Our Message from the President and Board Chair

2009 was an extraordinary year in the financial services sector. The upheaval in the sector as a whole compelled us to challenge our assumptions about how we conduct our business. We responded to the challenge, making tough but necessary choices amidst uncertain and, at times, anxiety-provoking circumstances. We realize that our experiences are no different than what other groups and individuals have been experiencing. In some ways, our challenges pale in comparison to those of others.

The good news is that we were able to retain our core investors, despite the national LIHTC market shrinking to half of its pre-crisis size.

The retention of our investors validates our overall work in our communities and our underwriting, technical assistance and asset management skills—skills that we have carefully refined over the years in response to feedback from HFAs, investors and developers. Our acquisition team found sound housing developments to invest in and worked with our developer partners to help ensure transactions were kept on track. Our asset management team worked diligently to ensure that the properties were running well, dealing affirmatively and professionally with our developer partners and property managers. In addition, through our consulting work, we were able to help our partners get their projects completed.

Despite these intense demands, we also maintained significant commitment to our other mission-related work, including funding key initiatives, organizing training for our partners, providing volunteer help to our housing partners, and leading advocacy efforts within our states and before Congress.

In 2010, we will face new and continuing challenges. However, we are a stronger organization now, and we are energized and committed to fulfilling our mission. As always, we are pleased to serve the housing communities of Maine and New Hampshire. We are honored to work with our investors, New Hampshire Housing, MaineHousing, other funders, developers, property managers and policy makers. Like our partners and investors, we will give our all to help our lower-income neighbors who need assistance in attaining quality affordable housing.

John Anton, President

Cullen Ryan, Board Chair
Our Investments

We are very grateful to our investors who continued to show their commitment to our Maine and New Hampshire communities: Bangor Savings Bank, Bank of America Merrill Lynch, Citizens Bank, Gorham Savings Bank, KeyBank, Northeast Bank, People’s United Bank and TD Bank (in alphabetical order). **How we invested $21 million in 2009:**

- **Abingdon Place, Goffstown, NH**
  - NeighborWorks Greater Manchester
  - 25 family apartments

- **Birch Hill, Lewiston, ME**
  - Coastal Enterprises, Inc.
  - 20 senior apartments

- **Florence House, Portland, ME**
  - AVESTA Housing
  - 25 special needs apartments

- **The Mill at Saco Falls, Biddeford, ME**
  - Maine Workforce Housing, LLC
  - (Nathan Szanton & Robert C.S. Monks)
  - 66 family apartments

- **Pinecrest Apartments, Meredith, NH**
  - Laconia Area Community Land Trust
  - 32 family apartments

- **Vincent Square, Auburn, ME**
  - Auburn Housing Authority
  - 17 senior apartments

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Since 1996…**Units: 1,860 in ME + 1,480 in NH = 3,340**

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Our Asset Management

Highlights of our dedicated and detail-oriented asset management staff in 2009:

- Our portfolio continued to perform strongly in these challenging times, with an average occupancy rate of 96%, debt coverage ratio of 1:61, and net cash flow of $733 per unit.
- Since NNEHIF’s inception in 1996, we have experienced NO foreclosures, NO general partner bankruptcies, and NO loss or recapture of tax credits.
- With our partners, we celebrated two national green design awards: (a) Friedman Court II, Concord, NH, 41 senior units developed by CATCH Neighborhood Housing, and (b) Pearl Place, Portland, ME, 60 family apartments developed by AVESTA Housing.
- We worked with our partners to ensure successful lease-up of newly constructed properties and for adaptive re-use projects, including rehabilitated schools and even a converted bottling plant.
- With New Hampshire Housing and MaineHousing, we hosted a two-state property manager training which generated wide and enthusiastic participation.
- The asset management team contributed to NNEHIF’s public advocacy, including (a) successfully maintaining funding of and clarifying regulations for assisted living services in Maine facilities, and (b) educating our partners on and assisting others in implementing and protecting the NH statute that enables a consistent property tax assessment of LIHTC-financed projects.
- We provided asset management consulting services to a significant stakeholder on a troubled property.
- In early 2010, we launched a NNEHIF scholarship fund to help our developer partners provide training for their staff members who perform property management.

Our Development Consulting

Our development consulting group continues to provide comprehensive services to a growing number of clients, including those developing family or senior housing projects in Maine and New Hampshire. This consulting work involves many of the NNEHIF staff, who structure transactions, assemble development teams, coordinate approvals, solve real estate ownership issues, prepare financing applications, orchestrate closings, facilitate the processing of requisitions during construction, and coordinate project close out. Given the increasingly complex nature of the affordable housing business, we expect more clients will need this specialized support.
Our Mission-Related Activities

Reflecting a strong commitment to our mission of promoting affordable housing, we worked in the following ways to assist and improve the affordable housing system in 2009:

- With Maine Affordable Housing Coalition (MAHC) and other Maine partners, we advocated for the Maine green and affordable housing bond ($30 million) that became law in 2009. To help pass the legislation, MAHC sponsored and NNEHIF provided both staff and financial support for a study on “Housing Affordability in Maine” by the MIT Center for Real Estate.
- With various partners, especially New Hampshire Housing, we led the effort in New Hampshire to create, implement and protect the law that now provides predictable property-tax assessments on tax credit housing. The NH Revenue Department estimated the new law reduced property taxes an average of 26%.
- In coordination with other housing groups, we provided guidance and advocacy on housing bills before Congress, which led to some key changes to ensure the LIHTC program could continue to work during these difficult times.
- We successfully proposed a rule revision to the NH Public Utilities to make the greenhouse gas reduction fund available to LIHTC properties.
- NNEHIF, with New Hampshire Housing, the NH Community Loan Fund, NH Community Development Finance Authority and others, launched Housing Action NH, a new statewide advocacy group.
- With various partners, especially New Hampshire Housing, we led the effort in New Hampshire to create, implement and protect the law that now provides predictable property-tax assessments on tax credit housing. The NH Revenue Department estimated the new law reduced property taxes an average of 26%.
- We were well represented in working with housing groups, including Maine Affordable Housing Coalition, Housing Action NH, MEREDA (ME real estate developers), MREMA (ME property managers), CSMA (NH property managers), Community Housing of Maine, CATCH and NASLEF (our national trade association).
- We made $80,000 in grants and other mission-related contributions.

Our Financials

These financial highlights are taken from the 2009 Audited Financial Statements, which include consolidated operations for NNEHIF, HIF Consulting, HIF Diversified Activities, Inc., and Housing Action New Hampshire. The complete audit can be viewed on our website: www.housinginvestmentfund.org.

Investments: $325 Million

Summary for the Year Ended December 31, 2009

<table>
<thead>
<tr>
<th>Balance Sheet</th>
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<tbody>
<tr>
<td>Assets</td>
<td>Cash &amp; Cash Equivalents $ 6,953,810</td>
<td>Other Current Assets $ 589,675</td>
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<tr>
<td></td>
<td></td>
<td>Other Assets $ 1,015,448</td>
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<tr>
<td></td>
<td>Property &amp; Equipment (Net of Depreciation) $ 107,613</td>
<td></td>
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<tr>
<td>Total Assets $ 8,666,546</td>
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<thead>
<tr>
<th>Liabilities &amp; Net Assets</th>
<th>Current Liabilities $ 70,897</th>
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<tbody>
<tr>
<td></td>
<td>Long-Term Liabilities $ 4,509,368</td>
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<tr>
<td></td>
<td>Temporarily Restricted Assets $ 1,125,000</td>
</tr>
<tr>
<td></td>
<td>Unrestricted Net Assets $ 2,961,281</td>
</tr>
<tr>
<td>Total Liabilities &amp; Net Assets $ 8,666,546</td>
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</tbody>
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| Statement of Revenues and Expenses | Revenue & Other Support | | |
|-----------------------------------|-------------------------|------------------|
| Membership Dues | $ 96,556 | Fee Income $ 1,670,603 |
| Other Income | $ 3,015 | Interest Income $ 73,615 |
| Total Revenue & Other Support $ 1,843,789 |

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Program Expenses $ 1,391,211</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management &amp; General $ 336,443</td>
<td></td>
</tr>
<tr>
<td>Total Expenses $ 1,727,654</td>
<td></td>
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</tbody>
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Excess of Revenues over Expenses $ 116,135
Our Work
We are a private, nonprofit corporation that promotes housing and community development by providing equity capital, technical assistance and consulting services to affordable housing developers throughout Maine and New Hampshire.

Our People
We could not accomplish our mission without lots of support from our board and our staff.

Board of Directors

Maine
Cullen Ryan, Board Chair
Community Housing of Maine
Dave Birkhahn
TD Bank
Bill Floyd
Genesis Community Loan Fund
John Gallagher
Westbrook Housing Authority
Kim McLaughlin
Bank of America Merrill Lynch

New Hampshire
Katharine Bogle Shields, Board Vice Chair
New Hampshire Community Development
Finance Authority
Rosemary Heard
CATCH Neighborhood Housing
Kathleen Reardon
Citizens Bank New Hampshire
Paul Stewart
Stewart Property Management
Robert Tourigny
NeighborWorks Greater Manchester

Staff

John Anton
President

Patrick Brennick
Deputy Director, Asset Management

Holly Burbank
Deputy Director, Finance

Kelly Campbell
Asset Manager

Michelle Cyr
Corporate Administrative Assistant

Maryanne Gottman
Asset Management Administrative Assistant

Ignatius MacLellan
Vice President, External Affairs

Jan McCormick
Vice President, Asset Management

Lisa Merchant
Senior Acquisitions Manager

Angie Pizzolato
Acquisitions Associate

Bill Shanahan
Vice President, Acquisitions

Northern New England Housing Investment Fund

Our Maine Office is moving!
Until July 31, 2010:
183 Middle Street, 3rd floor, Portland, ME 04101

As of August 1, 2010:
75 Market Street, Suite 201, Portland, ME 04101
T 207.772.8255 | F 207.772.8241

New Hampshire Office
130 North Main Street
Unit 1, 2nd floor, Concord, NH 03301
T 603.224.9600

www.housinginvestmentfund.org

The Mill at Saco Falls, Biddeford, ME | Through a newly created equity fund with TD Bank, this investment will revitalize this community by renovating an old riverfront mill building to house 66 beautiful mixed-income apartments. The historic character of the building will be preserved through the use of State historic tax credits. Building amenities will include a gym, theater, and river views. | Developer: Szanton / Monks Maine Workforce Housing, LLC