corporation
 Grace Partners
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 Greccio Housing Unlimited, Inc.
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 Guadalupe Neighborhood Development Corporation
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 Lutheran Social Services of Colorado
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 Mountain Regional Housing Corporation
 Mt. Auburn Housing, Inc.
 Missoula Housing Authority
 National Affordable Housing Network
 National Caucus and Center on Black Aged, Inc.

National Church Residences
 NEWSED Community Development Corporation
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Mercy Loan Fund

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If errors or omissions exist, please accept our apologies.

To update a listing, please call 303.830.3386 or email
loanfund@mercyhousing.org.

Thank you for your generous support in 2012.

Thank you for investing in Mercy Loan Fund
and bringing our mission to life.

Your support and commitment to Mercy Loan Fund
is critical to our success.

Because you are here, people live in hope.

mercyloanfund.org

For more information, please contact loanfund@mercyhousing.org

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