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VERMONT HOUSING FINANCE AGENCY

January 11, 1993

Ms. Jean Gauthier
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, January 21, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

NOTICE OF SPECIAL MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will meet via telephone conference call on Wednesday, January 13, 1993, at 11:00 a.m. to consider the remarketing of a portion of the Agency's 1990 Single Family Housing Bonds, Series 2; the conversion of the Agency's 1990 Single Family Housing Bonds, Series 3 from Convertible Option Bonds to Converted Option Bonds and to take action on the Sixth Supplemental Bond Resolution, two proposed Supplemental Remarketing Agreements, and any other documents or resolutions necessary to effectuate the remarketing of the Series 2 Single Family Housing Bonds, and the conversion of the Series 3 Convertible Option Bonds, as well as any other matters properly before the meeting. The public may attend the meeting at the Agency's offices at One Burlington Square, Burlington, Vermont 05401.

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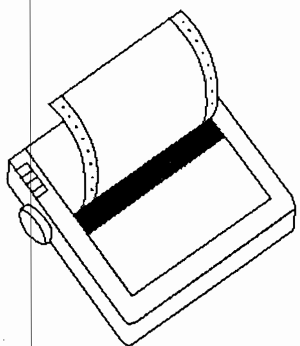
VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET



Sent By BP
Date 1-8-92
Time 11:45

DATE January 8, 1992

TIME 11:46

TO NAME The Rutland Herald

ORGANIZATION

TITLE/DEPT Newsroom

FAX PHONE NUMBER (802)

FROM NAME Roger Schaubeck

TITLE/DEPT Director of Finance

FAX PHONE NUMBER: (802) 864-5746

DOCUMENT CONSISTS OF 4 PAGES INCLUDING COVER SHEET.

REMARKS: Please call if questions. This notice will satisfy the public meeting notice requirements.

IF YOU EXPERIENCE ANY PROBLEMS IN RECEIVING THIS TRANSMISSION, PLEASE CALL SENDER AT (802) 864-5743

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

Allan

FROM: Allan S. Hunt, Executive Director

DATE: January 15, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, January 21, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 January 21!

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, January 21, 1993 at 1:30 p.m.

1. Review and approval of minutes of December 17, 1992

2. Review and approval of minutes of January 13, 1993

3. Administration
   - ⌂ Executive Director's Report **[Hunt]**
   - ⌂ Business Plan Update **[Francis//Enclosure]**
   - ⌂ Final Report on TEAM Program **[Francis//Enclosure]**

4. Operations
   - ⌂ MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**
   - ⌂ One Year Requirement for Lender Participation in VHFA Mortgage Purchase Programs **[Lothrop//Enclosure]**

5. Multi-Family Management
   - ⌂ Prepayment/Preservation Strategy **[Falzone//Enclosure]**
   - ⌂ LIHTC Compliance Monitoring **[Falzone//Enclosure]**

6. Development
   - ⌂ Update on Development of Programs to Utilize Series 4 Proceeds **[Jenkins/Crady//Encl.]**

7. Finance
   - ⌂ Budget Performance Report as of 09/30/92 **[Schoenbeck//Enclosure]**
   - ⌂ Bond Financing Recap **[Schoenbeck//Enclosure]**

8. Legal
   - ⌂ Litigation Update **[Jarrett]**
   - ⌂ Legislative Update **[Jarrett]**

9. Communications
   - ⌂ Outreach and Marketing Plans for 1993 **[Hope//Enclosure]**

10. Other old or new business to come before the Board

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Wednesday, December 17, 1992

PRESENT: Commissioners Shaw, Rockford (designee of Costle), Ruse, Seelig, Mullikin Drake (designee of McDougall), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Ms. Jenkins, Mr. Koppelkam, Mr. Jarrett, Ms. Hope, Mr. Falzone

Guests: Mr. Gurley (PaineWebber); Mr. Faesy (ERH/VT); Ms. Wadsworth (ACCAG); Mr. Ennis (AI Securities Inc.)

The meeting was called to order by the Chairman at 4:05 p.m.

The "Bristol Family Housing—ACCAG Commitment Letter Resolution" was reviewed by Mr. Koppelkam, as further detail to his memo of December 11, included in the Board packet. As currently designed, this project will consist of two buildings that will comprise nine units of rental housing to be located in Bristol. The Agency is being asked to consider a construction and permanent loan amount of up to $200,000 in taxable financing. Mr. Koppelkam introduced Ms. Wadsworth and Mr. Ennis to the Board. Ms. Wadsworth addressed the Board, detailing the appropriateness of the site. Ms. Jenkins noted that loan terms for both 20 and 30 years had been considered by the staff, but also pointed out that one consideration had been the potential need to refinance in Year 20 of the loan in order to pay off the balloon, especially if the Section 8 contract has not been renewed. Mr. Hunt further noted that since the expected financing for this project is primarily the Federal Home Loan Bank, the loan term may be limited to 20 years. Mr. Ennis explained that AI Securities Inc., which is located in Boston, helps to raise equity through the sale of tax credits. Currently, Mr. Ennis has an equity buyer who has expressed interest in the equity in the Bristol project; however, the buyer feels that a 20 year term would not allow enough cash flow and does not allow for repayment of ACCAG. Mr. Ennis noted that the term is less important than the amortization of the loan, and reminded the Board that cash flow is also important to ensuring affordability. According to Ms. Jenkins, the Agency staff has taken into consideration what would happen to the project if there is a balloon payment due, as refinancing may be impractical at that point; she further pointed out the need to negotiate the rate at which the Vermont Housing & Conservation Board and the investor and developer would be repaid. Ms. Jenkins also observed that one concern is ACCAG's long term viability as a management company. Should another management company become necessary, the management budget would need to be adequate to cover this expense. Ms. Wadsworth reported that the HUD layering review had just recently been completed and letters had been delivered to the Agency supporting HUD's findings.

Following some further discussion, a motion was made and seconded to go into Executive Session to discuss several issues related to a real estate transaction. Mr. Ruse asked for clarification of the state's "Open Meeting Law," and Mr. Jarrett cited relevant passages which appeared to support the motion. The motion to go into Executive Session then carried unanimously, and the guests and certain members of the staff left the meeting. After some discussions, a motion was made, seconded and carried unanimously to come out of Executive Session; the guests and staff then rejoined the meeting. Ms. Mullikin Drake asked for and received clarification of the need for two fees related to environmental assessment, and it was noted by Ms. Jenkins that the environmental assessment for the Bristol project had already been completed. A motion was then made and seconded to adopt the "Combined Resolution of Interest and for Issuance of Commitment Letter re: Addison County Community Action Group—Bristol Family Housing" as attached to these minutes; this motion carried, with Mr. Seelig abstaining. Following the vote, Ms. Wadsworth and Mr. Ennis left the meeting.

In his Executive Director's report, Mr. Hunt first noted that Mr. Francis was absent due to the birth of his daughter. Mr. Hunt also reported that Senator James Jeffords had provided the keynote address at ERH/VT's Annual Meeting. At that meeting. Sen. Jeffords and Scudder Parker, of the Vermont Public Service Department, both made positive comments about ERH and the leadership initiatives Vermont has made nationally. On an unrelated topic, Mr. Hunt reported that in connection with the National Affordable Housing Act, the Federal Home Loan Bank (FHLB) is reviewing the authority under which the Agency is allowed to borrow funds from the FHLB. Apparently the FHLB wants the Agency to consider accessing funds under this authority on a broader basis, utilizing a line of credit rather than making small loans on several projects. Under this plan, Vermont would likely be one of the first states to access funds on a line of credit basis. At an NCSHA meeting earlier this month, encouraging comments were made about housing finance agencies accessing funds from FHLB. The NCSHA's Tax Credit Task Force, of which Mr. Hunt is a member, is creating guidelines for states to follow regarding these funds. Continuing his Executive Director's report, Mr. Hunt noted that a draft report by the Enterprise Foundation has been made available for staff to review for factual corrections, and the report should be available for the Board's review some time in January. One recommendation in the report is that the Housing Council formed by Governor Dean should become the broad housing policy board for the state. This might appear to create a conflict as far as what entity would make housing rules: the boards of the individual agencies or a "super" board including representatives from each of the housing entities in the state. Ms. Mullikin Drake pointed out that the goal would be to create consistency on certain policy issues, while Mr. Seelig cautioned that at issue is whether this "super" board would function to make policy or to create policies for individual entities to follow. Mr. Hunt also distributed a Board Member Manual produced by NCSHA and informed the Board that the National Council of State Housing Boards (comprised of board members serving for each of the housing agencies that are members of NCSHA) would be meeting in Woodstock this summer. The Springfield Savings and Loan has expressed interest in becoming a participating lender in the MOVE program, and Mr. Hunt and Mr. Lothrop met with Mr. Gary Holt, president of the bank, to discuss details of the program. Concluding his report, Mr. Hunt reported that sales at Dalton Drive have been very slow, but some second mortgage workshops are being planned. Ms. Hope and Ms. Marcia Mattoon, of Coburn and Feeley, have discussed holding a "home buyer fair" at a central Chittenden County location to showcase affordable financing and affordable developments, and ultimately to repeat these fairs at two other locations throughout 1993. It is hoped that these events would spur interest in Dalton Drive and other affordable housing projects throughout the state.

Turning to single family activity for the past month, Mr. Lothrop reported that December's MOVE activity started off well but has slowed down, probably due to the holidays. Mortgage Plus, the Mortgage Credit Certificate program, is moving along strongly. Of 20 REO properties, one has been sold, two are under contract, and three pre-foreclosure sales are in process. Mr. Seelig noted that the statewide average borrower income for the 90A MOVE program is shown as $30,000 in the report, and Mr. Lothrop agreed that this figure seems high and he will confirm it for the January meeting. Mr. Seelig further noted that the income level of $23,300 for the 94H HOUSE program is considerably lower and speaks for the value of the HOUSE program; Mr. Seelig commended the staff for the work that has been put into that program.

Mr. Lothrop then reviewed his memo of December 18, included in the Board packet, regarding the Agency's "Collection Process." While no Board action was necessary, the Board expressed appreciation for the opportunity to review these procedures.

The "Energy Rated Homes Of Vermont (ERH/VT) Request," dated December 8 and included in the Board packet, was reviewed by Mr. Lothrop, who introduced Mr. Faesy of ERH/VT. Mr. Hunt reminded the Board that the Agency has been involved with ERH/VT since the latter was first organized, and staff has witnessed their work over the past few years from a distance and as a member of their board. Although there has been some financial support from lenders and realtors, it has not been a significant amount. While ERH/VT has accomplished a great deal nationally in introducing the energy rating concept to the mortgage underwriting process, ERH/VT will not be able to be self-sustaining and continue to have a national impact while also maintaining month-to-month administrative operation. Nationally, the Agency is viewed as a leader in the energy area due to support of ERH/VT and other energy initiatives. Mr. Faesy then addressed the Board, noting that ERH/VT has had many accomplishments and successes over the past six years. Energy efficiency has been integrated into the mortgage process, "star" ratings have become a standard in the mortgage lending area, and the ERH/VT program is considered a national model. These initiatives took more energy and time than was originally anticipated, primarily because of the lack of a blueprint to follow in creating ERH/VT. There are many opportunities for future programs, including a pilot with Fannie Mae in Vermont to encourage energy efficiency in the mortgage approval process. ERH/VT is offering the Agency the opportunity to become a sustaining member of ERH/VT at a cost of $50,000 per year. As a sustaining member, the Agency would appoint three board members while enabling ERH/VT to continue to be a voice nationally and allowing Vermont to remain a national model. Mr. Lothrop further noted that the Fannie Mae guide lists only one energy rating system, ERH, as an alternative to their own, which indicates their acceptance of a 4 STAR rating to represent energy efficiency. Additionally, lenders would be more willing to fund an energy rating at the closing rather than as an up front fee. The upcoming computer conversion may also allow a split of the MCC rate to allow higher credit to homes that are energy efficient.

Mr. Seelig noted that he has recently been asked to join the Vermont Energy Investment Corporation (VEIC) board, and thus will abstain from any vote on this issue. However, he noted that the request points up the need to think differently about nonprofits. Mr. Seelig further noted that he agrees with staff that what the Agency and ERH/VT have done in this area is pioneering, and also noted that if there had been more support for energy policies at a national level during the last twelve years, the program would be further along. After a brief discussion, a motion was duly made and seconded to authorize the expenditure of up to $50,000 per year for the next two calendar years to become a sustaining member of Energy Rated Homes of Vermont; this motion carried, with Mr. Seelig abstaining.

Next, Mr. Lothrop reviewed the "Partial Revocation of Previous MCC Election and Authority to Carry Forward Unused Private Activity Volume Cap" as detailed in his memo of December 10, included in the Board packet. A motion was made and seconded, and it was voted unanimously to adopt the "Resolution Relating to VHFA Election to Allocate and Carry Forward 1992 Private Activity Bond Volume Cap Allocation" as attached to these minutes.

At this time, Mr. Myette expressed his regrets, saying that he was unable to participate in the remainder of the meeting.

Mr. Schoenbeck led a discussion of the "Single Family Bond Financing 90-3" as described in his memo of December 15, included in the Board packet. According to Mr. Schoenbeck, discussions and negotiations have been taking place every month over the last six months. A brief discussion followed, during which Mr. Schoenbeck pointed out that PaineWebber will defer payment of $150,000 out of $600,000 for transaction fees unless or until the Agency originates the last $15 million of mortgages in this proposed issue. Mr. Schoenbeck also pointed out that $31 million in bonds are to be redeemed in January. It was noted by Mr. Gurley that mortgage rates are expected to remain about the same (within 10 basis points) throughout 1993. A motion was duly made, seconded, and carried unanimously authorizing staff to issue notice to the trustee to convert the bonds and pursue the schedule outlined in Mr. Schoenbeck's memo, including setting a Board meeting (perhaps via conference call) to authorize pricing and sale of $8 million of remarketed Series 2 bonds and issuance of $42.5 million of Series 3 bonds.

In litigation matters affecting the Agency, Mr. Jarrett noted that depositions in the case of the owner of various multi-family properties have revealed that the owner's lawyer received payment from funds obtained by the owner from tenant security deposit accounts, and the lawyer will be asked to replace those funds. There are some problems with the purchase price of the projects under discussion, but further negotiations with VSHA are scheduled. VSHA inspection of the properties has discovered more problems than were originally anticipated. No Board action was necessary.

Upon advice from Mr. Hunt, a motion was duly made and seconded authorizing the Director of Development or General Counsel to sign documents on behalf of the Agency for an upcoming closing to be held in St. Johnsbury. This motion carried unanimously.

The next meeting was scheduled for Thursday, January 21, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION RELATING TO VERMONT HOUSING FINANCE AGENCY ELECTION TO ALLOCATE AND CARRYFORWARD 1992 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated 1992 private activity bond volume cap by the State of Vermont and the Agency's has allocated all of the 1992 volume cap allocated to it by the State of Vermont during 1992 to the issuance of mortgage credit certificates; and

WHEREAS, the Agency may be allocated additional volume cap by the State of Vermont before the end of the calendar year; and

WHEREAS, the Agency wishes to revoke part of its previous election to allocate $64,615,000 to mortgage credit certificates; and

WHEREAS, the Agency desires to elect to utilize any additional volume cap for qualified mortgage bonds and mortgage credit certificates; and

WHEREAS, the Agency desires to carry forward any of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency hereby partially revokes its election to not issue $64,615,000 of mortgage revenue bonds by reallocating $34,615,000 of that authority to issue qualified mortgage revenue bonds and mortgage credit certificates.

2. If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after December 1, 1992, it elects to allocate all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

3. The Vermont Housing Finance Agency elects to carry forward all of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

4. The Executive Director, Director of Finance, and the Director of Operations are directed, and each of them is authorized, to take all steps necessary to carry forward the Agency's unused volume cap, including, but not limited to preparation, execution, and delivery of a Carryforward Election of Unused Private Activity Volume Cap in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 17, 1992.

Allan S Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: ADDISON COUNTY COMMUNITY ACTION GROUP—BRISTOL FAMILY HOUSING

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Action Group ("ACCAG") (who, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the construction of nine apartment units in two separate buildings to be constructed on approximately 25 acres of land located on River Road and Route 116 in Bristol (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute a "qualified housing project" within the meaning of section 42 of the Internal Revenue Code of 1986; and

WHEREAS, ACCAG is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; therefore

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The Housing Sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the VHFA loan.

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for construction and permanent financing, in an amount to be determined by the Executive Director, but not to exceed $200,000, for the Bristol Family Housing Development in Bristol.

2. The Commitment Letter shall be issued to Addison County Community Action Group.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan and the receipt, on or before the date of the permanent closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the permanent loan shall be as determined by the Agency, but shall not exceed 9.75% per annum. The Commitment Letter shall also provide that the loan term will be for not fewer than 20 years. The Commitment of the Agency shall be expressly conditioned on the Agency's ability to borrow taxable funds at a rate not greater than 9.00% per annum in order to make the loan to the Sponsor.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that equity is available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The Commitment Letter shall require as conditions that:

   (1) the Housing Sponsor provide evidence of the receipt of nine project-based Section 8 certificates;

   (2) an environmental assessment be completed to the satisfaction of the VHFA staff;

   (3) VHFA staff approve the design and energy plan after an evaluation by Vermont Energy Investment Corp.;

(4) the following items be completed to the satisfaction of the Executive Director: the grant agreements and loan documents for the other funding sources including construction loans; the syndication agreement and documents for the equity financing; the HUD subsidy layering review; and the proposed management plan.

7. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate, given the circumstances.

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to make preliminary arrangements for the issuance and private placement or sale of federally taxable bonds of the Agency or to borrow the funds necessary to provide proceeds for financing this loan and to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 17, 1992.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

BOARD CONFERENCE CALL MINUTES
Vermont Housing Finance Agency
Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Wednesday, January 13, 1993

PRESENT: (Via speakerphone) Commissioners Shaw, Rockford (designee of Costle), Ruse, Seelig, Mullikin Drake (designee of McDougall), Myette, Richards

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Hope, Mr. Baker

Guests: Mr. Gurley, Mr. Irvin, Mr. Taylor, Mr. Feery (PaineWebber); Mr. Hale (Palmer & Dodge); Ms. Huffmann (Orrick, Herrington & Sutcliffe); Mr. Sylvester (Lehman Brothers)

The meeting was called to order by the Chairman at 11:05 a.m. The Commissioners and other participants were identified by roll call, and it was agreed that all votes would also be taken by roll call.

Mr. Schoenbeck confirmed the receipt by each member of the Board of the preliminary official statement (reoffering memorandum), the Sixth Supplemental Series Resolution, the reimbursement agreement with Sanwa Bank regarding the letters of credit pledged to this issue, the supplemental remarketing agreements which are the contract with the underwriters to remarket the bonds, and the two forms of vote, drafted by Palmer & Dodge, relating to the two series of bonds.

The details of the financing were reviewed by Mr. Schoenbeck, who noted that it consists of $8 million in remarketed Series 2 funds, and the originally scheduled $42.5 million Series 3 funds which have been downsized to $32 million, based on a combination of factors including a higher than expected bond cost, lower Vermont conventional rates, and continued slower than expected projections of Vermont economic conditions; this downsizing resulted in a savings of $150,000 to the Agency. The sizing of the bond issues results in the following rates: a 7.8 percent two-point mortgage; a one year buy down with an interest rate of 6.95 percent in the first year, and 7.95 percent for each remaining year; also, a no point mortgage rate of 7.25 percent in the first year, with 8.25 percent over the remaining term of the loan. The loan loss claim fund letter of credit has been set at $558,000 to cover potential loan losses, with an additional letter of credit of $980,000 to cover contingency losses; these letters of credit were obtained at a cost to the Agency of slightly less than $9,000 per year. It is expected that both the remarketing and the new issue will receive bond ratings of A+ from Standard & Poor's and A1 from Moody's.

Mr. Schoenbeck further explained that once the Agency elected to convert the $42.5 million, the bonds either had to be sold or redeemed, and it was decided to redeem the $10 million excess bonds. It is expected that the mortgage funds generated from the bond sale will last through 1993. According to Mr. Schoenbeck, staff is also considering the actual implementation of the no point mortgage option, which would probably require the Agency to pay participating lenders some amount of points for originating mortgages in this program. A Board discussion will need to be held at a future date to determine the details of this program.

Mr. Feery reviewed the various pricing decisions and recent market activity which resulted in the decision to market the bonds at this time, and also explained that the rates have effectively been locked in, based on the date at which the bonds went to market (rather than the actual closing). Mr. Gurley reported that pricing books will be sent to the Board soon, and reviewed the bond pricing and terms as well as other recent comparable housing finance agency bond sales. He also pointed out that no complaints regarding the availability of these bonds had been received from Vermont bond retailers. Mr. Sylvester confirmed that the local retailers were quite satisfied with the bond availability.

At this point, Mr. Seelig expressed his regrets and left the meeting.

Mr. Hale reviewed the various documents which the Board had received prior to the meeting, as confirmed earlier by Mr. Schoenbeck. The legal technicalities related to the draft state of some of the documents was also explained by Mr. Hale, who reminded the Board that the numbers are basically final, with some minor final adjustments likely to be made by Trepp & Co., the actuarial consultants. Mr. Hale further clarified the implications of both of the forms of vote before the Board.

There being no further questions, a motion was duly made and seconded that the Supplemental Remarketing Agreement dated as of January 13, 1993, between the Agency and the Remarketing Agent named therein (the "Series 2 Supplemental Remarketing Agreement"), be hereby approved in substantially the form presented to this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, Vice Chairman, Executive Director, Deputy Director or Director of Finance executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of their approval of all such changes, omissions, insertions and revisions. Further, the motion noted that each of said officers are, and each of them is, hereby authorized and directed to execute the Series 2 Supplemental Remarketing Agreement and to deliver the same to the Remarketing Agreement. This motion carried unanimously, with Mr. Shaw abstaining.

A motion was then made that the Sixth Supplemental Single Family Housing Bond Resolution, in substantially the form presented at this meeting, be hereby adopted with such additions, deletions or other changes thereto as may be approved by the Chairman, Vice Chairman, Executive Director, Deputy Director or Director of Finance at or prior to the execution and delivery of the Agency's Single Family Housing Bonds, Series 3, Converted Option Bonds, described in said resolution. This motion was seconded and carried unanimously. Mr. Shaw abstained.

Mr. Hale announced that the pre-closing and closing would occur January 28-29, 1993, with delivery of funds to occur February 1.

There being no further business and following a motion duly made and seconded, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Allan S. Hunt

Allan S. Hunt,
Secretary

Marked to show changes against
Series 1 Adjusted Rate Bonds
OH&S DRAFT 1/4/93 {1}

SUPPLEMENTAL REMARKETING AGREEMENT

This Supplemental Remarketing Agreement (the "Supplemental Agreement") dated as of {2}**________ __, 1993** among the Vermont Housing Finance Agency (the "Agency"), and PaineWebber Incorporated, Lehman Brothers, The First National Bank of Boston, Bear, Stearns & Co., Inc. and Goldman Sachs & Co., (collectively, the "Agent"), acting jointly and severally, for whom PaineWebber Incorporated is the authorized representative, supplements the Remarketing Agreement dated as of [May 23, 1991] among the Agency and the Agent, each relating to the Agency's {3} **$40,000,000** Single Family Housing Bonds, Series {4} **2**, dated September 1, 1990 (the " Series {5} **2** Bonds") including the Series {6} **2** Bonds to be remarketed on {7} **February** 1, {8} **1993** (the "Adjustment Date") as Series {9} **2** Bonds bearing interest at adjusted interest rates (the "Bonds" or the "Series {10} **2** Adjusted Rate Bonds"). The Bonds were issued pursuant to the Agency's Single Family Housing Bond Resolution (the "General Resolution") and its {11} **Second** Supplemental Single Family Housing Bond Resolution (the " {12} **Second** Supplemental Resolution"{13}) each adopted on September 20, 1990, and **were converted to Series 2 Converted Option Bonds pursuant to the Agency's Fourth Supplemental Single Family Housing Bond Resolution specifying the terms and conditions of the Series 2 Converted Option Bonds, adopted on October 4, 1991 (together with the Second Supplemental Resolution, the "Series 2 Supplemental Resolutions"). The General Resolution and the Series 2 Supplemental Resolutions are collectively referred to herein as the "Resolution". The Bonds** are to be remarketed as Series {14} **2** Adjusted Rate Bonds pursuant thereto. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

A. REPRESENTATIONS AND AGREEMENTS RELATING TO THE REMARKETING OF THE SERIES 1 ADJUSTED RATE BONDS ON THE ADJUSTMENT DATE.

1. Representations and Warranties of the Agency. The Agency represents and warrants to the Agent that:

(a) The Agency has furnished to the Agent for use in remarketing the Bonds on or prior to the Adjustment Date the Agency's Preliminary Reoffering Memorandum dated {15} **January __, 1993** (the "Preliminary Reoffering Memorandum"). The Agency ratifies the use by the Agent, prior to the date hereof, of the Preliminary Reoffering Memorandum in connection with the public offering of the Series {16} **2** Adjusted Rate Bonds.

(b) Since the date of the Agency's most recent statement of financial condition, there has not occurred any material adverse change in the financial condition or general affairs of the Agency, except as set forth in or contemplated by the Preliminary Reoffering Memorandum.

(c) Both as of the date of the Reoffering Memorandum (hereinafter defined) and at all times subsequent thereto up to and including a date 25 days following the "End of the Underwriting Period" (hereinafter defined in Section B(6)) {17} the statements and information contained in the Reoffering Memorandum (other than the public offering prices or yields of the Bonds shown on the cover of the Reoffering Memorandum, the stabilization clause on {18} **page (i)** thereof, the information under the captions "Security for the Bonds--The Bank" and "Remarketing" and any other statements and information therein furnished in writing to the Agency by the Agent and statements and information relating to the book entry system) are and will be true, correct and complete in all material respects, and (ii) the Reoffering Memorandum does not and will not omit any statement or information that is necessary to make the statements and information therein (other than the public offering prices or yields of the Bonds shown on the cover of the Reoffering Memorandum, the stabilization clause on {19} **page (i)** thereof, or the information under the captions "Security for the Bonds--The Bank" and "Remarketing"), in the light of the circumstances under which they were made, not misleading in any material respect.

(d) Between the date of this Supplemental Agreement and the Adjustment Date, the Agency will not, without the prior consent of the Agent, issue any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Reoffering Memorandum, and, except in the ordinary course of its business of conducting its programs as described in or contemplated by the Reoffering Memorandum and except as otherwise described in or contemplated by the Reoffering Memorandum, will not incur any liabilities, direct or contingent, and there will not have been any adverse change of a material nature in the financial position or in the results of operations of the Agency as disclosed in the Reoffering Memorandum.

(e) The execution of the Commitment Agreements, the Purchase and Servicing Agreements, **the Remarketing Agreement** and this Supplemental Agreement, and compliance with the terms and provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, such execution, delivery and compliance does not and will not constitute on the part of the

Agency a breach or default under any agreement or other instrument to which the Agency is a party.

2. Certain Agreements of the Agency.

The Agency agrees with the Agent that:

(a) The Agency will at its expense, within five (5) business days after the date hereof, furnish the Agent such number of copies of the Reoffering Memorandum as the Agent may reasonably request. The Reoffering Memorandum will be substantially in the form of the Preliminary Reoffering Memorandum, with only such changes as have been approved by the Agent, and will be executed by the Executive Director of the Agency (such Reoffering Memorandum, including the cover page and all appendices attached thereto being herein called the "Reoffering Memorandum," except that if the Reoffering Memorandum has been amended with the Agent's approval between the date hereof and the Adjustment Date, the term "Reoffering Memorandum" shall refer to the Reoffering Memorandum as so amended). As soon as practicable after receipt thereof, the Agent shall deliver the Reoffering Memorandum and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. The Agency authorizes the use of copies of the Reoffering Memorandum and the Resolution in connection with the public offering of the Series {20} 2 Adjusted Rate Bonds.

(b) If between the date of this Supplemental Agreement and a date 25 days following the End of the Underwriting Period (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Reoffering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Agent thereof, and (ii) if in the reasonable opinion of the Agent, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Reoffering Memorandum, the Agency will supplement or amend the Reoffering Memorandum so that the Reoffering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that any such amendment or supplement shall be subject to the approval of the Agent and its counsel. The Agency will furnish to the Agent such number of copies of the Reoffering Memorandum, as so amended, or such supplement, as the Agent may reasonably request.

(c) Prior to or simultaneously with the execution of this Supplemental Agreement, the Agency shall cause to be delivered to the Agent from KPMG Peat Marwick a letter substantially in the form set forth in Exhibit A hereto.

3. Remarketing.

(a) In the event that there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Agent, would affect materially and adversely the ability of the Agent to remarket the Bonds; or there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or legislation shall be introduced in or enacted by the Congress of the United States or enacted by the State of Vermont, or shall have been reported out of committee of either body of the Congress of the United States or be pending in committee of either body or be reported out of or pending in a joint committee of Congress or legislation pending in the Congress of the United States shall be amended, or a decision shall be rendered by a court of the United States or the State of Vermont, including the Tax Court of the United States, or a ruling shall be made or a regulation shall be proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or Vermont authority having jurisdiction, with respect to federal or Vermont taxation upon revenues or other income of the general character to be derived by the Agency or by any similar body, or upon interest on obligations of the general character of the Bonds, that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or Vermont tax consequences of any of the transactions contemplated in connection herewith, and that, in the reasonable opinion of the Agent, affects materially and adversely the market for, or sale of, the Series {21} 2 Adjusted Rate Bonds by the Agent at the contemplated offering prices or yields; or any event shall have occurred, or any condition shall exist that, in the reasonable opinion of the Agent, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Reoffering Memorandum or (B) is not reflected in the Reoffering Memorandum but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or a general banking moratorium shall have been declared by federal or New York or

Vermont authorities having jurisdiction and be in force; or there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Bonds or any securities of the general character of the Bonds (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Agent, would materially adversely affect the market price of the Bonds or the marketability of the Bonds which in the Agent's judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Bonds; or any actual or proposed decision, rule or regulation of the Securities and Exchange Commission or other governmental agency or court shall have been made or issued that would make the Bonds or securities of the general character of the Bonds subject to the registration requirements of the Securities Act of 1933 or require the qualification of the Resolution under the Trust Indenture Act of 1939, as amended, and so long as such situation continues to exist, the Agent shall have the right to suspend its efforts to solicit offers to purchase the Series {22} **2** Adjusted Rate Bonds.

(b) As compensation for its services hereunder, the Agency shall pay to the Agent on the Adjustment Date, **unless otherwise agreed by the Agent,** in immediately available funds, a remarketing fee equal to {23} **$__________**. The Agency shall pay any expenses incident to the performance of its obligations hereunder including but not limited to: (i) the fees and disbursements of Bond Counsel; (ii) the cost of preparing and printing the Preliminary Reoffering Memorandum and the Reoffering Memorandum; (iii) the fees of rating agencies; and (iv) the fees and disbursements of any other counsel, experts or consultants retained by the Agency. The Agent shall pay: (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing the Blue Sky Memorandum and this Supplemental Agreement; (iii) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Bonds, including the fees and disbursements of counsel retained by them; and (iv) all expenses incurred by them in connection with their performance in the capacity of Agent for the Bonds.

4. <u>Documents to be delivered at or prior to the Adjustment Date</u>. At or prior to the Adjustment Date, the Agent shall receive the following documents:

(a) the opinion of Bond Counsel dated the Adjustment Date, in substantially the form included as Appendix V to the Reoffering Memorandum;

(b) the opinion of Bond Counsel, dated the Adjustment Date, addressed to the Agency and to the Agent, to the effect that (i) this Supplemental Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the Agent, constitutes a binding agreement of the Agency in accordance with its terms; (ii) the Agency has duly approved the Reoffering Memorandum and has duly ratified the distribution of the Preliminary Reoffering Memorandum; (iii) the statements contained in the Reoffering Memorandum under the headings entitled: "Introductory Statement", **(except for the fifth sentence of the second paragraph)** "The Agency" (as to the subheading "Purpose and Powers" only), "Single Family Mortgage Purchase Program" (as to the first paragraph only under the subheading "Mortgage Insurance Requirements"), "Security for the Bonds" (except for the subheading "The Bank"), "The Series {24} **2** Adjusted Rate Bonds", "Book-Entry System" {25}**(insofar as such statements purport to summarize certain provisions of the Resolution)**, "Summary of Certain Provisions of the General Resolution," "Pledge and Agreement of the State," "Tax Exemption," "Certain Federal Income Tax Matters" and Appendix IV - "Definitions of Certain Terms" are correct and do not omit any matter that, in their opinion, should be included or referred to therein and that is not included elsewhere in the Reoffering Memorandum; (iv) the Resolution and the Series {26} **2** Adjusted Rate Bonds conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Reoffering Memorandum; (v) based upon the examinations that they have made as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, nothing has come to their attention that would lead them to believe that the Reoffering Memorandum contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion Bond Counsel is not required to express an opinion with respect to financial statements and other financial and statistical data included in the Reoffering Memorandum, or in the second paragraph of {27} **page (i)** of the Reoffering Memorandum; (vi) under existing laws, the Series {28} **2** Adjusted Rate Bonds may be offered and sold without registration under the Securities Act of 1933, as amended; and (vii) under existing law, the remarketing of the Series {29} **2** Adjusted Rate Bonds pursuant to the terms of the Resolution and the adjustment of the interest rate on the Series {30} **2** Adjusted Rate Bonds in accordance with the provisions of the {31} **Second** Supplemental

Resolution does not constitute a "reissuance" of the Series {32} 2 Bonds for federal income tax purposes;

(c) the opinion of Glenn A. Jarrett, General Counsel of the Agency, dated the Adjustment Date and addressed to the Agency and the Agent, to the effect that, with respect to matters of Vermont law only, (i) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Reoffering Memorandum; (ii) this Supplemental Agreement, the Commitment Agreements and the Purchase and Servicing Agreements have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties to the same, constitute binding agreements of the Agency in accordance with their terms; (iii) the Agency has duly approved the Reoffering Memorandum and has duly ratified the distribution of the Preliminary Reoffering Memorandum; (iv) the information in the Reoffering Memorandum with respect to the Commitment Agreements and the Purchase and Servicing Agreements is correct and does not omit any statement that, in his opinion, should be included or referred to therein, and the Commitment Agreements and the Purchase and Servicing Agreements conform as to form and tenor with the terms, provisions and descriptions thereof as summarized and set out in the Reoffering Memorandum; (v) the statements contained in the Reoffering Memorandum in the third paragraph under the heading "No Litigation" correctly state the opinions of such Counsel; (vi) based upon the examinations that he has made as counsel for the Agency but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, nothing has come to his attention that would lead him to believe that the Reoffering Memorandum (except for Appendices I, II, IIA {33}, V **and VI** as to which he need express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion counsel for the Agency shall not be required to express an opinion with respect to financial statements and other financial data included in the Reoffering Memorandum; (vii) under the Act, the Series {34} 2 Bonds and the interest thereon and the income therefrom are exempt from all Vermont taxation, franchise fees and special assessments of every kind, except for transfer, inheritance and estate taxes; (viii) to the best of his knowledge, there is no action, suit, proceeding, investigation at law or in equity before or by any court, judicial board or body, pending or threatened, against or affecting the Agency, wherein an unfavorable decision, ruling or finding would affect materially and adversely the transactions contemplated by the Reoffering Memorandum or the validity of the Resolution, the Series {35} 2 Bonds, the Mortgage Loans, the Commitment Agreements, the Purchase and Servicing Agreements, the Remarketing Agreement, or this Supplemental Agreement; and (ix) the execution of the Commitment Agreements, the Purchase and Servicing Agreements and this Supplemental Agreement, and compliance with the terms and provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, to the best of his knowledge after due inquiry, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party; it being understood that in rendering such opinion General Counsel of the Agency is entitled to rely on the opinion of the Vermont Department of Taxes with respect to the opinion expressed in clause (vii), need render no opinion as to the requirement of registration of the Series {36} 2 Bonds under the Securities Act of 1933, as amended, or under the similar provisions of any state statute or regulation, and need render no opinion as to any matter of federal law;

(d) the opinion of Orrick, Herrington & Sutcliffe, New York, New York, counsel for the Agent, dated the Adjustment Date and addressed to the Agent, to the effect that (i) under existing laws, the Series {37} 2 Adjusted Rate Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended; and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, but on the basis of their conferences with the representatives of the Agency, counsel for the Agency, Bond Counsel and the Agent and their examination of certain documents referred to in the Reoffering Memorandum, no information has come to the attention of the attorneys in such firm rendering legal services in connection with their representation of the Agent in this matter that would cause them to believe that the Reoffering Memorandum contains or contained an untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that in rendering such opinion counsel for the Agent is not required to express an opinion with respect to financial statements and other financial, statistical or numerical data included in the Reoffering Memorandum or any information concerning The Sanwa Bank, Limited;

(e) a certificate, dated the date of Closing, signed by the Chairman and the Executive Director or the Director of Finance of the Agency and in form and substance satisfactory to the Agent, to the effect that (i) the representations, agreements and warranties of the Agency contained herein and in the Remarketing Agreement **and this Supplemental Agreement** are each true and correct in all material respects as of the Adjustment Date; (ii) the Remarketing Agreement, the General Resolution and the {38} **Series 2** Supplemental {39} **Resolutions** are in full force and effect as of the Adjustment Date; (iii) the Commitment Agreements, the Purchase and Servicing Agreements and this Supplemental Agreement have been duly executed by the Agency and, assuming due execution by the other parties thereto, constitute binding agreements of the Agency that are in full force and effect; (iv) no litigation is pending or, to their knowledge, threatened (a) to restrain or enjoin the remarketing of the Series {40} 2 Adjusted Rate Bonds or the making of loans with the proceeds of the Series {41} 2 Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds or the remarketing of the Series {42} 2 Adjusted Rate Bonds as contemplated herein, any proceedings of the Agency taken with respect to the issuance or resale of the Bonds, the pledge or application of any money or security provided for the payment of the Bonds or the validity of the Resolution, the Commitment Agreements, the Purchase and Servicing Agreements, the Remarketing Agreement or this Supplemental Agreement, or (c) in any way contesting the existence or powers of the Agency; and (v) to the best of their knowledge, no event affecting the Agency has occurred since the date of the Reoffering Memorandum that should be disclosed in the Reoffering Memorandum for the purpose for which it is to be used or that is necessary to be disclosed therein to make the statements and information therein not misleading in any material respect;

(f) a letter of KPMG Peat Marwick, dated the Adjustment Date and addressed to the Agency and the Agent to the effect that such accountants reaffirm, as of a date not more than five business days prior to the Adjustment Date, the statements made in the letter furnished by such accountants pursuant to paragraph A 2(c) hereof;

(g) two copies of the Preliminary Reoffering Memorandum, and two certified copies of the Reoffering Memorandum and this Supplemental Agreement;

(h) a letter from Moody's Investors Service ("Moody's") to the effect that it has assigned a rating of "A1" to the Series {43} 2 Adjusted Rate Bonds and a letter from Standard & Poor's Corporation ("S&P") to the effect that it has assigned a rating of {44}**"A+"** to the Series {45} 2 Adjusted Rate Bonds;

(i) a certified copy of each of the Remarketing Projection of Revenues, the Arbitrage Projection Certificate, the Adjustment Rating Certificate and the Certificate of the

Agency with regard to the balance or deposit in the Bond Reserve Fund, the Series {46} **2** Loan Loss Claim Fund, the Series {47} **2** Home Improvement Loan Loss Claim Fund and the Series {48} **2** Contingency Account all delivered in accordance with Section 203(A)(4) of the {49} **Second** Supplemental Resolution;

(j) a certificate of the Agency directing the call of Bonds for tender and exchange, delivered in accordance with Section 203(A)(2) of the {50} **Second** Supplemental Resolution;

(k) a copy of the form of the notice of adjustment mailed pursuant to Section 203(A)(3) of the {51} **Second** Supplemental Resolution to Holders of the Bonds; and

(l) such additional legal opinions, certificates, proceedings, instruments and other documents as the Agent or Bond Counsel may reasonably request to evidence compliance by the Agency with legal requirements, the truth and accuracy, as of the Adjustment Date, of the representations of the Agency herein and in the Reoffering Memorandum, and the due performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

If the Agency shall be unable to satisfy the conditions to the Agents' obligations contained in this Supplemental Agreement with respect to the Bonds or if the Agent's obligations shall be terminated for any reason permitted by this Supplemental Agreement, this Supplemental Agreement shall terminate and neither the Agent nor the Agency shall have any further obligation hereunder.

B. GENERAL PROVISIONS.

1. Intention of Parties. It is the express intention of the parties hereto that no purchase, sale or transfer of any Series {52} 2 Adjusted Rate Bonds, as herein provided, or the setting of interest rates in respect thereof, shall constitute or be construed to be the extinguishment of any Series {53} 2 Adjusted Rate Bond or the indebtedness represented thereby or the reissuance of any Series {54} 2 Adjusted Rate Bond or the refunding of any indebtedness represented thereby. This Supplemental Agreement is made solely for the benefit of the Agency and the Agent (including the successors or assigns thereof) and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements of the Agency in this Supplemental Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Agent and shall survive any remarketing of the Series {55} 2 Adjusted Rate Bonds.

2. Amendments.

(a) The Agency agrees not to amend the Resolution insofar as it relates to this Supplemental Agreement or the rights and duties of the Agent hereunder without the prior written consent of the Agent.

(b) This Supplemental Agreement may not be amended except by a writing signed by each of the parties hereto.

3. Term. Unless previously terminated, this Supplemental Agreement shall remain in full force and effect until {56} **March** 2, {57} **1993**. The Agency may terminate this Agreement at any time **after the Adjustment Date** by giving at least five business days' prior written notice to the Agent and the Trustee. The Agent may terminate this Agreement at any time by giving at least ten business days' prior written notice to the Agency and the Trustee. The representations, warranties and agreements of the Agency set forth herein shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Agent and shall survive the termination or expiration of this Agreement.

4. Blue Sky Qualification of Securities. The Agency agrees to cooperate with the Agent in the qualification of the Bonds for reoffering and resale and the determination of the eligibility of the Bonds for investment under the laws of such jurisdictions as the Agent shall designate and will use its best efforts to continue any such qualification in effect so long as required for the distribution of the Bonds by the Agent, provided that the Agency shall not be required to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to general or special service of process in any jurisdiction where it is not now so subject. It is understood and agreed that the Agency shall not be responsible for compliance with or the consequences of failure to comply with applicable "Blue Sky" laws; provided, however, the inability of the Agent to remarket the Bonds because of the failure of the Agency to cooperate with the Agent shall not be a default hereunder by the Agent.

5. Notices. Unless otherwise provided herein, all notices, certificates, requests or other communications hereunder shall be deemed given when delivered in writing by hand or sent by facsimile transmission, tested telex or registered mail, postage prepaid, addressed as follows:

If to the Agency: Vermont Housing Finance Agency
One Burlington Square
P.O. Box 408
Burlington, Vermont 05402
Attention: Mr. Allan S. Hunt
Executive Director

If to the Agent: PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019
Attention: Mr. Andrew F. Gurley

Each of the above parties may, by written notice given hereunder to the others, designate any further or different addresses to which, or means by which, subsequent notices, certificates, requests or other communications shall be sent.

6. End of the Underwriting Period. For purposes of this Supplemental Agreement, the End of the Underwriting Period shall mean the earlier of (a) the Adjustment Date, unless the Agency has been notified **in writing** to the contrary by the Agent on or prior to the Adjustment Date, or (b) the date on which the "End of the Underwriting Period" for the Bonds has occurred under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule").

The Agency may request from the Agent from time to time, and the Agent shall provide to the Agency upon such request, such information as may be reasonably required by it in order to determine whether the "End of the Underwriting Period" for the Bonds has occurred under the Rule with respect to the unsold balances of Bonds that are held by the Agent for sale to the public within the meaning of the Rule. If there remains any unsold balance of Bonds for sale to the public within the meaning of the Rule, then the Agent shall promptly notify the Agency in writing that, in its opinion, the End of the Underwriting Period for the Bonds under the Rule has occurred on a date which shall be set forth in such notification. The Agency shall be entitled to treat as the End of the Underwriting Period for the Bonds, the date specified by the Agent in such notification.

7. Governing Law. This Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of New York.

8. Counterparts. This Supplemental Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

9. Supplement to Remarketing Agreement. This Supplemental Agreement supplements the Remarketing Agreement dated

May 23, 1991 and, in accordance with Section [6(b)] thereof, all parties thereto have agreed to so supplement such Agreement and evidence such agreement by their signatures hereto. Except as supplemented by the terms hereof, the Remarketing Agreement shall remain in full force and effect in accordance with the terms thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed as of the day and year first above written.

Vermont Housing Finance Agency

By:___________________________
Title: Director of Finance

PaineWebber Incorporated

By:___________________________
Title: Managing Director

Exhibit A
to the
Supplemental Remarketing Agreement

PROPOSED FORM OF ACCOUNTANT'S LETTER

[LETTERHEAD OF KPMG PEAT MARWICK]

{58} **January , 1993**

Vermont Housing Finance Agency
P.O. Box 408
Burlington, Vermont 05402

PaineWebber Incorporated
Lehman Brothers
The First National Bank of Boston
Bear, Stearns & Co. Inc.
Goldman, Sachs & Co.
c/o PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Ladies and Gentlemen:

We have examined the balance sheet of various programs of the Vermont Housing Finance Agency (the "Agency") as of June 30, {59} **1992**, and related statements of revenues, expenses, and changes in fund balance and changes in financial position for the year then ended, which are included in the [Preliminary] Reoffering Memorandum of the Agency, dated {60} **January __, 1993** (the "Reoffering Memorandum"), relating to the reoffering on the Adjustment Date of {61} **$8,000,000** aggregate principal amount of Single Family Housing Bonds, Series {62} **2** (the "Bonds"); our report with respect thereto is included in such Reoffering Memorandum. In connection with the Reoffering Memorandum:

1. We are independent certified public accountants with respect to the Agency within the meaning of Rule 101 of the Rules of Conduct of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

2. We hereby consent to the use of our report dated {63}________________, **1992**, included in the Reoffering Memorandum and to the reference to our firm in the Reoffering Memorandum under the heading "Financial Statements of the Agency."

3. We have not examined any financial statements of the various programs of the Agency as of any date or for any period subsequent to June 30, {64} **1992** although we have made an examination for the year ended June 30, {65} **1992**, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, {66} **1992** and for the year then ended, but not on the financial statements for any interim period within that year or for any period subsequent to June 30, {67} **1992**.

4. For purposes of this letter we have read the 1991 and 1992 minutes of the meetings of the Commissioners of the Agency as set forth in the minute books of the Agency as of ___________, 1992, officials of the Agency having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to ___________, 1992 [insert date within 5 days of the date of pricing or conversion, whichever is appropriate] (our work did not extend to the period from June __, 1992 to _________{68}, 1992).

(a) With respect to the {69} **three**-month period ended {70} **September 30, 1992**, we have:

(i) read the unaudited balance sheet of the Agency as of {71} **September 30, 1992** and the unaudited statements of revenues, expenses and changes in fund balances and cash flows for the {72} **three**-month period then ended which are included in the Reoffering Memorandum, officials of the Agency having advised us that no financial statements as of any date or for any period subsequent to {73} **September 30, 1992** were available; and

(ii) made inquiries of the Director of Finance of the Agency, the officer of the Agency responsible for financial and accounting matters, as to whether the unaudited financial statements referred to under 4(a) (i) above are (1) stated on a basis substantially consistent with that of the audited financial statements included in the Reoffering Memorandum; and (2) comply in form in all material respects with the accounting requirements applicable to entities such as the Agency.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.

5. Agency officials have advised us that no financial statements as of any date or for any period subsequent to {74} **September 30, 1992** are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after {75} **September 30, 1992** do not constitute an examination made in accordance with generally accepted audited standards. Also they would not necessarily reveal matters of significance with respect to the comments in the following paragraphs. We have made inquiries of the Director of Finance of the Agency, the officer of the Agency responsible for accounting and financial matters, as to whether (i) there was any change at {76}**_________, 1993**, in the debt of the Agency or any decrease in total assets as compared with the amounts shown in the {77} **September 30, 1992** unaudited balance sheets included in the Reoffering Memorandum or (ii) during the period from {78} **September 30, 1992 to ____________ 1993**, there were any decreases in the amount of total revenues or excess of revenues over expenses as compared with the corresponding period for the preceding year.

On the basis of these inquiries and our reading of the minutes described in paragraph 4 above, nothing came to our attention that caused us to believe that there was any such change or decrease subsequent to {79} **September 30, 1992**, except in all instances for changes or decreases which the Reoffering Memorandum discloses have occurred or may occur [except as follows:]

6. For the purposes of this letter, we have also read the following information set forth in the Reoffering Memorandum on the indicated pages and under the indicated captions and have performed the additional procedures stated below with respect to such information. Our examination of the financial statements for the period referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For neither the period referred to therein nor any other period did we perform audit tests for the purpose of expressing an opinion on individual balances or accounts or summaries of selected transactions such as those enumerated below and, accordingly, we express no opinion thereon:

Item	Page	Description
A	2	"Introdu~~ctory~~ Statement" The dollar amount in the fifth sentence of the second paragraph.
B	{80} **10**	"Outstanding Indebtedness" The dollar amounts in the first sentence of the first paragraph.
C	20	"Bond Reserve Fund" The dollar amount in the {81} **third** sentence of the {82} **third** paragraph.

Appendix I "Certain Information Relating to the Agency's Existing Single Family Mortgage Programs"

D	I-1, I-2	The tables under the headings "Portfolio of Loans Outstanding Under the Insured Mortgage Bond Program,{83}" "Portfolio of Loans Outstanding Under the Home Mortgage Purchase Bond Program," "Portfolio of Loans Outstanding Under the Single Family Housing Bond Program" and "Delinquency Statistics."

7. It should be understood that we make no representations as to questions of legal interpretation or as to the sufficiency for your purposes of the procedures enumerated in the preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the Reoffering Memorandum and make no representations as to the adequacy of disclosure or as to whether any material facts have been omitted.

8. This letter is solely for the information of, and assistance to, the Agents in conducting and documenting their investigation of the affairs of the Agency in connection with the offering of the securities covered by the Reoffering Memorandum and is not to be used, circulated, quoted or otherwise referred to within or without the Agents' group for any purpose, including but not limited to the purchase or sale of securities, nor is it to be filed with or referred to as a whole or in part in the Reoffering Memorandum or any other document, except that reference may be made to it in the Supplemental Remarketing {84} Agreement or in any listing of documents to be delivered on the Adjustment Date pertaining to the offering of the securities covered by the Reoffering Memorandum.

Very truly yours,

SUPPLEMENTAL REMARKETING AGREEMENT

This Supplemental Remarketing Agreement (the "Supplemental Agreement") dated as of {1}**__________ __, 1993** among the Vermont Housing Finance Agency (the "Agency"), and PaineWebber Incorporated, Bear, Stearns & Co., Inc., Goldman Sachs & Co., Lehman Brothers and The First National Bank of Boston (collectively, the "Agent"), acting jointly and severally, for whom PaineWebber Incorporated is the authorized representative, supplements the Remarketing Agreement dated as of [May 23, 1991]**,** among the Agency and the Agent, each relating to the Agency's {2} **$42,500,000** Single Family Housing Bonds, Series {3} **3**, dated September 1, 1990 (the "Bonds" or the "Series {4} **3 Converted Option** Bonds"). The Bonds were issued pursuant to the Agency's Single Family Housing Bond Resolution (the "General Resolution") and its {5} **Third** Supplemental Single Family Housing Bond Resolution (the " {6} **Third** Supplemental Resolution") each adopted on September 20, 1990, and are to be converted **on February 1, 1993 (the "Conversion Date")** to Series {7} **3** Converted Option Bonds pursuant thereto and to the Agency's {8} **Sixth** Supplemental Single Family Housing Bond Resolution adopted on {9} **January __, 1993** (the " {10} **Sixth** Supplemental Resolution"**, together with the Third Supplemental Resolution, the "Series 3 Supplemental Resolutions"** and together with the General Resolution and the {11} **Third** Supplemental Resolution, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

A. REPRESENTATIONS AND AGREEMENTS RELATING TO THE CONVERSION OF THE SERIES 2 BONDS ON THE CONVERSION DATE.

1. Representations and Warranties of the Agency. The Agency represents and warrants to the Agent that:

(a) The Agency has furnished to the Agent for use in remarketing the Bonds on or prior to the Conversion Date the Agency's Preliminary Reoffering Memorandum dated {12} **January __, 1993** (the "Preliminary Reoffering Memorandum"). The Agency ratifies the use by the Agent, prior to the date hereof, of the Preliminary Reoffering Memorandum in connection with the public offering of the Series {13} **3** Converted Option Bonds.

(b) Since the date of the Agency's most recent statement of financial condition, there has not occurred any material adverse change in the financial condition or general affairs of the Agency, except as set forth in or contemplated by the Preliminary Reoffering Memorandum.

(c) Both as of the date of the Reoffering Memorandum (hereinafter defined) and at all times subsequent thereto up to and including a date 25 days following the "End of the Underwriting Period" (hereinafter defined in Section {14}**(C)(6))** the statements and information contained in the Reoffering Memorandum (other than the public offering prices or yields of the Bonds shown on the cover of the Reoffering Memorandum, the stabilization clause on {15} **page (i)** thereof, the information under the captions "Security for the Bonds--The Bank" and "Remarketing" and any other statements and information therein furnished in writing to the Agency by the Agent and statements and information relating to the book entry system) are and will be true, correct and complete in all material respects, and (ii) the Reoffering Memorandum does not and will not omit any statement or information that is necessary to make the statements and information therein (other than the public offering prices or yields of the Bonds shown on the cover of the Reoffering Memorandum, the stabilization clause on {16} **page (i)** or the information under the captions "Security for the Bonds--The Bank" and "Remarketing"), in the light of the circumstances under which they were made, not misleading in any material respect.

(d) Between the date of this Supplemental Agreement and the Conversion Date, the Agency will not, without the prior consent of the Agent, issue any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Reoffering Memorandum, and, except in the ordinary course of its business of conducting its programs as described in or contemplated by the Reoffering Memorandum and except as otherwise described in or contemplated by the Reoffering Memorandum, will not incur any liabilities, direct or contingent, and there will not have been any adverse change of a material nature in the financial position or in the results of operations of the Agency as disclosed in the Reoffering Memorandum.

(e) The adoption by the Agency of the {17} **Sixth** Supplemental Resolution, the execution of the Commitment Agreements, the Purchase and Servicing Agreements, the {18} **Remarketing** Agreement and this Supplemental Agreement, and compliance with the terms and provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach or default under any agreement or other instrument to which the Agency is a party.

2. <u>Certain Agreements of the Agency</u>.

The Agency agrees with the Agent that:

(a) The Agency will at its expense, within five (5) business days after the date hereof, furnish the Agent such number of copies of the Reoffering Memorandum as the Agent may reasonably request. The Reoffering Memorandum will be substantially in the form of the Preliminary Reoffering Memorandum, with only such changes as have been approved by the Agent, and will be executed by the Executive Director of the Agency (such Reoffering Memorandum, including the cover page and all appendices attached thereto being herein called the "Reoffering Memorandum," except that if the Reoffering Memorandum has been amended with the Agent's approval between the date hereof and the Conversion Date, the term "Reoffering Memorandum" shall refer to the Reoffering Memorandum as so amended). As soon as practicable after receipt thereof, the Agent shall deliver the Reoffering Memorandum and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. The Agency authorizes the use of copies of the Reoffering Memorandum and the Resolution in connection with the public offering of the Series {19} <u>**3**</u> Converted Option Bonds.

(b) If between the date of this Supplemental Agreement and a date 25 days following the End of the Underwriting Period (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Reoffering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Agent thereof, and (ii) if in the reasonable opinion of the Agent, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Reoffering Memorandum, the Agency will supplement or amend the Reoffering Memorandum so that the Reoffering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; <u>provided, however</u>, that any such amendment or supplement shall be subject to the approval of the Agent and its counsel. The Agency will furnish to the Agent such number of copies of the Reoffering Memorandum, as so amended, or such supplement, as the Agent may reasonably request.

(c) Prior to or simultaneously with the execution of this Supplemental Agreement, the Agency shall cause to be delivered to the Agent from KPMG Peat Marwick a letter substantially in the form set forth in Exhibit A hereto.

3. Remarketing.

(a) In the event that there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Agent, would affect materially and adversely the ability of the Agent to remarket the Bonds; or there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or legislation shall be introduced in or enacted by the Congress of the United States or enacted by the State of Vermont, or shall have been reported out of committee of either body of the Congress of the United States or be pending in committee of either body or be reported out of or pending in a joint committee of Congress or legislation pending in the Congress of the United States shall be amended, or a decision shall be rendered by a court of the United States or the State of Vermont, including the Tax Court of the United States, or a ruling shall be made or a regulation shall be proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or Vermont authority having jurisdiction, with respect to federal or Vermont taxation upon revenues or other income of the general character to be derived by the Agency or by any similar body, or upon interest on obligations of the general character of the Bonds, that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or Vermont tax consequences of any of the transactions contemplated in connection herewith, and that, in the reasonable opinion of the Agent, affects materially and adversely the market for, or sale of, the Series {20} **3** Converted Option Bonds by the Agent at the contemplated offering prices or yields; or any event shall have occurred, or any condition shall exist that, in the reasonable opinion of the Agent, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Reoffering Memorandum or (B) is not reflected in the Reoffering Memorandum but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or a general banking moratorium shall have been declared by federal or New York or Vermont authorities having jurisdiction and be in force; or there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Bonds or any securities of the general character of the Bonds (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Agent, would materially adversely affect the market price of the Bonds or the marketability of the Bonds which in the Agent's judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Series {21} **3** Converted Option Bonds; or any actual or proposed decision, rule or regulation of the Securities and Exchange Commission or other governmental agency or court shall have been made or issued that would make the Bonds or securities of the general character of the Bonds subject to the registration requirements of the Securities Act of 1933 or require the qualification of the Resolution under the Trust Indenture Act of 1939, as amended, and so long as such situation continues to exist, the Agent shall have the right to suspend its efforts to solicit offers to purchase the Series {22} **3** Converted Option Bonds.

(b) As compensation for its services hereunder, the Agency shall pay to the Agent on the Conversion Date, **unless otherwise agreed by the Agent,** in immediately available funds, a remarketing fee equal to {23} **$________**. The Agency shall pay any expenses incident to the performance of its obligations hereunder including but not limited to: (i) the fees and disbursements of Bond Counsel; (ii) the cost of preparing and printing the Preliminary Reoffering Memorandum and the Reoffering Memorandum; (iii) the fees of rating agencies; and (iv) the fees and disbursements of any other counsel, experts or consultants retained by the Agency. The Agent shall pay: (i) all advertising expenses in connection with the public offering of the Series {24} **3** Converted Option Bonds; (ii) the cost of preparing the Blue Sky Memorandum and this Supplemental Agreement; (iii) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Series {25} **3** Converted Option Bonds, including the fees and disbursements of counsel retained by them; and (iv) all expenses incurred by them in connection with their performance in the capacity of Agent for the Series {26} **3** Converted Option Bonds.

4. Documents to be delivered at or prior to the Conversion Date. At or prior to the Conversion Date, the Agent shall receive the following documents:

(a) the opinion of Bond Counsel dated the Conversion Date, in substantially the form included as Appendix VI to the

Reoffering Memorandum;

(b) the opinion of Bond Counsel, dated the Conversion Date, addressed to the Agency and to the Agent, to the effect that (i) this Supplemental Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the Agent, constitutes a binding agreement of the Agency in accordance with its terms; (ii) the Agency has duly approved the Reoffering Memorandum and has duly ratified the distribution of the Preliminary Reoffering Memorandum; (iii) the statements contained in the Reoffering Memorandum under the headings entitled: "Introductory Statement" (except for the fifth sentence of the second paragraph), "The Agency" (as to the subheading "Purpose and Powers" only), "Single Family Mortgage Purchase Program" (as to the first paragraph only under the subheading "Mortgage Insurance Requirements"), "Security for the Bonds" (except for the subheading "The Bank"), "The Series {27} **3 Converted Option** Bonds", "Book-Entry System" (insofar as such statements purport to summarize certain provisions of the Resolution), "Summary of Certain Provisions of the General Resolution," "Pledge and Agreement of the State," "Tax Exemption," "Certain Federal Income Tax Matters" and Appendix IV - "Definitions of Certain Terms" are correct and do not omit any matter that, in their opinion, should be included or referred to therein and that is not included elsewhere in the Reoffering Memorandum; (iv) the Resolution and the Series {28} 3 Bonds conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Reoffering Memorandum; (v) based upon the examinations that they have made as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, nothing has come to their attention that would lead them to believe that the Reoffering Memorandum contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion Bond Counsel is not required to express an opinion with respect to financial statements and other financial and statistical data included in the Reoffering Memorandum, or in the second paragraph of {29} **page (i)** of the Reoffering Memorandum; (vi) under existing laws, the Series {30} 3 Converted Option Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and the {31} **Sixth** Supplemental Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended; and (vii) under existing law, the adoption of the {32} **Sixth** Supplemental Resolution and the remarketing of the Series {33} 3 Converted Option Bonds pursuant to the terms of the Resolution do not constitute a "reissuance" of the Bonds for federal income tax purposes and the adjustment of the interest rate on all or a portion of the Series {34} __3__ Converted Option Bonds in accordance with the provisions of the {35} **__Sixth__** Supplemental Resolution would not constitute a "reissuance" of the Bonds for federal income tax purposes;

(c) the opinion of Glenn A. Jarrett, General Counsel of the Agency, dated the Conversion Date and addressed to the Agency and the Agent, to the effect that, with respect to matters of Vermont law only, (i) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Reoffering Memorandum; (ii) this Supplemental Agreement, the Commitment Agreements and the Purchase and Servicing Agreements have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties to the same, constitute binding agreements of the Agency in accordance with their terms; (iii) the Agency has duly approved the Reoffering Memorandum and has duly ratified the distribution of the Preliminary Reoffering Memorandum; (iv) the information in the Reoffering Memorandum with respect to the Commitment Agreements and the Purchase and Servicing Agreements is correct and does not omit any statement that, in his opinion, should be included or referred to therein, and the Commitment Agreements and the Purchase and Servicing Agreements conform as to form and tenor with the terms, provisions and descriptions thereof as summarized and set out in the Reoffering Memorandum; (v) **__the statements contained in the Reoffering Memorandum in the third paragraph under the heading "No Litigation" correctly state the opinion of such Counsel; (vi)__** based upon the examinations that he has made as counsel for the Agency but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, nothing has come to his attention that would lead him to believe that the Reoffering Memorandum (except for Appendices I, II, **__IIA,__** V and VI as to which he need express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion counsel for the Agency shall not be required to express an opinion with respect to financial statements and other financial data included in the Reoffering Memorandum; {36}**__(vii)__** under the Act, the Series {37} __3__ Bonds and the interest thereon and the income therefrom are exempt from all Vermont taxation, franchise fees and special assessments of every kind, except for transfer, inheritance and estate taxes; {38}**__(viii)__** to the best of his knowledge, there is no action, suit, proceeding, investigation at law or in equity before or by any court, judicial board or body, pending or threatened, against or affecting the Agency, wherein an unfavorable decision, ruling or finding would affect materially and adversely the transactions contemplated by the Reoffering Memorandum or the validity of the Resolution, the Series {39} **3** Bonds, the Mortgage Loans, the Commitment Agreements, the Purchase and Servicing Agreements, the Remarketing Agreement, or this Supplemental Agreement; and {40}**(ix)** the adoption of the {41} **Sixth** Supplemental Resolution, the execution of the Commitment Agreements, the Purchase and Servicing Agreements, the Series {42} **3** Reimbursement Agreement and this Supplemental Agreement, and compliance with the terms and provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, to the best of his knowledge after due inquiry, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party; it being understood that in rendering such opinion General Counsel of the Agency is entitled to rely on the opinion of the Vermont Department of Taxes with respect to the opinion expressed in clause {43}**(viii)**, need render no opinion as to the requirement of registration of the Series {44} **3** Bonds under the Securities Act of 1933, as amended, or under the similar provisions of any state statute or regulation, and need render no opinion as to any matter of federal law;

(d) the opinion of Orrick, Herrington & Sutcliffe, New York, New York, counsel for the Agent, dated the Conversion Date and addressed to the Agent, to the effect that (i) under existing laws, the Series {45} **3** Converted Option Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the {46} **Sixth** Supplemental Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reofffering Memorandum, but on the basis of their conferences with the representatives of the Agency, counsel for the Agency, Bond Counsel and the Agent and their examination of certain documents referred to in the Reoffering Memorandum, no information has come to {47} **the attention of the attorneys in such firm rendering legal services in connection with their representation of the Agent in this matter** that would cause them to believe that the Reoffering Memorandum contains or contained an untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that in rendering such opinion counsel for the Agent is not required to express an opinion with respect to financial statements and other financial, statistical or numerical data included in the Reoffering Memorandum or any information concerning {48} **The Sanwa Bank, Limited**;

(e) a certificate, dated the date of Closing, signed by the Chairman and the Executive Director or the Director of Finance of the Agency and in form and substance satisfactory to the Agent, to the effect that (i) the representations, agreements and warranties of the Agency contained herein and in the Remarketing Agreement **and this Supplemental Agreement** are each true and correct in all material respects as of the Conversion Date; (ii) the Remarketing Agreement, the General Resolution and the {49} **Series 3** Supplemental {50} **Resolutions** are in full force and effect as of the Conversion Date; (iii) the Series {51} **3** Reimbursement Agreement **(hereinafter defined)**, the Commitment Agreements, the Purchase and Servicing Agreements and this Supplemental Agreement have been duly executed by the Agency and, assuming due execution by the other parties thereto, constitute binding agreements of the Agency that are in full force and effect; (iv) no litigation is pending or, to their knowledge, threatened (a) to restrain or enjoin the remarketing of the Series {52} **3** Converted Option Bonds or the making of loans with the proceeds of the Series {53} **3** Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds or the remarketing of the Series {54} **3** Converted Option Bonds as contemplated herein, any proceedings of the Agency taken with respect to the issuance or resale of the Bonds, the pledge or application of any money or security provided for the payment of the Bonds or the validity of the Resolution, the Commitment Agreements, the Purchase and Servicing Agreements, the Series {55} **3** Reimbursement Agreement, the Remarketing Agreement or this Supplemental Agreement, or (c) in any way contesting the existence or powers of the Agency; and (v) to the best of their knowledge, no event affecting the Agency has occurred since the date of the Reoffering Memorandum that should be disclosed in the Reoffering Memorandum for the purpose for which it is to be used or that is necessary to be disclosed therein to make the statements and information therein not misleading in any material respect;

(f) a letter of KPMG Peat Marwick, dated the Conversion Date and addressed to the Agency and the Agent to the effect that such accountants reaffirm, as of a date not more than five business days prior to the Conversion Date, the statements made in the letter furnished by such accountants pursuant to paragraph A 2(c) hereof;

(g) two copies of the Preliminary Reoffering Memorandum, and two certified copies of the Reoffering

Memorandum, the {56} **Sixth** Supplemental Resolution and this Supplemental Agreement;

(h) a letter from Moody's Investors Service ("Moody's") to the effect that it has assigned a rating of "A-1" to the Series {57} **3** Converted Option Bonds and a letter from Standard & Poor's Corporation ("S&P") to the effect that it has assigned a rating of "A+" to the Series {58} **3** Converted Option Bonds;

(i) a certified copy of each of the Conversion Projection of Revenues, the Arbitrage Projection Certificate, the Conversion Rating Certificate and the Certificate of the Agency with regard to the balance or deposit in the Bond Reserve Fund, all delivered in accordance with Section 203(A)(4) of the {59} **Third** Supplemental Resolution;

(j) a certificate of the Agency directing the call of Bonds for tender and exchange, delivered in accordance with Section 203(A)(2) of the {60} **Third** Supplemental Resolution;

(k) a copy of the form of the notice of conversion mailed pursuant to Section 203(A)(3) of the {61} **Third** Supplemental Resolution to Holders of the Bonds;

(l) {62} copies of the Series {63} **3** Contingency Account Letter of Credit and the Series {64} **3** Loan Loss Letter of Credit **(the "Letters of Credit")**, each issued by The Sanwa Bank, Limited (Boston Branch) (the "Letter of Credit Bank") and an opinion, addressed to and in form satisfactory to the Agent, of counsel to the Letter of Credit Bank to the effect that the Letters of Credit {65} constitute the legal, valid and binding obligations of the Bank enforceable against the Bank in accordance with their terms, except as its enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and general principles of equity and a certificate, signed by an authorized officer of the Letter of Credit Bank, to the effect that the information in the Reoffering Memorandum with respect to the Letter of Credit Bank is true and correct in all material respects;

{66}**(m)** a copy of the {67} Reimbursement Agreement between the Agency and the Letter of Credit Bank **pursuant to which the Letters of Credit were issued (the "Series 3 Reimbursement Agreement")**; and

{68}**(n)** such additional legal opinions, certificates, proceedings, instruments and other documents as the Agent or Bond Counsel may reasonably request to evidence compliance by the Agency with legal requirements, the truth and accuracy, as of the Conversion Date, of the representations of the Agency herein and in the Reoffering Memorandum, and the due performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

If the Agency shall be unable to satisfy the conditions to the Agents' obligations contained in this Supplemental Agreement with respect to the Bonds or if the Agent's obligations shall be terminated for any reason permitted by this Supplemental Agreement, this Supplemental Agreement shall terminate and neither the Agent nor the Agency shall have any further obligation hereunder.

B. **REPRESENTATIONS AND AGREEMENTS RELATING TO AN ADJUSTMENT OF THE SERIES {69} 3 BONDS ON AN ADJUSTMENT DATE.**

1. Representations and Warranties of the Agency. The Agency represents and warrants that:

(a) The Agency will furnish to the Agent for use in remarketing the Bonds on or prior to the Adjustment Date the Agency's Reoffering Memorandum that describes the Bonds, and the Reoffering Memorandum is accurate in all material respects and does not omit to state a material fact necessary to make the statements therein not misleading.

(b) Since the date of the Agency's most recent statement of financial condition, there will not have occurred any material adverse change in the financial condition or general affairs of the Agency, except as set forth or contemplated by the Reoffering Memorandum.

2. Certain Agreements of the Agency. The Agency agrees with the Agent that:

(a) The Agency will notify the Agent at its convenience but in any event prior to the Certification Date of: (i) any fact or occurrence as a result of which the Reoffering Memorandum would be or become misleading or any representation or warranty of the Agency herein would become false, (ii) any material adverse change in the financial condition or general affairs of the Agency or the financial condition of the Resolution except as set forth in or contemplated in the Reoffering Memorandum, (iii) any reduction in or withdrawal of the ratings on the Series {70} 3 Converted Option Bonds or any suggestion by either Moody's or S&P that it is considering a possible reduction in or withdrawal of its respective rating on the Series {71} 3 Converted Option Bonds, (iv) any adverse change, or threatened adverse change, in the Federal or Vermont income tax treatment of income earned on the Bonds for holders of the Bonds, (v) any event of default under the Resolution or any event which, with notice or lapse of time or both, would constitute such an event of default, or (vi) any change in the dates for the redemption or purchase of the Bonds or any other change in the terms thereof.

(b) The Agency will at its expense, within five (5) days after the Certification Date, furnish the Agent such number of copies of the Reoffering Memorandum as the Agent may reasonably request. As soon as practicable after receipt thereof, the Agent shall deliver the Reoffering Memorandum and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. If any event occurs, subsequent to the date hereof and prior to such delivery or subsequent to such delivery and within 25 days following the End of the Underwriting Period (hereinafter defined in Section C7) relating to the Adjustment Date, as a result of which the Reoffering Memorandum, as then amended or supplemented, would, in the judgment of the Agent, include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency will amend or supplement the Reoffering Memorandum to correct such statement or supply such omitted fact prior to delivery thereof to the Agent or as promptly thereafter as possible, as applicable; <u>provided, however</u>, that any such amendment or supplement shall be subject to the approval of the Agent and its counsel. The Agency will furnish to the Agent such number of copies of the Reoffering Memorandum, as so amended, or such supplement, as the Agent may reasonably request.

(c) The Agency will furnish the Agent copies of all reports and financial statements relating to the financial affairs and condition of the Agency or the financial condition of the Resolution promptly after they are made available to the public by the Agency and such additional information concerning the operations and financial condition of the Agency or the Resolution as the Agent may from time to time reasonably request.

3. <u>Remarketing; Pricing</u>.

(a) Pursuant to the {72} **<u>Sixth</u>** Supplemental Resolution, the Agency has appointed the Agent as its exclusive Agent for the remarketing of the Bonds. In reliance on the representations contained herein and subject to the terms hereof, in the event of a mandatory tender and remarketing of Series {73} **<u>3</u>** Converted Option Bonds called for tender on any Adjustment Date and remarketed as Bonds bearing interest at the Adjusted Interest Rate pursuant to the provisions of Section 201 of the {74} **<u>Sixth</u>** Supplemental Resolution, the Agent agrees to use its best efforts to solicit offers to purchase, at a price of 100% of the principal amount thereof plus accrued interest, if any, thereon, the Series {75} **3** Converted Option Bonds that it has been advised by the Trustee are to be purchased pursuant to Section 201(B) of the {76} **Sixth** Supplemental Resolution and to perform the other obligations of the Agent as set forth in Sections 201(A)(1), 201(A)(4), 201(A)(5) and 201(B) of the {77} **Sixth** Supplemental Resolution with respect to determination of the Pro-Forma Adjusted Interest Rate on the Certification Date, determination of the Adjusted Interest Rate on the Calculation Date and determination of the Schedule of Principal Installments (including Sinking Fund Installments, if any) for the Adjusted Rate Bonds on the Certification Date and the Calculation Date, all as such actions are described in the {78} **Sixth** Supplemental Resolution.

(b) In the event that there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Agent, would affect materially and adversely the ability of the Agent to remarket the Bonds; or there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or a general banking moratorium shall have been declared by federal or New York or Vermont authorities having jurisdiction and be in force; or there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Bonds or any securities of the general character of the Bonds (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Agent, would materially adversely affect the market price of the Adjusted Rate Bonds or the marketability of the Bonds which in the Agent's judgment makes it impracticable or inadvisable to proceed with a solicitation of offers to purchase the Adjusted Rate Bonds; or any actual or proposed decision, rule or regulation of the Securities and Exchange Commission or other governmental agency or court shall have been made or issued that would make the Bonds or securities of the general character of the Bonds subject to the registration requirements of the Securities Act of 1933 or require the qualification of the Resolution under the Trust Indenture Act of 1939, as amended; or there shall have occurred any of the events contemplated by Section B 2(a), whether the Agent learns thereof from the Agency or otherwise, and so long as such situation continues to exist, the Agent shall have the right to suspend its efforts to solicit offers to purchase the Adjusted Rate Bonds.

(c) As compensation for its services in connection with the remarketing of Adjusted Rate Bonds hereunder, the Agency shall pay to the Agent a fee to be mutually agreed upon. Such fee shall be payable on the Adjustment Date. The Agency also agrees to pay the reasonable out-of-pocket expenses of the Agent (including, without limitation, the fees and disbursements of counsel and any costs incurred in the preparation, reproduction and delivery of documents) incurred in connection with the performance of its obligation hereunder.

4. Documents to be delivered at or prior to the Adjustment Date. At or prior to the Adjustment Date, the Agent shall receive:

(a) the opinion of Bond Counsel as to compliance with the {79} **Third** Supplemental Resolution and the {80} **Sixth** Supplemental Resolution and confirmation of their opinions dated September 27, 1990 and {81} **February** 1, {82} **1993**; and

(b) such additional legal opinions, certificates, proceedings, instruments and other documents as the Agent or Bond Counsel may reasonably request to evidence compliance by the Agency with legal requirements, the truth and accuracy, as of the Adjustment Date, of the representations of the Agency herein and in the Reoffering Memorandum and the due performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

If the Agency shall be unable to satisfy the conditions to the Agent's obligations contained in this Supplemental Agreement with respect to the Bonds or if the Agent's obligations shall be terminated for any reason permitted by this Supplemental Agreement, this Supplemental Agreement shall terminate and neither the Agent nor the Agency shall have any further obligation hereunder.

5. The Agent.

(a) The Agent will be acting solely as the Agency's agent in the re-sale or exchange of the Series {83} **3** Tender Bonds, and the Agent's responsibility is limited to the use of its best efforts to solicit offers to purchase the Series {84} **3** Tender Bonds.

(b) The Agent, in its individual capacity, either as principal or agent, may buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any holder of Bonds may be entitled to take, with the like effect as if it did not act in any capacity hereunder. The Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Agency and may act as depositary, trustee or agent for any committee or body of holders of Bonds or other obligations of the Agency as freely as if it did not act in any capacity hereunder.

(c) The Agent shall incur no liability to the Agency or any other person for its action as Agent pursuant to the terms of this Supplemental Agreement except for its willful misconduct or gross negligence. In setting the various interest rates relating to the Series {85} **3** Tender Bonds referred to above, the Agent shall not be liable for any error made in good faith.

C. GENERAL PROVISIONS.

1. Intention of Parties. It is the express intention of the parties hereto that no purchase, sale or transfer of any Bonds, as herein provided, or the setting of interest rates in respect thereof, shall constitute or be construed to be the extinguishment of any Bond or the indebtedness represented thereby or the reissuance of any Bond or the refunding of any indebtedness represented thereby. This Supplemental Agreement is made solely for the benefit of the Agency and the Agent (including the successors or assigns thereof) and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements of the Agency in this Supplemental Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Agent and shall survive any remarketing of the Series {86} **3** Converted Option Bonds or the Adjusted Rate Bonds.

2. Amendments.

(a) The Agency agrees not to amend the Resolution insofar as it relates to this Supplemental Agreement or the rights and duties of the Agent hereunder without the prior written consent of the Agent.

(b) This Supplemental Agreement may not be amended except by a writing signed by each of the parties hereto.

3. Term. Unless previously terminated, this Supplemental Agreement shall remain in full force and effect until the earlier of the Adjustment Date, if any, pursuant to the {87} **Sixth** Supplemental Resolution, or {88} **March 2, 1994**. The Agency may terminate this Agreement at any time by giving at least five

business days' prior written notice to the Agent and the Trustee. The Agent may terminate this Agreement at any time by giving at least ten business days' prior written notice to the Agency and the Trustee. The representations, warranties and agreements of the Agency set forth herein shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Agent and shall survive the termination or expiration of this Agreement.

4. Blue Sky Qualification of Securities. The Agency agrees to cooperate with the Agent in the qualification of the Series {89} 3 Bonds for reoffering and resale and the determination of the eligibility of the Series {90} 3 Bonds for investment under the laws of such jurisdictions as the Agent shall designate and will use its best efforts to continue any such qualification in effect so long as required for the distribution of the Series {91} 3 Bonds by the Agent, provided that the Agency shall not be required to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to general or special service of process in any jurisdiction where it is not now so subject. It is understood and agreed that the Agency shall not be responsible for compliance with or the consequences of failure to comply with applicable "Blue Sky" laws; provided, however, the inability of the Agent to remarket the Series {92} 3 Bonds because of the failure of the Agency to cooperate with the Agent shall not be a default hereunder by the Agent.

5. Notices. Unless otherwise provided herein, all notices, certificates, requests or other communications hereunder shall be deemed given when delivered in writing by hand or sent by facsimile transmission, tested telex or registered mail, postage prepaid, addressed as follows:

If to the Agency:

Vermont Housing Finance Agency
One Burlington Square
P.O. Box 408
Burlington, Vermont 05402
Attention: Mr. Allan S. Hunt
Executive Director

If to the Agent:

PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019
Attention: Mr. Andrew F. Gurley

Each of the above parties may, by written notice given hereunder to the others, designate any further or different addresses to which, or means by which, subsequent notices, certificates, requests or other communications shall be sent.

6. End of the Underwriting Period. For purposes of this Supplemental Agreement, the End of the Underwriting Period shall mean the earlier of (a) the Conversion Date or the Adjustment Date, as the case may be, unless the Agency has been notified in writing to the contrary by the Agent on or prior to each such Conversion Date or Adjustment Date, or (b) the date on which the "End of the Underwriting Period" for the Bonds has occurred under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule").

The Agency may request from the Agent from time to time, and the Agent shall provide to the Agency upon such request, such information as may be reasonably required by it in order to determine whether the "End of the Underwriting Period" for the Bonds has occurred under the Rule with respect to the unsold balances of Bonds that are held by the Agent for sale to the public within the meaning of the Rule. If there remains any unsold balance of Bonds for sale to the public within the meaning of the Rule, then the Agent shall promptly notify the Agency in writing that, in its opinion, the End of the Underwriting Period for the Bonds under the Rule has occurred on a date which shall be set forth in such notification. The Agency shall be entitled to treat as the End of the Underwriting Period for the Bonds, the date specified by the Agent in such notification.

7. Governing Law. This Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of New York.

8. Counterparts. This Supplemental Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

9. Supplement to Remarketing Agreement. This Supplemental Agreement supplements the Remarketing Agreement dated [May 23, 1991] and, in accordance with Section 6(b) thereof, all parties thereto have agreed to so supplement such Agreement and evidence such agreement by their signatures hereto. Except as supplemented by the terms hereof, the Remarketing Agreement shall remain in full force and effect in accordance with the terms thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed as of the day and year first above written.

Vermont Housing Finance Agency

By:______________________________

Title: Director of Finance

PaineWebber Incorporated

By:_____________________________
Title: Managing Director

Exhibit A
to the
Supplemental Remarketing Agreement

PROPOSED FORM OF ACCOUNTANT'S LETTER

[LETTERHEAD OF KPMG PEAT MARWICK]

January __, 1993

Vermont Housing Finance Agency
P.O. Box 408
Burlington, Vermont 05402

PaineWebber Incorporated
Lehman Brothers
The First National Bank of Boston
Bear, Stearns & Co. Inc.
Goldman, Sachs & Co.
c/o PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Ladies and Gentlemen:

We have examined the balance sheet of various programs of the Vermont Housing Finance Agency (the "Agency") as of June 30, 1992, and related statements of revenues, expenses, and changes in fund balance and changes in financial position for the year then ended, which are included in the [Preliminary] Reoffering Memorandum of the Agency, dated January __, 1993 (the "Reoffering Memorandum"), relating to the reoffering on the Conversion Date of $42,500,000 aggregate principal amount of Single Family Housing Bonds, Series 2 (the "Bonds"); our report with respect thereto is included in such Reoffering Memorandum. In connection with the Reoffering Memorandum:

1. We are independent certified public accountants with respect to the Agency within the meaning of Rule 101 of the Rules of Conduct of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

2. We hereby consent to the use of our report dated ____________, 1992, included in the Reoffering Memorandum and to the reference to our firm in the Reoffering Memorandum under the

heading "Financial Statements of the Agency."

3. We have not examined any financial statements of the various programs of the Agency as of any date or for any period subsequent to June 30, 1992 although we have made an examination for the year ended June 30, 1992, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1992 and for the year then ended, but not on the financial statements for any interim period within that year or for any period subsequent to June 30, 1992.

4. For purposes of this letter we have read the 1991 and 1992 minutes of the meetings of the Commissioners of the Agency as set forth in the minute books of the Agency as of ________, 1992, officials of the Agency having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to ________, 1992 [insert date within 5 days of the date of pricing or conversion, whichever is appropriate] (our work did not extend to the period from June ___, 1992 to ________, 1992).

(a) With respect to the three-month period ended September 30, 1992, we have:

(i) read the unaudited balance sheet of the Agency as of September 30, 1992 and the unaudited statements of revenues, expenses and changes in fund balances and cash flows for the six-month period then ended which are included in the Reoffering Memorandum, officials of the Agency having advised us that no financial statements as of any date or for any period subsequent to September 30, 1992 were available; and

(ii) made inquiries of the Director of Finance of the Agency, the officer of the Agency responsible for financial and accounting matters, as to whether the unaudited financial statements referred to under 4(a) (i) above are (1) stated on a basis substantially consistent with that of the audited financial statements included in the Reoffering Memorandum; and (2) comply in form in all material respects with the accounting requirements applicable to entities such as the Agency.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.

5. Agency officials have advised us that no financial statements as of any date or for any period subsequent to September 30, 1992 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after September 30, 1992 do not constitute an examination made in accordance with generally accepted audited standards. Also they would not necessarily reveal matters of significance with respect to the comments in the following paragraphs. We have made inquiries of the Director of Finance of the Agency, the officer of the Agency responsible for accounting and financial matters, as to whether (i) there was any change at __________, 1993, in the debt of the Agency or any decrease in total assets as compared with the amounts shown in the September 30, 1992 unaudited balance sheets included in the Reoffering Memorandum or (ii) during the period from September 30, 1992 to ______________ 1993, there were any decreases in the amount of total revenues or excess of revenues over expenses as compared with the corresponding period for the preceding year.

On the basis of these inquiries and our reading of the minutes described in paragraph 4 above, nothing came to our attention that caused us to believe that there was any such change or decrease subsequent to September 30, 1992, except in all instances for changes or decreases which the Reoffering Memorandum discloses have occurred or may occur [except as follows:]

6. For the purposes of this letter, we have also read the following information set forth in the Reoffering Memorandum on the indicated pages and under the indicated captions and have performed the additional procedures stated below with respect to such information. Our examination of the financial statements for the period referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For neither the period referred to therein nor any other period did we perform audit tests for the purpose of expressing an opinion on individual balances or accounts or summaries of selected transactions such as those enumerated below and, accordingly, we express no opinion thereon:

Item	Page	Description
A	2	"Introductory Statement" The dollar amount in the fifth sentence of the second paragraph.
B	10	"Outstanding Indebtedness" The dollar amounts in the first sentence of the first paragraph.
C	20	"Bond Reserve Fund" The dollar amount in the third sentence of the third paragraph.

Appendix I "Certain Information Relating to the Agency's Existing Single Family Mortgage Programs"

D	I-1, I-2	The tables under the headings "Portfolio of Loans Outstanding Under the Insured Mortgage Bond Program," "Portfolio of Loans Outstanding Under the Home Mortgage Purchase Bond Program," "Portfolio of Loans Outstanding Under the Single Family Housing Bond Program" and "Delinquency Statistics."

7. It should be understood that we make no representations as to questions of legal interpretation or as to the sufficiency for your purposes of the procedures enumerated in the preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the Reoffering Memorandum and make no representations as to the adequacy of disclosure or as to whether any material facts have been omitted.

8. This letter is solely for the information of, and assistance to, the Agents in conducting and documenting their investigation of the affairs of the Agency in connection with the offering of the securities covered by the Reoffering Memorandum and is not to be used, circulated, quoted or otherwise referred to within or without the Agents' group for any purpose, including but not limited to the purchase or sale of securities, nor is it to be filed with or referred to as a whole or in part in the Reoffering Memorandum or any other document, except that reference may be made to it in the Supplemental Remarketing Agreement or in any listing of documents to be delivered on the Adjustment Date pertaining to the offering of the securities covered by the Reoffering Memorandum.

Very truly yours,

Draft 12\30\92

VERMONT HOUSING FINANCE AGENCY

SIXTH SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION

Adopted January , 1993

SIXTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Whereas, on September 20, 1990, the Vermont Housing Finance Agency (the "Agency") adopted its Single Family Housing Bond Resolution (the "Resolution") and its Third Supplemental Single Family Housing Bond Resolution (the "Third Supplemental Resolution") pertaining to the Agency's $42,500,000 Single Family Housing Bonds, Series 3 (the "Series 3 Bonds"); and

Whereas, in accordance with Section 203 of the Third Supplemental Resolution, the Agency has elected to convert the Series 3 Bonds from Convertible Option Bonds to Converted Option Bonds on February 1, 1993 (the "Conversion Date"); and

Whereas, Section 305(C) of the Third Supplemental Resolution requires that on or before the Conversion Date, the Agency shall obtain, and thereafter maintain in full force and effect, a Portfolio Credit Facility insuring or securing the Agency on a portfolio basis against loss arising out of default on Loans held under the Resolution and allocable to the Series 3 Bonds to the extent, in such amount and with such terms and conditions as the Agency shall determine necessary to satisfy the conditions provided in Section 203(A)(6) of the Third Supplemental Resolution; and

Whereas, Section 305(C) of the Third Supplemental Resolution further provides that on or before the Conversion Date the Agency shall adopt a Supplemental Resolution setting forth the terms and conditions of such Portfolio Credit Facility, if any, and providing for the application of all amounts received by the Agency or the Trustee on account thereof.

Now, Therefore, Be It Resolved by the Vermont Housing Finance Agency, and the Commissioners thereof, as follows:

ARTICLE I

Definitions and Authority

Section 101. Short Title. This resolution is hereinafter sometimes referred to as the "Sixth Supplemental Resolution."

Section 102. Definitions and Interpretation. (A) Except as provided in Paragraph (B) of this Section, all terms used herein shall have the same meanings as are given such terms in the Recitals hereto, in Section 101 of the Resolution and in Section 102 of the Third Supplemental Resolution.

(B) In this Sixth Supplemental Resolution unless a different meaning clearly appears from the context:

"Adjustment Date" means the Business Day, if any, not later than the last Business Day of the Adjustment Option Period, on which the interest rate on the Series 3 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 201(A)(2) hereof.

"Adjusted Interest Rate" means the rate or rates of interest to be borne by all Adjusted Rate Bonds subsequent to the Adjustment Date as determined pursuant to Section 201(A)(4) hereof.

"Adjustment Option Period" means the period commencing on May 1, 1993 and ending on March 1, 1994, inclusive.

"Adjusted Rate Bonds" means all Series 3 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 3 Bonds authenticated and delivered under the Resolution thereafter upon transfer of, or in exchange or substitution for, any such Bonds.

"Adjustment Rating Certificate" means (i) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 3 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 201(A)(6) hereof, accompanied by (ii) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 3 Tender Bonds will not cause such Agency to change the credit ratings then assigned by it to any Bonds Outstanding.

"Arbitrage Projection Certificate" means a certificate of an Authorized Officer setting forth the Agency's reasonable expectations that adjustment of the interest rate on the Series 3 Tender Bonds on the Adjustment Date to the Adjusted Interest Rate and the purchase thereafter of Loans at a certain specified rate or rates with proceeds allocable to the Adjusted Rate Bonds will not cause the Series 3 Bonds to be "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code, accompanied by an opinion of Bond Counsel to the effect that such certificate is sufficient to satisfy the criteria which are necessary under Section 143(g) and Section 148(a) of the Code to support the conclusion of Bond Counsel that adjustment of the interest rate on the Series 3 Tender Bonds on the Adjustment Date will not cause the Series 3 Bonds to be "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"Bank" means The Sanwa Bank Limited, and any successor thereto under the Loan Loss Letter of Credit or the Contingency Account Letter of Credit.

"Calculation Date" means the date on which the Adjusted Interest Rate is determined, which date shall be any Business Day selected by the Remarketing Agent with the approval of the Agency not earlier than thirty (30) days prior to the Adjustment Date and not later than fifteen (15) days prior to the Adjustment Date.

"First Supplemental Resolution" means the First Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990.

"Fourth Supplemental Resolution" means the Fourth Supplemental Single Family Housing Bond Resolution adopted by the Agency on October 4, 1991.

"Funded Loan Loss Claim Fund Requirement" means, at any date of computation, an amount equal to the Series 3 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 3 Loan Loss Claim Fund.

"Loan Loss" means the amount, certified to the Trustee by an Authorized Officer, of any loss realized by the Agency upon the default on a Loan held under the Resolution for the account of the Series 3 Bonds, which amount shall not exceed the sum of (i) the unpaid principal balance of the Loan at the date of the default, (ii) the amount of accumulated delinquent interest due on the Loan (excluding late charges and penalty interest), and (iii) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (iv) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same), (v) the amount of cash remaining in any escrow account maintained for such Loan, (vi) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of the Loan and (vii) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 3 Loan Loss Claim Fund.

"Loan Loss Claim Fund Deposits" means (x) the Series 3 Loan Loss Letter of Credit, (y) any extension of the Loan Loss Letter of Credit or (z) any one or more of the following to the extent its deposit in the Series 3 Loan Loss Claim Fund will not adversely affect the then current ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 3 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"Loan Loss Claim Fund Withdrawals" means amounts withdrawn from the Series 3 Loan Loss Claim Fund pursuant to Section 302(B) hereof on account of a Loan Loss.

"Notice Date" means the Business Day which is forty-five (45) days prior to the Adjustment Date.

"Pro-Forma Adjusted Interest Rate" shall have the meaning given such term in Section 201(A)(1) hereof.

"Pro-Forma Tender Bonds" shall have the meaning given such term in Section 201(A)(1) hereof.

"Remarketing Agent" means the "Agent" as that term is defined in the Supplemental Remarketing Agreement.

"Remarketing Projection of Revenues" means a Projection of Revenues satisfying the requirements of Section 201(A)(6) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 201(A)(5) hereof.

"Reoffering Memorandum" means the Reoffering Memorandum of the Agency describing the Series 3 Converted Option Bonds, in preliminary form dated January __, 1993 and in final form substantially as presented at this meeting and included in the minutes hereof.

"Second Supplemental Resolution" means the Second Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990.

"Series 1 Bonds" means the Agency's Single Family Housing Revenue Bonds, Series 1, Outstanding under the First Supplemental Resolution.

"Series 2 Bonds" means the Agency's Single Family Housing Revenue Bonds, Series 2, Outstanding under the Second Supplemental Resolution.

"Series 3 Contingency Account" means the account in the Redemption Fund so designated and created pursuant to Section 301(C) hereof.

"Series 3 Contingency Account Letter of Credit" means the irrevocable letter of credit issued by the Bank pursuant to the Series 3 Reimbursement Agreement to be held for the credit of the Series 3 Contingency Account and any extension thereof or substitute letter of credit therefor deposited with the Trustee pursuant to Section 304 hereof.

"Series 3 Converted Option Bonds" means the Series 3 Bonds following their conversion from convertible option bonds to converted option bonds on February 1, 1993, in accordance with the provisions of the Resolution and the Third Supplemental Resolution.

"Series 3 Loan Loss Claim Fund Requirement" means, as of any date of computation, (1) an amount at least equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 3 Program Account plus (ii) the aggregate amount, if any, then held in the Series 3 Program Account which may be applied to the purchase of such Loans, less (y) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 3 Loan Loss Claim Fund, or (2) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

"Series ^ 3 Loan Loss Claim Fund" means the fund so designated and created pursuant to Section 301(A) hereof.

"Series ^ 3 Loan Loss Letter of Credit" means the irrevocable letter of credit issued by the Bank pursuant to the Series ^ 3 Reimbursement Agreement to be held for the credit of the Series ^ 3 Loan Loss Claim Fund and any extension thereof or substitute letter of credit therefor issued by the Bank in accordance with the Series ^ 3 Reimbursement Agreement and deposited with the Trustee pursuant to Section 302 ^ hereof.

"Series ^ 3 Reimbursement Agreement" means the Reimbursement Agreement relating to the Series ^ 3 Loan Loss Letter of Credit and the Series ^ 3 Contingency Account Letter of Credit dated as of ^ February 1, ^ 1993 between the Agency and the Bank, as amended from time to time in accordance therewith.

"Series ^ 3 Tender Bonds" means the Series ^ 3 Converted Option Bonds selected in accordance with Section 201(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"Series ^ 3 Tender Bonds Proceeds Subaccount" means the Series ^ 3 Program Account - Tender Bonds Proceeds Subaccount established pursuant to Section 301(B) hereof.

"Supplemental Remarketing Agreement" means the Supplemental Remarketing Agreement dated as of ^ January __, 1993 between the Agency and the Remarketing Agent.

Section 103. Authority. This ^ Sixth Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701 of the Resolution and Section 305(C) of the ^ Third Supplemental Resolution and in accordance with the Act.

ARTICLE II

Certain Provisions Applicable to the Series ^ 3 Converted Option Bonds

Section 201. Adjustment of Interest Rate on Series ^ 3 Converted Option Bonds. (A) Notwithstanding anything in the ^ Third Supplemental Resolution to the contrary, pursuant to Section 203 and Section 401(B) of the ^ Third Supplemental Resolution the Agency hereby determines that all or part of the Series ^ 3 Converted Option Bonds may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series ^ 3 Converted Option Bonds bearing interest at the Adjusted Interest Rate as determined in accordance with this Section 201.

(1) If at any time and from time to time during the Adjustment Option Period (but not less than fifty-four (54) days prior to the end of the Adjustment Option Period) any amount attributable to the Series 3 Converted Option Bonds remains on deposit in the Series 3 Program Account and the Agency has determined (i) that the rate of interest to be borne by Loans allocable to Series 3 Converted Option Bonds bearing interest at the rates determined upon conversion thereof in accordance with Section 203 of the Third Supplemental Resolution either (x) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (y) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans to the Agency or (ii) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 3 Converted Option Bonds bearing interest at the rates determined upon conversion thereof in accordance with Section 203 of the Third Supplemental Resolution cannot be issued bearing a rate or rates of interest which is less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Agency may deliver to the Remarketing Agent a certificate of an Authorized Officer directing the Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate (as hereinafter determined) as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than five (5) days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 3 Converted Option Bonds (not in excess of the amount then on deposit in the Series 3 Program Account and in a multiple of $5,000) for which the Pro-Forma Adjusted Interest Rate shall be determined (hereinafter referred to as the "Pro-Forma Tender Bonds"). On the Certification Date, the Remarketing Agent shall determine and certify to the Agency and the Trustee the Pro-Forma Adjusted Interest Rate with respect to the Pro-Forma Tender Bonds. The Pro-Forma Adjusted Interest Rate shall be the lowest rate or rates which, in the Remarketing Agent's judgment on the basis of prevailing market conditions, would permit the resale of the Pro-Forma Tender Bonds at par plus accrued interest, if any, on the Certification Date.

(2) If on or after any Certification Date (i) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least one-half of one percent (1/2 of 1%) lower than the yield on the Series 3 Converted Option Bonds (calculated as of the Conversion Date) and (ii) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 3 Bonds bearing

interest at the Pro-Forma Adjusted Interest Rate does not exceed that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford and does not exceed the maximum rate which is allowable under Section 143(g) or Section 148(a) of the Code without causing the Series 3 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (iii) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 3 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (iv) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Remarketing Agent to call a Principal Amount of Series 3 Converted Option Bonds (not in excess of the Principal Amount of Pro-Forma Tender Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. Such certificate shall also constitute a certificate of an Authorized Officer pursuant to Section 303(F) of the Third Supplemental Resolution to redeem such Series 3 Converted Option Bonds on the Adjustment Date as provided in Section 204(D) and Section 303(F) of the Third Supplemental Resolution to the extent the conditions provided in Paragraphs (A)(4) or (7) of this Section 201 shall occur. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after which the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than forty-eight (48) days after the date such certificate is delivered to the Trustee.

(3) If the Agency shall have elected to call a Principal Amount of Series 3 Converted Option Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (2) of this Section 201, the Trustee shall select the Outstanding Series 3 Converted Option Bonds (hereinafter referred to as "Series 3 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 3 Converted Option Bonds specified by the Agency pursuant to Paragraph (A)(2) of this Section 201). If less than all Series 3 Converted Option Bonds are to be tendered, Series 3 Converted Option Bonds of each maturity Outstanding shall be called for tender, as nearly as practicable, in accordance with the ratio which the aggregate Principal Amount

of Series 3 Converted Option Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 3 Converted Option Bonds of all maturities Outstanding. If less than all Series 3 Converted Option Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 3 Converted Option Bonds within such maturity to be tendered. Not later than the Notice Date, notice of tender shall be given by the Trustee, in the name of the Agency, by first-class registered mail to all Holders of Series 3 Tender Bonds at their addresses appearing on the registration books of the Agency maintained by the Trustee (or at such other address as may have been provided to the Trustee for such purpose). In addition to the purposes provided in this Section 201, the notice of tender shall also constitute a notice of redemption of the Series 3 Tender Bonds on the Adjustment Date pursuant to Section 204(D) and Section 303(F) of the Third Supplemental Resolution to the extent the conditions provided in Paragraphs (A)(4) or (7) of this Section 201 shall occur. Each such notice shall state in effect:

(i) the Principal Amount of Series 3 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(ii) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (4) or Paragraph (7) of this Section 201(A) shall occur, Series 3 Tender Bonds of such Holder will be exchanged for and either redelivered to such Holder or remarketed as Adjusted Rate Bonds on the Adjustment Date, in either case bearing the same maturity dates as the Series 3 Tender Bonds for which they were exchanged;

(iii) that the Holders of Series 3 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 3 Tender Bonds retained as provided in Section 201(B)(3) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(iv) that each Series 3 Tender Bond shall be purchased on the Adjustment Date unless the Bondholder directs the Agency and the Trustee not to purchase all or any specified portion of such Holder's Series 3 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (3) of Section 201(B);

(v) the date by which a Holder making the election described in Section 201(B)(3) hereof must notify the Trustee of such election and the address and telecopier number to which a Holder making the election may deliver notice of such election;

(vi) that if the Series 3 Tender Bonds had been exchanged for Adjusted Rate Bonds on the Certification Date, they would have borne interest thereafter at the Pro-Forma Adjusted Interest Rate and that the actual Adjusted Interest Rate will be determined on the Calculation Date (describing the dates on which the Calculation Date may occur and the method by which the actual Adjusted Interest Rate will be determined);

(vii) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of his Series 3 Tender Bonds in accordance with Section 201(B)(3), unless such Bonds are registered in the name of the Bond Depository or its nominee, he shall deliver such Bond or Bonds to the Trustee no later than 10:30 A.M. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 3 Tender Bonds); and

(viii) that if no adjustment of interest rate takes place as a result of a failure by or inability of the Remarketing Agent to set the Adjusted Interest Rate on the Calculation Date, or otherwise as provided herein, whether or not a Bondholder has elected to direct the Agency or the Trustee not to purchase all or a portion of his Series 3 Tender Bonds, all Series 3 Tender Bonds will be subject to mandatory redemption on the Adjustment Date pursuant to Section 204(D) and Section 303(F) of the Third Supplemental Resolution.

(4) On the Calculation Date the Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (5) of this Section 201(A), the Adjusted Interest Rate that the Adjusted Rate Bonds of each applicable maturity shall bear as of the Adjustment Date. The Adjusted Interest Rate shall be the lowest rate which, in the judgment of the Remarketing Agent, as of the date of such determination and under prevailing market conditions, would permit the resale of the Adjusted Rate Bonds on such date at par plus accrued interest, if any. If the Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 3 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date pursuant to Section 204(D) and Section 303(F) of the Third Supplemental Resolution. The Remarketing Agent shall announce the Adjusted Interest Rate by telephone to the Trustee and the Agency prior to 12:00 Noon, New York City time, on the Calculation Date, and shall confirm such notice by telex, telecopier or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (7) of this Section 201(A), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 3 Tender Bonds purchased pursuant to subparagraph (B)(3) below of the Adjusted

Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the second Business Day prior to the Adjustment Date, the Agency shall also deliver to the Trustee (i) an Arbitrage Projection Certificate, (ii) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (6) of this Section 201(A), (iii) an Adjustment Rating Certificate and (iv) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 3 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 3 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(5) On the Certification Date and on the Calculation Date, the Remarketing Agent shall deliver to the Agency and the Trustee a schedule of Principal Installments (including Sinking Fund Installments, if any) of the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable. The maturity dates of, and schedule of Principal Installments for, the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable, shall be the same dates and schedule as established pursuant to Sections 201 and 203(A)(5) of the Third Supplemental Resolution for the Series 3 Converted Option Bonds for which they are to be exchanged, provided that, the Sinking Fund Installments, if any, for the Adjusted Rate Bonds of any maturity shall be the pro-rata proportion of each Sinking Fund Installment established for such maturity by the Remarketing Agent pursuant to Section 203(A)(5) of the Third Supplemental Resolution determined, as nearly as practicable, in accordance with the ratio which the aggregate Outstanding Principal Amount of Adjusted Rate Bonds of such maturity bears to the aggregate Outstanding Principal Amount of all Series 3 Converted Option Bonds of such maturity.

(6) In addition to the requirements of Section 610 of the Resolution, the Remarketing Projection of Revenues delivered in connection with the remarketing of the Adjusted Rate Bonds shall assume the schedule of Principal Installments for the Adjusted Rate Bonds delivered to the Agency on the Calculation Date in accordance with Paragraph (5) of this Section 201(A) and shall demonstrate that following such remarketing expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses or, if not, that the amount of Revenues and other funds available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year on all Bonds Outstanding other than the Series 3 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 3 Tender Bonds to Adjusted Rate Bonds than would be the case if the Agency did not remarket the Adjusted Rate Bonds but redeemed the Series 3 Tender Bonds in accordance with Section 201(B) hereof. A copy of

the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 3 Bonds will be invested following the Adjustment Date, shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Series 3 Bonds not later than ten (10) days prior to the Adjustment Date. In addition to the foregoing requirements, the Remarketing Projection of Revenues shall also take into account the provisions of Section 303(F) of the Third Supplemental Resolution and Section 305(D) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Loan Loss Claim Fund Deposits available therefor on the Adjustment Date for such Adjusted Rate Bonds in the Funds and Accounts held under the Resolution, and no other Additional Security for the Series 3 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 3 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Loan Loss Claim Fund Deposits in one or more of the Funds or Accounts held under the Resolution, or shall have assigned or delivered such Additional Security to the Trustee, and shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such moneys, Reserve Deposits, Loan Loss Claim Fund Deposits or Additional Security have been validly pledged as security for the payment of the Principal Amount and Redemption Price of and interest on the Bonds and that such assignment or delivery will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 3 Bonds Outstanding.

(7) If on or prior to the second Business Day immediately preceding the Adjustment Date either (i) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues described in paragraph (4) of this Section 201(A) or (ii) either (x) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (y) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate, or (z) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency, the Series 3 Tender Bonds shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date but shall be redeemed on the Adjustment Date in

accordance with Section 204(D) and Section 303(F) of the Third Supplemental Resolution.

(B)(1) Subject to Paragraph (B)(3) of this Section 201, all Series 3 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 3 Tender Bond subject to purchase on the Adjustment Date shall be purchased on the Adjustment Date from moneys transferred to the Debt Service Fund pursuant to Section 303(C) hereof at a purchase price equal to the Principal Amount thereof plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(i) Series 3 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (2) hereof;

(ii) Series 3 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (3) hereof not to purchase the same; or

(iii) Series 3 Tender Bonds issued in exchange for or upon the transfer of Series 3 Tender Bonds referred to in the preceding subclauses (i) or (ii).

(2) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 303(C) hereof, the purchase price of Series 3 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of purchase of the Adjusted Rate Bonds for which such Series 3 Tender Bonds are exchanged on the Adjustment Date purchased by a person or persons designated by the Remarketing Agent (who may but need not be the Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Remarketing Agent if the purchase price in immediately available funds is delivered to the Trustee by 10:30 A.M., New York City time on the Adjustment Date. The Remarketing Agent, acting pursuant to the Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the fifth Business Day immediately preceding the Adjustment Date of the identity of the purchasers to whom the Adjusted Rate Bonds shall be remarketed as of the Adjustment Date, the names in which such Bonds are to be registered and addresses and tax identification number of such purchasers and the Principal Amount, denominations, maturity date or dates and interest rate or rates of the Adjusted Rate Bonds which shall be so purchased.

(i) Any Series 3 Tender Bond subject to purchase and not delivered to the corporate trust office of the Trustee (or to a depository previously approved by the Trustee) by 10:30 A.M., New York City time, on the Adjustment Date will be deemed tendered, and an Adjusted Rate Bond may be issued in place thereof and delivered to the purchaser thereof. Any Series 3 Tender Bond deemed tendered and purchased shall not bear interest from and after the Adjustment Date and shall not be entitled to any rights under, or be secured by the pledge of, the Bond Resolution, but shall have only the right to receive the purchase price thereof.

(ii) For all Series 3 Tender Bonds purchased as herein provided, the Trustee shall authenticate Adjusted Rate Bonds in the appropriate denominations and maturity and bearing interest at the Adjusted Interest Rate and, after receipt of the purchase price therefor, deliver the same to, and register the same in the name of, such person or persons as shall be designated by the Remarketing Agent. Any Series 3 Tender Bonds presented to the Trustee after the Adjustment Date for payment shall be paid from the aforementioned amounts set aside and shall be cancelled in accordance with Section 308 of the Resolution.

(3) Any Holder of Series 3 Tender Bonds who has received notice that his Series 3 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or telecopier received by an officer in the Corporate Trust Division of the Trustee no later than 4:00 P.M. (New York City time) on the thirty-first (31) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day), as specified in such notice, that all or any specified portion of his Series 3 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) not be purchased, provided that, except with respect to Series 3 Tender Bonds registered in the name of the Bond Depository or its nominee, in lieu of purchase, such person agrees to exchange such specified portion of such Series 3 Tender Bonds for an amount of Adjusted Rate Bonds equal in Principal Amount to the Series 3 Tender Bonds tendered for exchange and of the same maturity as the Series 3 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 3 Tender Bonds for Adjusted Rate Bonds in the case of Series 3 Tender Bonds registered in the name of the Bond Depository or its nominee. The Trustee shall notify the Remarketing Agent and the Agency by 5:00 P.M. (New York City time) on the thirtieth (30) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day) of the aggregate amount of Series 3 Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(4) Unless otherwise agreed to by the Trustee with respect to Series 3 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 3 Tender Bonds described in subparagraph (3) of this Section

201(B) shall be substantially in the form of Exhibit A hereto and shall state:

(i) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 3 Tender Bonds are to be exchanged and the Principal Amount or Amounts applicable to such maturity date(s) but shall acknowledge that if the conditions described in Section 201(A)(4) or Section 201(A)(7) hereof shall occur, his Series 3 Tender Bonds shall be subject to mandatory redemption pursuant to Section 204(D) and Section 303(F) of the Third Supplemental Resolution despite direction to the contrary; and

(ii) that such person is the owner of the Series 3 Tender Bonds to be exchanged for Adjusted Rate Bonds.

Section 202. Reoffering Memorandum. The distribution of the preliminary Reoffering Memorandum by the Executive Director or the Director of Finance is hereby ratified and confirmed in all respects. The final Reoffering Memorandum is hereby approved and the Chairman, the Vice Chairman and the Executive Director are each hereby authorized to permit the distribution of the final Reoffering Memorandum, with such changes, omissions, insertions and revisions as they shall deem advisable, and to sign and deliver such final Reoffering Memorandum to the Remarketing Agents.

ARTICLE III

Establishment of Accounts and
Application of Series 3 Converted Option Bond Proceeds

Section 301. Establishment of Funds and Accounts. (A) In accordance with Section 502 of the Resolution and Section 305(C) of the Third Supplemental Resolution, the Series 3 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 3 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 3 Bonds within the meaning and with the effect given by Section 207 of the Resolution, and the moneys, Investment Obligations and Series 3 Loan Loss Letter of Credit held in such Fund shall be used for the purposes and as provided in Section 302 of this Sixth Supplemental Resolution.

(B) In accordance with Section 502 of the Resolution, there is also hereby established in the Series 3 Program Account a separate subaccount designated the "Series 3 Tender Bonds Proceeds Subaccount," moneys in which shall be used solely for the purposes and as authorized by Section 303 hereof. Except as provided in Section 303 hereof, amounts on deposit in the Series 3 Tender Bonds Proceeds Subaccount shall be considered for all purposes of the Resolution as on deposit in the Series 3 Program Account.

(C) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Redemption Fund to be held by the Trustee designated the "Series 3 Contingency Account," the amounts in which shall be used for the purposes and as authorized by Section 304 of this Sixth Supplemental Resolution. The Series 3 Contingency Account shall be deemed to be Additional Security for the Series 3 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(D) In accordance with Section 502 of the Resolution and Section 301(C) of the Third Supplemental Resolution, a separate account is hereby established in the Program Fund designated the "Series 3 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(E) In accordance with Section 502 of the Resolution and Section 301(C) of the Third Supplemental Resolution, a separate account is hereby established in the Program Fund designated the "Series 3 Capitalized Interest Account," moneys in which shall be used for the purposes and as authorized by Section 505(B) of the Resolution.

(F) On the Conversion Date the amount then on deposit in the Series 3 Convertible Option Bond Proceeds Account [, together with the amount of $_______ (or such greater or lesser amount as shall be specified in a certificate of an Authorized Officer delivered to the Trustee on or before the Conversion Date) delivered to the Trustee by the Agency from its General Fund or from other moneys available to the Agency,] shall be applied by the Trustee pursuant to Section 303(B) of the Third Supplemental Resolution as follows:

(1) To the Bond Reserve Fund, an amount sufficient to cause the amount therein to equal the Bond Reserve Fund Requirement calculated as of the Conversion Date;

(2) To the Series 3 Capitalized Interest Account, the amount of $_______ (or such greater or lesser amount as shall be specified in a certificate of an Authorized Officer delivered to the Trustee on or before the Conversion Date);

(3) To the Series 3 Program Account, the amount of $_______ (or such greater or lesser amount as shall be specified in a certificate of an Authorized Officer delivered to the Trustee on or before the Conversion Date); and

(4) To the Series 3 Cost of Issuance Account, the balance of such moneys remaining after the foregoing deposits.

(G) On or before the Conversion Date, the Agency shall deliver to the Trustee the Series 3 Loan Loss Letter of Credit, in an aggregate stated amount equal to the Series 3 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 3 Loan Loss Claim Fund, as provided in Section 302 hereof.

(H) On or before the Conversion Date, the Agency shall deliver the Series 3 Contingency Account Letter of Credit to the Trustee in a stated amount of $________. The Series 3 Contingency Account Letter of Credit shall have an initial term of at least five (5) years from its date and shall be held by the Trustee for the credit of the Series 3 Contingency Account.

Section 302. Application of Series 3 Loan Loss Claim Fund. (A) The Trustee shall deposit in the Series 3 Loan Loss Claim Fund (i) all amounts drawn on the Series 3 Loan Loss Letter of Credit in accordance with this Section 302, (ii) any amount deposited therein from the Revenue Fund pursuant to Section 306 of this Sixth Supplemental Resolution, (iii) all interest and other earnings on investment or deposit of amounts on deposit in the Series 3 Loan Loss Claim Fund and (iv) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 3 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 3 Loan Loss Letter of Credit, shall be used solely for the purposes provided in Paragraphs (B) and (C) of this Section 302.

(B) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 3 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 3 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(C) Notwithstanding anything herein to the contrary, if at any time the conditions described in Section 304(B) hereof shall occur and the amount on deposit in or held for the credit of the Series 3 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Bank and shall draw the amount of the deficiency from the Series 3 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of

Bonds as contemplated by Section 304(B) hereof the amount on deposit in the Series 3 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 3 Loan Loss Letter of Credit, shall be not less than the Series 3 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 3 Loan Loss Claim Fund in accordance with this Paragraph (C) shall be deposited in the Revenue Fund and shall be applied to the redemption of Bonds as contemplated by Section 304(B) hereof.

(D) Withdrawals from the Series 3 Loan Loss Claim Fund pursuant to Paragraphs (B) or (C) of this Section 302 shall be made by the Trustee, first, from cash and Investment Obligations, if any, on deposit in the Series 3 Loan Loss Claim Fund and second, from amounts drawn on the Series 3 Loan Loss Letter of Credit or, if applicable, any substitute Loan Loss Claim Fund Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 3 Loan Loss Claim Fund is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 3 Loan Loss Claim Fund not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 3 Loan Loss Letter of Credit (or, if applicable, any substitute Loan Loss Claim Fund Deposit) the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 3 Loan Loss Letter of Credit.

(E) Notwithstanding the foregoing provisions of this Section 302, nothing in the Resolution or this Sixth Supplemental Resolution shall obligate the Agency to deposit in the Series 3 Loan Loss Claim Fund an amount which would cause the balance in the Series 3 Loan Loss Claim Fund, after application of amounts therein to Loan Loss Claim Fund Withdrawals notice of which has theretofore been received by the Trustee, to exceed the Series 3 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 3 Program Account plus (ii) the aggregate amount, if any, then held in the Series 3 Program Account which may be applied to the purchase of such Loans, or (y) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(F) Subject to Paragraph (G) of this Section 302, if at any time the amount of cash and Investment Obligations on deposit in the Series 3 Loan Loss Claim Fund exceeds the Series 3 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit it in the Revenue Fund.

(G) If at any time (i) the amount of cash and Investment Obligations in the Series 3 Loan Loss Claim Fund exceeds the Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 3 Loan Loss Letter of Credit exceeds the Series 3 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Bank of a reduction in the stated amount of the Series 3 Loan Loss Letter of Credit in accordance with the Series 3 Reimbursement Agreement; provided that if any such excess has resulted from a decrease in the Series 3 Loan Loss Claim Fund Requirement other than through operation of Section 303(F) of the Third Supplemental Resolution or due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 302, the direction of the Agency shall be accompanied by letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the reduction of the Series 3 Loan Loss Letter of Credit will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(H) If the Trustee shall receive a notice from the Bank pursuant to the Series 3 Reimbursement Agreement to the effect that an Event of Default has occurred and is continuing under the Series 3 Reimbursement Agreement and the Bank has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 3 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 3 Loan Loss Letter of Credit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 3 Loan Loss Claim Fund.

(I) Not less than five (5) Business Days prior to the date of expiration of the Series 3 Loan Loss Letter of Credit, and not less than five (5) Business Days prior to the expiration date of any substitute Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 3 Loan Loss Letter of Credit or a new substitute Loan Loss Claim Fund Deposit in either case in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 3 Loan Loss Claim Fund Requirement calculated at such date less the aggregate amount of cash and Investment Obligations, if any, on deposit in the Series 3 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 3 Loan Loss Letter of Credit or such expiring substitute Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 3 Loan Loss Letter of Credit or substitute Loan Loss Claim Fund Deposit with the

Trustee, not less than three (3) Business Days prior to the expiration date of the Series 3 Loan Loss Letter of Credit or, if applicable, the substitute Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 3 Loan Loss Letter of Credit or such substitute Loan Loss Claim Fund Deposit and deposit in the Series 3 Loan Loss Claim Fund an amount sufficient to cause the Funded Loan Loss Claim Fund Requirement to equal the Series 3 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 3 Loan Loss Letter of Credit or such expiring substitute Loan Loss Claim Fund Deposit.

(J) Notwithstanding anything herein or in the Resolution to the contrary, the Series 3 Loan Loss Claim Fund Requirement shall be reduced to zero (0) if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 3 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys in the Series 3 Program Account during the period of insurance eligibility specified in such policy up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 3 Loan Loss Claim Fund requirement will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

<u>Section 303</u>. <u>Application of Series 3 Tender Bond Proceeds Subaccount</u>. Notwithstanding anything in Section 504 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 201(A)(2) hereof to ~~the effect that the Agency has elected to~~ call a Principal Amount of Series 3 Converted Option Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw from the Series 3 Program Account and deposit in the Series 3 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 3 Converted Option Bonds so certified. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (B) and (C) of this Section 303.

(B) Notwithstanding anything in Section 504 of the Bond Resolution to the contrary, if the conditions specified in Section 201(A)(4) or Section 201(A)(7) hereof shall have occurred, the Trustee shall transfer from the Series 3 Tender Bonds Proceeds Subaccount to the Series 3 Special Redemption Account in the Redemption Fund the entire balance on deposit in the Series 3 Tender Bonds Proceeds Subaccount for application to the redemption of all Series 3 Tender Bonds in accordance with Section 201(A) hereof and Section 204(D) and Section 303(F) of the Third Supplemental Resolution.

(C) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 3 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 201(B)(2) hereof, the Trustee shall transfer from the Series 3 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the Principal Amount of all such Series 3 Tender Bonds not so remarketed. The amount so transferred shall be applied on the Adjustment Date to the purchase of Series 3 Tender Bonds as provided in Section 201(B)(1) hereof.

(D) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (B) and (C) of this Section 303, the Trustee shall transfer the entire balance then remaining in the Series 3 Tender Bonds Proceeds Subaccount to the Series 3 Program Account for application thereafter as provided in Section 504 of the Resolution, Section 303 of the Third Supplemental Resolution and Section 305 hereof.

<u>Section 304. Application of Series 3 Contingency Account</u>. (A) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of Series 1 Bonds, Series 2 Bonds or Series 3 Bonds pursuant to Section 509(C) of the Resolution and Section 204(C) of the First Supplemental Resolution, Section 204(D) of the Second Supplemental Resolution or Section 204(D) of the Third Supplemental Resolution, as applicable, the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance to be on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption.

(B) The Trustee shall hold the Series 3 Contingency Account Letter of Credit for the credit of the Series 3 Contingency Account as security for the payment to the Trustee for deposit in the Revenue Fund of amounts, if any, necessary to satisfy the requirements of Section 509(G) of the Resolution upon any redemption of Series 1 Bonds, Series 2 Bonds or Series 3 Bonds as described in Paragraph (A) of this Section 304 and, to the extent provided in the applicable Supplemental Resolution and with the prior approval of the Bank, upon the redemption of any other Series of Bonds Outstanding under the Resolution. The Agency hereby instructs the Trustee to give notice to the Bank and to draw upon the Series 3 Contingency Account Letter of Credit in accordance with its terms to the extent that the amount on deposit and available therefor in all Funds and Accounts under the Resolution (other than amounts available under the Series 3 Contingency Account Letter of Credit and amounts on deposit in or held for the credit of the Series 3 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (A) of this Section 304 and pursuant to Section 305 of the First Supplemental Resolution and Section 305 of the Fourth Supplemental Resolution, is insufficient to enable the Agency to satisfy the requirements of Section 509(G) of the Resolution with respect to the purchase or redemption of Series 1 Bonds, Series 2 Bonds or Series 3 Bonds as described in Paragraph (A) of this Section 304. Any such certificate shall include instructions to the Trustee to draw upon the Contingency Account Letter of Credit to the extent of such deficiency and otherwise in accordance with its terms and to deposit the amount so drawn in the Revenue Fund.

(C) At any time while the Series 3 Contingency Account Letter of Credit is held under the Resolution for the account of the Series 3 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 3 Contingency Account Letter of Credit and return it to the Bank upon the filing with the Trustee of a certificate of an Authorized Officer to the effect that the Agency has informed each Nationally Recognized Credit Rating Agency of such reduction or cancellation and each such Agency has confirmed that such reduction or cancellation will not adversely affect the ratings then assigned to any Bonds Outstanding.

(D) If the Trustee shall receive a notice from the Bank pursuant to the Series 3 Reimbursement Agreement to the effect that an Event of Default has occurred and is continuing under the Series 3 Reimbursement Agreement and the Bank has elected to direct the Trustee to make a drawing of an amount equal to the stated and unpaid amount of the Series 3 Contingency Account Letter of Credit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 3 Contingency Account.

(E) Subject to the provisions of Paragraph (C) of this Section 304, not less than five (5) Business Days prior to the date of expiration of the Series 3 Contingency Account Letter of Credit the Agency shall deposit with the Trustee an extension thereof or a substitute letter of credit therefor (the deposit of which will not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency) in a stated amount equal to the stated amount of the Series 3 Contingency Account Letter of Credit. If the Agency shall fail to deposit such extension or substitute letter of credit, not less than three (3) Business Days prior to the expiration date of the Series 3 Contingency Account Letter of Credit the Trustee shall draw upon the Series 3 Contingency Account Letter of Credit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 3 Contingency Account. If at any time thereafter the Agency shall certify to the Trustee in accordance with Paragraph (C) of this Section 304 that all or a portion of the amount on deposit in the Series 3 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 3 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(F) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 3 Contingency Account shall be transferred by the Trustee to the Agency.

<u>Section 305. Application of Certain Amounts in Series 3 Program Account</u>. (A) Notwithstanding anything in the Resolution or in the Third Supplemental Resolution to the contrary, except as hereinafter provided amounts deposited in the Series 3 Program Account in accordance with Section 301(F) hereof shall be applied solely to the purchase or making of Mortgage Loans (excluding Mortgage Loans for the construction of Residential Housing) as provided herein, in the Third Supplemental Resolution and in Section 504 of the Resolution. Amounts deposited in the Series 3 Program Account may be applied by the Agency to the purchase or making of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans provided that at or prior to the purchase or making of any such Loan the Agency shall deliver to the Trustee a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the purchase or making of such Loans will not cause such agency to lower, suspend or otherwise modify adversely the credit ratings then assigned to any Bonds Outstanding. In connection with the purchase of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans, if any, hereunder the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms of such Loans and any conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 3 Bonds in accordance with Section 207 of the Resolution.

(B) The Agency covenants that (1) no more than a total of $1,000,000 of the amount originally deposited in the Series 3 Program Account shall be applied to the purchase or making of Cooperative Housing Loans and Loans for the construction of Residential Housing and (2) no more than $1,000,000 of the amount originally deposited in the Series 3 Program Account shall be applied to the purchase of Home Improvement Loans. Notwithstanding anything herein, in the Third Supplemental Resolution or in the Resolution to the contrary, the Agency shall not purchase or make any Home Improvement Loans or Cooperative Housing Loans from amounts on deposit in the Series ^ 3 Program Account until the Agency shall have furnished to each Nationally Recognized Credit Rating Agency the form of purchase agreement, servicing agreement, operations manual and other Program instruments and guidelines pursuant to which such Loans will be purchased or made.

(C) Subject to the provisions of Paragraphs (A) and (B) of this Section ^ 305, all Loans purchased or made from amounts deposited in the Series 3 Program Accounts hereunder or under the Resolution shall bear interest at ______% per annum, provided that not in excess of __________ million dollars ($_________) of the amounts deposited in the Series 3 Program Account may be applied by the Agency to the purchase or origination of Loans bearing interest at not less than ______% per annum during the first year of the term of such Loans and not in excess of ______% per annum during the remaining term of such Loans. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restrictions if at or prior to the purchase or making of such Loans the Agency delivers to the Trustee (i) a Projection of Revenues demonstrating that following the purchase or making of such Loans, expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses, and (ii) an opinion of Bond Counsel to the effect that the purchase or making of such Loans will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding.

(D) Notwithstanding anything in Section 303(F) of the Third Supplemental Resolution to the contrary, if on February 15, 1994, any amount remains on deposit in the Series 3 Program Account, other than amounts deposited therein pursuant to Section 506(B)(6) of the Resolution, the Trustee shall transfer such amount to the Series 3 Special Redemption Account in the Redemption Fund (except as otherwise provided in Section 303(F) of the Third Supplemental Resolution) and shall apply such amount to the redemption of Series 3 Bonds in accordance with Section 203(C) of the Third Supplemental Resolution on March 27, 1994 (or on such date prior thereto as the Agency in its discretion may direct the Trustee).

<u>Section 306</u>. <u>Application of Certain Amounts in Revenue Fund</u>. (A) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series ^ 3 Bonds Outstanding, after satisfying the requirements of Clauses (1) through (6), inclusive, of Section

506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 3 Bonds to the Series 3 Loan Loss Claim Fund to the extent the amount therein is less than the Series 3 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(B) Notwithstanding anything in Section 506(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 3 Bonds that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year shall not exceed $10,000 in the aggregate unless the Agency shall file with the Trustee a certificate of an Authorized Officer to the effect that the Agency has confirmed that a greater amount (specified in such certificate) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

ARTICLE IV

Miscellaneous

Section 401. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Deputy Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Sixth Supplemental Resolution, the Resolution and the Reoffering Memorandum.

Section 402. Reimbursement Agreement. The Series 3 Reimbursement Agreement is hereby approved in substantially the form presented to this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, Vice-Chairman, or any other Commissioner, Treasurer, Executive Director, Deputy Director or Director of Finance executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of their approval of all such changes, omissions, insertions and revisions. Each of said officers are, and each of them is, hereby authorized and directed to execute the Series 3 Reimbursement Agreement and to deliver the same to the Bank.

Section 403. Supplemental Remarketing Agreement; Remarketing Agent. (A) The Supplemental Remarketing Agreement is hereby approved in substantially the form presented to this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, Vice-Chairman or any other Commissioner, Treasurer, Executive Director, Deputy Director or Director of Finance executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of their approval of all such changes, omissions, insertions and revisions. Each of said officers are, and each of them is, hereby authorized and directed to execute the Supplemental Remarketing Agreement and to deliver the same to the Remarketing Agent.

(B) Notwithstanding Section 505(A) of the Third Supplemental Resolution to the contrary, the Remarketing Agent is hereby appointed as the exclusive Remarketing Agent for the Series 3 Bonds hereunder as successor to the Remarketing Agent appointed pursuant to said Section 505(A) of the Third Supplemental Resolution.

Section 404. Additional Provisions Regarding Redemption of Series 3 Bonds. Notwithstanding anything in Section 204(D) of the Third Supplemental Resolution to the contrary, in accordance with Section 509(C) of the Resolution, subsequent to the Conversion Date all Series 3 Bonds shall be subject to redemption prior to maturity as provided in Section 204(D) of the Third Supplemental Resolution from any moneys deposited in any Special Redemption Account in the Redemption Fund and upon compliance with the provisions of Section 509 of the Resolution.

Section 405. Effective Date. This Sixth Supplemental Resolution shall take effect immediately.

EXHIBIT A

VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS
Series 3
Series 3 Tender Bonds Selected
For Tender on ______________, 19__

TO: The Howard Bank, N.A.
Burlington, Vermont 05402-0409
Attention: Corporate Trust Department

RE: Election to Retain Adjusted Rate Bonds

Dear Sir or Madam:

We have received the Trustee's notification of the mandatory tender and proposed exchange of the above-mentioned Bonds for Adjusted Rate Bonds which will become effective on __________, ____ (the "Adjustment Date").

In accordance with the information given in the Trustee's Notice dated __________, _____, we hereby give you irrevocable notice that we elect to retain $__________ aggregate principal amount of Series 3 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 3 Tender Bonds which we have elected to retain in exchange for Adjusted Rate Bonds and the maturity date or dates thereof are listed below:

MATURITY	AMOUNT

We acknowledge that if certain conditions described in the Agency's Sixth Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 3

Tender Bonds will be subject to mandatory redemption on the Adjustment Date despite this direction to exchange such Bonds for Adjusted Rate Bonds.

CEDE & Co., nominee of
THE DEPOSITORY TRUST COMPANY

____
Signature

____
Name

This redlined draft, generated by CompareRite - The Instant Redliner, shows the differences between - original document : H:\PUBLAW\HALER\VHFA\SER-2.CON\LEGALS\4THSPRES.3and revised document: H:\PUBLAW\HALER\VHFA\SER-3.CON\LEGALS\6THSUPP.1Deletions appear as a bold+dbl underlined ^ Additions appear as "redlined" text

REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT, dated as of January __, 1993 between VERMONT HOUSING FINANCE AGENCY (the "Agency") and THE SANWA BANK, LIMITED, acting through its BOSTON BRANCH (the "Bank").

WHEREAS, on February 1, 1993 the Agency is converting to a fixed interest rate its $42,500,000 aggregate principal amount of Single Family Housing Bonds, Series 3 Convertible Option Bonds, dated September 1, 1990, to Series 3 Converted Option Bonds, dated February 1, 1993 (the "Series 3 Bonds") pursuant to the Single Family Housing Bond Resolution, adopted by the Agency on September 20, 1990 (the "General Resolution"), the Third Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "Third Supplemental Resolution") and the Sixth Supplemental Single Family Housing Bond Resolution adopted by the Agency on January __, 1993 (the "Sixth Supplemental Resolution") (the General Resolution, the Third Supplemental Resolution and the Sixth Supplemental Resolution, together with the First Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "First Supplemental Resolution"), the Second Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "Second Supplemental Resolution") and the Fourth Supplemental Single Family Housing Bond Resolution adopted by the Agency on October 4, 1991 (the "Fourth Supplemental Resolution"), are collectively referred to herein as the "Resolution"); and

WHEREAS, the Agency desires the Bank to issue and deliver for the account of the Agency in favor of The Howard Bank, N.A. as Trustee under the Resolution (the "Trustee") two irrevocable letters of credit substantially in the form of EXHIBIT A (the "Contingency Letter of Credit") and EXHIBIT B (the "Loan Loss Letter of Credit"; the aforedescribed letters of credit, collectively the "Letters of Credit" and individually a "Letter of Credit"), in the respective amounts of $920,000, in the case of the Contingency Letter of Credit, and $738,920, in the case of the Loan Loss Letter of Credit, and under which the Trustee shall be authorized from time to time to draw amounts in accordance with the terms and conditions set forth therein and as provided in Section 305 of the Sixth Supplemental Resolution, in the case of the Contingency Letter of Credit, and Section 302 of the Sixth Supplemental Resolution in the case of the Loan Loss Letter of Credit.

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to issue the Letters of Credit, the Agency and the Bank hereby agree as follows:

§1. DEFINITIONS.

Unless otherwise expressly provided herein, capitalized terms used in this Agreement shall have the same meaning given to them in the Resolution. The following terms shall have the meanings assigned to them below:

§1.01. Act. Chapter 25 of Title 10 of the Vermont Statutes Annotated, as the same may from time to time be amended.

§1.02. Additional Security. Any letter of credit, line of credit, surety bond, insurance policy, guarantee or similar obligations or any other agreement, instrument or undertaking providing security for or further securing, directly or indirectly, the obligations and liabilities secured by, or credit support for which is provided by, the Letters of Credit.

§1.02A. Advances. Amounts paid by the Bank in honoring drawings under the Letters of Credit.

§1.03. Agency. See preamble.

§1.04. Agreement. This Reimbursement Agreement, as the same may from time to time be amended.

§1.05. Bank. See preamble.

§1.06. Bank Obligations. Any and all obligations of the Agency to the Bank pursuant to the terms of this Agreement, including, without limitation, the obligations of the Agency to the Bank under the Letters of Credit, the Notes and the Reimbursement Obligations.

§1.07. Bonds. The Series 1 Bonds, Series 2 Bonds and Series 3 Bonds.

§1.08. Business Day. Any day except a Saturday, Sunday or other day on which banks in Boston, Massachusetts are authorized or permitted to close.

§1.09. Contingency Letter of Credit. See preamble.

§1.10. Contingency Note. See definition of Notes.

§1.10A. Conversion. The conversion on February 1, 1993, of the Series 3 Bonds from Convertible Option Bonds to Converted Option Bonds.

§1.11. Date of Issuance. The Business Day on which the Bank issues the Letters of Credit pursuant to Section 2.01 hereof.

§1.12. Default. Any Event of Default or any event, circumstance, or condition which, with the giving of notice or the passage of time or both, would constitute an Event of Default.

§1.13. Event of Default. Any event described in Section 7 hereof.

§1.13A. First Supplemental Resolution. See preamble.

§1.14. Fourth Supplemental Resolution. See preamble.

§1.15. General Fund. The Agency's general operating fund which accounts for revenues and normal operating expenses of the Agency, created by resolution of the Agency adopted September 26, 1974.

§1.16. General Resolution. See preamble.

§1.17. Home Improvement Loan Portion. That portion of the Loan Loss Letter of Credit designated as the Home Improvement Loan Portion in said Letter of Credit.

§1.18. Letters of Credit. See preamble.

§1.19. Loan Loss Letter of Credit. See preamble.

§1.20. Loan Loss Note. See definition of Notes.

§1.21. Mortgage Loan Portion. That portion of the Loan Loss Letter of Credit designated as the Mortgage Loan Portion in said Letter of Credit.

§1.22. Notes. The promissory notes of the Agency, substantially in the form of EXHIBIT C (the "Contingency Note," to evidence Advances made with respect to the Contingency Letter of Credit) and EXHIBIT D (the "Loan Loss Note," to evidence Advances made with respect to the Loan Loss Letter of Credit) to this Agreement, evidencing the obligation of the Agency to reimburse the Bank for all amounts described in clause (i) of Section 2.02 of this Agreement.

§1.23. Overdue Interest Rate. The Prime Rate plus 3%.

§1.24. Person. A corporation, association, partnership, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

§1.25. Prime Rate. The rate of interest announced from time to time by the Bank as its Prime Rate.

§1.26. Quick Assets. At any given date, the sum of the cash and short-term investments held in (i) Unrestricted Fund Balances, plus (ii) other fund balances of the Agency to the extent that the Agency can, within 30 days of electing to do so, transfer such other fund balances to the General Fund and thereafter use them to satisfy Bank Obligations, without violating any covenant, pledge, or restriction or any applicable law to which such other fund balances may be subject.

§1.27. Reimbursement Obligation. See Section 2.02.

§1.28. Related Documents. See Section 2.07(a).

§1.29. Resolution. See preamble.

§1.30. Second Supplemental Resolution. See preamble.

§1.30A. Series 1 Bonds. The Agency's $27,500,000 Single Family Housing Bonds, Series 1, issued on September 27, 1990.

§1.30B. Series 2 Bonds. The Agency's $40,000,000 Single Family Housing Bonds, Series 2, issued on September 27, 1990.

§1.30C. Series 3 Bonds. See preamble.

§1.30D. Sixth Supplemental Resolution. See preamble.

§1.31. Supplemental Resolutions. The First Supplemental Resolution, the Second Supplemental Resolution and the Fourth Supplemental Resolution, collectively.

§1.31A. Third Supplemental Resolution. See preamble.

§1.32. Trustee. See preamble.

§1.33. Unrestricted Fund Balances. The balances outstanding to the credit of the General Fund which are not restricted under the terms of any bond resolution of the Agency or by any other resolution, agreement, or contract of any nature whatsoever or by any applicable law in a manner which restricts the availability of such balances to pay the Bank Obligations.

§1.34. All terms of an accounting character not specifically defined herein shall have the meanings assigned thereto by accounting principles generally accepted in the United States of America consistent with those applied in the preparation of the Agency's audited financial statements referred to in Section 4.06.

§1.35. Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by "any" shall be taken to indicate any number of the members of the relevant class.

§1.36. Capitalized terms used herein but not otherwise defined shall have the meanings given to such terms in the Resolution.

§2. LETTER OF CREDIT FACILITIES.

§2.01. Issuance of the Letters of Credit. (a) In order to fulfill its obligations under the Supplemental Resolutions, the Agency hereby makes its request to the Bank for the issuance of, and hereby authorizes the Bank to issue, the Letters of Credit on February 1, 1993. Upon the terms and conditions contained in this Agreement, the Bank agrees to issue on February 1, 1993 (i) the Contingency Letter of Credit in the amount of $920,000 and (ii) the Loan Loss Letter of Credit in the aggregate amount of $738,920, both Letters of Credit in favor of the Trustee and for the account of the Agency.

(b) The Contingency Letter of Credit authorizes the Trustee to draw on the Bank, upon the terms and subject to the conditions set forth therein, in the event (i) the amount on deposit and available therefor in all Funds and Accounts under the Resolution (other than amounts available under the Contingency Letter of Credit and amounts on deposit in or held for the credit of the Series 3 Loan Loss Claim Fund, after consideration of any other amounts deposited in the Revenue Fund pursuant to Section 305(A) of the Fourth Supplemental Resolution, Section 305 of the First Supplemental Resolution, and Section 304(A) of the Sixth Supplemental Resolution is insufficient to enable the Agency to satisfy the requirements of Section 509(G) of the General Resolution with respect to the purchase or redemption of Series 1 Bonds, Series 2 Bonds or Series 3 Bonds as described in Section 304(A) of the Sixth Supplemental Resolution or (ii) the Agency fails to provide an extension of the Contingency Letter of Credit or substitute therefor in accordance with Section 304(E) of the Sixth Supplemental Resolution. No amounts drawn under the Contingency Letter of Credit shall be utilized for the purposes of funding in whole or in part a redemption or purchase of Series 3 Tender Bonds or bonds of any other series authorized pursuant to the General Resolution or any other payment with respect to such bonds of such any other series, except as otherwise provided by the Resolution or as otherwise approved in writing by the Bank in its sole discretion.

(c) The Loan Loss Letter of Credit authorizes the Trustee to draw on the Bank, upon the terms and subject to the conditions set forth therein,

(i) (x) (A) if, at the time of making any Loan Loss Claim Fund Withdrawal pursuant to Section 302(B) of the Sixth Supplemental Resolution, the amount of cash, Investment Obligations and Additional Security, if any, (other than the Loan Loss Letter of Credit) on deposit in the Series 3 Loan Loss Claim Fund, is less than the Loan Loss Claim Fund Withdrawal to be made therefrom or (B) if at any time the conditions described in Section 304(B) of the Sixth Supplemental Resolution shall occur and the amounts on deposit in or held for and after giving effect to available drawings under the Contingency Letter of Credit (to the extent permitted to be made under the Sixth Supplemental Resolution), the Series 3 Contingency

Account shall be insufficient for the purposes of such account, then

(y) to the extent of the amount of such deficiency, after taking into account funding, if any, by the Agency pursuant to Section 302(D) of the Sixth Supplemental Resolution and otherwise consistent with and pursuant to the terms thereof (including without limitation the order of application of funds and accounts), and

(iii) (x) if the Agency fails to provide an extension of the Loan Loss Letter of Credit or substitute therefor in accordance with Section 302(I) of the Sixth Supplemental Resolution, then

(y) to the extent of the lesser of (1) the amount of the Loan Loss Claim Fund Requirement less the amount on deposit in such Fund and (2) the full amount available to be drawn under the Loan Loss Letter of Credit.

No amounts drawn under the Loan Loss Letter of Credit shall be utilized for the purposes of funding in whole or in part a redemption or purchase of Series 3 Tender Bonds or bonds of any other series authorized pursuant to the General Resolution or any other payment with respect to all such bonds of such other series except as otherwise provided in the Resolution or otherwise approved in writing by the Bank in its sole discretion.

§2.02. Reimbursement of Payments Under Letters of Credit. The Agency hereby irrevocably and unconditionally agrees to reimburse the Bank (i) for any amounts paid by the Bank in honoring drawings under the Letters of Credit (each of which shall hereafter be referred to as an "Advance"); (ii) for the costs of transferring funds and other costs and expenses of the Bank, not exceeding $100, incurred in connection with effecting such draw and (iii) in the case of any transfer of any of the Letters of Credit, $1,000 for each transfer of each Letter of Credit payable therewith as a condition to such transfer (clauses (i), (ii) and (iii) being together the "Reimbursement Obligations"). Each Advance shall be payable in eight equal quarterly installments of principal (each installment to be equal to one-eighth (1/8) of the principal amount of such Advance) on the first day of each March, June, September and December of each year commencing on the first of such dates occurring after the relevant drawing is made. Such amounts shall bear interest from the date on which the Bank honors a drawing until payment is due at a fluctuating rate per annum equal to the Prime Rate, which interest shall be payable on the same day that installments of principal are due, and thereafter, at a fluctuating rate per annum equal to the Overdue Interest Rate, which interest shall be payable on demand. Amounts referred to in clause (ii) hereinabove shall be payable on demand. The Agency's obligation to pay Advances shall be evidenced by the Notes, dated the Date of Issuance. The Bank is hereby irrevocably authorized by the Agency to endorse on the schedule forming a part of the Notes appropriate notations evidencing the date, maturity date and amount of each Advance and the date and amount of each payment of principal made by the Agency with respect thereto, and shall make such endorsements upon a Note before such Note is transferred. The Bank is hereby irrevocably authorized by the Agency to attach to and make a part of the Notes a continuation of any such schedule as and when required. No failure on the part of the Bank to make any endorsement of a notation as provided in this Section 2.02 shall in any way affect any Advance or the rights of such Bank or the Bank Obligations of the Agency with respect thereto.

§2.03. Fees for Letters of Credit. (a) Upon the Date of Issuance, the Agency shall pay to the Bank a closing fee equal to one-tenth of one percent (1/10%) of the aggregate Stated Amount (as such term is defined in the Letters of Credit) as issued of the Letters of Credit.

(b) As consideration for the issuance of the Contingency Letter of Credit, the Agency shall pay to the Bank, an annual fee, payable in advance on the Date of Issuance and thereafter on each February 1 after the date hereof, commencing February 1, 1994, and as long as the Contingency Letter of Credit remains outstanding and has not been ruled by a court of competent jurisdiction in a final ruling not subject to appeal to be invalid or unenforceable against the Bank, in an amount equal to .65% of the Stated Amount (as defined in the Contingency Letter of Credit) in effect at the opening of business of the Bank on such date.

(c) As consideration for the issuance of the Loan Loss Letter of Credit, the Agency shall pay to the Bank an annual fee, payable in advance on the Date of Issuance and thereafter on each February 1 after the date hereof commencing February 1, 1994, and as long as the Loan Loss Letter of Credit remains outstanding and has not been ruled by a court of competent jurisdiction in a final ruling not subject to appeal to be invalid or unenforceable against the Bank, in an amount equal to ~~.50%~~ .55 of the Stated Amount (as defined in the Loan Loss Letter of Credit) in effect at the opening of business of the Bank on such date.

§2.04. Interest on Payments under Letter of Credit. The Agency agrees to pay, on demand, interest to the Bank on any and all amounts remaining unpaid by the Agency hereunder (except as otherwise provided in Section 2.02) from the date such amounts become due and payable until payment in full at a fluctuating rate per annum equal to the Overdue Interest Rate.

§2.05. Increased Costs. If after the date hereof, any change in any applicable law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof shall either (i) impose, modify, or deem applicable any reserve, capital allocation, special deposit, insurance, or similar requirement against any Letter of Credit or against any category of liabilities or assets of the Bank which would include a Letter of Credit or (ii) impose on the Bank any other condition applicable to this Agreement or any Letter of Credit, and the result of any event referred to in clause (i) or (ii) above shall be to increase the cost to the Bank of issuing or maintaining such Letter of Credit (which increase may be the result of any reasonable allocation of the aggregate of such cost increases resulting from such events), then, upon demand by the Bank, the Agency shall immediately pay to the Bank, from time to time as specified by the Bank, additional amounts which shall be sufficient to compensate the Bank for such increased cost. The Bank's determination of the amount of such costs and the allocation (if any) of such costs, if done in good faith shall, in the absence of manifest error, be conclusive. Notwithstanding the foregoing, the Agency shall have no liability for any such increased cost with respect to a Letter of Credit incurred by the Bank after the later of (i) the date on which such Letter of Credit expires or (ii) the date on which all Advances made by the Bank pursuant to this Agreement are repaid in full together with interest properly accrued thereon.

§2.06. Payment to Bank.

(a) All payments to be made by the Agency to the Bank under this Section 2 or Section 14 hereof shall be made in lawful currency of the United States of America, in funds immediately available to the Bank at its Boston Branch at One Financial Center, Boston, Massachusetts 02111 or at such other office or by such wire transfer to an account with a bank or branch of a bank located in the United States of America, as the Bank may designate in a written notice to the Agency.

(b) Whenever any payment shall be due on any day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable for such extended time.

(c) All interest due to the Bank under this Section 2 shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed.

(d) All payments to be made by the Agency under this Section 2 or Section 14, whether of Reimbursement Obligations, interest or any other amount or any other Bank Obligation, shall be made without set-off or counterclaim and free and clear of and without reduction for or on account of, any present or future taxes, deductions, withholdings, restrictions or conditions of any nature whatsoever.

§2.07. Obligations Absolute. The Bank Obligations shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances:

(a) any lack of validity or enforceability of any Letter of Credit, the Bonds, the Resolution, or any other agreement or instrument relating thereto (collectively the "Related Documents");

(b) any amendment or waiver of or any consent to or departure from any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Agency may have at any time against the Trustee, any beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom the Trustee, any such beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated in the WHEREAS clauses to this Agreement or any unrelated transaction;

(d) any statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) payment by the Bank under a Letter of Credit against presentation of a demand for payment which does not comply with the terms of such Letter of Credit provided that such payment shall not have constituted gross negligence or willful misconduct of the Bank; or

(f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

§2.08. Certain Provisions Relating to Termination or Reduction of Letters of Credit.

(a) No Letter of Credit may be terminated by the Agency prior to February 1, 1996. No single Letter of Credit may be terminated by the Agency unless both Letters of Credit are so terminated.

(b) In the event that the Letters of Credit shall be terminated, or the Stated Amount of any Letter of Credit is reduced as contemplated under Section 2.09 hereof, prior to February 1, 1997, and on said date of termination or reduction Bonds are still outstanding and Additional Security is provided by or on behalf of the Agency in whole or partial substitution of such Letter of Credit, the Agency shall pay to the Bank, simultaneously with such termination or reduction, a fee equal to (i) .325% of (A) in the case of a termination of the Contingency Letter of Credit, the Stated Amount (as in effect at the opening of business of the Bank upon the date of termination) and (B) in the case of a reduction of the Contingency Letter of Credit, the amount of the reduction, and (ii) ~~.25%~~ .275% of (A) in the case of a termination of the Loan Loss Letter of Credit, the Stated Amount (as in effect at the opening of business of the Bank upon the date of termination) and (B) in the case of a reduction of the Loan Loss Letter of Credit, the amount of the reduction.

(c) In the event that any Letter of Credit shall be terminated, or its Stated Amount reduced as contemplated under Section 2.09 hereof, on or after February 1, 1997 but prior to its scheduled expiration date, and on said date of termination or reduction Bonds are still outstanding and Additional Security is provided by or on behalf of the Agency in whole or partial substitution of such Letter of Credit, the Agency shall pay to the Bank, simultaneously with such termination or reduction, a fee equal to (i) .1625% of (A) in the case of a termination of the Contingency Letter of Credit, the Stated Amount (as in effect at the opening of business of the Bank upon the date of termination) and (B) in the case of a reduction of the Contingency Letter of Credit, the amount of the reduction, and (ii) ~~.125%~~ .1375% of (A) in the case of a termination of the Loan Loss Letter of Credit, the Stated Amount (as in effect at the opening of business of the Bank upon the date of termination) and (B) in the case of a reduction of the Loan Loss Letter of Credit, the amount of the reduction.

(d) No fee under subsections (b) or (c) shall be required if:

(i) the Letters of Credit shall be terminated by the Agency within sixty (60) days after the Bank gives notice of increased costs to be applicable for any period commencing after the date of such notice for which the Agency shall be required to pay compensation to the Bank under Section 2.05 (an "Increased Cost Notice") hereof;

(ii) the Agency gives notice to the Bank, within sixty (60) days after the Bank gives an Increased Cost Notice to the Agency, that the Agency shall terminate the Letter of Credit upon the next succeeding anniversary of the Date of Issuance of the Letters of Credit, and the Agency confirms such termination no earlier than sixty (60) days nor later than thirty (30) days prior to the intended date of termination and the Letters of Credit are so terminated on such anniversary date; or

(iii) if the Bank's credit rating is lowered by Moody's Investors Service, Inc. or Standard & Poor's Corporation below an "A" rating.

(e) In the event a Letter of Credit is terminated as permitted by this Agreement, a <u>pro rata</u> portion of the commitment fee paid to the Bank shall be refunded to the Agency in proportion to the unexpired portion of the period for which such fee was paid, less any termination fee due pursuant to this §2.08 and any other outstanding Bank Obligations.

§2.09. Reduction of Stated Amount of Letters of Credit. The Stated Amount of each Letter of Credit may be reduced (in addition to reduction due to any drawing thereunder), but not more than once during any twelve-month calendar period as to each Letter of Credit, upon the submission to the Bank of an executed certificate in the form of ANNEX B to the applicable Letter of Credit, together with the original of the applicable Letter of Credit, provided that at the time of such submission or reduction no drawing shall be pending thereunder. The applicable Letter of Credit shall be amended by the Bank to indicate such reduction and shall be returned to the Trustee in the regular course of the Bank's business. In no event shall the Bank be required to reduce the Stated Amount of either Letter of Credit, as contemplated by this Section 2.09, if at the time of such reduction the Stated Amount of such Letter of Credit is, or as a result of such reduction the Stated Amount of such Letter of Credit shall be, less than $75,000.

§3. CONDITIONS PRECEDENT TO ISSUANCE OF THE LETTERS OF CREDIT.

§3.01. The obligation of the Bank to issue the Letters of Credit is subject to the conditions precedent that the Bank shall have received on or before the Date of Issuance the following, each dated such date, in form and substance satisfactory to the Bank:

(a) A certified copy of the Resolution;

(b) A certified copy of a resolution of the Agency approving this Agreement, the form and content of the Letters of Credit and the other matters contemplated hereby and thereby, and certified copies of all documents evidencing other necessary action by the Agency;

(c) Certified copies of any other governmental authorizations and approvals, if any, necessary for the Agency to enter into this Agreement and the transactions contemplated herein and therein;

(d) The opinion of Palmer & Dodge, bond counsel for the Agency, addressed to the Bank and in substantially the form of EXHIBIT E hereto;

(e) A favorable opinion of counsel for the Agency, addressed to the Bank and in substantially the form of EXHIBIT F hereto;

(f) A certificate signed by a duly authorized officer of the Agency stating: (a) that there is no pending or threatened action or proceeding before any court, governmental agency or arbitrator against, or directly involving or affecting the

Agency: (i) seeking to restrain or enjoin the Conversion or issuance or delivery of this Agreement, the Notes, or the Letters of Credit; (ii) in any way contesting or affecting any authority for or the validity of this Agreement, the Notes, the Letters of Credit, the Bonds or the Conversion; or (iii) except as disclosed in the Reoffering Memorandum, which may materially and adversely affect its existence, condition or operations; and (b) that no forfeiture, dissolution or legislative measures adversely affecting the Agency have been instituted by the Agency, or against it or on its behalf;

(g) A certificate signed by a duly authorized officer of the Agency stating that:

(i) The representations and warranties contained in Section 4 hereof are correct on and as of the Date of Issuance as though made on and as of such Date; and

(ii) All conditions precedent to the issuance of the Bonds occurred on or prior to September 27, 1990; the Agency duly executed, issued and delivered the Bonds on said date; and the Conversion has occurred in accordance with the Resolution;

(h) An executed copy of this Agreement and the Notes; and

(i) An agreement executed by the Trustee that the Trustee will draw on the Letters of Credit as directed pursuant to the notices contemplated by ANNEX E to each of the Letters of Credit.

(j) Such other documents, instruments, approvals or opinions as the Bank may reasonably request.

§3.02. The obligation of the Bank to issue the Letters of Credit is subject to the further conditions precedent that the issuance of the Letters of Credit shall not, in the reasonable opinion of the Bank, subject the Bank to any penalty or special tax or be prohibited by any law, governmental order or regulation; no Default shall exist and be continuing; and the representations and warranties contained in Section 4 hereof shall be true and correct on the Date of Issuance.

§4. <u>REPRESENTATIONS AND WARRANTIES</u>.

The Agency represents and warrants to the Bank that:

§4.01. <u>Organization</u>. The Agency is a body politic and corporate constituting a public instrumentality of the State of Vermont duly created and validly existing under the laws of the State of Vermont; has its headquarters in Burlington; and has full power and authority to execute, deliver and perform all transactions contemplated by this Agreement, the Notes, the Bonds, and the Resolution. There is no enacted or pending legislation or other governmental action under which the existence of the Agency will or might be terminated prior to the termination of the Letters of Credit and the final payment of all Bank Obligations.

§4.02. Authorization; Binding Obligations. The Agency has all necessary power and authority to enter into and perform this Agreement, to execute, deliver and perform its obligations under the Notes and to effect the Conversion. The Conversion and the execution, delivery and performance of this Agreement and the Notes, and all actions contemplated thereby or in connection therewith, have been duly and validly authorized by all necessary action, corporate and otherwise, and such execution, delivery and performance do not contravene the laws creating the Agency or governing its operations in any respect or constitute a default under or contravene any judgment, order, decree, ordinance, regulation, agreement or instrument binding on it. This Agreement and the Notes have been duly executed and delivered by the Agency and constitute the valid and legally binding general obligations of the Agency enforceable in accordance with their respective terms, and the Bonds constitute valid and legally binding special obligations of the Agency enforceable in accordance with their terms, except as enforcement of this Agreement, the Notes or the Bonds may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, and subject to the exercise of judicial discretion in accordance with general equitable principles.

§4.03. Funds. The balances in the General Fund, as shown in the financial statements referred to in Section 4.06 as not restricted under the terms of the various bond resolutions of the Agency, are available to pay the Reimbursement Obligation, interest thereon and all other Bank Obligations and the rights of the Bank against such balances as a result of this Agreement, the Notes or the Letters of Credit will rank at least pari passu in priority with all other unsecured obligations of the Agency. The Agency has good and marketable title to such balances, free and clear of all liens, charges, security interests and other encumbrances except as disclosed in the financial statements referred to in Section 4.06. The amount of such balances as of June 30, 1992 was equal to or greater than $_________.

§4.04. Litigation and Governmental Action. There is no pending or threatened action or proceeding before any court, governmental agency or arbitrator against or directly involving or affecting the Agency: (i) seeking to restrain or enjoin the Conversion or the issuance and delivery of this Agreement, the Letters of Credit or the Notes or the collection of receipts or assets of the Agency pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for or the validity of the Conversion or this Agreement, the Letters of Credit, the Notes or the Bonds or (iii) except as disclosed in the Reoffering Memorandum, in any way affecting the existence of the Agency or the titles of its officers to their respective offices. No forfeiture, dissolution or other proceedings or legislative measures adversely affecting the Agency have been instituted by the Agency or against it or on its behalf.

§4.05. Governmental Approvals. All approvals, permits, consents or authorizations of, or registrations or filings with, any governmental or public agency, authority or person which are required in connection with the execution, delivery and performance by the Agency of this Agreement and the Notes have been, or will prior to the Date of Issuance be, obtained or made. No authority or proceedings for the issuance of the Bonds, this Agreement, the Notes or the Letters of Credit or for effecting the Conversion have been repealed, revoked or rescinded,

§4.06. Financial Statements. The financial statements of the Agency for the fiscal year of the Agency ended June 30, 1992 fairly present the financial condition of the Agency as of such date and the results of the Agency's operations for the twelve-month fiscal period ended on such date, all in accordance with generally accepted accounting principles. Since June 30, 1992, there has been no material adverse change in the financial condition or operations of the Agency or its prospects of satisfying its obligations hereunder when the same become due and payable.

§4.07. Other Information. No information, exhibit or report, including, without limitation, the financial statements, cash flow projections and the Preliminary Reoffering Memorandum and Reoffering Memorandum prepared and delivered in connection with the Conversion, furnished by or on behalf of the Agency to the Bank in connection with the preparation and negotiation of this Agreement contains or will contain any untrue statement of a material fact. There are no facts that the Agency has not disclosed to the Bank in writing that, individually or in the aggregate, materially adversely affect, or so far as the Agency can now foresee, will materially adversely affect, its operations, affairs, properties, prospects or conditions, financial or otherwise.

§5. AFFIRMATIVE COVENANTS OF THE AGENCY.

So long as any amounts remain available to be drawn under any Letter of Credit or remain outstanding under the Notes or the Agency shall have any obligation to pay any amount to the Bank hereunder or to pay or perform any Bank Obligation, unless the Bank shall otherwise consent in writing:

§5.01. Compliance with Agreements. The Agency shall perform and comply with all terms, covenants and conditions of this Agreement, the Notes, all other Bank Obligations, the Bonds, and the Resolution.

§5.02. Maintain Existence. The Agency shall take all action within its powers to preserve and maintain its existence, rights and privileges. Pursuant to Section 636 of the Act, by execution and delivery of this Agreement and the Notes by the Agency, the State of Vermont does hereby pledge to and agree with the Bank that the State will not limit or restrict the rights vested in the Agency by the Act to perform its obligations hereunder or under the Notes and to fulfill the terms of this Agreement or the Notes or in any way impair the rights and remedies of the Bank until the Notes, together with interest thereon, and interest on any unpaid installments of interest, and all the Bank Obligations are fully met, performed, paid and discharged.

§5.03. Financial Statements; Other Information. The Agency shall furnish to the Bank the following:

(i) as soon as possible and in any event within ten days after the occurrence of each Default hereunder or any default under the Resolution, a statement of the Agency or the Trustee setting forth details of such occurrence and the action which the Agency proposes to take with respect thereto;

(ii) as soon as available and in any event within seven days after such notices are required to be filed: (a) copies of each of the notices which are required to be given to holders of the Bonds under the Resolution by the Trustee; (b) copies certified by an Authorized Officer (as defined in the Supplemental Resolutions) of the Agency of all resolutions amending, supplementing or modifying the Resolution; and (c) certified copies of all Annual Budgets and other accounts and reports required to be filed with the Trustee pursuant to Sections 608, 609 and 610 of the General Resolution;

(iii) as soon as available to the Agency, but in any event within 90 days after the end of each of its fiscal years, financial statements of the books and accounts of the Agency and for each such fiscal year audited by KPMG Peat Marwick or another firm of independent certified public accountants acceptable to the Bank;

(iv) as soon as available to the Agency, but in any event within 60 days after the end of each of the first three fiscal quarters, unaudited interim financial statements, if any, of the books and accounts of the Agency for the period then ended;

(v) promptly, such other information and data with respect to the Agency as may be reasonably requested by the Bank solely for the purpose of evaluating the Agency's credit and its compliance with this Agreement;

(vi) the Bank may at any reasonable time and from time to time visit and inspect any of the properties of the Agency and examine its books of account (and make copies thereof and extracts therefrom);

(vii) a certificate executed by the Agency's Director of Finance, to be delivered with the financial statements required under Subsections (iii) and (iv) hereinabove, in such form as the Bank may reasonably require certifying the Agency's compliance with the covenants of this Reimbursement Agreement and that no Event of Default has occurred and no Default is continuing;

(viii) a certificate executed by the Agency's Director of Finance, to be delivered with the financial statements required under Subsections (iii) and (iv) hereinabove, in such form and as of such date as the Bank may reasonably require showing delinquencies with respect to all loans funded or purchased by the Agency whether pursuant to or in connection with the General Resolution or otherwise; and

(ix) promptly upon the Bank's request from time to time, a certificate executed by the Agency's Director of Finance, in such form and as of such date as the Bank may reasonably require, showing delinquencies with respect to Mortgage Loans, Home Improvement Loans and Cooperative Housing Loans (as such terms are defined in the Resolution) funded or purchased pursuant to the Supplemental Resolutions and the Bonds.

§5.04. <u>Fund Balances</u>. The Agency agrees that the amounts shown in the financial statements furnished to the Bank pursuant to Section 5.03 (iii) and (iv) hereof as balances in the General Fund and all other funds will be reported in accordance with generally accepted accounting principles consistently applied and, in any event, will not be as of the date of such statements restricted under the terms of any bond resolution of the Agency or by any other resolution, agreement or contract or by any applicable law in a manner which restricts the availability of such amounts to pay the Bank Obligations or be subject to any contingent claim in respect of a letter of credit issued for the Agency's account or in respect of any guaranty by the Agency except to the extent that such restrictions or contingent claims have been previously disclosed to the Bank in <u>EXHIBIT G</u> hereto.

§5.05. <u>Certain Financial Covenants</u>. (a) In addition to the requirements set forth in subsection (b) below, the Agency shall maintain at all times Quick Assets free and clear of all liens and encumbrances in an aggregate amount equal to at least $1,000,000 in excess of all claims, charges, or liabilities, contingent or matured, which may be payable therefrom.

(b) In addition to the requirement set forth in subsection (a) above, the Agency shall maintain at all times Quick Assets free and clear of all liens and encumbrances in an aggregate amount equal to at least the Stated Amount of the Loan Loss Letter of Credit as from time to time in effect plus the amount of all outstanding Bank Obligations.

§5.06. Redemption of Bonds. The Agency agrees that if it uses any of the moneys or funds deposited in or available to the Series 3 Special Redemption Account or the Trustee draws on the Contingency Letter of Credit or the Loan Loss Letter of Credit, in either case in order to redeem or purchase Bonds, then, not less than ten (10) Business Days before any such redemption or purchase (other than a redemption or purchase of Series 3 Tender Bonds or pursuant to redemption from Sinking Fund Installments established pursuant to Section 204(E) of the Third Supplemental Resolution) or drawing under the Contingency Letter of Credit or the Loan Loss Letter of Credit, whichever occurs earlier, the Agency shall deliver to the Bank a certificate of an Authorized Officer of the Agency certifying (in such detail as the Bank may require and whose calculations (including without limitation the assumptions upon which the same are based, the discount rate and methodology) shall in all instances be reasonably satisfactory to the Bank) (a) that the net present value, taking into account the redemption and purchase of such Bonds, of anticipated Revenues (but only with respect to those Revenues generated with respect to the Supplemental Resolutions and the Bonds, as contrasted to those generated with respect to any other bonds issued in connection with the Resolution or otherwise) in excess of anticipated Costs of the Program and Debt Service (but only with respect to those Costs of the Program and Debt Service related to or incurred with respect to the Supplemental Resolutions and the Bonds, as contrasted to those related to or incurred with respect to any other bonds issued in connection with the Resolution or otherwise) which is at least as great as that which would be obtained had such redemption or repurchase not occurred, together with (b) a copy of the officer's certificate (and all attachments thereto) described in Section 509(F) and 509(G) of the General Resolution in connection with a redemption or purchase of Bonds.

§6. NEGATIVE COVENANTS OF THE AGENCY.

So long as any amounts remain available to be drawn under the Letters of Credit or remain outstanding under the Notes or the Agency shall have any obligation to pay any amount to the Bank hereunder, or to pay or perform any Bank Obligation, the Agency agrees that without the prior written consent of the Bank, it will not:

§6.01. Other Agreements. Enter into or consent to any amendment or waiver of the Resolution or the Bonds that would directly or indirectly materially affect the rights or responsibilities of the Bank under any of such documents, the ~~Letters of Credit, the Notes or~~ hereunder.

§7. EVENTS OF DEFAULT.

The following events shall constitute Events of Default under this Agreement:

§7.01. Payment of (i) the fees pursuant to section 2.03 or (ii) the Reimbursement Obligations shall not be made when the same becomes due and payable;

§7.02. The Agency shall fail to perform or observe any of the covenants contained in Sections 2.08, 2.09 5.02, 5.03(i), 5.04, 5.05, 5.06 or 6.01 hereof, or the State of Vermont shall fail to honor its pledge contained in Section 5.02 hereof or in Section 636 of the Act;

§7.03. The Agency shall fail to perform or observe any of the covenants or agreements contained herein, or with respect to any Bank Obligations, other than those referred to in Sections 7.01 and 7.02, and such failure shall continue unremedied for a period of 30 days after the date on which written notice of such failure, requiring the Agency to remedy the same, has been given to the Agency by the Bank;

§7.04. Any representation or warranty made by the Agency pursuant to Section 4 hereof or in any other certificate or document delivered in connection herewith, the Notes or the Letters of Credit shall prove to have been incorrect in any material respect when made;

§7.05. Principal of or interest on any of the Bonds shall not be paid when due or any other Event of Default under the Resolution shall have occurred and be continuing;

§7.06. Any provision of this Agreement or any of the Notes shall at any time for any reason cease to be valid and binding on the Agency, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Agency or, with the acquiescence or consent of the Agency, by any governmental agency or authority, or the Agency shall deny that it has any or further liability or obligation under this Agreement or the Notes;

§7.07. (i) The Agency shall apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of itself or of its property, or admit in writing its inability to pay its debts generally as they become due, or make a general assignment for the benefit of creditors, or be adjudicated a bankrupt or insolvent, or commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency proceeding; or action shall be taken by the Agency for the purpose of effecting any of the foregoing; or (ii) if, without the application, approval or consent of the Agency, a proceeding shall be instituted in any court of competent jurisdiction seeking in respect of the Agency an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, composition or arrangement with creditors, readjustment of debts, appointment of a trustee, receiver, liquidator or custodian or the like of the Agency or of all or any substantial part of its assets, or other like relief in respect thereof under any bankruptcy or insolvency law and (A) such proceeding continues for sixty (60) days without dismissal thereof or (B) the Agency fails to in good faith and by diligent and appropriate proceedings and responses timely controvert and defend the material allegations made by the plaintiff, creditor or other petitioner in such proceedings or (c) the court or other jurisdictional body enters an order for relief, or makes an order or finding that the Agency is insolvent, or makes an order or other finding substantially granting the relief sought in such proceeding by the plaintiff, creditor or other petitioner; or

§7.08. The Agency shall fail to pay when due any principal or interest on indebtedness of the Agency for borrowed money or any other obligation of the Agency represented by bonds, notes, debentures or like instruments constituting either a general obligation of the Agency or a limited or special obligation of the Agency (each an "Agency Obligation"), which payment default shall be in an aggregate amount in excess of $1,000,000, or any event shall occur as a result of which any holder or holders (or a trustee on behalf of such holders) of any Agency Obligation, the outstanding aggregate principal amount of which exceeds $1,000,000, shall have the right to accelerate the maturity of such indebtedness.

§8. <u>REMEDIES</u>.

If any Event of Default shall have occurred and be continuing and in every such event:

(a) The Bank may declare, by notice to the Agency, all amounts then outstanding hereunder and under the Notes to be immediately due and payable, whereupon such amounts shall be immediately due and payable without any further demand, presentment or notice, all of which are expressly waived and in the case of an Event of Default under Section 7.07 all such amounts shall be automatically and immediately due and payable without notice;

(b) The Bank may inform the Trustee that an Event of Default has occurred and may direct the Trustee to draw on one or both of the Letters of Credit (which notice may be in the form of ANNEX E to each of the Letters of Credit or by other notice as the Bank may select); and

(c) The Bank may exercise any other right which the Bank may have at law (including Section 635 of the Act) or in equity or by agreement.

§9. <u>NO WAIVER; REMEDIES</u>.

No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

§10. RIGHT OF SET-OFF, COLLATERAL, WAIVERS.

Upon the occurrence and during the continuance of any Event of Default and regardless of the adequacy of any collateral held by the Bank with respect to Bank Obligations or otherwise, the Bank is hereby authorized at any time and from time to time, without notice to the Agency (any such notice being expressly waived by the Agency), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held, and other indebtedness at any time owing, by the Bank to or for the credit or the account of the Agency against any and all of the Bank Obligations. The Bank shall notify the Agency promptly after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Bank under this section are in addition to and without limitation of any other rights, powers, privileges, remedies and other interests (including, without limitation, other rights of set-off and security interests) that the Bank may have.

§11. INDEMNIFICATION.

The Agency hereby agrees to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which the Bank may incur (or which may be claimed against the Bank by any Person or entity whatsoever) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to pay under, any Letter of Credit, including those arising from or based upon information furnished by the Agency, the Trustee or their respective agents or employees and alleged to have contained any material misstatements or to have been materially misleading or to have omitted material information; provided, however, that the Agency shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (a) the willful misconduct or gross negligence of the Bank in determining whether a demand for payment presented under a Letter of Credit complied with the Letter of Credit or (b) the Bank's willful failure to pay under a Letter of Credit after the presentation to it by the Trustee of a demand for payment strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 11 is intended to limit the Reimbursement Obligation contained in Section 2.02.

§12. CONTINUING OBLIGATION; ASSIGNMENT.

All covenants, agreements, representations and warranties of the Agency made or incorporated herein and in certificates delivered by the Agency pursuant hereto shall be deemed to have been material and relied on by the Bank, notwithstanding any investigation made by the Bank or on its behalf, and shall survive the execution and delivery to the Bank hereof and of the Letters of Credit. This Agreement and the Notes are continuing obligations and shall (a) be binding upon the Agency, its successors and assigns and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided, however, that neither the Agency nor the Bank may assign all or any part of this Agreement without the prior written consent of the other party.

§13. LIABILITY OF THE BANK.

§13.01. The Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The Bank may honor, as complying with the terms of the Letters of Credit and this Agreement, any documents otherwise in order signed or issued by a successor trustee under the Resolution. Any action, inaction or omission on the part of the Bank under or in connection with the Letters of Credit or related instruments or documents, if in good faith and in conformity with such laws, regulations or commercial or banking customs as the Bank may deem to be applicable, shall be binding upon the Agency, shall not place the Bank under any liability to the Agency, and shall not affect, impair or prevent the vesting of any of the rights or powers of the Bank hereunder. Nothing in this Section 13.01 is intended or shall be construed to limit the Reimbursement Obligations contained in Section 2.02.

§13.02. If the Agency requests or consents to any modification or extension of any Letter of Credit or waives failure of any draft, certificate or other document to comply with the terms of the Letters of Credit, the Bank shall be deemed to have relied and be entitled to rely on such request, consent or waiver with respect to any action taken or omitted by the Bank pursuant thereto, and such modification, extension or waiver shall be binding upon the Agency.

§14. COSTS, EXPENSES AND TAXES.

The Agency agrees to pay on demand all costs and expenses, if any, in connection with the preparation, execution and delivery of this Agreement and any other documents which may be delivered herewith (including, without limitation, fees of counsel in an aggregate amount not exceeding $12,000 plus counsel's normal and ordinary disbursements) and all costs and expenses, if any, in connection with the Bank's administration (incurred otherwise than in the Bank's ordinary course of business), waiver, amendment or enforcement of this Agreement, the Letters of Credit (and the transfer thereof), the Notes or any other Related Documents or in connection with the protection or preservation of its rights thereunder. In addition, the Agency shall pay any and all stamp and other taxes and fees payable or determined to be payable of which the Agency has notice in connection with the execution and delivery of this Agreement and the Notes and such other documents and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

§15. NOTICES.

Any notice or other communication in connection with this Agreement shall be deemed to be delivered if in writing (or in the form of a telegram or telex) addressed as provided below and if either (a) actually delivered at said address or (b) in the case of a letter, three business days shall have elapsed after the same shall have been deposited in the United States mails, postage prepaid and registered or certified:

If to the Agency to:

Vermont Housing Finance Agency
P.O. Box 408
Burlington, VT 05402

Attention: Executive Director

If to the Bank to:

The Sanwa Bank, Limited
Boston Branch
One Financial Center, Suite 2812
Boston, MA 02111

Attention: Loan Administration

and in any case at such other address as the addressee shall have specified by written notice. All periods of notice shall be measured from the date of delivery thereof.

§16. GOVERNING LAW.

This Agreement and the rights and obligations of the parties hereunder shall be construed, interpreted and determined in accordance with the substantive laws of The Commonwealth of Massachusetts.

§17. AMENDMENTS, ETC.

No amendment or waiver of any provision of this Agreement nor consent to any departure by the Agency therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

§18. TRANSFER OF LETTER OF CREDIT.

The Letter of Credit may be transferred and assigned and each successor Letter of Credit may be successively transferred and assigned, all in accordance with the terms of such Letter of Credit.

§19. SEVERABILITY.

Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

§20. TABLE OF CONTENTS; TITLE AND HEADINGS.

Any table of contents, the titles of the Sections and the headings of the Sections are not parts of this Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

§21. COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which when executed and delivered is an original, but all of which together shall constitute one instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day first set forth above by their respective officers hereunto duly authorized.

VERMONT HOUSING FINANCE AGENCY

By______________________________
Its

THE SANWA BANK, LIMITED
acting through its BOSTON BRANCH

By______________________________
Its Vice President

1362x

EXHIBITS TO REIMBURSEMENT AGREEMENT

EXHIBIT A	-	CONTINGENCY LETTER OF CREDIT
EXHIBIT B	-	LOAN LOSS LETTER OF CREDIT
EXHIBIT C	-	CONTINGENCY NOTE
EXHIBIT D	-	LOAN LOSS NOTE
EXHIBIT E	-	BOND COUNSEL OPINION
EXHIBIT F	-	AGENCY COUNSEL OPINION
EXHIBIT G	-	CERTAIN RESTRICTIONS

1362x

EXHIBIT A TO REIMBURSEMENT AGREEMENT

THE CONTINGENCY LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT

THE SANWA BANK, LIMITED
BOSTON BRANCH
ONE FINANCIAL CENTER
BOSTON, MASSACHUSETTS 02111

February 1, 1993

Letter of Credit No. 670/259/00096
The Howard Bank, N.A., as Trustee
111 Main Street
Burlington, Vermont 05401

Attention: William S. Wolff
Trust Department

Ladies and Gentlemen:

We, The Sanwa Bank, Limited, acting through our Boston Branch (the "Bank"), hereby open our irrevocable Letter of Credit in your favor in the original amount of $920,000 (Nine Hundred Twenty Thousand Dollars) for the account of Vermont Housing Finance Agency (the "Agency"), One Burlington Square, P.O. Box 408, Burlington, Vermont 05402. Such amount, as reduced in accordance with the provisions of this Letter of Credit, is herein called the "Stated Amount."

This Letter of Credit is issued to you as Trustee under the Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "General Resolution"), the Third Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "Third Supplemental Resolution") and the Sixth Supplemental Single Family Housing Bond Resolution adopted by the Agency on January __, 1993 (the "Sixth Supplemental Resolution") (the General Resolution, the Third Supplemental Resolution and the Sixth Supplemental Resolution, together with the First Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "First Supplemental Resolution"), the Second Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "Second Supplemental Resolution") and the Fourth Supplemental Single Family Housing Bond Resolution adopted by the Agency on October 4, 1991 (the "Fourth Supplemental Resolution"), collectively, the "Resolution"), relating to the Vermont Housing Finance Agency $42,500,000 Single Family Housing Bonds, Series 3, originally dated September 1, 1990, as converted to Series 3 Converted Option Bonds dated February 1, 1993 (the "Series 3 Bonds"; together with the bonds issued pursuant to the First Supplemental Resolution and the Second Supplemental Resolution, the "Bonds").

Subject to the further provisions of this Letter of Credit, this Letter of Credit is payable against your demands for payment in the form of ANNEX A hereto with the amounts and other information inserted therein and executed as contemplated by said ANNEX. Multiple drawings are permitted under this Letter of Credit.

The Stated Amount available will be reduced automatically from time to time by the amount of any prior demands made and honored hereunder. Demands for payment hereunder shall not exceed the Stated Amount in effect at the time of such demand, and the aggregate of all demands made and honored hereunder shall not exceed the initial Stated Amount.

The Stated Amount available may also be reduced from time to time, but no more often than once during any twelve calendar month period, upon the submission to the Bank of an executed certificate in the form of ANNEX B hereto, together with the original of this Letter of Credit; provided that at the time of such submission for reduction no drawing shall be pending hereunder. The Letter of Credit shall be amended by us to indicate such reduction and shall be returned to you in the regular course of our business. In no event shall the Stated Amount be reduced under this paragraph if at the time of such reduction the Stated Amount is, or as a result of such reduction shall be, less than $75,000. A reduction pursuant to this paragraph is herein referred to as a "Voluntary Reduction."

Demand for payment under this Letter of Credit may be made by you prior to the expiration hereof at any time during the Bank's business hours at its branch in Boston, Massachusetts, on a day (herein called a "Business Day") on which the Bank's Boston branch office is open for the purpose of conducting commercial banking business. Any demand for payment hereunder and all other communications to the Bank relating to this Letter of Credit shall be in writing and addressed and presented to The Sanwa Bank, Limited, Boston Branch, at One Financial Center, Boston, Massachusetts 02111, Attention: Loan Administrator (or at any other office of the Bank as may be designated by us in a written notice to you), and shall make specific reference to this Letter of Credit by number. Provided that a demand for payment conforms to the terms and conditions hereof, payment shall be made to you of the amount demanded, in immediately available funds, not later than 2:00 P.M., Boston time, on the second Business Day after it is received.

This Letter of Credit, including the ANNEXES attached hereto, sets forth in full the terms of our undertaking, and this undertaking shall not in any way be modified, amended or amplified by reference to any document, instrument or agreement referred to herein (except the Uniform Customs hereinafter defined) or in which this Letter of Credit is referred to or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

This Letter of Credit is transferable only in its entirety and only to a subsequent Trustee under the Resolution (notwithstanding the provisions of the Uniform Customs, as defined below) and may be successively transferred. No transfer will be recognized until this original Letter of Credit and an executed transfer document in the form of ANNEX C hereto are presented to us along with a transfer fee of $1,000.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Publication No. 400 and any subsequent revisions thereof approved by the International Chamber of Commerce (the "Uniform Customs"). This Letter of Credit shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts, without regard to principles of conflicts of law.

This Letter of Credit shall expire on the Bank's close of business at its offices in Boston, Massachusetts, on the earliest to occur of: (a) January 31, 1998; (b) the date on which the Stated Amount is less than $75,000 immediately following a Voluntary Reduction or (c) five days after the date on which the Bank shall have received written notice in the form of ANNEX D hereto from you.

Very truly yours,

THE SANWA BANK, LIMITED
acting through its BOSTON BRANCH

By________________________________
Its

ANNEX A

(Letterhead of Trustee)

____________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00096

Ladies and Gentlemen:

We refer to your Letter of Credit No. 670/259/00096 (the "Letter of Credit"). Terms defined in the Letter of Credit have the same meanings when used herein and capitalized terms used herein but not otherwise defined herein or in the Letter of Credit have the meanings given to them in the Resolution.

1. We are the Trustee or a duly appointed successor Trustee under the Resolution. As Trustee, in trust for the holders of the Bonds described below, we hereby make demand for payment under the Letter of Credit. The undersigned as Trustee is entitled to make this drawing pursuant to the Letter of Credit and the Resolution.

2. [If a notice has not, as of the date of this certificate, been received by the Trustee in the form of ANNEX E to the Letter of Credit: The amount for which payment is hereby demanded is $________________ (the "Drawing Amount"). We are in receipt of a certificate delivered to us pursuant to Sections 509(F) and 509(G) of the General Resolution in connection with a redemption of Bonds authenticated under the First Supplemental Resolution, the Second Supplemental Resolution or the Third Supplemental Resolution in the aggregate principal amount of $_____________ pursuant to Section 204(C) of the First Supplemental Resolution or Section 204(D) of the Second Supplemental Resolution or Section 204(D) of the Third Supplemental Resolution, payment for which redemption is required on <indicate date: ______________, ___> (the Bonds being redeemed for which payment is so required, the "Redeemed Bonds"). Such certificate states that the Drawing Amount is equal to the amount by which the amount allocable to the Bonds on deposit and available therefor in all Funds and Accounts under the Resolution (other than amounts available under the Letter of Credit and amounts on deposit in or held for the credit of the

Series 3 Loan Loss Claim Fund or amounts on deposit in or held for the account of the Series 1 Loan Loss Claim Fund or the Series 2 Loan Loss Claim Fund), after consideration of amounts, if any, deposited in the Revenue Fund pursuant to Section 305(A) of the First Supplemental Resolution, Section 305(A) of the Fourth Supplemental Resolution and Section 304(A) of the Sixth Supplemental Resolution, is insufficient to enable the Agency to satisfy the requirements of Section 509(G) of the General Resolution with respect to the purchase or redemption of Bonds as described in Section 304(A) of the Sixth Supplemental Resolution.

<u>OR</u>

Pursuant to Section 304(E) of the Sixth Supplemental Resolution, the Agency has failed to deposit an extension of the Letter of Credit or substitute therefor in the Series 3 Contingency Account and the Letter of Credit shall expire on _______________, which is not less than three Business Days from the date hereof.]

<u>OR</u>

[<u>If a notice has, as of the date of this certifcate, been received by the Trustee in the form of ANNEX E to the Letter of Credit</u>: The amount for which payment is hereby demanded is $__________ (the "Drawing Amount").]

3. No part of the proceeds of the drawing hereunder shall be utilized for the purposes of funding, in whole or in part, a redemption or purchase of Series 3 Tender Bonds or bonds of any other series authorized pursuant to the General Resolution or any other payment with respect to all such bonds of such other series, except as otherwise permitted by the Resolution or as has otherwise been approved in writing by the Bank.

4. The amount of this demand does not exceed the Stated Amount of the Letter of Credit on the date hereof and, together with all prior demands heretofore honored by you, does not exceed the initial Stated Amount of the Letter of Credit.

5. Upon receipt of the amount demanded under this Letter of Credit, we will immediately deposit amounts drawn hereunder in accordance with the Resolution.

Please [deposit] [wire transfer] the amount hereby demanded [in our account number _____________ with _____________]
[to our account #__________________ at ____________________].

TRUSTEE:___________________________

By___________________________
Its authorized officer

ANNEX B

(Letterhead of Trustee)

____________________, 19___

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, Massachusetts 02111

Attention: Loan Administrator

Letter of Credit No. 670/259/00096

Ladies and Gentlemen:

We refer to your Letter of Credit No. 670/259/00096 (the "Letter of Credit"). Terms defined in the Letter of Credit have the same meanings when used herein.

1. We are the Trustee or a duly appointed successor Trustee under the Resolution.

2. In accordance with the Letter of Credit, we hereby submit to you a request that the Stated Amount of the Letter of Credit be reduced to ____________________ DOLLARS ($____________) effective as of ____________, 19___, which date is no less than five (5) Business Days nor more than ten (10) Business Days after the date of this certificate.

3. At the date hereof no drawing is pending under the Letter of Credit.

4. The original of the Letter of Credit accompanies this certificate.

TRUSTEE: ________________________

By ___________________________
Its authorized officer

ANNEX C

(Letterhead of Trustee)

_________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00096

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

____
(Name of Transferee Beneficiary)

____
(Address)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety. The undersigned represents and warrants to you that the above-named transferee is the duly appointed successor trustee under the Resolution.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The original of said Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it directly to the transferee with your customary notice of transfer.

Enclosed is remittance of $1,000 in payment of your transfer fee and in addition thereto we agree to pay to you on demand any expenses which may be incurred by you in connection with this transfer.

Signature Authenticated	Very truly yours,
[Bank]: ____________	[Trustee]: ____________
By: ____________ Its Authorized Officer	By: ____________ Its Authorized Officer
Signature Authenticated	
[Bank]: ____________	[Transferee]: ____________
By: ____________ Its Authorized Officer	By: ____________ Its Authorized Officer

ANNEX D

(Letterhead of Trustee)

____________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Place
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00096

Ladies and Gentlemen:

We refer to your Letter of Credit No. 670/259/00096 (the "Letter of Credit"). Terms defined in the Letter of Credit shall have the same meanings when used herein. We hereby certify that we are the Trustee or a duly appointed successor trustee under the Resolution.

We hereby notify you that all of the Bonds have been redeemed, retired, discharged or paid in full pursuant to the terms of Section <_______> of the General Resolution and that your Letter of Credit No. 670/259/00096 is hereby cancelled. The Original Letter of Credit accompanies this written notice.

Very truly yours,

[Insert name of Beneficiary], as Trustee

By:________________________________
Its authorized officer

ANNEX E

[Letterhead of The Sanwa Bank, Limited]

_________________, 19___

To: [Name of Beneficiary of Letter of Credit]

Re: The Sanwa Bank, Limited, Letter of Credit No. 670/259/00096

Gentlemen:

An Event of Default has occurred under that certain Reimbursement Agreement dated as of January __, 1993 by The Sanwa Bank, Limited, acting through its Boston Branch, and the Vermont Housing Finance Agency. The undersigned hereby directs you to draw under the Letter of Credit in the full Stated Amount thereof.

Very truly yours,

THE SANWA BANK, LIMITED
acting through its BOSTON BRANCH

By_____________________________

Its__________________________

1375x

EXHIBIT B TO REIMBURSEMENT AGREEMENT

THE LOAN LOSS LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT

THE SANWA BANK, LIMITED
BOSTON BRANCH
ONE FINANCIAL CENTER
BOSTON, MASSACHUSETTS 02111

February 1, 1993

Letter of Credit No. 670/259/00097

The Howard Bank, N.A., as Trustee
111 Main Street
Burlington, Vermont 05401

Attention: William S. Wolff
Trust Department

Ladies and Gentlemen:

We, The Sanwa Bank, Limited, acting through our Boston Branch (the "Bank"), hereby open our irrevocable Letter of Credit in your favor in the original aggregate amount of $738,920 (Seven Hundred Thirty-eight Thousand Nine Hundred Twenty Dollars) for the account of Vermont Housing Finance Agency (the "Agency"), One Burlington Square, P.O. Box 408, Burlington, Vermont 05402. Such amount, as reduced in accordance with the provisions of this Letter of Credit, is herein called the "Stated Amount."

This Letter of Credit is issued to you as Trustee under the Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "General Resolution"), the Third Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "Third Supplemental Resolution") and the Sixth Supplemental Single Family Housing Bond Resolution adopted by the Agency on January __, 1993 (the "Sixth Supplemental Resolution") (the General Resolution, the Third Supplemental Resolution and the Sixth Supplemental Resolution, together with the First Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "First Supplemental Resolution"), the Second Supplemental Single Family Housing Bond Resolution adopted by the Agency on September 20, 1990 (the "Second Supplemental Resolution") and the Fourth Supplemental Single Family Housing Bond Resolution adopted by the Agency on October 4, 1991 (the Fourth Supplemental Resolution"), collectively, the

"Resolution"), relating to the $42,500,000 Vermont Housing Finance Agency Single Family Housing Bonds, Series 3, originally dated September 1, 1990 as converted to Series 3 Converted Option Bonds dated February 1, 1993 (the "Series 3 Bonds"; together with the bonds issued pursuant to the First Supplemental Resolution and the Second Supplemental Resolution, the "Bonds").

Subject to the further provisions of this Letter of Credit, this Letter of Credit is payable against your demands for payment in the form of ANNEX A hereto with the amounts and other information inserted therein and executed as contemplated by said ANNEX. Multiple drawings are permitted under this Letter of Credit.

The Stated Amount available will be reduced automatically from time to time by the amount of any prior demands made and honored hereunder. Demands for payment hereunder shall not exceed the Stated Amount in effect at the time of such demand, and the aggregate of all demands made and honored hereunder shall not exceed the initial Stated Amount.

The Stated Amount available may also be reduced from time to time, but no more often than once during any twelve calendar month period, upon the submission to the Bank of an executed certificate in the form of ANNEX B hereto, together with the original of this Letter of Credit; provided that at the time of such submission for reduction no drawing shall be pending hereunder. The Letter of Credit shall be amended by us to indicate such reduction and shall be returned to you in the regular course of our business. In no event shall the Stated Amount be reduced under this paragraph if at the time of such reduction the Stated Amount is, or as a result of such reduction shall be, less than $75,000. A reduction pursuant to this paragraph is herein referred to as a "Voluntary Reduction."

Demand for payment under this Letter of Credit may be made by you prior to the expiration hereof at any time during the Bank's normal business hours at its branch in Boston, Massachusetts on a day (herein called a "Business Day") on which the Bank's Boston branch office is open for the purpose of conducting commercial banking business. Any demand for payment hereunder and all other communications to the Bank relating to this Letter of Credit shall be in writing and addressed and presented to The Sanwa Bank, Limited, Boston Branch, at One Financial Center, Boston, Massachusetts 02111, Attention: Loan Administrator (or at any other office of the Bank as may be designated by us in a written notice to you), and shall make specific reference to this Letter of Credit by number. Provided that a demand for payment conforms to the terms and conditions hereof, payment shall be made to you of the amount demanded, in immediately available funds, not later than 2:00 P.M., Boston time, on the second Business Day after it is received.

This Letter of Credit, including the ANNEXES attached hereto, sets forth in full the terms of our undertaking, and this undertaking shall not in any way be modified, amended or amplified by reference to any document, instrument or agreement referred to herein (except the Uniform Customs hereinafter defined) or in which this Letter of Credit is referred to or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

This Letter of Credit is transferable only in its entirety and only to a subsequent Trustee under the Resolution (notwithstanding the provisions of the Uniform Customs, as defined below) and may be successively transferred. No transfer will be recognized until this original Letter of Credit and an executed transfer document in the form of ANNEX C hereto are presented to us along with a transfer fee of $1,000.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Publication No. 400 and any subsequent revisions thereof approved by the International Chamber of Commerce (the "Uniform Customs$'). This Letter of Credit shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts, without regard to principles of conflicts of law.

This Letter of Credit shall expire on the Bank's close of business at its offices in Boston, Massachusetts, on the earliest to occur of: (a) January 31, 1998; (b) the date on which the Stated Amount is less than $75,000 immediately following a Voluntary Reduction; or (c) five days after the date on which the Bank shall have received written notice in the form of ANNEX D hereto from you.

Very truly yours,

THE SANWA BANK, LIMITED
acting through its BOSTON BRANCH

By______________________________
Its

ANNEX A

(Letterhead of Trustee)

_____________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00097

Ladies and Gentlemen:

We refer to your Letter of Credit No. 670/259/00097 (the "Letter of Credit"). Terms defined in the Letter of Credit have the same meanings when used herein and capitalized terms not defined herein or in the Letter of Credit have the meanings given to them in the Resolution.

1. We are the Trustee or a duly appointed successor Trustee under the Resolution. As Trustee, in trust for the holders of the Bonds described below, we hereby make demand for payment under the Letter of Credit. The undersigned as Trustee is entitled to make this drawing pursuant to the Letter of Credit and the Resolution.

2. [If a notice has not, as of the date of this certificate, been received by the Trustee in the form of ANNEX E to the Letter of Credit: The amount for which payment is hereby demanded is $_______________ (the "Drawing Amount"). [Include only the sentence of the following three which is appropriate: (In connection with a Loan Loss Claim Fund Withdrawal pursuant to Section 302(B) of the Sixth Supplemental Resolution to be made upon the date hereof, the amount of cash, Investment Obligations, and Additional Security, if any, (as such term is defined in the Reimbursement Agreement dated as of January __, 1993 between the Agency and the Bank), other than the Letter of Credit, on deposit in the Series 3 Loan Loss Claim Fund is less than the said Loan Loss Claim Fund Withdrawal to be made therefrom.) or (The conditions described in Section 302(C) of the Sixth Supplemental Resolution have occurred and the amount on deposit in or held for or available to (pursuant to the terms of the Resolution), and after giving

effect to available drawings under the Contingency Letter of Credit, as such term is defined in the Reimbursement Agreement hereinabove referenced, (to the extent permitted to be made under the Sixth Supplemental Resolution), the credit of the Series 3 Contingency Account is insufficient for the purposes of such account.) or (Pursuant to Section 302(I) of the Sixth Supplemental Resolution, the Agency has failed to deposit an extension to the Letter of Credit or substitute therefor in the Series 3 Loan Loss Claim Fund and the Letter of Credit shall expire on ___________________, which is not less than three Business Days from the date hereof.)] Such certificate states that the Drawing Amount is equal to the amount of the deficiency described in the preceding sentence after taking into account funding by the Agency pursuant to Section 302(D) of the Sixth Supplemental Resolution.

OR

[If a notice has, as of the date of this certificate, been received by the Trustee in the form of ANNEX E to the Letter of Credit: The amount for which payment is hereby demand is $__________ (the "Drawing Amount").]

3. No part of the proceeds of the drawing hereunder shall be utilized for the purposes of funding, in whole or in part, a redemption or purchase of Series 3 Tender Bonds or bonds of any other series authorized pursuant to the General Resolution or any other payment with respect to all such bonds of such other series, except as otherwise provided in the Resolution or as has otherwise been approved in writing by the Bank.

4. The amount of this demand does not exceed the Stated Amount of the Letter of Credit on the date hereof and, together with all prior demands heretofore honored by you, does not exceed the initial Stated Amount of the Letter of Credit.

5. Upon receipt of the amount demanded under this Letter of Credit, we will immediately deposit amounts drawn hereunder in accordance with the Resolution.

Please [deposit] [wire transfer] the amount hereby demanded [in our account number ____________ with _____________] [to our account #____________ at ________________________].

TRUSTEE: _________________________

By_______________________________
Its authorized officer

ANNEX B

(Letterhead of Trustee)

______________________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00097

Ladies and Gentlemen:

We refer to your Letter of Credit No. 670/259/00097 (the "Letter of Credit"). Terms defined in the Letter of Credit have the same meanings when used herein.

1. We are the Trustee or a duly appointed successor Trustee under the Resolution.

2. In accordance with the Letter of Credit, we hereby submit to you a request that the Stated Amount of the Letter of Credit be reduced to _________________ DOLLARS ($___________) effective as of _________________, 19__, which date is no less than five (5) Business Days nor more than ten (10) Business Days after the date of this certificate.

3. At the date hereof no drawing is pending under the Letter of Credit.

4. The original of the Letter of Credit accompanies this certificate.

TRUSTEE: ________________________

By______________________________
Its authorized officer

ANNEX C

(Letterhead of Trustee)

_______________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00097

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

____
(Name of Transferee Beneficiary)

____
(Address)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety. The undersigned represents and warrants to you that the above-named transferee is the duly appointed successor trustee under the Resolution.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The original of said Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it directly to the transferee with your customary notice of transfer.

Enclosed is remittance of $1,000 in payment of your transfer fee and in addition thereto we agree to pay to you on demand any expenses which may be incurred by you in connection with this transfer.

Signature Authenticated	Very truly yours,
[Bank]:______________________	[Trustee]:______________________
By:______________________ Its Authorized Officer	By:______________________ Its Authorized Officer
Signature Authenticated	
[Bank]:______________________	[Transferee]:______________________
By:______________________ Its Authorized Officer	By:______________________ Its Authorized Officer

ANNEX D

(Letterhead of Trustee)

_________________________, 19__

The Sanwa Bank, Limited
Boston Branch
One Financial Place
Boston, Massachusetts 02111

Attention: Loan Administrator
Letter of Credit No. 670/259/00097

Ladies and Gentlemen:

We refer to your Letter of Credit No. 670/259/00097 (the "Letter of Credit"). Terms defined in the Letter of Credit shall have the same meanings when used herein. We hereby certify that we are the Trustee or a duly appointed successor trustee under the Resolution.

We hereby notify you that all of the Bonds have been redeemed, retired, discharged or paid in full pursuant to the terms of Section <___________> of the General Resolution and that your Letter of Credit No. 670/259/00097 is hereby cancelled. The Original Letter of Credit accompanies this written notice.

Very truly yours,

[Insert name of Beneficiary], as Trustee

By:_____________________________
Its authorized officer

ANNEX E

[Letterhead of The Sanwa Bank, Limited]

______________________________, 19__

To: [Name of Beneficiary of Letter of Credit]

Re: The Sanwa Bank, Limited, Letter of Credit No. 670/259/00097

Ladies and Gentlemen:

An Event of Default has occurred under that certain Reimbursement Agreement dated as of January __, 1993 by The Sanwa Bank, Limited, acting through its Boston Branch, and the Vermont Housing Finance Agency. The undersigned hereby directs you to draw on the Letter of Credit in the full Stated Amount thereof.

Very truly yours,

THE SANWA BANK, LIMITED, acting through its BOSTON BRANCH

By______________________________
Its ____________________________

1399x

EXHIBIT C TO REIMBURSEMENT AGREEMENT

VERMONT HOUSING FINANCE AGENCY

PROMISSORY NOTE

February 1, 1993
Boston, Massachusetts

FOR VALUE RECEIVED, the VERMONT HOUSING FINANCE AGENCY (the Agency") hereby promises to pay to THE SANWA BANK, LIMITED (the "Bank"), or order, at the branch office of the Bank in Boston, Massachusetts, now located at One Financial Center, Boston, MA, or at such other place as to which the Bank shall give written notice to the undersigned, the sum of Nine Hundred Twenty Thousand Dollars ($920,000), or if less the aggregate principal amount of all payments made by the Bank in honoring that certain Contingency Letter of Credit (as such term is defined below) issued by the Bank pursuant to the Reimbursement Agreement (as such term is defined below) (each such payment is hereinafter referred to as an "Advance"), as shown in the Schedule attached hereto (the "Note Schedule"), together with interest on the principal amount of each Advance, at a fluctuating rate per annum equal to the Prime Rate (as such term is defined below).

The principal amount of each Advance as shown on the Note Schedule shall be payable in eight equal quarterly installments of principal (each installment to be equal to 1/8th of the principal amount of such Advance) on the first day of each March, June, September and December commencing on the first of such dates occurring after the date of the Advance as shown on the Note Schedule, and interest with respect to such principal amount shall be payable in arrears on the same day as principal is due. In any event, the amount of each Advance shall be paid in full on the Maturity Date of the Advance as shown on the Note Schedule, and all amounts remaining unpaid hereunder shall be paid in full on December 1, 1999. Interest shall be computed on the basis of a 360-day year and paid for the actual number of days elapsed. All payments shall be made in lawful currency of the United States of America in immediately available funds.

Overdue payments of principal (whether at stated maturity, by acceleration or otherwise), and, to the extent permitted by law, overdue interest, shall bear interest, payable on demand and compounded monthly, at a rate per annum equal to three percent (3%) above the Prime Rate. The term "Prime Rate" shall mean the rate of interest announced from time to time by the Bank as its Prime Rate. The interest rate on this Note shall change as the Prime Rate changes, and any change in such interest rate resulting from a change in the Prime Rate shall become effective as of the beginning of the day during which such change in the Prime Rate occurs.

The undersigned may prepay all or any part of the principal amount of this Note at any time without premium or penalty. All such prepayments will be applied to installments due in the inverse order of their maturity.

This Note is issued pursuant to, and entitled to the benefits of, and is subject to, the provisions of, and is referred to as the Contingency Note in, that certain Reimbursement Agreement dated as of January __, 1993 by and between the undersigned and the Bank (herein, as the same may from time to time be amended or extended, referred to as the "Reimbursement Agreement"), but neither this reference to the Reimbursement Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of the undersigned maker of this Note to pay the principal of and interest on this Note as herein provided.

In case an Event of Default (as defined in the Reimbursement Agreement) shall occur, the aggregate unpaid principal of and accrued interest on this Note may become or may be declared to be due and payable in the manner and with the effect provided in the Reimbursement Agreement.

It is hereby certified that every requirement of law relating to the issue hereof has been duly complied with and that this Note is within every debt and other limit prescribed by law or by the Agency. This Note is a general obligation of the Agency payable out of any revenues or assets of the Agency, including its general funds, subject only to any agreement with the holders of particular notes or bonds pledging any particular revenues or moneys of the Agency. Neither the State of Vermont nor any political subdivision thereof shall be liable on this Note, and this Note shall not be a debt or a liability or obligation of the State of Vermont or any political subdivision thereof. Neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision is pledged to the payment of the principal of or interest on this Note. No member, officer, agent or employee of the Agency shall be liable personally on this Note by reason of the issuance thereof.

The parties hereunder, including, to the extent permitted by law, the undersigned, hereby waive presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note.

Notwithstanding any payment or prepayment of this Note, this Note and the obligations of the Agency hereunder shall remain in full force and effect and shall not be deemed to be terminated or discharged as long as the Contingency Letter of Credit referenced above has not been terminated or the Agency remains liable with respect to Advances under the Agreement.

The undersigned agrees to pay all charges of the Bank in connection with the collection or enforcement of this Note, including reasonable attorneys' fees.

This instrument shall have the effect of an instrument executed under seal.

VERMONT HOUSING FINANCE AGENCY

By______________________________

Its ______________________________

NOTE SCHEDULE TO PROMISSORY NOTE IN THE ORIGINAL FACE
PRINCIPAL AMOUNT OF $920,000
MADE BY VERMONT HOUSING FINANCE AGENCY
DATED FEBRUARY 1, 1993

Date of Advance	Principal Amount of Advance	Maturity Date	Date and Amount of Principal Payment Received	Notation made by

1377x

EXHIBIT D TO REIMBURSEMENT AGREEMENT

VERMONT HOUSING FINANCE AGENCY

PROMISSORY NOTE

February 1, 1993
Boston, Massachusetts

FOR VALUE RECEIVED, the VERMONT HOUSING FINANCE AGENCY (the Agency") hereby promises to pay to THE SANWA BANK, LIMITED (the "Bank"), or order, at the branch office of the Bank in Boston, Massachusetts, now located at One Financial Center, Boston, MA, or at such other place as to which the Bank shall give written notice to the undersigned, the sum of Seven Hundred Thirty-eight Thousand Nine Hundred Twenty Dollars ($738,920), or if less the aggregate principal amount of all payments made by the Bank in honoring that certain Loan Loss Letter of Credit (as such term is defined below) issued by the Bank pursuant to the Reimbursement Agreement (as such term is defined below) (each such payment is hereinafter referred to as an "Advance"), as shown in the Schedule attached hereto (the "Note Schedule"), together with interest on the principal amount of each Advance, at a fluctuating rate per annum equal to the Prime Rate (as such term is defined below).

The principal amount of each Advance as shown on the Note Schedule shall be payable in eight equal quarterly installments of principal (each installment to be equal to 1/8th of the principal amount of such Advance) on the first day of each March, June, September and December commencing on the first of such dates occurring after the date of the Advance as shown on the Note Schedule, and interest with respect to such principal amount shall be payable in arrears on the same day as principal is due. In any event, the amount of each Advance shall be paid in full on the Maturity Date of the Advance as shown on the Note Schedule, and all amounts remaining unpaid hereunder shall be paid in full on December 1, 1999. Interest shall be computed on the basis of a 360-day year and paid for the actual number of days elapsed. All payments shall be made in lawful currency of the United States of America in immediately available funds.

Overdue payments of principal (whether at stated maturity, by acceleration or otherwise), and, to the extent permitted by law, overdue interest, shall bear interest, payable on demand and compounded monthly, at a rate per annum equal to three percent (3%) above the Prime Rate. The term "Prime Rate" shall mean the rate of interest announced from time to time by the Bank as its Prime Rate. The interest rate on this Note shall change as the Prime Rate changes, and any change in such interest rate resulting from a change in the Prime Rate shall become effective as of the beginning of the day during which such change in the Prime Rate occurs.

The undersigned may prepay all or any part of the principal amount of this Note at any time without premium or penalty. All such prepayments will be applied to installments due in the inverse order of their maturity.

This Note is issued pursuant to, and entitled to the benefits of, and is subject to, the provisions of, and is referred to as the Loan Loss Note in, that certain Reimbursement Agreement dated as of January __, 1993 by and between the undersigned and the Bank (herein, as the same may from time to time be amended or extended, referred to as the "Reimbursement Agreement"), but neither this reference to the Reimbursement Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of the undersigned maker of this Note to pay the principal of and interest on this Note as herein provided.

In case an Event of Default (as defined in the Reimbursement Agreement) shall occur, the aggregate unpaid principal of and accrued interest on this Note may become or may be declared to be due and payable in the manner and with the effect provided in the Reimbursement Agreement.

It is hereby certified that every requirement of law relating to the issue hereof has been duly complied with and that this Note is within every debt and other limit prescribed by law or by the Agency. This Note is a general obligation of the Agency payable out of any revenues or assets of the Agency, including its general funds, subject only to any agreement with the holders of particular notes or bonds pledging any particular revenues or moneys of the Agency. Neither the State of Vermont nor any political subdivision thereof shall be liable on this Note, and this Note shall not be a debt or a liability or obligation of the State of Vermont or any political subdivision thereof. Neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision is pledged to the payment of the principal of or interest on this Note. No member, officer, agent or employee of the Agency shall be liable personally on this Note by reason of the issuance thereof.

The parties hereunder, including, to the extent permitted by law, the undersigned, hereby waive presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note.

Notwithstanding any payment or prepayment of this Note, this Note and the obligations of the Agency hereunder shall remain in full force and effect and shall not be deemed to be terminated or discharged as long as the Loan Loss Letter of Credit referenced above has not been terminated or the Agency remains liable with respect to Advances under the Agreement.

The undersigned agrees to pay all charges of the Bank in connection with the collection or enforcement of this Note, including reasonable attorneys' fees.

This instrument shall have the effect of an instrument executed under seal.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Its ______________________________

NOTE SCHEDULE TO PROMISSORY NOTE IN THE ORIGINAL FACE
PRINCIPAL AMOUNT OF $738,920
MADE BY VERMONT HOUSING FINANCE AGENCY
DATED FEBRUARY 1, 1993

Date of Advance	Principal Amount of Advance	Maturity Date	Date and Amount of Principal Payment Received	Notation made by

1369x

EXHIBIT E TO REIMBURSEMENT AGREEMENT

Form of Opinion of Bond Counsel

February 1, 1993

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, MA 02111

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.01(d) of the Reimbursement Agreement dated as of January __, 1993 (the "Agreement") between the Vermont Housing Finance Agency (the "Agency") and The Sanwa Bank, Limited, acting through its Boston Branch, as issuer of the Letters of Credit referred to in the Agreement. Terms not otherwise defined herein shall have the meanings given such terms in the Agreement.

We have acted as bond counsel for the Agency in connection with the issuance of the Bonds, the preparation of the Agreement and the Conversion. We have examined the Agreement and the Notes as executed and such records, including certificates of officials of the Agency, and other documents as we have deemed necessary in order to express an opinion on the matters hereinafter set forth.

Based upon the foregoing, we are of the opinion that:

1. The Agency is a body politic and corporate constituting a public instrumentality of the State of Vermont duly created and validly existing under the laws of that jurisdiction, and has full power and authority to execute, deliver and perform, and consummate all transactions contemplated by, the Agreement and the Notes.

2. The execution, delivery and performance of the Agreement and the Notes have been duly and validly authorized by the Agency by all necessary action, corporate and otherwise, and such execution, delivery and performance do not contravene the laws creating the Agency or governing its operations in any respect. The Agreement and the Notes have been duly executed and delivered by the Agency and constitute valid and legally binding general obligations of the Agency enforceable in accordance with their terms.

3. All approvals, permits, consents and authorizations of, or registrations or filings with, any governmental or

public agency, or person that are required in connection with the execution, delivery and performance by the Agency of the Agreement and the Notes have been obtained or made.

The foregoing opinions are qualified to the extent that the enforceability of the Agreement and the Notes and any rights granted pursuant thereto may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally enforceable and by the exercise of judicial discretion in accordance with general equitable principles.

We have this date delivered to the Agency, The Howard Bank, N.A., as Trustee for the Bonds, and PaineWebber Incorporated, as representative of the remarketing agents for the Bonds, our opinions relating to the Conversion. You may rely on these opinions as if they had been addressed directly to you.

Very truly yours,

____

1379x

EXHIBIT F TO REIMBURSEMENT AGREEMENT

Form of Opinion of Counsel to Agency

February 1, 1993

The Sanwa Bank, Limited
Boston Branch
One Financial Center
Boston, MA 02111

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.01(e) of the Reimbursement Agreement dated as of January __, 1993 (the "Agreement") between Vermont Housing Finance Agency (the "Agency") and The Sanwa Bank, Limited, acting through its Boston Branch, as issuer of the Letters of Credit issued pursuant to the Agreement (the "Bank"). Terms defined in the Agreement and not otherwise defined herein are used herein as therein defined.

I have been general counsel to the Agency since 1987, and I have represented the Agency in connection with the issuance and Conversion of the Bonds (as to certain matters of Vermont law only), and in connection with certain matters pertaining to the Agreement.

I have examined such records and documents and have conducted such investigation as I have deemed necessary in order to express an opinion on the matters hereinafter set forth.

In rendering this opinion I have relied upon the correctness of facts set forth in statements, letters and certificates of the Agency. I have assumed the genuineness of all signatures (other than those of officials of the Agency), the authenticity of certificates and documents submitted to me as originals, and the conformity to originals of certificates and documents submitted to me as certified or photostat copies.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Agency is a body politic and corporate constituting a public instrumentality of the State of Vermont duly created and validly existing under the laws of the State of Vermont and has its headquarters in Burlington. There is no enacted or pending legislation or other governmental action under which the existence of the Agency will or might be terminated prior to the termination of the Letters of Credit and the final payment and performance of all Bank Obligations.

2. The Bonds were duly authorized, executed and delivered by the Agency on September 27, 1990. The Agreement and the Notes have been duly authorized, executed and delivered by the Agency, and the Conversion has been duly accomplished in accordance with the provisions of the Resolution.

3. The Conversion and the execution, delivery and performance of the Agreement and the Notes do not, and the execution and delivery of the Bonds did not, contravene any judgment, order, decree, law, statute, ordinance or regulation to which the Agency is subject. Further, the Conversion and the execution, delivery and performance of the Agreement and the Notes and compliance with the terms and provisions thereof will not, and the execution and delivery of the Bonds and compliance with the terms and provisions thereof did not and will not, constitute on the part of the Agency a material breach or default under any other agreement or instrument to which the Agency is a party.

4. There is no pending or threatened action or proceeding before any court, governmental agency or arbitrator against or directly involving or affecting the Agency: (i) seeking to restrain or enjoin the Conversion or the issuance or delivery of the Agreement, the Letters of Credit or the Notes, (ii) in any way contesting or affecting any authority for or the validity of the Conversion or the Agreement, the Letters of Credit, the Notes or the Bonds or (iii) in any way affecting the existence of the Agency or the titles of its officers to their respective offices. There is not now pending any forfeiture, dissolution or other proceeding or legislative measure adversely affecting the Agency which has been instituted by the Agency or against it or on its behalf.

5. I am licensed to practice in the State of Vermont. I am not licensed to practice in The Commonwealth of Massachusetts. Further, I have not been asked to render, and therefore I do not render, any opinion as to the validity or enforceability of the Agreement or the Notes in the hands of the Bank, its successors or assigns, or as to any matter of Massachusetts or federal law.

I have this date delivered to PaineWebber Incorporated, as representative of the remarketing agents for the Bonds, my opinion relating to the Conversion. You may rely on it as if it had been addressed directly to you.

Very truly yours,

Glenn A. Jarrett, General Counsel

1380x

EXHIBIT G TO REIMBURSEMENT AGREEMENT

Certain Restrictions

NONE.

1381x

vhfa

VERMONT HOUSING FINANCE AGENCY

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: JANUARY 12, 1993

RE: SERIES 2 REMARKETING AND SERIES 3 BOND FINANCING

The telephone conference call scheduled for Wednesday, January 13, at 11:00 AM is for the purpose of approving the bond financing based on the prices obtained Monday by the underwriters. It appears that we will be able to obtain a mortgage rate of 7.80% based on the pricing. As a reminder, this bond financing consists of two parts: (1) the remarketing of $8 million of previously issued bonds; and (2) $42.5 million of Series 3 bonds. In approving the financing you are also accepting the enclosed documents.

Enclosed are several documents related to the proposed sale of the Series 3 Single Family Housing Bonds and the remarketing of the Series 2 bonds. A form of vote by the Board accepting the documents relating to the two series of bonds. The preliminary official statement is the document that potential investors receive prior to ordering bonds; the Sixth Supplemental Series resolution is the legal document authorizing this particular bond issue; the reimbursement agreement is our agreement with the Sanwa Bank regarding the letter of credit pledged to this issue; finally, the supplemental remarketing agreements are the contract with the underwriters to remarket the bonds.

Several changes have been made since the printing of the documents and we will provide you with the numeric changes during the telephone conference call. The most relevant change in the structure is that we have downsized the Series 3 issuance by $10 million to $32.5 million due to the higher than expected mortgage rate obtained by the financing, the highly competitive conventional mortgage rate market and the uncertain financial growth projections for the State of Vermont. Although PaineWebber was willing to share the risk and costs with us for non-origination of mortgage funds, we feel uneasy in using their capital for a very aggressive loan program. Due to the downsizing of the issue, the Agency's expected contribution to the financing of approximately $150,000 is now not needed.

Another component of this financing is that we plan to offer a couple of new choices for the mortgages. We are planning to market a one year "buydown" of the rate which would translate to a 6.90% first year rate and 7.90% rate after year one as well as a no point mortgage option which would translate to an expected 7.10% first year rate and 8.10% rate thereafter. The no point option would require the Agency to advance a 1 point fee to the banks to encourage them to originate the mortgages. We would plan to limit the amount of no point mortgages to an amount of approximately $20 million, based on Board consensus. The up front payment to the lenders would be $200,000 out of the General Fund for the no point option. This will be further discussed at the upcoming Board meeting.

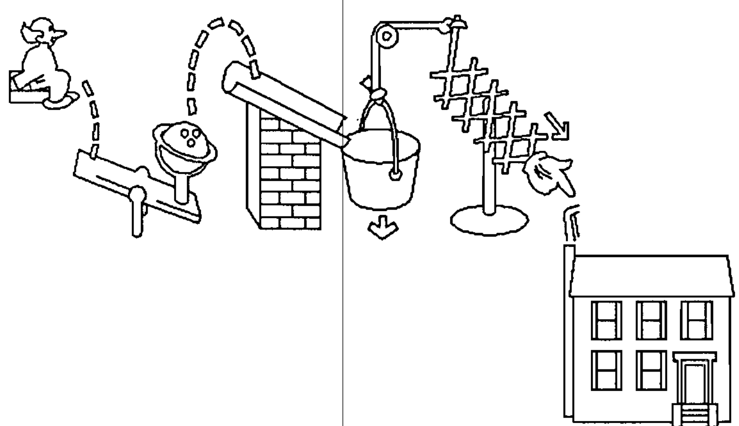
The Letter of Credit from Sanwa Bank is expected to be $710,000 for loan loss coverages with an additional $900,000 contingency letter to cover a worst case loss scenario. The cost for these Letters of Credit is expected to be approximately $9,000 per year. These letters of credit replace cash that would otherwise have to be put up from the General Fund to cover potential losses.

If you have any questions either prior to or during the call, please do not hesitate to ask.

RECOMMENDED BOARD ACTION

Adopt the attached form of vote as provided by Palmer & Dodge.

VERMONT HOUSING FINANCE AGENCY



BUSINESS PLAN

FISCAL YEAR 1992-1993

(July 1, 1992 - June 30, 1993)

VERMONT HOUSING FINANCE AGENCY

MISSION

VHFA's mission is to finance and promote affordable housing opportunities for low- and moderate-income Vermonters.

GOALS

1. To provide low cost mortgage financing to individuals who are not able to qualify for conventional financing.

2. To encourage and stimulate additional affordable rental housing for low- and moderate-income Vermonters; and to encourage, where possible, mechanisms to ensure that this housing remains perpetually affordable.

3. To maintain a sound fiscal structure and meet all fiduciary requirements in a professional manner.

4. To heighten general awareness of housing needs for low- and moderate-income Vermonters, particularly with groups who can have an important impact on the production of such housing, including the legislature, community officials and the business community.

VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY92 vs. FY93 TO DATE (July 1, 1992 through December 31, 1992)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
ONGOING PROGRAMS			
MOVE	604 mtges purch; $39,310,000	600 mtges purch; $39,300,000	283 mtges purch; $17,962,273
MCC	317 MCCs issued; $23,461,000	399 MCCs issued; $30,400,000	240 MCCs issued; $18,281,720
HOUSE	31 loans purch; $ 1,736,000	70 loans purch; $ 4,540,000	41 loans purch; $ 2,664,902
Rural VT Mtge Program	22 mtges purch; $ 301,000	22 mtges purch; $ 301,000	9 mtges purch; $ 113,860
Down Payment Assistance	71 loans; $ 4,100,000		18 loans purch; $ 978,816
IORTA Down Payment Assist		150 loans; $ 9,600,000	71 loans purch; $ 4,472,540
Dalton Drive Aff Housing	23 units sold; $ 1,586,645	Sell all 77 units $ 6,782,000	47 units sold; $ 4,110,881 ($1,060,307)
Sugar Mae (Secondary Market)	None	Periodic program review; assess need	None
Delivery/Servicing Nonprof Pilot	None; discussions in progress	Establish capacity at one nonprofit	None; initiative viability being analyzed
Affordable Housing Demonstration	None	Keep program available	None
Mobile Home Assistance	7 loans; $ 123,000	No volume goal pending analysis of program	None
Mobile Home Park Financing (MF)	100 units; $ 816,000	2 parks, 73 units; $ 1,100,000	None
Preservation-Section 8	5 Pres Agree Signed (102 units)		1 Pres Agree Signed (16 units)
LIHPRHA Preservation/Westgate	Highgate completed; 120 units	Begin Westgate (100 units) acquisition & rehab	-
MF Financing	110 units; $ 3,600,000	Commitments pending	14 units; $ 520,000
Ventures	Loans totalling $ 114,700		$43,340 committed; $44,000 pending
SF Development/Const Pilot	44 units; $355,000 loan guar	14 units; $200,000 revolv const loan	14 units; $200,000
LIHTC	Cal 92=341 units; $8,807,577	100% allocation of any available credit	92 units; $ 239,765
Old North End (Burlington)		MF = 25 Units; SF = 10 units	
Nonprofit Training	7 Workshops conducted to date	Assess need for training series	None conducted to date
Home Buyer Education	7 wkshops conducted; 180 attend	Develop new education strategies	2 home buyer days conducted; 61 participants
TEAM Approach	Assist 67 dev's; 2,207 hshlds	Transition to regional host organizations	Transition/technical assist in progress
Coop Advertising w/Nonprofits			

VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY92 vs. FY93 TO DATE (July 1, 1992 through December 31, 1992)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
PROGRAMS BEING DEVELOPED			
Section 8 Refunding	Auth. rec'd from HUD		Top priority legislative issue for NCSHA
MF/SF Construction Programs			
Home Improvement/Qualified Rehab	None	Program development	Being planned
Section 8 Rent Increases	Await HUD's comparability	Same as FY92	Commented on draft regs; waiting publish
Proactive Servicing (SF)	Begin after computer purchase	Same as FY92	Will begin after computer conversion
LIHTC Compliance Monitoring	Program draft in progress	Establish Tax Credit monitoring system	1,200 tax credit units to be monitored
Loan Consortium/Participating Lndrs		Program development and initiation	
Special Needs Housing	Needs assessment; study pending	Finance group homes; broaden target population	Study is underway
FHLB Funds Loan Program		Develop and implement program	
ANALYZE FOR FUTURE IMPLEMENTATION			
Alternative SF Financing	None	Low priority until MRB reauthorization	None
Lead Paint Response		Participate in policy/regulatory development	
Accessory Apartments			
Training for RE Professionals		Develop/test curriculum	
Tax Exempt Fund/Restrict Reserves MF			
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
Housing Policies State/Fed Level	Ongoing	Ongoing	Ongoing
MRB and LIHTC Extension	Programs extended thru 06/30/92	Secure permanent reauthorization	Ongoing
Housing Vermont: Funding	Evaluation/monitoring ongoing		Evaluation/monitoring ongoing
Cash Flow: Analyze	Included in computer search	Same as FY92	Consider options after computer install
Statewide Afford Housing Conf	Participated in 1992 conf	Review need for annual conference	Plan to participate in 1993 conference
MF Management	100 developments (3,241 units)		98 developments (2,982 units)
Lender Training	30 sessions; 250 attendees		16 sessions; 160 attendees
Computer Software/Hardware Convert	Reviewing proposed contract	Convert to new computer system	Computer conversion about to begin

VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY92 vs. FY93 TO DATE (July 1, 1992 through December 31, 1992)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
TERMINATED PROGRAMS			
HE/ILP	6 loans; $ 14,050	Program terminated	
CVPS/VHFA/Chittenden Energy	3 loans; $ 10,300	None	
4 Star Mtge SF	12 mtges; $ 895,434		Program canceled 03/30/92

FY93 BUSINESS PLAN FORMAT

Below is an illustration of the format for VHFA's FY93 Business Plan, which should be helpful in interpreting the various programs listed in the plan.

<table>
<tr><th colspan="2">VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)</th></tr>
<tr><th colspan="2">ONGOING PROGRAMS</th></tr>
<tr><td rowspan="2">TITLE OF PROGRAM
Designation as MF, SF, etc.

Brief descriptive paragraph outlines the program in general terms.</td><td>FY92: Results from previous year
FY93 GOAL: Usually a numerical/ quantitative goal for current year
FY93 ACTUAL: As the plan is updated periodically, actual results for each program will be inserted in the "Summary of Activity" table.</td></tr>
<tr><td>PARTICIPATING DEPARTMENTS: PRIMARY DEPT
OTHER DEPTS.</td></tr>
<tr><td colspan="2">Text indicates what actions are to be taken in an effort to meet the goals for the fiscal year. May also describe periodic changes to the program.</td></tr>
</table>

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

ONGOING PROGRAMS

Mortgages for Vermonters (MOVE)
Single Family Mortgage

VHFA's primary homeownership delivery mechanism. VHFA purchases mortgages originated by participating lenders following VHFA guidelines.

FY92: 604 mtges purch; $39,310,000
FY93 GOAL: 600 mtges; $39,300,000
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **OPERATIONS**, COMMUNICATIONS, DEVELOPMENT

Beginning March 1, this program will offer 0 point and 2 point mortgages, each with a one-year rate reduction.

Mortgage Plus Program (Mortgage Credit Certificate/MCC)
Single Family Mortgage

Provides a <u>tax credit</u> which directly reduces the personal federal income tax liability of the borrower(s). The amount paid in Vermont income tax is not affected.

FY92: 317 MCCs issued/$23,461,000
FY93 GOAL: 399 MCCs; $30,400,000
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **OPERATIONS**, COMMUNICATIONS, DEVELOPMENT

Upon recommendation by staff and approval by Board (09/24/92) the Mortgage Plus Program has been modified to: (1) restrict MCC issuance to borrowers requiring them to qualify for a mortgage; (2) lower the basic MCC credit rate from 25% to 20%; (3) provide an incentive for energy efficiency in the form of an additional 5% in the credit rate (will be implemented after computer system conversion).

Homeownership Opportunities Using Shared Equity (HOUSE)
Single Family Mortgage--Perpetual Affordability

A program for nonprofit and municipal housing developers to promote shared appreciation to ensure long term affordability. Currently $5 million in funds are available at a stepped interest rate beginning at 5.95% and ending at 7.45%.

FY92: 31 loans purch; $1,736,000
FY93 GOAL: 70 loans; $4,540,000
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, OPERATIONS, COMMUNICATIONS

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

ONGOING PROGRAMS

Rural Vermont Mortgage Program *Single Family Mortgage* Uses VHFA funds from a previous bond issue in conjunction with FmHA funds to expand the supply of federal mortgage funds in rural areas of Vermont.	FY92: 22 mtges purch; $301,000 *FY93 GOAL:* 22 mtges; $301,000 *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** FINANCE

This program is currently suspended pending the commitment of a new source of funding and a revised letter of agreement with FmHA.

Down Payment Assistance Program *Single Family Mortgage--* *Down Payment Assistance* A pilot program where eligible borrowers may reduce the amount of their down payment by an amount equal to closing costs. The purpose of the program is to decrease the funds needed to purchase a home.	FY92: 71 loans, total $4,100,000 *FY93 GOAL:* *FY93 ACTUAL:* (REPLACED BY IORTA) PARTICIPATING DEPARTMENTS: **OPERATIONS** VHMGB

This program was replaced by the IORTA Down Payment Assistance Program.

IORTA *Single Family Mortgage--* *Down Payment Assistance* A pilot program using a combination of public and private resources that allows eligible borrowers to finance 100% of the value of the home being purchased. In addition, the program reduces the funds needed for an eligible borrower to purchase a home.	*FY93 GOAL:* 150 loans; $9,600,000 *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** DEVELOPMENT ADMINISTRATION VHMGB

This program is being operated as a pilot to determine the increase in risk, if any, associated with making 100% loan-to-value mortgages as compared to 95% loan-to-value mortgages.

ONGOING PROGRAMS

Dalton Drive Affordable Housing *Special Initiative--Homeownership* An initiative to combine State resources to create 77 affordable homeownership units from the 19 historical Fort buildings on Dalton Drive.	FY92: 23 units sold, $1,586,645 *FY93 GOAL:* Sell all remaining units (total 77); $6,782,000 total mortgages *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION**, DEVELOPMENT, OPERATIONS, COMMUNICATIONS

Efforts are ongoing to complete sales of the condominium units. Rehabilitation plans for commercial/professional buildings 504 and 600 are being developed. Those buildings are being marketed.

Vermont Secondary Mortgage Market *Special Initiative--Homeownership* A program to purchase nonconforming mortgages from Vermont lenders. Lenders agree to reinvest a percentage of the proceeds from each transaction. Lenders reinvest no less than 50% of the proceeds in activities supporting low- and moderate-income Vermonters.	FY92: None *FY93 GOAL:* Periodic program review/ assessment of need *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, FINANCE, OPERATIONS

Current market conditions render this program unattractive to lenders. Staff will conduct periodic market and program reviews to assess demand for this secondary mortgage market program.

Mortgage Delivery/Servicing with Nonprofits Pilot *Special Initiative--Homeownership* Establish a mortgage delivery system through approved nonprofits to provide better program access to low- and moderate-income families. This could allow for direct servicing of mortgages by VHFA.	FY92: Disc. w/1 nonprofit in progress *FY93 GOAL:* Establish capacity at one nonprofit *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, OPERATIONS

Current discussions with nonprofit, Rutland West, will be brought to conclusion. If Rutland West does not wish to proceed, other nonprofits will be contacted to ascertain their interest. The Vermont Development Credit Union has established mortgage servicing capacity in the North End of Burlington under this program.

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

ONGOING PROGRAMS

Affordable Housing Demonstration *Special Initiative--Innovation* A demonstration program to promote affordable housing developments by providing financing for model homes.	FY92: None *FY93 GOAL:* Keep program available *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Program can be accessed but will not be promoted.

Mobile Home Assistance Program *Mobile Home Refinancing* A program to assist eligible mobile home owners to refinance current housing debt with lower rate mortgage financing. This program is available to borrowers in mobile home parks with a long-term affordability mechanism.	FY92: 7 Loans; $123,000 purchased. *FY93 GOAL:* No volume goal pending analysis of program *FY93 GOAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS

In FY92, the term for mobile home refinancing was increased from 10-15 years. This program will be evaluated for its current applicability to financing needs of residents of eligible mobile home parks. Market penetration as well as possible impediments/disincentives to participate will be explored.

Mobile Home Park Financing Program (Multi-Family) *Mobile Home Park Financing* A program to provide financing for mobile home parks with long term affordability through investment in taxable VHFA bonds by Vermont's public pension funds.	FY92: $816,000, 2 parks, 100 units *FY93 GOAL:* $1,100,000, 2 parks, 73 units *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Pension funds for mobile home park financing are nearly depleted and new sources of funds must be identified and made accessible. Possible loan closings in FY93 include Deepwood (Brattleboro; 44 units) and Hillside (Starksboro; 29 units).

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

ONGOING PROGRAMS

Preservation—Section 8
Multi-Family Preservation

An initiative to preserve existing Agency financed Section 8 developments and prevent these units from prepaying and converting to market rate housing. Continue using the options as approved by the Board to negotiate Preservation Agreements.

FY92: 5 pres agree signed (102 units)
FY93 GOAL:
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT**, DEVELOPMENT, FINANCE

Strategy for preservation initiatives will include: (1) concerted efforts to establish preservation deals for "at-risk" developments; and (2) pursuit of preservation agreements in response to expressions of interest by owners.

LIHPRHA Preservation
Multi-Family Preservation

An initiative to preserve Vermont's Section 221d(3) and 236 developments covered under the Act from converting to market rate housing.

FY92: Highgate completed (120 units)
FY93 GOAL: Begin Westgate (100 units) acquisition and rehabilitation
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **ADMINISTRATION**, DEVELOPMENT, FINANCE, M-F MANAGEMENT

Work with local nonprofit and Housing Vermont to develop resident involved community based nonprofit for ultimate purchase, to present acceptable offer to purchase, and to present plan of action to HUD for acquisition and rehabilitation. Northgate and Highgate complete. Preservation of Westgate under Title VI in process. Applegate scheduled for FY94.

Multi-Family Financing
Multi-Family Development

Tax exempt and taxable bonding for funds to finance affordable Multi-Family developments.

FY92: $3.6 million created 110 units.
FY93 GOAL: See "pending commitments" below
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, FINANCE, M-F MANAGEMENT

Alternative sources of funds are being researched (Federal Home Loan Bank, Lending Consortium). Policies addressing housing quality standards, lead paint abatement and energy conservation will be reviewed and updated as appropriate.

Pending Commitments: Depot Square (St. Johnsbury; 47 units) and Bristol Family Housing (Bristol; 9 units).

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

ONGOING PROGRAMS

Vermont Housing Ventures *Multi-Family Development* A $250,000 low-interest revolving fund for loans to nonprofits to cover pre-development expenses incurred in creating an affordable housing project.	FY92: $114,700. Increased fund from $250,000 to $310,000 temporarily *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Examine utilization of Ventures program in relation to similar funding provided by VHCB with a goal of meeting the need for predevelopment funding while eliminating any duplication of effort.

Single Family Development and Construction Pilot *Single Family Construction* Provides construction financing for single family affordable housing developments.	FY92: $355,000 loan guarantee on 44 units; interest in additional project of 14 units *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE

Commitment made for 14 units at Starlake Village in Norwich; revolving construction loan of $200,000.

Low Income Housing Tax Credits (LIHTC) *Multi-Family Development* A federal program providing tax credit incentives for developing multi-family rental housing. Developments are income restricted: at least 20% of residents can earn no more than 50% of area median income; or a minimum of 40% of residents can earn no more than 60% of area median income.	Cal 1992 Activity: $8,807,577; 341 LIHTC units; 489 total units *FY93 GOAL:* 100% allocation of any available credit from returns and renewal proceeds *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Federal LIHTC program expired June 30, 1992. Program reauthorization possible under Clinton administration.

ONGOING PROGRAMS

Old North End Multi-family and single family investment in the Old North End of Burlington.	*FY93 GOAL:* MF=25 units; SF=10 units *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Commitment of $1.5 million in recycled multi-family tax-exempt bond proceeds to be used in conjunction with $500,000 in Burlington's HOME funds for acquisition/rehabilitation of buildings with 5+ units. Commitment of $1 million in 7.45% Single Family bond proceeds for refinancing/rehabilitation of single family homes in the Old North End.

Nonprofit Training Series *Special Initiative/Nonprofit Capacity* Workshops for nonprofits designed to enhance their ability to create more long-term affordable housing.	FY92: 7 Workshops conducted to date *FY93 GOAL:* Assess need for training series *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, COMMUNICATIONS

Assess need for continuation of training series; examine cooperative relationship with VHCB; determine appropriate role for VHFA. Nonprofit training should coincide with increased goal for HOUSE program.

Home Buyer Education *Home Buyer Education* Develop, conduct, evaluate and update home buyer education programs to prepare participants throughout Vermont for home purchase.	FY92: 7 workshops conducted; 180 attendees *FY93 GOAL:* Develop new education strategies *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**, OPERATIONS, DEVELOPMENT

VHFA has been offering education to prospective home buyers primarily through Home Buyer Days since 1988. This year, we will experiment with different forums to provide education, building on previous efforts. Anticipated strategies include Home Buyer Fairs, two-part, four-hour seminars and coordinating with other established entities to empower low- and moderate-income home buyers as cost-effectively as possible. To date, two home buyer days have been conducted, with 61 participants.

ONGOING PROGRAMS

TEAM Approach
(Tenant Education and Assistance Model)
Special Initiative/Aging in Place

Coordinates the provision of supportive services to residents of Vermont's subsidized elderly housing developments. Initial program funding was provided by the Robert Wood Johnson Foundation, the Administration on Aging and VHFA.

FY92: 67 developments; 2,207 households
FY93 GOAL: Transition of program to regional host organizations; continue program expansion
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **ADMINISTRATION**

The Direct Service component of the program has been transitioned to regional nonprofits. VHFA will continue to provide promotion, coordination and technical support. Anticipate successful transition of service coordination function to regional agencies.

Cooperative Advertising with Nonprofits

Nonprofit housing developers have limited resources with which to market properties they may be developing. VHFA established a small pool of matching funds to assist nonprofits participating in the HOUSE program.

FY93 GOAL:
FY93 ACTUAL:

PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**
DEVELOPMENT

In FY93, VHFA increased from $10,000 to $15,000 the amount of funds available to assist nonprofits in purchasing advertising for specific properties. VHFA solicits requests from nonprofits and allocates funds as equitably as possible among nonprofits throughout the state. This year, five nonprofits requested over $16,000.

PROGRAMS BEING DEVELOPED

Section 8 Refunding Rental Production Program *Multi-Family Development* An initiative to refinance high interest rate Section 8 properties and use the savings to assist new affordable rental production and/or existing troubled properties.	FY92: Authorization rec'd from HUD; prep for refis in progress w/bond counsel and special underwriters *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **FINANCE** DEVELOPMENT M-F MANAGEMENT

HUD authorization conflicts with 1992 amendments to the Affordable Housing Act. Legislative priority for NCSHA.

Multi-Family/Single Family Construction Programs A program to provide construction financing for single family and multi-family development.	FY92: *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE

Anticipated source of funds to be VHFA fund balances.

Home Improvement/Qualified Rehabilitation Loans *Single Family Rehabilitation* An initiative to provide financing to eligible borrowers for home improvements which add to the basic livability of an existing residential structure.	FY92: None. *FY93 GOAL:* Program development *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS FINANCE

PROGRAMS BEING DEVELOPED

Section 8 Rent Increases *Multi-Family Preservation* Establish a method to control the cost of this program using budget based rent increases as a means of preserving long term funding under Annual Contribution Contracts.	FY92: Continue to push this in Preservation Strategy and await HUD's new directive on rent comparability. *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT**

Comments on newly published Rent Comparability regulations have been submitted and the Supreme Court is scheduled to hear a case in March that will impact final regulations.

Portfolio: Proactive Servicing (Single Family) *Internal Activity for Efficiency* Provide direct billing to the lenders servicing our single family programs and conversion of lender reports to an exception only format.	FY92: None; proactive servicing will be pursued after transition to new computer system. *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **FINANCE**, OPERATIONS

Low Income Housing Tax Credit (LIHTC) Compliance Monitoring Implement a method of compliance monitoring, in response to Section 42 of the IRS Code, for all units that have received tax credits since 1987. Establish a fee structure that will cover the Agency's cost for monitoring and reporting non-compliance to the IRS.	FY92: Program draft in progress *FY93 GOAL:* Establish tax credit monitoring system *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT**, DEVELOPMENT

Monitoring options under consideration, including Authorized Delegate. Tax Credit committee must approve monitoring plan and revise State Allocation Plan by 06/30/93. Implementation of monitoring plan by 06/30/93.

PROGRAMS BEING DEVELOPED

Loan Consortium of Participating Lenders Development of loan consortium to include financial institutions that do not ordinarily participate in or initiate affordable housing programs. Will allow for risk-sharing on participating loans.	*FY93 GOAL:* Program development and initiation *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS:

Special Needs Housing Programs Research viable options to expand housing availability for Vermont's special needs populations.	*FY93 GOAL:* Finance group homes for Brandon Training School residents in cooperation with VHCB; broaden target population *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Cooperate with housing and service providers in the state to implement viable recommendations of special needs study. Short term: develop financing mechanism for group homes for Brandon Training School residents.

Federal Home Loan Bank Funds Loan Program *Special Needs Housing* Access advances from the FHLBB at favorable interest rates for multi-family rental developments, group homes and other special needs housing.	*FY93 GOAL:* Development and implementation of program *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

ANALYZE FOR FUTURE IMPLEMENTATION

Alternative Single Family Financing *Single Family Mortgage* Analyze and recommend alternatives to MOVE and Mortgage Plus. This initiative is driven by the ever-present possibility of elimination by the federal government of VHFA's authorization to issue mortgage revenue bonds.	FY92 Activity: None. *FY93 GOAL:* See explanation below *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE OPERATIONS

Until the fate of Mortgage Revenue Bond authority is resolved, this analysis will not be given a high priority.

Lead Paint Response Participate in the formulation of any legislation/regulations passed to address the issue of lead paint contamination and poisoning.	*FY93 GOAL:* Participate in policy/regulatory development *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT

Accessory Apartments Analyze the need to establish demand for a lending program to provide financing to homeowners wishing to create accessory apartments (as referenced under 24 VSA Section 4406).	*FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

ANALYZE FOR FUTURE IMPLEMENTATION

Training for Real Estate Professionals Develop educational curriculum for Vermont Real Estate professionals and research feasibility of sponsoring course for continuing education credits through the Vermont Real Estate Commission.	*FY93 GOAL:* Develop/test curriculum *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** OPERATIONS

An opportunity has been identified to both (1) contribute to the professional growth of Vermont real estate licensees and (b) provide an incentive to licensees to become well-versed in the mechanics of VHFA financing options for low- and moderate- income home buyers. VHFA will develop and deliver an educational program acceptable to the Vermont Real Estate Commission to give continuing education credits to participating real estate professionals who successfully complete the course. The program will be available to licensees statewide; site locations or vehicles (i.e. interactive television) will be researched and the most cost-effective delivery methods will be pursued.

Tax Exempt Fund for Restricted Reserves on Multi-Family Projects By investing in VHFA tax-exempt notes, owners would increase after-tax investment income and VHFA would have inexpensive source for short-term financing.	*FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION** M-F MANAGEMENT

This program would enable owners to purchase short term tax-exempt VHFA notes derived from surplus cash to mitigate paying taxes on income. VHFA can use proceeds for short term financing.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Housing Policies: Participate at State and Federal Level Participate in and keep abreast of all new State and Federal housing legislation, including CHAS and HOME which are elements of the Cranston-Gonzales National Affordable Housing Act of 1990.	FY92: Ongoing *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** ADMINISTRATION COMMUNICATIONS
Mortgage Revenue Bond (MRB) and Low Income Housing Tax Credit (LIHTC) Extension Campaigns Congressional authority to issue MRBs sunsetted June 30, 1992. Intensive efforts to promote permanent authorization by Congress are underway.	FY92: MRB/LIHTC programs extended through June 30, 1992 *FY93 GOAL:* Secure permanent reauthorization of expired programs *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** OPERATIONS ADMINISTRATION
Housing Vermont: Funding Ongoing evaluation and monitoring of the funding agreement of $2,000,000 for the development of new multi-family projects.	FY92: Evaluation and monitoring of the Housing Vermont funding agreement is ongoing *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **FINANCE**

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Cash Flow: Analyze Alternative Programs A study to determine the most cost-effective way to generate timely, responsive cash flow data for the purpose of determining finances available and what-if scenarios.	FY92: Incorporated within computer hardware/software search *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **FINANCE**

Statewide Affordable Housing Conference Support conference for nonprofit housing developers and others in the public and private sector.	FY92: Participated in 1992 conference *FY93 GOAL:* See below *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** DEVELOPMENT

Review need for annual conference.

Multi-Family Management *Multi-Family Management* Ongoing servicing and monitoring of 98 VHFA-financed developments (2,976 units) in compliance with Regulatory Agreements, HAP Contracts and HUD regulations. Serve as Contract Administrator for 18 developments (341 units), providing $2.4 million in federal rental assistance payments on behalf of eligible residents.	FY92: 100 developments; 3,241 units *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT**

During FY92, Multi-Family Management provided servicing and monitoring for 3,068 multi-family units throughout Vermont. HAP Contract Administration was provided for 341 of these units.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Lender Training Lender training is designed to provide assistance to lenders in interpreting and understanding VHFA policies and procedures, resulting in better service delivery of our single family programs. The personal contact provided by the Training Coordinator also helps strengthen our relationship with each of our participating lenders.	FY92: 30 sessions, 250 attendees *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**
Computer Software/Hardware Conversion Comprehensive computer conversion underway; transition expected to begin early in calendar 1993; may be completed concurrent with end of FY93, although there are many factors (such as data compatibility) which may affect the final completion date.	FY92: Reviewing proposed contract *FY93 GOAL:* Convert to new computer system *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** ALL DEPARTMENTS

Hardware for new system was delivered and installation begun during second quarter FY93. Bids for wiring of computer lines expected to be received in third quarter FY93, with wiring completed during the same quarter.

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

TERMINATED PROGRAMS

Home Energy Improvement Loan Program (HE/ILP) *Single Family Mortgage--Energy* A guaranteed installment loan program to provide Vermonters with financing for energy conservation improvements on their homes. This is a pilot program using non-lender originators and VHFA servicing.	FY92: 6 loans, total $14,050; program terminated. *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** VEIC FINANCE

Funding for this program is now being provided by conventional lenders. VHFA may be called upon in the future to again provide funding.

CVPS/VHFA/Chittenden Bank Energy Loans *Single Family Mortgage--Energy* A public/private installment loan program to finance energy conservation retrofits on existing homes. VHFA supplies the capital, CVPS buys down the interest rate by 4%, and Chittenden Bank underwrites and obtains the guarantee for the loans.	FY92 Activity: 3 loans, $10,300 *FY93 GOAL:* Serious consideration for stopping the program for FY93. *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** FINANCE

This program was terminated for lack of activity.

4 Star Mortgage *Single Family Mortgage--Energy* A pilot program to consider energy efficiency in the underwriting process and to encourage energy improvements at the time of home purchase. The required mortgage insurance will be met by GEMICO under a tiered risk agreement in which VHFA shares a portion of the primary mortgage insurance risk. Will utilize $10-12 million recycled 8.25% funds.	1992: 12 mtges purch, total $895,434 *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS

Canceled 03/30/92—insufficient activity.

VHFA

At-A-Glance

January 21, 1993

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY

STATEWIDE INVESTMENT IN AFFORDABLE HOUSING

Affordable Rental Property

VHFA's Multi-Family housing portfolio represents the Agency's effort to provide affordable rental housing.

Total Lending Activity	Cumulative 1974-1992	1992
Number of Developments	109	7
VHFA Dollars Loaned	$103,754,000	$3,800,000
Number of Units Created or Rehabilitated	3,422	240

Low Income Housing Tax Credits

VHFA works with the Department of Housing and Community Affairs (the State Housing Credit Agency) to administer the federal Low Income Housing Tax Credit Program. Under this program, VHFA issues credits to owners of specific rental developments in accordance with the State's annual Allocation Plan.

Total Allocation Activity	Cumulative 1987-1992	1992
Total Units	2,300	341
Tax Credit Units	1,599	305
Total Dollars Allocated	$4,076,599	$807,577
VHFA Dollars Loaned to Projects	$37,290,500	$2,054,000

Affordable Homeownership

Mortgage Revenue Bonds

The sale of Mortgage Revenue Bonds (MRBs) is the primary mechanism for providing affordable homeownership for low and moderate-income Vermonters. Currently, VHFA offers two programs funded with MRB proceeds: Mortgages for Vermonters (MOVE) and Homeownership Using Shared Equity (HOUSE). HOUSE funds are available to lower income borrowers purchasing homes with the assistance of nonprofits that will remain affordable into the future.

- Since 1974, VHFA has issued a total of $791,547,304 in single family MRBs.
- In 1992, 596 MRB loans were made, representing $36,817,360 in loans.

Mortgage Credit Certificates

The Mortgage Credit Certificate (MCC) program, marketed under the name "Mortgage Plus", enables eligible borrowers to claim up to 25 percent of the annual mortgage interest paid--up to $2,000 annually--as a tax credit. The remaining 75 percent interest is claimed as an itemized deduction.

Total Lending Activity	Cumulative 1987-1992	1992
MCCs Issued	763	380
Private sector mortgages leveraged with MCCs	$64,894,100	$28,756,256

Major Barriers to Purchasing a Home

A statewide survey of 500 renters conducted in August, 1992, for VHFA showed that most Vermont renters would like to own a home. However, they face a number of barriers in trying to buy a home. The most prominent barriers are financially-based difficulties, including the lack of money for a down payment and closing costs (listed by 58% of respondents) and insufficient income to meet monthly mortgage, tax, and insurance payments (listed by 42% of respondents).

IORTA Down Payment Assistance Program

In 1991, the Vermont State Legislature passed a bill directing funds generated through the Interest On Real Estate Trust Accounts (IORTA) to VHFA for providing downpayment and closing cost assistance to eligible borrowers. In 1992, the IORTA Program allowed 73 borrowers with limited accumulated savings to purchase homes totalling $4,538,138 in loan amounts.

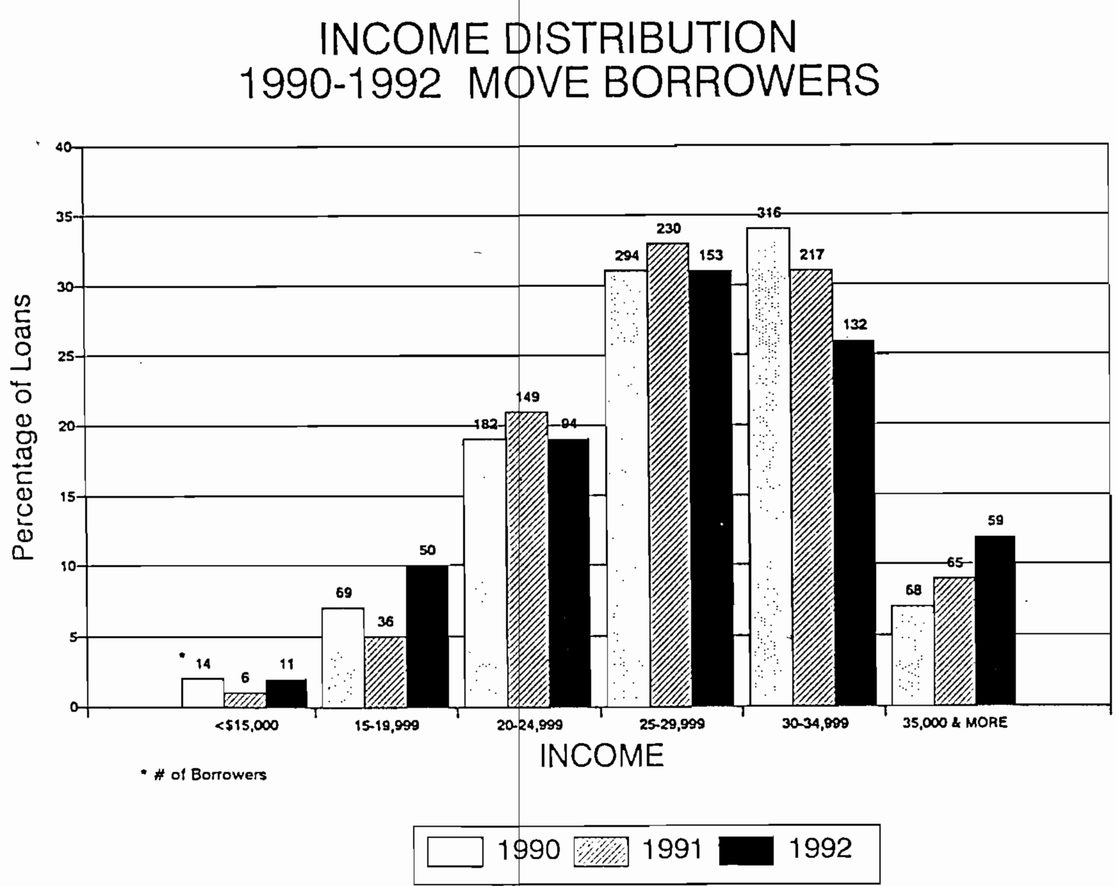
Profile of 1992 Average VHFA Single Family Program Borrower*

Average Income	$27,429
Average Purchase Price	$68,417
Average Mortgage Amount	$62,878
Average Downpayment	$5,552
Average Principal and Interest Payment	$468
Average Age	31 Years
Average Family Size	2.3 Persons

* Includes Mortgages for Vermonters (MOVE) and Homeownership Opportunities Using Shared Equity (HOUSE) program borrowers.

Income Categories for 1990-1992 MOVE Borrowers

The following graph shows the income distribution for VHFA borrowers in the Mortgages for Vermonters (MOVE) Program from 1990 through 1992.



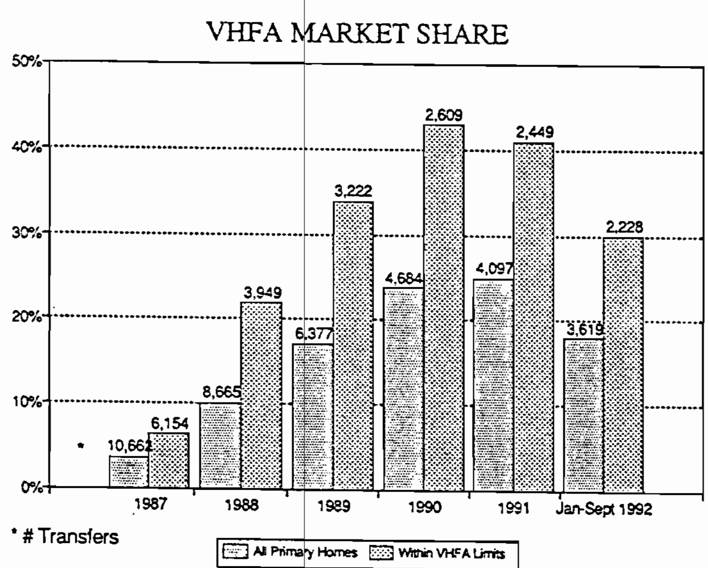
Economic Impact of VHFA Activity

Economic Impact of Rental Developments

VHFA's multi-family rental housing portfolio is expected to produce almost $15 million in operating expenses (excluding debt services and escrows) in 1993. This includes administration, utilities, taxes, maintenance, and insurance costs associated with operating these developments. This money will flow into the local economies and state revenues.

VHFA Market Share

The VHFA market share represents VHFA assisted purchases as a percentage of all primary home purchases. The following graph shows VHFA's market share as a percentage of all primary homes sold in Vermont and of homes sold for a price at or below VHFA maximum purchase price limits. VHFA purchase price limits were $80,000 in 1987 and 1988, $93,000 in 1989, $98,000 in 1990, $105,000 in 1991 and the first half of 1992, and $110,000 in the second half of 1992.



Economic Impact of Single Family New Construction

Using a model developed by the Associated General Contractors of America, VHFA contributed to the economy of Vermont in 1992 through its financing of single family new construction. In 1992, VHFA financed the purchase of 139 newly constructed single family homes. These purchases totaled $9,664,425. If land costs are assumed to constitute 25% of the purchase price, then the estimated contract cost paid by VHFA is about $7 million.

Number of Newly Constructed Homes	139
Estimated Contract Cost	$7,248,319
Economic Activity Generated (Industries and services in Vermont)	$14,137,846
Job Creation (for each $1 million, 35.1 jobs created)	245 jobs
Net Earnings of Households (earnings increase by $.6617 for each $1)	$4,796,212

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeff Francis

DATE: January 14, 1993

RE: STATUS REPORT - TEAM TRANSITION

At the November Board meeting, I expressed optimism about meeting a December 31, 1992 target for the transition of the direct service component of the TEAM program to certain regional host organizations. I also indicated that I expected that the $50,000 allocated in FY93 budget funds to support the transition would not be exceeded but that some modest additional support might be required in FY94.

I am pleased to report that functionally the transition has been achieved and that, barring any unforeseen problems, we should have signed letters of agreement from each of the host organizations by the time of the meeting. We will be well within the $50,000 allocated to support the transition. Details are provided below.

In three of the regions (Southeastern, Southwestern and Northeastern), TEAM service coordination activities have been assumed by the regional home health care organization. Each organization has hired personnel who originally worked under the TEAM program at VHFA and each is moving "full steam ahead". These organizations will be provided $10,000 each to help fund the TEAM program activities during the last half of FY93.

In the Central Vermont Region, we have established an affiliation with Copley Hospital, which employs a half-time supportive service staff person at its elderly housing development. Our agreement with Copley calls for its employee to work to expand the program to other developments in the surrounding area. We will reimburse Copley for its expenses and do not expect to expend more than $3,250 in this fiscal year. Also in the Central Vermont Region, the Barre Housing Authority has expressed an interest in establishing a supportive service program to serve its 384 units and other developments in the southern Washington and Orange County areas. We have not committed any funds but do believe, given the large geographic area of central Vermont, that an affiliation with both Copley Hospital and the Barre Housing Authority would be beneficial.

In the Champlain Valley Region, the Cathedral Square Corporation has agreed to function as the host organization for developments which require contracted service coordination coverage. Due to the size and nature of elderly housing developments in the Champlain region, more opt for management-based service coordination models (hiring their own employees). VHFA's TEAM Supervisor, Gemma Rinn, has assumed primary responsibility for contract development in this region. Some funding support may be required to support Cathedral Square in the areas of program development and administrative overhead. This amount should not exceed $2,500.

Summary of anticipated funding commitments - FY93

	"Not To Exceed" Amounts
Central Vermont - Copley Terrace	$ 3,250
Champlain Valley-Cathedral Square	$2,500
Northeast Region - Orleans & Essex Home Health	$10,000
Southeast Region - Visiting Nurse Alliance	$10,000
Southwest Region - Rutland Area VNA	$10,000
Total	$35,750
Central Vermont - Barre Housing Authority (pending Board approval)	$ 5,000
TOTAL NOT TO EXCEED	$40,750

Several of the host organizations have projected a need for reduced program support for FY94 as they move toward assuming full financial responsibility for the program. In our FY93 letters of agreement with those organizations we have indicated that VHFA will consider requests for reduced amounts of support for the period beginning July 1, 1993 and that decisions in response to any such request will be based, in part, on our assessment the organizations ability to become financially self sufficient with regard to the supportive service activities. Each organization has acknowledged its ability to achieve that goal. Our reviews indicate that no more than $20,000 will be required in funding support in FY94.

RECOMMENDED BOARD ACTION

No action required, but Board feedback is always welcomed!

MOVE PROGRAM 92A

STATISTICAL REPORT PROGRAM ID: 92A — Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 01/14/93

Loan Status: CC,UC,O

Total Number of Loans: 44

Total Loan Amount: $2,938,041

EXISTING:	$2,037,516	72.7%	32 Loans
NEW CONSTRUCTION:	$900,525	27.2%	12 Loans
NEW DETACHED HOUSING:	$573,250	63.6%	7 Loans
NEW CONDOMINIUM:	$327,275	36.3%	5 Loans
Funds Remaining to be Reserved:	$5,265,627	47.8%	78 Loans (Est.)

Total Insured or Guaranteed Loans: 40

Loans Guaranteed by VHMGB: 37

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$67,792	$81,946	$72,617
Avg. Loan Amount	$62,663	$74,719	$66,773
Avg. Borrower Income	$28,455	$28,508	$28,473
Avg. Housing Debt-Income Ratio	24.6%	29.2%	26.1%
Avg. Total Debt	$767.96	$867.60	$801.93
Avg. Total Debt-Income Ratio	32.2%	36.4%	33.6%
Total No. of Loans	29	15	44
% of Total Loan Amount	61.9%	38.1%	100.0%
First Time Homebuyers	93.1%	100.0%	95.4%
% Meeting Low Income Set Aside	27.5%	53.3%	36.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	6.8%	$231,490	5,000	5.7%	1.1
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	2	4.5%	$80,685	4,800	5.5%	1.0-
Chittenden	9	20.6%	$620,700	16,000	18.2%	2.4
Essex	1	2.3%	$65,500	1,300	1.4%	0.9
Franklin	5	11.4%	$374,160	6,000	6.8%	4.6
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	2	4.5%	$137,125	3,300	3.8%	0.7
Orange	2	4.5%	$146,952	4,300	4.9%	0.4-
Orleans	4	9.1%	$224,641	4,200	4.8%	4.3
Rutland	10	22.7%	$611,888	10,000	11.4%	11.3
Washington	2	4.5%	$127,300	9,000	10.3%	5.8-
Windham	1	2.3%	$49,000	7,100	8.1%	5.8-
Windsor	3	6.8%	$268,600	9,600	11.0%	4.2-
TOTAL	44	100.0%	$2,938,041	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 92A

AS OF: 01/14/93
PAGE NO. 1

Vermont Housing Finance Agency
92A - $11,000,000 902 BSR MONEY PURCHASED AT REDUCED RATE
Status Report (with percent of pool proceeds approved)
Rate : 7.950%
Date : 01/14/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$326,538	2.9%	$177,513	1.6%	$54,963	$122,550	37.5%
Chittenden Bank	$1,275,610	11.5%	$695,410	6.3%	$52,215	$643,195	50.4%
Citizens Savings Bank and Trust	$55,000	0.5%	$55,000	0.5%	$0	$55,000	100.0%
Community National Bank	$443,491	4.0%	$235,991	2.1%	$0	$235,991	53.2%
First National Bank of Vermont	$39,425	0.3%	$0	0.0%	$0	$0	0.0%
Kittredge Mortgage Corporation	$47,500	0.4%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$30,000	0.2%	$0	0.0%	$0	$0	0.0%
Marble Bank	$171,190	1.5%	$87,400	0.7%	$0	$87,400	51.0%
Merchants Bank, The	$176,500	1.6%	$77,900	0.7%	$0	$77,900	44.1%
New England IBM Employees Fed Crdt Union	$45,000	0.4%	$45,000	0.4%	$0	$45,000	100.0%
Northfield Savings Bank	$82,352	0.7%	$82,352	0.7%	$0	$82,352	100.0%
Passumpsic Savings Bank	$189,525	1.7%	$54,150	0.4%	$0	$54,150	28.5%
Statewide Funding Corporation	$563,057	5.1%	$365,500	3.3%	$0	$365,500	64.9%
Summit Financial Center, Inc.	$77,900	0.7%	$0	0.0%	$0	$0	0.0%
Union Bank	$298,225	2.7%	$62,225	0.5%	$0	$62,225	20.8%
Vermont Federal Bank, FSB	$978,265	8.8%	$561,515	5.1%	$0	$561,515	57.3%
Vermont Mortgage Group, Inc	$624,873	5.6%	$198,485	1.8%	$0	$198,485	31.7%
Vermont National Bank	$344,050	3.1%	$303,350	2.7%	$152,700	$150,650	43.7%
Wells River Savings Bank	$65,550	0.5%	$0	0.0%	$0	$0	0.0%
TOTALS 93 Loans	$5,834,051	53.0%	$3,001,791	27.2%	$259,878	$2,741,913	46.9%

MOVE PROGRAM 94H

STATISTICAL REPORT PROGRAM ID: 94H   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 01/14/93
Loan Status: CC,UC,O

Total Number of Loans:	19
Total Loan Amount:	$1,165,860

EXISTING:	$351,433	31.5%	6 Loans
NEW CONSTRUCTION:	$814,427	68.4%	13 Loans
NEW DETACHED HOUSING:	$441,512	54.2%	7 Loans
NEW CONDOMINIUM:	$372,915	45.7%	6 Loans
Funds Remaining to be Reserved:	$3,352,298	67.0%	54 Loans (Est.)

Total Insured or Guaranteed Loans:	15
Loans Guaranteed by VHMGB:	15

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$72,825	$73,869	$73,649
Avg. Loan Amount	$55,154	$63,016	$61,361
Avg. Borrower Income	$22,296	$24,144	$23,754
Avg. Housing Debt-Income Ratio	26.7%	29.3%	28.7%
Avg. Total Debt	$690.00	$727.26	$719.42
Avg. Total Debt-Income Ratio	36.7%	36.2%	36.3%
Total No. of Loans	4	15	19
% of Total Loan Amount	18.9%	81.1%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	75.0%	80.0%	78.9%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	15.8%	$162,902	5,000	5.7%	10.1
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	8	42.0%	$531,515	16,000	18.2%	23.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	5.3%	$61,000	9,000	10.3%	5.0-
Windham	3	15.8%	$159,618	7,100	8.1%	7.7
Windsor	4	21.1%	$250,825	9,600	11.0%	10.1
TOTAL	19	100.0%	$1,165,860	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 94H

AS OF: 01/14/93
PAGE NO. 1

Vermont Housing Finance Agency
94H - $5,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 01/14/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$120,000	2.4%	$78,200	1.5%	$78,200	$0	0.0%
Marble Bank		$40,900	0.8%	$40,900	0.8%	$0	$40,900	100.0%
Mortgage Service Center of New England		$68,000	1.3%	$68,000	1.3%	$0	$68,000	100.0%
National Bank of Middlebury, The		$55,000	1.1%	$55,000	1.1%	$55,000	$0	0.0%
Vermont Federal Bank, FSB		$578,582	11.5%	$541,817	10.8%	$368,715	$173,102	29.9%
Vermont National Bank		$858,568	17.1%	$381,943	7.6%	$21,933	$360,010	41.9%
TOTALS	28 Loans	$1,721,050	34.4%	$1,165,860	23.3%	$523,848	$642,012	37.3%

MORTGAGE CREDIT CERTIFICATE PROGRAM MCC5

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC5

UNDERWRITING DATABASE

EFFECTIVE: 01/14/93

Total Number of Loans:	346
Total Loan Amount:	$26,040,924
Average Loan Amount:	$75,262

EXISTING:	$19,772,869	77.7%	269 Loans
NEW CONSTRUCTION:	$6,268,055	22.2%	77 Loans
NEW DETACHED HOUSING:	$3,040,847	48.5%	38 Loans
CONDOMINIUM:	$5,122,873	18.7%	65 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$79,367	$86,904	$82,438
Avg. Loan Amount	$72,536	$79,226	$75,262
Avg. Borrower Income	$31,682	$28,966	$30,575
Total No. of Loans	205	141	346
First Time Homebuyers	93.6%	100.0%	96.2%
% of Total Loan Amount	57.1%	42.9%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	1.2%	$270,520	4,500	5.8%	4.6-
Bennington	2	0.6%	$148,100	5,400	7.0%	6.4-
Caledonia	10	2.9%	$572,816	4,400	5.7%	2.8-
Chittenden	126	36.4%	$10,219,780	13,100	17.0%	19.4
Essex	1	0.3%	$59,000	1,100	1.4%	1.1-
Franklin	42	12.1%	$3,242,443	5,700	7.4%	4.7
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	12	3.5%	$865,868	3,100	4.0%	0.5-
Orange	14	4.0%	$1,018,426	4,000	5.2%	1.2-
Orleans	6	1.7%	$319,800	3,800	4.9%	3.2-
Rutland	38	11.0%	$2,849,324	9,200	11.9%	0.9-
Washington	74	21.4%	$5,315,275	7,900	10.3%	11.1
Windham	8	2.3%	$627,000	6,000	7.8%	5.5-
Windsor	9	2.6%	$532,572	8,100	10.5%	7.9-
TOTAL	346	100.0%	$26,040,924	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE PROGRAM MCC5

AS OF: 01/14/93 Vermont Housing Finance Agency Report: 1130
PAGE NO. 1 MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5 PERSTATU

Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 01/14/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$8,066,965	17.1%	$6,800,675	14.4%	$5,639,445	$1,161,230	14.3%
Chittenden Bank		$5,236,290	11.1%	$4,407,780	9.3%	$3,514,880	$892,900	17.0%
Franklin-Lamoille Bank		$233,750	0.4%	$233,750	0.4%	$108,750	$125,000	53.4%
Marble Bank		$264,205	0.5%	$264,205	0.5%	$207,205	$57,000	21.5%
Merchants Bank, The		$1,762,148	3.7%	$1,598,788	3.3%	$1,366,463	$232,325	13.1%
Mortgage Service Center of New England		$86,800	0.1%	$86,800	0.1%	$0	$86,800	100.0%
Northfield Savings Bank		$342,525	0.7%	$342,525	0.7%	$283,150	$59,375	17.3%
Passumpsic Savings Bank		$142,021	0.3%	$71,021	0.1%	$71,021	$0	0.0%
Randolph National Bank		$85,000	0.1%	$85,000	0.1%	$0	$85,000	100.0%
Statewide Funding Corporation		$4,000,887	8.5%	$3,415,629	7.2%	$1,630,569	$1,785,060	44.6%
Summit Financial Center, Inc.		$2,245,626	4.7%	$2,078,876	4.4%	$1,930,176	$148,700	6.6%
Vermont Federal Bank, FSB		$1,855,475	3.9%	$1,783,275	3.7%	$1,610,375	$172,900	9.3%
Vermont Mortgage Group, Inc		$3,069,430	6.5%	$2,919,995	6.2%	$2,262,320	$657,675	21.4%
Vermont National Bank		$2,803,169	5.9%	$1,881,355	3.9%	$1,327,955	$553,400	19.7%
TOTALS	399 Loans	$30,194,291	64.1%	$25,969,674	55.1%	$19,952,309	$6,017,365	19.9%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 12/31/92

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	363	17	4.68%	0	0.00%	1	0.28%	18	4.96%	0	1	0.28%	0	0.00%	19	5.23%
Bennington Coop Savings & Loan Assn Inc	46	3	6.52%	0	0.00%	1	2.17%	4	8.70%	0	0	0.00%	0	0.00%	4	8.70%
Bradford National Bank	47	1	2.13%	1	2.13%	1	2.13%	3	6.38%	0	0	0.00%	0	0.00%	3	6.38%
Caledonia National Bank of Danville, Th	110	10	9.09%	3	2.73%	1	0.91%	14	12.73%	0	1	0.91%	1	0.91%	16	14.55%
Chittenden Trust Company	971	53	5.46%	12	1.24%	7	0.72%	72	7.42%	0	4	0.41%	2	0.21%	78	8.03%
Citizens Savings Bank	35	2	5.71%	0	0.00%	0	0.00%	2	5.71%	0	0	0.00%	0	0.00%	2	5.71%
Comfed Mortgage Co., Inc.	11	1	9.09%	0	0.00%	0	0.00%	1	9.09%	0	0	0.00%	0	0.00%	1	9.09%
Commonwealth Mortgage Company, Inc	22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	162	10	6.17%	2	1.23%	1	0.62%	13	8.02%	0	0	0.00%	1	0.62%	14	8.64%
Factory Point National Bank, The	26	2	7.69%	1	3.85%	0	0.00%	3	11.54%	0	0	0.00%	0	0.00%	3	11.54%
First Brandon National Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	5	1	20.00%	0	0.00%	0	0.00%	1	20.00%	0	0	0.00%	0	0.00%	1	20.00%
First Northern Mortgage Corporation	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	172	11	6.40%	3	1.74%	0	0.00%	14	8.14%	0	1	0.58%	1	0.58%	16	9.30%
Granite Savings Bank and Trust Company	30	1	3.33%	2	6.67%	0	0.00%	3	10.00%	0	0	0.00%	0	0.00%	3	10.00%
Green Mountain Bank	247	14	5.67%	3	1.21%	2	0.81%	19	7.69%	0	0	0.00%	0	0.00%	19	7.69%
Lomas & Nettleton Company, The	17	1	5.88%	0	0.00%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Lyndonville Savings Bank & Trust Compan	56	2	3.57%	0	0.00%	0	0.00%	2	3.57%	0	0	0.00%	1	1.79%	3	5.36%
Marble Bank	212	9	4.25%	1	0.47%	1	0.47%	11	5.19%	0	0	0.00%	1	0.47%	12	5.66%
Merchants Bank, The	273	7	2.56%	4	1.47%	1	0.37%	12	4.40%	0	0	0.00%	0	0.00%	12	4.40%
Mortgage Service Center of New England	47	2	4.26%	0	0.00%	3	6.38%	5	10.64%	0	0	0.00%	0	0.00%	5	10.64%
National Bank of Middlebury, The	65	2	3.08%	0	0.00%	0	0.00%	2	3.08%	0	1	1.54%	0	0.00%	3	4.62%
New England IBM Employees Fed Crdt Unio	64	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	110	7	6.36%	1	0.91%	1	0.91%	9	8.18%	0	0	0.00%	0	0.00%	9	8.18%
Passumpsic Savings Bank	177	10	5.65%	1	0.56%	2	1.13%	13	7.34%	0	0	0.00%	2	1.13%	15	8.47%
Peoples Trust Company of St Albans	142	9	6.34%	2	1.41%	2	1.41%	13	9.15%	0	0	0.00%	0	0.00%	13	9.15%
Randolph National Bank	63	0	0.00%	1	1.59%	0	0.00%	1	1.59%	0	0	0.00%	0	0.00%	1	1.59%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	97	6	6.19%	1	1.03%	3	3.09%	10	10.31%	0	0	0.00%	0	0.00%	10	10.31%
Union Bank	155	5	3.23%	0	0.00%	0	0.00%	5	3.23%	0	0	0.00%	1	0.65%	6	3.87%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	872	34	3.90%	18	2.06%	12	1.38%	64	7.34%	0	2	0.23%	1	0.11%	67	7.68%
Vermont Mortgage Group, Inc	665	46	6.92%	10	1.50%	7	1.05%	63	9.47%	0	1	0.15%	4	0.60%	68	10.23%
Vermont National Bank	512	16	3.13%	4	0.78%	3	0.59%	23	4.49%	0	0	0.00%	2	0.39%	25	4.88%
Wells River Savings Bank	27	0	0.00%	2	7.41%	0	0.00%	2	7.41%	0	0	0.00%	0	0.00%	2	7.41%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,824	283	4.86%	72	1.24%	49	0.84%	404	6.94%	0	11	0.19%	17	0.29%	432	7.42%
November 30, 1992	5,852	288	4.92%	51	0.87%	46	0.79%	385	6.57%	0	9	0.15%	20	0.34%	414	7.07%

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS

DATE: JANUARY 14, 1993

RE: ONE YEAR REQUIREMENT FOR LENDER PARTICIPATION IN VHFA MORTGAGE PURCHASE PROGRAMS

THE REQUIREMENT

VHFA has had a requirement, among others, that for an applicant to be eligible for participation in VHFA mortgage purchase programs the applicant must have been licensed to do business in the State of Vermont for at least one year.

THE PURPOSE OF THE REQUIREMENT

Vermont has experienced situations where a mortgage company has become licensed to originate mortgages in Vermont and in a relatively short period of time have ceased operations and left the state. The service to and communications with borrowers deteriorates when the incentive of mortgage origination volume disappears.

DISCUSSION

This issue is being brought to the Board since Commonwealth-United Mortgage, a wholly owned subsidiary of United Savings Association of Texas, FSB, has submitted an application to become an eligible lender in MOVE. They have been informed about the one year requirement and have requested verbally that VHFA consider waiving it in their case. Commonwealth-United Mortgage purchased the Vermont mortgage originating office of Commonwealth Mortgage Corporation which filed for bankruptcy.

It is staff's opinion that asking a lender to demonstrate a commitment to Vermont by originating mortgages for one year prior to becoming eligible to participate in VHFA mortgage purchase programs is a reasonable requirement. If a lender originates mortgages successfully in Vermont for this time period, it is reasonable evidence of permanency. Having lenders enroll and then abandon participation in VHFA programs may leave a sense of instability of VHFA programs in the minds of the public.

Commonwealth-United Mortgage does have the option to do business with VHFA, prior to the one year period, through the Mortgage Plus program.

Mortgage companies are entering the Vermont mortgage market on a continuing basis. If the one year requirement is waived for one, it is difficult to deny the same waiver to another.

BOARD ACTION REQUESTED

Approval of the recommendation that all mortgage companies and lenders seeking eligibility to participate in VHFA mortgage purchase programs be licensed to originate mortgage loans in Vermont and have originated mortgages for one year prior to being deemed eligible for participation in VHFA mortgage purchase programs by VHFA staff. Vermont based non-profit organization or lenders such as the Vermont Development Credit Union would be exempt from this policy. On a case-by-case basis, the Executive Director may waive this requirement.

RESOLUTION REGARDING LENDER PARTICIPATION IN VHFA MORTGAGE PURCHASE PROGRAMS

WHEREAS, mortgage companies and other lenders are entering the Vermont market on a continuing basis and sometimes do not remain in the state for a long period of time; and

WHEREAS, lenders beginning to do business in Vermont sometimes seek to participate in Vermont Housing Finance Agency ("VHFA") mortgage purchase programs; and

WHEREAS, the staff of the Agency has concerns about lenders' permanency in Vermont if a lender has not been originating mortgages in Vermont for a period of time before participating in VHFA mortgage purchase programs; and

WHEREAS, Vermont non-profit corporations and/or credit unions may also seek to participate in the Agency's mortgage purchase programs;

NOW, THEREFORE, it is hereby RESOLVED:

1. Lenders seeking eligibility to participate in VHFA mortgage purchase programs must be licensed to originate mortgage loans in Vermont, and have originated mortgages, for one year prior to being deemed eligible for participation in VHFA mortgage purchase programs.

2. A Vermont non-profit corporation or a Vermont-based credit union insured by the N.C.U.A. may be permitted to participate in VHFA mortgage purchase programs if the organization has been doing business in Vermont for at least one year, can satisfy the staff of its capacity to originate mortgages for purchase by the Agency, and can meet other program requirements, including, but not limited to, a surety bond.

3. Lenders seeking a waiver of the one year experience requirement may petition the Agency for such a waiver. Requests will be acted on by the Board of Commissioners on a case-by-case basis.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board Of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management

DATE: January 13, 1993

RE: PREPAYMENT/PRESERVATION POLICY

In the past three years, we have experienced eight multi-family prepayments by developments financed out of the 1977 Multi-Family Mortgage Bond Resolution. These developments were all constructed under Pre 1980 HUD regulations and have also passed the ten year prepayment lock-out period that was required under our mortgage. In almost all cases, owners have opted for conventional financing in order to remove the restrictions imposed by the VHFA Regulatory Agreement. This increasing level of prepayments is the major reason we established our recycle funds Small Rental Program which the Board initially approved at a level of $6 million dollars. Due to the expected continuation of these prepayments, staff has begun to consider ways to prevent more than the anticipated $6 million in prepayments. Our objective is to get owners to enter Preservation Agreements that would prevent prepayment of VHFA's loan as well as a commitment to honor the full HAP Contract term. Success in this effort would protect a valuable source of income to the Agency by reducing the potential of having to redeem bonds. Roger has also indicated that the financial impact of increasing the level of recycle funds available from this program significantly above the $6 million already approved, may be dramatic, affecting both the levels of reserves and source of funds needed to support operations through annual transfers to the Agency's General Fund.

In 1988 the Board approved the preservation recommendations contained in the At Risk Analysis which included locking in the lower risk projects by offering them an increased return on equity with reduced restrictions, in exchange for a commitment to honor the full HAP Contract term. Our motivation has expanded somewhat since 1988 when our primary concern was to keep projects committed to the HAP Contracts for the full term. We are now rightly concerned about the financial and qualitative impact that continuing prepayments will have on the Agency and the Multi-Family portfolio.

Since 1988, we have secured 14 Section 8 properties in this resolution through Preservation Agreements and nonprofit acquisitions. It has become obvious that unless we are prepared to loosen up the restrictions on the group of 24 projects remaining in this resolution, income from and the quality of VHFA's multi-family portfolio is going to be altered significantly. As long as interest rates remain at record low levels, more owners will seek to escape VHFA's restrictions by prepaying to gain access to project cash in order to meet increasing tax liability, buy out their limited partners or simply realize a greater return on equity. We must become competitive with conventional lenders by offering owners increased incentive packages to remain with their VHFA mortgage and convince them sign Preservation Agreements.

From my discussions with several owners, we would probably be able to enter into Preservation Agreements by increasing the maximum return on equity by recognizing current value. These amounts will be much higher than anything we have considered in the past but unless we are prepared to consider these alternatives, the prepayment problem is going to continue. VHFA Preservation Agreements would include a commitment to honor the full HAP Contract term, provide VHFA an option to purchase, and allow a provision for budget-based rent increases in an attempt to preserve long term funding under the ACC and HAP contracts.

We believe the following recommendations are important concessions and options we can offer owners in order to accomplish the preservation of VHFA's Pre 1980 Section 8 portfolio.

1. Increase maximum return on equity by recognizing current value (through either appraised value or the capitalized value of project's cash flow less the current principal balance).

2. Indexed return on equity yearly using the percentage increase in the CPI.

3. Establish replacement reserve caps following review of a detailed Capital Needs Assessment and offer owners the option of tax exempt investment of these reserves if this option is feasible.

4. Reduce regulatory oversight by eliminating all quarterly financial reports.

5. Release of Project Cost Escrow funds if the project's physical condition is very good or excellent and there are no energy related investments which could be made to preserve long term funding under the ACC.

6. Offer owners energy conversion loans as an additional advance on their first mortgage and allow 50% of the savings to remain as project cash flow after repayment of the debt needed to make the improvements.

7. Allow restricted account and operating surplus cash invested in energy improvements to be recognized as additional basis for calculating return on equity.

As needed, in order to convince tentative owners of the more at-risk developments, we may offer equity take out loans (from a taxable bond issue) that would then provide the basis for a future discounted purchase price should the Agency exercise its option to purchase under a Preservation Agreement.

RECOMMENDED BOARD ACTION

As an affirmation of the preservation options that were sanctioned by the Board's action in 1988, authorize the Executive Director to approve and sign negotiated Preservation Agreements with owners based on the above incentive package options.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management

DATE: January 14, 1993

RE: LOW INCOME HOUSING TAX CREDIT COMPLIANCE MONITORING

STATUS

The Budget Reconciliation Act of 1990 passed by Congress amended Section 42 of the IRS Code to require that state tax credit agencies provide a procedure for monitoring developments for non-compliance with the low income occupancy requirements and for notifying the IRS of such non-compliance. As the state housing credit agency, DCA has contracted with VHFA to be the local issuer and as such we are now required to perform compliance monitoring on all developments which have received benefits under the Low Income Housing Tax Credit program since 1987.

On September 2, 1992, the IRS published final regulations on how state housing credit agencies must monitor compliance with these complex LIHTC requirements. In response to these regulations, VHFA is in the process of designing a monitoring program that will assure that we are meeting our responsibilities as outlined. We have drafted a VHFA Compliance Manual and are planning to sponsor statewide training for owners and managers through a nationally recognized trainer and LIHTC expert (SPECTRUM, INC.) Although VHFA has been given certain programmatic authority and responsibility by Congress, knowledge of and compliance with the LIHTC program is ultimately the responsibility of the owner/sponsor. Our priority in compliance monitoring will initially be to facilitate training and education regarding the program so that owners and managers are well prepared to meet the rigors of 15 to 30 years of compliance monitoring required under the program.

FEES

VHFA will charge a reasonable fee for its costs related to compliance monitoring and the law specifically allows the Agency to collect these fees from developments receiving tax credit allocations after 1989. No clear authorization exists for charging fees on 1987-

1989 developments although IRS regulations state, *"Section 42 does not prohibit an Agency from charging an administrative fee to cover the Agency's expenses in monitoring for compliance but this is a matter for the determination of the Agency, rather than the Service."* Because this is a sensitive policy issue that may impact each development's cash flow, we are striving to establish a fee structure that is fair and yet provides the Agency with adequate revenue to offset its costs. Applied uniformly to only tax credit units, we are projecting a fee of not more than $2 per unit month. By comparison, Housing Vermont charges each of its developments an investor services fee of $5 per unit month applied to all units.

MONITORING OPTIONS

One option we are considering is a delegation of authority for compliance monitoring allowed under the regulations ("Authorized Delegate"). SPECTRUM has submitted a comprehensive monitoring proposal to provide all monitoring functions as set forth in IRS regulations. They are nationally recognized experts in the LIHTC program and are very interested in doing compliance monitoring in Vermont. Their proposed fee for monitoring under the second IRS option is less than $1/month per tax credit unit. SPECTRUM is also the premier trainer in the complexities of the tax credit program and they are qualified and willing to conduct comprehensive compliance training for Vermont tax credit owners and managers. Participation in these seminars would entitle participants to use SPECTRUM as a resource for questions and technical assistance. This feature may ultimately lead to lower levels of non-compliance and recapture under the IRS Code.

The initial cost to the Agency for designing and implementing a similar monitoring program is likely to be much higher. Beyond the underwriting phase, VHFA currently has only limited staff capacity and expertise to address some of the more challenging compliance areas found under the IRS code. Considerable Agency time and energy has been invested in gearing up for implementing a compliance monitoring program. These efforts will need to be intensified if we decide to take on this responsibility directly. Anticipated changes in Multi-Family staffing in the next six month may also hinder our efforts to establish a tax credit monitoring program. This will present additional challenges in the implementation of a VHFA monitoring plan.

RECOMMENDED BOARD ACTION:

Prior to bringing our final recommendation on compliance monitoring to the Board next month, we wanted to be aware of any concerns Board members may have on this topic so that they can be addressed as part of our overall evaluation and recommendation. Although our monitoring plan needs to be implemented and adopted within the State Allocation Plan by June 30, 1993, no formal Board action is requested at this time.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, PAC Development Coordinator and Irene D. Jenkins, Director of Development

DATE: January 14, 1993

RE: Update on the Development of Programs to Utilize Series 4 Proceeds

At the September 1992 meeting, the Board approved using up to $1 million of the $9 million in funds available from the Series 4 bonds to purchase mortgages under a special initiative called the Old North End Homeowner Rehabilitation Loan Program. At that time, the Board indicated that they would like to see the remaining funds targeted to a statewide home improvement/rehabilitation loan program. This is our only source that allows refinances (without developing a "Qualified Rehabilitation Loan Program") and the only funds available to provide financing for non first-time home buyers. They are also not subject to the strict income and purchase price limits of newer bond funds. Our primary focus has been to identify ways to deliver home improvement and rehabilitation loans with Series 4 funds, and to identify needs that are not currently met by VHFA and conventional lenders.

Several obstacles exist that prevent many homeowners from borrowing funds to improve their home or make emergency repairs. To refinance for the purpose of rehabilitation, conventional lenders require that a homeowner have 25% equity in their property based on an "as is" appraisal. For a homeowner to access a second mortgage, lenders require that the sum of the first mortgage and second mortgage not exceed a LTV of 80%. Also, many homeowners may need technical assistance in determining what repairs need to be completed, help in awarding contracts to complete the work, and assistance in supervising the contractors.

Series 4 funds are costly to VHFA. The approximate net yield on the bonds is 6.5%. The rate on the investment contract is 3.6%. Therefore, we tried to identify a method of delivery that would use the funds quickly. Options under consideration include:

Purchasing Home Improvement Loans originated by Participating Lenders. A delivery system for these loans would have to be developed. VHFA deals mostly with mortgage lending departments. Generally, home improvement loans and second mortgages are originated in installment or consumer lending departments. It would take time to build relationships with these departments. Also, bond documents require that any program for home improvement second mortgages be approved by the rating agencies. It is unknown exactly what requirements they would place on a home improvement loan program.

An Energy Efficient Mortgage Program. This program could allow homeowners to refinance and rehabilitate their home to an energy efficient level of 4 STARS and we could also finance the acquisition and improvement of homes to a 4 STAR level. We could also serve non first-time home buyers and allow improvements not energy related. We have also discussed adjusting the interest rate to allow for a "no point" or reduced point option. Because borrowers do not have to be first-time home buyers, we could allocate funds to those counties designated as "under-served" by VHFA because of the first-time home buyer requirement. There is concern that the purchase/rehabilitation component of this program would compete with MOVE, and it could take from nine months to one year to purchase all loans.

Purchasing loans from Lender portfolios which they would reinvest in home improvement and refinance/rehabilitation loans. VHFA could purchase loans from lender portfolios similar to what we did in the "Sugar Mae" initiative, only without the involvement of Fannie Mae. Lenders would have to agree to reinvest 100% of the proceeds in home improvement second mortgages, energy conservation loans, rehabilitation mortgages, and other special needs financing. This option has been discussed with several lenders and there appears to be interest, especially if we develop vehicles for mortgage insurance currently not available to them. Bond Counsel has indicated that we could use Series 4 proceeds for this purpose, however, we still need to resolve several issues. The advantage of this option is the quick disbursement of funds.

Using up to $500,000 to fund the Rural Vermont Mortgage Program. The Rural Vermont Mortgage Program is VHFA's participation program with the Farmers Home Administration. This program is currently without funding and was funded previously with loan prepayments from bonds issued in 1977. FmHA has indicated they would like to continue this program. We are currently evaluating the effectiveness of this program and identifying any issues to address with FmHA.

Our focus has been on how to deliver home improvement and rehabilitation loans to homeowners who do not have the equity required by conventional lenders. Several issues were identified by staff that will need to be resolved before home improvement and rehabilitation loans can be made available:

The lack of availability of mortgage insurance for "cash out" refinances. Transactions in which the homeowners are refinancing to payoff their first mortgages and obtain funds for rehabilitation/improvement are considered by most mortgage insurers (including VHMGB) as "cash out" refinances. VHFA has obtained a commitment from CMAC (Commonwealth Mortgage Assurance Corporation) to provide coverage on refinance/rehabilitation loans up to an LTV of 95%; however, this insurance is very expensive because it involves a fee paid at closing and an annual renewal fee. While a fee structure has not yet been determined, I estimate this could be 1.50% at closing and .45% annually. This compares to VHMGB's guarantee fee of .90% paid by VHFA MOVE borrowers with a 5% downpayment. VHMGB has agreed to provide mortgage insurance on refinance/rehabilitation loans made under the Old North End Homeowner Rehabilitation Loan Program up to a guarantee liability of $200,000. We plan to request VHMGB's consideration in increasing their maximum guarantee liability for refinance/rehabilitation mortgages for this statewide initiative.

Mortgage insurance for second mortgage home improvements loans is not readily available from mortgage insurers. Coverage is available through the FHA Title I program, however, most lenders have abandoned this program because it is very labor intensive, there are costs that cannot be passed on to the borrower, and there have been problems with HUD paying claims. We have asked VHMGB to consider providing insurance on second mortgage home improvement loans. VHMGB staff have indicated their interest in working with VHFA and have preliminarily proposed offering the same coverage on second mortgages as first mortgages (25% of the balance of the loan). In conversations with two lenders, they have indicated that this type of coverage would not be sufficient to reduce their risk to an acceptable level and would need to have the loan amount that exceeds a LTV of 80% covered by mortgage insurance. We have also sent a proposal to CMAC for insurance coverage. We will continue to pursue these options.

Technical assistance is not readily available to homeowners. Assistance for some areas may be available in communities that operate improvement/weatherization programs. We plan to pursue this option.

We feel the best option to deliver a home improvement and rehabilitation loan program with these funds is by purchasing loans from lender portfolios and having the lenders reinvest the funds in programs designated by VHFA. This would allow for the quick purchase of loans to eliminate negative arbitrage on bond funds. Also, we would not have to take the time needed to develop relationships with consumer and installment lenders. We would have a contract with each participating lender that would specify the criteria for eligible loans, and purchase, reporting, remitting and servicing requirements. The contract would also specify how funds would be reinvested, a maximum interest rate for each type of loan, and reporting requirements. While VHFA would not be purchasing the loans made with the reinvested funds, the loans would be subject to VHFA audit for compliance.

Attached is a list of criteria that we have developed for loans eligible for purchase and ways in which the funds may be reinvested. We are recommending that there be minimal restrictions on the loans purchased because we are restricting the reinvestment use of the funds. In order to determine whether there is sufficient interest from lenders, we need to send an invitation to participate as soon as possible. We anticipate that it will take up to a month for lenders to respond and identify loans in their portfolio that meet the criteria we have established. We expect that more issues will be resolved and a recommendation made at the February Board meeting for income and purchase price/loan amount targeting for reinvestment of proceeds by lenders.

ACTION REQUESTED BY THE BOARD

Staff requests preliminary approval for using up to $7.5 million of Series 4 bonds to deliver a statewide home improvement and rehabilitation loan program and up to $.5 million to refund the Rural Vermont Mortgage Program. The method of delivery for home improvement and rehabilitation loans would be determined after receipt of responses from lenders and their interest in selling loans and reinvesting funds.

SERIES 4 LENDER LOAN PURCHASE INITIATIVE
Criteria for Eligible Loans

- Program Size -- up to $7.5 Million;

- 300 month minimum remaining term;

- 7.08% required net yield to VHFA -- VHFA would have a requirement of a minimum note rate of 7.45% and a maximum note rate of 9.00%. Lenders would pass-through a rate of 7.08% to VHFA;

- VHFA could either purchase whole loans at par or purchase a participation interest;

- Loans may be secured by 1-2 family owner occupied property only:

  - mobile homes on owned land are OK;
  - condominiums <u>do not</u> have to be in VHFA eligible projects;

- Property must be located in Vermont;

- LTV's above 75% must be insured by VHMGB, FmHA, FHA, VA, or a private mortgage insurance company acceptable to Freddie Mac or Fannie Mae.

- There will be no income limits;

- Maximum loan amount of $125,000;

- Purchase money mortgages only -- no refinances;

- Borrowers must not have been issued an MCC;

- No late payments (over 30 days) last 12 months or since origination for loans that are less than 12 months old.

REINVESTMENT REQUIREMENT

Lenders must reinvest 100% of the funds in programs designated by VHFA targeted to low- and moderate-income homeowners/homebuyers including:

- **Home Improvement Loans and Energy Conservation Loans;**

- **Rehabilitation and Refinance/Rehabilitation Loans;**

- **Loans made under a special Fannie Mae demonstration program called "HOMESTYLE". HOMESTYLE includes acquisition/rehab, refinance/rehab, and home improvement second mortgages;**

- **Types of loans to be made could vary by lender;**

- **Mortgages for non first-time homebuyers with special needs (i.e. acquisition/rehab for accessibility improvements);**

- **Loans for "Community Living" (Group Homes);**

- **Share loans for limited equity housing Co-operatives;**

- **Special targeting of funds to underserved counties;**

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **JANUARY 13, 1992**

RE: **BUDGET PERFORMANCE REPORT**

Attached is the budget performance report for the period ended September 30, 1992 representing the first three months of the fiscal year ending June 30, 1993.

BUDGET ADJUSTMENTS. The first column entitled "current approved budget" has been adjusted to reflect Board actions undertaken so far this year. The adjustments are $50,000 maximum contract with Evensen Dodge to prepare a financial analysis of Agency reserve funds charged to Consulting expense and $10,000 additional Legal expense for contract services relative to litigation on multi-family properties. As of September 30, 1992 no expenditures had been made for these adjustments.

OPERATING RESULTS. All major category areas are in the expected ranges for the three months ended September 30th. Seasonal timing explains most variations.

If you have any questions relative to the budget performance report, feel free to contact me at your convenience, or bring your questions to the Board meeting.

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BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
SEPTEMBER 30, 1992

	CURRENT APPROVED BUDGET	ACTUAL YR TO DATE SEP 30, 1992	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	395,350	107,904	27.29%
MULTI-FAMILY FEES	115,000	8,958	7.79%
PROJECT ADMIN FEES	116,000	58,268	50.23%
INTEREST INCOME	380,000	117,706	30.98%
MISCELLANEOUS	113,300	47,310	41.76%
TOTAL INCOME	1,119,650	340,146	30.38%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	(80,000)	(100,812)	126.02%
SHAWMUT MTG PURCHASE	100,000	0	0.00%
HOWARD MTG PURCHASE	1,250,000	500,000	40.00%
HOWARD HOME MTG PURCH	350,000	0	0.00%
HOWARD MULTI-FAMILY	430,000	220,000	51.16%
CONN NATL MULTI-FAMILY	150,000	66,075	44.05%
HOUSING DEVELOP BDS-MF	10,000	0	0.00%
DIRECT PLACEMENT BONDS	40,000	14,500	36.25%
TOTAL TRANSFERS	2,250,000	699,763	31.10%
TOTAL INC & TFRS	3,369,650	1,039,909	30.86%
EXPENSES			
ADVERTISING & PROMOTION	36,300	4,943	13.62%
AUDIT	29,000	27,200	93.79%
ANNUAL REPORT	12,500	0	0.00%
COMMISSIONERS EXPENSES	4,000	527	13.18%
CONSULTING FEES	113,500	2,476	2.18%
DUES & SUBSCRIPTIONS	32,500	6,395	19.68%
INSURANCE	176,800	42,790	24.20%
INTEREST EXPENSE	170,000	49,768	29.28%
LEGAL	60,000	9,817	16.36%
MISCELLANEOUS	6,500	1,218	18.74%
OFFICE EXPENSES	30,000	7,608	25.36%
PENSION PLAN	120,000	24,306	20.26%
POSTAGE	21,000	3,556	16.93%
RENT	114,800	27,690	24.12%
REPAIRS & MAINTENANCE	38,000	10,497	27.62%
SALARIES & WAGES	1,341,133	338,280	25.22%
STAFF TRAVEL & TRAINING	90,350	9,549	10.57%
SUBSIDY-HVT, ERH, ETC.	139,000	21,060	15.15%
TAXES-PAYROLL	99,600	22,716	22.81%
TELEPHONE	33,000	8,583	26.01%
TRUSTEE & CREDIT FEES	255,000	64,641	25.35%
DEPRECIATION	115,000	20,689	17.99%
TOTAL EXPENSES	3,037,983	704,309	23.18%
SURPLUS (DEFICIT)	331,667	335,600	101.19%

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **JANUARY 15, 1993**

RE: **BOND FINANCING RECAP**

The conference call held January 13th approved the sale of bonds to the underwriters led by PaineWebber. Copies of the pricing book should be available at the Board meeting and will offer some analysis of the market overview, interest rate structure, comparisons with other issues in the market, financial calculations of costs of the financing and orders and allotments of bonds.

One of the main concerns during the bonding process has been the potential of originating close to $50 million in mortgages before the ultimate call date of early 1994. We received some financial comfort from PaineWebber, who indicated that they would defer $150,000 of the underwriters payment and would not collect unless all mortgages were originated. Conventional mortgage rates of 8-8.25%, continuing sluggish economic forecasts and higher bond costs than originally expected made staff reevaluate the size of the issue and decide to downsize the issue by $10 million. One of the benefits of this decision was to save VHFA a projected $130,000 to $180,000 contribution to the bond issue from the General Fund.

As has been mentioned previously, a way to generate more mortgage activity is to make the home purchase more affordable by offering incentives in the way of lower closing costs or lower qualifying rates. We incorporated into the mortgage structure of this financing the ability to offer a first year 1% reduction on the mortgage rate and/or a no points mortgage. These options come at a tradeoff of a higher ultimate mortgage rate to the borrower. A no points mortgage will require the Agency to pay a point to the originating lender to make the mortgages. These payments will need to be paid from the General Fund and will amount to a cost of $10,000 for each $1 million of loans. It may be prudent to initially limit the amount of no point mortgages, so as to limit our contribution exposure.

The only other item of relevance is that the letter of credit necessary for disaster coverage has been scaled back to $900,000 from $980,000, in line with final cash flow projections.

If you have any questions on material in this memo or the minutes of the Board Conference call of Wednesday, January 13th, please contact me at your convenience.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Hollis Hope, Director of Communications Hollis Hope

DATE: January 14, 1993

RE: Outreach and Marketing Plans for 1993

Several new initiatives are planned for this year, which we wanted to bring to your attention.

OUTREACH

Home Buyers--Since 1988 we have offered "Home Buyer Days" around the state, serving over 1500 households and broader purposes as well. This forum provided buyers an opportunity to meet with representatives of VHFA, lenders, nonprofits and the Farmers Home Administration (FmHA) all under one roof; in a neutral setting, an attempt to counter the intimidation some people encounter about visiting a lender. Home Buyer Days gave VHFA a vehicle to have a localized presence throughout the state. Not only did we achieve enhanced visibility, but we also had the opportunity to cultivate more personalized relationships with lending staff. This year, we have decided to depart from our Home Buyer Day format and offer a different mix of education and outreach to prospective VHFA borrowers.

As you know, we experimented with interactive TV last summer and have since "perfected" a new, two-part, four-hour seminar for home buyers, "Home Buying Basics." The Basics course provides a more in-depth, focussed introduction to the home-buying process. In addition, on Saturday, March 6, VHFA will hold a Home Buyer Fair at the Sheraton (Burlington), from 10am-4pm. We will invite lenders, non-profit and private developers with affordable homes in the area to exhibit their affordable financing and living options. VHFA staff will pre-qualify prospective home buyers, similar to the function served by Home Buyer Days in the past. Feedback from lenders, FmHA, developers and the local REALTOR Board thus far has been enthusiastic and we are excited about the potential of the expanded Fair format.

Assuming this format proves to be successful, VHFA will host Home Buyer Fairs in two other regions of the state later this year. Thus, VHFA's calendar of home buyer education efforts will include two or three fairs and Basics courses. We will utilize interactive TV as sites and timeslots are available and appropriate. Finally, we will

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participate in seminars and workshops initiated and sponsored by others and will actively encourage our colleagues around the state to coordinate such events.

Lenders--The promotion of Carrie Hoglund from Training Coordinator to Community Relations Coordinator prompted Agency staff to revisit the coordination issues between the Communications outreach efforts and Operations training functions. The consensus was to transfer the training position to Communications to consolidate all VHFA outreach functions. We are now recruiting to fill the training position as soon as possible and will continue to work closely with Operations to ensure that this individual receives a thorough orientation to VHFA and, once up-to-speed, that the Training Coordinator's approach and message are consistent with practices of the VHFA underwriting staff. We will also consider the use of interactive TV as a means to make the delivery of training programs statewide more cost-effective. If time allows this year, we would also like to undertake a needs assessment, to see if there are other areas of VHFA operations where training efforts might improve efficiency or simply understanding on the part of lenders or other agents of VHFA.

Real Estate Professionals--We plan to continue and expand our efforts to reach out to the real estate community, particularly in the southern part of the state. Since the lender training has been so successful, and in response to feedback received from a field-trip taken by Allan Hunt and Irene Jenkins, Carrie Hoglund has designed and tested a more structured educational program for real estate agents and brokers. We are currently researching the possibility of further developing this curriculum so that it is acceptable for continuing education credit through the VT Real Estate Commission. We feel this would boost VHFA's credibility as well as provide added incentive for real estate agents to become familiar with and stay current on VHFA lending practices and guidelines.

MARKETING

Our work is cut out for us to generate the awareness and action response from home buyers necessary to originate for purchase approximately $38 million within the next 12 months. We are excited about the first year reduced rate, zero-points option and availability of down payment assistance. These features should help us out considerably and we look forward to the challenge ahead. We are in the process of putting together a marketing and media plan, focused primarily on the Mortgages for Vermonters (MOVE) program. The outreach efforts planned will complement the aggressive media campaign we have planned.

I hope you find this update useful. I will be available at the Board meeting to answer any questions or concerns you may have with regard to Communications' activity.

vhfa

VERMONT HOUSING FINANCE AGENCY

February 8, 1993

Ms. Jean Gauthier
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, February 18, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: February 11, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, February 18, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 February 18!

vhfa
VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, February 18, 1993 at 1:30 p.m.

1. Review and approval of minutes of January 21, 1993

2. Administration
   ⌂ Executive Director's Report **[Hunt]**

3. Operations
   ⌂ MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**

4. Multi-Family Management
   ⌂ Prepayment/Preservation Strategy/Matrix **[Falzone//Enclosure]**
   ⌂ LIHTC Compliance Monitoring Recommendation **[Falzone//Enclosure]**

5. Development
   ⌂ Recommendation for Programs to Use Series 4 Bond Proceeds **[Jenkins/Crady//Encl.]**

6. Finance
   ⌂ Evensen Dodge Phase I Review **[Schoenbeck//Enclosure]**
   ⌂ Multi-Family Recycle Program Analysis **[Schoenbeck//Enclosure]**
   ⌂ Budget Performance Report (12/31/92) **[Schoenbeck//Enclosure]**
   ⌂ Seventh Supplemental Resolution **[Schoenbeck//Enclosure]**

7. Legal
   ⌂ FDIC Takeover of First National Bank **[Jarrett//Enclosure]**
   ⌂ Litigation Update **[Jarrett]**
   ⌂ Legislative Update **[Jarrett]**

8. Other old or new business to come before the Board

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, January 21, 1993

PRESENT: Commissioners Shaw, Rockford (designee of Costle), Ruse, Seelig, Mullikin Drake (designee of McDougall), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Ms. Jenkins, Mr. Jarrett, Ms. Hope, Mr. Falzone, Ms. Crady,

Guests: Ms. Canavan (VHMGB)

The meeting was called to order by the Chairman at 1:35 p.m. Upon a motion duly made by Mr. Seelig and seconded, the minutes of December 17, 1992, were unanimously accepted as written. A motion was then made by Ms. Mullikin Drake and seconded to accept the minutes of the January 13, 1993 conference call as written; this motion carried unanimously.

Mr. Hunt began his Executive Director's report by noting that negotiations and other efforts have begun regarding the Westgate Apartments in Brattleboro, another of the "Gates" projects throughout the state. Discussions with a local nonprofit are ongoing, and a development agreement proposal has been sent to them for review; a response should be received by the Agency before the next Board meeting. HUD was required to perform a capital needs assessment in order to determine the value of the property, but failed to instruct their appraiser appropriately and the appraisal was not completed properly. The option agreement gives the Agency control over the purchase of Westgate until 1995. There are outstanding premium notes of $250,000 on each of the remaining properties, which the Agency will have to pay if the sale is not completed before the 1995 deadline.

Sales of the 77 units at Officers' Row on Dalton Drive in Fort Ethan Allen are proceeding. To date, 49 closings have been held, and a total of 61 commitments or reservations have been received. A second mortgage workshop for potential buyers will be scheduled soon. Mr. Hunt also noted that he had appeared before the Senate General Affairs and Housing Committee this morning and offered testimony regarding a general overview of the housing situation in the state; he anticipates that many more hearings will occur throughout the legislative session.

The Business Plan for FY93, included in the Board packet, was presented by Mr. Francis. Mr. Francis explained that this plan is a compilation of the activities of the agency, and reflects current programs as well as those under consideration or in development. The basic format of the plan was reviewed. Mr. Shaw noted that there is a lot on the Agency's plate. According to Mr. Hunt, the final plan, as presented, took longer and required a lot more work than was expected. Many internal discussions were held in terms of how best to set goals, and how to create an accurate document that includes what is realistically achievable. Each department has been asked to create a work plan which will indicate how the Agency can achieve the goals included in the plan. Mr. Hunt also expressed appreciation for the efforts that Mr. Francis and Mrs. Parker put into creating the final document. The Board was asked to offer comments and suggestions on the plan, and Mr. Seelig noted that the section on lead paint should include the legislative and legal issues, as well as detailing some of staff's efforts to date, and mentioning the compliance issues. Ms. Mullikin Drake also asked that there be some differentiation on staff's activity for bond sales, legislation, foreclosures, and the like. Mr. Seelig also requested that staff include specific activity to evaluate the Agency's progress against the state CHAS (Comprehensive Housing Affordability Strategy). Mr. Hunt and Mr. Francis assured the Board that these changes would be made. The Board commended staff on a job well done, creating such a readable, useful report. No formal Board action was necessary.

Mr. Francis reviewed the "Status Report—TEAM Transition" as described in his memo of January 14, included in the Board packet. Two out of five letters of agreement have been received from host organizations for the TEAM (Tenant Education and Assistance Model) Program; the remaining three should be received within a week. Mr. Francis reviewed the various host organizations that have been selected, as well as the anticipated funding commitments outlined in his memo. The FY94 funding will be based on the host organization's achievements and proposed levels for continuation of funding. Preliminary discussions with the Barre Housing Authority indicate the need for $5,000 of funding in order for them to become a host organization. Mr. Francis noted that although the Agency is phasing out of the direct service component, and there are some additional costs involved, the Agency should be proud of its participation in this program and the achievements to date. A motion was duly made by Mr. Seelig and seconded, authorizing staff to proceed with negotiations with the Barre Housing Authority to become a host organization for the TEAM program; this motion carried unanimously.

The monthly MOVE program update, as included in the Board packet, was reviewed by Mr. Lothrop, who noted that the average income for targeted counties should be $27,600, rather than the incorrect level indicated in last month's report. A total of 40 loans were made through the MOVE program in December, totalling $2.5 million. Activity is good given the time of the year and the economy, and especially so when compared with the competitive rates offered by conventional lenders. Mortgage Credit Certificates (MCC or Mortgage Plus) activity showed increasing strength, as the low interest rates in the conventional market make the MCC a powerful marketing tool. Mr. Lothrop observed that delinquencies are at a high level when compared with previous years; however, the loan servicing staff is working with the delinquent borrowers to avoid foreclosure, which may result in the delinquency level remaining high for the next few months. Two REO properties were sold in December, one closing is scheduled in January, three more are under contract, and two pre-foreclosure sales are scheduled. Mr. Hunt pointed out that the aggregate number of loans outstanding is shrinking, which affects the percentages. According to Mr. Schoenbeck, a tremendous amount of prepayment activity is continuing.

Next, Mr. Lothrop reviewed the "One Year Requirement for Lender Participation in VHFA Mortgage Purchase Programs" as outlined in his memo of January 14, included in the Board packet. This proposal would require that lenders be licensed in Vermont and to have originated mortgages for a year before becoming eligible for participation in Agency programs. Although no unlicensed mortgage company has tried to participate in these programs, there have been some located in other states which, while licensed to do so, have not yet originated mortgages in Vermont. Mr. Lothrop cited the possibility of a mortgage company being sold to a company that has not been licensed in Vermont for a year; if the personnel and mortgage practices remain the same under the new ownership, a recommendation might be made to waive the one-year requirement. A motion was made by Mr. Seelig and seconded to amend the "Resolution Regarding Participation in VHFA Mortgage Purchase Programs," by deleting the third numbered paragraph; this motion carried, and the Resolution, as amended and attached to these minutes, was adopted by vote of the Board, with Mr. Rockford abstaining.

The "Prepayment/Preservation Policy" was reviewed by Mr. Falzone, as further detail to his memo of January 13, included in the Board packet. To date, 14 multi-family projects have signed preservation agreements, while eight loans have been prepaid. Should prepayments of other multi-family projects continue to occur, it could negatively affect the Agency's cash flow over the next few years. Mr. Schoenbeck has been trying to project the effect of prepayments from various multi-family projects, taking into account the term of the loan, whether the funds can be recycled, how the prepayment might affect the credit quality issue with rating agencies such as Moody's or Standard & Poor's. The main concern is how to prevent prepayments or, if a prepayment is requested, how to avoid a detrimental impact on the Agency's overall cash flow. Board action was postponed until additional information could be made available to the Board at an upcoming Board meeting. Mr. Hunt indicated that a matrix would be created indicating what a multi-family project looks like today, what it would look like under the Agency's preferred preservation structure, and what it might look like under a conventional prepayment format.

Mr. Falzone then reviewed his memo of January 14, included in the Board packet, regarding "Low Income Housing Tax Credit Compliance Monitoring." The Budget Reconciliation Act of 1990 passed by Congress amended Section 42 of the IRS Code to require that state tax credit agencies provide a procedure for monitoring developments for non-compliance with the low income occupancy requirements and for notifying the IRS of such non-compliance. The IRS regulations governing monitoring were published in the fall of 1992. Options under consideration by the staff are providing monitoring in-house or hiring an authorized delegate, such as Spectrum, Inc., as described in Mr. Falzone's memo. In response to a question, Ms. Jenkins noted that it would be much more costly to have an independent auditor issue an opinion as far as tax credit compliance, rather than to have the monitoring performed by staff or by an independent organization. Of 40 multi-family tax credit projects, 14 have a VHFA mortgage. Housing Vermont has close to 50 percent of the units in these tax credit projects, and some are FmHA. For the next Board meeting, staff will provide information on multi-family projects with which the Agency is involved and describe the level of involvement. No formal Board action was taken, but it was the general sense of the Board to have staff continue discussions with Spectrum, Inc.

The "Update on the Development of Programs to Utilize Series 4 Bonds" was addressed by Ms. Crady, who reviewed her memo of January 14, included in the Board packet. In September, 1992, the Board approved using up to $1 million of the $9 million in funds available from the Series 4 bonds to purchase mortgages under a special initiative called the Old North End Homeownership Rehabilitation Loan Program. Staff is now focusing on identifying ways to deliver home improvement and rehabilitation loans with the uncommitted Series 4 funds, as well as identifying needs that are not currently met by the Agency's programs or those of conventional lenders. In response to Board questions, Mr. Schoenbeck reminded the Board that these funds are available under a single family program, which means that there are probably restrictions against applying these funds to multi-family properties. Ms. Mullikin Drake noted that one consideration should be loans to provide for special needs or accessibility requirements. Another suggestion, from Mr. Seelig, was that staff talk with the Mutual Housing Federation, which is trying to deal with a number of two-, three- and four-unit properties, balloon payments, etc. Ms. Mullikin Drake recommended that staff determine if the $7.5 million available could be divided in some manner, so as to allow a free-standing accessibility program and assistance to properties with more than two units. Ms. Crady assured the Board that staff would investigate these possibilities and present further recommendations at the next Board meeting. A motion was then made by Mr.

Seelig and seconded offering staff preliminary approval for using up to $7.5 million of Series 4 bonds to deliver a statewide home improvement and rehabilitation loan program and up to $.5 million to refund the Rural Vermont Mortgage Program, with the method of delivery for home improvement and rehabilitation loans to be determined after receipt of responses from lenders indicating their interest in selling loans and reinvesting funds. This motion carried unanimously.

The Board acknowledged receipt of the "Budget Performance Report" through September 30, 1992, as attached to Mr. Schoenbeck's memo of January 13, included in the Board packet; no Board action was required.

Mr. Schoenbeck reviewed the "Bond Financing Recap" described in his memo of January 15, included in the Board packet. The pricing book and official statement were distributed to the board, and the comparisons contained in the pricing book were reviewed. The downsizing of the issue from $50 million to $40 million saved the Agency an up-front contribution of $150,000. Following a brief discussion, a motion was made by Mr. Rockford to authorize the purchase of up to $20 million in no point mortgages, on a first-come, first-served basis, which would require a $200,000 contribution by the Agency; once $10 million in originations have been made, staff would report to the Board to discuss any necessary adjustments or targeting for the program. This motion was seconded and carried unanimously. The closing should occur January 28-29, with the funds available February 1.

Mr. Schoenbeck also reported that Evensen Dodge had spent four days at the Agency's office earlier in January. They are preparing a presentation on the Agency's current financial situation, including a risk analysis of assets for the February Board meeting. Mr. Shaw recommended that this presentation be kept to 30 minutes. By April, Evensen Dodge will have completed its financial review of the Agency and will develop a long-term outlook for the next 20 to 30 years, focusing on the Agency's exposure for risk purposes.

Turning to legal matters, Mr. Jarrett reported that depositions given in the ongoing litigation involving the owner of several multi-family projects have determined that the owner did improperly pay legal fees with $10,000 from the security deposit accounts of those projects. The lawyer involved has now moved to withdraw from the case, citing a conflict of interest and a lack of further payment by his client. The Agency has filed a motion to allow the lawyer's withdrawal from the case only after repayment and after the owner's deposition has been given. The Court has not yet set a date for the hearing on the motion to withdraw.

In legislative matters, Mr. Jarrett noted that several bills of interest have been introduced. A bill dealing with the hazards of lead paint has been introduced by Sen. Ready, and two others may be introduced. A draft bill is circulating from the Office of Banking, Insurance and Securities regarding the lender liability question on hazardous waste. Mr. Seelig noted that the Housing Council met earlier in the week and learned that the Health Department would probably support a lead paint/hazardous waste bill, but would not deal with the standard of care issue. Mr. Hunt is to communicate the matter to Governor Dean to assure that those issues are addressed within the legislation.

At this time, Ms. Mullikin Drake expressed her regrets, saying that she was unable to participate in the remainder of the meeting.

Ms. Hope reviewed the "Outreach and Marketing Plans for 1993" as detailed in her memo of January 14, included in the Board packet. Lendable proceeds available through the Mortgages for Vermonters (MOVE) program translates to 80 loans, or $5 million per month in reservations necessary to purchase $38 million by the final purchase date of February 15, 1994. An aggressive marketing campaign is planned. Home buyer education is the culmination of work initiated by Mr. Francis and followed up on by the Communications Department regarding homeownership counseling, and a pilot or test program will begin within the next year. A Home Buyer Fair will be held March 6 in Burlington, with at least 20 vendors participating, including VHFA lenders, the Northwestern Vermont REALTOR Board, developers, and nonprofits from the area. The FY92 Annual Report was distributed to the Board, and Ms. Hope noted that this year's report was designed and produced in-house by Denise McKenna, Planning and Design Coordinator for the Agency. An "At-A-Glance" document indicating the Agency's current and cumulative activities, prepared for the state Legislature, was also distributed to the Board.

On a less positive note, Mr. Hunt noted that the latest word from the National Council of State Housing Agencies is that permanent extension of Mortgage Revenue Bonds and Low Income Housing Tax Credits may be in jeopardy, based on the nation's budget problems and a lack of support by key people in the budget department. Gov. Dean has been asked to communicate to President Clinton the need for a permanent extension of both of these vital programs.

In other old or new business, Ms. Jenkins informed the Board of two potential programs under consideration for Board approval. One is the Fannie Mae Community Living Demonstration program, under which the Agency may apply for participation in the program to finance group homes for developmentally disabled individuals. In Vermont, this program would primarily be used toward the relocation of individuals from the Brandon Training School. Fannie Mae would purchase mortgages the Agency originates and services. This program would provide up to 75% loan-to-value first mortgages, generally on 3-4 bedroom single family homes, although some may be as large as 5-6 bedrooms. The Agency plans to file an application with Fannie Mae and work out the details. Another program under consideration is an advance from the Federal Home Loan Bank (FHLB). As of November, 1992, housing finance agencies can access FHLB funds directly, and there are several programs staff would like to consider financing through that source, such as mobile home park acquisition, community care facilities, home improvement, construction, and multi-family rental programs. FHLB has recommended an application for a pool of funds rather than several individual applications. Both of these programs will be brought to the Board for approval once the final details have been determined.

As a point of concern, Mr. Seelig noted that the Enterprise Foundation and the Urban Initiatives reports cited $94,000 as the median home price in Vermont, while the Agency cites $109,000 or $108,000. The difference could be average versus median, or a different set of statistics could be involved. Mr. Hunt assured the Board that staff would investigate the accuracy of these figures.

The next meeting was scheduled for Thursday, February 18, in Burlington. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 3:45 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION REGARDING LENDER
PARTICIPATION IN VHFA
MORTGAGE PURCHASE PROGRAMS

WHEREAS, mortgage companies and other lenders are entering the Vermont market on a continuing basis and sometimes do not remain in the state for a long period of time; and

WHEREAS, lenders beginning to do business in Vermont sometimes seek to participate in Vermont Housing Finance Agency ("VHFA") mortgage purchase programs; and

WHEREAS, the staff of the Agency has concerns about lenders' permanency in Vermont if a lender has not been originating mortgages in Vermont for a period of time before participating in VHFA mortgage purchase programs; and

WHEREAS, Vermont non-profit corporations and/or credit unions may also seek to participate in the Agency's mortgage purchase programs;

NOW, THEREFORE, it is hereby RESOLVED:

1. Lenders seeking eligibility to participate in VHFA mortgage purchase programs must be licensed to originate mortgage loans in Vermont, and have originated mortgages, for one year prior to being deemed eligible for participation in VHFA mortgage purchase programs.

2. A Vermont non-profit corporation or a Vermont-based credit union insured by the N.C.U.A. may be permitted to participate in VHFA mortgage purchase programs if the organization has been doing business in Vermont for at least one year, can satisfy the staff of its capacity to originate mortgages for purchase by the Agency, and can meet other program requirements, including, but not limited to, a surety bond.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on January 21, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa
VERMONT HOUSING FINANCE AGENCY

February 5, 1993

Mr. Douglas Richards
Richards and Files P.C.
PO Box 200
Springfield, VT 05156-0200

Dear Doug:

I am in receipt of the letter you sent resigning as Commissioner of VHFA. On behalf of Chairman Shaw, the other Commissioners and myself, I want to thank you for your efforts on behalf of the Agency over the past year and regret you are unable to continue to serve as a Commissioner. Additionally, I appreciate your kind words regarding the management of the Agency.

Please feel free to call me at any time and to let me know how we might better do our job, particularly in southern Vermont!

Very truly yours,

Allan S. Hunt
Executive Director

ASH449/bp

cc: VHFA Board of Commissioners

CC GL/[illegible]

RICHARDS AND FILES P.C.
LAWYERS
85 Main Street
P.O. Box 200
Springfield, Vermont 05156-0200

Douglas Richards
Sheilla C. Files

TEL: (802) 885-5131
FAX: (802) 885-4699

February 2, 1993

The Honorable Howard Dean, M.D.
Governor of the State of Vermont
Pavilion Office Building
State Street
Montpelier, Vermont 05602

Dear Governor Dean:

It is with regret that I ask you to accept this letter as my resignation as a member of the Board of Commissioners of the Vermont Housing Finance Agency.

My attendance record for the past year reflects that I have missed a number of meetings. This has been based primarily upon the increased demands of my practice, which for the past year has compelled me to work a significant number of seven day weeks.

It has always been a personal philosophy that if I cannot fully commit to any organization I have become involved in I should not remain a part of the same.

During the period of my brief tenure I have been continuously impressed with the quality of the administrative team, led by Allan Hunt, as well as the ability and participation of my fellow commissioners. In my judgment the very necessary work of the Agency is in competent hands.

Very truly yours,

Doug Richards

Douglas Richards

DR:PAP

xc: Mr. Horace B. Shaw, Jr., Chairman, Board of Commissioners
Mr. Allan S. Hunt, Executive Director, Vermont Housing Finance Agency

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS**

DATE: **FEBRUARY 8, 1993** DRL

RE: **MOVE SERIES 2 & 3 UPDATE, MORTGAGE PLUS UPDATE, DELINQUENCY REPORT**

The report on the single family program activity and the delinquency update are being given in a written format this month as I will be on vacation February 12-19.

MOVE SERIES 2 & 3

Conventional 30 year fixed rate mortgage rates are equal to or below the MOVE rate. This, in conjunction with the announcement that the MOVE rate would drop from 7.95% to 7.8% effective February 1st, caused reservations to fall to 6 loans for the last week in January, approximately $350,000. However, for the first week in February reservation activity jumped to 28 loans for $1,720,775.

Concurrently with the reduction in the MOVE interest rate was the announcement of the availability of 100% financing. This announcement was prompted by the availability of 50 openings due to previous reservations not moving to the commitment stage in the origination process. This, along with a week's build up in demand, very likely contributed heavily to the upswing in reservations.

Staff believes that when the new options for MOVE (a no point mortgage and a one year reduced rate on both the two point and no point mortgages) are available to borrowers effective March 1st, MOVE reservation activity will be vigorous. The potential participating lenders are aware of the upcoming changes to MOVE. Reservation activity may not be sustainable at the $1.7 million level as lenders may withhold reservations to take advantage of the new features on MOVE after March 1st.

MORTGAGE PLUS

The recent program changes to Mortgage Plus, which reduced the credit rate from 25% to 20% while concurrently making it mandatory that borrowers need the Mortgage Credit Certificate to qualify for a mortgage, does not appear to have affected the reservation activity. VHFA has averaged 6 reservations per week both prior to and subsequent to the date the changes became effective.

DELINQUENCIES

As of the writing of this memo, all of the lenders have not submitted the reports indicating the collections they have made on VHFA mortgages for January. Therefore, I will be unable to give an update this month more current than the report made at the previous Board meeting. However, two lenders, Vermont Federal Bank, FSB and Vermont Mortgage Group, reportedly between them reduced by 33 the number of loans delinquent from last month. This would indicate that the post-holiday "catch up on my delinquent payments" syndrome seems to be following the historical precedent.

As of February 8th there is one VHFA owned property under contract and one that VHFA is negotiating a contract on. In addition, since the last Board meeting, two properties have been sold.

BOARD ACTION REQUIRED

None

MOVE PROGRAM 92B

STATISTICAL REPORT PROGRAM ID: 92B　　Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 02/10/93

Loan Status: CC,UC,O

Total Number of Loans:	7
Total Loan Amount:	$410,625

EXISTING:	$370,725	85.7%	6 Loans
NEW CONSTRUCTION:	$39,900	14.2%	1 Loans
NEW DETACHED HOUSING:	$39,900	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$3,042,738	38.0%	51 Loans (Est.)

Total Insured or Guaranteed Loans:	6
Loans Guaranteed by VHMGB:	6

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$69,900	$63,000	$68,914
Avg. Loan Amount	$58,462	$59,850	$58,660
Avg. Borrower Income	$27,760	$29,760	$28,045
Avg. Housing Debt-Income Ratio	24.0%	22.0%	23.7%
Avg. Total Debt	$819.33	$844.00	$822.85
Avg. Total Debt-Income Ratio	35.8%	34.0%	35.5%
Total No. of Loans	6	1	7
% of Total Loan Amount	85.4%	14.6%	100.0%
First Time Homebuyers	66.6%	100.0%	71.4%
% Meeting Low Income Set Aside	16.6%	0.0%	14.2%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	1	14.3%	$59,850	6,300	7.2%	7.1
Caledonia	1	14.3%	$49,875	4,800	5.5%	8.8
Chittenden	0	0.1%	$0	16,000	18.2%	18.3-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	1	14.3%	$76,000	6,000	6.8%	7.5
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	1	14.3%	$57,000	3,300	3.8%	10.5
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	1	14.3%	$39,900	4,200	4.8%	9.5
Rutland	1	14.3%	$57,000	10,000	11.4%	2.9
Washington	1	14.3%	$71,000	9,000	10.3%	4.0
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	7	100.0%	$410,625	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 92B

AS OF: 02/10/93
PAGE NO. 1

Vermont Housing Finance Agency
92B - $8,000,000 1990 SERIES 2-SF HOUSING PROGRAM-7.80%
Status Report (with percent of pool proceeds approved)
Rate : 7.800%
Date : 02/10/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$132,950	1.6%	$0	0.0%	$0	$0	0.0%
Chittenden Bank	$1,144,525	14.3%	$135,850	1.6%	$0	$135,850	11.8%
Citizens Savings Bank and Trust	$80,000	1.0%	$0	0.0%	$0	$0	0.0%
Community National Bank	$386,385	4.8%	$39,900	0.4%	$0	$39,900	10.3%
First National Bank of Vermont	$60,000	0.7%	$0	0.0%	$0	$0	0.0%
Kittredge Mortgage Corporation	$109,600	1.3%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$141,000	1.7%	$0	0.0%	$0	$0	0.0%
Marble Bank	$113,905	1.4%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The	$252,600	3.1%	$0	0.0%	$0	$0	0.0%
National Bank of Middlebury, The	$80,000	1.0%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank	$262,790	3.2%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank	$49,875	0.6%	$49,875	0.6%	$0	$49,875	100.0%
Statewide Funding Corporation	$365,232	4.5%	$57,000	0.7%	$0	$57,000	15.6%
Summit Financial Center, Inc.	$216,980	2.7%	$0	0.0%	$0	$0	0.0%
Union Bank	$193,000	2.4%	$57,000	0.7%	$0	$57,000	29.5%
Vermont Federal Bank, FSB	$722,870	9.0%	$0	0.0%	$0	$0	0.0%
Vermont Mortgage Group, Inc	$389,150	4.8%	$0	0.0%	$0	$0	0.0%
Vermont National Bank	$256,400	3.2%	$71,000	0.8%	$0	$71,000	27.6%
TOTALS 80 Loans	$4,957,262	61.9%	$410,625	5.1%	$0	$410,625	8.2%

MOVE PROGRAM 94H

STATISTICAL REPORT PROGRAM ID: 94H   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 02/10/93
Loan Status: CC,UC,O

Total Number of Loans: 22
Total Loan Amount: $1,390,408

EXISTING:	$410,783	31.8%	7 Loans
NEW CONSTRUCTION:	$979,625	68.1%	15 Loans
NEW DETACHED HOUSING:	$441,510	45.0%	7 Loans
NEW CONDOMINIUM:	$538,115	54.9%	8 Loans
Funds Remaining to be Reserved:	$2,741,825	54.8%	43 Loans (Est.)

Total Insured or Guaranteed Loans: 18
Loans Guaranteed by VHMGB: 18

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$72,825	$76,989	$76,232
Avg. Loan Amount	$54,929	$65,038	$63,200
Avg. Borrower Income	$22,296	$24,470	$24,075
Avg. Housing Debt-Income Ratio	26.5%	29.9%	29.3%
Avg. Total Debt	$688.50	$746.00	$735.54
Avg. Total Debt-Income Ratio	36.7%	36.5%	36.5%
Total No. of Loans	4	18	22
% of Total Loan Amount	15.8%	84.2%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	75.0%	83.3%	81.8%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	13.6%	$162,900	5,000	5.7%	7.9
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	10	45.6%	$696,715	16,000	18.2%	27.4
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	4.5%	$60,100	9,000	10.3%	5.8-
Windham	3	13.6%	$159,618	7,100	8.1%	5.5
Windsor	5	22.7%	$311,075	9,600	11.0%	11.7
TOTAL	22	100.0%	$1,390,408	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 94H

AS OF: 02/10/93 Vermont Housing Finance Agency Report: 1130
PAGE NO. 1 94H - $5,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 7.450%

Date : 02/10/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$202,000	4.0%	$78,200	1.5%	$78,200	$0	0.0%
Marble Bank		$40,900	0.8%	$40,900	0.8%	$0	$40,900	100.0%
Mortgage Service Center of New England		$68,000	1.3%	$68,000	1.3%	$0	$68,000	100.0%
National Bank of Middlebury, The		$55,000	1.1%	$55,000	1.1%	$55,000	$0	0.0%
Vermont Development Credit Union		$320,000	6.4%	$86,600	1.7%	$0	$86,600	27.0%
Vermont Federal Bank, FSB		$577,680	11.5%	$540,915	10.8%	$428,715	$112,200	19.4%
Vermont National Bank		$999,943	19.9%	$520,793	10.4%	$90,618	$430,175	43.0%
TOTALS	35 Loans	$2,263,523	45.2%	$1,390,408	27.8%	$652,533	$737,875	32.5%

MORTGAGE CREDIT CERTIFICATE PROGRAM MCC5

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC5

UNDERWRITING DATABASE

EFFECTIVE: 02/10/93

Total Number of Loans:	368
Total Loan Amount:	$27,766,701
Average Loan Amount:	$75,452

EXISTING:	$21,068,801	77.7%	286 Loans
NEW CONSTRUCTION:	$6,697,900	22.2%	82 Loans
NEW DETACHED HOUSING:	$3,135,747	46.8%	39 Loans
CONDOMINIUM:	$5,609,278	19.2%	71 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$79,440	$86,872	$82,509
Avg. Loan Amount	$72,650	$79,435	$75,452
Avg. Borrower Income	$31,675	$29,031	$30,583
Total No. of Loans	216	152	368
First Time Homebuyers	93.5%	100.0%	96.1%
% of Total Loan Amount	56.5%	43.5%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	1.4%	$355,545	4,500	5.8%	4.4-
Bennington	2	0.5%	$148,100	5,400	7.0%	6.5-
Caledonia	10	2.7%	$572,816	4,400	5.7%	3.0-
Chittenden	135	36.7%	$10,958,050	13,100	17.0%	19.7
Essex	1	0.3%	$59,000	1,100	1.4%	1.1-
Franklin	44	12.0%	$3,400,193	5,700	7.4%	4.6
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	14	3.8%	$1,024,168	3,100	4.0%	0.2-
Orange	16	4.3%	$1,150,476	4,000	5.2%	0.9-
Orleans	6	1.6%	$319,800	3,800	4.9%	3.3-
Rutland	40	10.9%	$3,022,224	9,200	11.9%	1.0-
Washington	77	20.9%	$5,516,857	7,900	10.3%	10.6
Windham	8	2.2%	$627,000	6,000	7.8%	5.6-
Windsor	10	2.7%	$612,472	8,100	10.5%	7.8-
TOTAL	368	100.0%	$27,766,701	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE PROGRAM MCC5

AS OF: 02/10/93
PAGE NO. 1

Vermont Housing Finance Agency
MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 02/10/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$8,499,040	18.0%	$7,602,970	16.1%	$6,014,545	$1,588,425	18.6%
Chittenden Bank		$5,441,255	11.5%	$5,028,720	10.6%	$4,206,905	$821,815	15.1%
Franklin-Lamoille Bank		$178,750	0.3%	$178,750	0.3%	$108,750	$70,000	39.1%
Marble Bank		$264,205	0.5%	$264,205	0.5%	$264,205	$0	0.0%
Merchants Bank, The		$1,889,148	4.0%	$1,667,788	3.5%	$1,441,463	$226,325	11.9%
Mortgage Service Center of New England		$86,800	0.1%	$86,800	0.1%	$86,800	$0	0.0%
Northfield Savings Bank		$342,525	0.7%	$342,525	0.7%	$342,525	$0	0.0%
Passumpsic Savings Bank		$142,021	0.3%	$71,021	0.1%	$71,021	$0	0.0%
Randolph National Bank		$85,000	0.1%	$85,000	0.1%	$85,000	$0	0.0%
Statewide Funding Corporation		$4,089,762	8.6%	$3,415,911	7.2%	$1,782,769	$1,633,142	39.9%
Summit Financial Center, Inc.		$2,321,098	4.9%	$2,158,776	4.5%	$1,981,676	$177,100	7.6%
Vermont Federal Bank, FSB		$1,855,475	3.9%	$1,783,275	3.7%	$1,690,375	$92,900	5.0%
Vermont Mortgage Group, Inc		$3,124,430	6.6%	$2,974,995	6.3%	$2,695,070	$279,925	8.9%
Vermont National Bank		$2,969,279	6.3%	$2,034,715	4.3%	$1,396,165	$638,550	21.5%
TOTALS	413 Loans	$31,288,788	66.4%	$27,695,451	58.8%	$22,167,269	$5,528,182	17.6%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 01/31/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
~~BancBoston Mortgage Corporation~~	~~363~~	~~15~~	~~4.13%~~	~~1~~	~~0.28%~~	~~1~~	~~0.28%~~	~~17~~	~~4.68%~~	~~0~~	~~1~~	~~0.28%~~	~~0~~	~~0.00%~~	~~18~~	~~4.96%~~
Bennington Coop Savings & Loan Assn Inc	46	4	8.70%	0	0.00%	1	2.17%	5	10.87%	0	0	0.00%	0	0.00%	5	10.87%
Bradford National Bank	47	2	4.26%	1	2.13%	1	2.13%	4	8.51%	0	0	0.00%	0	0.00%	4	8.51%
Caledonia National Bank of Danville, Th	108	7	6.48%	2	1.85%	2	1.85%	11	10.19%	0	1	0.93%	1	0.93%	13	12.04%
Chittenden Trust Company	964	57	5.91%	14	1.45%	8	0.83%	79	8.20%	0	3	0.31%	3	0.31%	85	8.82%
Citizens Savings Bank	38	1	2.63%	0	0.00%	0	0.00%	1	2.63%	0	0	0.00%	0	0.00%	1	2.63%
Comfed Mortgage Co., Inc.	10	1	10.00%	0	0.00%	0	0.00%	1	10.00%	0	0	0.00%	0	0.00%	1	10.00%
Commonwealth Mortgage Company, Inc	22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	164	7	4.27%	3	1.83%	0	0.00%	10	6.10%	0	0	0.00%	1	0.61%	11	6.71%
Factory Point National Bank, The	27	2	7.41%	1	3.70%	0	0.00%	3	11.11%	0	0	0.00%	0	0.00%	3	11.11%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	6	1	16.67%	0	0.00%	0	0.00%	1	16.67%	0	0	0.00%	0	0.00%	1	16.67%
First Northern Mortgage Corporation	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	170	12	7.06%	1	0.59%	0	0.00%	13	7.65%	0	1	0.59%	1	0.59%	15	8.82%
Granite Savings Bank and Trust Company	30	1	3.33%	2	6.67%	0	0.00%	3	10.00%	0	0	0.00%	0	0.00%	3	10.00%
Green Mountain Bank	245	14	5.71%	1	0.41%	2	0.82%	17	6.94%	0	0	0.00%	0	0.00%	17	6.94%
Lomas & Nettleton Company, The	17	1	5.88%	0	0.00%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Lyndonville Savings Bank & Trust Compan	56	3	5.36%	0	0.00%	0	0.00%	3	5.36%	0	0	0.00%	1	1.79%	4	7.14%
Marble Bank	212	10	4.72%	0	0.00%	1	0.47%	11	5.19%	0	0	0.00%	1	0.47%	12	5.66%
Merchants Bank, The	273	7	2.56%	1	0.37%	2	0.73%	10	3.66%	0	0	0.00%	0	0.00%	10	3.66%
Mortgage Service Center of New England	47	3	6.38%	0	0.00%	3	6.38%	6	12.77%	0	0	0.00%	0	0.00%	6	12.77%
National Bank of Middlebury, The	64	2	3.13%	0	0.00%	0	0.00%	2	3.13%	0	1	1.56%	0	0.00%	3	4.69%
New England IBM Employees Fed Crdt Unio	64	1	1.56%	0	0.00%	0	0.00%	1	1.56%	0	0	0.00%	0	0.00%	1	1.56%
Northfield Savings Bank	108	6	5.56%	1	0.93%	1	0.93%	8	7.41%	0	0	0.00%	0	0.00%	8	7.41%
Passumpsic Savings Bank	179	13	7.26%	2	1.12%	2	1.12%	17	9.50%	0	0	0.00%	2	1.12%	19	10.61%
Peoples Trust Company of St Albans	142	10	7.04%	0	0.00%	3	2.11%	13	9.15%	0	0	0.00%	0	0.00%	13	9.15%
Randolph National Bank	61	2	3.28%	0	0.00%	0	0.00%	2	3.28%	0	0	0.00%	0	0.00%	2	3.28%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	100	6	6.00%	0	0.00%	4	4.00%	10	10.00%	0	0	0.00%	0	0.00%	10	10.00%
Union Bank	157	5	3.18%	0	0.00%	0	0.00%	5	3.18%	0	0	0.00%	1	0.64%	6	3.82%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	869	28	3.22%	5	0.58%	15	1.73%	48	5.52%	0	1	0.12%	2	0.23%	51	5.87%
Vermont Mortgage Group, Inc	664	41	6.17%	4	0.60%	7	1.05%	52	7.83%	0	1	0.15%	3	0.45%	56	8.43%
Vermont National Bank	511	17	3.33%	4	0.78%	3	0.59%	24	4.70%	0	0	0.00%	2	0.39%	26	5.09%
Wells River Savings Bank	26	0	0.00%	1	3.85%	1	3.85%	2	7.69%	0	0	0.00%	0	0.00%	2	7.69%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,812	280	4.82%	44	0.76%	57	0.98%	381	6.56%	0	9	0.15%	18	0.31%	408	7.02%
December 31, 1992	5,819	282	4.85%	71	1.22%	50	0.86%	403	6.93%	0	11	0.19%	17	0.29%	431	7.41%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: SAMUEL J. FALZONE, DIRECTOR, MULTI-FAMILY MANAGEMENT

DATE: February 11, 1993

RE: PREPAYMENT/PRESERVATION (ADDITIONAL INFORMATION)

At last month's Board meeting, the Board requested that we provide a comparison of different scenarios as examples for considering our recommendation. We have selected two properties that are under active consideration for Preservation Agreements, in exchange for incentives as outlined below. In the attached examples, we have presented the relative levels of restrictions, control, return on equity, and cash flow that would be available under each alternative.

1. Increase maximum return on equity by recognizing current value (through either appraised value or the capitalized value of project's cash flow less the current principal balance).

2. Index return on equity yearly using the percentage increase in the CPI.

3. Establish replacement reserve caps following review of a detailed Capital Needs Assessment and offer owners the option of tax exempt investment of these reserves if this option is feasible.

4. Reduce regulatory oversight by eliminating all quarterly financial reports.

5. Release of Project Cost Escrow funds if the project's physical condition is very good or excellent and there are no energy related investments which could be made to preserve long term funding under the ACC.

6. Offer owners energy conversion loans as an additional advance on their first mortgage and allow 50% of the savings to remain as project cash flow after repayment of the debt needed to make the improvements.

7. Allow restricted account and operating surplus cash invested in energy improvements to be recognized as additional basis for calculating return on equity.

RECOMMENDED BOARD ACTION

After discussion of these examples, we ask for an affirmation of the preservation options that were sanctioned by the Board's action in 1988, and authorization for the Executive Director to approve and sign negotiated Preservation Agreements with owners based on the above incentive package options.

Falzone
Koppelkam
2/11/93

TABLE A
MPLE OF PRESERVATION OPTIONS
OLDE WINDSOR VILLAGE
PRE-1980 PROJECT

), 40 year HAP, very high operating expenses (432 PUM). Note that Olde Windsor is one of 24 pre-1980 projects, but ensions.

Retains VHFA Financing, ation Agreement Signed	3. Owner Sells To Third Party	4. Owner Sells To Nonprofit
Agreement would include HAP, best efforts to find s, VHFA option when to sell.	Preservation Agreement would include keeping the HAP, best efforts to find new subsidies, VHFA option when seller wants to sell.	Preservation Agreement would include keeping the HAP, best efforts to find new subsidies, VHFA option when seller wants to sell.
:m would be honored, with naking best efforts to find vhen HAP expires.	Full HAP term would be honored, with new owner making best efforts to find alternatives when HAP expires.	Full HAP term would be honored, with new owner making best efforts to find alternatives when HAP expires.
;age retained.	VHFA mortgage assumed, plus new VHFA tax-exempt debt.	VHFA mortgage assumed, plus new VHFA tax-exempt debt.
:sulting in less regulatory	VHFA Regulatory Agreement would be assigned.	VHFA Regulatory Agreement would be assigned.
greement re owner reserve 'ner retains up to $461,513), uity restrictions.	Reserves would be established at levels adequate to meet project needs.	Reserves would be established at levels adequate to meet project needs.
	Needs large LIHTC allocation ($150,000). Questionable need for rehab.	Needs large allocation, though could be as low as $90,000 w/HVT syndication. Questionable need for rehab.
s to budget based rent	An issue due to additional VHFA financing. For underwriting, need to assume 0% rent increases for 15-20 years due to comparability.	An issue due to additional VHFA financing. For underwriting, need to assume 0% rent increases for 15-20 years due to comparability.
	Significant developer fee probable (e.g. $275,000, 7% of TDC).	Developer fee probable, 2%-4% range.
; same management.	Seller will want to retain management.	HVT will select a management agent.
:t, option, and VHFA d cash flow are secure for	Long term preservation objectives are only a possibility through exercising of option at a reasonable price.	Long term preservation objectives realized in current transaction.

Falzone
Koppelkam
2/10/93

TABLE B
EXAMPLE OF PRESERVATION OPTIONS
OLDE WINDSOR VILLAGE
PRE-1980 PROJECT

Category	1993 Operating Budget and Account Balances	Hypothetical Preservation Example (Option 2 Table A)	Comments on Hypothetical Example
Annual Rental and Other Income (Net of Vacancy)	$685,134	$685,134	
Operating Expenses	$388,612 ($432 PUM)	$337,500 ($375 PUM)	Agency interest in reducing operating expenses.
Replacement Reserve	$20,198	$0	Replacement reserve account of $150,000 would be satisfactory, no additional deposits necessary so long as balance maintained.
Debt Service	$187,600	$187,600	
Net Cash	$88,724	$180,232	
% Return on Equity (% of Original Equity Investment)	8% based on equity investment of $116,139, which was 5% of TDC	8% based on revised equity position of current total value of $3,075,000 ($41,000 per unit). New equity equals $1,006,889. Equity return then indexed to increase with CPI	
Cash Return on equity	$9,291	$80,551	First year return shown - indexed to increase in future years
Account Balances	Balances as of 12/31/92	Balances after re-financing transaction	
PCE	$169,320	$0	
Operating Cash	$345,806	$100,000	Agency interest in applying portion toward immediate project improvements, or long term sinking fund for future rent subsidies.
Replacement Reserve	$196,387	$150,000	

Note: This table presented for policy discussion only - the proposals made are hypothetical at this stage.

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Falzone
Koppelkam
2/10/93

TABLE A
EXAMPLE OF PRESERVATION OPTIONS
HARRINGTON APARTMENTS
PRE-1980 PROJECT

Description: Five family units located in Burlington rehabed in 1980 (with VHFA financing $160,000, 30 year term). Property is well maintained with reasonable operating expenses ($320 pum). This property ranked in the top ten of projects that are most at risk in VHFA's at risk analysis.

Category	1. Owner Prepays VHFA Mortgage, Refinances Privately	2. Owner Retains VHFA Financing, Preservation Agreement Signed	3. Owner Sells To Third Party
Preservation Agreement	N/A	Preservation Agreement would include keeping the HAP, best efforts to find new subsidies, VHFA option when owner wants to sell.	Preservation Agreement would include keeping the HAP, best efforts to find new subsidies, VHFA option when seller wants to sell.
HAP	HAP Contract (18 years remaining). Owner has the option not to renew at each 5 year extension only with VHFA approval.	Full HAP term would be honored, with new owner making best efforts to find alternatives when HAP expires.	Full HAP term would be honored, with new owner making best efforts to find alternatives when HAP expires.
VHFA Mortgage	VHFA mortgage prepaid, with 3% penalty (approx $4,218). VHFA regulatory agreement terminated.	VHFA mortgage retained.	VHFA mortgage assumed, plus new VHFA tax-exempt debt.
VHFA Regulatory Agreement	Terminated. No audits or other financial constraints required.	Amended, resulting in less regulatory oversight.	VHFA Regulatory Agreement would be assigned.
Reserve Accounts	Owner can pocket $13,161 in operating, PCE and replacement reserve accounts.	Negotiated agreement re: owner reserve accounts, loosening equity restrictions.	Reserves would be established at levels adequate to meet project needs.
LIHTC	N/A	N/A	N/A
HUD Rent Comparability	N/A	Agreement to budget based rent increases.	An issue due to additional VHFA financing. For underwriting, need to assume 0% rent increases for 5-10 years due to comparability.
Developer Fee	N/A	N/A	Significant developer fee probably (e.g. $20,000, 7% of TDC).
Management	Owner keeps same management.	Owner keeps same management.	Seller may want to retain management within the family.
Comments	VHFA retains limited control through its Contract Administration responsibilities.	HAP contract, option, and VHFA mortgage and cash flow are secure for full term.	Long term preservation objectives are only a possibility through exercising option at a reasonable price.

Falzone
Koppelkam
2/10/93

TABLE B
EXAMPLE OF PRESERVATION OPTIONS
HARRINGTON APARTMENTS
PRE-1980 PROJECT

Category	1993 Operating Budget and Account Balances	Hypothetical Preservation Example (Option 2 Table A)	Comments on Hypothetical Example
Annual Rental and Income (Net of Vacancy)	$44,611	$44,611	
Operating Expenses	$19,193	$19,193	Limited opportunity to reduce operating expenses at $320 pum.
Replacement Reserve	$901	$901	Replacement reserve deposits would be required until a $10,000 balance was achieved.
Debt Service	$16,139	$16,139	
Net Cash	$8,378	$8,378	
% Return on Equity (% of Original Equity Investment)	10% based on equity investment of $50,000 which is 5% of TDC.	Negotiated increase to a level of $7,165. Equity return would be indexed yearly by the CPI.	
Cash Return on equity	$5,000	$7,165	First year return shown - indexed yearly based on CPI.
Account Balances	Balances as of 12/31/92	Balances after re-financing transaction	
PCE	$2,206	$0	
Operating Cash	$4,780	$4,780	Agency interested in pursuing energy improvements in cooperation with owner.
Replacement Reserve	$6,175	$6,175	

Note: This table presented for policy discussion only - the proposals made are hypothetical at this stage.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management

DATE: February 11, 1993

RE: LOW INCOME HOUSING TAX CREDIT COMPLIANCE MONITORING

Following last month's Board meeting, staff continued investigating the monitoring options and issues that were presented to you at that time. We have met with SPECTRUM and discussed their proposed five year contract to perform Vermont's tax credit monitoring. As a result of this meeting, we asked SPECTRUM to resubmit their contract proposal for a one year term. The proposed cost for monitoring all projects that have been placed in service as of December 31, 1992 is $14,935. Housing Vermont has been alerted to our consideration of SPECTRUM's possible role as Authorized Delegate and has indicated, based on SPECTRUM's track record, reputation and its proposal, a strong confidence in its ability to conduct an effective tax credit monitoring program.

The advantage in going with SPECTRUM at this time is that it can implement a quality monitoring system almost immediately. It is well known and respected by many of Vermont's LIHTC owners and managers and can offer a well developed educational component that is an important element in assuring that owners understand the complicated tax credit regulations under Section 42 of the IRS code. A one year contract also leaves VHFA's options for the future open and allows us to develop our own expertise in this area by observing their method and approach to monitoring.

Based on the contract amount of $14,935, we believe that a fee of $1/month per tax credit unit should be uniformly assessed to all projects that have placed units in service as of December 31, 1992. VHFA will cover the difference between the resulting fee income and SPECTRUM's proposed first year cost of monitoring ($3,745). VHFA's coverage of the balance of costs are appropriate since we opted for a one year contract rather than a less expensive longer term commitment. While the prospect of monitoring fees will be objectionable to Pre '90 owners, SPECTRUM's monitoring efforts will afford them a quality program that can help avoid the financial consequences of noncompliance and recapture.

RECOMMENDED BOARD ACTION:

Staff recommends that the Board authorize the Executive Director to enter into a one year contract with SPECTRUM, Inc. to provide LIHTC compliance monitoring as our Authorized Delegate. The State Allocation Plan will be revised by June 30, 1993 to include our final fee structure and the VHFA Compliance Manual detailing SPECTRUM's relationship as our agent.

LIHTC TAX CREDIT MONITORING FEE ANALYSIS
OF ALL PROJECTS PLACED IN SERVICE AS OF 12/31/92

	# LIHTC UNITS	*** SPECTRUM PROPOSED FEES	# of PRE '90 UNITS	# of POST '90 UNITS	# of VHFA UNITS	# of HVT UNITS
HIGHGATE	87	1305		87	87	87
HOOPER BARRE	21	360	21			
BRADFORD PLACE	4	120	4			
HEINEBERG	42	480	42		42	42
NORTH STREET '87	4	120	4			
NORTH STREET '90	6	120		6		
NORTHGATE	163	2445	163		163	163
SALMON RUN	36	480	36		36	36
SOUTH MEADOW	30	360	30		30	
PLEASANT BROOK	22	360		22		
WINCHESTER	108	1620	108		108	108
ENOSBURG/MERCHAN	24	360	24			
MIDDLEBURY COMMO	54	810	54			
PINE MEADOW	24	360		24	24	24
MEADOW LANE	20	240	20		20	
CUMMINGS STEET	20	240	20		20	20
LANE SHOP	40	480	40		40	
MONTPELIER ELDER	29	360		29		
SHERLOCK HOMES	2	120		2		
RANDOLPH HOUSE	46	600	46		46	46
MOUNTAIN VIEW	51	765		51		51
EAGLEWOOD APTS	24	320		24		
ST JOHNSBURY	22	320	22		22	22
A FRAME	1	120		1		
TRICOR VILLAGE	16	240	16		16	
WILLIAMSTOWN	15	240		15		
WHITNEY HILL	28	360	28		28	28
ARMORY SQUARE	74	1110		74		
GENEST BLDG	10	120		10		
TOTALS	1,023	$14,935	678	345	682	627

FEES FROM PRE '90 $7,710
FEES FROM POST '90 $7,225

FEES	FOR ALL	FOR POST '90
@$1.5/unit	$18,414	$6,210
@$2/unit	$24,552	$8,280

*** Based on fees proposed in one year contract, page 3

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator and Irene D. Jenkins, Director of Development PAC

DATE: February 11, 1993

RE: Recommendation for Programs to Use Series 4 Bond Proceeds

Last month staff updated the Board on programs under consideration to utilize approximately $8.0 million in funds available from Series 4 bonds. Our targets for these funds would be a statewide home improvement/rehabilitation loan program and other types of financing for needs that are not currently met by VHFA and conventional lenders. We were also considering options that would deliver these funds quickly because of the cost of the funds (estimated at $1,000 in negative arbitrage per day). (The approximate net yield on the bonds is 6.5% -- the rate on the investment contract is 3.6%).

The following is a review of those programs and our recommendations.

<u>Using up to $500,000 to fund the Rural Vermont Mortgage Program.</u> The Rural Vermont Mortgage Program is VHFA's participation program with the Farmers Home Administration. This program is currently without funding and was funded previously with loan prepayments from bonds issued in 1977. FmHA has indicated they would like to continue this program. A preliminary evaluation of this program indicates that 98 (or 81%) of the 121 loans funded as of 1/5/93 were made in Chittenden, Franklin, Washington and Windsor counties. We would like to see greater use of these funds in Addison, Bennington, Caledonia, Rutland and Windham counties. The average income served in 1992 through the Rural Vermont Mortgage Program was $24,233 compared to the average income served through MOVE of $27,725 and through HOUSE of $24,835. The average purchase price of homes financed through the Rural Vermont Mortgage Program in 1992 was $83,434 compared to $67,603 for MOVE and $75,541 for HOUSE.

> **Recommendation:** Staff recommends that we renegotiate our contract with the Farmers Home Administration to continue the Rural Vermont Mortgage Program using $500,000 of Series 4 funds. A goal of the program will be for greater statewide utilization by the Farmers Home Administration.

Purchasing loans from Lender portfolios which they would reinvest in home improvement and refinance/rehabilitation loans. VHFA could purchase loans from lender portfolios similar to what we did in the "Sugar Mae" initiative, only without the involvement of FannieMae. Lenders would agree to reinvest 100% of the proceeds in home improvement/rehabilitation mortgages and special needs financing. This was our favored option because lenders would have greater flexibility on loans originated with reinvested funds than if the loans were originated for purchase by VHFA and since we would be purchasing portfolio loans, they could be purchased within several months.

We discussed this option with 14 lenders. The Chittenden Bank is the only lender indicating an interest in participating that also has fixed rate loans meeting the criteria established. Most of the other lenders surveyed indicated that most of their fixed rate loans were either swapped for securities or sold for cash. Chittenden currently originates fixed rate mortgages for their portfolio under an affordable housing program they call "CARE A" and have indicated that they may have $3.0-$5.0 million in mortgages meeting the criteria established. These mortgages are at interest rates that exceed 9.5%.

> **Recommendation:** Staff has concerns about the ability of one lender to deliver a statewide program and would need assurance from the Chittenden Bank that they have that ability. We are also concerned that all of the loans purchased would be at rates approximately 200 basis points above market and they will probably prepay within a very short time period. It will be difficult to determine a fair price for these loans that is agreeable to Chittenden Bank and VHFA because our prepayment experience is substantially above national averages. We still need to have further discussions with the Chittenden Bank and if they continue to be interested, and we feel a statewide program would be workable, need to obtain information on the portfolio of loans they wish to sell.

Purchasing Home Improvement Loans originated by Participating Lenders. VHFA has asked VHMGB to consider going to the Legislature for the authority to insure second mortgage home improvement loans. We are also looking into the feasibility of reintroducing the HUD Title I Home Improvement Insurance Loan program to the state.

> **Recommendation:** Staff recommends that we set aside $1.0 million to fund a pilot home improvement second mortgage loan program. In addition to a source of mortgage insurance, we would also need to develop a delivery system for these loans and technical assistance for homeowners. Bond documents require that any program for home improvement second mortgages be approved by the rating agencies. It is unknown exactly what requirements they would place on a home improvement loan program.

An Energy Efficient Mortgage Program. This program could allow homeowners to refinance and rehabilitate their homes to an energy efficient level of 4 STARS and could also finance the acquisition and improvement of homes to a 4 STAR level. We could also serve non first-time home buyers and allow improvements not energy related as well. Because borrowers do not have to be first-time home buyers, we could allocate funds to those counties designated as "under-served" by VHFA because of the first-time home buyer requirement. There is concern that the purchase/rehabilitation component of this program would compete with MOVE, and it could take from nine months to one year to purchase all loans. Also, because of the various different components of this program (refinances and purchases), we would have to develop a new procedural guide for lenders, which would take several months to complete and implement.

Recommendation: It is felt by staff that the best way to reach non-first-time home buyers in a more straightforward way who cannot be served currently by VHFA or conventional lenders is to use some of the Series 4 funds to include a special limited feature to the MOVE Program which would waive the first-time home buyer requirement in the five counties with this requirement (Addison, Bennington, Chittenden, Grand Isle and Windsor). All of the first-time home buyer counties are underserved by VHFA with the exception of Chittenden County. We anticipate that we would set-aside funds (for at least the first 90 days), to assure that funds will be available in the other four counties and not be completely absorbed by Chittenden County home buyers.

We also recommend that the interest rate be adjusted on up to $5.0 million of these funds currently at 7.45% to the same level as will be available in the MOVE program starting March 1, 1993 (6.95% year one, 7.95% year two through 30, 2 point origination fee and 7.25% year one, 8.25% year two through 30, no point option).

We also recommend that the additional earnings from adjusting the interest rate upward on the Series 4 funds be used to buy down additional funding for the HOUSE Program -- Homeownership Opportunities Using Shared Equity. We presently have $2.7 million that has not been reserved for home buyers and because MRBs have sunset we currently do not have the ability to sell additional bonds to refund this program.

Summary of Recommendations:

- Up to $500,000 in funding for the Rural Vermont Mortgage Program;

- $1.0 million for a home improvement second mortgage pilot program;

- Up to $2.0 million in additional funding for the HOUSE Program (the exact amount would be determined by the subsidy available from increasing the rate on the portion of funds targeted for non-first-time home buyers);

- Purchase up to $2.0 million in eligible loans from the Chittenden Bank which they would reinvest in special targeted programs;

- $2.5 million for a special feature to the MOVE program for non-first-time home buyers. NOTE: If purchasing loans from the Chittenden Bank is determined to be infeasible by VHFA or the Chittenden, up to $4.5 million would be available for non-first-time home buyers.

ACTION REQUESTED BY THE BOARD

Staff requests approval of the attached Resolution for the Series 4 Bonds authorizing staff to:

- Execute a Memorandum of Understanding and contracts with the Farmers Home Administration to commit up to $500,000 to continue the Rural Vermont Mortgage Program with a goal of increased statewide utilization by FmHA;

- Continue exploring the feasibility of purchasing up to $2.0 million in eligible mortgages from the Chittenden Bank. Chittenden Bank would agree to reinvest funds in programs to serve groups not currently served by VHFA or by conventional lenders;

- Commit up to $4.5 million ($2.5 million if option to purchase $2.0 million in loans from the Chittenden Bank is found to be feasible) to introduce a special feature to the MOVE Program offering the same loan terms to non-first-time home buyers. For the first 90 days, funds would be set aside for under-served counties;

- Set-aside up to $1.0 million in funds for the development of the Second Mortgage Home Improvement Pilot Program;

- Commit $2.0 million in additional funding for the HOUSE Program. The final amount would be determined by the amount of subsidy to buy down the rate to the current interest rate in that program (5.95% year one, 6.45% year two, 6.95% year three, 7.45% years four through thirty).

RESOLUTION REGARDING USE OF
SERIES 4 BOND PROCEEDS

WHEREAS, in August, 1992 Vermont Housing Finance Agency (the "Agency") refunded certain tax-exempt bonds through an issue of bonds known as the Series 4 Bonds (the "Bonds"); and

WHEREAS, the Agency has available to it approximately $8 million from the proceeds of the refunding; and

WHEREAS, Agency staff has studied the possible uses of the bond proceeds and has made recommendations to the Board;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Board accepts and adopts the recommendations of staff with respect to possible uses of the available proceeds of the Series 4 Bonds, namely:

A. To utilize up to $500,000 for funding of the Rural Vermont Mortgage Program in conjunction with the Farmers Home Administration ("FmHA"), with a goal of increasing statewide utilization by FmHA;

B. To continue exploring the feasibility of purchasing up to $2.0 million in eligible mortgages from the Chittenden Bank with the reinvestment of the funds secured from the sale of mortgages to the Agency to be used in programs that would serve groups of low- and moderate-income Vermonters not currently served by the Agency or conventional lenders;

C. To commit a maximum of $4.5 million (with a dollar-for-dollar reduction for the amount of loans that are able to be purchased from the Chittenden Bank pursuant to the preceding paragraph) to introduce a special feature to the Agency's MOVE program offering the same loan terms to non-first-time home buyers, with the funds set aside for counties that are under-served by the MOVE program for a period of 90 days;

D. To set aside up to $1.0 million in funds for the development of a Second Mortgage Home Improvement Pilot Program, subject to the requirements of Section 303 of the Agency's Fifth Supplemental Single Family Housing Bond Resolution that the Agency provide the Trustee with evidence to the effect that such use will not adversely affect the ratings assigned to the Bonds by any nationally recognized credit rating agency; and

E. To commit up to $2.0 million in additional funding for the Agency's Home Ownership Through Shared Equity (HOUSE) program, with the final amount determined by the amount of subsidy provided by adjusting the interest rate on mortgage loans to be made with proceeds of the Bonds to the same level as will be available through the MOVE program on or about March 1, 1993 and used to reduce the interest rate on HOUSE loans to the current interest rate for the HOUSE program (5.95% per annum in year one, 6.45% per annum in year two, 6.95% per annum in year three and 7.45% per annum in years four through thirty).

2. The Executive Director is authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the programs contemplated by this Resolution including, but not limited to, the execution of a Memorandum of Understanding and contracts with the Farmers Home Administration in form satisfactory to the Executive Director to commit up to $500,000 to the Rural Vermont Mortgage Program.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Pat Development Coordinator and Irene D. Jenkins, Director of Development

DATE: February 18, 1993

RE: The HOUSE Program

The HOUSE (Homeownership Opportunities Using Shared Equity) Program is currently funded entirely with Series 4 bond funds issued prior to 1980. The mortgages made with these funds are not subject to many of the restrictions placed on mortgages made with bonds sold after 1980. One restriction not applicable is the first-time home buyer requirement.

VHFA currently restricts HOUSE financing in Addison, Bennington, Chittenden, Grand Isle and Windsor counties to first-time home buyers. Staff recommends that we waive the first-time home buyer requirement for all HOUSE mortgages purchased with Series 4 bond funds. We presently have $2.7 million available, and if recommendations made in our February 11, 1993 memo are approved, an additional $2.0 million would be available for HOUSE mortgages. This change may allow single parent households headed by a previous homeowner access to VHFA's low interest rate, flexible, HOUSE financing.

ACTION REQUESTED BY THE BOARD

Approval to waive the first-time home buyer requirement for all HOUSE mortgages funded with Series 4 bonds.

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VERMONT HOUSING FINANCE AGENCY

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **FEBRUARY 10, 1993**

RE: **EVENSEN DODGE FINANCIAL STUDY REPORT**

You will be receiving by separate mail a copy of the Evensen Dodge Financial Study and Fund Balance Analysis (Phase One). Al Hans and Dick Parker of Evensen Dodge will be at the Board meeting and will further elaborate on the report. They have asked for 30-40 minutes for their presentation which will include a visual exhibition and allow time for questions.

Based on increasing questions from the Governor's office and from the Legislature regarding the finances of VHFA, this report should serve a very useful purpose.

RECOMMENDED ACTION

Acceptance of the Financial Study and Fund Balance Analysis (Phase One), as presented.

EQUAL HOUSING OPPORTUNITY

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **FEBRUARY 11, 1993**

RE: **MULTI-FAMILY RECYCLE PROGRAM**

We have had many discussions about this program over the past year. The Board has approved a program which committed a $6 million pool of funds that is being used to fund small multi-family projects at a rate of approximately 8%, with a 30 year loan amortization and a 25 year maturity. The pool of funds has been generated from older Section 8 developments that have prepaid their mortgages. At this Board meeting, Sam Falzone will be explaining a strategy that would help curb continuing payoffs. Evensen Dodge's presentation will touch on some of the financial issues and implications of continued prepayments and recycling of those prepayments into new mortgage loans.

Attached to this memo is a schedule which shows the financial impact of an assumed *additional* pool of $6 million in collected prepayments recycled into new mortgage loans. This would bring the total pool of recycled mortgages to $12 million and represent approximately one-third of the outstanding portfolio. The credit quality of the recycled mortgages is not as strong as the original mortgages made under this Resolution, mostly due to the full term Section 8 subsidies associated with the original mortgages. One of the more difficult issues in this scenario is that even though VHFA would earn an additional $4.4 million over the life of the new mortgage pool, the attached schedule shows that there will be approximately $1.4 million less available between the years of 1996-2010. We are hopeful that the Evensen Dodge financial study will indicate some methods to supplement the reduced earnings in the years where the draws from this program are diminished.

In summary, the attached analysis indicates that even with an additional $6 million of prepayments recycled into new mortgage loans the cash flow schedule still "works".

RECOMMENDED ACTION

Approve the conversion of additional prepayments collected into new recycled loans in an amount not exceeding $6 million, continue to pursue preservation agreements and extended lockout terms for existing projects and seek to restore the reduced Agency draw in the affected years.

COMPARATIVE CASH FLOW SCHEDULE
MULTI-FAMILY HOWARD PROGRAM
FOR THE YEARS 1992-2021

ADDL $6MM RECYCLE POOL 30 YEAR AMORT-25 YR TERM

DATE	AGENCY DRAW	RESIDUAL BALANCE	ANNUAL DRAW DIFFERENCE
Feb-92	$460,000	$977,000	0
Feb-93	460,000	739,000	0
Feb-94	460,000	496,000	0
Feb-95	460,000	227,000	0
Feb-96	438,000	0	(22,000)
Feb-97	197,000	0	(263,000)
Feb-98	126,000	0	(277,000)
Feb-99	204,000	0	(75,000)
Feb-00	211,000	0	(74,000)
Feb-01	194,000	0	(65,000)
Feb-02	186,000	0	(75,000)
Feb-03	162,000	0	(75,000)
Feb-04	244,000	0	(74,000)
Feb-05	95,000	0	(62,000)
Feb-06	50,000	0	(61,000)
Feb-07	26,000	0	(62,000)
Feb-08	7,000	0	(62,000)
Feb-09	18,000	0	(61,000)
Feb-10	389,000	0	(61,000)
Feb-11	221,000	0	146,500
Feb-12	460,000	178,000	366,000
Feb-13	460,000	841,000	0
Feb-14	460,000	1,532,000	0
Feb-15	460,000	2,233,000	0
Feb-16	460,000	2,952,000	0
Feb-17	460,000	8,118,000	0
Feb-18	455,000	8,128,000	0
Feb-19	460,000	8,278,000	0
Feb-20	460,000	8,258,000	0
Feb-21	9,012,000	0	5,248,000
	$17,755,000		4,391,500

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **FEBRUARY 11, 1993**

RE: **BUDGET PERFORMANCE REPORT**

Attached is the budget performance report for the period ended December 31, 1992 representing the first six months of the fiscal year ending June 30, 1993.

OPERATING RESULTS. All major category areas are in the expected ranges for the six months ended December 31st. Seasonal timing explains most variations. Fund balance transfers scheduled for the first quarter of 1993 should bring transfers into line and consulting fees and subsidy expenses will increase dramatically during the balance of the year.

CAPITAL BUDGET. Expenditures of $140,000 have been recognized through the end of December representing 32.8% of the approved capital budget of $427,000. We are hopeful of coming in under the total projected cost for the new computer system.

If you have any questions relative to the budget performance report, feel free to contact me at your convenience, or bring your questions to the Board meeting.

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BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
DECEMBER 31, 1992

	CURRENT APPROVED BUDGET	ACTUAL YR TO DATE DEC 31, 1992	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	395,350	231,664	58.60%
MULTI-FAMILY FEES	115,000	9,350	8.13%
PROJECT ADMIN FEES	116,000	58,268	50.23%
INTEREST INCOME	380,000	227,835	59.96%
MISCELLANEOUS	113,300	70,689	62.39%
TOTAL INCOME	1,119,650	597,806	53.39%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	(80,000)	(100,812)	126.02%
SHAWMUT MTG PURCHASE	100,000	50,000	50.00%
HOWARD MTG PURCHASE	1,250,000	500,000	40.00%
HOWARD HOME MTG PURCH	350,000	91,133	26.04%
HOWARD MULTI-FAMILY	430,000	220,000	51.16%
CONN NATL MULTI-FAMILY	150,000	66,075	44.05%
HOUSING DEVELOP BDS-MF	10,000	10,000	100.00%
DIRECT PLACEMENT BONDS	40,000	35,500	88.75%
TOTAL TRANSFERS	2,250,000	871,896	38.75%
TOTAL INC & TFRS	3,369,650	1,469,702	43.62%
EXPENSES			
ADVERTISING & PROMOTION	36,300	8,995	24.78%
AUDIT	29,000	27,200	93.79%
ANNUAL REPORT	12,500	1,707	13.66%
COMMISSIONERS EXPENSES	4,000	1,035	25.87%
CONSULTING FEES	113,500	17,171	15.13%
DUES & SUBSCRIPTIONS	32,500	13,532	41.64%
INSURANCE	176,800	82,593	46.72%
INTEREST EXPENSE	170,000	105,926	62.31%
LEGAL	60,000	15,399	25.66%
MISCELLANEOUS	6,500	4,566	70.25%
OFFICE EXPENSES	30,000	13,507	45.02%
PENSION PLAN	120,000	56,907	47.42%
POSTAGE	21,000	9,207	43.84%
RENT	114,800	55,380	48.24%
REPAIRS & MAINTENANCE	38,000	24,165	63.59%
SALARIES & WAGES	1,341,133	663,706	49.49%
STAFF TRAVEL & TRAINING	90,350	26,390	29.21%
SUBSIDY-HVT, ERH, ETC.	139,000	23,630	17.00%
TAXES-PAYROLL	99,600	46,825	47.01%
TELEPHONE	33,000	17,742	53.76%
TRUSTEE & CREDIT FEES	255,000	149,705	58.71%
DEPRECIATION	115,000	43,223	37.59%
TOTAL EXPENSES	3,037,983	1,408,511	46.36%
SURPLUS (DEFICIT)	331,667	61,191	18.45%

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VERMONT HOUSING FINANCE AGENCY

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: FEBRUARY 10, 1993

RE: SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Attached to this memo is a resolution drafted by Palmer & Dodge entitled "Seventh Supplemental Single Family Housing Bond Resolution." This document gives us the authority to replace cash of $1,008,500 (which was contributed to the Series 4 Bond issue to provide coverage for future potential loan losses) with a Letter of Credit from Sanwa Bank. Under the current Bond Resolution our method of covering loan losses has been to secure a letter of credit necessary to meet rating agency criteria. Due to the short time frame between the decision to refund the 1978-1980 bonds and the issuance of new bonds (Series 4) it was not possible to secure approval from Sanwa Bank to have the Letter of Credit approved by Tokyo. The $1 million that will be freed up by the issuance of the Letter of Credit will become part of the pool that is contemplated to be used for a construction loan program and ultimately for a subsidy contribution to operations. The cost for the Letter of Credit will be approximately $5,500.00 per year.

I will be bringing to the Board meeting a copy of the reimbursement agreement from Sanwa which is referenced in the Seventh Supplemental Resolution. The reimbursement agreement is substantially the same form as you have seen in prior bond financings.

RECOMMENDED ACTION

Approval of the attached Supplemental Resolution by means of the suggested form of vote as drafted by Bob Hale of Palmer & Dodge which approves the delivery of the Letter of Credit.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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Vermont Housing Finance Agency

February 18, 1993

Proposed Vote

Voted: That the Seventh Supplemental Single Family Housing Bond Resolution, in substantially the form presented at this meeting, is hereby adopted with such additions, deletions or other changes thereto as may be approved by the Chairman, Vice Chairman, Executive Director, Deputy Director or Director of Finance at or prior to the delivery of the Series 4 Loan Loss Letter of Credit described in said resolution.

Draft 1\20\93

VERMONT HOUSING FINANCE AGENCY

SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION

Adopted January 21, 1993

Draft 1\20\93

SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Whereas, on July 23, 1992, the Vermont Housing Finance Agency (the "Agency") adopted its Fifth Supplemental Single Family Housing Bond Resolution (the "Fifth Supplemental Resolution") pertaining to the Agency's $55,000,000 Single Family Housing Bonds, Series 4 (the "Series 4 Bonds"); and

Whereas, Section 305 of the Fifth Supplemental Resolution authorizes the Agency to withdraw all or any part of the moneys on deposit in the Series 4 Loan Loss Claim Fund upon delivery to the Trustee of a Reserve Deposit to be held for the credit of the Series 4 Loan Loss Claim Fund; and

Whereas, Section 305(F) of the Fifth Supplemental Resolution further provides that the Agency shall adopt a Supplemental Resolution setting forth the terms and conditions under which such Reserve Deposit is held for the account of the Series 4 Loan Loss Claim Fund.

Now, Therefore, Be It Resolved by the Vermont Housing Finance Agency, and the Commissioners thereof, as follows:

Section 101. Short Title. This resolution is hereinafter sometimes referred to as the "Seventh Supplemental Resolution."

Section 102. Definitions. Except as provided in Section 103 of this Seventh Supplemental Resolution, all terms used herein shall have the same meanings as are given such terms in the Recitals hereto, in Section 101 of the Resolution and in Section 102 of the Fifth Supplemental Resolution.

Section 103. Amendment of Section 102 of Fifth Supplemental Resolution. Section 103 of the Fifth Supplemental Resolution is hereby amended by the addition thereto of the following definitions:

"Bank" means The Sanwa Bank Limited, and any successor thereto under the Loan Loss Letter of Credit or the Contingency Account Letter of Credit.

"Funded Loan Loss Claim Fund Requirement" means, at any date of computation, an amount equal to the Series 4 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 4 Loan Loss Claim Fund.

"Loan Loss Claim Fund Deposits" means (x) the Series 4 Loan Loss Letter of Credit, (y) any extension of the Loan Loss Letter of Credit or (z) any one or more of the following to the extent its deposit in the Series 4 Loan Loss Claim Fund will not adversely affect the then current ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 4 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"Series 4 Loan Loss Letter of Credit" means the irrevocable letter of credit issued by the Bank pursuant to the Series 4 Reimbursement Agreement to be held for the credit of the Series 4 Loan Loss Claim Fund and any extension thereof or substitute letter of credit therefor issued by the Bank in accordance with the Series 4 Reimbursement Agreement and deposited with the Trustee pursuant to Section 104 hereof.

"Series 4 Reimbursement Agreement" means the Reimbursement Agreement relating to the Series 4 Loan Loss Letter of Credit dated as of February 1, 1993 between the Agency and the Bank, as amended from time to time in accordance therewith.

<u>Section 104</u>. <u>Authority</u>. This Seventh Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701 of the Resolution and Section 305(F) of the Fifth Supplemental Resolution.

<u>Section 105</u>. <u>Deposit of Series 4 Loan Loss Letter of Credit</u>. At any time after the adoption of this Seventh Supplemental Resolution, the Agency may deliver to the Trustee the Series 4 Loan Loss Letter of Credit, in an aggregate stated amount equal to the Series 4 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 4 Loan Loss Claim Fund as provided in Section 305 of the Fifth Supplemental Resolution as amended by Section 106 hereof and, upon such delivery, the Trustee shall pay to the Agency the entire amount on deposit in the Series 4 Loan Loss Claim Fund.

<u>Section 106</u>. <u>Amendment of Section 305 of the Fifth Supplemental Resolution</u>. Section 305 of the Fifth Supplemental Resolution is hereby amended in its entirety to read as follows:

"<u>Section 305</u>. <u>Application of Series 4 Loan Loss Claim Fund</u>. (A) The Trustee shall deposit in the Series 4 Loan Loss Claim Fund (i) all amounts drawn on the Series 4 Loan Loss Letter of Credit in accordance with this Section 305, (ii) any amount deposited therein from the Revenue Fund pursuant to Section 308 of this Fifth Supplemental Resolution, (iii) all interest and other earnings on investment or deposit of amounts on deposit in the Series 4 Loan Loss Claim Fund and (iv) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 4 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 4 Loan Loss Letter of Credit, shall be used solely for the purposes provided in Paragraphs (B) and (C) of this Section 305.

(B) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 4 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 4 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(C) Notwithstanding anything in the Resolution to the contrary, in connection with purchase or redemption of any Bonds Outstanding pursuant to Section 509(C) of the Resolution the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund and the Series 4 Loan Loss Claim Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption. To the extent that the amount on deposit and available therefor in all such Funds and Accounts, after consideration of amounts, if any, deposited in the Revenue Fund pursuant to the foregoing sentence of this Paragraph (C) and any similar provision of any Supplemental Resolution heretofore or hereafter adopted, is insufficient to pay the Principal Amount of any Bonds to be purchased or redeemed as hereinabove provided, the Trustee shall give notice to the Bank and shall draw the amount of the deficiency from the Series 4 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 304(B) hereof the amount on deposit in the Series 4 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 4 Loan Loss Letter of Credit, shall be not less than the Series 4 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 4 Loan Loss Claim Fund in accordance with this Paragraph (C) shall be deposited in the Revenue Fund and shall be applied to the redemption of Bonds as contemplated by Section 304(B) hereof.

(D) Withdrawals from the Series 4 Loan Loss Claim Fund pursuant to Paragraphs (B) or (C) of this Section 305 shall be made by the Trustee, <u>first</u>, from cash and Investment Obligations, if any, on deposit in the Series 4 Loan Loss Claim Fund and <u>second</u>, from amounts drawn on the Series 4 Loan Loss Letter of Credit or, if applicable, any substitute Loan Loss Claim Fund Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 4 Loan Loss Claim Fund is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 4 Loan Loss Claim Fund not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 4 Loan Loss Letter of Credit (or, if applicable, any substitute Loan Loss Claim Fund Deposit) the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 4 Loan Loss Letter of Credit.

(E) Notwithstanding the foregoing provisions of this Section 305, nothing in the Resolution or this Fifth Supplemental Resolution shall obligate the Agency to deposit in the Series 4 Loan Loss Claim Fund an amount which would cause the balance in the Series 4 Loan Loss Claim Fund, after application of amounts therein to Loan Loss Claim Fund Withdrawals notice of which has theretofore been received by the Trustee, to exceed the Series 4 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate original principal amount of all Loans purchased or made under the Resolution from amounts on deposit in the Series 4 Program Account plus (ii) the aggregate amount, if any, then held in the Series 4 Program Account which may be applied to the purchase of such Loans, plus (iii) the aggregate unpaid principal amounts (calculated at the date of authentication and delivery of the Series 4 Bonds) of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, or (y) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(F) Subject to Paragraph (G) of this Section 302, if at any time the amount of cash and Investment Obligations on deposit in the Series 4 Loan Loss Claim Fund exceeds the Series 4 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit it in the Revenue Fund.

(G) If at any time (i) the amount of cash and Investment Obligations in the Series 4 Loan Loss Claim Fund exceeds the Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 4 Loan Loss Letter of Credit exceeds the Series 4 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Bank of a reduction in the stated amount of the Series 4 Loan Loss Letter of Credit in accordance with the Series 4 Reimbursement Agreement; provided that if any such excess has resulted from a decrease in the Series 4 Loan Loss Claim Fund Requirement other than through operation of Section 303(F) of the Third Supplemental Resolution or due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 305, the direction of the

Agency shall be accompanied by letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the reduction of the Series 4 Loan Loss Letter of Credit will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(H) If the Trustee shall receive a notice from the Bank pursuant to the Series 4 Reimbursement Agreement to the effect that an Event of Default has occurred and is continuing under the Series 4 Reimbursement Agreement and the Bank has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 4 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 4 Loan Loss Letter of Credit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 4 Loan Loss Claim Fund.

(I) Not less than five (5) Business Days prior to the date of expiration of the Series 4 Loan Loss Letter of Credit, and not less than five (5) Business Days prior to the expiration date of any substitute Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 4 Loan Loss Letter of Credit or a new substitute Loan Loss Claim Fund Deposit in either case in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 4 Loan Loss Claim Fund Requirement calculated at such date less the aggregate amount of cash and Investment Obligations, if any, on deposit in the Series 4 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 4 Loan Loss Letter of Credit or such expiring substitute Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 4 Loan Loss Letter of Credit or substitute Loan Loss Claim Fund Deposit with the Trustee, not less than three (3) Business Days prior to the expiration date of the Series 4 Loan Loss Letter of Credit or, if applicable, the substitute Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 4 Loan Loss Letter of Credit or such substitute Loan Loss Claim Fund Deposit and deposit in the Series 4 Loan Loss Claim Fund an amount sufficient to cause the Funded Loan Loss Claim Fund Requirement to equal the Series 4 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 4 Loan Loss Letter of Credit or such expiring substitute Loan Loss Claim Fund Deposit.

(J) Notwithstanding anything herein or in the Resolution to the contrary, the Series 4 Loan Loss Claim Fund Requirement shall be reduced to zero (0) if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 4 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys in the Series 4 Program Account during the period of insurance eligibility specified in such policy up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 4 Loan Loss Claim Fund requirement will not adversely affect the credit ratings then assigned to any Bonds Outstanding."

Section 107. Application of Certain Amounts in Revenue Fund. (A) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of any Series 4 Bonds Outstanding, after satisfying the requirements of Clauses (1) through (6), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 4 Bonds to the Series 4 Loan Loss Claim Fund to the extent the amount therein is less than the Series 4 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

Section 108. Reimbursement Agreement. The Series 4 Reimbursement Agreement is hereby approved in substantially the form presented to this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, Vice-Chairman, or any other Commissioner, Treasurer, Executive Director, Deputy Director or Director of Finance executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of their approval of all such changes, omissions, insertions and revisions. Each of said officers are, and each of them is, hereby authorized and directed to execute the Series 4 Reimbursement Agreement and to deliver the same to the Bank.

Section 109. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Deputy Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Seventh Supplemental Resolution, the Resolution and the Series 4 Reimbursement Agreement.

Section 110. Effective Date. Sections 105, 108 and 109 of this Seventh Supplemental Resolution shall take effect immediately. The remaining provisions of this Seventh Supplemental Resolution shall take effect upon the delivery to the Trustee of the Series 4 Loan Loss Letter of Credit in accordance with Section 105 hereof.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: February 10, 1993

RE: FDIC Takeover of First National Bank of Vermont

Naturally, the Agency is concerned with the effect of the FDIC takeover of the First National Bank of Vermont. As you know, on Friday, January 29, the Office of the Comptroller of the Currency made the decision to close the First National Bank of Vermont and appointed the FDIC as Receiver. The Receiver transferred some, but not all, of its assets and liabilities to a new national bank, the New First National Bank of Vermont (the "New Bank"). The Board of the New Bank is made up of five FDIC employees and Merrill Sherman, a lawyer from Rhode Island who was appointed President of the New Bank.

I spoke with Merrill Sherman to ascertain whether the new bank intended to continue originating and servicing VHFA loans and what effect the FDIC takeover would have on those operations. She told me that the change in banks should have no effect on those aspects of the bank's operations. She hoped to keep residential mortgages at the forefront of the bank's business. In addition, she also intends to sign the new Mortgage Loan Commitment and Application Agreement and Purchase and Servicing Contract that were sent to the bank in conjunction with the recent remarketing and conversion of bonds, as soon as they are reviewed by FDIC legal counsel. Finance Department staff reports that they have been receiving all payments and reports on a timely basis since the takeover.

ACTION REQUESTED: None

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: February 18, 1993

RE: "QUALIFIED HOUSING PROJECTS" in Waterbury, Hardwick and St. Johnsbury

Background:

Per 8 VSA Sec. 1108(b), banks can only invest in qualified housing projects, defined as "residential real estate in Vermont that is intended to primarily benefit lower income Vermonters throughout the period of investment, as determined by the board of commissioners of the Vermont housing finance agency." (emphasis added).

Housing Vermont has three partnerships that recently acquired rental property for the purpose of rehabilitating the units and creating a permanently affordable housing stock in the respective communities. The equity investors have not been admitted to the partnerships. Additional detail on the projects is as follows:

Owner	Total units	% Tax credit units
Waterbury Housing Limited Partnership	14	100%
Hardwick Housing Limited Partnership	7	100%
Caledonia Housing Limited Partnership	28	68%

All projects have received Low Income Housing Tax Credit Allocations and therefore have been reviewed by VHFA staff.

RECOMMENDED BOARD ACTION:
Adopt the attached resolution for Housing Vermont partnerships that are verified by Agency staff to be "qualified housing projects".

RESOLUTION REGARDING DETERMINATION
OF QUALIFIED HOUSING PROJECTS
PURSUANT TO 8 V.S.A. § 1108

WHEREAS, the Vermont Legislature has given the Vermont Housing Finance Agency ("VHFA") Board of Commissioners the duty of determining whether bank investments in residential real estate in Vermont are intended to primarily benefit lower income Vermonters throughout the period of the investment; and

WHEREAS, Housing Vermont has created a number of limited partnerships for affordable housing that banks have invested in through the Vermont Equity funds; and

WHEREAS, each of the developments owned by limited partnerships created by Housing Vermont to invest in affordable housing has received an allocation of low income housing tax credits from VHFA; and

WHEREAS, each such development has been reviewed by VHFA staff for the purposes of such allocation of low income housing tax credits and staff agrees with the characterization of each such development as a qualified housing project; and

WHEREAS, Housing Vermont has requested the VHFA Board of Commissioners to determine that each of the limited partnerships created by Housing Vermont that Vermont banks have heretofore invested in is a qualified housing project for purposes of 8 V.S.A. § 1108;

NOW, THEREFORE, the Board determines as follows:

The following partnerships have recently acquired rental property for rehabilitation of units and the creation of permanently affordable housing stock in the communities in which they are located. Each project, which has been allocated low income housing tax credits, but has not yet been placed in service, is a qualified housing project within the meaning of 8 V.S.A. § 1108 assuming they are placed in service in accordance with the projections and assumptions contained in the low income tax credit applications submitted to VHFA:

NAME OF PARTNERSHIP	**NUMBER OF UNITS**
Waterbury Housing Limited Partnership	14
Hardwick Housing Limited Partnership	7
Caledonia Housing Limited Partnership	28

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VERMONT HOUSING FINANCE AGENCY

March 8, 1993

Ms. Jean Gauthier
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, March 18, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director ASH

DATE: March 12, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, March 18, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Both Roger Schoenbeck and I will be unavailable for the Board meeting, due to separate scheduling conflicts. Please feel free to contact Jeff Francis should you have any questions prior to the meeting. Jeff looks forward to seeing you in Montpelier at 1:30 March 18!

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, March 18, 1993 at 1:30 p.m.

1. Review and approval of minutes of February 18, 1993

2. Review and approval of minutes of March 9, 1993

3. Administration
   - ⌂ Executive Director's Report **[Hunt//Enclosure]**
   - ⌂ Business Plan Update **[Francis//Enclosure]**

4. Operations
   - ⌂ MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**
   - ⌂ Energy Rated Homes of Vermont (ERH) Board Sustaining Member Appointment **[Lothrop//Enclosure]**

5. Development
   - ⌂ Fannie Mae Community Living Program **[Jenkins//Enclosure]**
   - ⌂ Depot II (Bethel) Resolution of Interest **[Jenkins/Roy//Enclosure]**
   - ⌂ Utilization of Multi-Family Recycle Program **[Jenkins/Roy//Enclosure]**

6. Legal
   - ⌂ Litigation Update **[Jarrett]**

7. Communications
   - ⌂ Home Buyer Fair **[Hope//Enclosure]**
   - ⌂ NCSHB Meeting (Woodstock, VT; July) **[Hope//Enclosure]**
   - ⌂ Legislative Update **[Hope]**

8. Other old or new business to come before the Board

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, February 18, 1993

PRESENT: Commissioners Shaw, Rockford (designee of Costle), Seelig (via speakerphone), Mullikin Drake (designee of McDougall), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mrs. Parker, Ms. Jenkins, Mr. Jarrett, Ms. Hope, Mr. Falzone, Ms. Crady, Mr. Koppelkam, Ms. Wilson, Ms. Santerre

Guests: Mr. Hans, Mr. Ward (Evensen-Dodge)

The meeting was called to order by the Chairman at 1:30 p.m. Upon a motion duly made by Mr. Rockford and seconded, the minutes of January 21, 1993 were unanimously accepted as written.

In his Executive Director's report, Mr. Hunt noted that 64 units have been sold or reserved at Officers' Row on Dalton Drive in Fort Ethan Allen, with only 13 units remaining. Sales of the perpetually affordable units have been slow, in part due to the second mortgage option available. Workshops on perpetual affordability have been held at Officers' Row. They will also have a booth at the Home Buyer Fair sponsored by the Agency, to be conducted March 6 at the Sheraton Conference Center in Burlington. Mr. Schoenbeck reported that of the loan due the Bank of Boston for rehabilitation of the 77 units at Officers' Row, $1 million has been paid; the remainder of the loan, $2 million, is due in April, and sales should be well along by the time the balance is due. According to Mr. Hunt, negotiations are continuing with the Brattleboro Area Community Land Trust to join with the Agency in pursuing the purchase of the Westgate Apartments in Brattleboro. A conference with the Department of Housing and Urban Development (HUD) is scheduled for later in the month to discuss the results of the capital needs assessment, which is HUD's analysis of what the project needs in terms of renovation or rehabilitation. On the national level, the National Council of State Housing Agencies (NCSHA) has reported that permanent extensions of Mortgage Revenue Bonds and Low Income Housing Tax Credits will be included in President Clinton's economic plan. However, the legislation to enable permanent extensions of these programs is not expected to be introduced until this spring, with legislative action not anticipated until sometime during the summer.

Turning to state issues, Mr. Hunt noted that the Senate Appropriations Committee asked for testimony from Ms. Mullikin Drake and Mr. Hunt regarding expropriating funds from the Vermont Home Mortgage Guarantee Board's reserves. It is expected that an amount not to exceed $150,000 will be requested from VHMGB for the State's FY93 budget; a substantially higher amount may be requested in FY94. Upcoming publicity for the Agency's new MOVE rates and zero points feature, effective March 1, will include a radio interview in Brattleboro and a television interview on WNNE in White River Junction. An aggressive advertising campaign is also underway to promote the March 6 Home Buyer Fair. A statewide advertising campaign to promote the affordability of MOVE funds will begin soon thereafter.

An update of recent MOVE activity was offered by Ms. Santerre, who reported that an additional 32 MOVE reservations had been received, and 12 loans were still available under the down payment assistance program. Activity has slowed some, perhaps because, having been notified of the stepped rate program which will be available in March, participating lenders are holding loans to reserve them at the new MOVE rate. Reservations for loans with down payment assistance have nearly exhausted the funds available.

Ms. Wilson distributed a report detailing the Agency's delinquencies, noting that the overall delinquency percentage has decreased, while there has been a slight increase in delinquencies of 90 days or more. According to Ms. Wilson, delinquencies traditionally increase at this time of year due to home heating costs and borrowers' outstanding holiday expenses, and then decrease in March or April, primarily due to income tax refunds. Some no down payment loans will be available for qualified borrowers who purchase properties to which the Agency has acquired title through foreclosure. One such property is currently under contract, an offer has been negotiated on another REO, and two other offers are under negotiation. Some pre-foreclosure sales have also been negotiated and completed. Mr. Shaw noted that the delinquency report still lists Bradford National Bank and Caledonia National Bank separately, although they were combined into the First National Bank, which has recently become the New First National Bank following the FDIC takeover. The separate listing for these banks, according to Ms. Wilson, is a result of the banks still servicing the loans individually; in order to avoid a consolidation of those loans in our database, the banks are listed separately. At this point, Mr. Jarrett reviewed his February 10 memo on "FDIC Takeover of First National Bank of Vermont" as included in the Board packet. Mr. Jarrett spoke with the president of the New First National Bank, who anticipates that their mortgage lending and servicing of Agency loans will not change as a result of the takeover. No Board action was required.

The "Prepayment/Preservation (Additional Information)" strategy was reviewed by Mr. Falzone, as further detail to his memo of February 11, included in the Board packet. Mr. Falzone noted that the objective is threefold: to secure full Housing Assistance Payment (HAP) contract term for Section 8 properties; secure Agency mortgages and thus maintain the quality of the Agency's multi-family portfolio; and secure options to purchase these properties, perhaps through nonprofits. An in-depth review of the tables attached to his memo was then provided by Mr. Falzone. A lengthy discussion followed, during which Mr. Hunt explained that the better-financed developers on earlier multi-family projects have the capacity to prepay their mortgages and discontinue their association with the Agency. A certain amount of flexibility is necessary during negotiations with owners in order to convince them to retain their mortgage loans through the Agency. Mr. Hunt further explained that the owners are paying taxes on cash they do not have access to, but by refinancing the property they would gain access to these funds. In response to a question posed by Mr. Seelig, Mr. Hunt pointed out that the amount of leeway would vary for each negotiation.

Before Board action was taken on the above matter, Mr. Schoenbeck referred the Board to his related memo of February 11 entitled "Multi-Family Recycle Program," included in the Board packet. This program was started in January of 1992, when the Board approved a program which committed a $6 million pool of funds to be used to finance small multi-family projects at a rate of approximately 8 percent, with a 30 year loan amortization and a 25 year maturity. This pool of funds has been generated from older Section 8 developments that have prepaid their mortgages. If these funds are recycled into new non-Section 8 programs, more than 50 percent of the Agency's multi-family portfolio would not have Section 8 subsidy. Currently, nearly 44 percent of the multi-family portfolio does not receive subsidies through the Section 8 program. Returning the discussion to the earlier memo from Mr. Falzone, a motion was made by Mr. Rockford to reaffirm the preservation options originally sanctioned by the Board in 1988, and further authorize the Executive Director to approve and sign negotiated Preservation Agreements with owners based on the incentive package options detailed in Mr. Falzone's memo of February 11, "Prepayment/Preservation (Additional Information)," with an amendment requiring the Executive Director to consult with the Chairman of the Board if an owner is requesting the withdrawal of more than 75 percent of the available cash out of a project entering into a preservation agreement; this motion was seconded and carried unanimously. Following this discussion, a motion was made by Mr. Rockford, and after being seconded it was unanimously agreed to table further discussion or action on Mr. Schoenbeck's memo of February 11 regarding the "Multi-Family Recycle Program" pending completion of the Evensen Dodge report. The Board also requested a report on the utilization of the $6 million pool of funds to date; this report is to be included in the March Board packet.

Next, Mr. Falzone led a review of the "Low Income Housing Tax Credit (LIHTC) Compliance Monitoring" system as proposed in his memo of February 11, included in the Board packet. A brief discussion followed, during which Mr. Falzone noted that the regulations regarding the tax credit compliance monitoring, as written, preclude and prohibit VHFA from accepting Housing Vermont's monitoring as sufficient to show compliance. It would also be substantially more costly to have an independent auditor perform the monitoring rather than SPECTRUM, Inc. A motion was then made by Mr. Myette authorizing the Executive Director to enter into a one year contract with SPECTRUM, Inc. as the Agency's authorized delegate to provide LIHTC compliance monitoring; this motion also included authorization for the Executive Director, at his discretion, to defer the collection of a fee from certain multi-family projects for this compliance monitoring. After being seconded, this motion carried unanimously.

The "Recommendation for Programs to Use Series 4 Bond Proceeds," as described in her memo of February 11, included in the Board packet, was reviewed by Ms. Crady. Following a brief discussion, Ms. Mullikin Drake made a motion, which was seconded and unanimously carried, that the "Resolution Regarding Use of Series 4 Bond Proceeds" be adopted as written and attached to these minutes.

Ms. Crady then distributed a memo regarding "The HOUSE Program." After reviewing this memo, Mr. Myette moved that the Board approve waiving the first-time home buyer requirement for all HOUSE mortgages funded with Series 4 Bonds. This motion was duly seconded, and carried unanimously.

The December 31, 1992 "Budget Performance Report" was reviewed by Mr. Schoenbeck, who commented that the anticipated costs of the new computer system should be $30-50,000 less than was budgeted, although this figure will not be final until the system is installed and the transition has been completed. No Board action was required.

Mr. Schoenbeck then reviewed the "Seventh Supplemental Single Family Housing Bond Resolution" as described in his memo of February 10, included in the Board packet. This Resolution would give the Agency the authority to replace cash of $1,008,500 which was contributed to the Series 4 Bond issue to provide coverage for future potential loan losses, with a Letter of Credit from Sanwa Bank. Mr. Rockford moved that the "Seventh Supplemental Single Family Housing Bond Resolution," in substantially the form presented at the meeting and as attached to these minutes, be adopted with such additions, deletions or other changes as may be approved by the Chairman, Vice Chairman, Executive Director, Deputy Director or Director of Finance at or prior to the delivery of the Series 4 Loan Loss Letter of Credit described in the resolution. This motion was seconded and carried unanimously.

Turning to litigation issues, Mr. Jarrett noted that in the continuing matter of the owner of several multi-family projects, the Court had granted a motion for summary judgment, dismissing the owner's counterclaim, but the owner's attorney had filed a motion for the Court to reconsider. No further Court action in this matter is anticipated for several weeks. The Court has also not yet held a hearing on the attorney's motion to withdraw from the case. Mr. Jarrett also noted that the Agency has the ability to bring foreclosure by power of judicial sale to the highest bidder on any or all of the properties involved, and also noted that several partners are interested in purchasing the properties, but there have been no negotiations regarding the conditions of sale as yet. Mr. Jarrett pointed out that a foreclosure action would take some time, perhaps as much as a year, and could have adverse tax consequences for the limited partners. It would also mean that the Agency would not have the advantage of having a judgment in the case that the Agency has been pursuing, but the evidence in that case has gotten stronger since the case was started. A motion was made by Mr. Seelig to authorize the Executive Director to bring foreclosure actions on any or all of the properties; this motion was seconded and carried unanimously.

Mr. Jarrett then distributed a memo on "Qualified Housing Projects in Waterbury, Hardwick and St. Johnsbury," including a proposed resolution to verify the status of these projects for three Housing Vermont partnerships. A motion was made by Ms. Mullikin Drake and seconded to adopt the "Resolution Regarding Determination of Qualified Housing Projects Pursuant to 8 V.S.A. §1108" as attached to these minutes. This motion carried unanimously.

Legislative issues of interest to the Agency were reviewed by Mr. Jarrett, who noted that lender liability for hazardous waste was being discussed by the Senate Finance Committee. There are currently two bills regarding lead paint, H.169 in the House and S.30 in the Senate. Mr. Francis, who has been representing the Agency at various meetings regarding lead paint concerns, reviewed the legislation introduced on this topic. Discussions in which Mr. Francis has been involved have centered on topics such as provisions for an interim standard of care, liability, licensing or certification for lead paint abatement, and comprehensive testing of children who may be at risk. Mr. Francis noted that there is little information on the actual risks of lead paint exposure, resulting in a need to determine the extent of the problem before appropriate measures to address this issue can be prescribed. However, in order for the state to qualify for further HUD funding, at minimum a certification program must be in place. Mr. Hunt acknowledged Mr. Francis' work on the lead paint issue. No Board action was necessary.

The Board noted receipt of Mr. Richards' letter of resignation from the Board. Mr. Hunt informed the Board that Judd Levy, owner of the Vermont Inn in Killington and the former head of public finance for Merrill Lynch Capital Markets in New York, is currently a member of Housing Vermont's Board, and has expressed an interest in an appointment to the Agency's Board of Commissioners.

Mr. Schoenbeck introduced the representatives of Evensen Dodge, Mr. Hans, Senior Vice President, and Mr. Ward, Vice President, who presented Phase I of their report on the Agency's financial status. Mr. Schoenbeck noted that Evensen Dodge has conducted similar financial analyses for housing finance agencies in states as diverse as Minnesota, Virginia, Tennessee, North Dakota and Texas.

Mr. Hans began the report by noting that it is important for the Agency to retain financial strength in order to maintain the ability to supply affordable housing programs. The Evensen Dodge study is in two phases, with the first phase providing a detailed analysis of the Agency's assets and bonds, showing the risk profile of those assets. The second phase will provide a detailed review of the risk of the Agency's assets based in part on cash flow forecasts as prepared by Trepp and Company. Evensen Dodge will review two such scenarios: the expected scenario and an economic stress scenario, which will deal with potential loan losses. According to Mr. Hans, representatives from Evensen Dodge will return in April to present the second and final phase of their study. Mr. Hans observed that the study appears to lead to the tentative conclusion that the Agency has aggressively and effectively used its assets to accomplish its mission; as for the Agency's fund balances, the risks may be slightly high, but the extent of the risk depends on the size and type of loans made. Mr. Hans also noted that some sizeable risks are necessary in order to provide affordable housing.

At this time, Mr. Myette expressed his regrets and stated that he was unable to stay for the remainder of the meeting. Ms. Joachim, Mr. Baker and Ms. Fleming, of the Finance department staff, joined the meeting for the Evensen Dodge presentation.

Continuing the report, Mr. Ward noted that based on the data collected, the next step is to formulate conclusions, which will be presented at the April Board meeting. Mr. Hans cited an example of an economic stress scenario, based on figures from the depression of the 1930's in which the foreclosure frequency would be 36 percent; the foreclosure costs would be 25 percent, with a market value decline of 28 percent. The Evensen Dodge report also listed five steps for the Board, and the Agency as a whole, to consider, bearing in mind that financial strength is advantageous to achieving the Agency's mission. The points to consider are: (1) should the Agency seek to maintain its current credit ratings; (2) should the Agency strive to obtain top tier status; (3) should the Agency take the necessary steps to avoid future downgrades of its bond ratings; (4) should the Agency continue to avoid calling upon the State's moral obligation pledge;

and (5) should the Agency maintain program flexibility. Whatever action the Board decides to take on any or all of these issues must focus on maximizing and creatively using the Agency's assets while continuing to provide affordable housing.

Once Mr. Hans and Mr. Ward had concluded the main part of their presentation, the Board discussed the overall report and began a preliminary discussion of the appropriate response to the five main points raised by Evensen Dodge. Ms. Mullikin Drake observed that achieving the top tier is out of the question, as the Agency's fund balances would need to increase by $17 million; the Agency also would not want to call on the State's moral obligation pledge; however, she noted that it is important to maintain the current credit ratings and avoid future downgrades, while maintaining program flexibility. Mr. Schoenbeck reminded the Board that the downgrade of Citicorp in 1992 had put the Agency's related bond issues on credit watch; while avoiding future downgrades should be high on the Agency's list of priorities, the Agency has not and may not in the future have control over downgrades or credit watches in certain situations. Mr. Schoenbeck also asked if self-servicing single family loans as a way to earn additional revenue would be addressed in the second phase of the study, but Mr. Hans responded that self-servicing is most often done just to provide the servicing where there is a lack of bankers or as a way to increase income, and the second phase of the study would not address this issue further. In further response to Mr. Schoenbeck's observation that it is more difficult to generate earnings now than it was a few years ago, Mr. Hans assured the Board that the second phase of the study would review the Agency's entire operation and will address what funds will be available over time. Mr. Hans also agreed with Mr. Shaw's suggestion that a preliminary letter be drafted from Evensen Dodge indicating that the Agency would benefit from having higher fund balances and more capital available to do a larger and better job of providing affordable housing, and should not risk lowering fund balances or losing capital in order to address state budget concerns. The Board also discussed the potential distribution of the Evensen Dodge report and without formal action concluded that either or both parts of the report could be distributed to any interested parties, although it would be necessary to note that Phase I is preliminary, and that conclusions will not be reached until Phase II has been completed, reviewed and accepted by the Board. No formal Board action was taken on the first phase of the study.

The next meeting was scheduled for Thursday, March 18, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:30 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION REGARDING USE OF SERIES 4 BOND PROCEEDS

WHEREAS, in August, 1992 Vermont Housing Finance Agency (the "Agency") refunded certain tax-exempt bonds through an issue of bonds known as the Series 4 Bonds (the "Bonds"); and

WHEREAS, the Agency has available to it approximately $8 million from the proceeds of the refunding; and

WHEREAS, Agency staff has studied the possible uses of the bond proceeds and has made recommendations to the Board;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Board accepts and adopts the recommendations of staff with respect to possible uses of the available proceeds of the Series 4 Bonds, namely:

   A. To utilize up to $500,000 for funding of the Rural Vermont Mortgage Program in conjunction with the Farmers Home Administration ("FmHA"), with a goal of increasing statewide utilization by FmHA;

   B. To continue exploring the feasibility of purchasing up to $2.0 million in eligible mortgages from the Chittenden Bank with the reinvestment of the funds secured from the sale of mortgages to the Agency to be used in programs that would serve groups of low- and moderate-income Vermonters not currently served by the Agency or conventional lenders;

   C. To commit a maximum of $4.5 million (with a dollar-for-dollar reduction for the amount of loans that are able to be purchased from the Chittenden Bank pursuant to the preceding paragraph) to introduce a special feature to the Agency's MOVE program offering the same loan terms to non-first-time home buyers, with the funds set aside for counties that are under-served by the MOVE program for a period of 90 days;

   D. To set aside up to $1.0 million in funds for the development of a Second Mortgage Home Improvement Pilot Program, subject to the requirements of Section 303 of the Agency's Fifth Supplemental Single Family Housing Bond Resolution that the Agency provide the Trustee with evidence to the effect that such use will not adversely affect the ratings assigned to the Bonds by any nationally recognized credit rating agency; and

   E. To commit up to $2.0 million in additional funding for the Agency's Home Ownership Through Shared Equity (HOUSE) program, with the final amount determined by the amount of subsidy provided by adjusting the interest rate on mortgage loans to be made with proceeds of the Bonds to the same level as will be available through the MOVE program on or about March 1, 1993 and used to reduce the interest rate on HOUSE loans to the current interest rate for the HOUSE program (5.95% per annum in year one, 6.45% per annum in year two, 6.95% per annum in year three and 7.45% per annum in years four through thirty).

2. The Executive Director is authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the programs contemplated by this Resolution including, but not limited to, the execution of a Memorandum of Understanding and contracts with the Farmers Home Administration in form satisfactory to the Executive Director to commit up to $500,000 to the Rural Vermont Mortgage Program.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on February 18, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION REGARDING DETERMINATION
OF QUALIFIED HOUSING PROJECTS PURSUANT TO 8 V.S.A. § 1108

WHEREAS, the Vermont Legislature has given the Vermont Housing Finance Agency ("VHFA") Board of Commissioners the duty of determining whether bank investments in residential real estate in Vermont are intended to primarily benefit lower income Vermonters throughout the period of the investment; and

WHEREAS, Housing Vermont has created a number of limited partnerships for affordable housing that banks have invested in through the Vermont Equity funds; and

WHEREAS, each of the developments owned by limited partnerships created by Housing Vermont to invest in affordable housing has received an allocation of low income housing tax credits from VHFA; and

WHEREAS, each such development has been reviewed by VHFA staff for the purposes of such allocation of low income housing tax credits and staff agrees with the characterization of each such development as a qualified housing project; and

WHEREAS, Housing Vermont has requested the VHFA Board of Commissioners to determine that each of the limited partnerships created by Housing Vermont that Vermont banks have heretofore invested in is a qualified housing project for purposes of 8 V.S.A. § 1108;

NOW, THEREFORE, the Board determines as follows:

The following partnerships have recently acquired rental property for rehabilitation of units and the creation of permanently affordable housing stock in the communities in which they are located. Each project, which has been allocated low income housing tax credits, but has not yet been placed in service, is a qualified housing project within the meaning of 8 V.S.A. § 1108 assuming they are placed in service in accordance with the projections and assumptions contained in the low income tax credit applications submitted to VHFA:

NAME OF PARTNERSHIP	**NUMBER OF UNITS**
Waterbury Housing Limited Partnership	14
Hardwick Housing Limited Partnership	7
Caledonia Housing Limited Partnership	28

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on February 18, 1993.

Allan S. Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

I hereby certify that the following is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on February 18, 1993.

Draft 1\20\93

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Adopted January 21, 1993

Draft 1\20\93

SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Whereas, on July 23, 1992, the Vermont Housing Finance Agency (the "Agency") adopted its Fifth Supplemental Single Family Housing Bond Resolution (the "Fifth Supplemental Resolution") pertaining to the Agency's $55,000,000 Single Family Housing Bonds, Series 4 (the "Series 4 Bonds"); and

Whereas, Section 305 of the Fifth Supplemental Resolution authorizes the Agency to withdraw all or any part of the moneys on deposit in the Series 4 Loan Loss Claim Fund upon delivery to the Trustee of a Reserve Deposit to be held for the credit of the Series 4 Loan Loss Claim Fund; and

Whereas, Section 305(F) of the Fifth Supplemental Resolution further provides that the Agency shall adopt a Supplemental Resolution setting forth the terms and conditions under which such Reserve Deposit is held for the account of the Series 4 Loan Loss Claim Fund.

Now, Therefore, Be It Resolved by the Vermont Housing Finance Agency, and the Commissioners thereof, as follows:

Section 101. Short Title. This resolution is hereinafter sometimes referred to as the "Seventh Supplemental Resolution."

Section 102. Definitions. Except as provided in Section 103 of this Seventh Supplemental Resolution, all terms used herein shall have the same meanings as are given such terms in the Recitals hereto, in Section 101 of the Resolution and in Section 102 of the Fifth Supplemental Resolution.

Section 103. Amendment of Section 102 of Fifth Supplemental Resolution. Section 103 of the Fifth Supplemental Resolution is hereby amended by the addition thereto of the following definitions:

"Bank" means The Sanwa Bank Limited, and any successor thereto under the Loan Loss Letter of Credit or the Contingency Account Letter of Credit.

"Funded Loan Loss Claim Fund Requirement" means, at any date of computation, an amount equal to the Series 4 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 4 Loan Loss Claim Fund.

"Loan Loss Claim Fund Deposits" means (x) the Series 4 Loan Loss Letter of Credit, (y) any extension of the Loan Loss Letter of Credit or (z) any one or more of the following to the extent its deposit in the Series 4 Loan Loss Claim Fund will not adversely affect the then current ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 4 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"Series 4 Loan Loss Letter of Credit" means the irrevocable letter of credit issued by the Bank pursuant to the Series 4 Reimbursement Agreement to be held for the credit of the Series 4 Loan Loss Claim Fund and any extension thereof or substitute letter of credit therefor issued by the Bank in accordance with the Series 4 Reimbursement Agreement and deposited with the Trustee pursuant to Section 104 hereof.

"Series 4 Reimbursement Agreement" means the Reimbursement Agreement relating to the Series 4 Loan Loss Letter of Credit dated as of February 1, 1993 between the Agency and the Bank, as amended from time to time in accordance therewith.

Section 104. Authority. This Seventh Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701 of the Resolution and Section 305(F) of the Fifth Supplemental Resolution.

Section 105. Deposit of Series 4 Loan Loss Letter of Credit. At any time after the adoption of this Seventh Supplemental Resolution, the Agency may deliver to the Trustee the Series 4 Loan Loss Letter of Credit, in an aggregate stated amount equal to the Series 4 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 4 Loan Loss Claim Fund as provided in Section 305 of the Fifth Supplemental Resolution as amended by Section 106 hereof and, upon such delivery, the Trustee shall pay to the Agency the entire amount on deposit in the Series 4 Loan Loss Claim Fund.

Section 106. Amendment of Section 305 of the Fifth Supplemental Resolution. Section 305 of the Fifth Supplemental Resolution is hereby amended in its entirety to read as follows:

"Section 305. Application of Series 4 Loan Loss Claim Fund. (A) The Trustee shall deposit in the Series 4 Loan Loss Claim Fund (i) all amounts drawn on the Series 4 Loan Loss Letter of Credit in accordance with this Section 305, (ii) any amount deposited therein from the Revenue Fund pursuant to Section 308 of this Fifth Supplemental Resolution, (iii) all interest and other earnings on investment or deposit of amounts on deposit in the Series 4 Loan Loss Claim Fund and (iv) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 4 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 4 Loan Loss Letter of Credit, shall be used solely for the purposes provided in Paragraphs (B) and (C) of this Section 305.

(B) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 4 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 4 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(C) Notwithstanding anything in the Resolution to the contrary, in connection with purchase or redemption of any Bonds Outstanding pursuant to Section 509(C) of the Resolution the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund and the Series 4 Loan Loss Claim Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption. To the extent that the amount on deposit and available therefor in all such Funds and Accounts, after consideration of amounts, if any, deposited in the Revenue Fund pursuant to the foregoing sentence of this Paragraph (C) and any similar provision of any Supplemental Resolution heretofore or hereafter adopted, is insufficient to pay the Principal Amount of any Bonds to be purchased or redeemed as hereinabove provided, the Trustee shall give notice to the Bank and shall draw the amount of the deficiency from the Series 4 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 304(B) hereof the amount on deposit in the Series 4 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 4 Loan Loss Letter of Credit, shall be not less than the Series 4 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 4 Loan Loss Claim Fund in accordance with this Paragraph (C) shall be deposited in the Revenue Fund and shall be applied to the redemption of Bonds as contemplated by Section 304(B) hereof.

(D) Withdrawals from the Series 4 Loan Loss Claim Fund pursuant to Paragraphs (B) or (C) of this Section 305 shall be made by the Trustee, <u>first</u>, from cash and Investment Obligations, if any, on deposit in the Series 4 Loan Loss Claim Fund and <u>second</u>, from amounts drawn on the Series 4 Loan Loss Letter of Credit or, if applicable, any substitute Loan Loss Claim Fund Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 4 Loan Loss Claim Fund is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 4 Loan Loss Claim Fund not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 4 Loan Loss Letter of Credit (or, if applicable, any substitute Loan Loss Claim Fund Deposit) the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 4 Loan Loss Letter of Credit.

(E) Notwithstanding the foregoing provisions of this Section 305, nothing in the Resolution or this Fifth Supplemental Resolution shall obligate the Agency to deposit in the Series 4 Loan Loss Claim Fund an amount which would cause the balance in the Series 4 Loan Loss Claim Fund, after application of amounts therein to Loan Loss Claim Fund Withdrawals notice of which has theretofore been received by the Trustee, to exceed the Series 4 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate original principal amount of all Loans purchased or made under the Resolution from amounts on deposit in the Series 4 Program Account plus (ii) the aggregate amount, if any, then held in the Series 4 Program Account which may be applied to the purchase of such Loans, plus (iii) the aggregate unpaid principal amounts (calculated at the date of authentication and delivery of the Series 4 Bonds) of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, or (y) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(F) Subject to Paragraph (G) of this Section 302, if at any time the amount of cash and Investment Obligations on deposit in the Series 4 Loan Loss Claim Fund exceeds the Series 4 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit it in the Revenue Fund.

(G) If at any time (i) the amount of cash and Investment Obligations in the Series 4 Loan Loss Claim Fund exceeds the Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 4 Loan Loss Letter of Credit exceeds the Series 4 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Bank of a reduction in the stated amount of the Series 4 Loan Loss Letter of Credit in accordance with the Series 4 Reimbursement Agreement; provided that if any such excess has resulted from a decrease in the Series 4 Loan Loss Claim Fund Requirement other than through operation of Section 303(F) of the Third Supplemental Resolution or due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 305, the direction of the

Agency shall be accompanied by letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the reduction of the Series 4 Loan Loss Letter of Credit will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(H) If the Trustee shall receive a notice from the Bank pursuant to the Series 4 Reimbursement Agreement to the effect that an Event of Default has occurred and is continuing under the Series 4 Reimbursement Agreement and the Bank has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 4 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 4 Loan Loss Letter of Credit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 4 Loan Loss Claim Fund.

(I) Not less than five (5) Business Days prior to the date of expiration of the Series 4 Loan Loss Letter of Credit, and not less than five (5) Business Days prior to the expiration date of any substitute Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 4 Loan Loss Letter of Credit or a new substitute Loan Loss Claim Fund Deposit in either case in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 4 Loan Loss Claim Fund Requirement calculated at such date less the aggregate amount of cash and Investment Obligations, if any, on deposit in the Series 4 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 4 Loan Loss Letter of Credit or such expiring substitute Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 4 Loan Loss Letter of Credit or substitute Loan Loss Claim Fund Deposit with the Trustee, not less than three (3) Business Days prior to the expiration date of the Series 4 Loan Loss Letter of Credit or, if applicable, the substitute Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 4 Loan Loss Letter of Credit or such substitute Loan Loss Claim Fund Deposit and deposit in the Series 4 Loan Loss Claim Fund an amount sufficient to cause the Funded Loan Loss Claim Fund Requirement to equal the Series 4 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 4 Loan Loss Letter of Credit or such expiring substitute Loan Loss Claim Fund Deposit.

(J) Notwithstanding anything herein or in the Resolution to the contrary, the Series 4 Loan Loss Claim Fund Requirement shall be reduced to zero (0) if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 4 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys in the Series 4 Program Account during the period of insurance eligibility specified in such policy up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 4 Loan Loss Claim Fund requirement will not adversely affect the credit ratings then assigned to any Bonds Outstanding."

Section 107. Application of Certain Amounts in Revenue Fund. (A) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of any Series 4 Bonds Outstanding, after satisfying the requirements of Clauses (1) through (6), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 4 Bonds to the Series 4 Loan Loss Claim Fund to the extent the amount therein is less than the Series 4 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

Section 108. Reimbursement Agreement. The Series 4 Reimbursement Agreement is hereby approved in substantially the form presented to this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, Vice-Chairman, or any other Commissioner, Treasurer, Executive Director, Deputy Director or Director of Finance executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of their approval of all such changes, omissions, insertions and revisions. Each of said officers are, and each of them is, hereby authorized and directed to execute the Series 4 Reimbursement Agreement and to deliver the same to the Bank.

Section 109. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Deputy Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Seventh Supplemental Resolution, the Resolution and the Series 4 Reimbursement Agreement.

Section 110. Effective Date. Sections 105, 108 and 109 of this Seventh Supplemental Resolution shall take effect immediately. The remaining provisions of this Seventh Supplemental Resolution shall take effect upon the delivery to the Trustee of the Series 4 Loan Loss Letter of Credit in accordance with Section 105 hereof.

NOTICE OF SPECIAL MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will meet via telephone conference call on Tuesday, March 9, 1993, at 2:00 p.m. to consider a resolution authorizing the issuance of the Agency's Housing Project Bond (Federally taxable issue) for the purchase of the Hillside Mobile Home Park, as well as any other matters properly before the meeting. The public may attend the meeting at the Agency's offices at One Burlington Square, Burlington, Vermont 05401.

Sent via facsimile to Burlington Free Press, Rutland Herald, WCAX

Board members scheduled to participate are:

Horace Shaw
Bill Rockford
Dick Myette
Gus Seelig

VERMONT HOUSING FINANCE AGENCY

BOARD CONFERENCE CALL MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Tuesday, March 9, 1993

PRESENT: (Via speakerphone) Commissioners Shaw, Rockford (designee of Costle), Seelig, Myette

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mrs. Parker, Mr. Jarrett

The meeting was called to order by the Chairman at 2:05 p.m. Mr. Jarrett assured the Board that appropriate notice had been given to local newspapers and television stations in compliance with public meeting law requirements. Participants were identified by roll call, and receipt of the packet of information from Mr. Jarrett regarding the "Hillside Mobile Home Park Federally Taxable Bond Resolution" as attached to his memo of March 8, was acknowledged by all participating Board members.

Mr. Jarrett informed the Board that the closing for the Hillside Mobile Home Park had been scheduled for March 10, and briefly reviewed the various negotiations which had been undertaken. Mr. Shaw noted that this was a follow-up to a commitment letter resolution issued a year ago and Mr. Jarrett confirmed that the actual commitment letter had been issued in January of 1993. In response to Mr. Seelig's query, Mr. Jarrett affirmed that issues surrounding the repayment of the loan to the Vermont Housing and Conservation Trust Fund were still under discussion, but a satisfactory resolution was expected before the end of the day. Following a brief discussion, Mr. Seelig made a motion, which was seconded, to adopt the "Resolution of VHFA Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" as attached to these minutes; this motion carried unanimously.

Turning briefly to other matters, Mr. Schoenbeck reported that staff and the bond underwriters have been considering a remarketing of the bonds issued in January of 1993. Conventional interest rates continue to drop, making the Agency's fixed rate less attractive and suggesting the need to remarket the bonds at a lower rate. Another option would be to call the bonds, but as the Mortgage Revenue Bond authority has expired, this would not be a recommended course of action. Currently, a remarketing could result in rates that would be 70 basis points lower than the January rate, and would translate to a mortgage rate of 7.10 percent. According to Mr. Schoenbeck, May 3 would be the first date that it would be possible to close the remarketing of the issue, requiring notification of the trustee by March 19. The rate for the bonds would be at risk until the sale was completed in early April.

Mr. Schoenbeck and Mr. Hunt also advised the Board that they would both be away from the Agency from March 17 through March 25, on separately scheduled absences, and would thus not be attending the Board meeting on March 18, but could arrange to be available by telephone, if necessary.

In a matter related to the possible remarketing of bonds, Mr. Hunt noted that Mr. Jack Gallagher, of Fannie Mae (the Federal National Mortgage Association) has expressed interest in becoming the potential buyer of the bonds. Fannie Mae routinely buys bonds directly from housing finance agencies, and in this specific instance it would be possible to have them purchase the bonds, thereby allowing the Agency to reduce the interest rate, the Agency's risk, and lower the Agency's out of pocket expenses. While no formal Board action was taken, it was the general sense of the Board that staff should further pursue the details of this option.

Mr. Hunt also reported that approximately 1,000 people attended the Home Buyer Fair held March 6 at the Sheraton; it is expected that there will be some positive program reaction as a result of this event.

Before the meeting concluded, Mr. Rockford announced that he has resigned his position as Deputy Commissioner of Banking and will become the President and CEO of Lyndonville Savings Bank.

The next meeting was confirmed for Thursday, March 18, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 2:15 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY
AUTHORIZING THE ISSUANCE OF ITS HOUSING PROJECT BOND
(FEDERALLY TAXABLE ISSUE) HILLSIDE MOBILE HOME PARK

Be it Resolved by the Vermont Housing Finance Agency
and the Commissioners thereof as follows:

ARTICLE I
DEFINITIONS AND AUTHORITY

SECTION 101. Definitions.

(A) In this Resolution unless a different meaning clearly appears from the context:

"Act" means the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended to the date of adoption of this Resolution.

"Agency" means the Vermont Housing Finance Agency, a body politic and corporate organized under the Act, or any instrumentality of the State which shall hereafter succeed to its powers.

"Anniversary Date" means the date the first scheduled amortizing payment was due on the Permanent Loan.

"Authorized Officer" means the Chairman, Vice Chairman, Executive Director, Deputy Director and Secretary and Director of Finance of the Agency, and any other person authorized by resolution of the Agency to act as an Authorized Officer under this Resolution.

"Bond" or "Bond" means the Bond of the Agency authorized by this Resolution.

"Bond Date" means the date the Bond is originally issued hereunder.

"Bond Fund" means the Housing Project (Federally Taxable Issue) Bond Fund established under Section 301 of this Resolution.

"Commitment Letter" means the Commitment Letter relating to the Permanent Loan dated as of January 19, 1993, issued by the Agency and accepted by the Sponsor.

"Costs of Issuance" means any items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bond.

"Development" means the Hillside Mobile Home Park as more fully described in the Commitment Letter and the Three Party Agreement.

"General Account" means the account so designated and established under Section 301 of this Resolution.

"General Fund" means the fund so designated and created by a resolution of the Agency adopted September 26, 1974 as amended from time to time.

"Loan Account" means the account so designated and established under Section 301 of this Resolution.

"Permanent Loan" means a permanent mortgage loan made by or on behalf of Agency to the Sponsor with the proceeds of the Bond.

"Permanent Loan Amount" means the amount of the Permanent Loan established pursuant to paragraph 2 of the Commitment Letter.

"Program" means the Agency's program of making mortgage loans to housing sponsors pursuant to the Act.

"Project Fund" means the fund established under Section 301 of this Resolution.

"Recovery Payments" means any moneys received or recovered by the Agency, less the expenses necessarily incurred by the Agency in connection with the collection of such amount, from (i) condemnation of the Development, (ii) proceedings taken in the event of default by the Sponsor under the Permanent Loan, (iii) any claim settlement for hazard insurance or other insurance applicable to the Development or the Permanent Loan, (iv) the sale or other disposition of the Development, or (v) the sale or other disposition of the Permanent Loan after default for the purpose of realizing the Agency's interest therein.

"Revenues" means and includes all payments, proceeds, charges, fees, rents, investment earnings and all other income (including without limitation all payments of principal and interest received by or on behalf of the Agency on the Permanent Loan and all Recovery Payments) derived by or for the account of the Agency from or related to the Development and the Permanent Loan.

"Sinking Fund Account" means the account so designated and established under Section 301 of the Resolution.

"Sponsor" means Addison County Community Trust, a non-profit corporation organized and existing under the laws of the State.

"State" means the State of Vermont.

"Three Party Agreement" means the agreement so denominated among the Sponsor, the purchaser of the Bond, and the Agency, in substantially the form presented at this meeting.

(B) Except as otherwise expressly provided in this Resolution, the terms "housing development costs," "housing sponsor," "mortgage," "mortgage loan," and "residential housing" when used in this Resolution shall have the meanings given such terms in the Act.

SECTION 102. Authority.

This Resolution is adopted pursuant to the Act and shall take effect upon its adoption. The Agency is duly authorized under the Act and all applicable laws to issue the Bond and to adopt this Resolution in the manner and to the extent provided herein. The Agency will at all times, to the extent permitted by law, defend, preserve and protect all the rights of the registered owner of the Bond hereunder against all claims and demands of all persons whomsoever.

ARTICLE II
AUTHORIZATION OF THE BOND; FINDINGS; TERMS AND SALE OF THE BOND

SECTION 201. The Bond.

(A) The Bond of the Agency, designated "Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" are hereby authorized to be issued as herein provided in an aggregate principal amount not to exceed Three Hundred Forty Thousand Dollars ($340,000), the original principal amount of the Bond to be determined upon their issuance by the Authorized Officers of the Agency executing the same. The Bond shall be in such denomination as the authorized officers of the Agency shall determine. The Bond shall be dated and shall bear interest from the Bond Date and shall mature, subject to prior redemption as herein and in the Bond provided, twenty years from the Anniversary Date. Interest on the Bond shall be payable on September 1, 1993 and semi-annually thereafter on March 1 and September 1 of each year. The form of the Bond, the rate or rates of interest payable thereon, the terms of redemption thereof prior to maturity and all other terms and conditions thereof shall be as set forth in Article IV of this Resolution.

(B) The Agency hereby ratifies and confirms the Commitment Letter and approves the Permanent Loan on the terms and conditions provided herein, in the Commitment Letter and in the Three Party Agreement. The Agency hereby determines that:

(1) the Permanent Loan does not exceed the value of the Development as determined by the Agency and the principal amount of the Bond is necessary to

provide sufficient funds to be used and expended for the Program in respect of the Development;

(2) the Permanent Loan can be issued bearing interest at a rate that will be less than the prevailing rate of interest on comparable mortgage loans available in the State without the assistance of the Agency;

(3) the Agency will derive receipts, revenues or other income from the Permanent Loan sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bond and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Bond are issued;

(4) the Development is primarily for occupancy by persons and families of low and moderate income within the meaning of the Act;

(5) the acquisition, construction and or rehabilitation costs incurred or to be incurred by the Sponsor are for housing development costs within the meaning of the Act;

(6) there exists or without the Development there will exist a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investments are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families; and

(7) the Sponsor is a housing sponsor as defined in the Act, the Sponsor will maintain or increase the supply of well-planned, well-designed permanent, temporary transitional or emergency housing for persons of low and moderate income and the Sponsor is a financially responsible person.

(C) The purposes for which the Bond are being issued are to provide funds to make the Permanent Loan and to pay Costs of Issuance in the amount determined by or pursuant to Article III hereof.

SECTION 202. <u>Sale of the Bond.</u>

(A) The Bond is hereby sold to the Municipal Employees' Retirement System of Vermont, at the price of par on the terms and conditions provided herein and in the Three Party Agreement. The Three Party Agreement, in substantially the form presented at this meeting and included in the minutes thereof, and its execution and delivery by Authorized Officers of the Agency is hereby approved with such changes therein and thereto not inconsistent herewith as may be approved by the Authorized Officers executing the same prior to the execution and delivery thereof.

ARTICLE III
ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS; OBLIGATION OF THE Bond

SECTION 301. Funds and Accounts.

(A) The Housing Project (Federally Taxable Issue) Project Fund (the "Project Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Project Fund a separate account designated the "Hillside Loan Account" (the "Loan Account"), the amounts in which shall be applied as provided in this Article III.

(B) The Housing Project (Federally Taxable Issue) Bond Fund (the "Bond Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Bond Fund the following separate accounts to be applied as provided in this Article III:

(1) Hillside General Account (the "General Account");

(2) Hillside Sinking Fund Account (the "Sinking Fund Account");

(3) Hillside Special Redemption Account (the "Special Redemption Account").

SECTION 302. Application of Bond Proceeds.

(A) The proceeds of the Bond shall be deposited in the Loan Account. Moneys in the Loan Account shall be used solely as follows:

(1) an amount not exceeding the Permanent Loan Amount shall be used to make the Permanent Loan; and

(2) amounts in the Loan Account in excess of the Permanent Loan Amount shall be applied by the Agency to defray Costs of Issuance of the Bond within six (6) months of the Bond Date.

(B) Notwithstanding anything herein to the contrary, if the Permanent Loan is not made within six (6) months of the Bond Date, or in any event if any balance remains on deposit in the Loan Account on the date which is six (6) months after the Bond Date, the entire balance on deposit in the Loan Account shall be transferred to the

Special Redemption Account for application to the redemption of the Bond as provided in Section 303 of this Resolution.

SECTION 303. Application of Revenues.

(A) The Agency shall deposit all Revenues in the Bond Fund upon receipt and shall immediately allocate the same to accounts therein as follows:

(1) Revenues constituting scheduled repayments of principal on the Permanent Loan and Revenues constituting permitted prepayments of the outstanding principal of the Permanent Loan - to the Sinking Fund Account;

(2) Revenues constituting Recovery Payments and excess moneys in the Loan Account under Section 302(B) hereof - to the Special Redemption Account; and

(3) all other Revenues - to the General Account.

(B) On September 1, 1993 and each succeeding September 1 thereafter, all amounts deposited in the Sinking Fund Account under Section 303(A)(1) shall be applied to the redemption of the outstanding principal of the Bond, except that, in the event that the Agency receives a prepayment of the outstanding principal of the Permanent Loan under Section 303(A)(1) on the tenth anniversary of the Bond Date, or at any time thereafter, all as provided in the Permanent Loan, the Bond shall be subject to redemption at the option of the Agency in whole or in part, from the amount deposited in said Account.

(C) All amounts deposited in the Special Redemption Account shall be promptly applied to the redemption of the outstanding principal of the Bond. At any time not later than the interest payment date for the Bond next succeeding the date of any deposit into said Account under Section 303(A)(2), the amount so deposited shall be applied to the redemption of the outstanding principal of the Bond.

(D) Moneys in the General Account shall be used solely as follows:

(1) on each interest payment date of the Bond, to pay the interest on the Bond then due;

(2) on the redemption date of any portion of the principal of the Bond being redeemed hereunder to pay any interest then payable on the principal amount of the Bond to be redeemed;

(3) at any time, to reimburse the Agency for any expense reasonably incurred by it in connection with the financing of the Development, including but not limited to Costs of Issuance in excess of the amount available therefor in the Loan

Account and expenses incurred in connection with the protection of the Agency's security for the Permanent Loan; and

(4) on each interest payment date, after payment of the interest on the Bond then due and provided an Authorized Officer of the Agency determines that such transfer will not materially impair the Agency's ability to make future payments from the General Account sufficient for the purposes of paragraphs (1) and (2) of this Section 303(D), to transfer funds to the Agency's General Fund free of the pledge herein made.

(E) Whenever funds in any account in the Project Fund are required to be applied to a payment on account of principal of the Bond, the Agency may at its election hold back such amount not exceeding $100 as will facilitate payment of principal on the Bond in rounded amounts. Payments from the Project Fund shall be deemed to have been made on the date of the Agency's check therefor and not on the date of any prior mailing of said check.

SECTION 304. Transfers from General Fund.

From time to time, at its option, the Agency may transfer moneys from the General Fund to the General Account.

SECTION 305. Investment.

Moneys in the funds and accounts established hereunder may be invested by the Agency, until needed for their respective purposes, in any manner permitted by the Act. Moneys in two or more of such funds and accounts may be invested on a commingled basis for the account of such funds and accounts pro rata in proportion to the moneys invested on behalf of each such fund or account. Interest and other income earned upon the investment or deposit of amounts in the Loan Account shall be deposited in such Account. Interest and other income earned upon the investment or deposit of amounts on deposit in the General Account, the Sinking Fund Account and the Special Redemption Account shall be deposited in the General Account.

SECTION 306. Obligation of The Bond.

The Bond shall be general obligations of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than the Bond pledging particular revenues, moneys or assets for the payment thereof. The Agency hereby covenants and agrees with the registered owners of the Bond that it will not grant to any person any lien on or pledge of the Permanent Loan or of any of the Revenues or moneys or investments in any of the accounts created hereunder or any proceeds thereof unless the Agency shall simultaneously therewith grant to the registered owner of the Bond a prior and senior lien on or pledge of the Permanent Loan and such Revenues, moneys and investments and the proceeds thereof. The Bond shall not constitute a debt or grant or loan of credit of the State and the State shall not be liable thereon nor shall the Bond be payable out of any funds other than those of the Agency. The Agency is not obligated to pay the Bond or the interest thereon except from the revenues or assets of the Agency pledged therefor under this Resolution and neither the faith nor credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bond.

ARTICLE IV
FORM OF THE BOND

The Bond shall be issued substantially in the following form:

VERMONT HOUSING FINANCE AGENCY
HOUSING PROJECT BOND
(Federally Taxable Issue)
Hillside Mobile Home Park

No. 1 $340,000

NOTE: THE HOLDER OF THIS BOND BY ACCEPTANCE HEREOF AGREES TO RESTRICTIONS ON TRANSFER AND TO INDEMNIFICATION PROVISIONS SET FORTH BELOW.

The Vermont Housing Finance Agency (herein called the "Agency"), a body politic and corporate of the State of Vermont, for value received hereby promises to pay to Vermont Municipal Employees Retirement System, or registered assigns, on the Tenth day of March 2013, the principal sum of_______________ and No Dollars ($___,000), upon presentation and surrender hereof, and to pay interest on the principal balance hereof outstanding from time to time from the date of original delivery of this bond (the "Bond Date") until final payment hereof at the annual rate provided below, which interest rate will change periodically on a day which is a specified anniversary of the date the first scheduled amortizing payment was due (the "Anniversary Date") such interest payments to be made semi-annually on the first day of March and September in each year commencing September 1, 1993. The principal or redemption price of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts and shall be payable by check or draft mailed to the registered owner at his address appearing on the registration books of the Agency kept for that purpose at the offices of the Agency; provided that the registered owner of this bond by acceptance hereof agrees that whenever any payment on account of principal shall occur, such owner shall promptly note the date and amount thereof on the Schedule of Payments and Prepayments endorsed hereon and further agrees that this bond shall be surrendered to the Agency upon final payment hereof.

The annual rate of interest on this bond shall be as follows:

1. From the Bond Date to but excluding the fifth Anniversary Date - 9.00% per annum;

2. From the fifth Anniversary Date to but excluding the tenth Anniversary Date - 9.75% per annum;

3. From the tenth Anniversary Date to but excluding the fifteenth Anniversary Date - 10.50% per annum;

4. From the fifteenth Anniversary Date to the earlier of final maturity or redemption hereof, a rate equal to 11.25% per annum.

This bond is issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act") and under and pursuant to a resolution of the Agency adopted March __, 1993 entitled "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" (the "Resolution"). This bond is a general obligation of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than this bond pledging particular revenues, moneys or assets for the payment thereof.

The Agency is not obligated to pay this bond or the interest hereon except from the revenues or assets of the Agency pledged under the Resolution and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this bond.

Copies of the Resolution are on file at the office of the Agency in the City of Burlington, Vermont, and reference to the Resolution and to the Act is made for a description of the covenants securing this bond, the manner of enforcement of the covenants, the rights and remedies of the registered owner of this bond with respect thereto, and the terms and conditions upon which this bond is issued.

This bond may not be transferred except to a transferee capable of making representations comparable to those made by the original owner hereof in the Three Party Agreement described in the Resolution to the reasonable satisfaction of the Agency. Furthermore, before any transfer of this bond by the registered owner or his or its legal representative will be recognized or given effect by the Agency, the registered owner shall note hereon the date to which interest has been paid as well as the amounts of all principal payments and prepayments hereon, and shall notify the Agency of the name and address of the transferee and shall afford the Agency the opportunity of verifying the notation as to payment of interest and principal. By the acceptance hereof the owner of this bond and each transferee shall be deemed to have agreed to indemnify and hold harmless the Agency against all losses, claims, damages or liabilities arising out of any failure on the part of the owner or of any such transferee to comply with the requirements of the preceding sentence. Subject to the foregoing, this bond is transferable only upon the books of the Agency at the offices of the Agency by the registered owner hereof in person or by his or its agent duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Agency duly executed by the registered owner or his or its duly authorized agent, and upon the payment of the charges described in the Resolution, the Agency shall issue in the name of the transferee a new substitute registered bond with the same date and in the same form and amount as this bond, endorsed to show the principal amount of the predecessor bond or bonds paid to the delivery date of such substitute bond.

This bond is subject to redemption at a redemption price equal to the portion of the principal amount hereof to be redeemed plus accrued interest on such portion to the redemption date as follows:

1. in whole or in part on September 1, 1993 and on each September 1 thereafter without notice through application of moneys in the Sinking Fund Account as required by the Resolution;

2. in whole or in part at any time upon notice through application of moneys in the Special Redemption Account as required by the Resolution; and

3. in whole or in part at the election of the Agency upon notice, through application of moneys deposited in the Sinking Fund Account in the event of the prepayment of the outstanding principal amount of the Permanent Loan as described in the Resolution. In the event of a prepayment before the end of the seventeenth year, the Agency will pass through amounts of prepayment charges it receives from the Sponsor according to the following schedule:

Years	1-5	10.0%
Year	6	9.5%
Year	7	9.0%
Year	8	8.5%
Year	9	8.0%
Year	10	7.5%
Year	11	7.0%
Year	12	6.5%
Year	13	6.0%
Year	14	5.5%
Year	15	5.0%
Year	16	4.5%
Year	17	4.0%
Years	18-20	No premium

Any notice required hereunder shall be given by certified letter, return receipt requested, mailed to the registered owner at his address appearing on the registration books of the Agency not less than five days prior to the redemption date. Any redemption shall be accomplished by mailing, two days prior to the redemption date, the Agency's check (dated as of the redemption date) for the redemption price to the registered owner in the same manner as is hereinabove provided for notice of redemption.

No recourse shall be had for the payment of the principal or redemption price of or the interest on this bond or for any claim based hereon or on the Resolution against any member or officer of the Agency or any person executing this bond.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Vermont or the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this bond to be executed in its name by the manual signature of an authorized officer of the Agency, and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual signature of an authorized officer of the Agency.

ATTEST: VERMONT HOUSING FINANCE AGENCY

By: ________________ By: ____________________

Authorized Officer Authorized Officer

Bond Date: ________ _, 19_

Schedule of Payments and Prepayments of Principal

Principal Amount Paid	Date Paid	Balance Due	Authorized Signature and Title

(NOTICE: The within bond may not be transferred until this schedule has been verified by the Agency.)

ARTICLE V
MISCELLANEOUS

SECTION 501. Default.

If the Agency defaults in the payment of principal of or interest on any Bond when due, or in the performance of any covenant in this Resolution, then the registered owner of the Bond shall have the right, by mandamus or other suit, action or proceedings at law or in equity, to bring suit upon the Bond, to enforce its rights under the Resolution and the Bond, to compel performance by the Agency of its obligations under the Bond and the Resolution; to require the Agency to account as trustee of an express trust; to require the Agency to effectuate the assignment of the Permanent Loan to such owner; or to enjoin any acts which may be unlawful or in violation of the rights of the registered owners of the Bond. No remedy conferred by the Resolution upon the registered owners of the Bond is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or the Bond or provided at law or in equity or by the Act. No delay or omission of the registered owners of the Bond to exercise any right or power arising upon the happening of a default shall impair any right or power or be construed to be a waiver of the default. The registered owners of the Bond may waive any default and its consequences. No such waiver shall extend to any subsequent or other default.

SECTION 502. Defeasance.

If the Agency shall pay or cause to be paid to the registered owners of the Bond the principal, redemption price and interest thereon at the times and in the manner stipulated therein and herein, then all obligations of the Agency hereunder and under the Bond and all other rights granted hereby shall be discharged and satisfied.

SECTION 503. Transfer.

The Bond may be transferred in whole but not in part to new owners, subject to the restrictions on transfer and upon compliance with the provisions for transfer described in the form of the Bond and payment of a transfer fee of $100.00 for each substitute Bond issued as a result of a request for transfer.

SECTION 504. Amendment.

This Resolution may be amended by the Agency without the consent of the registered owners of the Bond to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not inconsistent with this Resolution as theretofore in effect. The Agency may also adopt a resolution amending, supplementing or otherwise modifying this Resolution without the consent of the registered owners of the Bond to incorporate the provisions hereof in a resolution of the Agency of general application to bonds issued to finance the Program the interest on which is not excludable from federal income taxes; provided no such resolution shall reduce the principal amount of the Bond or the rate of interest payable thereon or change the maturity date thereof or the dates for payment of interest thereon or the terms of redemption thereof or the security granted for the payment thereof without the express written consent of the registered owners of the Bond. Except as hereinabove provided in this Section 504, this Resolution and the Bond may be amended by the Agency only with the prior written consent of the registered owners of the Bond.

SECTION 505. Authorization of Officers.

The Chairman, Vice-Chairman, Executive Director, Deputy Director, Director of Finance and all other Authorized Officers of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates, and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution, including the transaction involving the loan of the proceeds of the Bond for the acquisition, construction and/or rehabilitation of the Development.

SECTION 506. Severability.

If any provision of this Resolution is held invalid in any circumstances, that invalidity shall not affect any other provisions or circumstances.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on March 9, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: March 8, 1993

RE: Hillside Mobile Home Park Federally Taxable Bond Resolution

Background

In February, 1992, the Board approved a resolution authorizing the issuance of a Commitment Letter to the Addison County Community Trust for a loan not to exceed $340,000 for the acquisition and rehabilitation of the Hillside Mobile Home Park. Hillside is a 29 lot mobile home park located in Starksboro, not far from the Lazy Brook Mobile Home Park purchased by the Addison County Community Trust in January, 1992. Due to further exploration of the necessary water and septic work, the project did not move forward until early this year. A commitment letter was issued on January 19, 1993. Through an oversight, this resolution was not presented at the February Board meeting. Since the closing is scheduled for Wednesday, March 10, it is necessary for the Board to give authority for the Agency's issuance of the bond to the Municipal Employees' Pension Fund so the closing can go forward.

Contents of Resolution

This resolution is very similar to the other federally taxable bond resolutions issued by the Agency to State pension funds to provide funding for mobile home park loans purchases by non-profits.

Recommended action

Passage of the attached resolution.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY
AUTHORIZING THE ISSUANCE OF ITS
HOUSING PROJECT BOND (FEDERALLY TAXABLE
ISSUE) HILLSIDE MOBILE HOME PARK

Be it Resolved by the Vermont Housing Finance Agency and the Commissioners thereof as follows:

ARTICLE I
DEFINITIONS AND AUTHORITY

SECTION 101. Definitions.

(A) In this Resolution unless a different meaning clearly appears from the context:

"Act" means the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended to the date of adoption of this Resolution.

"Agency" means the Vermont Housing Finance Agency, a body politic and corporate organized under the Act, or any instrumentality of the State which shall hereafter succeed to its powers.

"Anniversary Date" means the date the first scheduled amortizing payment was due on the Permanent Loan.

"Authorized Officer" means the Chairman, Vice Chairman, Executive Director, Deputy Director and Secretary and Director of Finance of the Agency, and any other person authorized by resolution of the Agency to act as an Authorized Officer under this Resolution.

"Bond" or "Bond" means the Bond of the Agency authorized by this Resolution.

"Bond Date" means the date the Bond is originally issued hereunder.

"Bond Fund" means the Housing Project (Federally Taxable Issue) Bond Fund established under Section 301 of this Resolution.

"Commitment Letter" means the Commitment Letter relating to the Permanent Loan dated as of January 19, 1993, issued by the Agency and accepted by the Sponsor.

"Costs of Issuance" means any items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bond.

"Development" means the Hillside Mobile Home Park as more fully described in the Commitment Letter and the Three Party Agreement.

"General Account" means the account so designated and established under Section 301 of this Resolution.

"General Fund" means the fund so designated and created by a resolution of the Agency adopted September 26, 1974 as amended from time to time.

"Loan Account" means the account so designated and established under Section 301 of this Resolution.

"Permanent Loan" means a permanent mortgage loan made by or on behalf of Agency to the Sponsor with the proceeds of the Bond.

"Permanent Loan Amount" means the amount of the Permanent Loan established pursuant to paragraph 2 of the Commitment Letter.

"Program" means the Agency's program of making mortgage loans to housing sponsors pursuant to the Act.

"Project Fund" means the fund established under Section 301 of this Resolution.

"Recovery Payments" means any moneys received or recovered by the Agency, less the expenses necessarily incurred by the Agency in connection with the collection of such amount, from (i) condemnation of the Development, (ii) proceedings taken in the event of default by the Sponsor under the Permanent Loan, (iii) any claim settlement for hazard insurance or other insurance applicable to the Development or the Permanent Loan, (iv) the sale or other disposition of the Development, or (v) the sale or other disposition of the Permanent Loan after default for the purpose of realizing the Agency's interest therein.

"Revenues" means and includes all payments, proceeds, charges, fees, rents, investment earnings and all other income (including without limitation all payments of principal and interest received by or on behalf of the Agency on the Permanent Loan and all Recovery Payments) derived by or for the account of the Agency from or related to the Development and the Permanent Loan.

"Sinking Fund Account" means the account so designated and established under Section 301 of the Resolution.

"Sponsor" means Addison County Community Trust, a non-profit corporation organized and existing under the laws of the State.

"State" means the State of Vermont.

"Three Party Agreement" means the agreement so denominated among the Sponsor, the purchaser of the Bond, and the Agency, in substantially the form presented at this meeting.

(B) Except as otherwise expressly provided in this Resolution, the terms "housing development costs," "housing sponsor," "mortgage," "mortgage loan," and "residential housing" when used in this Resolution shall have the meanings given such terms in the Act.

SECTION 102. Authority.

This Resolution is adopted pursuant to the Act and shall take effect upon its adoption. The Agency is duly authorized under the Act and all applicable laws to issue the Bond and to adopt this Resolution in the manner and to the extent provided herein. The Agency will at all times, to the extent permitted by law, defend, preserve and protect all the rights of the registered owner of the Bond hereunder against all claims and demands of all persons whomsoever.

ARTICLE II
AUTHORIZATION OF THE BOND; FINDINGS; TERMS AND SALE OF THE BOND

SECTION 201. The Bond.

(A) The Bond of the Agency, designated "Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" are hereby authorized to be issued as herein provided in an aggregate principal amount not to exceed Three Hundred Forty Thousand Dollars ($340,000), the original principal amount of the Bond to be determined upon their issuance by the Authorized Officers of the Agency executing the same. The Bond shall be in such denomination as the authorized officers of the Agency shall determine. The Bond shall be dated and shall bear interest from the Bond Date and shall mature, subject to prior redemption as herein and in the Bond provided, twenty years from the Anniversary Date. Interest on the Bond shall be payable on September 1, 1993 and semi-annually thereafter on March 1 and September 1 of each year. The form of the Bond, the rate or rates of interest payable thereon, the terms of redemption thereof prior to maturity and all other terms and conditions thereof shall be as set forth in Article IV of this Resolution.

(B) The Agency hereby ratifies and confirms the Commitment Letter and approves the Permanent Loan on the terms and conditions provided herein, in the Commitment Letter and in the Three Party Agreement. The Agency hereby determines that:

(1) the Permanent Loan does not exceed the value of the Development as determined by the Agency and the principal amount of the Bond is necessary to provide sufficient funds to be used and expended for the Program in respect of the Development;

(2) the Permanent Loan can be issued bearing interest at a rate that will be less than the prevailing rate of interest on comparable mortgage loans available in the State without the assistance of the Agency;

(3) the Agency will derive receipts, revenues or other income from the Permanent Loan sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bond and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Bond are issued;

(4) the Development is primarily for occupancy by persons and families of low and moderate income within the meaning of the Act;

(5) the acquisition, construction and or rehabilitation costs incurred or to be incurred by the Sponsor are for housing development costs within the meaning of the Act;

(6) there exists or without the Development there will exist a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investments are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families; and

(7) the Sponsor is a housing sponsor as defined in the Act, the Sponsor will maintain or increase the supply of well-planned, well-designed permanent, temporary

transitional or emergency housing for persons of low and moderate income and the Sponsor is a financially responsible person.

(C) The purposes for which the Bond are being issued are to provide funds to make the Permanent Loan and to pay Costs of Issuance in the amount determined by or pursuant to Article III hereof.

SECTION 202. <u>Sale of the Bond.</u>

(A) The Bond is hereby sold to the Municipal Employees' Retirement System of Vermont, at the price of par on the terms and conditions provided herein and in the Three Party Agreement. The Three Party Agreement, in substantially the form presented at this meeting and included in the minutes thereof, and its execution and delivery by Authorized Officers of the Agency is hereby approved with such changes therein and thereto not inconsistent herewith as may be approved by the Authorized Officers executing the same prior to the execution and delivery thereof.

ARTICLE III
ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS; OBLIGATION OF THE Bond

SECTION 301. <u>Funds and Accounts.</u>

(A) The Housing Project (Federally Taxable Issue) Project Fund (the "Project Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Project Fund a separate account designated the "Hillside Loan Account" (the "Loan Account"), the amounts in which shall be applied as provided in this Article III.

(B) The Housing Project (Federally Taxable Issue) Bond Fund (the "Bond Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Bond Fund the following separate accounts to be applied as provided in this Article III:

(1) Hillside General Account (the "General Account");

(2) Hillside Sinking Fund Account (the "Sinking Fund Account");

(3) Hillside Special Redemption Account (the "Special Redemption Account").

SECTION 302. <u>Application of Bond Proceeds.</u>

(A) The proceeds of the Bond shall be deposited in the Loan Account. Moneys in the Loan Account shall be used solely as follows:

(1) an amount not exceeding the Permanent Loan Amount shall be used to make the Permanent Loan; and

(2) amounts in the Loan Account in excess of the Permanent Loan Amount shall be applied by the Agency to defray Costs of Issuance of the Bond within six (6) months of the Bond Date.

(B) Notwithstanding anything herein to the contrary, if the Permanent Loan is not made within six (6) months of the Bond Date, or in any event if any balance remains on deposit in the Loan Account on the date which is six (6) months after the Bond Date, the entire balance on deposit in the Loan Account shall be transferred to the Special Redemption Account for application to the redemption of the Bond as provided in Section 303 of this Resolution.

SECTION 303. <u>Application of Revenues.</u>

(A) The Agency shall deposit all Revenues in the Bond Fund upon receipt and shall immediately allocate the same to accounts therein as follows:

(1) Revenues constituting scheduled repayments of principal on the Permanent Loan and Revenues constituting permitted prepayments of the outstanding principal of the Permanent Loan - to the Sinking Fund Account;

(2) Revenues constituting Recovery Payments and excess moneys in the Loan Account under Section 302(B) hereof - to the Special Redemption Account; and

(3) all other Revenues - to the General Account.

(B) On September 1, 1993 and each succeeding September 1 thereafter, all amounts deposited in the Sinking Fund Account under Section 303(A)(1) shall be applied to the redemption of the outstanding principal of the Bond, except that, in the event that the Agency receives a prepayment of the outstanding principal of the Permanent Loan under Section 303(A)(1) on the tenth anniversary of the Bond Date, or at any time thereafter, all as provided in the Permanent Loan, the Bond shall be subject to redemption at the option of the Agency in whole or in part, from the amount deposited in said Account.

(C) All amounts deposited in the Special Redemption Account shall be promptly applied to the redemption of the outstanding principal of the Bond. At any time not later than the interest payment date for the Bond next succeeding the date of any deposit into said Account under Section 303(A)(2), the amount so deposited shall be applied to the redemption of the outstanding principal of the Bond.

(D) Moneys in the General Account shall be used solely as follows:

(1) on each interest payment date of the Bond, to pay the interest on the Bond then due;

(2) on the redemption date of any portion of the principal of the Bond being redeemed hereunder to pay any interest then payable on the principal amount of the Bond to be redeemed;

(3) at any time, to reimburse the Agency for any expense reasonably incurred by it in connection with the financing of the Development, including but not limited to Costs of Issuance in excess of the amount available therefor in the Loan Account and expenses incurred in connection with the protection of the Agency's security for the Permanent Loan; and

(4) on each interest payment date, after payment of the interest on the Bond then due and provided an Authorized Officer of the Agency determines that such transfer will not materially impair the Agency's ability to make future payments from the General Account sufficient for the purposes of paragraphs (1) and (2) of this Section 303(D), to transfer funds to the Agency's General Fund free of the pledge herein made.

(E) Whenever funds in any account in the Project Fund are required to be applied to a payment on account of principal of the Bond, the Agency may at its election hold back such amount not exceeding $100 as will facilitate payment of principal on the Bond in rounded amounts. Payments from the Project Fund shall be deemed to have been made on the date of the Agency's check therefor and not on the date of any prior mailing of said check.

SECTION 304. <u>Transfers from General Fund.</u>

From time to time, at its option, the Agency may transfer moneys from the General Fund to the General Account.

SECTION 305. Investment.

Moneys in the funds and accounts established hereunder may be invested by the Agency, until needed for their respective purposes, in any manner permitted by the Act. Moneys in two or more of such funds and accounts may be invested on a commingled basis for the account of such funds and accounts pro rata in proportion to the moneys invested on behalf of each such fund or account. Interest and other income earned upon the investment or deposit of amounts in the Loan Account shall be deposited in such Account. Interest and other income earned upon the investment or deposit of amounts on deposit in the General Account, the Sinking Fund Account and the Special Redemption Account shall be deposited in the General Account.

SECTION 306. Obligation of The Bond.

The Bond shall be general obligations of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than the Bond pledging particular revenues, moneys or assets for the payment thereof. The Agency hereby covenants and agrees with the registered owners of the Bond that it will not grant to any person any lien on or pledge of the Permanent Loan or of any of the Revenues or moneys or investments in any of the accounts created hereunder or any proceeds thereof unless the Agency shall simultaneously therewith grant to the registered owner of the Bond a prior and senior lien on or pledge of the Permanent Loan and such Revenues, moneys and investments and the proceeds thereof. The Bond shall not constitute a debt or grant or loan of credit of the State and the State shall not be liable thereon nor shall the Bond be payable out of any funds other than those of the Agency. The Agency is not obligated to pay the Bond or the interest thereon except from the revenues or assets of the Agency pledged therefor under this Resolution and neither the faith nor credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bond.

ARTICLE IV
FORM OF THE BOND

The Bond shall be issued substantially in the following form:

VERMONT HOUSING FINANCE AGENCY
HOUSING PROJECT BOND
(Federally Taxable Issue)
Hillside Mobile Home Park

No. 1 $340,000

NOTE: THE HOLDER OF THIS BOND BY ACCEPTANCE HEREOF AGREES TO RESTRICTIONS ON TRANSFER AND TO INDEMNIFICATION PROVISIONS SET FORTH BELOW.

The Vermont Housing Finance Agency (herein called the "Agency"), a body politic and corporate of the State of Vermont, for value received hereby promises to pay to Vermont Municipal Employees Retirement System, or registered assigns, on the Tenth day of March 2013, the principal sum of________________________ and No Dollars ($___,000), upon presentation and surrender hereof, and to pay interest on the principal balance hereof outstanding from time to time from the date of original delivery of this bond (the "Bond Date") until final payment hereof at the annual rate provided below, which interest rate will change periodically on a day which is a specified anniversary of the date the first scheduled amortizing payment was due (the "Anniversary Date") such interest payments to be made semi-annually on the first day of March and September in each year commencing September 1, 1993. The principal or redemption price of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts and shall be payable by check or draft mailed to the registered owner at his address appearing on the registration books of the Agency kept for that purpose at the offices of the Agency; provided that the registered owner of this bond by acceptance hereof agrees that whenever any payment on account of principal shall occur, such owner shall promptly note the date and amount thereof on the Schedule of Payments and Prepayments endorsed hereon and further agrees that this bond shall be surrendered to the Agency upon final payment hereof.

The annual rate of interest on this bond shall be as follows:

1. From the Bond Date to but excluding the fifth Anniversary Date - 9.00% per annum;

2. From the fifth Anniversary Date to but excluding the tenth Anniversary Date - 9.75% per annum;

3. From the tenth Anniversary Date to but excluding the fifteenth Anniversary Date - 10.50% per annum;

4. From the fifteenth Anniversary Date to the earlier of final maturity or redemption hereof, a rate equal to 11.25% per annum.

This bond is issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act") and under and pursuant to a resolution of the Agency adopted March , 1993 entitled "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" (the "Resolution"). This bond is a general obligation of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than this bond pledging particular revenues, moneys or assets for the payment thereof.

The Agency is not obligated to pay this bond or the interest hereon except from the revenues or assets of the Agency pledged under the Resolution and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this bond.

Copies of the Resolution are on file at the office of the Agency in the City of Burlington, Vermont, and reference to the Resolution and to the Act is made for a description of the covenants securing this bond, the manner of enforcement of the covenants, the rights and remedies of the registered owner of this bond with respect thereto, and the terms and conditions upon which this bond is issued.

This bond may not be transferred except to a transferee capable of making representations comparable to those made by the original owner hereof in the Three Party Agreement described in the Resolution to the reasonable satisfaction of the Agency. Furthermore, before any transfer of this bond by the registered owner or his or its legal representative will be recognized or given effect by the Agency, the registered owner shall note hereon the date to which interest has been paid as well as the amounts of all principal payments and prepayments hereon, and shall notify the Agency of the name and address of the transferee and shall afford the Agency the opportunity of verifying the notation as to payment of interest and principal. By the acceptance hereof the owner of this bond and each transferee shall be deemed to have agreed to indemnify and hold harmless the Agency against all losses, claims, damages or liabilities arising out of any failure on the part of the owner or of any such transferee to comply with the requirements of the preceding sentence. Subject to the foregoing, this bond is transferable only upon the books of the Agency at the offices of the Agency by the registered owner hereof in person or by his or its agent duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Agency duly executed by the registered owner or his or its duly authorized agent, and upon the payment of the charges described in the Resolution, the Agency shall issue in the name of the transferee a new substitute registered bond with the same date and in the same form and amount as this bond, endorsed to show the principal amount of the predecessor bond or bonds paid to the delivery date of such substitute bond.

This bond is subject to redemption at a redemption price equal to the portion of the principal amount hereof to be redeemed plus accrued interest on such portion to the redemption date as follows:

1. in whole or in part on September 1, 1993 and on each September 1 thereafter without notice through application of moneys in the Sinking Fund Account as required by the Resolution;

2. in whole or in part at any time upon notice through application of moneys in the Special Redemption Account as required by the Resolution; and

3. in whole or in part at the election of the Agency upon notice, through application of moneys deposited in the Sinking Fund Account in the event of the prepayment of the outstanding principal amount of the Permanent Loan as described in the Resolution. In the event of a prepayment before the end of the seventeenth year, the Agency will pass through amounts of prepayment charges it receives from the Sponsor according to the following schedule:

Years	1-5	10.0%
Year	6	9.5%
Year	7	9.0%
Year	8	8.5%
Year	9	8.0%
Year	10	7.5%
Year	11	7.0%
Year	12	6.5%
Year	13	6.0%
Year	14	5.5%
Year	15	5.0%
Year	16	4.5%
Year	17	4.0%
Years	18-20	no premium

Any notice required hereunder shall be given by certified letter, return receipt requested, mailed to the registered owner at his address appearing on the registration books of the Agency not less than five days prior to the redemption date. Any redemption shall be accomplished by mailing, two days prior to the redemption date, the Agency's check (dated as of the redemption date) for the redemption price to the registered owner in the same manner as is hereinabove provided for notice of redemption.

No recourse shall be had for the payment of the principal or redemption price of or the interest on this bond or for any claim based hereon or on the Resolution against any member or officer of the Agency or any person executing this bond.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Vermont or the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this bond to be executed in its name by the manual signature of an authorized officer of the Agency, and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual signature of an authorized officer of the Agency.

ATTEST:	VERMONT HOUSING FINANCE AGENCY
By: ____________________	By: ____________________
Authorized Officer	Authorized Officer

Bond Date: ______________ __, 19__

<u>Schedule of Payments and Prepayments of Principal</u>

Principal Amount Paid	Date Paid	Balance Due	Authorized Signature and Title

(NOTICE: The within bond may not be transferred until this schedule has been verified by the Agency.)

ARTICLE V
MISCELLANEOUS

SECTION 501. <u>Default.</u>

If the Agency defaults in the payment of principal of or interest on any Bond when due, or in the performance of any covenant in this Resolution, then the registered owner of the Bond shall have the right, by mandamus or other suit, action or proceedings at law or in equity, to bring suit upon the Bond, to enforce its rights under the Resolution and the Bond, to compel performance by the Agency of its obligations under the Bond and the Resolution; to require the Agency to account as trustee of an express trust; to require the Agency to effectuate the assignment of the Permanent Loan to such owner; or to enjoin any acts which may be unlawful or in violation of the rights of the registered owners of the Bond. No remedy conferred by the Resolution upon the registered owners of the Bond is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or the Bond or provided at law or in equity or by the Act. No delay or omission of the registered owners of the Bond to exercise any right or power arising upon the happening of a default shall impair any right or power or be construed to be a waiver of the default. The registered owners of the Bond may waive any default and its consequences. No such waiver shall extend to any subsequent or other default.

SECTION 502. <u>Defeasance.</u>

If the Agency shall pay or cause to be paid to the registered owners of the Bond the principal, redemption price and interest thereon at the times and in the manner stipulated therein and herein, then all obligations of the Agency hereunder and under the Bond and all other rights granted hereby shall be discharged and satisfied.

SECTION 503. <u>Transfer.</u>

The Bond may be transferred in whole but not in part to new owners, subject to the restrictions on transfer and upon compliance with the provisions for transfer described in the form of the Bond and payment of a transfer fee of $100.00 for each substitute Bond issued as a result of a request for transfer.

SECTION 504. <u>Amendment</u>.

This Resolution may be amended by the Agency without the consent of the registered owners of the Bond to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not inconsistent with this Resolution as theretofore in effect. The Agency may also adopt a resolution amending, supplementing or otherwise modifying this Resolution without the consent of the registered owners of the Bond to incorporate the provisions hereof in a resolution of the Agency of general application to bonds issued to finance the Program the interest on which is not excludable from federal income taxes; provided no such resolution shall reduce the principal amount of the Bond or the rate of interest payable thereon or change the maturity date thereof or the dates for payment of interest thereon or the terms of redemption thereof or the security granted for the payment thereof without the express written consent of the registered owners of the Bond. Except as hereinabove provided in this Section 504, this Resolution and the Bond may be amended by the Agency only with the prior written consent of the registered owners of the Bond.

SECTION 505. Authorization of Officers.

The Chairman, Vice-Chairman, Executive Director, Deputy Director, Director of Finance and all other Authorized Officers of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates, and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution, including the transaction involving the loan of the proceeds of the Bond for the acquisition, construction and/or rehabilitation of the Development.

SECTION 506. Severability.

If any provision of this Resolution is held invalid in any circumstances, that invalidity shall not affect any other provisions or circumstances.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt ASH

DATE: March 12, 1993

RE: EXECUTIVE DIRECTOR'S REPORT

I am sorry that I will miss the Board meeting but a long planned ski vacation keeps me away. However, I wanted to report on a few items of interest.

Dalton Drive—We now have approximately 67 of the 77 units sold, under contract or on reservation. As a result of a very successful Home Buyer Fair, the realtor expects the balance of the units to be sold shortly! Work continues on outline specs for the commercial buildings #504 and #600.

Nomination to HERS Council—I learned last week that I have been nominated to represent all HFA's on the newly created Home Energy Rating System (HERS) Council. This council was a result of national energy legislation that mandated the Department of Energy to find ways to integrate energy efficiency into the mortgage lending process. They are creating this council to provide industry input into how to accomplish this mission. My nomination was a result of VHFA's outstanding reputation in this area.

Washington visit—Hollis and I attended the National Legislative Conference in Washington. Besides having an opportunity to hear Henry Cisneros, the new HUD secretary, and numerous Congressional leaders, we met with our three Congressional staffs to discuss a permanent extension of the Low Income Housing Tax Credit and Mortgage Revenue Bond programs. We believe that all three will cosponsor the bills extending these programs. The general consensus is that a permanent extension will happen by late summer. Enclosed is some information that we provided to the delegation on the continuing needs for each program.

Enterprise study—The study is finally complete and a copy will be available at the Board meeting. No dramatic suggestions but some good ideas on coordination. Generally, a positive report.

Westgate—Irene and I attended a meeting in Brattleboro to discuss with HUD their capital needs study which we believed was basically flawed and, if left in place, would doom the deal. It appears now that HUD is backing away from their initial position, although perhaps not enough to get the transaction completed. We are continuing discussions with the Brattleboro Area Community Land Trust about being our local partner, with a limited amount of progress being made.

State Legislation—Very quiet relative to us, so far!

Affordable Housing: The Need Persists

Every community needs
to house its people:
it's part of what makes up a
healthy society.

Low Income Housing Tax Credits and Mortgage Revenue Bonds Generate Opportunities for Affordable Housing and Stimulate Vermont's Economy

March 1, 1993

vhfa

VERMONT HOUSING FINANCE AGENCY

Renters

Affordable Rental Opportunities: Created and Preserved with Tax Credits

Vermont Housing Finance Agency (VHFA) works with the Department of Housing and Community Affairs (the State Housing Credit Agency) to administer the federal Low Income Housing Tax Credit program. VHFA issues credits to owners or sponsors of specific developments in accordance with the State's annual Allocation Plan.

In 1992, more than $800,000 was allocated, contributing to the production of 341 newly-built or rehabilitated units in 16 Vermont communities, targeted for the lowest income tenants.

Tax Credits represent the only federal incentive for the production, rehabilitation, and preservation of affordable rental housing. For a highly rural state like Vermont with little development capital available Tax Credits have made possible the construction and rehabilitation of housing developments which otherwise could not have been completed. The Low Income Housing Tax Credit program must be renewed and permanently extended so that safe, affordable rental housing will continue to be available for Vermont's lowest income residents.

Total Allocation Activity	1992	1987-1992
Total Units	341	2,087
Tax Credit Units	305	1,454
Total Dollars (in millions)	$ .8	$ 4.1
VHFA Dollars Loaned (in millions)	$ 2.1	$37.3

Low Income Tax Credit Allocation in Vermont - 1992

Town	Tax Credit Units	Market Rate Units	Total Units	Purpose
Peacham	5	6	11	Acquis & Rehab-elderly
Randolph	42	6	48	Acquis & Rehab-elderly
Newport	22	0	22	Acquis & Rehab-family
Derby Line	9	0	9	Acquis & Rehab-family
Rutland	31	0	31	Rehab-family
Montpelier	23	0	23	Rehab-family
Montpelier	10	6	16	New Const-family
Franklin	16	7	23	New Const-elderly
Bradford	24	0	24	New Const-family
Putney	28	0	28	New Const-elderly
Lyndonville	12	2	14	Rehab-family
Bristol	9	0	9	New Const-family
Waterbury	14	0	14	Acquis & Rehab-family
Hardwick	7	0	7	New Const-family
St. Johnsbury	19	9	28	Acquis & Rehab-family
Newport	24	0	24	New Const-elderly
Bethel	10	0	10	Acquis & Rehab-elderly
TOTAL	305	36	341	

Homeownership: Helping Vermonters Jump Hurdles

Recent research conducted by VHFA indicates that many would-be home buyers face significant financial barriers which prevent them from realizing their dreams of homeownership. In August of 1992, a statewide survey of 400 renters, coordinated for VHFA by Macro International Inc., showed that most Vermont renters would like to own a home. Even though conventional interest rates are at an all-time low and real estate prices have stabilized, other financial obstacles stand in the way of home purchase. The most frequently-cited barriers include: lack of cash savings to meet down payment and closing cost requirements and insufficient income to meet monthly mortgage, taxes, and insurance payments.

VHFA Renter Survey
($20,000 - $40,000 Income Category)

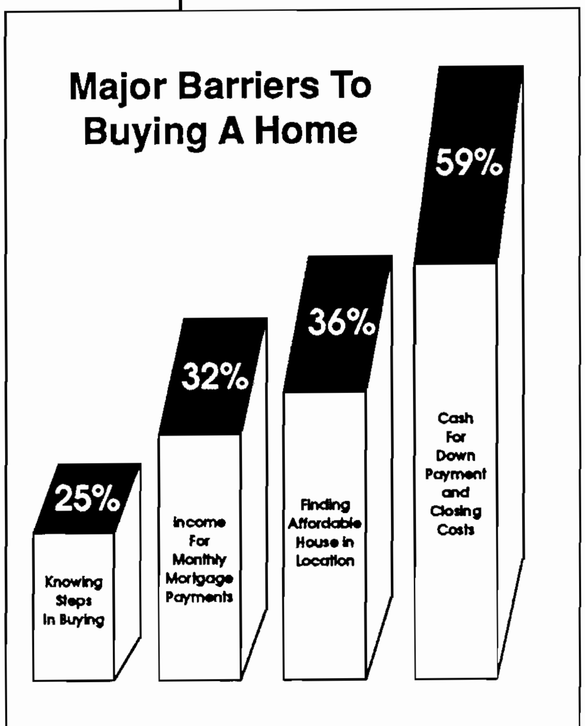
- 89% or 23,000 households would like to own a home someday.
- 53% or 14,000 households would like to own today.
- 32% or 8,000 households were previous homeowners.

Vermont renters' inability to accumulate cash savings is further reinforced by U.S. Census data showing cost-burden borne by lower income renting households with incomes from $10-$34,999:

1/3 or 13,020
Households Spend:
30% or MORE Income on Rent

Meanwhile, Vermonters value the notion of homeownership very highly. Again, according to the U.S. Census bureau, Vermont's rate of homeownership in 1991 of 71 percent ranks among the highest in the nation, at sixth—second in New England only to Maine. Consistent with this national statistic, VHFA's survey revealed a strong desire to move from renting to homeownership. According to survey results, 89 percent of renter households in Vermont with annual incomes between $20,000 and $40,000, VHFA's target audience, would like to own a home someday; 53 percent would like to own today. However, the financial barriers cited above prevent many from transforming their dreams into reality.

In an effort to help prospective home buyers overcome these obstacles, VHFA has made an additional $30 million of Mortgage Revenue Bond (MRB) proceeds available on March 1,



Diane Lischer is a single parent from Windham County. She purchased her home through the Homeland program, offered by the Vermont Housing and Conservation Trust Fund and area land trusts.

"

I felt that the bank, particularly the Socially Responsible Banking Fund, was a real advocate for me, as well as the Rockingham Area Community Land Trust. I felt like a person, not just so much paperwork, and everyone worked together to help me obtain the house I fell in love with 15 years ago.

"

—Diane Lischer, Saxtons River, VT
Profession: Legal Assistant
Children: Zachariah
Age at time of purchase: 38
Lender: Vermont National Bank

1993, through the Mortgages for Vermonters (MOVE) program, which will assist approximately 430 home buyers. New features have been designed specifically in response to the survey findings, to help home buyers overcome the financial barriers cited. VHFA is introducing a new "no-points" option which will help reduce the cash needed at closing. For the average VHFA borrower, this no points option can mean an upfront savings of approximately $1300. VHFA has also reduced the interest rate for the first year to help home buyers qualify. With two points, MOVE loans will carry an interest rate of 6.95 percent in year one and then become fixed at 7. 95 percent at year two through the 30-year term of the loan.

VHFA's MOVE program is funded with MRB proceeds. If VHFA's authority to issue MRBs is not renewed by Congress this year, this could be VHFA's *last* offering of original MRB proceeds to assist low- and moderate-income home buyers. With the sustained support of Vermont's congressional delegation, VHFA can expand its innovative programs to continue meeting the housing challenges faced by modest-income Vermonters. The MRB program must be renewed and permanently extended this year.

Mortgage Revenue Bonds Spurred Homeownership in 1992

With MRB-generated capital and mortgage credit certificates, VHFA continued to serve low- and moderate income Vermonters who would otherwise be unable to afford home purchase. Nearly 1,000 modest-income households achieved homeownership last year with VHFA's assistance.

Down Payment Assistance Initiative

In 1991, the Vermont State Legislature passed a bill directing funds generated through the Interest On Real Estate Trust Accounts (IORTA) to VHFA for providing down payment and closing cost assistance to eligible borrowers. In 1992, the IORTA proceeds allowed 71 borrowers with limited accumulated savings to purchase homes totalling $4.5 million in loan amounts.

PROFILE — Average Single Family*

Income	$27,429
Purchase Price	$68,417
Mortgage Amount	$62,878
Downpayment	$5,552
P & I Payment	$468
Age	31 Years

* Includes Mortgages for Vermonters (MOVE) and Homeownership Opportunities Using Shared Equity (HOUSE) borrowers.

Total Lending Activity	1992	1974-1992*
MRB Loans	596	14,830
Millions of Dollars	$36.8	$639.2
MCCs Issued	380	900
Millions of Dollars Leveraged	$28.8	$64.9

*Cumulative

Liz and Bob Butterfield of Barton came to Vermont to begin a new life. They were dairy farmers in New York and lost everything they had. Now Mr. Butterfield breeds cows in northern Vermont. Community National Bank's Cathy Bussell helped them with their loan application and guided them through the process to closing.

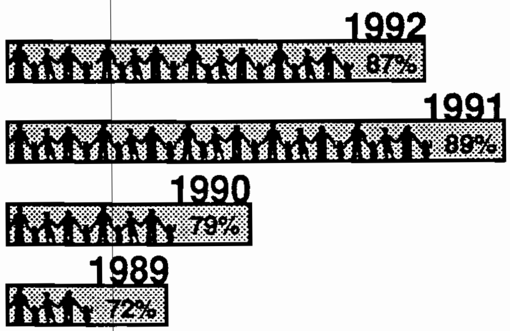
"Now we are investing in our own home, building up equity again. If it wasn't for VHFA, we couldn't have done it."

—Bob and Liz Butterfield, Barton, VT
Professions: Technician, Eastern Artificial Insemination, Corp.; Homemaker
Ages at time of purchase: 32 and 29
Children: Patrick, Justin and Ethan
Lender: Community National Bank

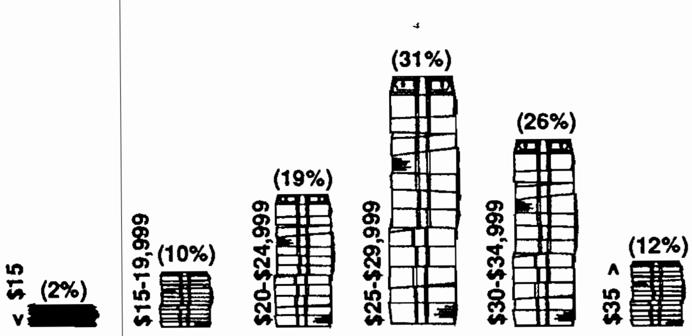
"I couldn't have bought a home without the VHFA program . . . I was happy with the process, the time that it took and the people involved."

—George H. Gardner, Sheffield, VT
Profession: Assistant Manager, Retail
Age at time of purchase: 28
Lender: Citizens Savings Bank

MOVE Borrowers At or Below 100% of Vermont's State Median Income



1992 Income Distribution for MOVE Borrowers



Economy

Economic Impact of VHFA Activity

Economic Impact of Rental Developments

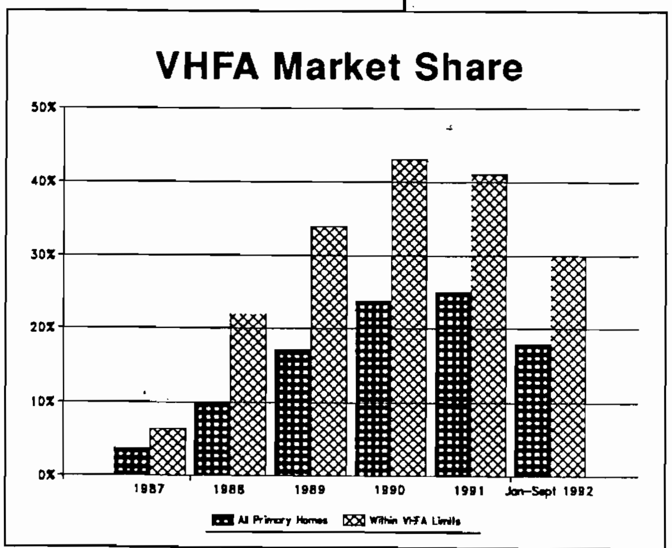
VHFA's multi-family rental housing portfolio is expected to produce almost $15 million in operating expenses (excluding debt service and escrows) in 1993. This includes administration, utilities, taxes, maintenance, and insurance costs associated with operating these developments. These dollars flow directly into the local economies and state revenues.

VHFA Market Share

VHFA's market share represents VHFA-assisted purchases as a percentage of all primary home purchases. The following graph shows VHFA's market share as a percentage of all primary homes sold in Vermont and of homes sold for a price at or below VHFA maximum purchase price limits. VHFA purchase price limits were $80,000 in 1987 and 1988, $93,000 in 1989, $98,000 in 1990, $105,000 in 1991 and the first half of 1992, and $110,000 in the second half of 1992.

Economic Impact of Single Family New Construction

A model developed by the Associated General Contractors of America, illustrates VHFA's contribution to the state's economy in 1992 through its financing of single family new construction. In 1992, VHFA financed the purchase of 139 newly built homes, totalling nearly $9,7 million in sales. If land costs are assumed to constitute 25 percent of the purchase price, then the estimated value of contracts generated by VHFA financing is about $7 million.



Number of Newly Constructed Homes: 139
Estimated Contract Cost: $7,248,319
Economic Activity Generated: $14,137,846
(Industries and services in Vermont)
Jobs Created: 245
(for each $1 million, 35.1 jobs created)
Net Earnings of Households: $4,796,212
(earnings increase by $.6617 for each $1)

EVENSEN DODGE INC

FINANCIAL CONSULTANTS

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714/545-1212 800/322-0171
714/557-9126 Fax

44 Montgomery Street
Suite 500
San Francisco CA 94104
415/955-2675
415/955-2676 Fax

255 South Orange Avenue
Suite 1133
Orlando FL 32801
407/841-0757 800/624-8222
407/872-2326 Fax

100 Court Avenue
Suite 215
Des Moines IA 50309
515/282-6138
515/282-0252 Fax

101 West Ohio, 20th Floor
Indianapolis IN 46204
800/328-8200

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Suite 400E
Detroit (Livonia) MI 48152
313/591-4040 800/589-2800
313/591-4554 Fax

1951 East Buena Vista
Springfield MO 65804
417/887-1277
417/887-7916 Fax

1726 Prairie Lane
Fargo ND 58103
701/235-4416 800/328-8200
701/239-4597 Fax

379 Federal Circle
Columbus (Delaware) OH 43015
614/363-5577 800/628-7900
614/363-4887 Fax

701 Brazos, Suite 500
Austin TX 78701
512/320-9047 800/284-5612
512/320-1419 Fax

March 1, 1993

Mr. Horace B. Shaw, Jr.
Chairman
Vermont Housing Finance Agency
One Burlington Square
Burlington, VT 05401-4414

Dear Mr. Shaw:

Evensen Dodge presented the first part of the Financial Study and Fund Balance Analysis Report to the Board of the Vermont Housing Finance Agency on February 18, 1993. This part of the report provides a detailed analysis of the assets and obligations of the Agency. This information will be used in our final analysis of the amount of fund balances required for the Agency's operations.

Based upon the first part of the study, some tentative conclusions have been reached. The first conclusion is that the Agency has aggressively and efficiently used its assets and fund balances to provide affordable housing. This has been accomplished by making over $7 million of loans from the General Fund, by providing over $6 million of insurance and guarantees from the General Fund, and by recycling a substantial amount of prepayments into new loans.

The second conclusion is that the Agency's fund balance is not too large in comparison to the risks and obligations of the Agency. One indicator is that 87% of the Agency's bonds have single A credit ratings from Moody's Investors Service and Standard & Poor's Corporation. Bond issues within the single A rating category have a strong capacity to pay scheduled debt service, but are more susceptible to adverse changes in circumstances and economic conditions in comparison to bond issues with higher credit ratings. The Agency's credit ratings in comparison to other state housing agencies are in the lower end of the range. The Agency has taken additional risk in providing affordable single family and multifamily programs. For single family programs, the Agency has funded the loan loss claim fund with letters of credit as opposed to cash. For multifamily programs, the Agency has made $38 million of loans for projects which are uninsured and which do not have deep rent subsidy contracts with the Federal Government. These loans are 43% of the total multifamily portfolio. These are two examples of how the Agency's fund balance has been highly leveraged and why the fund balance must be maintained and increased in order to continue operations.

Sincerely,

Alan L. Hans
Senior Vice President

222 South Ninth Street, Suite 3800
Minneapolis, MN 55402
612/338-3535 800/328-8200
FAX 612/338-7264

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeff Francis, Deputy Director

DATE: March 11, 1993

RE: FY93 BUSINESS PLAN UPDATE

I have enclosed updated summary pages of the Business Plan reflecting year to date activity through February 28, 1993. The update of the Plan was only recently completed so we have not had time to conclude staff discussions on our progress in achieving our FY93 goals. Those discussions will occur between now and the Board meeting. At the Board meeting, I will provide a brief verbal summary of our progress to date and respond any questions you may have.

Also enclosed is an addendum to the Business Plan which reflects the additions and changes suggested by the Board at the January meeting.

03/93 ADDENDUM

ANALYZE FOR FUTURE IMPLEMENTATION

Lead Paint Response *(Amends existing language)* Participate in the formulation of any legislation/regulations passed to address the issue of lead paint contamination and poisoning.	*FY93 GOAL:* Participate in policy/regulatory development. *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT

VHFA will respond to any legislation that is enacted and will work to ensure that its policies as well as all federal and state regulations are adhered to by projects in its portfolio. Additionally, VHFA will participate in determining whether a need exists for loan capital for lead paint abatement and if so, will make an effort to respond to that need in an appropriate fashion.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Comprehensive Housing Affordability Strategy (CHAS) Performance Annually, VHFA participates in formulation of Vermont's CHAS. Additionally, VHFA's activities in providing affordable housing coincide with the CHAS priorities.	FY92 Activity: Participated in creation of statewide CHAS document *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT OPERATIONS

As part of its ongoing performance review, VHFA will monitor its progress in contributing to the achievement of the CHAS priorities listed below.

1. Serve households at or below 30% of median income
2. Address the preservation and production of mobile home parks
3. Preservation and rehabilitation of existing units
4. Integrate households of different incomes
5. Achieve perpetual affordability
6. Assist projects that demonstrate leverage and cost effectiveness
7. Address the need for accessibility

Loan Servicing Ongoing effort to achieve timely collections of mortgage loan payments while endeavoring to reasonably cooperate to keep borrowers in their homes.	FY92 Activity: *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS**

Diligently pursue workouts and pre-foreclosure sales with qualified borrowers. Work with borrowers to facilitate repair of defects which might lead to property abandonment and/or a property becoming unfit for occupancy.

VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY92 vs. FY93 TO DATE (July 1, 1992 through February 28, 1993)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
ONGOING PROGRAMS			
MOVE	604 mtges purch; $39,310,000	600 mtges purch; $39,300,000	365 mtges purch; $22,991,170
MCC	317 MCCs issued; $23,461,000	399 MCCs issued; $30,400,000	308 MCCs issued; $23,276,656
HOUSE	31 loans purch; $ 1,736,000	70 loans purch; $ 4,540,000	49 loans purch; $ 3,155,582
Rural VT Mtge Program	22 mtges purch; $ 301,000	22 mtges purch; $ 301,000	9 mtges purch; $ 113,860
Down Payment Assistance	71 loans; $ 4,100,000		18 loans purch; $ 978,816
IORTA Down Payment Assist		150 loans; $ 9,600,000	83 loans purch; $ 5,097,788
Dalton Drive Aff Housing	23 units sold; $ 1,586,645	Sell all 77 units $ 6,782,000	52 units sold; $ 4,613,984 ($1,236,907)
Sugar Mae (Secondary Market)	None	Periodic program review; assess need	None
Delivery/Servicing Nonprof Pilot	None; discussions in progress	Establish capacity at one nonprofit	None; initiative viability being analyzed
Affordable Housing Demonstration	None	Keep program available	None
Mobile Home Assistance	7 loans; $ 123,000	No volume goal pending analysis of program	None
Mobile Home Park Financing (MF)	100 units; $ 816,000	2 parks, 73 units; $ 1,100,000	22 units; $ 326,305 Hillside 03/12/93
Preservation-Section 8	5 Pres Agree Signed (102 units)	Preservation agreements for 6 projects	2 Pres Agree Signed (22 units)
LIHPRHA Preservation/Westgate	Highgate completed; 120 units	Begin Westgate (100 units) acquis & rehab	Appraisal/Capital Needs Assessment underway
MF Financing	110 units; $ 3,600,000	Commitments pending	14 units; $ 520,000 Starlake Village
Ventures	Loans totalling $ 114,700		$43,340 committed; $44,000 pending
SF Development/Const Pilot	44 units; $355,000 loan guar	14 units; $200,000 revolv const loan	14 units; $200,000
LIHTC	Cal 92=341 units $ 807,577	100% allocation of any available credit	92 units; $ 239,765
Old North End (Burlington)		MF = 25 Units; SF = 10 units	All agreements have been executed; $2.5 million committed to MF & SF program
Nonprofit Training	7 Workshops conducted to date	Assess need for training series	Co-sponsored two with VHCB et al.
Home Buyer Education	7 wkshops conducted; 180 attend	Develop new education strategies	2 home buyer days conducted; 61 participants
TEAM Approach	Assist 67 dev's; 2,207 hshlds	Transition to regional host organizations	Transition/technical assist in progress
Coop Advertising w/Nonprofits			Disbursed $3,789 to two nonprofits

FY92 vs. FY93 TO DATE (July 1, 1992 through February 28, 1993)

	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
PROGRAMS BEING DEVELOPED			
Section 8 Refunding	Auth. rec'd from HUD		Legislative priority issue for NCSHA
MF/SF Construction Programs			Loans under review
Home Improvement/Qualified Rehab	None	Program development	Program development 50% complete
Section 8 Rent Increases	Await HUD's comparability	Same as FY92	Commented on draft regs; waiting publish
Proactive Servicing (SF)	Begin after computer purchase	Same as FY92	Will begin after computer conversion
LIHTC Compliance Monitoring	Program draft in progress	Estab TC monitoring system for 1,200 units	Selected authorized delegate (SPECTRUM) to monitor
Loan Consortium/Participating Lndrs		Program development and initiation	In progress
Special Needs Housing	Needs assessment; study pending	Finance group homes; broaden target pop	Group home financing thru FNMA- in negotiations
FHLB Funds Loan Program		Develop and implement program	Applied for $2 million from FHLB 02/93
ANALYZE FOR FUTURE IMPLEMENTATION			
Alternative SF Financing	None	Low priority until MRB reauthorization	None
Lead Paint Response		Participate in policy/regulatory development	Legislation pending
Accessory Apartments			
Training for RE Professionals		Develop/test curriculum	Application submission for course eligibility pending w/RE commission
Tax Exempt Fund/Restrict Reserves MF			
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
Housing Policies State/Fed Level	Ongoing	Ongoing	Ongoing
MRB and LIHTC Extension	Programs extended thru 06/30/92	Secure permanent reauthorization	Ongoing
Housing Vermont: Funding	Evaluation/monitoring ongoing		Evaluation/monitoring ongoing
Cash Flow: Analyze	Included in computer search	Same as FY92	Consider options after computer install
Statewide Afford Housing Conf	Participated in 1992 conf	Review need for annual conference	Plan to participate in 1993 conference
MF Management	100 developments (3,241 units)		98 developments (2,982 units)
Lender Training	30 sessions; 250 attendees		32 sessions; 202 attendees
Computer Software/Hardware Convert	Reviewing proposed contract	Convert to new computer system	Computer conversion underway

VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY92 vs. FY93 TO DATE (July 1, 1992 through February 28, 1993)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
TERMINATED PROGRAMS			
HE/ILP	6 loans; $ 14,050	Program terminated	
CVPS/VHFA/Chittenden Energy	3 loans; $ 10,300	None	Program canceled 10/05/92
4 Star Mtge SF	12 mtges; $ 895,434		Program canceled 03/30/92 9 loans $806,300

MARCH 3, 1993 ADDENDUM			
ANALYZE FOR FUTURE IMPLEMENTATION			
LEAD PAINT RESPONSE		Participate in policy/regulatory development	Reviewing pending legislation
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
CHAS PERFORMANCE	Participated in creation of statewide CHAS document	Monitor progress in achieving CHAS priorities	CHAS monitoring ongoing
LOAN SERVICING			

STATISTICAL REPORT PROGRAM ID: 92B Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 03/11/93
Loan Status: CC,UC,O

Total Number of Loans: 37
Total Loan Amount: $2,351,670

EXISTING:	$2,096,070	89.1%	33 Loans
NEW CONSTRUCTION:	$255,600	10.8%	4 Loans
NEW DETACHED HOUSING:	$255,600	100.0%	4 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,443,138	18.0%	22 Loans (Est.)

Total Insured or Guaranteed Loans: 35
Loans Guaranteed by VHMGB: 32

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$62,983	$78,740	$67,242
Avg. Loan Amount	$59,105	$75,582	$63,558
Avg. Borrower Income	$26,752	$31,239	$27,965
Avg. Housing Debt-Income Ratio	24.3%	26.4%	24.8%
Avg. Total Debt	$734.88	$883.70	$775.10
Avg. Total Debt-Income Ratio	33.0%	34.1%	33.2%
Total No. of Loans	27	10	37
% of Total Loan Amount	67.9%	32.1%	100.0%
First Time Homebuyers	88.8%	100.0%	91.8%
% Meeting Low Income Set Aside	29.6%	20.0%	27.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	5.4%	$144,600	5,000	5.7%	0.3-
Bennington	2	5.4%	$117,325	6,300	7.2%	1.8-
Caledonia	2	5.4%	$77,375	4,800	5.5%	0.1-
Chittenden	4	10.9%	$352,950	16,000	18.2%	7.3-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	2	5.4%	$158,000	6,000	6.8%	1.4-
Grand Isle	1	2.7%	$62,100	900	1.0%	1.7
Lamoille	1	2.7%	$57,000	3,300	3.8%	1.1-
Orange	2	5.4%	$77,405	4,300	4.9%	0.5
Orleans	6	16.2%	$270,400	4,200	4.8%	11.4
Rutland	7	18.9%	$469,625	10,000	11.4%	7.5
Washington	6	16.2%	$407,240	9,000	10.3%	5.9
Windham	1	2.7%	$78,800	7,100	8.1%	5.4-
Windsor	1	2.7%	$78,850	9,600	11.0%	8.3-
TOTAL	37	100.0%	$2,351,670	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 Series 902

AS OF: 03/11/93 Vermont Housing Finance Agency Report: 1130
PAGE NO. 1 92B - $8,000,000 1990 SERIES 2-SF HOUSING PROGRAM-7.80% PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 7.800%

Date : 03/11/93

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$204,550	2.5%	$65,500	0.8%	$0	$65,500	32.0%
Chittenden Bank	$1,650,497	20.6%	$597,075	7.4%	$0	$597,075	36.1%
Citizens Savings Bank and Trust	$203,000	2.5%	$0	0.0%	$0	$0	0.0%
Community National Bank	$418,400	5.2%	$270,400	3.3%	$35,500	$234,900	56.1%
First National Bank of Vermont	$104,000	1.3%	$0	0.0%	$0	$0	0.0%
Granite Savings Bank and Trust Company	$71,250	0.8%	$71,250	0.8%	$0	$71,250	100.0%
Kittredge Mortgage Corporation	$62,100	0.7%	$62,100	0.7%	$0	$62,100	100.0%
Lyndonville Savings Bank & Trust Company	$226,000	2.8%	$0	0.0%	$0	$0	0.0%
Marble Bank	$262,500	3.2%	$135,000	1.6%	$0	$135,000	51.4%
Merchants Bank, The	$263,900	3.2%	$0	0.0%	$0	$0	0.0%
National Bank of Middlebury, The	$79,600	0.9%	$79,600	0.9%	$0	$79,600	100.0%
New England IBM Employees Fed Crdt Union	$86,500	1.0%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank	$377,790	4.7%	$199,790	2.4%	$0	$199,790	52.8%
Passumpsic Savings Bank	$49,875	0.6%	$49,875	0.6%	$0	$49,875	100.0%
Statewide Funding Corporation	$254,030	3.1%	$141,075	1.7%	$0	$141,075	55.5%
Summit Financial Center, Inc.	$388,655	4.8%	$178,955	2.2%	$0	$178,955	46.0%
Union Bank	$335,900	4.1%	$57,000	0.7%	$57,000	$0	0.0%
Vermont Federal Bank, FSB	$731,700	9.1%	$279,050	3.4%	$0	$279,050	38.1%
Vermont Mortgage Group	$470,195	5.8%	$165,000	2.0%	$0	$165,000	35.0%
Vermont National Bank	$254,420	3.1%	$0	0.0%	$0	$0	0.0%
Wells River Savings Bank	$62,000	0.7%	$0	0.0%	$0	$0	0.0%
TOTALS 102 Loans	$6,556,862	81.9%	$2,351,670	29.3%	$92,500	$2,259,170	34.4%

STATISTICAL REPORT PROGRAM ID: 94H Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 03/11/93
Loan Status: CC,UC,O

Total Number of Loans: 31
Total Loan Amount: $1,987,956

EXISTING:	$464,183	25.8%	8 Loans
NEW CONSTRUCTION:	$1,523,773	74.1%	23 Loans
NEW DETACHED HOUSING:	$752,258	49.3%	12 Loans
NEW CONDOMINIUM:	$771,515	50.6%	11 Loans
Funds Remaining to be Reserved:	$2,309,720	46.1%	36 Loans (Est.)

Total Insured or Guaranteed Loans: 24
Loans Guaranteed by VHMGB: 24

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$73,260	$77,327	$76,671
Avg. Loan Amount	$54,623	$65,955	$64,127
Avg. Borrower Income	$22,063	$25,526	$24,967
Avg. Housing Debt-Income Ratio	27.8%	29.1%	28.9%
Avg. Total Debt	$695.20	$766.30	$754.83
Avg. Total Debt-Income Ratio	37.6%	36.0%	36.2%
Total No. of Loans	5	26	31
% of Total Loan Amount	13.7%	86.3%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	80.0%	69.2%	70.9%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	9.7%	$162,900	5,000	5.7%	4.0
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	13	41.9%	$930,115	16,000	18.2%	23.7
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	3.2%	$60,500	9,000	10.3%	7.1-
Windham	4	12.9%	$212,618	7,100	8.1%	4.8
Windsor	10	32.3%	$621,823	9,600	11.0%	21.3
TOTAL	31	100.0%	$1,987,956	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 Series 904

AS OF: 03/11/93
PAGE NO. 1

Vermont Housing Finance Agency
94H - $5,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 03/11/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$202,000	4.0%	$78,200	1.5%	$78,200	$0	0.0%
Marble Bank		$420,980	8.4%	$351,867	7.0%	$0	$351,867	83.5%
Mortgage Service Center of New England		$68,000	1.3%	$68,000	1.3%	$0	$68,000	100.0%
National Bank of Middlebury, The		$55,000	1.1%	$55,000	1.1%	$55,000	$0	0.0%
Vermont Development Credit Union		$320,000	6.4%	$320,000	6.4%	$0	$320,000	100.0%
Vermont Federal Bank, FSB		$578,080	11.5%	$541,315	10.8%	$480,815	$60,500	10.4%
Vermont National Bank		$1,051,349	21.0%	$573,574	11.4%	$162,519	$411,055	39.0%
TOTALS	43 Loans	$2,695,409	53.9%	$1,987,956	39.7%	$776,534	$1,211,422	44.9%

MORTGAGE CREDIT CERTIFICATE MCC5

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC5

UNDERWRITING DATABASE

EFFECTIVE: 03/11/93

Total Number of Loans:	385
Total Loan Amount:	$29,038,728
Average Loan Amount:	$75,425

EXISTING:	$21,769,353	77.1%	297 Loans
NEW CONSTRUCTION:	$7,269,375	22.8%	88 Loans
NEW DETACHED HOUSING:	$3,411,247	46.9%	42 Loans
CONDOMINIUM:	$6,081,673	20.0%	77 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$79,325	$87,011	$82,559
Avg. Loan Amount	$72,548	$79,385	$75,425
Avg. Borrower Income	$31,454	$28,991	$30,418
Total No. of Loans	223	162	385
First Time Homebuyers	93.7%	100.0%	96.3%
% of Total Loan Amount	55.7%	44.3%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	1.3%	$355,545	4,500	5.8%	4.5-
Bennington	2	0.5%	$148,100	5,400	7.0%	6.5-
Caledonia	11	2.9%	$673,316	4,400	5.7%	2.8-
Chittenden	145	37.6%	$11,744,295	13,100	17.0%	20.6
Essex	1	0.3%	$59,000	1,100	1.4%	1.1-
Franklin	45	11.7%	$3,460,493	5,700	7.4%	4.3
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	14	3.6%	$1,024,168	3,100	4.0%	0.4-
Orange	17	4.4%	$1,226,476	4,000	5.2%	0.8-
Orleans	6	1.6%	$319,800	3,800	4.9%	3.3-
Rutland	41	10.6%	$3,092,206	9,200	11.9%	1.3-
Washington	80	20.8%	$5,695,857	7,900	10.3%	10.5
Windham	8	2.1%	$627,000	6,000	7.8%	5.7-
Windsor	10	2.6%	$612,472	8,100	10.5%	7.9-
TOTAL	385	100.0%	$29,038,728	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE MCC5

AS OF: 03/11/93
PAGE NO. 1

Vermont Housing Finance Agency
MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 03/11/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$8,555,590	18.1%	$7,805,220	16.5%	$6,570,545	$1,234,675	14.4%
Chittenden Bank		$5,441,255	11.5%	$5,098,620	10.8%	$4,674,870	$423,750	7.7%
Franklin-Lamoille Bank		$178,750	0.3%	$178,750	0.3%	$108,750	$70,000	39.1%
Marble Bank		$264,205	0.5%	$264,205	0.5%	$264,205	$0	0.0%
Merchants Bank, The		$1,889,148	4.0%	$1,725,788	3.6%	$1,499,463	$226,325	11.9%
Mortgage Service Center of New England		$86,800	0.1%	$86,800	0.1%	$86,800	$0	0.0%
Northfield Savings Bank		$392,525	0.8%	$392,525	0.8%	$342,525	$50,000	12.7%
Passumpsic Savings Bank		$142,021	0.3%	$71,021	0.1%	$71,021	$0	0.0%
Randolph National Bank		$85,000	0.1%	$85,000	0.1%	$85,000	$0	0.0%
Statewide Funding Corporation		$4,089,744	8.6%	$3,473,893	7.3%	$2,199,836	$1,274,057	31.1%
Summit Financial Center, Inc.		$2,321,098	4.9%	$2,158,776	4.5%	$2,078,876	$79,900	3.4%
Vermont Federal Bank, FSB		$1,972,675	4.1%	$1,900,475	4.0%	$1,807,575	$92,900	4.7%
Vermont Mortgage Group		$3,300,930	7.0%	$3,151,495	6.6%	$2,756,345	$395,150	11.9%
Vermont National Bank		$2,925,815	6.2%	$2,574,910	5.4%	$1,692,665	$882,245	30.1%
TOTALS	419 Loans	$31,645,556	67.2%	$28,967,478	61.5%	$24,238,476	$4,729,002	14.9%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 01/31/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REQ		Grand Total	
BancBoston Mortgage Corporation	363	15	4.13%	1	0.28%	1	0.28%	17	4.68%	0	1	0.28%	0	0.00%	18	4.96%
Bennington Coop Savings & Loan Assn Inc	46	4	8.70%	0	0.00%	1	2.17%	5	10.87%	0	0	0.00%	0	0.00%	5	10.87%
Bradford National Bank	47	2	4.26%	1	2.13%	1	2.13%	4	8.51%	0	0	0.00%	0	0.00%	4	8.51%
Caledonia National Bank of Danville, Th	108	7	6.48%	2	1.85%	2	1.85%	11	10.19%	0	1	0.93%	1	0.93%	13	12.04%
Chittenden Trust Company	964	57	5.91%	14	1.45%	8	0.83%	79	8.20%	0	3	0.31%	3	0.31%	85	8.82%
Citizens Savings Bank	38	1	2.63%	0	0.00%	0	0.00%	1	2.63%	0	0	0.00%	0	0.00%	1	2.63%
Comfed Mortgage Co., Inc.	10	1	10.00%	0	0.00%	0	0.00%	1	10.00%	0	0	0.00%	0	0.00%	1	10.00%
Commonwealth Mortgage Company, Inc	22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	164	7	4.27%	3	1.83%	0	0.00%	10	6.10%	0	0	0.00%	1	0.61%	11	6.71%
Factory Point National Bank, The	27	2	7.41%	1	3.70%	0	0.00%	3	11.11%	0	0	0.00%	0	0.00%	3	11.11%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	6	1	16.67%	0	0.00%	0	0.00%	1	16.67%	0	0	0.00%	0	0.00%	1	16.67%
First Northern Mortgage Corporation	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	170	12	7.06%	1	0.59%	0	0.00%	13	7.65%	0	1	0.59%	1	0.59%	15	8.82%
Granite Savings Bank and Trust Company	30	1	3.33%	2	6.67%	0	0.00%	3	10.00%	0	0	0.00%	0	0.00%	3	10.00%
Green Mountain Bank	245	14	5.71%	1	0.41%	2	0.82%	17	6.94%	0	0	0.00%	0	0.00%	17	6.94%
Lomas & Nettleton Company, The	17	1	5.88%	0	0.00%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Lyndonville Savings Bank & Trust Compan	56	3	5.36%	0	0.00%	0	0.00%	3	5.36%	0	0	0.00%	1	1.79%	4	7.14%
Marble Bank	212	10	4.72%	0	0.00%	1	0.47%	11	5.19%	0	0	0.00%	1	0.47%	12	5.66%
Merchants Bank, The	273	7	2.56%	1	0.37%	2	0.73%	10	3.66%	0	0	0.00%	0	0.00%	10	3.66%
Mortgage Service Center of New England	47	3	6.38%	0	0.00%	3	6.38%	6	12.77%	0	0	0.00%	0	0.00%	6	12.77%
National Bank of Middlebury, The	64	2	3.13%	0	0.00%	0	0.00%	2	3.13%	0	1	1.56%	0	0.00%	3	4.69%
New England IBM Employees Fed Crdt Unio	64	1	1.56%	0	0.00%	0	0.00%	1	1.56%	0	0	0.00%	0	0.00%	1	1.56%
Northfield Savings Bank	108	6	5.56%	1	0.93%	1	0.93%	8	7.41%	0	0	0.00%	0	0.00%	8	7.41%
Passumpsic Savings Bank	179	13	7.26%	2	1.12%	2	1.12%	17	9.50%	0	0	0.00%	2	1.12%	19	10.61%
Peoples Trust Company of St Albans	142	10	7.04%	0	0.00%	3	2.11%	13	9.15%	0	0	0.00%	0	0.00%	13	9.15%
Randolph National Bank	61	2	3.28%	0	0.00%	0	0.00%	2	3.28%	0	0	0.00%	0	0.00%	2	3.28%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	100	6	6.00%	0	0.00%	4	4.00%	10	10.00%	0	0	0.00%	0	0.00%	10	10.00%
Union Bank	157	5	3.18%	0	0.00%	0	0.00%	5	3.18%	0	0	0.00%	1	0.64%	6	3.82%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	869	28	3.22%	5	0.58%	15	1.73%	48	5.52%	0	1	0.12%	2	0.23%	51	5.87%
Vermont Mortgage Group, Inc	664	41	6.17%	4	0.60%	7	1.05%	52	7.83%	0	1	0.15%	3	0.45%	56	8.43%
Vermont National Bank	511	17	3.33%	4	0.78%	3	0.59%	24	4.70%	0	0	0.00%	2	0.39%	26	5.09%
Wells River Savings Bank	26	0	0.00%	1	3.85%	1	3.85%	2	7.69%	0	0	0.00%	0	0.00%	2	7.69%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,812	280	4.82%	44	0.76%	57	0.98%	381	6.56%	0	9	0.15%	18	0.31%	408	7.02%
December 31, 1992	5,819	282	4.85%	71	1.22%	50	0.86%	403	6.93%	0	11	0.19%	17	0.29%	431	7.41%

VERMONT HOUSING FINANCE AGENCY
MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS

DATE: MARCH 11, 1993

RE: ENERGY RATED HOMES OF VERMONT (ERH) - SUSTAINING MEMBER BOARD APPOINTMENTS RECOMMENDATIONS

At the December 17, 1992 Board meeting, the Board voted to become a Sustaining Member of ERH for a period of two years. Following the initial two year period, continuation as a sustaining member would be reviewed by the Board.

One of the benefits of being a sustaining member of ERH is the privilege of the sustaining members to appoint three members of the seven member ERH Board. As of this date, VHFA is the sole sustaining member.

The following individuals are being recommended by the staff of VHFA to be appointed by VHFA to the ERH Board.

Russ Hahn - is a previous member of the VHFA Board. Russ will bring to ERH the position of suppliers of energy efficient equipment and material.

Bill Wessell - is a builder with a history of building energy efficient homes and a longtime supporter of ERH. Bill is on the board of the Northwestern Vermont Homebuilders Association and will represent the Vermont homebuilding industry on the board.

Joe Bongiovanni - Is the manager of the Washington Electric Co-operative. Joe was instrumental in having ERH incorporated in their Demand Side Management New Construction Program.

Any additional individuals that the Board would like to have considered for ERH Board membership can be discussed along with the staff recommendations at the Board meeting.

RECOMMENDED ACTION

Approval of the staff recommendations for membership on the ERH Board.

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vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development

DATE: March 18, 1993

RE: FANNIE MAE COMMUNITY LIVING DEMONSTRATION PROGRAM

The Vermont Housing and Conservation Board has requested VHFA's assistance in financing group homes for the developmentally disabled. These homes are being developed for current Brandon Training School residents being displaced by that facility's closure, which is scheduled to be completed by Fall of 1993. (Several other developmentally disabled individuals may also be housed in these homes.) VHCB would provide equity from a pool of $250,000, up to a maximum of $10,000 per bedroom. Additional funds may be available for the pool if needed for additional homes.

The homes would generally be single family homes with three to four bedrooms, although several may include up to six bedrooms. Most will be existing homes with modest renovation required, but several may need extensive renovation or be newly constructed. They will be scattered throughout the state. Rents will be paid from state subsidies available to the residents.

Fannie Mae's Community Living program is designed to provide financing for group homes for the developmentally disabled as part of its affordable housing initiative. Under this program, VHFA would be able to originate the mortgages and sell them to Fannie Mae. While most of the program's requirements appear to be consistent with the general needs of group home sponsors, we need several variances from the standard program. A few of the larger homes may require second mortgage financing, which may be provided from another source of Agency funds. Although there are some obstacles to participation, with this program we could offer long-term, fixed rate financing at an attractive rate (7.45 percent as of March 10). We may also be able to purchase loans made by other financial institutions for qualifying group homes and sell them to Fannie Mae under this program. We have estimated a need for financing in an amount no more than $2,000,000.

In January, we applied to Fannie Mae for participation in the program requesting several variances from the standard terms and conditions. We have received a draft of the proposed addenda but need several revisions to make the program work for VHFA, VHCB, and the Agency of Human Services; additional information is also required from the Agency of Human Services. We are in the process of negotiating these revisions and hope to be able to implement the program in early April.

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Recommended Action:

Authorize staff to negotiate and enter into an agreement with Fannie Mae for participation in the program, up to a maximum principal balance of $2,000,000, and develop policies and procedures for the operation of the program in conjunction with the VHCB and the Agency of Human Services.

RESOLUTION REGARDING FINANCING OF GROUP HOMES FOR THE DEVELOPMENTALLY DISABLED

WHEREAS, the Vermont Housing and Conservation Board has requested the Agency's assistance in financing group homes for the developmentally disabled; and

WHEREAS, the planned closing of the Brandon Training School has intensified the need for additional group homes for the developmentally disabled; and

WHEREAS, Agency staff has been working with staff of the Housing and Conservation Board and the Vermont Agency of Human Services to develop a program to finance group homes; and

WHEREAS, the Agency is desirous of assisting in the effort to develop additional group homes; and

WHEREAS, Agency staff has been discussing with the Federal National Mortgage Association ("Fannie Mae") the Agency's participation in Fannie Mae's Community Living program, which is designed to provide financing for group homes by purchasing mortgages originated by the Agency;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency is interested in working with state agencies to provide financing for additional group homes for the developmentally disabled.

2. The Executive Director is authorized to negotiate with Fannie Mae and enter into an agreement with Fannie Mae for participation in the Community Living Program.

3. The Executive Director is authorized to develop policies and procedures for the operation of the program in conjunction with the Vermont Housing and Conservation Board, the Vermont Agency of Human Services, and any other agencies involved.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kimberly A. Roy, Development Assistant
Irene D. Jenkins, Director of Development

Kimberly A. Roy
Irene D. Jenkins

DATE: March 11, 1993

RE: Depot II Apartments - Bethel - Resolution of Interest

THE DEVELOPMENT

1. <u>General Description</u>

The Housing Foundation, Inc. (HFI) is requesting a VHFA loan for approximately $70,000 to acquire and renovate an existing 10 unit housing development located in Bethel and plans to assume the existing VHFA mortgage of $274,798. The Depot II Apartments are currently owned by Judson Babcock and were financed by VHFA in 1980. The current owner has been working with the sponsor for the past two years to arrange a sale. A purchase and sales agreement was signed on February 8, 1993 with a 90 day expiration date and an option to extend the agreement another 90 days.

The sponsor has hired Gossens Bachman Architects of Montpelier to do some preliminary analysis of the rehabilitation needed for this development. The proposed renovations include new windows and sliding glass doors, roof and siding repairs, site work and code issues. An energy report was prepared by Energy Efficiency Associates of Calais. Their recommendations included ventilation improvements and heating system conversion. We are recommending a reduction in the proposed rehabilitation budget.

Total development costs are estimated at $487,100, or $48,710 per unit. The proposed acquisition price is $300,000, or $30,000 per unit. The acquisition price includes cash reserve and escrow accounts, and obligates Judson Babcock to restore $20,000 in project funds withdrawn from accounts.

HFI will assume the seller's existing VHFA debt, which has an existing balance of $274,798 and 17 years remaining. The sponsor proposes to use Low Income Housing Tax Credits to generate approximately $83,000 in equity. The proposal will have to undergo a subsidy layering review due to the involvement of tax credits. VHFA, under new legislation, has the authority to conduct the subsidy layering review.

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A summary of sources and uses of funds, rents, operating expenses and financial projections is attached. These projections incorporate VHFA's recommended changes to the proposal.

2. Projected Funding Sources

The projected sources of funds at this time are:

	Amount	Percent
Equity	83,000	17.0%
Existing VHFA Loan	274,798	56.4%
New VHFA Loan	68,013	14.0%
Restoration of Project Funds - Babcock	20,000	4.1%
Existing Project Reserves	41,289	8.5%
Total	$487,100	100.0%

Projections show that the Depot II Apartments have a strong cash flow from the start. Please see the attached financial projections for details.

3. Unit Breakdown and Rents

The Depot II Apartments consist of two buildings, one containing four units of elderly and the other six units of family housing. Of the ten units, four are one bedroom, four are two bedroom and two are three bedroom apartments. All ten units have Housing Assistance Payment (HAP) assistance. The HAP contract allows tenants to pay no more than 30% of their income toward rent and utilities and HUD subsidizes the remainder. The rent is $756 for the one bedroom units, $780 for the two bedroom units and $855 for the three bedroom units.

There are 17 years remaining on the HAP contract. At $756/month (1 BR), $780/month (2 BR) and $855/month (3 BR), the project is clearly dependent upon HAP assistance for the life of the VHFA mortgage. Proposed HUD rent comparability regulations combined with additional debt service could jeopardize the long term financial health of the property.

4. Site/Location

The development is located on Main Street at the Junction of Route 12 and Route 107 in Bethel. It is within walking distance of many services including shopping, community services, municipal offices, and the post office.

5. Renovation Plan

The renovation costs have been estimated by Thomas Bachman of Gossens Bachman

Architects and Tim Maker of Energy Efficiency Associates. After a recent site visit, VHFA staff required a reduction of $65,000 to the proposed rehabilitation budget. The renovations include heating system conversion (from electric to oil), window and sliding glass door repair, roof and siding repairs, site work, code issues and ventilation improvements. The estimated rehab budget is $94,000 or $9,400/unit with a $6,000 contingency.

6. Loan to Value

An appraisal has not yet been done for this property, but the sponsor has budgeted for one. The sponsor received a commitment from VHFA's Ventures Loan Fund to pay for the appraisal.

7. Management

The Depot II Apartments are currently managed by the Technical Planning and Management Company of Waitsfield. VHFA staff suggests that the current management (or a mutually acceptable alternative) stay on until we have received a comprehensive business and staffing plan from the sponsor that demonstrates its capacity to manage additional developments.

8. Market Demand

According to Ms. Cathy Rice of the Vermont State Housing Authority, Contract Administrator for the Section 8 programs, the vacancy loss for the Depot II Apartments has been running about 4.2% annually. Currently, there is one three bedroom unit vacant. The waiting list consist of one person, but there are several applicants waiting to be qualified.

9. Environmental Concerns

An environmental review has not yet been done. HFI has a preliminary contract with DuBois & King, Inc. of Randolph to perform a Phase I Environmental Assessment.

DISCUSSION

Strengths

a) The project's financial projections are quite strong. There is positive cash flow from the start and the debt coverage ratio remains above the required 1.05 for the life of the loan. VHFA has limited its risk by keeping the term of the additional debt to 17 years, which is when the HAP contract runs out.

b) There will be longterm affordability due to the nonprofit ownership and the Preservation Agreement.

c) With the availability of the HAP contracts, this is very attractive housing for low income residents in the Bethel area.

Weaknesses

a) Rent comparability may become an important issue affecting the financial projections, which assume continued HAP assistance for rents increasing at 1.7% per year for the life of the VHFA loan.

b) Due to the proposed use of the LIHTC program, the proposal is subject to the subsidy layering review process.

c) We are concerned about the capacity of the sponsor to manage additional developments at this time.

RECOMMENDATION

Staff recommends approval of the attached Resolution of Interest, preliminarily approving new tax-exempt financing of up to $70,000. The proposed source of funds is the Multi-family Recycle funds. The transaction is contingent upon the sponsors signing a preservation agreement to ensure longterm affordability of the units, acceptance of the reduced scope of rehabilitation proposed, an appraisal supporting the purchase price and loan amount and an agreement by the sponsor to retain existing management or a mutually acceptable third party alternative until such time as VHFA is satisfied that the sponsor has the capacity to manage the development. It is also conditioned upon approval of the LIHTC required for equity financing.

PRO FORMA 09-Mar-93 PRO FORMA 09-Mar-93

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent		94,248	95,850	97,480	99,137	100,822	102,536	104,279	106,052	107,855	109,688	111,553	113,450	115,378	117,340	119,334	121,363	123,426	125,524	127,658	129,829
Less Res Vacancy		(4,712)	(4,793)	(4,874)	(4,957)	(5,041)	(5,127)	(5,214)	(5,303)	(5,393)	(5,484)	(5,578)	(5,672)	(5,769)	(5,867)	(5,967)	(6,068)	(6,171)	(6,276)	(6,383)	(6,491)
Plus Other Income		1,000	1,017	1,034	1,052	1,070	1,088	1,106	1,125	1,144	1,164	1,184	1,204	1,224	1,245	1,266	1,288	1,310	1,332	1,354	1,378
Total Actual Income		90,536	92,075	93,640	95,232	96,851	98,497	100,172	101,875	103,607	105,368	107,159	108,981	110,833	112,718	114,634	116,583	118,564	120,580	122,630	124,715
Less Operating Exp.		47,615	49,043	50,515	52,030	53,591	55,199	56,855	58,560	60,317	62,127	63,991	65,910	67,888	69,924	72,022	74,183	76,408	78,700	81,061	83,493
Net Operating Income		42,921	43,031	43,125	43,202	43,260	43,298	43,317	43,314	43,289	43,241	43,168	43,070	42,946	42,793	42,612	42,400	42,156	41,880	41,569	41,221
Less Existing VHFA DS		30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	0	0	0
Less New VHFA DS		7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	0	0	0
Cash Flow		5,078	5,189	5,283	5,360	5,418	5,456	5,475	5,472	5,447	5,399	5,326	5,228	5,104	4,951	4,770	4,558	4,314	41,880	41,569	41,221
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		5,078	5,189	5,283	5,360	5,418	5,456	5,475	5,472	5,447	5,399	5,326	5,228	5,104	4,951	4,770	4,558	4,314	41,880	41,569	41,221
DCR		113.42%	113.71%	113.96%	114.16%	114.32%	114.42%	114.47%	114.46%	114.39%	114.27%	114.08%	113.82%	113.49%	113.08%	112.60%	112.04%	111.40%			

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income	42,921	43,031	43,125	43,202	43,260	43,298	43,317	43,314	43,289	43,241	43,168	43,070	42,946	42,793	42,612
Plus Reserves	1,805	1,859	1,915	1,972	2,032	2,092	2,155	2,220	2,287	2,355	2,426	2,499	2,573	2,651	2,730
Less Interest Expense	(29,034)	(28,262)	(27,421)	(26,508)	(25,514)	(24,433)	(23,257)	(21,978)	(20,587)	(19,073)	(17,427)	(15,637)	(13,689)	(11,571)	(9,267)
Less Depreciation	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)
Taxable Income (Loss)	982	1,919	2,908	3,956	5,067	6,248	7,505	8,846	10,279	11,813	13,457	15,222	17,120	19,163	21,365

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flow	2,539	2,595	2,642	2,680	2,709	2,728	2,737	2,736	2,724	2,699	2,663	2,614	2,552	2,476	2,385
Plus Tax Savings	(334)	(652)	(989)	(1,345)	(1,723)	(2,124)	(2,552)	(3,008)	(3,495)	(4,016)	(4,575)	(5,175)	(5,821)	(6,515)	(7,264)
Plus Tax Credits	16,061	16,061	16,061	16,061	16,061	16,061	16,061	16,061	16,061	16,061					
Less Cap Gain Tax															0
After Tax Cash Flow	18,267	18,003	17,714	17,396	17,047	16,665	16,247	15,789	15,290	14,744	(1,912)	(2,561)	(3,269)	(4,040)	(4,879)

Total 15 years		150,501	
@NPV	15.00%	83,439	0.52 /$1.00

Original Basis		487,100
Less Losses		145,849
Basis at Sale		341,251
Sales Price		93,947
Gain		(247,304)
Tax	34.00%	(84,083)

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Project: Depot II RUN DATE: 3/10/93

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*********Unit Information		****************Assumptions*********	
Total Res Units:	10	Increase LIHTC	1.70%
Restricted Units:	10	Increase Market	1.70%
Percent Restricted:	100.00%	Expense increase:	3.00%
Avg Net Monthly Rent:	746	Vacancy Rate:	5.00%
Total Dev Costs	487,100	Partner's Tax Rate:	34.00%
TDC/Unit	48,710	Depreciation Schedule:	27.5

*********LIHTC SUMMARY*********

Percent Alloc. Needed	100.00%	Acquisition Credit Amt	10,446
Gross Syndication	83,439	Rehab Credit Amount	5,615
LIHTC - 9%	n/a	Total Credit Amount	16,061
LIHTC - 4% (MARCH)	3.65%		

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FINANCING SOURCES 0

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	Amount	% of TDC	Interest	Term
Equity 1	83,000	17.04%	N/A	N/A
*Proj Funds - Babcock	20,000	4.11%	N/A	N/A
**Project Funds	41,289	8.48%	N/A	N/A
Existing VHFA	274,798	56.42%	8.50%	17 *
New VHFA	68,013	13.96%	8.20%	17
GAP	0	0.00%	N/A	N/A
	487,100	100.00%		

Note: Original Loan Amount = $329,614 (4/9/80), remaining term is 17 years.
Original HAP date is 4/80, remaining term is 17 years

* Money deposited @ closing: $18,000 into Operating Account
$2,000 into Tenant Security Deposits

** Estimated Project Funds 12/92: $27,932 = PCE
$11,128 = Replacement Reserve Account
$2,229 = Cash

Depot II		DEVELOPMENT BUDGET	
		Residential Budget	Per Unit
Acquisition		300,000	30,000
*Rehab		94,000	9,400
Contingency	6.38%	6,000	600
Arch/Engineering		12,000	1,200
Legal/Title		6,000	600
Permits/Fees		1,000	100
Permanent Loan Fee (1%)	3,428	3,430	343
LIHTC Fee		900	90
Appraisal		2,500	250
Syndication Expense		8,000	800
Recording		500	50
**Replacement Reserve		20,000	2,000
***Working Capital	7,568	7,570	757
****Tenant Security Deposits		2,000	200
Environmental Assessment		1,200	120
Energy Report		2,000	200
Developer's Fee	4.11%	20,000	2,000
TOTAL DEVELOPMENT COSTS		487,100	48,710

* Rehab = Repairs ($29,000), Heating System Conversion ($55,000),
& Ventilation Improvements ($10,000) -- includes $27,932
from PCE and $18,000 from Operating Acct toward conversion
** Replacement Reserve = includes $11,128 from Replacement Reserve Account
*** Working Capital = includes $2,229 from Cash Account
**** Tenant Security Deposits = $2,000 deposited at closing

Depot II	TAX CREDIT CALCULATION		
	Acquisition 4% Credit	Rehab 4% Credit	
Adjusted Basis	368,767	118,333	487,100
Less Land	(45,000)	0	
Less Non-Capital Items	(37,570)	0	
Equals Adjusted Basis	286,197	118,333	404,530
% Qualifying as Low Income	100.00%	100.00%	
Qualified Basis	286,197	118,333	
High Cost Area Adjustment	286,197	153,833	
Tax Credit Percentage	3.65%	3.65%	
Annual Tax Credit	10,446	5,615	16,061

Depot II	INCOME & EXPENSE BUDGET	3/8/93

INCOME

RENTS

Restricted Units

Bedrooms	Type	Sq.Feet	Number	Rent	Tenant Paid Utilities*	Total Annual Rent
1 Br			4	756	0	36,288
2 Br			4	780	34	37,440
3 Br			2	855	39	20,520
	Totals		10	2,391		94,248

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
	Totals		0	0		0
All Units						
	Grand Totals		10	2,391		94,248
		Less Vacancy	5.00%			(4,712)
		NET RENT		89,536		

OTHER INCOME

Laundry & Interest Income	1,000
Parking	0
	0
Total Other Income	1,000
TOTAL INCOME	90,536

* Family units - Tenant pays for electricity only.

EXPENSE BUDGET

	Annual	Per Unit Per Month
Administration		
Management Fee	6,120	51
Supportive Services	1,500	13
Audit/Accounting	2,500	21
Legal	300	3
Advertising	250	2
Tax Credit Monitor	240	2
TOTAL ADMIN	10,910	91
Utilities		
Electricity	2,200	18
Water/Sewer	3,500	29
Heat/Hot Water	3,200	27
Other	500	4
TOTAL UTILITIES	9,400	78
Maintenance		
Trash	1,500	13
Snow	1,200	10
Labor	4,500	38
Supplies	500	4
Contract Mainte	4,000	33
TOTAL MAINTENANCE	11,700	98
Taxes	12,000	100
Insurance	1,800	15
Reserves	1,805	15
Total	47,615	397

* Owner pays utilities for elderly units & heat/hot water for family units

RESOLUTION OF INTEREST
RE: DEPOT II-BETHEL DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Foundation, Inc., a non-profit corporation, involving the acquisition of the Depot II Development, a ten unit Section 8 development in Bethel (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Housing Foundation Inc., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency that will be assumed by the sponsor; and

WHEREAS, the Agency has determined that the acquisition of the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in allowing the sponsor to assume the existing first mortgage and in providing a future advance under the first mortgage for the acquisition and rehabilitation for the Depot II Development in Bethel in an amount not to exceed $70,000.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon:

   the availability of funds to the Agency for such purpose;

   an appraisal acceptable to the Agency showing the security value of the Development will equal at least the amount of the VHFA loan;

   staff approval of plans and specifications for the proposed rehabilitation;

   the signing of a Preservation Agreement to ensure long term affordability of units;

   the agreement of the sponsor to retain existing management or a mutually acceptable alternative until such time as VHFA is satisfied that the sponsor has the capacity to manage the Development;

   the satisfactory completion of the subsidy layering review;

   the satisfaction by the Developer of all requirements of the Act;

   the applicable regulations of the Agency; and

   such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kimberly A. Roy, Development Assistant
Irene D. Jenkins, Director of Development

DATE: March 9, 1993

RE: **UTILIZATION OF MULTI-FAMILY RECYCLE PROGRAM**

Kimberly A. Roy
Irene Jenkins

Summary of Program:

Over the past year, we have received approximately $7.3 million in loan prepayments from Section 8 developments. Of the $7.3 million, approximately $7.2 million has been utilized, $3 million in commitments and $4.2 in actual loans.

Attached is a summary of the activity to date.

After Evensen Dodge have finished their analysis, there will be further discussion about the Multi-family Recycle Program.

MULTI-FAMILY RECYCLE PROGRAM

PREPAYMENTS

Development	Amount	Interest Rate
Poultney Brown	123,387.01	7.35%
South Burlington	2,033,918.83	7.70%
South Burlington	73,435.82	13.79%
Fair Haven	1,128,877.80	8.50%
Essex Junction	1,507,117.84	8.25%
Plainfield	352,850.61	9.50%
Enosburg Brown	520,111.72	8.25%
St. Albans Carr	462,704.12	7.90%
Middlebury	727,319.65	7.45%
Richford	335,614.18	8.50%
TOTAL	7,265,337.58	

NEW LOANS

Development	Amount	Interest Rate
Templeton	1,650,000	7.993%
Plainfield 1st	352,850.61	9.50%
Plainfield 2nd	127,149.39	8.50%
*Plainfield/Energy	50,000.00	
Upper Welden	830,000.00	8.50%
Randolph House	624,326.00	8.50%
Riverside Mansfield	360,000.00	8.50%
Pinecrest	159,470.00	8.20%
Hardwick Cover/Freeman	70,000.00	8.25%
*Depot Square Berezin	1,475,000.00	8.50%
*City of Burlington	1,500,000.00	
TOTAL	7,198,796.00	

* Commitments

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Hollis Hope, Director of Communications Hollis Hope

DATE: March 12, 1993

RE: Home Buyer Fair

I am pleased to report that, by all accounts, the Saturday, March 6 Home Buyer Fair was a tremendous success. Both quantitatively and qualitatively, it appears that VHFA reached its target audience very effectively with this event. Based on information gathered at registration and the pre-qualifying area, the majority of visitors were ready and interested to purchase homes soon *and* were potentially income and cash qualified. You may recall that the Fair was Marcia Matoon's idea (from Officers' Row). Marcia made six appointments and one of these contacts has already visited her twice this week--the second time to sign a sales contract. Marcia collected another 30 names of prospects which she views as legitimate for follow-up.

An event on this scale takes the cooperation of several different departments and individuals. Everyone involved pitched in and enthusiastically gave their best in addition to working all day (many without a break) on a Saturday. Carrie Höglund took care of all the logistics so that our first-ever Home Buyer Fair came off virtually without a hitch. And Jen Parker, who wears many hats already at VHFA, donned another when she managed daycare central and had charge of 71 children over the course of the day. We collected data at different points during the Fair yielding some interesting results that we wish to share with you.

Registration: Over 1,250 people visited the Sheraton to attend the Fair. A registration survey was completed by 629 visitors. One form per party was completed and registrants were asked to respond to four questions: Number in party, how they heard about the Fair, county of residence, and when they plan to purchase.

Most came in pairs of two (49%), or alone (32%); the remaining 19% came in groups of three or more. According to the surveys, 1,254 people attended. There probably were more attendees, since a few may have slipped through the registration area or the respondent may or may not have included children in their count. The Fair was heavily promoted, both through paid advertising and public service announcements. Accordingly, radio (41%) and print (27%) were most frequently cited as awareness sources; 10% heard about it by word of mouth; 9% via television (cable ads and network PSAs). The remaining 13% heard about the Fair via VHFA mailings to consumers and employers, REALTORs and lenders. Not surprisingly, Chittenden County residents dominated the Fair (76%), followed by Addison (7%), Franklin and Grand Isle (8%), Washington and Lamoille (7%); and from other areas (2%). The majority of the respondents were currently looking (45%), or hoping to purchase within the next six months

(28%); some hoped to buy in the next six to 12 months (13%); the rest didn't envision home purchase for at least a year (11%), and a few had no plans to buy (3%).

Pre-Qualification: VHFA staff offered the opportunity to pre-qualify informally for VHFA and conventional financing based on income and debt information provided by the consumer. Although it was an automated process designed by staff to be quick and efficient, a line immediately formed and continued throughout the day. We encouraged people to avoid the line and visit instead with the many lenders present who could offer the same service. Many chose instead to wait patiently in line. Of the 145 data sets collected at the pre-qualifying area, 122 (83%) were within VHFA's income limits for the MOVE program. We have analyzed financial data from these 145 cases as follows:

Avg. Income:	$30,446
Avg. Family Size:	2.37
Avg. Debt:	$276.02
Avg. Savings:	$4,512
Highest Income:	$63,935
Lowest Income:	$12,000

Evaluation: We tried to get visitors to complete an evaluation form before leaving; 176 forms were collected. According to these surveys, many (35%) stopped at VHFA's pre-qualifying area; the rest did not, primarily because the line was too long (50%) or they were already qualified (22%). Respondents rated the Fair as "good" (60%) or "excellent" (27%); a few rated it as "fair" (8%) and the rest either did not respond or did not find it worthwhile (.5%). We also asked some open-ended questions which will help us modify and/or improve future Fairs. It was clear from comments on the evaluations that people most liked the atmosphere (citing expertise and friendly helpful attitudes of resource people, and the one-stop shopping/variety of information available), and the opportunity for on-the-spot qualifying.

We had 24 vendors in all, including lenders, non-profit and private developers, Energy Rated Homes, Burlington's Community & Economic Development Office, the Northwest Board of REALTORs. We have received a great deal of unsolicited, positive feedback from many of the day's vendor participants. We are currently surveying vendors for more specific feedback as well.

Cost: Originally I had budgeted just over $9,000 in costs for the Fair and expected to generate $5600 in fees from exhibiting vendors. In actuality, total expenses will amount to about $12,000. Two-thirds of the cost is attributable to paid advertising. Our expenses exceeded projections, but so did the income since we had more vendors than anticipated. We collected $7200 in fees from vendors, so VHFA's total cost will be roughly $5,000.

All in all, it was a great day and a wonderful kick-off for VHFA's new program features and the 1993 buying season.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Hollis Hope, Director of Communications

DATE: March 9, 1993

RE: NCSHB to Meet in Woodstock, Vermont

While in Washington for NCSHA's annual Legislative Conference, I attended a meeting of the Board of the National Council of State Housing Boards (NCSHB). They will hold their annual conference July 25-27, 1993 at the Woodstock Inn. The title for the conference is "Affordable Housing: Building Blocks and Road Blocks;" the agenda is currently under construction. As HFA Board members, you will be receiving information about this conference directly from NCSHB.

As the host state, it would be a nice courtesy for the VHFA Board to give your counterparts a hospitality gift of Vermont products. We are researching the cost of having Champlain Chocolates whip up an original house-type chocolate novelty to include in a basket of usual suspects, plus Ben & Jerry's gift certificates.

Please let me know if you would like any further information with regard to this matter.

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY
AUTHORIZING THE ISSUANCE OF ITS HOUSING PROJECT BOND
(FEDERALLY TAXABLE ISSUE) HILLSIDE MOBILE HOME PARK

Be it Resolved by the Vermont Housing Finance Agency
and the Commissioners thereof as follows:

ARTICLE I
DEFINITIONS AND AUTHORITY

SECTION 101. Definitions.

(A) In this Resolution unless a different meaning clearly appears from the context:

"Act" means the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended to the date of adoption of this Resolution.

"Agency" means the Vermont Housing Finance Agency, a body politic and corporate organized under the Act, or any instrumentality of the State which shall hereafter succeed to its powers.

"Anniversary Date" means the date the first scheduled amortizing payment was due on the Permanent Loan.

"Authorized Officer" means the Chairman, Vice Chairman, Executive Director, Deputy Director and Secretary and Director of Finance of the Agency, and any other person authorized by resolution of the Agency to act as an Authorized Officer under this Resolution.

"Bond" or "Bond" means the Bond of the Agency authorized by this Resolution.

"Bond Date" means the date the Bond is originally issued hereunder.

"Bond Fund" means the Housing Project (Federally Taxable Issue) Bond Fund established under Section 301 of this Resolution.

"Commitment Letter" means the Commitment Letter relating to the Permanent Loan dated as of January 19, 1993, issued by the Agency and accepted by the Sponsor.

"Costs of Issuance" means any items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bond.

"Development" means the Hillside Mobile Home Park as more fully described in the Commitment Letter and the Three Party Agreement.

"General Account" means the account so designated and established under Section 301 of this Resolution.

"General Fund" means the fund so designated and created by a resolution of the Agency adopted September 26, 1974 as amended from time to time.

"Loan Account" means the account so designated and established under Section 301 of this Resolution.

"Permanent Loan" means a permanent mortgage loan made by or on behalf of Agency to the Sponsor with the proceeds of the Bond.

"Permanent Loan Amount" means the amount of the Permanent Loan established pursuant to paragraph 2 of the Commitment Letter.

"Program" means the Agency's program of making mortgage loans to housing sponsors pursuant to the Act.

"Project Fund" means the fund established under Section 301 of this Resolution.

"Recovery Payments" means any moneys received or recovered by the Agency, less the expenses necessarily incurred by the Agency in connection with the collection of such amount, from (i) condemnation of the Development, (ii) proceedings taken in the event of default by the Sponsor under the Permanent Loan, (iii) any claim settlement for hazard insurance or other insurance applicable to the Development or the Permanent Loan, (iv) the sale or other disposition of the Development, or (v) the sale or other disposition of the Permanent Loan after default for the purpose of realizing the Agency's interest therein.

"Revenues" means and includes all payments, proceeds, charges, fees, rents, investment earnings and all other income (including without limitation all payments of principal and interest received by or on behalf of the Agency on the Permanent Loan and all Recovery Payments) derived by or for the account of the Agency from or related to the Development and the Permanent Loan.

"Sinking Fund Account" means the account so designated and established under Section 301 of the Resolution.

"Sponsor" means Addison County Community Trust, a non-profit corporation organized and existing under the laws of the State.

"State" means the State of Vermont.

"Three Party Agreement" means the agreement so denominated among the Sponsor, the purchaser of the Bond, and the Agency, in substantially the form presented at this meeting.

(B) Except as otherwise expressly provided in this Resolution, the terms "housing development costs," "housing sponsor," "mortgage," "mortgage loan," and "residential housing" when used in this Resolution shall have the meanings given such terms in the Act.

SECTION 102. Authority.

This Resolution is adopted pursuant to the Act and shall take effect upon its adoption. The Agency is duly authorized under the Act and all applicable laws to issue the Bond and to adopt this Resolution in the manner and to the extent provided herein. The Agency will at all times, to the extent permitted by law, defend, preserve and protect all the rights of the registered owner of the Bond hereunder against all claims and demands of all persons whomsoever.

ARTICLE II
AUTHORIZATION OF THE BOND; FINDINGS; TERMS AND SALE OF THE BOND

SECTION 201. The Bond.

(A) The Bond of the Agency, designated "Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" are hereby authorized to be issued as herein provided in an aggregate principal amount not to exceed Three Hundred Forty Thousand Dollars ($340,000), the original principal amount of the Bond to be determined upon their issuance by the Authorized Officers of the Agency executing the same. The Bond shall be in such denomination as the authorized officers of the Agency shall determine. The Bond shall be dated and shall bear interest from the Bond Date and shall mature, subject to prior redemption as herein and in the Bond provided, twenty years from the Anniversary Date. Interest on the Bond shall be payable on September 1, 1993 and semi-annually thereafter on March 1 and September 1 of each year. The form of the Bond, the rate or rates of interest payable thereon, the terms of redemption thereof prior to maturity and all other terms and conditions thereof shall be as set forth in Article IV of this Resolution.

(B) The Agency hereby ratifies and confirms the Commitment Letter and approves the Permanent Loan on the terms and conditions provided herein, in the Commitment Letter and in the Three Party Agreement. The Agency hereby determines that:

(1) the Permanent Loan does not exceed the value of the Development as determined by the Agency and the principal amount of the Bond is necessary to

provide sufficient funds to be used and expended for the Program in respect of the Development;

(2) the Permanent Loan can be issued bearing interest at a rate that will be less than the prevailing rate of interest on comparable mortgage loans available in the State without the assistance of the Agency;

(3) the Agency will derive receipts, revenues or other income from the Permanent Loan sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bond and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Bond are issued;

(4) the Development is primarily for occupancy by persons and families of low and moderate income within the meaning of the Act;

(5) the acquisition, construction and or rehabilitation costs incurred or to be incurred by the Sponsor are for housing development costs within the meaning of the Act;

(6) there exists or without the Development there will exist a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investments are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families; and

(7) the Sponsor is a housing sponsor as defined in the Act, the Sponsor will maintain or increase the supply of well-planned, well-designed permanent, temporary transitional or emergency housing for persons of low and moderate income and the Sponsor is a financially responsible person.

(C) The purposes for which the Bond are being issued are to provide funds to make the Permanent Loan and to pay Costs of Issuance in the amount determined by or pursuant to Article III hereof.

SECTION 202. Sale of the Bond.

(A) The Bond is hereby sold to the Municipal Employees' Retirement System of Vermont, at the price of par on the terms and conditions provided herein and in the Three Party Agreement. The Three Party Agreement, in substantially the form presented at this meeting and included in the minutes thereof, and its execution and delivery by Authorized Officers of the Agency is hereby approved with such changes therein and thereto not inconsistent herewith as may be approved by the Authorized Officers executing the same prior to the execution and delivery thereof.

ARTICLE III
ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS; OBLIGATION OF THE Bond

SECTION 301. Funds and Accounts.

(A) The Housing Project (Federally Taxable Issue) Project Fund (the "Project Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Project Fund a separate account designated the "Hillside Loan Account" (the "Loan Account"), the amounts in which shall be applied as provided in this Article III.

(B) The Housing Project (Federally Taxable Issue) Bond Fund (the "Bond Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Bond Fund the following separate accounts to be applied as provided in this Article III:

(1) Hillside General Account (the "General Account");

(2) Hillside Sinking Fund Account (the "Sinking Fund Account");

(3) Hillside Special Redemption Account (the "Special Redemption Account").

SECTION 302. Application of Bond Proceeds.

(A) The proceeds of the Bond shall be deposited in the Loan Account. Moneys in the Loan Account shall be used solely as follows:

(1) an amount not exceeding the Permanent Loan Amount shall be used to make the Permanent Loan; and

(2) amounts in the Loan Account in excess of the Permanent Loan Amount shall be applied by the Agency to defray
Costs of Issuance of the Bond within six (6) months of the Bond Date.

(B) Notwithstanding anything herein to the contrary, if the Permanent Loan is not made within six (6) months of the Bond Date, or in any event if any balance remains on deposit in the Loan Account on the date which is six (6) months after the Bond Date, the entire balance on deposit in the Loan Account shall be transferred to the

Special Redemption Account for application to the redemption of the Bond as provided in Section 303 of this Resolution.

SECTION 303. Application of Revenues.

(A) The Agency shall deposit all Revenues in the Bond Fund upon receipt and shall immediately allocate the same to accounts therein as follows:

(1) Revenues constituting scheduled repayments of principal on the Permanent Loan and Revenues constituting permitted prepayments of the outstanding principal of the Permanent Loan - to the Sinking Fund Account;

(2) Revenues constituting Recovery Payments and excess moneys in the Loan Account under Section 302(B) hereof - to the Special Redemption Account; and

(3) all other Revenues - to the General Account.

(B) On September 1, 1993 and each succeeding September 1 thereafter, all amounts deposited in the Sinking Fund Account under Section 303(A)(1) shall be applied to the redemption of the outstanding principal of the Bond, except that, in the event that the Agency receives a prepayment of the outstanding principal of the Permanent Loan under Section 303(A)(1) on the tenth anniversary of the Bond Date, or at any time thereafter, all as provided in the Permanent Loan, the Bond shall be subject to redemption at the option of the Agency in whole or in part, from the amount deposited in said Account.

(C) All amounts deposited in the Special Redemption Account shall be promptly applied to the redemption of the outstanding principal of the Bond. At any time not later than the interest payment date for the Bond next succeeding the date of any deposit into said Account under Section 303(A)(2), the amount so deposited shall be applied to the redemption of the outstanding principal of the Bond.

(D) Moneys in the General Account shall be used solely as follows:

(1) on each interest payment date of the Bond, to pay the interest on the Bond then due;

(2) on the redemption date of any portion of the principal of the Bond being redeemed hereunder to pay any interest then payable on the principal amount of the Bond to be redeemed;

(3) at any time, to reimburse the Agency for any expense reasonably incurred by it in connection with the financing of the Development, including but not limited to Costs of Issuance in excess of the amount available therefor in the Loan

Account and expenses incurred in connection with the protection of the Agency's security for the Permanent Loan; and

(4) on each interest payment date, after payment of the interest on the Bond then due and provided an Authorized Officer of the Agency determines that such transfer will not materially impair the Agency's ability to make future payments from the General Account sufficient for the purposes of paragraphs (1) and (2) of this Section 303(D), to transfer funds to the Agency's General Fund free of the pledge herein made.

(E) Whenever funds in any account in the Project Fund are required to be applied to a payment on account of principal of the Bond, the Agency may at its election hold back such amount not exceeding $100 as will facilitate payment of principal on the Bond in rounded amounts. Payments from the Project Fund shall be deemed to have been made on the date of the Agency's check therefor and not on the date of any prior mailing of said check.

SECTION 304. Transfers from General Fund.

From time to time, at its option, the Agency may transfer moneys from the General Fund to the General Account.

SECTION 305. Investment.

Moneys in the funds and accounts established hereunder may be invested by the Agency, until needed for their respective purposes, in any manner permitted by the Act. Moneys in two or more of such funds and accounts may be invested on a commingled basis for the account of such funds and accounts pro rata in proportion to the moneys invested on behalf of each such fund or account. Interest and other income earned upon the investment or deposit of amounts in the Loan Account shall be deposited in such Account. Interest and other income earned upon the investment or deposit of amounts on deposit in the General Account, the Sinking Fund Account and the Special Redemption Account shall be deposited in the General Account.

SECTION 306. Obligation of The Bond.

The Bond shall be general obligations of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than the Bond pledging particular revenues, moneys or assets for the payment thereof. The Agency hereby covenants and agrees with the registered owners of the Bond that it will not grant to any person any lien on or pledge of the Permanent Loan or of any of the Revenues or moneys or investments in any of the accounts created hereunder or any proceeds thereof unless the Agency shall simultaneously therewith grant to the registered owner of the Bond a prior and senior lien on or pledge of the Permanent Loan and such Revenues, moneys and investments and the proceeds thereof. The Bond shall not constitute a debt or grant or loan of credit of the State and the State shall not be liable thereon nor shall the Bond be payable out of any funds other than those of the Agency. The Agency is not obligated to pay the Bond or the interest thereon except from the revenues or assets of the Agency pledged therefor under this Resolution and neither the faith nor credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bond.

ARTICLE IV
FORM OF THE BOND

The Bond shall be issued substantially in the following form:

VERMONT HOUSING FINANCE AGENCY
HOUSING PROJECT BOND
(Federally Taxable Issue)
Hillside Mobile Home Park

No. 1 $340,000

NOTE: THE HOLDER OF THIS BOND BY ACCEPTANCE HEREOF AGREES TO RESTRICTIONS ON TRANSFER AND TO INDEMNIFICATION PROVISIONS SET FORTH BELOW.

The Vermont Housing Finance Agency (herein called the "Agency"), a body politic and corporate of the State of Vermont, for value received hereby promises to pay to Vermont Municipal Employees Retirement System, or registered assigns, on the Tenth day of March 2013, the principal sum of________________ and No Dollars ($___,000), upon presentation and surrender hereof, and to pay interest on the principal balance hereof outstanding from time to time from the date of original delivery of this bond (the "Bond Date") until final payment hereof at the annual rate provided below, which interest rate will change periodically on a day which is a specified anniversary of the date the first scheduled amortizing payment was due (the "Anniversary Date") such interest payments to be made semi-annually on the first day of March and September in each year commencing September 1, 1993. The principal or redemption price of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts and shall be payable by check or draft mailed to the registered owner at his address appearing on the registration books of the Agency kept for that purpose at the offices of the Agency; provided that the registered owner of this bond by acceptance hereof agrees that whenever any payment on account of principal shall occur, such owner shall promptly note the date and amount thereof on the Schedule of Payments and Prepayments endorsed hereon and further agrees that this bond shall be surrendered to the Agency upon final payment hereof.

The annual rate of interest on this bond shall be as follows:

1. From the Bond Date to but excluding the fifth Anniversary Date - 9.00% per annum;

2. From the fifth Anniversary Date to but excluding the tenth Anniversary Date - 9.75% per annum;

3. From the tenth Anniversary Date to but excluding the fifteenth Anniversary Date - 10.50% per annum;

4. From the fifteenth Anniversary Date to the earlier of final maturity or redemption hereof, a rate equal to 11.25% per annum.

This bond is issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act") and under and pursuant to a resolution of the Agency adopted March __, 1993 entitled "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Hillside Mobile Home Park" (the "Resolution"). This bond is a general obligation of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than this bond pledging particular revenues, moneys or assets for the payment thereof.

The Agency is not obligated to pay this bond or the interest hereon except from the revenues or assets of the Agency pledged under the Resolution and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this bond.

Copies of the Resolution are on file at the office of the Agency in the City of Burlington, Vermont, and reference to the Resolution and to the Act is made for a description of the covenants securing this bond, the manner of enforcement of the covenants, the rights and remedies of the registered owner of this bond with respect thereto, and the terms and conditions upon which this bond is issued.

This bond may not be transferred except to a transferee capable of making representations comparable to those made by the original owner hereof in the Three Party Agreement described in the Resolution to the reasonable satisfaction of the Agency. Furthermore, before any transfer of this bond by the registered owner or his or its legal representative will be recognized or given effect by the Agency, the registered owner shall note hereon the date to which interest has been paid as well as the amounts of all principal payments and prepayments hereon, and shall notify the Agency of the name and address of the transferee and shall afford the Agency the opportunity of verifying the notation as to payment of interest and principal. By the acceptance hereof the owner of this bond and each transferee shall be deemed to have agreed to indemnify and hold harmless the Agency against all losses, claims, damages or liabilities arising out of any failure on the part of the owner or of any such transferee to comply with the requirements of the preceding sentence. Subject to the foregoing, this bond is transferable only upon the books of the Agency at the offices of the Agency by the registered owner hereof in person or by his or its agent duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Agency duly executed by the registered owner or his or its duly authorized agent, and upon the payment of the charges described in the Resolution, the Agency shall issue in the name of the transferee a new substitute registered bond with the same date and in the same form and amount as this bond, endorsed to show the principal amount of the predecessor bond or bonds paid to the delivery date of such substitute bond.

This bond is subject to redemption at a redemption price equal to the portion of the principal amount hereof to be redeemed plus accrued interest on such portion to the redemption date as follows:

1. in whole or in part on September 1, 1993 and on each September 1 thereafter without notice through application of moneys in the Sinking Fund Account as required by the Resolution;

2. in whole or in part at any time upon notice through application of moneys in the Special Redemption Account as required by the Resolution; and

3. in whole or in part at the election of the Agency upon notice, through application of moneys deposited in the Sinking Fund Account in the event of the prepayment of the outstanding principal amount of the Permanent Loan as described in the Resolution. In the event of a prepayment before the end of the seventeenth year, the Agency will pass through amounts of prepayment charges it receives from the Sponsor according to the following schedule:

Years	1-5	10.0%
Year	6	9.5%
Year	7	9.0%
Year	8	8.5%
Year	9	8.0%
Year	10	7.5%
Year	11	7.0%
Year	12	6.5%
Year	13	6.0%
Year	14	5.5%
Year	15	5.0%
Year	16	4.5%
Year	17	4.0%
Years	18-20	no premium

Any notice required hereunder shall be given by certified letter, return receipt requested, mailed to the registered owner at his address appearing on the registration books of the Agency not less than five days prior to the redemption date. Any redemption shall be accomplished by mailing, two days prior to the redemption date, the Agency's check (dated as of the redemption date) for the redemption price to the registered owner in the same manner as is hereinabove provided for notice of redemption.

No recourse shall be had for the payment of the principal or redemption price of or the interest on this bond or for any claim based hereon or on the Resolution against any member or officer of the Agency or any person executing this bond.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Vermont or the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this bond to be executed in its name by the manual signature of an authorized officer of the Agency, and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual signature of an authorized officer of the Agency.

ATTEST: VERMONT HOUSING FINANCE AGENCY

By: ________________ By: ____________________
Authorized Officer Authorized Officer

Bond Date: ________ _, 19_

Schedule of Payments and Prepayments of Principal

Principal Amount Paid	Date Paid	Balance Due	Authorized Signature and Title

(NOTICE: The within bond may not be transferred until this schedule has been verified by the Agency.)

ARTICLE V
MISCELLANEOUS

SECTION 501. Default.

If the Agency defaults in the payment of principal of or interest on any Bond when due, or in the performance of any covenant in this Resolution, then the registered owner of the Bond shall have the right, by mandamus or other suit, action or proceedings at law or in equity, to bring suit upon the Bond, to enforce its rights under the Resolution and the Bond, to compel performance by the Agency of its obligations under the Bond and the Resolution; to require the Agency to account as trustee of an express trust; to require the Agency to effectuate the assignment of the Permanent Loan to such owner; or to enjoin any acts which may be unlawful or in violation of the rights of the registered owners of the Bond. No remedy conferred by the Resolution upon the registered owners of the Bond is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or the Bond or provided at law or in equity or by the Act. No delay or omission of the registered owners of the Bond to exercise any right or power arising upon the happening of a default shall impair any right or power or be construed to be a waiver of the default. The registered owners of the Bond may waive any default and its consequences. No such waiver shall extend to any subsequent or other default.

SECTION 502. Defeasance.

If the Agency shall pay or cause to be paid to the registered owners of the Bond the principal, redemption price and interest thereon at the times and in the manner stipulated therein and herein, then all obligations of the Agency hereunder and under the Bond and all other rights granted hereby shall be discharged and satisfied.

SECTION 503. Transfer.

The Bond may be transferred in whole but not in part to new owners, subject to the restrictions on transfer and upon compliance with the provisions for transfer described in the form of the Bond and payment of a transfer fee of $100.00 for each substitute Bond issued as a result of a request for transfer.

SECTION 504. Amendment.

This Resolution may be amended by the Agency without the consent of the registered owners of the Bond to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not inconsistent with this Resolution as theretofore in effect. The Agency may also adopt a resolution amending, supplementing or otherwise modifying this Resolution without the consent of the registered owners of the Bond to incorporate the provisions hereof in a resolution of the Agency of general application to bonds issued to finance the Program the interest on which is not excludable from federal income taxes; provided no such resolution shall reduce the principal amount of the Bond or the rate of interest payable thereon or change the maturity date thereof or the dates for payment of interest thereon or the terms of redemption thereof or the security granted for the payment thereof without the express written consent of the registered owners of the Bond. Except as hereinabove provided in this Section 504, this Resolution and the Bond may be amended by the Agency only with the prior written consent of the registered owners of the Bond.

SECTION 505. Authorization of Officers.

The Chairman, Vice-Chairman, Executive Director, Deputy Director, Director of Finance and all other Authorized Officers of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates, and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution, including the transaction involving the loan of the proceeds of the Bond for the acquisition, construction and/or rehabilitation of the Development.

SECTION 506. Severability.

If any provision of this Resolution is held invalid in any circumstances, that invalidity shall not affect any other provisions or circumstances.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on March 9, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MARCH 12, 1993

RE: SINGLE FAMILY BOND STATUS

As discussed on the Board Conference Call last Tuesday, we have continued to monitor bond market activity and the impact on our rates. We reviewed with Jack Gallagher of Fannie Mae a program that would sell bonds directly to them and save us the considerable cost of paying sales commissions on resold bonds. Unfortunately, it appears that this program would be very difficult if not impossible to implement under the current bond structure. Senior staff had a conference call with the bond group this afternoon. The bond market has moved strongly away from lower rates due to a tremendous supply of bonds in the marketplace and economic signals which indicate that interest rates are not expected to be reduced anytime soon. Bond costs have increased by over 15 basis points this week and are expected to rise early next week. We will likely see conventional mortgage rates increasing next week, as well. These actions make it fairly clear that now is not the right time to exercise our notice to remarket bonds.

The current plan of action is to continue to closely monitor the market. We would be looking to see rates settle back to levels that we saw earlier this week (70 basis points lower than what we sold bonds at in January) and some stability in the market. We are also looking for ways to reduce the risk of rate movement, through some kind of hedging vehicle.

Recommended Action
No action required.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa
VERMONT HOUSING FINANCE AGENCY

April 5, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, April 15, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: April 9, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, April 15, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 April 15!

Howard Dean, M.D.
Governor

ECEIVED
APR 8 1993

State of Vermont
Office of the Governor
Pavilion Office Building
Montpelier, Vermont 05609
(802) 828-3333

April 2, 1993

Richard C. White
32 Caswell Ave.
Derby Line VT 05830

Dear Mr. White,

I am appointing you chair of the Vermont Housing Finance Agency. Thank you for agreeing to serve.

With best wishes,

Sincerely,

Howard Dean, M.D.
Governor

HD/jfw

vhfa
VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, April 15, 1993 at 1:30 p.m.

1. Review and approval of minutes of March 18, 1993

2. Administration
   - ⌂ Executive Director's Report [**Hunt**]

3. Operations
   - ⌂ MOVE 1990 Series 2 Update/Delinquency Report [**Lothrop//Enclosure**]

4. Development
   - ⌂ Depot II (Bethel) Commitment Resolution [**Jenkins/Roy//Encl.**]
   - ⌂ Stowe Street (Waterbury) Combined Resolution of Interest and Commitment Resolution [**Jenkins/Roy//Encl.**]
   - ⌂ Bristol Family Bridge Loan [**Jenkins/Roy//Encl.**]

5. Finance
   - ⌂ Bond Remarketing [**Schoenbeck**]

6. Legal
   - ⌂ Litigation Update [**Jarrett**]

7. Communications
   - ⌂ Legislative Update [**Hope**]

8. Other old or new business to come before the Board

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, March 18, 1993

PRESENT: Commissioners Shaw, Rockford (designee of Costle), Seelig; via speakerphone: Mullikin Drake (designee of McDougall), Myette

Agency Staff: Mr. Francis, Mrs. Parker, Ms. Jenkins, Mr. Jarrett, Ms. Roy, Mr. Lothrop

Guests: Ms. Edgar (Agency of Human Services); Mr. Williams, Ms. Barrows (Vermont State Housing Authority); Ms. Clark (Deputy State Treasurer); Ms. Schauer (Banking, Insurance and Securities)

The meeting was called to order by the Chairman at 1:30 p.m. Upon a motion duly made by Mr. Rockford and seconded, the minutes of the meetings held February 18, 1993 and March 9, 1993 were unanimously accepted as written.

Mr. Rockford reminded the Board that he has resigned his position as Deputy Commissioner of Banking for the Department of Banking, Insurance and Securities as of the end of March, and introduced Ms. Schauer, who will be Ms. Costle's designee for representation on the Board of Commissioners until a new deputy commissioner of Banking has been appointed. As an authorization from Ms. Costle appointing a new designee was not on file, Mr. Rockford represented the voting privilege for that department during this meeting. Ms. Clark, Deputy Treasurer for the State of Vermont, was introduced; it was noted that she would be observing the meeting but would have no voting capacity, as an authorization appointing a designee was not on file from Mr. Ruse.

The Board noted receipt of the letter from Evensen Dodge, as requested in the February meeting. No Board action was necessary.

Mr. Francis reviewed the "Executive Director's Report" as detailed in Mr. Hunt's memo of March 12, and noted that the level of sales activity at Dalton Drive is impressive. The final report from the Enterprise Foundation was made available for the Board's review. No Board action was required.

The "FY93 Business Plan Update" was reviewed by Mr. Francis, who noted that the addenda included those comments or suggestions made during the February Board meeting. Activity for the fiscal year to date is indicated on the summary sheets. Mr. Seelig suggested that at some future date the Board should focus a discussion on why multi-family activity is low, in order to determine if there are policy issues or other difficulties making it harder for the Agency to continue its earlier levels of multi-family activity.

Mr. Lothrop reported on MOVE reservation activity, noting that the level has held up well despite lower conventional interest rates. During the first part of March, the Agency received requests for over $2 million in reservations, with activity evenly split between the no point and two point programs which were introduced at the beginning of March. Mr. Lothrop pointed out that the evenly split activity is unusual, since the no point program was designed to address a borrower's lack of cash to meet closing costs. The number of delinquencies rose slightly, and Mr. Lothrop noted that jobs are at risk in the Rutland area due to the recent reduction of employees at General Electric. This may mean that borrowers would have to take lower paying jobs. Mr. Lothrop also explained that in some cases a property has been already abandoned by the borrower when the Agency begins foreclosure proceedings. A list of properties which the Agency has taken back in foreclosure has been sent to the Vermont Housing and Conservation Trust Fund for consideration for use in housing tenants displaced by the closure of the Brandon Training School.

Turning to the "Energy Rated Homes of Vermont (ERH)—Sustaining Member Board Appointments Recommendations," Mr. Lothrop reviewed his memo of March 11, included in the Board packet. Mr. Seelig noted that the Board should continue to be sensitive to the availability of qualified women as candidates for similar posts. After further discussion, a motion was made by Mr. Rockford and seconded to nominate the following candidates as the Agency's ERH Board appointees: Russell Hahn, Bill Wessell, and Joe Bongiovanni; this motion carried unanimously.

Ms. Jenkins presented the proposal for the "Fannie Mae Community Living Demonstration Program" as outlined in her memo of March 18, included in the Board packet. This program is proposed as a response to the Vermont Housing and Conservation Board's (VHCB) request for the Agency's assistance in financing group homes for the developmentally disabled. As proposed, these homes would be developed primarily for current Brandon Training School residents being displaced by that facility's closure, which is scheduled to be completed by the fall of 1993, although other developmentally disabled individuals may also be housed in these homes. According to Ms. Jenkins, members of the staff have met with Ms. Edgar and other staff of the Agency of Human Services, as well as with representatives of VHCB in an effort to structure this program appropriately. In response to an inquiry from Mr. Seelig, Ms. Jenkins noted that the request for a maximum principal balance of up to $2 million is based on that amount being a high estimate of the total that would be used for this purpose, although Fannie Mae could be approached for additional funding. Ms. Edgar was introduced and responded to several questions posed by the Board. In her remarks, Ms. Edgar indicated that between six and eight group homes are in process, with another one or two planned in the future. It is anticipated that an average of three to four residents would be accommodated per group home. Mr. Seelig expressed some concern that the homes would belong to the service providers rather than to the residents, which could result in resident displacement. Ms. Jenkins assured the Board that protections would be included in the loan agreements to ensure that, in the event a service provider is no longer able to maintain the home, the residents would remain in that home with a new service provider assigned. Ms. Edgar further noted that individuals living in these group homes would have a Medicaid waiver which waives the requirement to be in an institution or nursing home; this waiver is Medicaid's recognition that the individuals are in need of extensive services.

Ms. Jenkins also indicated that an application had been submitted to the Federal Home Loan Bank in part to fill the gap between the loan amount required and the loan that could be provided under Fannie Mae's 75 percent loan-to-value ratio requirement. This financing gap arises because Fannie Mae requires appraisals of these properties as single family properties (assuming the renovations have been completed), but some properties may require group home renovations that exceed the single family appraisal value. In some cases, according to Ms. Jenkins, the Agency will need to ensure that the security value justifies a second mortgage loan to cover that gap; this will depend primarily on cash flow. Fannie Mae is unwilling to consider a proposal that varies too widely from the standard terms and conditions of their pilot program. A motion was made and seconded to amend the "Resolution Regarding Financing of Group Homes for the Developmentally Disabled" as attached to these minutes, including the amount of $2 million or more from Fannie Mae. The motion carried unanimously. Following the vote, and after thanking the Board and Ms. Jenkins, Ms. Edgar left the meeting.

Ms. Roy reviewed the "Depot II Apartments—Bethel—Resolution of Interest" as described in her memo of March 11, included in the Board packet. Mr. Williams and Ms. Barrows, of the Vermont State Housing Authority, were introduced to the Board and explained that they were representing Housing Foundation, Inc. (HFI), a nonprofit arm of VSHA. The proposal is to acquire and renovate an existing ten unit housing development located in Bethel, with HFI assuming the Agency's existing mortgage. Mr. Jarrett noted that although this is a current loan, the property is one that has been in litigation due to the owner's misuse of development funds. According to Mr. Jarrett, allowing HFI to assume the mortgage and take possession of the property would not necessarily weaken the Agency's legal position as far as the remaining properties are concerned. Ms. Jenkins explained the HUD subsidy layering review procedure for the Board, noting that it is a process undertaken by HUD to determine that there is not too much subsidy going into any one development. This review is normally undertaken for a project that combines Low Income Housing Tax Credits, Section 8 and other subsidies. It is a complex and lengthy process and HUD is considering having housing finance agencies conduct the necessary reviews.

Mr. Williams addressed the Board and acknowledged that the litigation matters could prevent the closing if there is no movement by both parties to settle issues outstanding at Depot II. He further stated that HFI is willing to do everything possible to have the current owner repay funds to various accounts and satisfy other Agency requirements. With reference to the budget trimming for drainage issues as suggested by Agency staff, Mr. Williams requested the Board consider increasing the maximum amount of the loan if HFI can demonstrate to the staff that the scope of work as proposed cannot be accomplished within the $5,000 limit imposed. Mr. Williams also requested that the Board consider readdressing the issue of HFI's management ability prior to the closing. He also requested that the Agency approve the maximum allowable management fees. It is HFI's contention that if their management ability is being questioned, HFI's entire rental portfolio should be analyzed by the Agency staff, rather than just the projects managed for the Agency. Ms. Jenkins pointed out that the Agency staff had approved the requested management fees as part of the proposed operating budget.

When Mr. Williams had concluded his remarks, Mr. Francis suggested that discussion of the management issues be deferred until either Mr. Hunt or Mr. Falzone are available, since they are most familiar with the issue and the Agency's concerns. The costs for the perceived drainage problems were addressed by Ms. Jenkins, who cautioned the Board that staff did not feel the necessity for the expense and extent of the work as proposed. Measures already taken to address the drainage problems, including a new retaining wall, would be tested this spring. If there is a problem, Agency staff will reconsider the budget reduction. Mr. Seelig commended HFI for their growth over the past few years and reminded the Board and HFI that the concerns being raised by the Agency staff and the Board are not unusual for a small organization struggling with rapid growth during a short timeframe. Mr. Seelig also asked that HFI explain to the Board the extent of that growth and the impact that it has had organizationally and in terms of management capabilities. In response, Ms. Barrows distributed to the Board a listing of multi-family developments and mobile home parks currently being managed by HFI, and discussed the present staff levels at HFI, including those on payroll and those under contract. Recently, HFI had determined that by creating four offices located in various regions of the state they would better be able to manage properties in their portfolio.

As currently proposed, there would be offices located in St. Albans, Middlebury, Montpelier and White River Junction. Mr. Seelig noted that converting employees from contract to payroll would not necessarily result in the growth of staff that appears to be needed in order to handle HFI's expanding portfolio. There being no further discussion, a motion was made by Mr. Seelig to amend the "Resolution of Interest Re: Depot II—Bethel Development" as attached to these minutes to include the phrase "or its assignee" in the second numbered paragraph. After being seconded, this motion carried unanimously. After expressing their thanks to the Board and Ms. Roy for their efforts on this project, Mr. Williams and Ms. Barrows left the meeting.

The Board acknowledged receipt of the memo dated March 9 regarding "Utilization of Multi-Family Recycle Program" as prepared by Ms. Roy and included in the Board packet. This report was prepared in response to a request made during the February Board meeting. No Board action was necessary.

Turning to matters of litigation, Mr. Jarrett advised the Board that there had been very little activity in the matters which had been discussed at earlier Board meetings.

Offering a legislative update, Mr. Jarrett noted that the bill regarding lead paint is being reviewed by the Senate Finance committee. Various other bills of interest to the Agency were reviewed by Mr. Jarrett.

Ms. Hope's memo of March 12 describing the "Home Buyer Fair" was acknowledged by the Board; no action was necessary. The Board also acknowledged Ms. Hope's memo of March 9 regarding the "National Council of State Housing Boards to Meet in Woodstock, Vermont" and agreed with her recommendation regarding gifts of Vermont-made products. No formal Board action was taken.

The "Single Family Bond Status" report from Mr. Schoenbeck, dated March 12 and included in the Board packet, was reviewed briefly by Mr. Francis. Mortgage rates are slowly rising according to Mr. Lothrop, but a decision may be made to recommend remarketing of the bonds if the volume of activity remains lower than expected and within parameters suggested by the bond underwriting group.

A resolution regarding access to the Agency's safe deposit boxes was distributed for Board review and action. A motion was made by Mr. Rockford to adopt this resolution as attached to these minutes. This motion was seconded and carried unanimously.

As the last item of business, Mr. Francis read a resolution honoring Mr. Rockford for his activities as a commissioner for the Agency over the past several years. Following a motion made by Mr. Seelig and duly seconded, the "Resolution Honoring William H. Rockford, Jr. on his Retirement from the Board of Commissioners" was unanimously adopted as attached to these minutes. Mr. Rockford abstained from voting on this matter but expressed his pleasure at having been able to serve as a commissioner and commended the Agency for its history and activities in the area of affordable housing.

The next meeting was scheduled for Thursday, April 16, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 2:55 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION REGARDING FINANCING OF GROUP HOMES FOR THE DEVELOPMENTALLY DISABLED

WHEREAS, the Vermont Housing and Conservation Board has requested the Agency's assistance in financing group homes for the developmentally disabled; and

WHEREAS, the planned closing of the Brandon Training School has intensified the need for additional group homes for the developmentally disabled; and

WHEREAS, Agency staff has been working with staff of the Housing and Conservation Board and the Vermont Agency of Human Services to develop a program to finance group homes; and

WHEREAS, the Agency is desirous of assisting in the effort to develop additional group homes; and

WHEREAS, Agency staff has been discussing with the Federal National Mortgage Association ("Fannie Mae") the Agency's participation in Fannie Mae's Community Living program, which is designed to provide financing for group homes by purchasing mortgages originated by the Agency;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency is interested in working with state agencies to provide financing for additional group homes for the developmentally disabled.

2. The Executive Director is authorized to negotiate with Fannie Mae and enter into an agreement with Fannie Mae for $2,000,000 or more in participation in the Community Living Program.

3. The Executive Director is authorized to develop policies and procedures for the operation of the program in conjunction with the Vermont Housing and Conservation Board, the Vermont Agency of Human Services, and any other agencies involved.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 18, 1993.

Allan S. Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION OF INTEREST
RE: DEPOT II-BETHEL DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Foundation, Inc., a non-profit corporation, involving the acquisition of the Depot II Development, a ten unit Section 8 development in Bethel (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Housing Foundation Inc., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency that will be assumed by the sponsor; and

WHEREAS, the Agency has determined that the acquisition of the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in allowing the sponsor or its assignee to assume the existing first mortgage and in providing a future advance under the first mortgage for the acquisition and rehabilitation for the Depot II Development in Bethel in an amount not to exceed $70,000.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon:

   the availability of funds to the Agency for such purpose;

   an appraisal acceptable to the Agency showing the security value of the Development will equal at least the amount of the VHFA loan;

   staff approval of plans and specifications for the proposed rehabilitation;

   the signing of a Preservation Agreement to ensure long term affordability of units;

   the agreement of the sponsor to retain existing management or a mutually acceptable alternative until such time as VHFA is satisfied that the sponsor has the capacity to manage the Development;

   the satisfactory completion of the subsidy layering review;

   the satisfaction by the Developer of all requirements of the Act;

   the applicable regulations of the Agency; and

   such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 18, 1993.

Allan S Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLVED, that the employees of the Vermont Housing Finance Agency holding the positions described below are hereby authorized to access all safekeeping vault boxes of the Agency for the purpose of safekeeping and retrieving any and all books, papers, and documents of the Agency:

Director of Finance
Controller
Lender Accounting Coordinator
Portfolio Accountant
Portfolio/Investment Assistant

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 18, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

Roger A. Schoenbeck
Director of Finance

Timothy M. Gutchell
Controller

Susan B. Joachim
Lender Accounting Coordinator

Portfolio Accountant

Martha G. Fleming
Investment/Portfolio Assistant

RESOLUTION HONORING WILLIAM H. ROCKFORD, JR.
ON HIS RETIREMENT FROM THE
BOARD OF COMMISSIONERS OF THE
VERMONT HOUSING FINANCE AGENCY

WHEREAS, William H. Rockford, Jr. has provided diligent and faithful service to the people of the State of Vermont for over 11 years in the Department of Banking, Insurance and Securities; and

WHEREAS, Bill Rockford has served with distinction for three years as Deputy Commissioner for Banking of the Department of Banking, Insurance and Securities; and

WHEREAS, among the duties ably performed by Bill Rockford during his service as Deputy Commissioner for Banking has been serving as a member of the Board of Commissioners of the Vermont Housing Finance Agency as designee of the Commissioner of Banking, Insurance and Securities; and

WHEREAS, the Commissioners and staff of the Vermont Housing Finance Agency have valued the sage advice, wisdom, humor and hospitality of Bill Rockford during his tenure as a Board member; and

WHEREAS, Bill Rockford has tendered his resignation from the Department of Banking, Insurance and Securities in order to take on new responsibilities and challenges as President and CEO of the Lyndonville Savings Bank and Trust Company;

NOW, THEREFORE, it is hereby *RESOLVED:*

1. The Vermont Housing Finance Agency thanks William H. Rockford, Jr. for his diligent service as a member of the Board of Commissioners of the Agency from 1990 to 1993.

2. William H. Rockford is and shall be considered a friend of affordable housing and recognized as an important, key participant in enabling the Agency to achieve its mission.

3. The Vermont Housing Finance Agency wishes William H. Rockford, Jr. much success in his new position as President and CEO of the Lyndonville Savings Bank and Trust Company.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 18, 1993.

Allan S Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

MOVE PROGRAM 93A - (6.95%/7.95%)

STATISTICAL REPORT PROGRAM ID: 93A   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 04/07/93
Loan Status: CC,UC,O

Total Number of Loans: 8
Total Loan Amount: $519,800

EXISTING:	$452,800	87.5%	7 Loans
NEW CONSTRUCTION:	$67,000	12.5%	1 Loans
NEW DETACHED HOUSING:	$67,000	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$8,023,601	78.8%	123 Loans (Est.)

Total Insured or Guaranteed Loans: 8
Loans Guaranteed by VHMGB: 8

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,302	$76,225	$71,263
Avg. Loan Amount	$59,562	$70,387	$64,975
Avg. Borrower Income	$27,846	$24,336	$26,091
Avg. Housing Debt-Income Ratio	21.7%	30.7%	26.2%
Avg. Total Debt	$618.75	$773.75	$696.25
Avg. Total Debt-Income Ratio	26.7%	38.5%	32.6%
Total No. of Loans	4	4	8
% of Total Loan Amount	45.8%	54.2%	100.0%
First Time Homebuyers	75.0%	100.0%	87.5%
% Meeting Low Income Set Aside	25.0%	75.0%	50.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	25.0%	$125,250	5,000	5.7%	19.3
Bennington	1	12.5%	$79,800	6,300	7.2%	5.3
Caledonia	1	12.5%	$67,000	4,800	5.5%	7.0
Chittenden	1	12.5%	$76,500	16,000	18.2%	5.7-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	2	25.0%	$104,750	6,000	6.8%	18.2
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	1	12.5%	$66,500	4,200	4.8%	7.7
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	8	100.0%	$519,800	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 93A

AS OF: 04/07/93
PAGE NO. 1

Vermont Housing Finance Agency
93A - $10,171,625 1990 SERIES 3-SF HOUSING PROGRAM 1S 7.95
Status Report (with percent of pool proceeds approved)
Rate : 6.950%
Date : 04/07/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$69,350	0.6%	$0	0.0%	$0	$0	0.0%
Banknorth Mortgage Co	$224,660	2.2%	$76,500	0.7%	$0	$76,500	34.0%
Chittenden Bank	$467,749	4.5%	$42,750	0.4%	$0	$42,750	9.1%
Citizens Savings Bank and Trust	$96,425	0.9%	$0	0.0%	$0	$0	0.0%
Community National Bank	$161,350	1.5%	$114,950	1.1%	$66,500	$48,450	30.0%
Green Mountain Bank	$41,000	0.4%	$0	0.0%	$0	$0	0.0%
Kittredge Mortgage Corporation	$85,400	0.8%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$125,350	1.2%	$0	0.0%	$0	$0	0.0%
Marble Bank	$125,900	1.2%	$0	0.0%	$0	$0	0.0%
National Bank of Middlebury, The	$16,500	0.1%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank	$210,000	2.0%	$67,000	0.6%	$0	$67,000	31.9%
Randolph National Bank	$38,600	0.3%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation	$80,750	0.7%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.	$90,440	0.8%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB	$314,550	3.0%	$267,050	2.6%	$0	$267,050	84.8%
TOTALS 36 Loans	$2,148,024	21.1%	$568,250	5.5%	$66,500	$501,750	23.3%

MOVE PROGRAM 93B - (7.25%/8.25%)

STATISTICAL REPORT PROGRAM ID: 93B   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 04/07/93
Loan Status: CC,UC,O

Total Number of Loans:	5
Total Loan Amount:	$291,295

EXISTING:	$155,795	60.0%	3 Loans
NEW CONSTRUCTION:	$135,500	40.0%	2 Loans
NEW DETACHED HOUSING:	$135,500	100.0%	2 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$16,858,205	84.2%	289 Loans (Est.)

Total Insured or Guaranteed Loans:	5
Loans Guaranteed by VHMGB:	5

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$64,300	$66,300	$64,700
Avg. Loan Amount	$57,078	$62,980	$58,259
Avg. Borrower Income	$23,082	$22,356	$22,936
Avg. Housing Debt-Income Ratio	26.2%	30.0%	27.0%
Avg. Total Debt	$664.00	$568.00	$644.80
Avg. Total Debt-Income Ratio	33.7%	30.0%	33.0%
Total No. of Loans	4	1	5
% of Total Loan Amount	78.4%	21.6%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	50.0%	100.0%	60.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	1	20.0%	$62,980	5,000	5.7%	14.3
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	0	0.0%	$0	16,000	18.2%	18.2-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	1	20.0%	$80,500	6,000	6.8%	13.2
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	1	20.0%	$55,000	3,300	3.8%	16.2
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	1	20.0%	$40,375	4,200	4.8%	15.2
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	20.0%	$52,440	9,000	10.3%	9.7
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	5	100.0%	$291,295	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
ource: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 93B

AS OF: 04/07/93
PAGE NO. 1

Vermont Housing Finance Agency
93B - $20,000,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 04/07/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$63,650	0.3%	$0	0.0%	$0	$0	0.0%
Banknorth Mortgage Co		$833,645	4.1%	$55,000	0.2%	$0	$55,000	6.5%
Chittenden Bank		$365,015	1.8%	$52,440	0.2%	$0	$52,440	14.3%
Citizens Savings Bank and Trust		$141,075	0.7%	$0	0.0%	$0	$0	0.0%
Community National Bank		$40,375	0.2%	$40,375	0.2%	$0	$40,375	100.0%
Marble Bank		$121,500	0.6%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$80,500	0.4%	$80,500	0.4%	$0	$80,500	100.0%
Northfield Savings Bank		$72,000	0.3%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank		$326,500	1.6%	$0	0.0%	$0	$0	0.0%
Peoples Trust Company of St Albans		$77,900	0.3%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$161,300	0.8%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$157,700	0.7%	$0	0.0%	$0	$0	0.0%
Union Bank		$221,405	1.1%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB		$410,730	2.0%	$62,980	0.3%	$0	$62,980	15.3%
Vermont National Bank		$30,000	0.1%	$0	0.0%	$0	$0	0.0%
Wells River Savings Bank		$38,500	0.1%	$0	0.0%	$0	$0	0.0%
TOTALS	48 Loans	$3,141,795	15.7%	$291,295	1.4%	$0	$291,295	9.2%

MOVE PROGRAM 94H = HOUSE (7.45%)

STATISTICAL REPORT PROGRAM ID: 94H   Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 04/07/93

Loan Status: CC,UC,O

Total Number of Loans: 33

Total Loan Amount: $2,062,544

EXISTING:	$538,771	30.3%	10 Loans
NEW CONSTRUCTION:	$1,523,773	69.6%	23 Loans
NEW DETACHED HOUSING:	$752,258	49.3%	12 Loans
NEW CONDOMINIUM:	$771,515	50.6%	11 Loans
Funds Remaining to be Reserved:	$1,943,635	38.8%	31 Loans (Est.)

Total Insured or Guaranteed Loans: 25

Loans Guaranteed by VHMGB: 25

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,050	$76,870	$74,903
Avg. Loan Amount	$49,686	$65,349	$62,501
Avg. Borrower Income	$22,454	$25,453	$24,908
Avg. Housing Debt-Income Ratio	26.6%	28.9%	28.5%
Avg. Total Debt	$711.83	$766.70	$756.72
Avg. Total Debt-Income Ratio	37.8%	36.1%	36.4%
Total No. of Loans	6	27	33
% of Total Loan Amount	14.5%	85.5%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	83.3%	70.3%	72.7%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	9.1%	$162,900	5,000	5.7%	3.4
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	13	39.4%	$929,953	16,000	18.2%	21.2
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	3.0%	$60,500	9,000	10.3%	7.3-
Windham	5	15.2%	$237,618	7,100	8.1%	7.1
Windsor	11	33.3%	$671,573	9,600	11.0%	22.3
TOTAL	33	100.0%	$2,062,544	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 94H

AS OF: 04/07/93
PAGE.NO. 1

Vermont Housing Finance Agency
94H - $5,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 04/07/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$160,200	3.2%	$78,200	1.5%	$78,200	$0	0.0%
Banknorth Mortgage Co		$43,000	0.8%	$0	0.0%	$0	$0	0.0%
Factory Point National Bank, The		$60,000	1.2%	$0	0.0%	$0	$0	0.0%
Marble Bank		$611,690	12.2%	$351,867	7.0%	$0	$351,867	57.5%
Merchants Bank, The		$62,000	1.2%	$0	0.0%	$0	$0	0.0%
Mortgage Service Center of New England		$68,000	1.3%	$68,000	1.3%	$0	$68,000	100.0%
National Bank of Middlebury, The		$55,000	1.1%	$55,000	1.1%	$55,000	$0	0.0%
Vermont Development Credit Union		$320,000	6.4%	$320,000	6.4%	$0	$320,000	100.0%
Vermont Federal Bank, FSB		$578,080	11.5%	$541,315	10.8%	$480,815	$60,500	10.4%
Vermont National Bank		$1,163,362	23.2%	$648,162	12.9%	$356,007	$292,155	25.1%
TOTALS	50 Loans	$3,121,332	62.4%	$2,062,544	41.2%	$970,022	$1,092,522	35.0%

MORTGAGE CREDIT CERTIFICATE PROGRAM MC6

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6

UNDERWRITING DATABASE

EFFECTIVE: 04/07/93

Total Number of Loans:	13
Total Loan Amount:	$917,115
Average Loan Amount:	$70,547

EXISTING:	$789,075	84.6%	11 Loans
NEW CONSTRUCTION:	$73,890	7.6%	1 Loans
NEW DETACHED HOUSING:	$0	0.0%	0 Loans
CONDOMINIUM:	$216,190	23.0%	3 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$71,857	$80,050	$75,638
Avg. Loan Amount	$67,117	$74,548	$70,547
Avg. Borrower Income	$24,722	$25,403	$25,036
Total No. of Loans	7	6	13
First Time Homebuyers	100.0%	100.0%	100.0%
% of Total Loan Amount	51.2%	48.8%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	1	7.7%	$75,900	4,500	5.8%	1.9
Bennington	0	0.0%	$0	5,400	7.0%	7.0-
Caledonia	0	0.0%	$0	4,400	5.7%	5.7-
Chittenden	4	30.7%	$302,990	13,100	17.0%	13.7
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	1	7.7%	$64,800	5,700	7.4%	0.3
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	0	0.0%	$0	3,100	4.0%	4.0-
Orange	1	7.7%	$54,150	4,000	5.2%	2.5
Orleans	0	0.0%	$0	3,800	4.9%	4.9-
Rutland	1	7.7%	$78,375	9,200	11.9%	4.2-
Washington	3	23.1%	$201,250	7,900	10.3%	12.8
Windham	1	7.7%	$71,250	6,000	7.8%	0.1-
Windsor	1	7.7%	$68,400	8,100	10.5%	2.8-
TOTAL	13	100.0%	$917,115	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE PROGRAM MC6

AS OF: 04/07/93
PAGE NO. 1

Vermont Housing Finance Agency
MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 04/07/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$367,095	0.9%	$220,675	0.5%	$0	$220,675	60.1%
Banknorth Mortgage Co		$139,650	0.3%	$139,650	0.3%	$68,400	$71,250	51.0%
Chittenden Bank		$416,025	1.1%	$78,300	0.2%	$0	$78,300	18.8%
Fleet Mortgage		$96,062	0.2%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$74,100	0.1%	$0	0.0%	$0	$0	0.0%
NorWest Mortgage Inc.		$78,750	0.2%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$118,950	0.3%	$118,950	0.3%	$118,950	$0	0.0%
Vermont Federal Bank, FSB		$278,250	0.7%	$122,950	0.3%	$0	$122,950	44.1%
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$739,090	1.9%	$236,590	0.6%	$0	$236,590	32.0%
TOTALS	31 Loans	$2,392,997	6.3%	$917,115	2.4%	$187,350	$729,765	30.4%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 02/28/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	366	10	2.73%	4	1.09%	0	0.00%	14	3.83%	0	1	0.27%	1	0.27%	16	4.37%
Bennington Coop Savings & Loan Assn Inc	45	4	8.89%	0	0.00%	1	2.22%	5	11.11%	0	0	0.00%	0	0.00%	5	11.11%
Bradford National Bank	47	1	2.13%	1	2.13%	1	2.13%	3	6.38%	0	0	0.00%	0	0.00%	3	6.38%
Caledonia National Bank of Danville, Th	107	8	7.48%	1	0.93%	2	1.87%	11	10.28%	0	1	0.93%	1	0.93%	13	12.15%
Chittenden Trust Company	958	73	7.62%	11	1.15%	11	1.15%	95	9.92%	0	3	0.31%	3	0.31%	101	10.54%
Citizens Savings Bank	37	1	2.70%	0	0.00%	0	0.00%	1	2.70%	0	0	0.00%	0	0.00%	1	2.70%
Comfed Mortgage Co., Inc.	10	1	10.00%	0	0.00%	0	0.00%	1	10.00%	0	0	0.00%	0	0.00%	1	10.00%
Commonwealth Mortgage Company, Inc	22	1	4.55%	0	0.00%	0	0.00%	1	4.55%	0	0	0.00%	0	0.00%	1	4.55%
Community National Bank	172	6	3.49%	3	1.74%	0	0.00%	9	5.23%	0	0	0.00%	1	0.58%	10	5.81%
Factory Point National Bank, The	27	4	14.81%	0	0.00%	0	0.00%	4	14.81%	0	0	0.00%	0	0.00%	4	14.81%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	7	0	0.00%	1	14.29%	0	0.00%	1	14.29%	0	0	0.00%	0	0.00%	1	14.29%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	170	7	4.12%	1	0.59%	0	0.00%	8	4.71%	0	1	0.59%	1	0.59%	10	5.88%
Granite Savings Bank and Trust Company	31	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0	0.00%	0	0.00%	2	6.45%
Green Mountain Bank	242	15	6.20%	3	1.24%	1	0.41%	19	7.85%	0	1	0.41%	0	0.00%	20	8.26%
Lomas & Nettleton Company, The	17	1	5.88%	0	0.00%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Lyndonville Savings Bank & Trust Compan	57	3	5.26%	0	0.00%	0	0.00%	3	5.26%	0	0	0.00%	1	1.75%	4	7.02%
Marble Bank	208	7	3.37%	2	0.96%	1	0.48%	10	4.81%	0	0	0.00%	1	0.48%	11	5.29%
Merchants Bank, The	267	6	2.25%	5	1.87%	1	0.37%	12	4.49%	0	0	0.00%	0	0.00%	12	4.49%
Mortgage Service Center of New England	49	2	4.08%	2	4.08%	3	6.12%	7	14.29%	0	0	0.00%	0	0.00%	7	14.29%
National Bank of Middlebury, The	65	1	1.54%	0	0.00%	0	0.00%	1	1.54%	0	1	1.54%	0	0.00%	2	3.08%
New England IBM Employees Fed Crdt Unio	64	1	1.56%	0	0.00%	0	0.00%	1	1.56%	0	0	0.00%	0	0.00%	1	1.56%
Northfield Savings Bank	104	8	7.69%	0	0.00%	1	0.96%	9	8.65%	0	0	0.00%	0	0.00%	9	8.65%
Passumpsic Savings Bank	179	7	3.91%	5	2.79%	1	0.56%	13	7.26%	0	0	0.00%	3	1.68%	16	8.94%
Peoples Trust Company of St Albans	141	9	6.38%	3	2.13%	1	0.71%	13	9.22%	0	0	0.00%	0	0.00%	13	9.22%
Randolph National Bank	60	1	1.67%	0	0.00%	0	0.00%	1	1.67%	0	0	0.00%	0	0.00%	1	1.67%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	120	7	5.83%	1	0.83%	3	2.50%	11	9.17%	0	0	0.00%	0	0.00%	11	9.17%
Union Bank	163	7	4.29%	0	0.00%	0	0.00%	7	4.29%	0	0	0.00%	1	0.61%	8	4.91%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	874	33	3.78%	7	0.80%	12	1.37%	52	5.95%	0	1	0.11%	2	0.23%	55	6.29%
Vermont Mortgage Group, Inc	655	42	6.41%	7	1.07%	7	1.07%	56	8.55%	0	1	0.15%	3	0.46%	60	9.16%
Vermont National Bank	516	16	3.10%	6	1.16%	2	0.39%	24	4.65%	0	1	0.19%	2	0.39%	27	5.23%
Wells River Savings Bank	26	0	0.00%	0	0.00%	2	7.69%	2	7.69%	0	0	0.00%	0	0.00%	2	7.69%
Woodstock National Bank	12	2	16.67%	0	0.00%	0	0.00%	2	16.67%	0	0	0.00%	0	0.00%	2	16.67%
Overall Totals:	5,827	286	4.91%	63	1.08%	50	0.86%	399	6.85%	0	11	0.19%	20	0.34%	430	7.38%
January 31, 1993	5,834	279	4.78%	44	0.75%	57	0.98%	380	6.51%	0	9	0.15%	18	0.31%	407	6.98%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kimberly A. Roy, Development Assistant
Irene D. Jenkins, Director of Development

Kimberly A. Roy
Irene D. Jenkins

DATE: April 8, 1993

RE: Stowe Street - Waterbury - Combined Resolution of Interest and Commitment Resolution

THE DEVELOPMENT

1. General Description

Waterbury Housing Limited Partnership (WHLP), whose general partners are a subsidiary of Housing Vermont (HVT) and Revitalizing Waterbury, Inc. (RWI), is requesting construction and permanent financing to renovate the historic Knights of Columbus Block located on Stowe Street in Waterbury. The building will contain 14 elderly units and two commercial spaces. The building is three stories high: the two commercial spaces are on the first floor and the residential units are on the second and third floor. The sponsor acquired the building in the fall of 1991 with funds received from a recycled Urban Development Action Grant (UDAG).

The sponsor is putting the construction proposal out to bid in mid April; bids are expected back by early May. The architect is Bruley Partnership of Waitsfield, which has developed preliminary plans for the gut rehabilitation. The sponsors have acquired the shell of the historic building; all three floors will be newly constructed. An energy report was prepared by Vermont Energy Investment Corporation of Burlington; report recommendations have been incorporated into the plans and specifications. The Johnson Company of Montpelier and K-D Associates of Burlington conducted environmental testing on the property. Asbestos abatement was performed by the previous owner.

Total development costs (including commercial space) are estimated at $1,560,587 or $97,537 per unit. The acquisition price was $201,650 or $12,603 per unit. If the cost of the commercial space is taken out of the total development costs, the total cost per residential unit is $77,498. Construction involves gut rehabilitation of the building, equivalent in cost to new construction.

WHLP needs approximately $824,000 in construction financing, which is the amount of the estimated bridge financing for the tax credit equity ($800,000) plus the permanent take out financing ($24,000). The proposed rate for the construction loan is no more than 7.5% plus one point at closing and no more than 8.5% plus one point at closing for the permanent loan.

We are recommending approval of the combined Resolution of Interest and Commitment Resolution authorizing the Agency to issue a construction loan of up to $840,000 and a permanent loan of up to $40,000; this would allow for construction bids that may come in higher than the budget. Due to the allocation of 1991 low income housing tax credits, timing is a critical issue for the sponsor; Construction must begin by June 1 if the development is to be placed in service by December 31, 1993. Therefore, we are recommending Resolution of Interest and Commitment in one step. In addition, VHFA staff is not subjecting the development to the full underwriting process for permanent financing because the permanent loan is so small and such a low percentage of value.

The sponsor has received an allocation of $81,853 in 1991 and 1992 Low Income Housing Tax Credits (LIHTC). It is applying for an additional allocation of $4,570 in the next LIHTC round, for a total of $86,423 in tax credits. This will generate $800,000 in equity. The equity investors have been identified for the tax credits and subscription letters are being drawn up. A large part of permanent financing comes from UDAG and Community Development Block Grant (CDBG). The sponsor was awarded $417,800 from UDAG and $319,700 from CDBG.

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached. These projections incorporate VHFA's recommended changes to the proposal.

2. Projected Funding Sources

The projected sources of funds at this time are:

	Amount	Percent
Equity	799,824	51.2%
VHFA Permanent Loan	23,263	1.5%
UDAG	417,800	26.8%
CDBG	319,700	20.5%
Total	$1,560,587	100.0%

As can be seen in the attached projections, given the assumed rent and operating trends, the project has negative cash flows starting in Year 10. These are alleviated by an operating reserve account established using strong positive cash flows in the early years. Please see the attached financial projections for details.

3. Unit Breakdown and Rents

The Knights of Columbus Block is a three story historic building. The proposed layout is two commercial spaces on the first floor and 14 elderly residential units on the second and third floors. The Waterbury Senior Citizens group will be leasing one of the commercial spaces for a senior center. The space is 3,800 square feet and will be rented at $1,000 a month with a five year renewable lease. The other space is 1,200 square feet and will be rented as one large or two small spaces at $6.25 per square foot or $625 per month. At this time the sponsor does not have a tenant for this space. Of the 14 residential units, 12 are one bedroom and two are two bedroom apartments. The projected rent is $360 for the one bedroom units and $430 for the two bedroom units. All the apartments will be handicapped adaptable and two units will be fully accessible.

4. Site/Location

The development is located on Stowe Street in Waterbury. It is within walking distance of many services including shopping, community services, municipal offices, and the post office.

5. Renovation Plan

The sponsor has estimated the construction costs at $1,005,450 or $62,841/unit with a $122,412 contingency. The contract will be out to bid in mid April; a contractor should be on board by mid May. The proposed construction starting date is June 1, 1993.

6. Loan to Value

An appraisal has not been done for this property. The construction loan would be approximately 53 percent of total development costs; the permanent loan would be approximately 1.5 percent of total development costs. Under these circumstances, we do not recommend requiring an appraisal.

7. Management

WHLP has not yet identified a management agent.

8. Market Demand

A market analysis was performed in January of 1992 by Rick DeAngelis of Central Vermont Community Land Trust. He advertised and checked the waiting lists of local elderly apartment complexes and the Vermont State Housing Authority. He found that there were approximately 15 people per waiting list. Currently, according to Kathleen Raymond Berk of the Vermont State Housing Authority, there are 24 people on the waiting list. VHFA has financed two 12 unit Section 8 elderly projects in Waterbury, Wells House and Butler Apartments. Wells House has eight people on the one bedroom waiting list and Butler Apartments has 11 people, most of whom have federal preferences. Neither development has anyone on the two bedroom waiting list. Please note that all of the people on the above waiting lists are Section 8 eligible. Rents at $360 and $430 may not be as affordable to people with limited incomes and in need of rental subsidy as a subsidized unit.

9. <u>Environmental Concerns</u>

The Johnson Company of Montpelier and K-D Associates of Burlington conducted environmental testing. The Johnson Company investigated the soils on the property. The results from the soil borings concluded that there was no contamination. K-D Associates surveyed the building for asbestos. Asbestos was found in the floor tile, furnace insulation, sheet vinyl, asphalt siding, paper insulation and the roofing material. The asbestos was abated before WHLP purchased the building. The only remaining item in need of asbestos abatement is the exterior siding which is non-friable and can be taken care of preceding renovations. Lead paint is not an issue at this development due to the new construction.

DISCUSSION

<u>Strengths</u>

a) Housing Vermont's involvement gives a good deal of comfort as to management of the overall project.

b) VHFA's proposed permanent loan would only be 1.5% of the total development costs.

c) The tax credit investors have been identified and the subscription letters are being drawn up.

<u>Weaknesses</u>

a) The development is in need of an additional allocation of tax credits. Due to the June 30, 1992 expiration of the Low Income Housing Tax Credit Program, there is a limited amount of tax credits available. The first tax credit round in 1993 is going to be very competitive.

b) The development must be placed in service by December 31, 1993 due to the 1991 tax credit allocation.

c) Trending income and operating expenses at 2.5% and 4% respectively, year 12 of the projections, the operating expenses are greater than the rents.

d) Marketability of the units is uncertain given the absence of rental subsidy for the tenants and of a waiting list for two bedroom units.

RECOMMENDATION

Staff recommends approval of the attached combined Resolution of Interest and for Issuance of Commitment Letter, authorizing construction financing of up to $840,000 and permanent financing of up to $40,000. The proposed source of funds is the VHFA general fund for the construction and permanent loans. The transaction is contingent upon the sponsor providing evidence of the equity commitments, a commitment evidencing availability of CDBG funds at construction closing, development schedule, final plans and specifications, contractor's resume, financials and references, evidence of a payment and performance bonds or letter of credit, and agreement on a construction inspector. For the permanent loan, we will also require a satisfactory management plan and agreement.

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Project: S[illegible] Street Elderly RUN DATE: 4/6/93

*********Unit Information********		**********Assumptions*********	
Total Units:	16	Increase LIHTC	2.50%
Res Restricted Units:	14	Increase Commercial	2.50%
Commercial Units:	2	Expense increase:	4.00%
Percent Restricted:	100.00%	Vacancy Rate (Res):	5.00%
Avg Net Monthly Rent:	399	Vacancy Rate (Comm):	10.00%
		Partner's Tax Rate:	34.00%
TDC	1,560,587	Depreciation Schedule:	27.5
TDC/Unit	97,537	Depr Schedule (Comm):	31.5
*********LIHTC SUMMARY*********			
Percent Alloc.Needed	100.00%	Tax Credit Percentage	8.51%
Gross Syndication	805,600	Annual Credit Amt Need	86,423

FINANCING SOURCES 0

	Amount	% of TDC	Interest	Term	Per Unit
Equity	799,824	51.25%	N/A	N/A	
UDAG	417,800	26.77%	N/A	N/A	
1ST MORTGAGE	23,263	1.49%	8.50%	20	Amortized for 25 yrs
CDBG	319,700	20.49%	N/A	N/A	
	1,560,587	100.00%			

[illegible]owe Street Elderly DEVELOPMENT BUDGET 4/6/93

		Residential Budget	Per Unit
ACQUISITION			
Land		36,297	2,269
Building		165,353	10,335
CONSTRUCTION			
Construction		846,500	52,906
Site Work		89,000	5,563
Environmental Clean-up		0	0
Environmental Test		500	31
Cabinets/Appliances		42,000	2,625
Landscaping		8,250	516
Clerk of Works		19,200	1,200
Arch/Engineering		59,000	3,688
Contingency	14.46%	122,412	7,651
SOFT COSTS			
Legal/Accounting		9,000	563
Permits/Fees		6,000	375
Carrying Costs during Const.		18,000	1,125
Construction Loan Int.		24,000	1,500
Loan Fees		2,000	125
Hist Park Service Fee		1,500	94
Soft Cost Contingency		4,575	286
Marketing		9,000	563
Working Capital		22,000	1,375
Developers Fee	4.87%	76,000	4,750
TOTAL DEVELOPMENT COSTS		1,560,587	97,537

Stowe Street Elderly TAX CREDIT CALCULATION

	Residential Construction
Total Development Cost	1,560,587
Less Land	(36,297)
Less Non-Capital Items	(617,034)
Equals Adjusted Basis	907,256
Percentage Qualifying as Low Income	100.00%
Qualified Basis	907,256
High Cost Area Adjustment	1,179,433
Minus Historic Tax Credit	(163,890)
Adjusted Basis	1,015,543
Tax Credit Percentage	8.51%
Max Auth Annual Tax Credit	86,423
Total 91 & 92 Allocation Received	81,853
Allocation Needed	4,570

Stowe Street Elderly — INCOME & EXPENSE BUDGET — 4/6/93

INCOME

RENTS

Restricted Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	Flat	620	12	360	0	51,840
2 Br	Flat	815	2	430	0	10,320
	Totals	0	14	790		62,160

Commercial Units

	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
*Retail	1,200	1	625	0	7,500
**Senior Center	3,800	1	1,000	0	12,000
Totals	5,000	2	1,625		19,500

All Units

	Sq.Feet	Number	Rent	Total Annual Rent
Grand Totals	5,000	16	2,415	81,660
Less Vacancy		5.00%		(3,108)
Less Vacancy		10.00%		(1,950)
NET RENT			76,602	

OTHER INCOME

Laundry	900
Interest Income	440
Parking	0
Total Other Income	1,340
TOTAL INCOME	77,942

* Tenant responsible for heat & electricity, WHLP will pay for common utilities & taxes

** Tenant responsible for own maintenance & utilities, WHLP will pay taxes

EXPENSE BUDGET

	Residential	Residential PUM	Commercial	Commercial PUM
Administratn	11,720	70	2,170	90
Utilities	11,760	70	1,000	42
Maintenance	6,720	40	2,040	85
Taxes	12,600	75	4,800	200
Insurance	2,688	16	1,920	80
Parking	3,360	20	2,280	95
Reserves	3,897	23	0	0
Total	52,745	314	14,210	592

PRO FORMA 06-Apr-93 PRO FORMA 06-Apr-93

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent		62,160	63,714	65,307	66,940	68,613	70,328	72,087	73,889	75,736	77,629	79,570	81,559	83,598	85,688	87,830	90,026	92,277	94,584	96,948	99,372
Commercial Rent		19,500	19,988	20,487	20,999	21,524	22,062	22,614	23,179	23,759	24,353	24,962	25,586	26,225	26,881	27,553	28,242	28,948	29,672	30,413	31,174
Less Res Vacancy		(3,108)	(3,186)	(3,265)	(3,347)	(3,431)	(3,516)	(3,604)	(3,694)	(3,787)	(3,881)	(3,979)	(4,078)	(4,180)	(4,284)	(4,392)	(4,501)	(4,614)	(4,729)	(4,847)	(4,969)
Less Comm Vacancy		(1,950)	(1,999)	(2,049)	(2,100)	(2,152)	(2,206)	(2,261)	(2,318)	(2,376)	(2,435)	(2,496)	(2,559)	(2,623)	(2,688)	(2,755)	(2,824)	(2,895)	(2,967)	(3,041)	(3,117)
Plus Other Income		1,340	1,374	1,408	1,443	1,479	1,516	1,554	1,593	1,633	1,673	1,715	1,758	1,802	1,847	1,893	1,941	1,989	2,039	2,090	2,142
Total Actual Income		77,942	79,891	81,888	83,935	86,033	88,184	90,389	92,649	94,965	97,339	99,772	102,267	104,823	107,444	110,130	112,883	115,705	118,598	121,563	124,602
Less Operating Exp.		66,955	69,633	72,419	75,315	78,328	81,461	84,719	88,108	91,633	95,298	99,110	103,074	107,197	111,485	115,944	120,582	125,405	130,422	135,639	141,064
Net Operating Income		10,987	10,257	9,469	8,620	7,706	6,723	5,669	4,540	3,332	2,041	663	(807)	(2,374)	(4,041)	(5,814)	(7,699)	(9,700)	(11,824)	(14,076)	(16,462)
Less 1st Mort DS		2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248
Cash Flow		8,739	8,010	7,221	6,372	5,458	4,475	3,422	2,292	1,084	(207)	(1,585)	(3,055)	(4,622)	(6,289)	(8,062)	(9,947)	(11,948)	(14,072)	(16,323)	(18,710)
DCR (before subsidy)		488.78%	456.32%	421.26%	383.47%	342.80%	299.10%	252.22%	201.99%	148.24%	90.80%	29.48%	-35.92%	-105.60%	-179.78%	-258.67%	-342.50%	-431.53%	-526.00%	-626.18%	-732.35%
Cash Flow Balance		8,739	17,098	25,004	32,376	39,128	45,169	50,397	54,706	57,978	60,297	62,390	63,188	62,548	60,316	56,327	50,405	42,362	31,997	19,093	3,420
Interest	4.00%	350	684	1,000	1,295	1,565	1,807	2,016	2,188	2,319	2,412	2,496	2,528	2,502	2,413	2,253	2,016	1,694	1,280	764	137
Applied		0	0	0	0	0	0	0	0	0	319	1,698	3,168	4,734	6,401	8,175	10,059	12,060	14,184	16,436	18,822
Ending Balance		9,089	17,782	26,004	33,671	40,693	46,976	52,413	56,894	60,297	62,390	63,188	62,548	60,316	56,327	50,405	42,362	31,997	19,093	3,420	(15,265)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income	10,987	10,257	9,469	8,620	7,706	6,723	5,669	4,540	3,332	2,041	663	(807)	(2,374)	(4,041)	(5,814)
Plus Reserves	3,897	4,053	4,215	4,384	4,559	4,741	4,931	5,128	5,333	5,547	5,769	5,999	6,239	6,489	6,748
Less Interest Expense	(9,342)	(9,390)	(9,438)	(9,484)	(9,528)	(9,569)	(9,609)	(9,646)	(9,680)	(9,711)	(9,738)	(9,762)	(9,781)	(9,795)	(9,805)
Less LT Depre (Res)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)	(30,441)
Less LT Depre (Comm)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)	(12,127)
Less ST Depreciation	(8,400)	(8,400)	(8,400)	(8,400)	(8,400)										
Taxable Income (Loss)	(45,426)	(46,048)	(46,722)	(47,449)	(48,231)	(40,673)	(41,577)	(42,546)	(43,583)	(44,691)	(45,875)	(47,138)	(48,484)	(49,916)	(51,439)

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		15,445	15,656	15,885	16,132	16,399	13,829	14,136	14,466	14,818	15,195	15,598	16,027	16,484	16,971	17,489
Plus Tax Credits		86,423	86,423	86,423	86,423	86,423	86,423	86,423	86,423	86,423	86,423					
Plus Hist Tax Cr		237,031														0
After Tax Cash Flow		338,898	102,079	102,308	102,555	102,821	100,252	100,559	100,888	101,241	101,618	15,598	16,027	16,484	16,971	17,489
Total 15 years		1,335,789														
@NPV	12.00%	805,600														

Original Basis		907,256
Less Losses		(689,797)
Basis at Sale		217,459
Sales Price		0
Gain		(217,459)
Tax	34.00%	(73,936)

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: HOUSING VERMONT DEVELOPMENT-STOWE STREET, WATERBURY

WHEREAS, a proposal has been presented to the Agency by Waterbury Housing Limited Partnership, a limited partnership whose general partners are a subsidiary of Housing Vermont and Revitalizing Waterbury, Inc. (the "Housing Sponsor") involving the rehabilitation of a building to contain 14 apartment units and two commercial spaces in a building located on Stowe Street in Waterbury (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute a "qualified housing project" within the meaning of section 42 of the Internal Revenue Code of 1986; and

WHEREAS, Waterbury Housing Limited Partnership, is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; therefore

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The rehabilitation costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The Housing Sponsor undertaking the Development will increase or maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the VHFA loan.

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage loan for construction and permanent financing, in an amount to be determined by the Executive Director, but not to exceed $840,000 for construction financing and $40,000 for permanent financing for the Stowe Street development in Waterbury.

2. The Commitment Letter shall be issued to Housing Vermont as a representative of the Housing Sponsor.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the construction loan and the receipt, on or before the date of the permanent closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the permanent mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the construction loan shall be as determined by the Agency, but shall not exceed 7.50% per annum.

5. The Commitment Letter shall provide that the interest rate to be charged on the permanent loan shall be as determined by the Agency, but shall not exceed 8.50% per annum. The Commitment Letter shall also provide that the amortization of the permanent loan will be over a period of 25 years, but with a balloon payment at the end of 20 years.

6. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that equity is available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

7. The Commitment Letter shall require as conditions that the Sponsor provide the Agency, prior to the construction closing, with:

   (1) evidence of equity commitments acceptable to the Agency;

   (2) evidence acceptable to the Agency before construction closing of the availability of CDBG funds at the construction closing;

(3) final plans and specifications acceptable to the Agency;

(4) resume, financials and references for the General Contractor acceptable to the Agency;

(5) evidence of payment and performance bonds, or a letter of credit, for the General Contractor; and

(6) agreement between the Sponsor and the Agency on a construction inspector.

8. Prior to permanent closing, the Sponsor must provide the Agency with a management agreement and plan satisfactory to the Agency.

9. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate, given the circumstances.

10. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to borrow the funds required to provide the proceeds necessary for financing this loan and to take all necessary steps and execute all documents required to effectuate this loan.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kimberly A. Roy, Development Assistant Kimberly A. Roy
Irene D. Jenkins, Director of Development Irene D. Jenkins

DATE: April 7, 1993

RE: Depot II Apartments - Bethel - Commitment Resolution

Note: This report is quite similar to the report presented at the March 1993 Board meeting. Substantive changes are highlighted.

THE DEVELOPMENT

1. General Description

The Housing Foundation, Inc. (HFI) is requesting a VHFA loan for approximately $70,000 to acquire and renovate an existing 10 unit housing development located in Bethel and plans to assume the existing VHFA mortgage of $274,798. The Depot II Apartments are currently owned by Judson Babcock and were financed by VHFA in 1980. The current owner has been working with the sponsor for the past two years to arrange a sale. A purchase and sales agreement was signed on February 8, 1993 with a 90 day expiration date and an option to extend the agreement another 90 days.

The sponsor has hired Gossens Bachman Architects of Montpelier to do some preliminary analysis of the rehabilitation needed for this development. The proposed renovations include new windows and sliding glass doors, roof and siding repairs, site work and code issues. An energy report was prepared by Energy Efficiency Associates of Calais. Their recommendations included ventilation improvements and heating system conversion. We are recommending a reduction in the proposed rehabilitation budget. The sponsor has expressed concerns about reducing the rehabilitation budget for drainage improvements. We believe that if there is a need for additional drainage improvements it will be evident this spring once the ground has thawed. At that time, we will estimate the amount necessary to correct any problem.

Total development costs are estimated at $487,100, or $48,710 per unit. The proposed acquisition price is $300,000, or $30,000 per unit. The acquisition price includes cash reserve and escrow accounts, and obligates Judson Babcock to restore $20,000 in project funds withdrawn from accounts.

HFI will assume the seller's existing VHFA debt, which has an existing balance of $274,798 and 17 years remaining. The sponsor proposes to use Low Income Housing Tax Credits to generate approximately $83,000 in equity. The proposal will have to undergo a subsidy layering review due to the involvement of tax credits. VHFA, under new legislation, has the authority to conduct the subsidy layering review.

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached. These projections incorporate VHFA's recommended changes to the proposal.

2. Projected Funding Sources

The projected sources of funds at this time are:

	Amount	Percent
Equity	83,000	17.0%
Existing VHFA Loan	274,798	56.4%
New VHFA Loan	68,013	14.0%
Restoration of Project Funds - Babcock	20,000	4.1%
Existing Project Reserves	41,289	8.5%
Total	$487,100	100.0%

Projections show that the Depot II Apartments have a strong cash flow from the start. Please see the attached financial projections for details.

3. Unit Breakdown and Rents

The Depot II Apartments consist of two buildings, one containing four units of elderly and the other six units of family housing. Of the ten units, four are one bedroom, four are two bedroom and two are three bedroom apartments. All ten units have Housing Assistance Payment (HAP) assistance. The HAP contract allows tenants to pay no more than 30% of their income toward rent and utilities and HUD subsidizes the remainder. The rent is $756 for the one bedroom units, $780 for the two bedroom units and $855 for the three bedroom units.

There are 17 years remaining on the HAP contract. At $756/month (1 BR), $780/month (2 BR) and $855/month (3 BR), the project is clearly dependent upon HAP assistance for the life of the VHFA mortgage. Proposed HUD rent comparability regulations combined with additional debt service could jeopardize the long term financial health of the property.

4. Site/Location

The development is located on Main Street at the Junction of Route 12 and Route 107 in Bethel. It is within walking distance of many services including shopping, community services, municipal offices, and the post office.

5. Renovation Plan

The renovation costs have been estimated by Thomas Bachman of Gossens Bachman Architects and Tim Maker of Energy Efficiency Associates. After a recent site visit, VHFA staff required a reduction of $65,000 to the proposed rehabilitation budget. The renovations include heating system conversion (from electric to oil), window and sliding glass door repair, roof and siding repairs, site work, code issues and ventilation improvements. The estimated rehab budget is $94,000 or $9,400/unit plus a $6,000 contingency.

Staff feels the project can support a maximum of $130,000 in the rehab budget (including contingency), if it appears that there is a need for drainage work. This rehab amount would require a loan of $93,000. The net result would be an increase of $30,000 to the rehab budget, $25,000 in financing and $5,000 in equity.

6. Loan to Value

An appraisal has not yet been done for this property, but the sponsor has budgeted for one. The sponsor received a commitment from VHFA's Ventures Loan Fund to pay for the appraisal.

7. Management

The Depot II Apartments are currently managed by the Technical Planning and Management Company of Waitsfield. VHFA staff will require that the current management (or a mutually acceptable alternative) stay on until we have received a comprehensive business and staffing plan from the sponsor and they can demonstrate their capacity to manage additional developments.

8. Market Demand

According to Ms. Cathy Rice of the Vermont State Housing Authority, Contract Administrator for the Section 8 programs, the vacancy loss for the Depot II Apartments has been running about 4.2% annually. Currently, there is one three bedroom unit vacant. The waiting list consists of one person, but there are several applicants waiting to be qualified.

9. Environmental Concerns

An environmental review has not yet been done. HFI has a preliminary contract with DuBois & King, Inc. of Randolph to perform a Phase I Environmental Assessment.

DISCUSSION

Strengths

a) The project's financial projections are quite strong. There is positive cash flow from the start and the debt coverage ratio remains above the required 1.05 for the life of the loan. VHFA has limited its risk by keeping the term of the additional debt to 17 years, which is when the HAP contract runs out.

b) There will be longterm affordability due to the nonprofit ownership and the Preservation Agreement.

c) With the availability of the HAP contracts, this is very attractive housing for low income residents in the Bethel area.

Weaknesses

a) Rent comparability may become an important issue affecting the financial projections, which assume continued HAP assistance for rents increasing at 1.7% per year for the life of the VHFA loan.

b) Due to the proposed use of the LIHTC program, the proposal is subject to the subsidy layering review process.

c) We are concerned about the capacity of the sponsor to manage additional developments at this time.

RECOMMENDATION

Staff recommends approval of the attached Commitment Resolution, approving new tax-exempt financing of up to $70,000 (and authorizing the Executive Director to increase the amount of the new financing to a maximum of $93,000 if additional drainage improvements are needed). The proposed source of funds is Multi-Family Recycled funds. The transaction is contingent upon assignment of the HAP contract to the sponsor, the assignment of the contract administration to VHFA, the sponsors signing a preservation agreement to ensure longterm affordability of the units, acceptance of the reduced scope of rehabilitation proposed, an appraisal supporting the purchase price and loan amount and an agreement by the sponsor to retain existing management or a mutually acceptable third party alternative until such time as VHFA is satisfied that the sponsor has the capacity to manage the development. It is also conditioned upon approval of the LIHTC required for equity financing.

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Project: Depot II RUN DATE: 3/10/93

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*********Unit Information*****************Assumptions*********

Total Res Units:	10	Increase LIHTC	1.70%
Restricted Units:	10	Increase Market	1.70%
Percent Restricted:	100.00%	Expense increase:	3.00%
Avg Net Monthly Rent:	746	Vacancy Rate:	5.00%
Total Dev Costs	487,100	Partner's Tax Rate:	34.00%
TDC/Unit	48,710	Depreciation Schedule:	27.5

*********LIHTC SUMMARY*********

Percent Alloc. Needed	100.00%	Acquisition Credit Amt	10,446
Gross Syndication	83,439	Rehab Credit Amount	5,615
LIHTC - 9%	n/a	Total Credit Amount	16,061
LIHTC - 4% (MARCH)	3.65%		

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FINANCING SOURCES 0

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	Amount	% of TDC	Interest	Term
Equity 1	83,000	17.04%	N/A	N/A
*Proj Funds - Babcock	20,000	4.11%	N/A	N/A
**Project Funds	41,289	8.48%	N/A	N/A
Existing VHFA	274,798	56.42%	8.50%	17 *
New VHFA	68,013	13.96%	8.20%	17
GAP	0	0.00%	N/A	N/A
	487,100	100.00%		

Note: Original Loan Amount = $329,614 (4/9/80), remaining term is 17 years.
Original HAP date is 4/80, remaining term is 17 years

* Money deposited @ closing: $18,000 into Operating Account
$2,000 into Tenant Security Deposits

** Estimated Project Funds 12/92: $27,932 = PCE
$11,128 = Replacement Reserve Account
$2,229 = Cash

Depot II DEVELOPMENT BUDGET

		Residential Budget	Per Unit
Acquisition		300,000	30,000
*Rehab		94,000	9,400
Contingency	6.38%	6,000	600
Arch/Engineering		12,000	1,200
Legal/Title		6,000	600
Permits/Fees		1,000	100
Permanent Loan Fee (1%)	3,428	3,430	343
LIHTC Fee		900	90
Appraisal		2,500	250
Syndication Expense		8,000	800
Recording		500	50
**Replacement Reserve		20,000	2,000
***Working Capital	7,568	7,570	757
****Tenant Security Deposits		2,000	200
Environmental Assessment		1,200	120
Energy Report		2,000	200
Developer's Fee	4.11%	20,000	2,000
TOTAL DEVELOPMENT COSTS		487,100	48,710

* Rehab = Repairs ($29,000), Heating System Conversion ($55,000),
& Ventilation Improvements ($10,000) -- includes $27,932
from PCE and $18,000 from Operating Acct toward conversion

** Replacement Reserve = includes $11,128 from Replacement Reserve Account

*** Working Capital = includes $2,229 from Cash Account

**** Tenant Security Deposits = $2,000 deposited at closing

Depot II TAX CREDIT CALCULATION

	Acquisition 4% Credit	Rehab 4% Credit	
Adjusted Basis	368,767	118,333	487,100
Less Land	(45,000)	0	
Less Non-Capital Items	(37,570)	0	
Equals Adjusted Basis	286,197	118,333	404,530
% Qualifying as Low Income	100.00%	100.00%	
Qualified Basis	286,197	118,333	
High Cost Area Adjustment	286,197	153,833	
Tax Credit Percentage	3.65%	3.65%	
Annual Tax Credit	10,446	5,615	16,061

Depot II	INCOME & EXPENSE BUDGET	3/8/93

INCOME

RENTS

Restricted Units

Bedrooms	Type	Sq.Feet	Number	Rent	Tenant Paid Utilities*	Total Annual Rent
1 Br			4	756	0	36,288
2 Br			4	780	34	37,440
3 Br			2	855	39	20,520
	Totals		10	2,391		94,248

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
	Totals		0	0		0

All Units

Grand Totals		10	2,391	94,248
	Less Vacancy	5.00%		(4,712)
	NET RENT		89,536	

OTHER INCOME

Laundry & Interest Income	1,000
Parking	0
	0
Total Other Income	1,000
TOTAL INCOME	90,536

* Family units - Tenant pays for electricity only.

EXPENSE BUDGET

	Annual	Per Unit Per Month
Administration		
Management Fee	6,120	51
Supportive Services	1,500	13
Audit/Accounting	2,500	21
Legal	300	3
Advertising	250	2
Tax Credit Monitor	240	2
TOTAL ADMIN	10,910	91
Utilities		
Electricity	2,200	18
Water/Sewer	3,500	29
Heat/Hot Water	3,200	27
Other	500	4
TOTAL UTILITIES	9,400	78
Maintenance		
Trash	1,500	13
Snow	1,200	10
Labor	4,500	38
Supplies	500	4
Contract Mainte	4,000	33
TOTAL MAINTENANCE	11,700	98
Taxes	12,000	100
Insurance	1,800	15
Reserves	1,805	15
Total	47,615	397

* Owner pays utilities for elderly units & heat/hot water for family units

PRO FORMA 09-Mar-93 PRO FORMA 09-Mar-93

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent		94,248	95,850	97,480	99,137	100,822	102,536	104,279	106,052	107,855	109,688	111,553	113,450	115,378	117,340	119,334	121,363	123,426	125,524	127,658	129,829
Less Res Vacancy		(4,712)	(4,793)	(4,874)	(4,957)	(5,041)	(5,127)	(5,214)	(5,303)	(5,393)	(5,484)	(5,578)	(5,672)	(5,769)	(5,867)	(5,967)	(6,068)	(6,171)	(6,276)	(6,383)	(6,491)
Plus Other Income		1,000	1,017	1,034	1,052	1,070	1,088	1,106	1,125	1,144	1,164	1,184	1,204	1,224	1,245	1,266	1,288	1,310	1,332	1,354	1,378
Total Actual Income		90,536	92,075	93,640	95,232	96,851	98,497	100,172	101,875	103,607	105,368	107,159	108,981	110,833	112,718	114,634	116,583	118,564	120,580	122,630	124,715
Less Operating Exp.		47,615	49,043	50,515	52,030	53,591	55,199	56,855	58,560	60,317	62,127	63,991	65,910	67,888	69,924	72,022	74,183	76,408	78,700	81,061	83,493
Net Operating Income		42,921	43,031	43,125	43,202	43,260	43,298	43,317	43,314	43,289	43,241	43,168	43,070	42,946	42,793	42,612	42,400	42,156	41,880	41,569	41,221
Less Existing VHFA DS		30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	30,413	0	0	0
Less New VHFA DS		7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	0	0	0
Cash Flow		5,078	5,189	5,283	5,360	5,418	5,456	5,475	5,472	5,447	5,399	5,326	5,228	5,104	4,951	4,770	4,558	4,314	41,880	41,569	41,221
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		5,078	5,189	5,283	5,360	5,418	5,456	5,475	5,472	5,447	5,399	5,326	5,228	5,104	4,951	4,770	4,558	4,314	41,880	41,569	41,221
DCR		113.42%	113.71%	113.96%	114.16%	114.32%	114.42%	114.47%	114.46%	114.39%	114.27%	114.08%	113.82%	113.49%	113.08%	112.60%	112.04%	111.40%			

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income	42,921	43,031	43,125	43,202	43,260	43,298	43,317	43,314	43,289	43,241	43,168	43,070	42,946	42,793	42,612
Plus Reserves	1,805	1,859	1,915	1,972	2,032	2,092	2,155	2,220	2,287	2,355	2,426	2,499	2,573	2,651	2,730
Less Interest Expense	(29,034)	(28,262)	(27,421)	(26,508)	(25,514)	(24,433)	(23,257)	(21,978)	(20,587)	(19,073)	(17,427)	(15,637)	(13,689)	(11,571)	(9,267)
Less Depreciation	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)	(14,710)
Taxable Income (Loss)	982	1,919	2,908	3,956	5,067	6,248	7,505	8,846	10,279	11,813	13,457	15,222	17,120	19,163	21,365

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flow	2,539	2,595	2,642	2,680	2,709	2,728	2,737	2,736	2,724	2,699	2,663	2,614	2,552	2,476	2,385
Plus Tax Savings	(334)	(652)	(989)	(1,345)	(1,723)	(2,124)	(2,552)	(3,008)	(3,495)	(4,016)	(4,575)	(5,175)	(5,821)	(6,515)	(7,264)
Plus Tax Credits	16,061	16,061	16,061	16,061	16,061	16,061	16,061	16,061	16,061	16,061					
Less Cap Gain Tax															0
After Tax Cash Flow	18,267	18,003	17,714	17,396	17,047	16,665	16,247	15,789	15,290	14,744	(1,912)	(2,561)	(3,269)	(4,040)	(4,879)

Total 15 years		150,501	
@NPV	15.00%	83,439	0.52 /$1.00

Original Basis		487,100
Less Losses		145,849
Basis at Sale		341,251
Sales Price		93,947
Gain		(247,304)
Tax	34.00%	(84,083)

RESOLUTION RELATING TO COMMITMENT LETTER
RE: DEPOT II-BETHEL DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Foundation, Inc., a non-profit corporation, involving the acquisition and rehabilitation of the Depot II Development, a ten unit Section 8 development in Bethel (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Housing Foundation Inc., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency that will be assumed by the sponsor; and

WHEREAS, the Agency has determined that the acquisition and rehabilitaiton of the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide first mortgage financing for the acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $370,000, for the Depot II Apartment Development. The financing will include the assumption of the existing first mortgage and a future advance under the first mortgage in an additional amount to be determined by the Executive Director, but not to exceed $93,000.

2. The Commitment Letter shall be issued to the Housing Foundation Inc., but may be assigned to another housing sponsor acceptable to the Agency.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee of not less than one percent (1.0%) of the entire loan amount.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be coterminous with the existing mortgage, approximately 17 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that equity is available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The commitment of the Agency is expressly conditional upon:

    an appraisal acceptable to the Agency showing the security value of the Development will equal at least the amount of the VHFA loan;

    staff approval of the scope of, and plans and specifications for, the proposed rehabilitation;

    the signing of a Preservation Agreement to ensure long term affordability of units;

    the agreement of the sponsor to retain existing management or a mutually acceptable alternative until such time as VHFA is satisfied that the sponsor has the capacity to manage the Development;

assignment of the HAP contract to the Sponsor;

assignment of contract administration for the development to the Agency;

the satisfactory completion of the subsidy layering review;

the satisfaction by the Developer of all requirements of the Act;

the applicable regulations of the Agency; and

such further requirements as the Agency may establish.

7. The Executive Director, the Deputy Director, the Director of Finance and the Director of Development, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Kimberly A. Roy, Development Assistant

DATE: April 9, 1993

RE: BRISTOL FAMILY HOUSING - ACCAG
REQUEST FOR REVISED COMMITMENT LETTER RESOLUTION

BACKGROUND

At the December 1992 Board meeting, the VHFA Board of Commissioners approved a Commitment Letter Resolution authorizing the Agency to issue a construction and permanent loan not to exceed $200,000 in taxable financing to the Addison County Community Action Group (ACCAG) for the construction of two new buildings containing nine residential units in Bristol. At that time, total development costs were estimated at $930,393 or $103,377 per unit. The per unit costs were very high in comparison to other projects VHFA had financed. Delays, carrying costs, project design changes required by the Act 250 process, consultant fees, and the costs of raising equity through private investors were all factors that inflated the development costs in this project.

In March 1993, ACCAG's chosen contractor (Cooks' Construction) raised the construction contract price by $35,000, in part as a result of higher lumber prices. This increase created a financing gap, which ACCAG proposed to fill by having the contractor take back a note. The contractor proved not to have the financial capacity either to obtain a satisfactory payment and performance bond as required by CDBG program regulations or to take back the note. The Sponsor is now negotiating with Brothers Building Company, which bid approximately $80,000 more than Cooks' revised bid. The latest numbers we have seen to date indicate an increase over Cooks' price of approximately $30,000 in base construction costs, partly offset by a decrease in the construction contingency by $24,306 from nine percent of construction costs to four percent of construction costs. In order to further reduce the financing gap, the Sponsor is proposing to request additional low income housing tax credits of $7,800, for a total of $100,800. The Sponsor is also proposing to eliminate an additional $6,000 operating reserve that we requested to offset the projected effect on cash flows of the shortened Section 8 contract term resulting from project delays. Without the reduction in both construction contingency and operating reserve and the increased tax credits, the financing gap is approximately $64,260. We have not yet had the opportunity to review the specific construction changes for acceptability.

At the same time that construction costs were rising, the proposed timing of the equity pay-in combined with this increased construction cost to create a construction financing gap. ACCAG proposed to fill part of this by repaying VHFA's pre-development Venture's loan of $30,000 at permanent closing rather than at construction closing as required by the loan agreement. In lieu of setting this precedent of carrying the unsecured and low interest (three percent) Ventures loan through the construction period, we were prepared to propose, subject to evidence that the permanent financing gap was filled and that the contractor had the financial capacity to perform, to recommend Board approval of $30,000 in bridge financing as an addition to the already approved $200,000 construction loan. Subsequently, we learned that the contractor (Cooks') did not have the financial capacity to perform.

A summary of the latest sources and uses of funds, rents, operating expenses, and financial projections, as well as the construction cash flow, is attached. These projections do not include the new contractor's price, which we have not had the opportunity to examine in final form.

ISSUES

We do not recommend Board approval of the revised commitment. However, in view of our recommendation for approval in December, 1992, of $200,000 in construction and permanent financing, and the potential effect on the development, on ACCAG, and on VHFA, should the bridge loan not be approved, we think that the Board should consider the issues, as follows.

The primary reason for our position is our judgment that ACCAG has not demonstrated the capacity to carry this project through to completion. While some of the early project delays may have been attributable to factors outside ACCAG's control, we do not think that the same can be said for the course of events over the last few months.

Most recently, ACCAG represented to VHFA and other funding agencies that Cooks' Construction could make a loan to the project. When we requested the contractor's financials, these were not communicated to us; we were told only after several requests that the contractor could not perform. At this time we are aware that ACCAG is negotiating with another contractor but we have not had an opportunity to review the final proposal or final numbers. ACCAG is proposing to contribute some sweat equity to the project in order to reduce the cost; however, given our experience with ACCAG combined with the high cost of the project and the "tightness" of the budget at this point, we are not comfortable with completion of the project being dependant upon ACCAG's sweat equity. Any failure or delay on ACCAG's part could result in further project delay and change orders to the contract. The latest proposal also substantially reduces our security as construction lender by cutting the construction contingency in half.

The project must be completed by December 31, 1993 in order to qualify for the low income housing tax credits that are essential to the equity pay-in. Missing this date would result in a loss of more than $400,000 in equity for the development. The construction period is now scheduled for six months, allowing enough time to complete by December 31, 1993 with only a very small margin for error if construction starts by June 1. Meanwhile, delays in finalizing the sources and uses of funds and obtaining all financing commitments have further delayed the issuance of an equity offering statement, thereby delaying equity commitment, construction closing, and project completion. Delays in project completion also reduce the remaining term of the Section 8 project-based certificates for the units in the development. (As of December 31, 1993, there will be only 1.5 years remaining on the first of three five-year terms.) We recently requested an increase in the operating reserve, as additional security for our permanent loan, to compensate for the further reduced Section 8 contract term; the Sponsor is proposing to eliminate the additional reserve in order to close the financing gap.

The development cost per unit was unusually high when we committed to the original loan. Staff had spent considerable time trying to reduce the cost and succeeded only to the extent of approximately $5,000 per unit. Now, the proposed development cost has reached approximately $108,000. With the additional tax credit requested, the allocation per unit would reach $11,200, far in excess of any other tax credit allocation approved in 1992.

In December, 1992, Staff had misgivings about the development, but was hopeful that VHFA's commitment to permanent and construction financing would enable ACCAG to develop the housing and further its organizational goals. Since then, we have not seen the progress required to accomplish the job. Despite its perseverance, ACCAG has been unable to move the project forward in a timely manner.

ACCAG's inability to complete this development satisfactorily, whether because VHFA denied the additional financing request or for any other reason, might be detrimental to the long-term survival of the organization. ACCAG has made a substantial investment in the development and has undoubtedly foregone other opportunities; this investment would not be recovered. Nine units of subsidized housing would not be built in Bristol. VHFA would probably not get repayment of the $30,000 Ventures loan. These are important considerations. On balance, however, we do not think that we should further encourage this development at this time by approving additional interim financing.

RECOMMENDED ACTION:

We recommend that the Board take no action at this time to approve additional interim financing.

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PROJECT BUDGET

Project: BRISTOL FAMILY HOUSING RUN DATE: 09-Apr-93

Total Units:	9	********Assumptions*******	
Restricted Units:	9	Income increase:	2.00%
Percent Restricted:	100.00%	Expense increase:	3.50%
		Appreciation:	2.50%
Total Development Cost:	936,393	Vacancy Rate:	3.00%
Gross Syndication*:	540,000	Partner's Tax Rate:	34.00%
Net Proceeds to Syndicator	130,202	Deprec. Schedule:	27.5
Ann Credit Amount:	93,000		

0 SOURCES 09-Apr-93

	Amount	% of TDC	Interest	Term	$/unit
Equity	409,798	43.76%			45,533
VHCB--def.	75,000	8.01%	4.00%	40	8,333
VHFA--1st Mtg	200,000	21.36%	9.75%	20	22,222
ACCAG/AI--def.	50,000	5.34%	n/a	n/a	5,556
CDBG--grant	60,000	6.41%	n/a	n/a	6,667
VHCB--def.	60,000	6.41%	0.00%	10	6,667
VHCB--def.	13,500	1.44%	0.00%	n/a	1,500
ACCAG	62,095	6.63%	n/a	n/a	6,899
GAP	6,000	0.64%	n/a	n/a	667
Total	936,393	100.00%			104,044

*Note: Gross Syndication as per AI Group

Total costs assumed under gross syndication - $87,702 broker & AI Group, $10,000 soft costs, $25,000 legal, & $7,500 special limited

USES 09-Apr-93

		VHFA Approved Budget	Per Unit	Cooks' Construct	Proposed Brothers Construct
CONSTRUCTION					
Acquisition		60,000	6,667	60,000	60,000
Road & Grading		0	0	0	0
Site Utilities		5,000	556	5,000	5,000
Construction		523,540	58,171	555,540	584,798
Contingency	8.98%	47,000	5,222	50,200	25,894
Appraisal		2,900	322	2,900	2,900
Clerk of Works		14,000	1,556	14,000	14,000
Architect		50,000	5,556	50,000	50,000
Engineer		25,000	2,778	25,000	25,000
Landscape Arch.		5,583	620	5,583	5,583
Consultant		32,056	3,562	32,056	32,056
Legal/Accounting		10,000	1,111	10,000	10,000
Permits/Fees		4,971	552	5,803	5,803
Taxes/Insurance		3,300	367	3,300	3,300
Marketing		1,500	167	1,500	1,500
Working Capital	8,555	10,000	1,111	9,100	9,100
Developer Fee	6.63%	62,095	6,899	62,095	62,095
ACCAG Equity Escrow (Developer)		16,500	1,833	16,500	16,500
Letter of Credit/Bond		5,000	556	0	0
Syndication		0	0	0	0
Soft Cost Contingency		0	0	0	0
Operating Reserve		6,000	667	6,000	6,000
VHCB Operating Reserve		13,500	1,500	13,500	13,500
GM PreDev Loan Int.		14,872	1,652	18,300	18,200
VHFA Ventures Loan Int		2,500	278	3,000	3,000
Construction Int		8,856	984	10,700	12,100
Finance Fees		5,120	569	4,300	4,300
Legal/Financing	0.00%	5,000	556	5,000	5,000
LIHTC Fee		2,100	233	2,100	2,100
TOTAL DEVELOPMENT COST		936,393	104,044	971,477	977,729

Note: Construction ($523,540) : $470,000 contract, $8,000 appliances, $8,000 landscaping, $12,000 cabinets, $25,540 wells, pumps etc. Contract includes road and grading.

Note: Construction ($555,540) : $502,000 contract, $8,000 appliances, $8,000 landscaping, $12,000 cabinets, $25,540 wells, pumps etc. Contract includes road and grading.

Note: Construction ($584,798) : $544,958 contract, $8,000 appliances, $8,000 landscaping, $23,840 wells, pumps etc. Contract includes road and grading.

LIHTC Calculation	September	March 1993	April 1993
Total Development Cost	936,393	971,477	977,729
Less Land	(60,000)	(60,000)	(60,000)
Less other non Capital items	(14,000)	(14,000)	(14,000)
Equals Adjusted Basis	862,393	897,477	903,729
Percentage Qualifying as Low Income	100.00%	100.00%	100.00%
Qualified Basis	862,393	897,477	903,729
High Cost Area Adjustment	1,121,111	1,166,720	1,174,848
Tax Credit Percentage (APRIL)	8.40%	8.40%	8.40%
Possible LIHTC	94,173	98,004	98,687
Actual Allocation	93,000	93,000	93,000

BRISTOL FAMILY HOUSING — INCOME

RENTS

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Rent
2 Br	Townhous	0	3	486	0	1,458
3 Br	Townhous	0	6	609	0	3,654
	Totals		9	1,095	0	5,112

Annual Total	61,344
Less Vacancy	(1,840)
NET RENT	59,504

OTHER INCOME		
Laundry	0	
Parking	0	
Interest Income	0	180
Other	0	
Total Other Income	0	
TOTAL INCOME	59,504	

BRISTOL FAMILY HOUSING — EXPENSES

		Annual	Per Unit Month
Administrative			
Management		4,320	40
Audit		2,000	19
Legal		600	6
Marketing		200	0
Total		7,120	66
Utilities		0	0
Electric		500	5
Oil Heat/Hot Water		6,300	58
Total		6,800	63
Maintenance			
Exterminating		300	3
Snow Removal		750	7
Grounds		750	7
Trash		1,600	15
Painting/Decorating		1,000	9
Repairs		1,500	14
Contract Maint.		600	6
Janitorial Supplies		250	2
Total		6,750	63
Taxes		9,000	83
Insurance		1,000	9
LIHTC Compliance		250	2
Replace Reserves	3.67%	2,250	21
Total		12,500	116
Grand Total		33,170	307

BRISTOL FAMILY HOUSING 30 YEAR PRO FORMA 09-Apr-93

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
Gross Possible Rent		61,344	62,571	63,822	65,099	66,401	67,729	69,083	70,465	71,874	73,312	74,778	72,827	70,768
Less Vacancies		(1,840)	(1,877)	(1,915)	(1,953)	(1,992)	(2,032)	(2,072)	(2,114)	(2,156)	(2,199)	(2,243)	(2,185)	(2,123)
Plus Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Income		59,504	60,694	61,908	63,146	64,409	65,697	67,011	68,351	69,718	71,112	72,535	70,642	68,645
Less Operating Exp.		33,170	34,331	35,533	36,776	38,063	39,396	40,774	42,202	43,679	45,207	46,790	48,427	50,122
Net Operating Income		26,334	26,363	26,375	26,370	26,345	26,301	26,236	26,150	26,039	25,905	25,745	22,215	18,523
Less 1st Mort Debt Service		21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387
Less HCTF Debt Service		0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Less HCTF Debt Service							1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Cash Flow		4,946	3,976	3,988	3,982	3,958	2,564	2,499	2,412	2,302	2,168	2,008	(1,522)	(5,215)
DCR		123.13%	117.76%	117.81%	117.79%	117.68%	117.48%	117.19%	116.81%	116.31%	115.71%	115.00%	99.23%	82.74%
Disc Rate	4.00%													
Operating Reserve Balance		36,000	37,440	38,938	40,495	42,115	43,800	45,551	47,374	49,268	51,239	53,289	55,420	54,928
Interest		1,440	1,498	1,558	1,620	1,685	1,752	1,822	1,895	1,971	2,050	2,132	2,217	2,197
Applied		0	0	0	0	0	0	0	0	0	0	0	2,709	6,401
Ending Balance		37,440	38,938	40,495	42,115	43,800	45,551	47,374	49,268	51,239	53,289	55,420	54,928	50,724

14	15	16	17	18	19	20	21	22	23	24	25
72,183	73,627	73,627	75,099	76,601	78,133	79,696	81,290	82,916	84,574	86,266	87,991
(2,165)	(2,209)	(2,209)	(2,253)	(2,298)	(2,344)	(2,391)	(2,439)	(2,487)	(2,537)	(2,588)	(2,640)
0	0	0	0	0	0	0	0	0	0	0	0
70,018	71,418	71,418	72,846	74,303	75,789	77,305	78,851	80,428	82,037	83,678	85,351
51,876	53,692	55,571	57,516	59,529	61,613	63,769	66,001	68,311	70,702	73,177	75,738
18,141	17,726	15,847	15,330	14,774	14,177	13,536	12,850	12,117	11,335	10,501	9,613
21,387	21,387	21,387	21,387	21,387	21,387	21,387					
1,000	1,000	1,000	1,000	1,000	1,000	1,000	9,938	9,938	9,938	9,938	9,938
1,350	1,350										
(5,596)	(6,011)	(6,541)	(7,057)	(7,613)	(8,211)	(8,851)	2,912	2,179	1,397	563	(325)
81.03%	79.18%	70.78%	68.48%	65.99%	63.32%	60.46%	129.30%	121.93%	114.06%	105.67%	96.73%
50,724	45,970	40,610	34,575	27,781	20,160	11,636	2,131	2,216	2,305	2,397	2,493
2,029	1,839	1,624	1,383	1,111	806	465	85	89	92	96	100
6,783	7,198	7,660	8,177	8,733	9,330	9,971	0	0	0	0	821
45,970	40,610	34,575	27,781	20,160	11,636	2,131	2,216	2,305	2,397	2,493	1,771

vhfa

VERMONT HOUSING FINANCE AGENCY

May 10, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, May 20, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: May 6, 1993

RE: EVENSEN DODGE PHASE II PRESENTATION

At Chairman White's request, I have scheduled a special Board meeting for 2:00 Monday, June 7, here at the office of the Vermont Housing Finance Agency.

At this meeting, Evensen Dodge will present the second and final phase of their financial study. It is expected that this meeting will last at least two hours.

We will have our regularly scheduled Board meeting Thursday, May 20, as well as the June 17 meeting; both of these meetings will be held here in Burlington.

We hope to have advance copies of the Evensen Dodge study available prior to the meeting. If you have any questions, please give me call. I look forward to seeing you in Burlington on May 20 for our regular Board meeting, and again on June 7 for the Evensen Dodge presentation.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: May 14, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, May 20, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 May 20!

P.S. Don't forget the meeting scheduled for 2:00 Monday, June 7, here in Burlington. At that meeting, Evensen Dodge will present Phase 2 of their financial evaluation.

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, May 20, 1993 at 1:30 p.m.

1. Review and approval of minutes of April 15, 1993

2. Administration

⌂ Executive Director's Report	**[Hunt]**
⌂ Dalton Drive Exterior Renovation	**[Hunt/Wadhams//Encl.]**
⌂ Business Plan Update	**[Francis//Enclosure]**
⌂ TEAM Final Report	**[Rinn//Enclosure]**

3. Operations

⌂ MOVE 1990 Series 2 Update/Delinquency Report	**[Lothrop//Enclosure]**

4. Development

⌂ Evaluation of Down payment Assistance Program Feature	**[Jenkins/Crady//Encl.]**
⌂ Program to Utilize Available IORTA Funds—Briefing	**[Jenkins/Crady//Encl.]**
⌂ Single Family Programs—New Income Limit Recommendations	**[Jenkins/Crady//Encl.]**
⌂ Westgate (Brattleboro) Update	**[Jenkins//Enclosure]**
⌂ Old North End Lender Survey	**[Jenkins/Gent//Encl.]**

5. Finance

⌂ Single Family Bond Remarketing	**[Schoenbeck//Encl.]**
⌂ General Fund Results as of March 1993	**[Schoenbeck//Encl.]**
⌂ Evensen Dodge (Phase II) Status	**[Schoenbeck//Encl.]**

6. Communications

⌂ Legislative Update	**[Hope]**

7. Other old or new business to come before the Board

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa
VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, April 15, 1993

PRESENT: Chairman White; Commissioners Shaw, Schauer (designee of Costle), Seelig, Clarke (designee of Ruse), Shouldice (designee of McDougall)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Roy, Ms. Hope

Guests: Ms. Mitiguy Randall (Commissioner appointee); Mr. Williams (Vermont State Housing Authority, representing Housing Foundation, Inc.); Ms. Wadsworth, Mr. Patt (ACCAG)

Before the meeting was called to order, Chairman White expressed his pleasure at being appointed to the Agency's Board of Commissioners. At the Chairman's request, introductions were made of all present for the meeting, including Board members, staff, and guests. Due to telephone difficulties at the Banking, Insurance and Securities office, Mr. Myette could not participate in the meeting.

The meeting was then called to order by the Chairman at 1:45 p.m. Upon a motion duly made by Mr. Seelig and seconded, the minutes of the meeting held March 18, 1993 were unanimously accepted as written.

In order to accommodate guests who were present, the first agenda item to be discussed was the "Depot II Apartments—Bethel—Commitment Resolution" as detailed in Ms. Roy's memo to the Board dated April 7. Ms. Roy reviewed the status of the project and the proposed increased loan amount to cover potential drainage improvements. Due to time constraints, staff is asking for a commitment resolution subject to working out the remaining issues. Mr. Seelig asked if a determination on the severity of the drainage problems had been made based on the wet weather over the past few weeks, but Ms. Jenkins stated that at the time of the staff's most recent visit to the site, the snow melt had not been adequate to determine the extent of the problem. Another tour of the site is planned in the next week. Mr. Williams pointed out that although the land had been sloped away from the buildings, in the opinion of Housing Foundation, Inc., the area needs to be re-sloped and re-drained. However, Mr. Williams did express satisfaction with the budget allowance that had been made to address the drainage issue, should it become necessary. Mr. Jarrett cautioned the Board that this project is one of several that are subject to an ongoing lawsuit with the owner of several multi-family projects, and that it would be necessary to have a satisfactory resolution of the lawsuit before the Agency could go ahead with the final loan. A motion was made by Mr. Shaw and seconded to adopt the "Resolution Relating to Commitment Letter re: Depot II—Bethel Development" as attached to these minutes. This motion carried unanimously. After the vote had been taken, Mr. Williams left the meeting.

Ms. Jenkins advised the Board that no discussion or action was necessary regarding the "Stowe Street (Waterbury) Combined Resolution of Interest and Commitment Resolution" included in the Board packet, since alternative financing had been secured.

The "Bristol Family Housing—ACCAG Request for Revised Commitment Letter Resolution" was addressed by Ms. Jenkins, who reviewed her memo of April 9, as included in the Board packet. Addison County Community Action Group (ACCAG) has already received approval for a construction and permanent loan not to exceed $200,000 in taxable financing for the construction of two new buildings to contain nine residential units in Bristol. Initially, staff was prepared to recommend that no action be taken on this project.

Recently, project costs have increased and the originally selected contractor was found not to have the financial capacity to proceed with the project. Project construction must be completed by December 31, 1993 in order to qualify for tax credits, upon which the required equity for the project depends. The allocation of credits in 1991 requires that the project be placed in service by the end of 1993. If the tax credits were lost, there would be insufficient funds to pay all the bills and take out the construction financing from the Vermont Community Loan Fund. ACCAG has been able to engage another contractor, who had previously submitted a bid on the project. Based upon staff inquiries and review of financials, this contractor is generally well-reputed and solvent. Project costs have increased several times. The Agency is being asked to allocate still more tax credits to fill the new gap. The tax credit allocation per unit for this developments already far exceeds that for any other development in 1992.

Agency staff has tried to determine when all the financing pieces will be in place. Currently it appears that the equity will be committed and in the bank sometime between June 1 and July 1. Construction may not begin until June or July, depending upon the decisions to be made by (1) the Agency of Development and Community Affairs regarding the disbursement of Community Development Block Grant (CDBG) funds; (2) the Housing and Conservation Board (VHCB) regarding disbursement of their funds; (3) the Vermont Community Loan Fund (VCLF) regarding the addition of

$20,000 to their construction loan; and (4) the Agency. The project has a construction schedule of five to six months, so staff is concerned about the sponsor's ability to complete the project in time to secure the tax credit equity.

Mr. White clarified the action to be considered by the Board at this time: to extend the term of the $30,000 Vermont Housing Ventures loan, so that it becomes an addition to the construction loan, and also to approve the concept of additional tax credits being allocated to this project, with the further understanding that the project must be completed before December 31, 1993. Ms. Jenkins noted that the construction financing had originally been approved in December 1992, when it appeared more likely that the project could be completed on schedule. Mr. Hunt further pointed out that it might be possible to start construction as early as May, if the other funding providers are willing to allow construction to begin before the syndication proceeds are in escrow. Receipt of a letter indicating the timing of the syndicator's offering is still pending, according to Ms. Jenkins, who noted that the offering statement, which is dependent on the finalization of the financing details, is at least two weeks away from completion. The syndicator has expressed confidence that the funds can be raised, but Ms. Jenkins cautioned the Board that certainty of the availability of all necessary funds would be impossible until after the syndication funds are in the bank.

When asked for further comments, Ms. Wadsworth agreed that the description of equity possibilities was accurate, and further noted that based on a conversation earlier that day when the tax credit syndicator had spoken with the broker, the outlook is favorable. Ms. Wadsworth also pointed out that ACCAG owns the land and already has a substantial investment in this project; should the development not go through as planned and scheduled, it will likely mean the end of ACCAG. The original contractor's bid was made two years ago, and Ms. Wadsworth noted that the major difference between the original and the current bid is due to increased lumber costs. A line item review of the proposal has been performed, making the contractor aware that there is no chance for payment should change orders be submitted to cover cost overruns. Ms. Wadsworth also noted that although the costs are high, the development is not particularly complicated, which should keep the final costs within the current estimate of $100,000 per unit. Performance and completion bonds are required for the project, and a small contingency is available.

Next, Mr. Seelig reviewed the project history and cost from the viewpoint of the VHCB, observing that State policy asks nonprofits to take risks during the development phase of a project. According to Mr. Seelig, it would be appropriate for the Agency to request that VHCB and CDBG funds be put into the project first, if that is the only way to make the project succeed. The high costs of this project are explainable but not necessarily defensible. Mr. Seelig also indicated that if the Agency can minimize the risk of exposure, it might make sense to proceed with this project; should the other participants' funds be put into the project first, the Agency's risk would be less.

Ms. Jenkins reviewed the risks of not having equity paid into the project. As the first mortgage lender, the Agency would be the most at risk. Without equity coming into the project, the contractor would not be paid and would thus have a lien on the property; as the construction budget is planned, the contractor would be paid from equity during the last two months of construction. The $30,000 Ventures fund loan is not a secured loan; if the project is not completed on time, those funds would be lost. If, instead, the Ventures funds were turned into a secured loan, the Agency would have a first mortgage security interest for the full $230,000 amount. In concluding her remarks, Ms. Wadsworth noted that ACCAG is painfully aware of the high costs and mistakes made during this process; although the cost per unit is high, it is not that much higher than last fall, when the Agency offered its initial approval of the project. Ms. Wadsworth further assured the Board that as long as all of the lenders are willing to work together within the tight timeframe imposed by the need for tax credit allocation, the equity people will do their part.

A motion was then made by Mr. Seelig to go into Executive Session to discuss a contract where premature general knowledge would place the Agency at a substantial disadvantage. After being seconded, this motion was unanimously approved. Following a discussion, a motion was made by Mr. Shaw and duly seconded to come out of Executive Session. Mr. Jarrett distributed a resolution for the Board's consideration. Following a brief discussion in open session, a motion was made by Mr. Shaw and duly seconded to amend and adopt the "Resolution re: Issuance of Amended Commitment Letter re: Addison County Community Action Group—Bristol Family Housing" as attached to these minutes. This motion carried unanimously.

In his Executive Director's report, Mr. Hunt noted that closings had been held on 60 units at Officers' Row on Dalton Drive at Fort Ethan Allen. An additional ten units are under contract or reservation, with seven units remaining unsold. The realtor estimates that the final units will be sold in May or June of this year, which is consistent with the project schedule. The two commercial buildings remain, and the Agency is considering the best use of those buildings, including the possible conversion of one building into office space for the Agency. Exterior renovation of those buildings should occur this summer, and staff will be discussing these plans with the Board in detail at the May meeting. Mr. Schoenbeck reported that the BancBoston/Bank of Vermont loan of $3 million has been repaid; a $2 million balance out of the total $7 million project cost is still outstanding, but should be paid down as additional units are sold. The project is expected to have a cost overrun of approximately $150,000, which will be covered by the Agency's internal funds. Turning to other matters, Mr. Hunt reminded the Board that legislation to reinstate or permanently extend the Mortgage Revenue Bond (MRB) and Low Income Housing Tax Credit (LIHTC) programs has the full support of Vermont's congressional delegation. However, last year the bills had approximately 400 sponsors when the measure was approved but vetoed; this year, sponsorship is lower, due in part to the large congressional "freshman" class taking a guarded view of these programs. A permanent extension appears to be in doubt, but staff is monitoring this legislation closely. Concluding his report, Mr. Hunt noted that he has been appointed to the national Home Energy Rating System (HERS) Council, as the representative for housing finance agencies across the country. The HERS Council was created to incorporate energy efficiency into the mortgage process, and it is hoped that this initiative will gain nationwide momentum and support.

Mr. Lothrop reviewed MOVE activity as described in his report included in the Board packet. Reservations under the MOVE program have been $2 million and $1.5 million, respectively, during the past two weeks. As conventional rates are currently lower than the Agency's, this activity is quite impressive. The one year reduced rate drives the qualifying rate down and appears to help the MOVE program. Activity in the no-point option is double that of the two-point program. Non-first time home buyer funds are also available. Mortgage Credit Certificate (MCC) activity has slowed. Delinquencies are up slightly from last month, but are directly accountable to one bank, rather than being indicative of delinquencies statewide. Of real estate owned by the Agency as a result of loan defaults and foreclosures, four are under contract, two have been sold, and two others are pending public sale.

Reviewing the potential for remarketing the Agency's current debt, Mr. Schoenbeck brought the newer members of the Board up to date on the Agency's bond activity during the past year. In July of 1992, $13.5 million in new mortgage money was made available from proceeds of a bond financing, with portions allocated to various programs offered by the Agency. Currently, the Agency also has $26 million available from the proceeds of a January 1993 financing. Under the bond resolutions, the Agency has the ability to go back to the market and resell the bonds to obtain a lower interest rate, but this remarketing can only occur once. It would be costly (estimates are $300,000 to $400,000) to remarket. The bond underwriters, led by PaineWebber, are suggesting that remarketing occur before July in order to take advantage of the lower interest rates. No formal Board action was necessary at this time.

Mr. Jarrett reviewed a litigation matter currently pending between the Agency and the owner of several multi-family projects throughout Vermont. The Court has dismissed the owner's counterclaim. Several potential purchasers have approached the Agency, but there are serious impediments to purchases of partnership-owned properties with large amounts of additional financing. As federal legislation was originally approved, the state housing finance agencies were to receive any savings realized by owners refunding to a lower interest rate. However, under the revised McKinney Act, which is federal legislation regarding refunding bonds to lower interest rates, HUD would get 50 percent of the savings. This eliminates the incentive for the Agency to refund bonds. After a brief discussion, Mr. Shouldice made a motion allowing the Executive Director to agree to settlements of the lawsuit with respect to Valley View, Mad River Meadows and Depot II, conditioned on repayment of amounts due the developments and attorney's fees due the Agency. This motion was duly seconded and carried unanimously.

In an unrelated matter, Mr. Jarrett reminded the Board that a finding as to interest rates for the Old North End/City of Burlington program must be made. The Board agreed to extend the deadline through the end of May.

Legislative matters of interest to the Agency were reviewed by Ms. Hope, who noted that the lead-based paint hazard bill has been passed by the Senate, and is scheduled to be reviewed by the House. Staff has reviewed this legislation in detail and supports its passage. Another bill under consideration is the Seller's Property Information, or seller disclosure. Mr. Hunt has been called to give testimony regarding both of these pieces of legislation.

In other business, Mr. Seelig noted that he was delighted to greet the new Board members. The "Resolution Honoring Horace B. Shaw, Jr., on his Retirement from the Board of Commissioners of the VHFA" was read by Mr. Seelig, who moved that it be adopted as attached to these minutes. After being seconded, this motion carried unanimously. Mr. White regretted that he would not be serving on the Board at the same time as Mr. Shaw. In appreciation, Mr. Shaw noted that being on the Board has been a wonderful experience and that it was a pleasure working with both the Board and the staff of the Agency over the past 19 years. Mr. Shaw also wished the Board and staff luck in the future.

The next meeting was scheduled for Thursday, May 20, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:05 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION RE: ISSUANCE OF AMENDED COMMITMENT LETTER RE: ADDISON COUNTY COMMUNITY ACTION GROUP-BRISTOL FAMILY HOUSING

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Action Group ("ACCAG") involving the construction of nine apartment units in two separate buildings to be constructed on approximately 25 acres of land located on River Road and Route 116 in Bristol (the "Development"), which proposal has been the subject of a previous resolution of the Agency on December 17, 1992; and

WHEREAS, increasing costs have necessitated an adjustment in the financing for the Development so that the amount of construction financing is increased by $30,000 to constitute a bridge loan for an amount equal to the amount of the Vermont Ventures loan previously extended to the Sponsor; and

WHEREAS, the increase in construction financing will not be accompanied by a corresponding increase in the amount of permanent financing; and

WHEREAS, the determinations made by the Agency in its December 17, 1992 resolution are reaffirmed;

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue an amended Commitment Letter (the "Commitment Letter") to provide a first mortgage loan for construction in an amount not to exceed $230,000 and a first mortgage loan for permanent financing in an amount not to exceed $200,000, for the Bristol Family Housing Development in Bristol.

2. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one percent (1.0%) of the maximum principal amount of the construction loan and the receipt, on or before the date of the permanent closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan.

3. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to make arrangements for the issuance and private placement or sale of federally taxable bonds of the Agency or to borrow the funds necessary to provide proceeds for financing these loans and to take all necessary steps and execute all documents required to effectuate these loans.

4. Additional conditions of the Agency's Commitment are as follows:

(a) the Offering Statement for the equity offering be available for distribution to prospective investors by May 14, 1993;

(b) reasonable assurance be provided from the Borrower, the Board, and the Town that the Borrower's funds, the VCDP funds and the VHCB funds are available for disbursement for construction requisitions by May 17, 1993;

(c) reasonable assurance, satisfactory to the Executive Director, be provided that the Syndicator, AI Associates, will have equity funds in an escrow account for the Development, as approved by the Agency, by July 1, 1993 in an amount not less than $585,000;

(d) the Agency be provided with evidence satisfactory to it, that the Syndicator, AI Associates, has equity funds for the Development in an amount not less than $585,000 in an escrow account that meets with the Agency's approval, on or before July 1, 1993; and

(e) the Executive Director may require such other conditions for the loans as he deems necessary.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on April 15, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION HONORING HORACE B. SHAW, JR.
ON HIS RETIREMENT FROM THE BOARD OF COMMISSIONERS
OF THE VERMONT HOUSING FINANCE AGENCY

WHEREAS, Horace B. Shaw, Jr. has provided consistent and faithful service to the Vermont Housing Finance Agency as Commissioner for the entire 19 years of the Agency's existence; and

WHEREAS, during his tenure as Commissioner, Horace Shaw served as Vice-Chairman for nine years and as Chairman of the Agency for the last seven years; and

WHEREAS, Horace Shaw's character has been reflected in his leadership of the Vermont Housing Finance Agency throughout its existence; and

WHEREAS, the Commissioners and staff of the Vermont Housing Finance Agency have valued the guidance, sage advice, and wisdom of Horace Shaw during his tenure as a Board member;

NOW, THEREFORE, it is hereby *RESOLVED:*

1. The Vermont Housing Finance Agency thanks Horace Shaw for his diligent service as a member of the Board of Commissioners of the Agency from 1974 to 1993, for his participation as Vice Chairman from 1977 until 1986, and his leadership as Chairman from 1986 to the present.

2. Horace Shaw has been an indispensable member of the Board and has enabled the Agency to achieve its mission, in no small measure by keeping Board meetings to a reasonable length through his firm control of agenda items.

3. The Vermont Housing Finance Agency declares Horace Shaw to be a "Friend of Affordable Housing."

4. The Vermont Housing Finance Agency wishes Horace Shaw continued health and happiness in his retirement.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on April 15, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION RELATING TO COMMITMENT LETTER
RE: DEPOT II-BETHEL DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Foundation, Inc., a non-profit corporation, involving the acquisition and rehabilitation of the Depot II Development, a ten unit Section 8 development in Bethel (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Housing Foundation Inc., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency that will be assumed by the sponsor; and

WHEREAS, the Agency has determined that the acquisition and rehabilitation of the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide first mortgage financing for the acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $370,000, for the Depot II Apartment Development. The financing will include the assumption of the existing first mortgage and a future advance under the first mortgage in an additional amount to be determined by the Executive Director, but not to exceed $93,000.

2. The Commitment Letter shall be issued to the Housing Foundation Inc., but may be assigned to another housing sponsor acceptable to the Agency.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee of not less than one percent (1.0%) of the entire loan amount.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be coterminous with the existing mortgage, approximately 17 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that equity is available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The commitment of the Agency is expressly conditional upon:

   an appraisal acceptable to the Agency showing the security value of the Development will equal at least the amount of the VHFA loan;

   staff approval of the scope of, and plans and specifications for, the proposed rehabilitation;

   the signing of a Preservation Agreement to ensure long term affordability of units;

   the agreement of the sponsor to retain existing management or a mutually acceptable alternative until such time as VHFA is satisfied that the sponsor has the capacity to manage the Development;

   assignment of the HAP contract to the Sponsor;

assignment of contract administration for the development to the Agency;

the satisfactory completion of the subsidy layering review;

the satisfaction by the Developer of all requirements of the Act;

the applicable regulations of the Agency; and

such further requirements as the Agency may establish.

7. The Executive Director, the Deputy Director, the Director of Finance and the Director of Development, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on April 15, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt and Emily Wadhams

DATE: May 12, 1993

RE: DALTON DRIVE (Buildings 504 and 600)

The commercial/office real estate market continues to be extremely sluggish and there has been very little interest from potential buyers for Buildings 504 and 600. Coburn and Feeley's listing has expired and VHFA has agreed to renew it as an open listing as opposed to the exclusive listing the Agency had before. This allows Coburn and Feeley to keep their signs up but they will not receive a broker's fee if VHFA finds a buyer.

There are four options for the buildings at this time:

Option 1 - do nothing to repair them and continue to look for buyers,

Option 2 - rehabilitate the exteriors and continue to look for buyers,

Option 3 - rehabilitate both the interiors and the exteriors and rent space until they sell, or

Option 4 - have VHFA rehabilitate the buildings and move its offices to the Fort.

By taking the first option of doing nothing, the buildings will continue to deteriorate and look less attractive to a buyer. They are in good shape structurally and it wouldn't be disastrous to leave them as they are as long as the roof leak in Building 600 was fixed as well as other minor repairs. However, the Officers' Row residents have asked what VHFA's plans are and have expressed a strong desire to see the exteriors spruced up. By doing the exterior work, VHFA will be spending more money on the project which it is doubtful will be recuperated when the buildings sell; but, according to our broker, they are over priced for this market and the Agency would have to reduce the price to sell them the way they are anyway. The third option would increase our investment in the buildings, but would also begin to generate some income and increase the residual value of the properties. The fourth option of VHFA moving out there may be the best way to minimize our losses, speaking strictly from a financial standpoint. It would provide office space for VHFA, on-

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site day care for employees and perhaps other Officers' Row and Fort residents and some rental space for tenants. VHFA would purchase the buildings from Dalton Drive Neighborhood, Inc., at a price and terms that would work for both DDNI and VHFA and VHFA would own and control its own office space.

According to Towny Anderson, it will cost approximately $112,000 to rehabilitate Building 504 and $154,000 for 600, for a total of $266,000. This includes the window rehab package (weatherstrip, repair and new storm/screen windows.) This might be reduced if the exteriors of the windows are painted and the window rehab is left for later.

Towny and Tom Warner, the architect, are in the process of finalizing their draft specifications for the exterior work. Staff would prefer to hire a construction manager to coordinate the contractors to do the work, with construction to start by July 1 and be finished in 90 days. Emily would continue to spend approximately 20 hours a week on the project working with the construction manager, paying bills, wrapping up sales, dealing with property manager and other details to finalize the project.

RECOMMENDED ACTION:

Staff recommends that VHFA proceed with Option 2, the exterior rehabilitation of the buildings, in the immediate future, while continuing to market the buildings and analyze the benfits and costs associated with a relocation of the VHFA office. This approach doesn't eliminate the options of selling the buildings, rehabilitating the interiors as well and finding tenants (perhaps with a lease/purchase agreement similar to what is being explored with Head Start right now).

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeff Francis, Deputy Director Jeff Francis

DATE: May 14, 1993

RE: FY93 BUSINESS PLAN UPDATE

I have enclosed updated summary pages of the Business Plan reflecting year-to-date activity through April 30, 1993. At the Board meeting, I will provide a brief verbal review of our progress to date and be available to respond to any questions you may have regarding the Business Plan.

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VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY92 vs. FY93 TO DATE (July 1, 1992 through April 30, 1993)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
ONGOING PROGRAMS			
MOVE	604 mtges purch; $39,310,000	600 mtges purch; $39,300,000	454 mtges purch; $28,500,461
MCC	317 MCCs issued; $23,461,000	399 MCCs issued; $30,400,000	354 MCCs issued; $26,807,856
HOUSE	31 loans purch; $ 1,736,000	70 loans purch; $ 4,540,000	60 loans purch; $ 3,819,474
Rural VT Mtge Program	22 mtges purch; $ 301,000	22 mtges purch; $ 301,000	9 mtges purch; $ 113,860
Down Payment Assistance	71 loans; $ 4,100,000		18 loans purch; $ 978,816
IORTA Down Payment Assist		150 loans; $ 9,600,000	100 loans purch; $ 6,217,347 (05/03/93)
Dalton Drive Aff Housing	23 units sold; $ 1,586,645	Sell all 77 units $ 6,782,000	62 units sold; $ 5,575,274 ($1,380,307)
Sugar Mae (Secondary Market)	None	Periodic program review; assess need	None
Delivery/Servicing Nonprof Pilot	None; discussions in progress	Establish capacity at one nonprofit	None; initiative viability being analyzed
Affordable Housing Demonstration	None	Keep program available	None
Mobile Home Assistance	7 loans; $ 123,000	No volume goal pending analysis of program	None
Mobile Home Park Financing (MF)	100 units; $ 816,000	2 parks, 73 units; $ 1,100,000	29 units; $ 326,305 Hillside 03/10/93
Preservation–Section 8	5 Pres Agree Signed (102 units)	Preservation agreements for 6 projects	2 Pres Agree Signed (22 units)
LIHPRHA Preservation/Westgate	Highgate completed; 120 units	Begin Westgate (100 units) acquis & rehab	Appraisal/Capital Needs Assessment underway
MF Financing	110 units; $ 3,600,000	Commitments pending	14 units; $ 520,000
Ventures	Loans totalling $ 114,700		$43,340 committed; $44,000 pending
SF Development/Const Pilot	44 units; $355,000 loan guar	14 units; $200,000 revolv const loan	14 units; $ 500,000 Starlake Village
LIHTC	Cal 92=341 units $ 807,577	100% allocation of any available credit	92 units; $ 239,765
Old North End (Burlington)		MF = 25 Units; SF = 10 units	All agreements have been executed; $2.5 million committed to MF & SF program
Nonprofit Training	7 Workshops conducted to date	Assess need for training series	Co-sponsored two with VHCB et al.
Home Buyer Education	7 wkshops conducted; 180 attend	Develop new education strategies	1 home buyer fair held; 1,254 participants 2 home buyer days held; 61 participants
TEAM Approach	Assist 67 dev's; 2,207 hshlds	Transition to regional host organizations	Transition/technical assist in progress
Coop Advertising w/Nonprofits			Disbursed $3,973 to three nonprofits

FY92 vs. FY93 TO DATE (July 1, 1992 through April 30, 1993)

	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
PROGRAMS BEING DEVELOPED			
Section 8 Refunding	Auth. rec'd from HUD		NCSHA legislative priority; plan to recover 100% of interest savings for state HFA developments
MF/SF Construction Programs			Loans under review
Home Improvement/Qualified Rehab	None	Program development	Program development 50% complete
Section 8 Rent Increases	Await HUD's comparability	Same as FY92	Supreme Court ruled in favor of government
Proactive Servicing (SF)	Begin after computer purchase	Same as FY92	Will begin after computer conversion
LIHTC Compliance Monitoring	Program draft in progress	Estab TC monitoring system for 1,200 units	Contract with SPECTRUM signed eff. 07/01/93; preparing to publish compliance manual
Loan Consortium/Participating Lndrs		Program development and initiation	On hold
Special Needs Housing	Needs assessment; study pending	Finance group homes; broaden target pop	Group home financing thru ~~FNMA~~ in negotiations
FHLB Funds Loan Program		Develop and implement program	Applied for $2 million from FHLB 03/93; application pending
ANALYZE FOR FUTURE IMPLEMENTATION			
Alternative SF Financing	None	Low priority until MRB reauthorization	None
Lead Paint Response		Participate in policy/regulatory development	Legislation passed; need to reconcile with HUD notice
Accessory Apartments			
Training for RE Professionals		Develop/test curriculum	Curriculum has been reviewed/approved by Real Estate Commission. Course will be offered in Fall.
Tax Exempt Fund/Restrict Reserves MF			
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
Housing Policies State/Fed Level	Ongoing	Ongoing	Ongoing
MRB and LIHTC Extension	Programs extended thru 06/30/92	Secure permanent reauthorization	Ongoing
Housing Vermont: Funding	Evaluation/monitoring ongoing		Evaluation/monitoring ongoing
Cash Flow: Analyze	Included in computer search	Same as FY92	Consider options after computer install
Statewide Afford Housing Conf	Participated in 1992 conf	Review need for annual conference	Preparations for 1993 conference underway
MF Management	100 developments (3,241 units)		98 developments (2,982 units)
Lender Training	30 sessions; 250 attendees		48 sessions; 384 attendees
Computer Software/Hardware Convert	Reviewing proposed contract	Convert to new computer system	Computer conversion underway

FY92 vs. FY93 TO DATE (July 1, 1992 through April 30, 1993)			
	FY92 ACTUALS	**FY93 GOALS**	**FY93 ACTUALS TO DATE**
TERMINATED PROGRAMS			
HE/ILP	6 loans; $ 14,050	Program terminated	
CVPS/VHFA/Chittenden Energy	3 loans; $ 10,300	None	Program canceled 10/05/92
4 Star Mtge SF	12 mtges; $ 895,434		Program canceled 03/30/92 9 loans $806,300

MARCH 3, 1993 ADDENDUM			
ANALYZE FOR FUTURE IMPLEMENTATION			
LEAD PAINT RESPONSE		Participate in policy/regulatory development	Reviewing pending legislation
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
CHAS PERFORMANCE	Participated in creation of statewide CHAS document	Monitor progress in achieving CHAS priorities	CHAS monitoring ongoing
LOAN SERVICING			

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gemma D. Rinn, TEAM Supervisor Gemma

DATE: May 14, 1993

RE: TEAM Program Final Report

Enclosed for your review is the Final Report for Tenant Education and Assistance Model (TEAM) as submitted to the Administration on Aging. This report concludes the AoA initiative and provides a detailed summary of TEAM's activities to date, including the transition of the direct service component of the program to "host organizations", as well as findings and outcomes. The report also offers recommendations for future service coordination programs.

The Project Briefs are located at the back of the Final Report. TEAM's major accomplishments are highlighted on the reverse of this memo. Statistics for this report were compiled from information collected through the period between February and November 1992, and consequently do not account for all services delivered under this initiative.

VHFA continues to promote and expand the TEAM concept, and provides ongoing technical assistance and training for host organizations, service coordination staff and subsidized housing managers and owners statewide.

Jeff Francis and I will be available at the Board meeting to answer questions about the AoA Final Report and the transition of the TEAM program to host organizations.

Enclosure

The Administration on Aging grant enabled Vermont Housing Finance Agency (VHFA) to expand TEAM and establish it as a significant link in Vermont's service delivery system. Major accomplishments include:

- Heightened an awareness among development owners and managers that resident needs extend beyond safe shelter.

- Increased number of elderly housing developments served from 17 to 41 statewide.

- Provided over 175 education and training sessions, serving more than 2,000 participants on topics ranging from legal issues to health and fire safety. Participants included residents, housing management staff, service providers, and residents' families.

- Designed and implemented supportive service systems and developed inter-generational networks in response to resident need priorities.

- Provided over 480 service coordination activities, serving more than 3,400 participants. Activities included: referrals, resident contacts, social, recreation and exercise programs, health care clinics and assistance with daily living.

- Established and/or enhanced inter-agency and community cooperation. Coordinators worked with more than 80 different types of organizations statewide.

- Initiated more than 24 inter-generational activities, with 220 participants, improving the youths' self-images, learning and organizational skills while assisting residents and enhancing their ability to remain living independently.

- Improved efficiency of service delivery by acting as liaison between residents and service agencies.

- Produced and/or distributed informational publications and a video describing TEAM's service coordination approach and accomplishments.

- Conducted a comprehensive evaluation and facilitated transition of TEAM from VHFA to regional host organizations.

MOVE PROGRAM 93A - 6.95%

STATISTICAL REPORT PROGRAM ID: 93A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 05/13/93
Loan Status: CC,UC,O

Total Number of Loans: 27
Total Loan Amount: $1,679,339

EXISTING:	$1,228,965	74.0%	20 Loans
NEW CONSTRUCTION:	$450,374	25.9%	7 Loans
NEW DETACHED HOUSING:	$293,324	65.1%	5 Loans
NEW CONDOMINIUM:	$157,050	34.8%	2 Loans
Funds Remaining to be Reserved:	$5,976,921	58.7%	96 Loans (Est.)

Total Insured or Guaranteed Loans: 25
Loans Guaranteed by VHMGB: 24

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$61,346	$74,230	$68,027
Avg. Loan Amount	$56,754	$67,251	$62,197
Avg. Borrower Income	$26,052	$24,784	$25,395
Avg. Housing Debt-Income Ratio	22.3%	28.5%	25.5%
Avg. Total Debt	$612.76	$713.14	$664.81
Avg. Total Debt-Income Ratio	27.6%	34.4%	31.1%
Total No. of Loans	13	14	27
% of Total Loan Amount	43.9%	56.1%	100.0%
First Time Homebuyers	84.6%	100.0%	92.5%
% Meeting Low Income Set Aside	38.4%	71.4%	55.5%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	7.4%	$125,250	5,000	5.7%	1.7
Bennington	1	3.7%	$79,800	6,300	7.2%	3.5-
Caledonia	2	7.4%	$100,825	4,800	5.5%	1.9
Chittenden	7	26.0%	$542,375	16,000	18.2%	7.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	4	14.8%	$242,974	6,000	6.8%	8.0
Grand Isle	1	3.7%	$75,000	900	1.0%	2.7
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	3	11.1%	$155,050	4,200	4.8%	6.3
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	4	14.8%	$238,965	9,000	10.3%	4.5
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	3	11.1%	$119,100	9,600	11.0%	0.1
TOTAL	27	100.0%	$1,679,339	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 93A - 6.95%

AS OF: 05/13/93 Vertmont Housing Finance Agency Report: 1130

PAGE NO. 1 93A - $10,171,625 1990 SERIES 3-SF HOUSING PROGRAM 1S 7.95 PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 6.950%

Date : 05/13/93

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$67,925	0.6%	$67,925	0.6%	$0	$67,925	100.0%
Banknorth Mortgage Co	$395,960	3.8%	$76,500	0.7%	$0	$76,500	19.3%
Chittenden Bank	$836,899	8.2%	$415,749	4.0%	$0	$415,749	49.6%
Citizens Savings Bank and Trust	$113,975	1.1%	$31,825	0.3%	$0	$31,825	27.9%
Community National Bank	$377,600	3.7%	$203,500	2.0%	$114,950	$88,550	23.4%
Green Mountain Bank	$33,000	0.3%	$33,000	0.3%	$0	$33,000	100.0%
Kittredge Mortgage Corporation	$85,400	0.8%	$85,400	0.8%	$0	$85,400	100.0%
Lyndonville Savings Bank & Trust Company	$102,600	1.0%	$0	0.0%	$0	$0	0.0%
Marble Bank	$47,500	0.4%	$47,500	0.4%	$0	$47,500	100.0%
Merchants Bank, The	$75,050	0.7%	$75,050	0.7%	$0	$75,050	100.0%
Mortgage Service Center of New England	$180,805	1.7%	$0	0.0%	$0	$0	0.0%
National Bank of Middlebury, The	$16,500	0.1%	$0	0.0%	$0	$0	0.0%
New England IBM Employees Fed Crdt Union	$65,500	0.6%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank	$50,000	0.4%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank	$251,700	2.4%	$69,000	0.6%	$0	$69,000	27.4%
Randolph National Bank	$38,600	0.3%	$38,600	0.3%	$0	$38,600	100.0%
Statewide Funding Corporation	$80,750	0.7%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.	$261,390	2.5%	$92,290	0.9%	$0	$92,290	35.3%
Vermont Federal Bank, FSB	$848,775	8.3%	$491,450	4.8%	$144,500	$346,950	40.8%
Vermont National Bank	$264,775	2.6%	$0	0.0%	$0	$0	0.0%
TOTALS 72 Loans	$4,194,704	41.2%	$1,727,789	16.9%	$259,450	$1,468,339	35.0%

MOVE PROGRAM 93B - 7.25%

STATISTICAL REPORT PROGRAM ID: 93B Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 05/13/93

Loan Status: CC,UC,O

Total Number of Loans: 30

Total Loan Amount: $2,137,870

EXISTING:	$1,584,765	76.6%	23 Loans
NEW CONSTRUCTION:	$553,105	23.3%	7 Loans
NEW DETACHED HOUSING:	$397,100	71.7%	5 Loans
NEW CONDOMINIUM:	$156,005	28.2%	2 Loans
Funds Remaining to be Reserved:	$14,120,125	70.6%	198 Loans (Est.)

Total Insured or Guaranteed Loans: 30

Loans Guaranteed by VHMGB: 28

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$72,841	$78,842	$75,641
Avg. Loan Amount	$67,325	$75,762	$71,262
Avg. Borrower Income	$26,911	$30,859	$28,754
Avg. Housing Debt-Income Ratio	27.0%	26.3%	26.7%
Avg. Total Debt	$797.62	$879.71	$835.93
Avg. Total Debt-Income Ratio	35.7%	34.3%	35.1%
Total No. of Loans	16	14	30
% of Total Loan Amount	50.4%	49.6%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	37.5%	28.5%	33.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	13.3%	$297,755	5,000	5.7%	7.6
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	4	13.3%	$244,025	4,800	5.5%	7.8
Chittenden	8	26.9%	$618,710	16,000	18.2%	8.7
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	1	3.3%	$80,500	6,000	6.8%	3.5-
Grand Isle	1	3.3%	$79,705	900	1.0%	2.3
Lamoille	2	6.7%	$153,000	3,300	3.8%	2.9
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	1	3.3%	$40,375	4,200	4.8%	1.5-
Rutland	4	13.3%	$285,750	10,000	11.4%	1.9
Washington	4	13.3%	$273,550	9,000	10.3%	3.0
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	1	3.3%	$64,500	9,600	11.0%	7.7-
TOTAL	30	100.0%	$2,137,870	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 93B – 7.25%

AS OF: 05/13/93
PAGE NO. 1

Vermont Housing Finance Agency
93B - $20,000,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 05/13/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$133,000	0.6%	$63,650	0.3%	$0	$63,650	47.8%
Banknorth Mortgage Co		$1,041,980	5.2%	$422,130	2.1%	$0	$422,130	40.5%
Brattleboro Savings and Loan		$76,950	0.3%	$0	0.0%	$0	$0	0.0%
Chittenden Bank		$885,620	4.4%	$198,945	0.9%	$0	$198,945	22.4%
Citizens Savings Bank and Trust		$175,275	0.8%	$141,075	0.7%	$0	$141,075	80.4%
Community National Bank		$40,375	0.2%	$40,375	0.2%	$0	$40,375	100.0%
Kittredge Mortgage Corporation		$214,500	1.0%	$0	0.0%	$0	$0	0.0%
Marble Bank		$261,525	1.3%	$121,500	0.6%	$0	$121,500	46.4%
Merchants Bank, The		$170,275	0.8%	$170,275	0.8%	$89,775	$80,500	47.2%
Mortgage Service Center of New England		$76,000	0.3%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$72,000	0.3%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank		$367,000	1.8%	$113,400	0.5%	$0	$113,400	30.8%
Statewide Funding Corporation		$675,250	3.3%	$72,000	0.3%	$0	$72,000	10.6%
Summit Financial Center, Inc.		$349,315	1.7%	$237,310	1.1%	$0	$237,310	67.9%
Union Bank		$323,405	1.6%	$172,005	0.8%	$0	$172,005	53.1%
Vermont Federal Bank, FSB		$771,450	3.8%	$450,280	2.2%	$138,980	$311,300	40.3%
Vermont National Bank		$94,125	0.4%	$0	0.0%	$0	$0	0.0%
Wells River Savings Bank		$150,125	0.7%	$0	0.0%	$0	$0	0.0%
TOTALS	91 Loans	$5,878,170	29.3%	$2,202,945	11.0%	$228,755	$1,974,190	33.5%

MOVE PROGRAM 94H - 7.45% HOUSE

STATISTICAL REPORT PROGRAM ID: 94H Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 05/13/93
Loan Status: CC,UC,O

Total Number of Loans: 42
Total Loan Amount: $2,582,183

EXISTING:	$811,776	35.7%	15 Loans
NEW CONSTRUCTION:	$1,770,407	64.2%	27 Loans
NEW DETACHED HOUSING:	$946,502	53.4%	15 Loans
NEW CONDOMINIUM:	$823,905	46.5%	12 Loans
Funds Remaining to be Reserved:	$1,739,487	34.7%	28 Loans (Est.)

Total Insured or Guaranteed Loans: 34
Loans Guaranteed by VHMGB: 34

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,050	$73,269	$72,238
Avg. Loan Amount	$49,686	$63,446	$61,480
Avg. Borrower Income	$22,454	$25,364	$24,948
Avg. Housing Debt-Income Ratio	26.6%	28.5%	28.3%
Avg. Total Debt	$711.83	$759.88	$753.02
Avg. Total Debt-Income Ratio	37.8%	36.3%	36.5%
Total No. of Loans	6	36	42
% of Total Loan Amount	11.5%	88.5%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	83.3%	72.2%	73.8%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	9.5%	$221,400	5,000	5.7%	3.8
Bennington	1	2.4%	$53,780	6,300	7.2%	4.8-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	17	40.5%	$1,149,343	16,000	18.2%	22.3
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	2.4%	$60,500	9,000	10.3%	7.9-
Windham	5	11.9%	$237,618	7,100	8.1%	3.8
Windsor	14	33.3%	$859,542	9,600	11.0%	22.3
TOTAL	42	100.0%	$2,582,183	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 94H - 7.45% HOUSE

AS OF: 05/13/93
PAGE NO. 1

Vermont Housing Finance Agency
94H - $5,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 05/13/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$160,200	3.2%	$78,200	1.5%	$78,200	$0	0.0%
Banknorth Mortgage Co		$43,000	0.8%	$0	0.0%	$0	$0	0.0%
Factory Point National Bank, The		$53,780	1.0%	$53,780	1.0%	$0	$53,780	100.0%
Marble Bank		$700,833	14.0%	$503,281	10.0%	$0	$503,281	71.8%
Merchants Bank, The		$62,000	1.2%	$62,000	1.2%	$0	$62,000	100.0%
Mortgage Service Center of New England		$69,930	1.3%	$69,930	1.3%	$69,930	$0	0.0%
National Bank of Middlebury, The		$55,000	1.1%	$55,000	1.1%	$55,000	$0	0.0%
Vermont Development Credit Union		$441,445	8.8%	$372,390	7.4%	$0	$372,390	84.3%
Vermont Federal Bank, FSB		$635,440	12.7%	$635,440	12.7%	$480,815	$154,625	24.3%
Vermont National Bank		$1,043,782	20.8%	$752,162	15.0%	$356,007	$396,155	37.9%
TOTALS	53 Loans	$3,265,410	65.3%	$2,582,183	51.6%	$1,039,952	$1,542,231	47.2%

MORTGAGE CREDIT CERTIFICATE PROGRAM MC6

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6

UNDERWRITING DATABASE

EFFECTIVE: 05/13/93

Total Number of Loans:	27
Total Loan Amount:	$1,997,240
Average Loan Amount:	$73,971

EXISTING:	$1,570,250	77.7%	21 Loans
NEW CONSTRUCTION:	$372,840	18.5%	5 Loans
NEW DETACHED HOUSING:	$180,250	48.3%	2 Loans
CONDOMINIUM:	$546,440	29.6%	8 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$75,790	$82,370	$79,933
Avg. Loan Amount	$70,437	$76,050	$73,971
Avg. Borrower Income	$26,629	$25,472	$25,900
Total No. of Loans	10	17	27
First Time Homebuyers	100.0%	100.0%	100.0%
% of Total Loan Amount	35.3%	64.7%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	1	3.7%	$75,900	4,500	5.8%	2.1-
Bennington	1	3.7%	$75,000	5,400	7.0%	3.3-
Caledonia	0	0.0%	$0	4,400	5.7%	5.7-
Chittenden	14	51.9%	$1,073,565	13,100	17.0%	34.9
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	2	7.4%	$155,800	5,700	7.4%	0.0
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	0	0.0%	$0	3,100	4.0%	4.0-
Orange	1	3.7%	$54,150	4,000	5.2%	1.5-
Orleans	0	0.0%	$0	3,800	4.9%	4.9-
Rutland	1	3.7%	$78,375	9,200	11.9%	8.2-
Washington	5	18.5%	$344,800	7,900	10.3%	8.2
Windham	1	3.7%	$71,250	6,000	7.8%	4.1-
Windsor	1	3.7%	$68,400	8,100	10.5%	6.8-
TOTAL	27	100.0%	$1,997,240	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE PROGRAM MC6

AS OF: 05/13/93 Vermont Housing Finance Agency Report: 1130

PAGE NO. 1 MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6 PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 0.000%

Date : 05/13/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$468,575	1.2%	$367,075	0.9%	$151,200	$215,875	46.0%
Banknorth Mortgage Co		$478,145	1.2%	$139,650	0.3%	$68,400	$71,250	14.9%
Chittenden Bank		$737,200	1.9%	$335,025	0.8%	$0	$335,025	45.4%
Fleet Mortgage		$191,237	0.5%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$375,250	1.0%	$74,100	0.1%	$74,100	$0	0.0%
NorWest Mortgage Inc.		$78,750	0.2%	$78,750	0.2%	$78,750	$0	0.0%
Summit Financial Center, Inc.		$118,950	0.3%	$118,950	0.3%	$118,950	$0	0.0%
Vermont Federal Bank, FSB		$360,425	0.9%	$203,200	0.5%	$122,950	$80,250	22.2%
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$868,590	2.3%	$680,490	1.8%	$289,990	$390,500	44.9%
TOTALS	47 Loans	$3,762,147	10.0%	$1,997,240	5.3%	$904,340	$1,092,900	29.0%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 03/31/93

Report: 1261
DELR07B

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	365	7	1.92%	1	0.27%	1	0.27%	9	2.47%	0	0	0.00%	2	0.55%	11	3.01%
Bennington Coop Savings & Loan Assn Inc	45	3	6.67%	1	2.22%	0	0.00%	4	8.89%	0	0	0.00%	0	0.00%	4	8.89%
Bradford National Bank	46	2	4.35%	1	2.17%	1	2.17%	4	8.70%	0	0	0.00%	0	0.00%	4	8.70%
Caledonia National Bank of Danville, Th	105	8	7.62%	2	1.90%	0	0.00%	10	9.52%	0	0	0.00%	1	0.95%	11	10.48%
Chittenden Trust Company	953	48	5.04%	11	1.15%	8	0.84%	67	7.03%	0	4	0.42%	4	0.42%	75	7.87%
Citizens Savings Bank	37	1	2.70%	0	0.00%	0	0.00%	1	2.70%	0	0	0.00%	0	0.00%	1	2.70%
Comfed Mortgage Co., Inc.	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Commonwealth Mortgage Company, Inc	21	1	4.76%	0	0.00%	0	0.00%	1	4.76%	0	0	0.00%	0	0.00%	1	4.76%
Community National Bank	177	8	4.52%	2	1.13%	1	0.56%	11	6.21%	0	0	0.00%	1	0.56%	12	6.78%
Factory Point National Bank, The	27	1	3.70%	0	0.00%	0	0.00%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	8	0	0.00%	1	12.50%	0	0.00%	1	12.50%	0	0	0.00%	0	0.00%	1	12.50%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	162	5	3.09%	1	0.62%	1	0.62%	7	4.32%	0	0	0.00%	2	1.23%	9	5.56%
Granite Savings Bank and Trust Company	31	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0	0.00%	0	0.00%	2	6.45%
Green Mountain Bank	237	8	3.38%	2	0.84%	2	0.84%	12	5.06%	0	1	0.42%	0	0.00%	13	5.49%
Lomas & Nettleton Company, The	17	1	5.88%	0	0.00%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Lyndonville Savings Bank & Trust Compan	57	3	5.26%	0	0.00%	0	0.00%	3	5.26%	0	0	0.00%	1	1.75%	4	7.02%
Marble Bank	210	9	4.29%	0	0.00%	0	0.00%	9	4.29%	0	1	0.48%	1	0.48%	11	5.24%
Merchants Bank, The	266	4	1.50%	2	0.75%	2	0.75%	8	3.01%	0	0	0.00%	0	0.00%	8	3.01%
Mortgage Service Center of New England	50	2	4.00%	2	4.00%	3	6.00%	7	14.00%	0	0	0.00%	0	0.00%	7	14.00%
National Bank of Middlebury, The	64	1	1.56%	1	1.56%	0	0.00%	2	3.13%	0	1	1.56%	0	0.00%	3	4.69%
New England IBM Employees Fed Crdt Unio	64	0	0.00%	1	1.56%	0	0.00%	1	1.56%	0	0	0.00%	0	0.00%	1	1.56%
Northfield Savings Bank	103	4	3.88%	1	0.97%	1	0.97%	6	5.83%	0	0	0.00%	0	0.00%	6	5.83%
Passumpsic Savings Bank	177	4	2.26%	1	0.56%	2	1.13%	7	3.95%	0	0	0.00%	4	2.26%	11	6.21%
Peoples Trust Company of St Albans	141	10	7.09%	4	2.84%	1	0.71%	15	10.64%	0	0	0.00%	0	0.00%	15	10.64%
Randolph National Bank	59	3	5.08%	1	1.69%	0	0.00%	4	6.78%	0	0	0.00%	0	0.00%	4	6.78%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	124	3	2.42%	1	0.81%	1	0.81%	5	4.03%	0	2	1.61%	0	0.00%	7	5.65%
Union Bank	161	8	4.97%	0	0.00%	0	0.00%	8	4.97%	0	0	0.00%	1	0.62%	9	5.59%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	869	45	5.18%	5	0.58%	10	1.15%	60	6.90%	0	1	0.12%	2	0.23%	63	7.25%
Vermont Mortgage Group, Inc	646	27	4.18%	4	0.62%	9	1.39%	40	6.19%	0	0	0.00%	5	0.77%	45	6.97%
Vermont National Bank	517	14	2.71%	3	0.58%	2	0.39%	19	3.68%	0	1	0.19%	2	0.39%	22	4.26%
Wells River Savings Bank	26	0	0.00%	0	0.00%	1	3.85%	1	3.85%	0	0	0.00%	0	0.00%	1	3.85%
Woodstock National Bank	12	2	16.67%	0	0.00%	0	0.00%	2	16.67%	0	0	0.00%	0	0.00%	2	16.67%
Overall Totals:	5,797	234	4.04%	48	0.83%	46	0.79%	328	5.66%	0	11	0.19%	26	0.45%	365	6.30%
February 28, 1993	5,827	286	4.91%	63	1.08%	50	0.86%	399	6.85%	0	11	0.19%	20	0.34%	430	7.38%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator and
Irene D. Jenkins, Director of Development

PAC

DATE: May 13, 1993

RE: Evaluation of Down Payment Assistance Program Feature

In June 1992, with the cooperation of the Vermont Home Mortgage Guarantee Board (VHMGB), VHFA introduced a new limited feature to its MOVE and HOUSE Programs which allowed eligible buyers the opportunity to purchase a home with "no down payment". Loans with "no down payment" are available to 150 home buyers each year, for a three year period (June 92, June 93, and June 94), under a special risk share agreement between VHFA and VHMGB. On June 15, 1993, 150 loans with "no down payment" under the second year of our agreement with VHMGB will become available. Fifteen of the "no down payment" loans will be set-aside for the HOUSE Program. On or before June 1, 1993, lenders, real estate brokers and potential home buyers through VHFA's Hotline, will receive advance notification of the availability of these funds. We anticipate that funds will be reserved quickly so this advance notice will enable home buyers to prepare so they can take advantage of the "no down payment" feature.

The risk that VHFA assumed under this agreement is offset by interest received from deposits on real estate transactions into interest-bearing escrow accounts. Act 86 of the 1991 Legislature required all Vermont real estate brokers to place deposits on certain real estate transactions into interest-bearing accounts, with the interest earnings directed to VHFA. Funds must be used by VHFA to assist home buyers with down payment and/or closing costs. A goal has been set by VHFA to target 50% of the loans made each year to persons whose income is below 90% of state median income and/or persons purchasing perpetually affordable homes. Under the agreement with VHMGB, VHFA must set aside $50,000 each year for the next three years to offset potential losses from the "no down payment" loans.

Prior to the release of authority each year, VHFA and VHMGB are required to evaluate the performance of the "no down payment" loans with 95% LTV MOVE loans made during the same time period. The following is the result of that evaluation completed by Cathleen Gent, VHFA Research Analyst:

- For the period of June 1, 1992 through April 2, 1993, VHFA purchased 83 "no down payment loans" and 154, 95% LTV MOVE loans. As of March 31, 1993, two "no down payment" loans and one 95% LTV MOVE loan were "past due". Of those, only one was more than 30 days "past due", due to domestic difficulties. It should be noted that the time period for the analysis was short, and the length of time between the loan purchases and the evaluation was not sufficient for long-term trends to emerge.

- Eighty-three "no down payment" loans were purchased between June 1, 1992 and April 2, 1993. These loans were distributed throughout Vermont, with a smaller percentage originated in Chittenden County than in the 95% LTV MOVE comparison group. With a relatively small number of cases, this geographic variation is not surprising.

- In order to use as many of the 95% LTV loans as possible in the evaluation, a weighting technique was employed. Thus, all loans in the 95% LTV group were used and weighted to reduce the "over-sampling" effect. This reduced the possibility of biasing the sample. There were 154 loans in the 95% LTV group, which were weighted by a factor of .54 to be equivalent to the number of "no down payment" loans for the same time period.

Using these same cases, Cathleen Gent (VHFA's Research Analyst), also compared the groups with respect to other information, such as their debt ratios, income, purchase price, and household characteristics. This involved using a statistical test to compare the averages (means) for the "no down payment" loans versus the 95% LTV MOVE loans for those characteristics. The tables below show the comparisons. **Statistically, there were no significant differences between the "no down payment" loans and the 95% LTV loans.**

Comparison of "No Down Payment" and 95% LTV MOVE Loans Purchased 6/1/92-4/2/93

Characteristics	NO DOWN PAYMENT	95% LTV
Number of Loans	83	83*
Average Housing Debt	24.1%	24.3%
Average Total Debt	33.6%	32.6%
Average Annual Income	$28,671	$28,750
Average Purchase Price	$61,650	$64,768
Average Number-Wage Earners	1.6 earners	1.5 earners
Average Household Size	2.6 persons	2.4 persons

* Weighted total (original number of loans = 154)

As seen below, the number of cases at or below 90% of the state 1992 HUD median income was not significantly different for the "no down payment" and the 95% LTV MOVE loans, although the number of loans at or below 90% of median was slightly lower for the "no down payment" loans.

"No Down Payment" Loans & 95% LTV MOVE Loans At or Below 90% of Median Income		
Median Income	# of "No Down Payment" Loans	# of 95% LTV Loans (Weighted)
- Above 90%	29 (34.9%)	27 (32.5%)
- At or Below 90%	54 (65.1%)	56 (67.5%)
TOTAL	83 (100.0%)	83 (100.0%)

The following table provides additional detail on the "no down payment" and 95% LTV MOVE loans made to persons at or below 90% of the state 1992 HUD median income.

Number of Loans Purchased HUD Median Family Income ($34,700)	**No Down Pmt Loans** (N=83)	**95% LTV Loans** (Weighted N=83)
Above 90% of Median Income	29	27
At or Below 90% of Median Income ($31,230)	54	56
At or Below 80% of Median Income ($27,760)	36	36
At or Below 70% of Median Income ($24,290)	23	17
At or Below 60% of Median Income ($20,820)	11	8
At or Below 50% of Median Income ($17,350)	4	3

In addition to the evaluation of the "no down payment" loans, VHFA and VHMGB evaluated the performance of 193 loans purchased by VHFA, and insured by VHMGB, during the period of 1/1/87 through 5/31/92 that were originated under the "old" down payment assistance program feature to VHFA's MOVE Program. Under the "old" program feature, borrowers actually financed closing costs and not their down payment. The "old" program feature was very confusing for home buyers, lenders, and real estate brokers. While called "down payment assistance", the home buyer was required to have a 5% down payment, but was able to finance an additional amount equal to closing costs. VHFA called the program "down payment assistance" rather than "closing cost assistance" because IRS regulations prohibit VHFA from financing closing costs.

VHFA and VHMGB compared the 193 loans purchased under the "old" down payment assistance program feature to 730 95% LTV MOVE loans with similar characteristics purchased during the same time period. The 95% LTV MOVE loans were weighted to reduce the "over-sampling" effect. As of March 31, 1993, 16 "old" down payment assistance loans were "past due" compared to 14 95% LTV MOVE loans. These represent 8.3% and 7.2%, respectively, of the total loans. However, the number of loans "past due" 60 days or more was equal (6 loans from each group).

RECOMMENDED BOARD ACTION:

No Board action is required.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator and
Irene D. Jenkins, Director of Development

DATE: May 13, 1993

RE: Program to Utilize Available IORTA Funds - Briefing

As of February 28, 1993, VHFA has received $103,914 in interest from real estate trust accounts (IORTA), and it is estimated that the total received as of December 31, 1993 will be $177,805. Based on this estimate, $77,805 will be available that has not been committed to the Down Payment Assistance feature to VHFA's MOVE and HOUSE Programs as of December 31, 1993.

Continued outreach to potential home buyers, real estate brokers, and lenders indicate that many otherwise qualified home buyers do not have sufficient savings to make a minimum down payment of five percent (5%) required by VHFA, and to pay for closing costs. The Farmer's Home Administration (FmHA) has no funds available in their direct loan program and has exhausted their authority to guarantee loans under their Rural Guarantee Loan Program. FmHA and VHFA are the only lenders, with the exception of lenders who originate VA guaranteed loans, that offer 100% financing. VHFA's Down Payment Assistance feature to its MOVE and HOUSE Programs is limited to 150 loans each year.

Staff has had discussions on how to best utilize IORTA funds not dedicated to the Down Payment Assistance feature to MOVE and HOUSE, in order to assist home buyers who do not have access to a down payment. The following options were discussed:

OPTION #1

Use IORTA funds to make second mortgages, which home buyers could use as their down payment. Based on the 1992 average purchase price financed by VHFA through the MOVE Program of $68,000, the average second mortgage would be $3,400. The $77,805 available would allow approximately 23 home buyers to finance their down payment.

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OPTION #2

VHFA would use IORTA funds to guarantee second mortgages made by VHFA participating lenders. Depending on the perceived degree of risk by VHFA and rating agencies, $77,805 could be used to leverage $156,400 (2 to 1) in second mortgages for 46 home buyers, $223,415 (3 to 1) in second mortgages to assist 69 home buyers, $311,220 (4 to 1) in second mortgages for 92 home buyers, etc. Lenders would have to agree to make the loans for a thirty year term at the same rate as VHFA's first mortgage. The guarantee agreement could provide for VHFA to purchase the second mortgage from the lender when the combined loan to value of the first and second mortgage is 95% or less; (assuming zero appreciation, the longest period a lender would have to hold a second mortgage would be approximately 62 months). VHFA would use prepayments on other loans to purchase these loans, which would then be part of VHFA's first mortgage. Either VHMGB would have to be agree to increase the coverage on VHFA's mortgage or that portion of VHFA's first mortgage could continue to be insured by IORTA funds. In preliminary discussions with VHMGB, they indicated that they would be concerned if asked to increase their risk. VHFA's position is that while VHMGB's exposure will increase, the actual risk is less than insuring a new 95% LTV loan because the loan would be seasoned.

OPTION #3

VHFA could provide 100%, first mortgage, financing to eligible home buyers using bond proceeds. The borrower would execute two notes; one equal to 95% of the purchase price which would be guaranteed by VHMGB, and another for 5% of the purchase price which would be insured by a loan loss claim fund created from IORTA funds. Like option #2, the IORTA funds could be leveraged. Lenders would have to agree to service two loans secured by the same mortgage, or VHFA could agree to transfer servicing of both loans (secured by one mortgage) to VHFA at some time in the future when VHFA has a greater systems capacity to self-service loans. We have asked VHMGB to consider whether this option would be acceptable to them.

All three options under consideration have a number of issues, both operational and financial, which need to be resolved and will require approval and cooperation from lenders and approval from rating agencies and VHMGB. VHFA would have to temporarily fund any guarantee account or loan loss claim funds until IORTA funds are actually received. Option #1 is not favored by staff because it does not have the potential of serving more than a small number of home buyers. Option #2 and #3 appear to be the most viable because like the Down Payment Assistance feature to MOVE and HOUSE, they allow VHFA to leverage the funds to serve a greater number of home buyers. Option #3 appears to be the easiest to implement at this point, but all options require further research and development. We are also considering targeting all loans made under the program to families at or below 90% of state median income.

RECOMMENDED BOARD ACTION:

No action is requested at this time. Staff will further explore each option and recommend action at the June Board meeting.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC
Irene D. Jenkins, Director of Development

DATE: May 13, 1993

RE: Single Family Programs -- New Income Limit Recommendations

Presented below are recommendations for new income limits for four single family programs:

- MOVE (Mortgages for Vermonters);
- MORTGAGE PLUS (Mortgage Credit Certificate Program--MCC);
- HOUSE (Homeownership Opportunities Using Shared Equity);
- MOBILE HOME ASSISTANCE PROGRAM.

The attachment to this memo provides the maximum income limits allowable for all programs based on Treasury regulations for MRBs and MCCs and the maximum affordable purchase prices based on the recommended income limits.

Staff recommends that VHFA continue to use the state median income as a basis upon which to determine income limits for single family programs because of the wide disparity among area median incomes. Treasury regulations allow VHFA to serve higher income populations in areas designated as "targeted" than in the "non-targeted" areas, even though the non-targeted areas (Addison, Bennington, Chittenden, Grand Isle and Windsor counties) have some of the highest median incomes in the state.

In past years, purchase price limits were adjusted at the same time as income limits. Purchase price limits are based on "safe harbor limits" or average area purchase prices provided by Treasury. These figures have not been released and working with NCSHA we have been unable to determine a release date. We will review information when it is released by Treasury and make a recommendation at that time.

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RECOMMENDATIONS

MOVE	1&2 Person Households	3+ Person Households
Recommended Limits	**$36,100**	**$41,500**
Current Limits	$34,700	$39,900

Recommended limits are set at 100% (for 1&2 person households) and 115% (for 3+ person households) of 1993 state median income, the same basis used to determine current limits. Note: The above recommended income limits would also apply to a special initiative with the City of Burlington called the Old North End Homeowner Rehabilitation Loan Program.

MORTGAGE PLUS	1&2 Person Households	3+ Person Households
Recommended Limits:		
Addison, Bennington, Grand Isle & Windsor	**$36,100**	**$41,500**
All Other Counties	**$39,300**	**$45,100**
Current Limits:		
Addison, Bennington & Grand Isle	$34,700	$39,900
Windsor	$36,000	$41,400
All Other Counties	$39,300	$45,100

Recommended limits represent the maximums allowable for Addison, Bennington, Grand Isle and Windsor counties. No change in income limits for All Other Counties (Chittenden, Essex, Franklin, Lamoille, Orange, Orleans, Rutland, Washington and Windham) is recommended because of the wide disparity that already exists.

HOUSE	1&2 Person Households	3+ Person Households
Recommended Limits	**$36,100**	**$41,500**
Current Limits	$34,700	none

Recommended limits are the same as for the MOVE Program. We are recommending that we establish a higher income limit for larger families (consistent with MOVE) to encourage participating non-profit housing organizations to target their programs to larger families.

MOBILE HOME ASSISTANCE PROGRAM

Recommended Limit	**$36,100**
Current Limit	$34,700

Income limit would continue to be set statewide at 100% of state median, regardless of family size.

ACTION REQUESTED BY THE BOARD

Approval of the above recommended income limits for MOVE (which includes the Old North End Homeowner Rehabilitation Loan Program), HOUSE, MORTGAGE PLUS and the MOBILE HOME ASSISTANCE PROGRAM.

Attachment

MAXIMUM INCOME LIMITS FOR MRB AND MCC PROGRAMS

Area/County	Median Income	1&2 Person Households	3+ Person Households
Burlington MSA	$45,700	$45,700	$52,555
Addison	$35,900	$36,100	$41,515
Bennington	$34,900	$36,100	$41,515
Caledonia*	$31,100	$43,320	$50,540
Chittenden	$45,000	$45,000	$51,750
Essex*	$27,100	$43,320	$50,540
Franklin*	$32,700	$43,320	$50,540
Grand Isle	$26,800	$36,100	$41,515
Lamoille*	$33,000	$43,320	$50,540
Orange*	$32,300	$43,320	$50,540
Orleans*	$27,500	$43,320	$50,540
Rutland*	$34,100	$43,320	$50,540
Washington*	$36,800	$44,160	$51,520
Windham*	$33,900	$43,320	$50,540
Windsor	$36,100	$36,100	$41,515

* Indicates Targeted Counties

MAXIMUM AFFORDABLE PURCHASE PRICE

The following are the maximum affordable purchase prices based on recommended income limits.

	5.95% HOUSE	6.95% MOVE	7.25% MOVE	7.50% CONV. 20% MCC
$36,100	$123,725	$116,775	$113,875	$122,350
$39,300	n/a	n/a	n/a	$133,525
$41,500	$143,300	$134,750	$131,400	$141,225
$45,100	n/a	n/a	n/a	$153,775

Assumptions: 5% down payment; $300 annual hazard insurance, taxes $1.47 per $100 of purchase price; monthly lease fee of $25 for HOUSE Program; housing expense to income ratios of 30% for HOUSE and MOVE and 28% for conventional loans with an MCC.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development

DATE: May 13, 1993

RE: Westgate Apartments--Update

Westgate Apartments is a HUD-insured Section 236 affordable housing project in Brattleboro that will soon be eligible for prepayment of its mortgage and conversion to market rate housing. It is one of four such developments that were in common ownership in Vermont, the others being Northgate/Greenfield (Burlington), Highgate (Barre), and Applegate (Bennington).

In 1989, VHFA optioned these four developments from the owner in order to insure their preservation as affordable housing under a Federal preservation program. Northgate and Highgate have been successfully preserved through sale to new owners under the original Federal preservation program. Westgate is eligible to participate in the successor Federal preservation program. In the Fall of 1992, we began the preservation process in accordance with our responsibilities under our amended option agreement with the owner.

The first major step in the preservation process is the HUD-required capital needs assessment, appraisal, and determination of preservation value. This process began in October, 1992 and is still underway. HUD has issued a capital needs assessment (CNA) that is being contested by the owner because it would require a substantial deduction from value in the appraisal process. This would result in a low preservation value. (VHFA's purchase option has a minimum price that will probably not be reached if HUD's CNA stands.) The owner has hired a firm experienced in doing capital needs assessments to prepare a review and response to HUD's CNA. Until the CNA and appraisal process are completed staff will not know whether it is feasible to continue efforts under the option agreement. Also unknown is what the owner will choose to do if the value determined through the appraisal process does not justify the minimum purchase price specified in the option agreement. (For example, the owner could agree to reduce the purchase price in order to proceed with a sale.)

Since October 1992, staff has been negotiating with the Brattleboro Area Community Land Trust (BACLT) to assist in the Westgate preservation effort by working with the tenants on the formation of a tenant-based nonprofit organization that would own the development on a perpetually affordable basis. The first draft of the predevelopment agreement was sent to BACLT on November 18, 1992. On April 22, 1993, subsequent to a meeting with BACLT hosted by the Vermont Housing and Conservation Board, we thought that we had finally reached agreement on the major issues. However, staff has just learned that BACLT believes that we are not close to agreement, and that BACLT is considering undertaking the organizing and purchase effort outside the scope of such agreement. BACLT has not communicated the issues to the Agency in writing. Based upon a conversation with BACLT's Executive Director, it appears that the only major issue is VHFA's unwillingness to guarantee payment of all of BACLT's costs on an open-ended basis. In addition to a response to the latest draft of the agreement, staff has not received a proposed planning budget. We do not know at this time whether BACLT's Board will support the staff's alternative proposal.

It should be noted that the predevelopment agreement that has been under discussion for the past six months is only the first of many agreements that would be required with BACLT during the preservation process.

VHFA's purpose in attempting to enter into an agreement with BACLT is to enlist the assistance of a local nonprofit group in organizing the tenants so that they can effectively participate in the preservation process and in the formation of a tenant-based ownership entity. Such assistance could be provided outside the scope of an agreement like the one we envisioned between VHFA and BACLT. However, it would require some duplication of effort, since VHFA would have to be prepared to proceed with an alternative offer and purchase in the event that BACLT is not successful in preparing an acceptable offer and plan of action within the time frames of our option agreement and the applicable Federal regulations.

In either case, we are prepared to proceed with our responsibilities under the option agreement. We will keep you informed of the status of HUD processing and of our activities.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Research Analyst CG
Irene D. Jenkins, Director of Development IJ

DATE: May 13, 1993

RE: Old North End Program -- Lender Survey

In September 1992, the Agency committed $1,500,000 in recycled tax-exempt funds to finance acquisition and rehabilitation of multifamily rental properties in the Old North End of Burlington. At that time the Agency determined that financing was not available from private lenders upon equivalent terms and conditions. At the direction of the Board, we have again conducted a survey to determine whether equivalent financing is available from private lenders.

Based upon the results of the April 1993 survey of 11 lending institutions, financing is not available from private lenders with terms and conditions equivalent to the VHFA City of Burlington Loan Program.

Interest rates vary depending on the term, amortization schedule and the points associated with the mortgage. Four lenders make loans to rehabilitate buildings with five or more units. For those, the interest rates were:

1) prime + 2.5% to 3.5% (15-20 year loans with 5 year balloon)
2) 8.75% annually adjusted
3) 8.5%-8.875% (20 year, 2 year balloon, 1.375 points)
4) 8.0%-8.75% (20 year variable, 1 point)

The interest rates for the VHFA City of Burlington Loan Program are fixed and range from 8.2% to 8.5% with an origination fee of 1/2 point and a maximum 30 year term.

RECOMMENDED ACTION

Approval of the attached Resolution making a determination that financing is not available, in whole or in part, from private lenders upon terms and conditions equivalent to those being offered in VHFA's City of Burlington Multifamily Loan Program.

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RESOLUTION REGARDING:
VHFA/CITY OF BURLINGTON LOAN PROGRAM

WHEREAS, through a Resolution of the Agency dated September 17, 1992, the Agency has committed $1,500,000 in funds for an initiative with the City of Burlington, through its Community and Economic Development Office ("CEDO"), for the purposes of financing rehabilitation for multi-family residential units located in the so-called Old North End of Burlington; and

WHEREAS, the Agency made a finding in September, 1992 regarding the availability of financing upon equivalent terms and conditions; and

WHEREAS, the continuation of the program with CEDO requires a determination about the availability of comparable financing;

NOW, THEREFORE, The Board of Commissioners DETERMINES:

The Agency, in conjunction with HOME funds provided by the City of Burlington, is able to make loans for rehabilitation for residences in the Old North End at rates below 8.5% per annum. Based on the evidence presented by staff, financing is not available, as of today, in whole or in part, from private lenders upon equivalent terms and conditions.

NOW, THEREFORE, it is hereby RESOLVED:

That the above determination may be utilized by the Agency to continue the VHFA/City of Burlington Loan Program.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MAY 14, 1993

RE: SINGLE FAMILY BOND STATUS

The dialogue with the underwriting group is continuing, concentrating on the feasibility of remarketing all or a portion of our currently outstanding bond issue. A conference call is being held late Friday (May 14) to get a consensus of the underwriters' marketing experts. A huge obstacle has been eliminated due to the work of Lehman Brothers, who have devised a vehicle to hedge the VHFA's risk between the time existing bond holders are notified that the Agency is exercising the right to call their bonds and the time those bonds are resold to the market. The hedge will cost something to implement but would guarantee the Agency a not-to-exceed bond rate, based on the price-paid protection against rising rates. If rates were to fall in the interim, VHFA would still have paid for the hedge, but would not use it because the Agency would be better off taking the then-current market price.

There are many other concerns regarding the plan to remarket. There would be a fixed cost of approximately $150,000 no matter what the size of the remarketed issue. Additional variable costs would be between $7,000 and $10,000 per million of issued bonds. There are other choices that could be implemented instead of remarketing bonds, such as funding additional no down payment mortgages or extending and stepping up the promotional program.

Further elaboration on the choices and direction should be possible at the Board meeting.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **MAY 14, 1993**

RE: **GENERAL FUND BUDGET PERFORMANCE**

On the reverse side of this memo is the budget performance report for the period ending March 31, 1993 representing the first nine months of the fiscal year ending June 30, 1993. All things being equal, budget categories should be at 75% of the annual budget.

We are still on track in most budget categories for the year. Those budget areas which are not in line will be detailed below with appropriate explanations. At the June Board meeting a presentation will include any final budget adjustment requests required for the current fiscal year along with the proposed budget for fiscal year 1994.

INCOME. Single Family fee income collected is higher than anticipated due to increased fees that have been charged to the lenders and also slightly higher than expected activity. Multi-family fee income is less than expected due to delays in financing developments and less activity than predicted. Interest income and interest expense are higher than projected due to the Fort and the Vermont Development Credit Union investments. Project administration fees are fully collected for the fiscal year.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected with the exception of the Mortgage Purchase Program which was collapsed with the refunding last July. We may decide to transfer in the total remaining funds based on the Evensen Dodge study. Reduced interest rates and loan losses will reduce the projected transfer from the Home Mortgage Purchase Program.

EXPENSES. Miscellaneous expense includes $6,400 in loss on a General Fund loan for the Affordable Housing Demonstration program. Repairs and Maintenance is higher than budgeted due to newer maintenance contracts for the phone system, copier and some additional computer equipment. Consulting fees are well below budget but we have not yet been billed by Evensen Dodge. Advertising and Staff Travel and Training will be much closer to budget by the end of the year due to planned timing of expenses.

If you have any questions relative to the budget performance report, feel free to contact me at your convenience, or bring your questions to the Board meeting.

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BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
MARCH 31, 1993

	CURRENT APPROVED BUDGET	ACTUAL YR TO DATE MAR 31, 1993	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	395,350	391,935	99.14%
MULTI-FAMILY FEES	115,000	22,998	20.00%
PROJECT ADMIN FEES	116,000	114,715	98.89%
INTEREST INCOME	380,000	334,932	88.14%
MISCELLANEOUS	113,300	89,487	78.98%
TOTAL INCOME	1,119,650	954,067	85.21%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	(80,000)	(90,380)	112.98%
SHAWMUT MTG PURCHASE	100,000	50,000	50.00%
HOWARD MTG PURCHASE	1,250,000	500,000	40.00%
HOWARD HOME MTG PURCH	350,000	80,700	23.06%
HOWARD MULTI-FAMILY	430,000	440,000	102.33%
CONN NATL MULTI-FAMILY	150,000	108,813	72.54%
HOUSING DEVELOP BDS-MF	10,000	10,000	100.00%
DIRECT PLACEMENT BONDS	40,000	55,500	138.75%
TOTAL TRANSFERS	2,250,000	1,154,633	51.32%
TOTAL INC & TFRS	3,369,650	2,108,700	62.58%
EXPENSES			
ADVERTISING & PROMOTION	36,300	12,159	33.50%
AUDIT	29,000	27,200	93.79%
ANNUAL REPORT	12,500	9,312	74.50%
COMMISSIONERS EXPENSES	4,000	1,686	42.15%
CONSULTING FEES	113,500	28,062	24.72%
DUES & SUBSCRIPTIONS	32,500	19,464	59.89%
INSURANCE	176,800	120,983	68.43%
INTEREST EXPENSE	170,000	145,207	85.42%
LEGAL	60,000	26,360	43.93%
MISCELLANEOUS	6,500	12,870	198.00%
OFFICE EXPENSES	30,000	20,256	67.52%
PENSION PLAN	120,000	85,538	71.28%
POSTAGE	21,000	12,645	60.21%
RENT	114,800	84,270	73.41%
REPAIRS & MAINTENANCE	38,000	40,657	106.99%
SALARIES & WAGES	1,341,133	969,421	72.28%
STAFF TRAVEL & TRAINING	90,350	36,778	40.71%
SUBSIDY-HVT, ERH, ETC.	139,000	40,926	29.44%
TAXES-PAYROLL	99,600	68,099	68.37%
TELEPHONE	33,000	26,657	80.78%
TRUSTEE & CREDIT FEES	255,000	200,470	78.62%
DEPRECIATION	115,000	70,819	61.58%
TOTAL EXPENSES	3,037,983	2,059,839	67.80%
SURPLUS (DEFICIT)	331,667	48,861	14.73%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Roger A. Schoenbeck, Director of Finance RAS

DATE: May 14, 1993

RE: EVENSEN DODGE FINANCIAL EVALUATION

A special Board meeting has been scheduled for Monday, June 7, at 2:00 here at the VHFA office in Burlington. At this meeting, representatives from Evensen Dodge will present the second and final phase of their financial evaluation of the Agency. (A recap of the first phase of their financial evaluation, which was originally presented to the Board in February, will also be presented.) Every effort will be made to allow the Board adequate time to review the written second phase of the report prior to the June 7 meeting.

The information contained in the completed study should prove extremely useful in determining the Agency's course of action and financial capacity in the next few years.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

ASH

FROM: Allan S. Hunt, Executive Director

DATE: June 11, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. *The meeting will be held at 9:30 a.m. Thursday, June 17, at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier, Vermont.*

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 9:30 June 17!

REMINDER: The *next* meeting has been rescheduled to Thursday, July 29, at 1:30 here in Burlington)

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Vermont Housing and Conservation Trust Fund
136½ Main Street
Montpelier, Vermont

Thursday, June 17, 1993 at 9:30 a.m.

1. Review and approval of minutes of May 20, 1993

2. Review and approval of minutes of June 7, 1993

3. Administration
   - ⌂ Executive Director's Report **[Hunt]**

4. Operations
   - ⌂ MOVE/Mortgage Plus Updates/ Delinquency Report **[Lothrop//Enclosure]**

5. Development
   - ⌂ Resolution of Interest: Resources in Community Living (Babcock House, Moretown) **[Jenkins/Crady//Encl.]**
   - ⌂ Resolution of Interest: Redrocks Condominiums Phase IIIB (Burlington) **[Jenkins/Crady//Encl.**
   - ⌂ Depot II Apartments (Bethel) **[Jenkins/Jarrett//Encl.]**

6. Finance
   - ⌂ FY 1993 Budget Review **[Schoenbeck//Encl.]**
   - ⌂ FY 1994 Proposed Budget **[Schoenbeck//Encl.]**
   - ⌂ Single Family Bond Remarketing Status Report **[Schoenbeck]**

7. Legal
   - ⌂ Litigation Update **[Jarrett]**

8. Communications
   - ⌂ Strategic Planning Process **[Hope/Francis//Encl.]**

9. Other old or new business to come before the Board

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, May 20, 1993

PRESENT: Chairman White; Commissioners Randall, Schauer (designee of Costle), Seelig, Mullikin Drake (designee of McDougall), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Roy, Ms. Crady, Ms. Hope, Mr. Falzone, Ms. Rinn, Ms. Höglund, Ms. Wadhams

Guests: Ms. Blatt (VHMGB); Mr. Gurley, Mr. Irvin (PaineWebber)

The meeting was called to order by the Chairman at 1:40 p.m. Upon a motion duly made by Mr. Seelig and seconded, the minutes of the meeting held April 15, 1993 were unanimously accepted as written.

Mr. Hunt began his Executive Director's Report with an update on closings which had occurred since the last meeting. The St. Johnsbury New Avenue project, which consists of 47 units for renovation, closed earlier this month thanks to the special efforts of Mr. Jarrett, Ms. Jenkins and Ms. Roy. Construction and rehabilitation of the building should start soon, and should be completed by December. Mr. Hunt noted that this project is important to the revitalization of downtown St. Johnsbury. A closing was also held on the nine-unit family project located in Bristol, which had been the subject of a lengthy discussion at the April board meeting. Mr. Hunt reminded the Board that the Bristol project must be completed on schedule (by December) in order to receive the allocated Low Income Housing Tax Credits. Ms. Jenkins noted that the equity offering has been published and the project closed in escrow, with the Agency's funds not to be disbursed until the equity funds are in the bank, which is expected to occur by July. Construction during May and June will be paid for by the Housing and Conservation Trust Fund and CDBG funds from the State. Those funds will be disbursed as slowly and with as much control as possible. Turning to the 77 units being rehabilitated at Dalton Drive in Fort Ethan Allen, Mr. Hunt informed the Board that 72 of the units had either closed or were under contract or reservation. Sales are slowing some due to the restriction on marketing several units in Essex, which require lower-income second mortgage holders. The entire 77 units should be sold by the end of June, as originally scheduled.

Continuing his Executive Director's Report, Mr. Hunt noted that he had been in Bennington earlier in the month, meeting with individual area lenders as well as the local real estate board. Consistently across the Agency's Single Family programs, Bennington County has appeared to be an underserved area. In an effort to promote the Agency and increase recognition by potential borrowers, Mr. Hunt visited several area radio stations and participated in broadcasts that discussed the Agency's programs. The same approach will be taken in other counties that have had low activity levels in Single Family programs. Mr. Hunt also reported that the Agency's request for a $2 million advance from the Federal Home Loan Bank (FHLB) is still in process. FHLB is conducting a credit evaluation of the Agency, and it is hoped that any further information required can be provided quickly. The funds would help the Agency develop an initiative to identify special projects that could use these funds, rather than drawing upon the Agency's General Funds.

Mr. Francis reviewed the "FY93 Business Plan Update" as attached to his memo of May 14, included in the Board packet. Year to date (through April 30) progress in certain categories had been indicated on the revised summary charts. The main Single Family programs are MOVE (Mortgages for Vermonters), HOUSE (Home Ownership Using Shared Equity) and Mortgage Plus (also known as MCC). Current projections are that the MCC and HOUSE programs will meet or exceed production goals by the end of the fiscal year. State targeting of rental housing to residents at or below 30 percent of median income has had an effect on the Agency's multi-family mortgage activity. Mr. Hunt noted that focus on those earning 30 percent of median income has diminished the potential for Agency financing in many cases; also, Vermont banks are increasing their CRA (Community Reinvestment Act) lending. However, Mr. Hunt advised the Board that some of these loans made by area lenders are on projects that the Agency chose not to finance, as the risk involved was considered excessive. Mr. Francis also noted that efforts by lenders and realtors to increase home buyer education reflect new initiatives that complement the Agency's Home Buyer Fairs and other home buyer education activities, including interactive television broadcasts. No Board action was necessary.

Ms. Mullikin Drake joined the meeting at this time.

Turning to his memo of May 12, included in the Board packet, Mr. Hunt reviewed the status of "Dalton Drive (Buildings 504 and 600)," which are the two non-residential buildings located at Fort Ethan Allen. Mr. Hunt reintroduced Ms. Wadhams, who has been the Agency's project consultant on the entire Dalton Drive rehabilitation effort. Ms. Wadhams reminded the Board that exterior renovations on these two buildings have not been performed, and estimates call for $250,000 to $265,000 to cover the cost of the necessary repairs for both buildings. Ms. Wadhams and Mr. Hunt assured the Board that should approval be given to begin the exterior renovations, staff would continue to explore the feasibility of either relocating the Agency's offices to Dalton Drive or leasing these buildings to non-residential tenants. Ms. Wadhams noted that while the new residents of the condominiums have expressed concern about the looks of these buildings, staff is more concerned about further deterioration if the exterior renovation is not performed in a timely manner. Mr. Hunt pointed out that the experience gained in renovating the other buildings along Dalton Drive has given staff a more accurate sense of the costs and issues involved in renovating the non-residential buildings. Mr. Myette urged that the Agency offices be relocated to either or both of the buildings, so that the Agency would own rather than rent office space; Mr. Hunt cautioned that a determination should not be made until the second and final phase of the Evensen Dodge financial study has been presented and thoroughly reviewed. The buildings are priced at $225,000 and $255,000, encompassing 16,000 square feet in both buildings. The final price of the buildings would need to include the actual costs of the exterior renovations if the Agency is to fully recover its expenses. Mr. Hunt further noted that if the buildings are sold, the Agency should consider providing financing to the purchaser(s); an alternative would be to develop a lease/purchase option. Asbestos has been removed from the basements of both of these buildings, but no testing has been done for lead paint or asbestos in the interior walls, although the assumption is that lead paint is present; tests for both lead paint and asbestos will be conducted prior to any interior renovation. Ms. Randall pointed out that these buildings would probably not bring a combined purchase price of $775,000, based on the cost of comparably-sized commercial buildings at Tafts Corners in Williston and in other more accessible locations; according to Ms. Randall, relocation of the Agency's offices to Dalton Drive would probably be the best short term use for these non-residential buildings. Ms. Wadhams noted that the Agency would need to buy the buildings from Dalton Drive Neighborhood Inc. Following this discussion, Mr. Seelig made a motion authorizing staff to proceed with the exterior renovations of Buildings 504 and 600 on Dalton Drive in the immediate future, while continuing to market the buildings and analyze the benefits and costs associated with a relocation of the Agency's offices; after being seconded, this motion carried unanimously.

Ms. Rinn was introduced to the Board, and proceeded to review the "TEAM Program Final Report" as described in her memo of May 14, included in the Board packet. The Board's support throughout TEAM (Tenant Education and Assistance Model) was acknowledged by Ms. Rinn, who also described the transition process that has been underway. According to Ms. Rinn, the service coordination concept has been moving forward quickly, both locally and nationally. Mr. Seelig noted that TEAM encompassed a tremendous effort on the part of Ms. Rinn and the Agency, and observed that the movement of the program from the Agency to the "host" organizations has gone more smoothly and at a much lower cost than was anticipated. Mr. Francis also acknowledged Ms. Rinn's accomplishments in directing TEAM and overseeing the transition of the program. The Agency's transfer of TEAM to host organizations has been performed as an extension of the Agency's efforts to provide family housing and elderly developments. Mr. Francis also pointed out that the final report succinctly captures the essence of the program as well as its success. Both Mr. Hunt and Mr. Seelig acknowledged the growing trend to include a stream of services when creating housing development; the *financing* of housing should not be separated from the *services* required for residents, whether they are individuals, elderly or families. No Board action was necessary.

The MOVE program was reviewed by Mr. Lothrop, who noted that activity has been quite strong; although conventional mortgage rates have risen slightly, they are still relatively low. For the first four months of 1993, reservation activity is slightly ahead of activity for the same period in 1992. From 1992 to 1993, the average MOVE borrower's income has dropped by about $1,000 while the average purchase price has increased by $1,500. This change appears to be a direct result of the no-point option, which gives the borrower more cash to put into the mortgage, rather than having to pay more points. Incomes for borrowers under the Mortgage Plus program have dropped by about $5,000 from 1992 to 1993 and the average mortgage amount decreased almost $4,000. Changes made in the MCC program include reduction of the amount of mortgage credit available and a requirement that the borrower show a need for the credit in order to qualify for the mortgage. Turning to delinquencies, Mr. Lothrop noted that the number of late mortgage payments has decreased in the last month, while the number of properties owned (REOs) by the Agency as a result of foreclosure has increased. However, Mr. Lothrop noted that five of the REOs are under contract, and one has been sold. Mr. Lothrop also pointed out that the availability of 100 percent financing may enhance the marketability of these properties. No Board action was necessary.

Due to time constraints on the part of Henry Lanier, one of the bond underwriters from Lehman Brothers in New York, who was to be available by telephone for a limited time period during the meeting, the Board turned next to a preliminary discussion of the Single Family bond remarketing proposal. Lehman Brothers has offered to provide a "hedge" vehicle for the bond remarketing, should the Agency be interested. Mr. Schoenbeck introduced Mr. Gurley and Mr. Irvin of PaineWebber. Mr. Gurley reviewed the technical aspects relevant to the bond remarketing under consideration. The Agency would have a 15-day window between the time a decision is made to remarket the bonds and when the market can be accessed. PaineWebber has been monitoring the bond market on a daily basis, and as of May 14 it appeared that the time was right to recommend a decision to remarket. However, on May 19 the bond market dropped in reaction to a fear of inflation, but stabilized late in the afternoon. One difficulty in moving ahead immediately is the need for bond counsel to have documents prepared within a week, in order to give the trustees adequate time to notify existing bond holders of their right to retain their current bonds, as required by law. However, Mr. Schoenbeck further cautioned that staff recommends that the bond remarketing should only be considered if the hedge vehicle is utilized. The costs involved in a remarketing effort include $150,000 in fixed costs, plus an additional $7,000-10,000 per million of actual bonds remarketed.

Mr. Schoenbeck reviewed the currently available funds, stating that of the $31 million made available in January 1993, $20 million is still uncommitted and unreserved; an additional $8.8 million of the same pool of funds is under reservation ($5.3 million) and committed ($3.5 million). Out of the $20 million which is so far uncommitted and unreserved, it is expected that at least $10 million will move quickly based on the 150 no-down payment loans which will be made available in June (estimated at $60,000 each). In July of 1992 the Agency sold $13.75 million in Series 4 bonds, of which $7 million is dedicated to the HOUSE program as stepped rate loans; nearly $8 million of these funds remains unreserved and uncommitted. Funds free of the first time home buyer requirement which were made available in April are not being utilized as expected. Mr. Lothrop and Ms. Hope noted that although weekly activity in the MOVE program currently averages $1-1.5 million, there is no guarantee that this pace will continue; further study is needed to determine realistic expectations. Ms. Hope also noted that calls to the Agency's toll-free Hotline have increased; while it is difficult to determine the number of callers who would actually qualify for a loan, she is hopeful that this increase in interest will result in a higher level of reservations this summer. Some further discussion centered on the relative costs to remarket vs. increasing advertising expenses or pursuing other options, including the creation of a second mortgage component to assist buyers over the down payment hurdle. Mr. Schoenbeck described the hedge vehicle as a safety net or insurance policy which would guarantee the maximum rate on bonds that would be remarketed. Although no formal action was taken at this point in the meeting, Chairman White expressed the general sense that the Board favors the hedge vehicle, noting further that the Board would not want remarketing to be considered without the hedge vehicle. The Board also noted the fixed cost of $150,000 to $200,000 for remarketing, regardless of the total amount of bonds, and agreed to postpone further discussion until after the upcoming review of the Single Family programs.

Ms. Crady addressed the "Evaluation of Down Payment Assistance Program Feature" as detailed in her memo of May 13, included in the Board packet. A three-year agreement with VHMGB allows the Agency to offer 150 no-down payment loans each year for the next three years. The evaluation of 100 percent financing as well as down payment assistance (which actually helped with closing costs rather than down payments) led staff to conclude that there is not an increased risk in the level of delinquencies for either program. Ms. Mullikin Drake requested that the VHMGB Board members receive a copy of the evaluation; Ms. Crady assured the Board that this would be done. No Board action was necessary.

At this time, Mr. Myette expressed his regrets and stated that he was unable to participate in the remainder of the meeting.

The "Program to Utilize Available IORTA Funds—Briefing" was the next topic reviewed by Ms. Crady, as per her memo of May 13, included in the Board packet. The Board discussed the various options as described in the memo, and Ms. Crady agreed to have detailed program recommendations available for an upcoming Board meeting. No formal Board action was required.

Next, Ms. Crady reviewed the "Single Family Programs—New Income Limit Recommendations" as outlined in her memo of May 13, included in the Board packet. Ms. Mullikin Drake queried whether increased income limits historically have directly resulted in increased business activity, and was assured by Ms. Crady that this was not the case. Mr. Seelig urged the Agency to consider focusing activity on lower income Vermonters, but also stated that he would be satisfied if staff increased efforts to meet the lowest income group. Ms. Randall noted that any change in income limits creates excitement in the program among participating lenders and could help to stimulate activity. A motion was made by Ms. Schauer, was duly seconded and unanimously adopted approving the recommended income limits for MOVE (which includes the Old North End Homeowner Rehabilitation Loan Program), HOUSE, Mortgage Plus and the Mobile Home Assistance Program as detailed in the memo mentioned above.

Ms. Jenkins discussed her memo of May 13, included in the Board packet, entitled "Westgate Apartments—Update." The option for the Agency to purchase the 100-unit Westgate Apartments in Brattleboro expires in December of 1995. This is one of four such developments that were in common ownership in Vermont, including Northgate/ Greenfield Apartments in Burlington, Highgate Apartments in Barre, and Applegate Apartments in Bennington. The project has been going through the HUD appraisal process since October; the Capital Needs Assessment currently is too high for the owner to want to sell. By statute, HUD must issue a preservation value by June. No Board action was necessary.

The "Old North End Program—Lender Survey" was reviewed by Ms. Jenkins, as follow-up to her memo of May 13, included in the Board packet. The Agency's commitment of $1.5 million in recycled tax-exempt funds to finance acquisition and rehabilitation of multi-family rental properties in the Old North End of Burlington was approved by the Board in September 1992. The Agency determined at that time that financing was not available from private lenders on equivalent terms and conditions, but a subsequent survey of lenders was undertaken in order to determine the current availability of lender financing. The results of this survey indicate that financing is not now available from private lenders on equivalent terms and conditions. Following a brief discussion, a motion was made by Mr. Seelig and duly seconded, adopting the "Resolution Regarding: VHFA/City of Burlington Loan Program" as attached to these minutes; this motion carried unanimously.

Chairman White directed the Board's attention back to the Single Family bond remarketing discussion which had been postponed from earlier in the meeting. Mr. Hunt noted that the remarketing effort could be considered a high-risk, marginal-reward concept. The hedge vehicle could be evaluated further, and Mr. Hunt also urged the Board to allow staff to further review the concept of increased advertising expenses to determine if that action might generate an increase in activity. A quick but serious study of the potential of a second mortgage option would be another area for review by staff, according to Mr. Hunt. Although no formal Board action was taken, staff was instructed by Chairman White to proceed with the studies described by Mr. Hunt, and to recommend to the Board whether a conference call should take place prior to the next regularly scheduled Board meeting. Should staff feel that a remarketing effort would be prudent at this time, the Board would need to be convened via conference call to take action on the staff's recommendation.

Mr. Schoenbeck then informed the Board that advance copies of the second and final phase of the Evensen Dodge financial analysis of the Agency should be available in time for the Board's review prior to the meeting scheduled for June 7. Preliminary discussions with the representatives of Evensen Dodge indicate that the study is on track, although the final conclusions of the report are unknown by staff at this time.

The "General Fund Budget Performance" report of May 14, attached to his memo, was reviewed by Mr. Schoenbeck, who noted that no categories have been adjusted except to reflect Board actions previously taken. The proposed budget for the next fiscal year should be available for Board review at the June meeting. No Board action was necessary.

Ms. Hope reviewed legislative activity, noting that before the Legislature finally adjourned four bills were passed that are of interest to the Agency. These bills include S.72, originally drafted as a density bonus bill enabling municipalities to create density bonus incentives, but amended and passed as a bill to facilitate the development of new mobile home parks by permitting the charge of a one-time site improvement fee; S.91, which allows for conversion of mobile home parks to condominium ownership; S.130, regarding lender liability, limiting a lender's liability for the release or threat of release of hazardous materials; and S.30, addressing the health, safety and housing issues related to lead paint. Mr. Francis noted that the lead paint bill authorizes the Department of Health to accredit certain performers of lead-based paint abatement or removal activities and allows the imposition of fees for those individuals and companies that become licensed. The bill also creates a commission, which is expected to have Agency representation, to track lead paint and handle the remaining issues. According to Mr. Francis, the Agency expects to play a strong role in further legislation on this issue, addressing standards of care, property owners' liabilities, and determining the best response to other lead paint concerns. Mr. Francis further explained that the findings of the commission will dictate the best ways to address lead-based paint issues. Mr. Hunt asked the Board to recognize the work of Mr. Francis on this matter, as well as that of the staff of the Housing and Conservation Trust Fund and the Agency of Development and Community Affairs. The initial legislative proposal would have affected housing and housing affordability, rather than treating lead-based paint as a health issue, but through the efforts of those involved a legislative compromise was reached on this volatile and complicated topic.

Under other old or new business, Mr. Jarrett informed the Board that the legal workload related to single family foreclosures and REOs is increasing. In response, an advertisement was placed in the Vermont Bar Journal in an effort to select a small number of lawyers around the state who could act locally on behalf of the Agency. Under this proposal, lawyers located in various counties would be retained to cover regional areas of the state, which should result in better service for the Agency, more control in these matters, and some reduction in legal costs. According to Mr. Jarrett, the legal costs associated with some foreclosures require more time and effort than others, due to defenses interposed by defendants. Mr. Hunt further explained that this measure was an effort to ensure that foreclosures would be handled efficiently and effectively. No Board action was necessary.

Mr. Hunt also announced that the Real Estate Commission has approved the Agency's new, educational program for Realtors as an accredited course. This program should improve a real estate professional's understanding of the Agency's single family loan underwriting criteria and application process.

The Board was reminded that a meeting would be held Monday, June 7, in Burlington at which time the second phase of the Evensen Dodge study will be presented. The next monthly meeting was scheduled for Thursday, June 17, in Burlington *{later changed to Montpelier}*. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:20 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Monday, June 7, 1993

PRESENT: Chairman White; Commissioners Ruse, Randall, Schauer (designee of Costle), Seelig, Mullikin Drake and Shouldice (designees of McDougall), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Hope, Mr. Falzone, Mr. Baker, Mr. Gutchell

Guests: Mr. Hans, Mr. Ward (Evensen Dodge); Ms. Blatt (VHMGB)

The meeting was called to order by the Chairman at 2:05 p.m. Mr. Hunt introduced Mr. Hans and Mr. Ward of Evensen Dodge, who were to present the results of the second and final phase of their financial analysis of the Agency.

Mr. Hans began the presentation by thanking the staff for their efforts in providing accurate and timely information necessary for the analysis. According to Mr. Hans, the study was undertaken in an effort to determine the Agency's ability to repay debt, to support programs and operations, and to allow the Agency to create a framework on which to establish an investment policy for the General Fund. The role of the Board in this study would be to clarify the Agency's financial objectives, develop and approve a General Fund investment policy, and determine the appropriate allocation of the Agency's financial resources. This was a risk-based, detailed analysis, utilizing cash flow forecasts based upon both expected-case and economic-stress scenarios, with allowances for sensitivity analysis. The Agency's bond obligations as of September 30, 1992, were reviewed, as well as the implications of general obligations, the moral obligations of the State, and the effects of ratings from agencies such as Moody's or Standard & Poor's.

Mr. Ward recapped the Agency's assets, explaining that these can be viewed in the form of investments and different types of loans. During the course of the analysis, the Agency's investment portfolio was reviewed for liquidity and it was determined that while nearly 88 percent of the Agency's investments could be considered as liquid assets, many invested in guaranteed Investment Contracts, the Agency has an obligation to manage these investments properly. The single and multi-family loan portfolios were analyzed to ensure an adequate distribution of funds; delinquencies and actual foreclosures were also reviewed. The Agency consistently performs better than other institutions with similar types of mortgages, with a default rate significantly lower than state and national averages.

Mr. White noted that an increasing percentage of the multi-family portfolio is not HUD Section 8 subsidized housing, which according to the study carries increasing risks; he asked why no loan loss reserve was indicated. With no expected losses in the multi-family portfolio, an assumption based on the Agency's current history, Mr. Ward explained that the study assumed different levels of loan losses for the multi-family segment. Mr. Hans also pointed out that for *accounting* purposes it was necessary to review current activity; however, *financial planning* must consider long term activity, so that the General Fund balance is regarded as a loan loss reserve for multi-family loans. Mr. Seelig asked if the Agency was unique in terms of loan-to-value ratios for uninsured mortgages, and Mr. Hans noted that a determination would have to be based on the various types of rental housing included in the portfolio, since market rate housing (those with no subsidy) generally has higher loan-to-value ratios and thus a greater chance of loan loss. Another example would be to have target rent levels be affordable without subsidies; however, even if by percentage the Agency's loan amount on a given property could be significantly lower than the property value, some loan risks would still result.

The second phase of the financial analysis included cash flows, which were based on a multitude of variables. These included investment earnings (actual interest rates from current investments and investment agreements); forecasted interest rates (using 2.50 percent for both short-term investments and long-term reinvestments); and a sensitivity analysis which estimated General Fund short-term investments earning five percent and long-term investments at 5.50 percent to 6.50 percent. Other cash flow considerations included the timing of payments to the Agency (reflecting a one-period lag), and anticipated loan prepayments. The single family prepayments were estimated at 100 percent in the expected-case scenario, with zero percent and 500 percent applied in the sensitivity analysis; the multi-family segment of the portfolio was based on zero percent prepayments. Cash flows also were based on loan portfolio management costs (including administrative costs), loan insurance, and any expected changes in bond payments (such as early redemptions, prepayments or surpluses).

Noting that delinquencies and loan loss rates are lower for the Agency than for other institutions both on a state and national level, Ms. Schauer asked if there were any insights or historical reasons that could explain this consistent performance. In response, Mr. Hans noted Vermont's relatively stable economy, as well as the Agency's competent staff. Mr. Hunt also reminded the Board that for most people obtaining financing through the Agency, the home provided is their sole source of shelter. The Agency is staff-intensive in terms of looking at and managing that risk; loans are underwritten in-house before being forwarded to a mortgage insurer (usually VHMGB), as the Agency's perspective on each loan may be slightly different from that of an insurer. Nationally, most HFAs have *compliance* underwriters, so that risk judgements are made solely by the mortgage insurer and not underwritten by HFA staff. Mr. Hunt also noted that the Agency has an excellent loan servicing staff which is skilled at anticipating and handling problems before they become major obstacles in maintaining homeownership. Mr. Ward agreed with Mr. Hunt's observations, making the further distinction that single family underwriting is more Agency-driven than at other HFAs.

Continuing with his review of the financial analysis, Mr. Hans directed the Board to Section 3 of the final report, which includes recommendations and suggestions for ongoing management approaches relative to each of the Agency's bond resolutions. Mr. Hans reminded the Board that General Fund usage is limited both by statute and by bond resolutions to covering administrative and operating expenses; providing some funding for housing programs; as a means to replenish bond resolution reserves; for payment of debt service on future bonds (i.e., payment of bond shortfalls would be from the General Fund).

At this time, Mr. Myette expressed his regrets and stated that he would be unable to participate in the remainder of the meeting.

Mr. Hans then reviewed the General Fund balances as projected over the next 30 years, indicating that the balance would reach zero in 2012. The investments made with the General Fund on average earn 5.13 percent, which represents a modest and limited earnings potential given the concentrated risk; however, the Agency has an excellent track record as far as avoiding risks which could be harmful to the General Fund balance. Limitations on the General Fund are also reflected in the concentrated risk of the Agency's investments which, by statute, are defined as residential housing within the State's geographical area. This encompasses a small population with a limited number of potential borrowers who would qualify for loans under the Agency's programs.

According to Mr. Hans, the review of the Agency's General Fund balances indicates that although there exists a strong capacity to pay debt service, the Agency is also susceptible to adverse future events which could effectively weaken or lower the balance of the General Fund. Under the expected-case scenario, the General Fund would be expended by 2012; utilizing an economic-stress scenario (which assumes much higher loan losses), the Fund would be depleted by 1995. The study recommends the preservation of the General Fund by no longer allowing these funds to be used for direct housing subsidies, while other investments would help to increase earnings. Continuing financial management is a necessity.

Mr. Hans continued his analysis by recommending that a General Fund investment policy be developed and adopted by the Board in order to send a clear message to outside parties regarding how the Agency conducts its business and to set guidelines for the proper use of the General Fund. In the past, the Agency has guaranteed the performance of loans made by other parties; prudent underwriting is recommended, with the further recommendation that these loans be limited to $500,000. The analysis also indicates a General Fund Reserve of at least two percent of total VHFA loans outstanding should be kept liquid.

The overall recommendation would be to increase the total General Fund balance to $14 million by transferring funds from the bond resolutions, while keeping a two percent liquidity reserve in order to cover loan losses within various bond resolutions. At this time, two percent is equivalent to $2.7 million. The balance of $11.3 million could be made available for loans under the following guidelines: loans with a one to five year maturity would be limited to $5.7 million maximum; loans maturing in 2010 would be limited to a maximum of $3.6 million; and loans with a maturity beyond 2010 would be made from the remaining $2.0 million.

The conclusions and recommendations of the study were then discussed by the Board. Mr. Seelig requested clarification of the Agency's stance as compared with other HFAs, with special emphasis on the projected General Fund balances of 2010 and 2020. According to Mr. Hans, many HFAs have not had a financial analysis performed, and are probably unaware of their General Fund outlook. A question raised by Mr. Hunt concerned the administrative costs and whether overhead could be considered too high in relation to future General Fund levels. Mr. Hunt pointed out that the number of programs which the Agency operates and the aggressiveness with which they are offered places the Agency in the category of the top 15 HFAs across the country, while the General Fund level does not provide the Agency with sufficient funds to compete on the same level as these other HFAs. In response, Mr. Hans noted that administrative expenses primarily are directed to running unique, small programs which are labor intensive and suggested that a policy decision would need to be made as to the appropriate use of the General Fund for these administrative expenses. Mr. White cautioned that the assumption of an annual 2.5% increase for administrative costs seems to be low, especially if the Agency grows or takes on any additional programs.

Mr. White recommended that over the next few months the Board review the Agency's overall financial objectives and the general investment policy as recommended by Evensen Dodge, and requested that staff prepare a proposed investment policy for the Board to review at either the June 17 or July 29 meeting. Another point to be considered, according to Mr. White, is resource allocations. Mr. Hans recommended that resource allocations be considered as part of the overall investment strategy for the General Fund balance.

Ms. Mullikin Drake reminded the Board that a distinction needs to be made between single family and multi-family strategies. While the multi-family loans constitute greater risks, they represent efforts that the State would be interested in continuing and supporting. The income from multi-family activity has decreased over the past few years, and Ms. Mullikin Drake suggested that the Board may consider changing the Agency's role in these projects; the Board would also need to clearly define its multi-family programs as well as how they would be operated.

Mr. Seelig recommended that the Board revisit the Agency's statutory purposes and its mission statement in order to be clear about the investment strategies to be adopted over the long term. These issues need to be considered in terms of the State policy, which is increasingly directed toward providing multi-family housing that is virtually debt-free, and thus eliminates the need for a lender. Mr. Ruse concurred, suggesting that a review of the Agency's mission statement might help to clarify whether multi-family housing is, or should be, a strong part of the mission.

After some further discussion, and without a formal motion being made, the Board agreed that transfer of funds into the General Fund should take place after the close of the current fiscal year. By transferring the funds during the course of FY94, the Board would be able to develop an appropriate General Fund policy and investment strategy which would be instrumental in providing outside parties with an understanding of the Agency's financial methodology. Staff was directed to provide a schedule or timetable to the Board at either the June or July meeting, indicating staff's recommendations for implementing the overall strategy. Mr. Hunt assured the Board that staff would be prepared to present initial concepts on strategic planning at the June meeting, while Mr. Seelig suggested that a Board sub-committee might be helpful in assisting the staff to develop the strategic plan.

Mr. White also noted that some financial management issues need to be addressed in the next six months, such as the length of maturities for General Fund investments; however, these discussions will not necessarily affect the overall strategic plan.

Before the conclusion of the meeting, Mr. Schoenbeck introduced Mr. Gutchell, the Agency's Controller, and Mr. Baker, the Investment Officer, who had been instrumental in providing accurate information to the Evensen Dodge representatives. The Board acknowledged the efforts of Mr. Gutchell and Mr. Baker, and also thanked Mr. Hans and Mr. Ward for the thoroughness of the final report.

The next monthly meeting was scheduled for Thursday, June 17, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:45 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

93A 2 POINTS 6.95/7.95% 93B 0 POINTS 7.25/8.25%

STATISTICAL PROGRAM COMPARISON IDs: 93A, 93B
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/92 thru 06/07/93
Loan Status: CC,UC,O

	93A	93B
Total Number of Loans:	46	59
Total Loan Amount:	$2,733,544	$4,036,589

	93A		93B	
EXISTING:	$2,196,470	38 Loans	$3,261,734	48 Loans
NEW CONSTRUCTION:	$537,074	8 Loans	$774,855	11 Loans
NEW DETACHED HOUSING:	$380,024	6 Loans	$618,850	9 Loans
NEW CONDOMINIUM:	$157,050	2 Loans	$156,005	2 Loans

	93A	93B
Total Insured or Guaranteed Loans:	44	57
Loans Guaranteed by VHMGB:	43	57

	93A STATEWIDE	93B STATEWIDE
Avg. Purchase Price	$64,016	$73,386
Avg. Loan Amount	$59,424	$68,416
Avg. Borrower Income	$25,109	$27,846
Avg. Housing Debt-Income Ratio	25.0%	26.7%
Avg. Total Debt	$648.78	$818.67
Avg. Total Debt-Income Ratio	31.0%	35.5%
Total No. of Loans	46	59
First Time Homebuyers	91.3%	96.6%
% Meeting Low Income Set Aside	56.5%	37.2%

	93A Loans	93A % of Loans	93B Loans	93B % of Loans	% of Hshlds
Addison	3	6.5%	5	8.5%	5.8%
Bennington	1	2.2%	1	1.7%	7.0%
Caledonia	4	8.7%	6	10.2%	5.7%
Chittenden	8	17.3%	12	20.2%	17.0%
Essex	0	0.0%	0	0.0%	1.4%
Franklin	9	19.6%	1	1.7%	7.4%
Grand Isle	1	2.2%	2	3.4%	0.9%
Lamoille	0	0.0%	5	8.5%	4.0%
Orange	0	0.0%	2	3.4%	5.2%
Orleans	8	17.4%	2	3.4%	4.9%
Rutland	0	0.0%	12	20.3%	11.9%
Washington	6	13.0%	8	13.6%	10.3%
Windham	1	2.2%	2	3.4%	7.8%
Windsor	5	10.9%	1	1.7%	10.5%
TOTAL	46	100.0%	59	100.0%	100.0%

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1992 Sourcebook of County Demographics

AS OF: 06/08/93
PAGE NO. 1

2 POINTS

Vermont Housing Finance Agency
93A - $10,171,625 1990 SER
Status Rep

AS OF: 06/08/93
PAGE NO. 1

Vermont Housing Finance Agency
MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 06/08/93

Report: 113
PERSTAT

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PER
BancBoston Mortgage Corporation		$973,450	2.5%	$536,875	1.4%	$217,600	$319,275	32.
Banknorth Mortgage Co		$1,029,880	2.7%	$549,905	1.4%	$68,400	$481,505	46.
Chittenden Bank		$1,154,965	3.0%	$642,695	1.7%	$90,725	$551,970	47.
Fleet Mortgage		$191,237	0.5%	$95,175	0.2%	$0	$95,175	49.
Merchants Bank, The		$375,250	1.0%	$266,000	0.7%	$173,850	$92,150	24.
NorWest Mortgage Inc.		$173,978	0.4%	$78,750	0.2%	$78,750	$0	0.
Statewide Funding Corporation		$69,470	0.1%	$0	0.0%	$0	$0	0.
Summit Financial Center, Inc.		$199,700	0.5%	$199,700	0.5%	$118,950	$80,750	40.
Vermont Federal Bank, FSB		$453,925	1.2%	$285,375	0.7%	$203,200	$82,175	18.
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.
Vermont National Bank		$768,590	2.0%	$580,490	1.5%	$504,590	$75,900	9.
TOTALS	68 Loans	$5,475,470	14.6%	$3,234,965	8.6%	$1,456,065	$1,778,900	32.

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 04/30/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	363	5	1.38%	1	0.28%	1	0.28%	7	1.93%	0	0	0.00%	2	0.55%	9	2.48%
Bennington Coop Savings & Loan Assn Inc	44	4	9.09%	1	2.27%	0	0.00%	5	11.36%	0	0	0.00%	0	0.00%	5	11.36%
Bradford National Bank	44	1	2.27%	2	4.55%	2	4.55%	5	11.36%	0	0	0.00%	0	0.00%	5	11.36%
Chittenden Trust Company	943	60	6.36%	10	1.06%	8	0.85%	78	8.27%	0	2	0.21%	6	0.64%	86	9.12%
Citizens Savings Bank	38	2	5.26%	0	0.00%	0	0.00%	2	5.26%	0	0	0.00%	0	0.00%	2	5.26%
Comfed Mortgage Co., Inc.	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Commonwealth Mortgage Company, Inc	20	1	5.00%	0	0.00%	0	0.00%	1	5.00%	0	0	0.00%	0	0.00%	1	5.00%
Community National Bank	176	8	4.55%	1	0.57%	1	0.57%	10	5.68%	0	0	0.00%	1	0.57%	11	6.25%
Factory Point National Bank, The	27	3	11.11%	0	0.00%	0	0.00%	3	11.11%	0	0	0.00%	0	0.00%	3	11.11%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	112	12	10.71%	1	0.89%	1	0.89%	14	12.50%	0	0	0.00%	1	0.89%	15	13.39%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	160	3	1.88%	0	0.00%	1	0.63%	4	2.50%	0	0	0.00%	2	1.25%	6	3.75%
Granite Savings Bank and Trust Company	31	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0	0.00%	0	0.00%	2	6.45%
Green Mountain Bank	235	18	7.66%	1	0.43%	2	0.85%	21	8.94%	0	1	0.43%	0	0.00%	22	9.36%
Lomas & Nettleton Company, The	17	1	5.88%	0	0.00%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Lyndonville Savings Bank & Trust Compan	58	3	5.17%	0	0.00%	0	0.00%	3	5.17%	0	0	0.00%	1	1.72%	4	6.90%
Marble Bank	211	11	5.21%	1	0.47%	0	0.00%	12	5.69%	0	1	0.47%	1	0.47%	14	6.64%
Merchants Bank, The	262	6	2.29%	1	0.38%	2	0.76%	9	3.44%	0	0	0.00%	0	0.00%	9	3.44%
Mortgage Service Center of New England	50	1	2.00%	3	6.00%	3	6.00%	7	14.00%	0	0	0.00%	0	0.00%	7	14.00%
National Bank of Middlebury, The	64	2	3.13%	0	0.00%	0	0.00%	2	3.13%	0	1	1.56%	0	0.00%	3	4.69%
New England IBM Employees Fed Crdt Unio	65	0	0.00%	1	1.54%	0	0.00%	1	1.54%	0	0	0.00%	0	0.00%	1	1.54%
Northfield Savings Bank	105	2	1.90%	1	0.95%	1	0.95%	4	3.81%	0	0	0.00%	0	0.00%	4	3.81%
Passumpsic Savings Bank	177	3	1.69%	1	0.56%	1	0.56%	5	2.82%	0	0	0.00%	4	2.26%	9	5.08%
Peoples Trust Company of St Albans	138	10	7.25%	4	2.90%	1	0.72%	15	10.87%	0	0	0.00%	0	0.00%	15	10.87%
Randolph National Bank	59	2	3.39%	1	1.69%	0	0.00%	3	5.08%	0	0	0.00%	0	0.00%	3	5.08%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	126	1	0.79%	1	0.79%	1	0.79%	3	2.38%	0	2	1.59%	0	0.00%	5	3.97%
Union Bank	160	9	5.63%	0	0.00%	0	0.00%	9	5.63%	0	0	0.00%	1	0.63%	10	6.25%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	660	39	4.53%	4	0.47%	10	1.16%	53	6.16%	0	1	0.12%	2	0.23%	56	6.51%
Vermont Mortgage Group, Inc	640	31	4.84%	0	0.00%	7	1.09%	38	5.94%	0	0	0.00%	6	0.94%	44	6.88%
Vermont National Bank	512	12	2.34%	7	1.37%	2	0.39%	21	4.10%	0	1	0.20%	2	0.39%	24	4.69%
Wells River Savings Bank	27	0	0.00%	0	0.00%	1	3.70%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,756	253	4.40%	42	0.73%	45	0.78%	340	5.91%	0	9	0.16%	29	0.50%	378	6.57%
March 31, 1993	5,797	234	4.04%	48	0.83%	46	0.79%	328	5.66%	0	11	0.19%	26	0.45%	365	6.30%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator and PA Crady
Irene D. Jenkins, Director of Development

DATE: June 10, 1993

RE: Resources in Community Living - Resolution of Interest

SUMMARY OF REQUEST

Staff is requesting approval of a Resolution of Interest to finance the purchase of the former Babcock House in Moretown by Resources in Community Living (RCL). RCL currently leases the property which is used to house developmentally disabled adults in crisis and as office space for RCL's operation. The subject property is an 11 room, five bedroom, 2.5 bathroom home. There is also a two bedroom cottage/guest house on the property.

Three bedrooms in the main house will be used on an emergency basis and will be a resource for an RCL program called Vermont Crisis Intervention Network (VCIN). The other two bedrooms will be occupied by resident staff. The remaining space (1200 square feet) will serve as administration, office space, and space for services for RCL and VCIN. The guest house will serve as a transitional housing unit (the second bedroom will be for resident staff). RCL will provide the support services under a Contract for Services with the State of Vermont, Agency of Human Services, Department of Mental Health/Mental Retardation. The project will serve persons with incomes below 50% of median income.

The anticipated source of funding for this request is an advance from the Federal Home Loan Bank. We expect to have an approval of our application in July, and the Resolution of Interest would be conditioned upon this request being an acceptable use for funds advanced from the Federal Home Loan Bank.

THE PROJECT

Loan Request

RCL requests a first mortgage from VHFA for $175,000 to finance the acquisition of the former Babcock House in Moretown, Vermont. RCL has received approval of a $30,000 grant from the Vermont Housing and Conservation Board (VHCB). The main house of the subject property will be used to house three developmentally disabled adults who are in crisis and approximately 1200 square feet (35% of the total), will be used by RCL as office space. The guest house will be used as a transitional housing unit. All four units will be available to persons with incomes below 50% of median income.

An appraisal report was completed for RCL in August 1992, which indicates a value of $267,000 assuming a marketing time of over six months. The appraisal indicates the market value for a "quick sale" (three months) is $210,000. VHFA would require a current appraisal of the property.

Sources and Uses of Funds

Sources:		Uses:	
$175,000	VHFA first Mortgage	$215,000	Acquisition
$ 30,000	VHCB Grant	$ 23,000	Rehabilitation (2)
$ 10,000	Credit from Lease (1)	$ 2,300	Contingency
$ 30,550	RCL	$ 5,250	Closing/Soft Costs
$245,550	Total	$245,550	Total

(1) $1000 a month of current lease payment is applied to reduce the purchase price.
(2) RCL will fund rehab and closing/soft costs from their own resources. Rehab needs are minor--mostly cosmetic--and construction of two exterior wheelchair ramps.

The Housing Sponsor

RCL is a private non-profit mental health agency established over 10 years ago to serve adults with developmental disabilities who are experiencing difficulty adjusting to conventional mental health service programs. RCL currently owns two other properties and provides services to 21 clients.

Operating Income/Expense Proforma

RCL will receive $420 a month for each resident (this is the maximum established by VAHS) and will pay $1900 a month in rent for office space. Rental payments are received directly from SSI benefits received by the residents or through the resident's guardian. RCL has a contract with VAHS for food, clothing and support services. Attached is an operating income/expense proforma.

BOARD ACTION REQUESTED

Staff recommends approval of the attached Resolution of Interest to finance the purchase of the former Babcock House by Resources in Community Living. In addition to other standard conditions, this resolution is contingent upon VHFA receiving approval of an advance from the Federal Home Loan Bank and this request being an allowable use of the funds.

RESOURCES FOR COMMUNITY LIVING   C:\RCLPROFOR

ANNUAL OPERATING PRO FORMA FOR FORMER BABCOCK HOUSE

	Annual	Monthly
OPERATING INCOME		
Gross Rent (1)	42,960	3,580
Less Vacancy (5%)	2,148	179
VCIN Contract (2)	120,960	10,080
TOTAL OPERATING INCOME	161,772	13,481
OPERATING EXPENSES		
Support Service Expense		
Residential Staff	54,432	4,536
Day Program	42,336	3,528
Contracted Services	15,120	1,260
Transporation	6,048	504
Other	3,024	252
Total Support Service Expense	120,960	10,080
Administrative Expenses		
Management	1,200	100
Legal/Accounting	500	42
Misc Administration	500	42
Total Administrative Expenses	2,200	183
Maintenance Expenses		
Routine Maintenance	1,200	100
Emergency Repairs	750	63
Painting and Decorating	750	63
Trash Removal	240	20
Total Maintenance Expenses	2,940	245
Utilities		
Water and Sewer (3)	120	10
Oil Heat	1,800	150
Gas Heat	750	63
Electricity	2,400	200
Total Utilities Expenses	5,070	423
Taxes and Insurance		
Real Estate Taxes	2,800	233
Insurance	750	63
Total Taxes and Insurance Expenses	3,550	296
Total Reserves	4,900	408
TOTAL OPERATING EXPENSES	139,620	11,635
TOTAL OPERATING INCOME	161,772	13,481
LESS TOTAL OPERATING EXPENSE	139,620	11,635
NET OPERATING INCOME	22,152	1,846
DEBT SERVICE		
VHFA ($175,000, 20 yrs. 8.5%)	18,224	1,519
VHCB GRANT ($30,000)	0	0
TOTAL DEBT SERVICE (20 yrs, 8.5%)	18,224	1,519
DEBT COVERAGE RATIO	1.22	
CASH FLOW	3,928	327

NOTES:

(1) Residents pay $420 per month; PCL pays $1900 for Office Space

(2) RCL receives payment from Dept. of Mental Health to provide services through the VCIN.

(3) On-site water and sewer

RESOLUTION OF INTEREST RE: RESOURCES IN COMMUNITY LIVING (MORETOWN) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Resources in Community Living ("RCL" or the "Housing Sponsor"), involving the acquisition and rehabilitation of an house containing 11 rooms in Moretown to house developmentally disabled adults in crisis (the "Development"); and

WHEREAS, the RCL has received a commitment for a grant of approximately $30,000 from the Vermont Housing and Conservation Board; and

WHEREAS, RCL is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The costs of rehabilitation and construction to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of emergency housing to be served by the proposed Residential Housing and private enterprise and investment are unable, without assistance, to provide an adequate supply of the Residential Housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed emergency housing for persons and families of low and moderate income and who are developmentally disabled.

5. The sponsor is a financially responsible organization.

6. More than one half of each of (a) the total floor area and (b) the total development cost of the Mixed Use Development will be allocated to dwelling units for persons and families of low and moderate income and who are developmentally disabled.

7. The non-housing facilities to be acquired in connection with the Mixed Use Development, and which are not designed primarily for the benefit of the occupants of the dwelling units, are necessary in order to render the lease of the dwelling units economically feasible for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for the acquisition and rehabilitation of an 11 room home in Moretown in an amount not to exceed $175,000, for the RCL Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose from the Federal Home Loan Bank, staff approval of plans and specifications for the proposed rehabilitation and construction and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the Housing Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator and
Irene D. Jenkins, Director of Development

PACrady

DATE: June 14, 1993

RE: Redrocks Condominiums, Phase IIIB -- Resolution of Interest

SUMMARY OF REQUEST

Staff is requesting approval of a Resolution of Interest to participate with Vermont National Bank in the financing of site development for Redrocks Condominiums, Phase IIIB under development by Westlake Limited Partnership (Westlake). Redrocks is a condominium project in the south end of Burlington which borders on Redrocks Park, and is near Oakledge Park and Lake Champlain. Phase IIIA consists of 44 units which are scheduled to be completed by October 1, 1993. Construction of Phase IIIB, which will be 56 units, is planned to commence by August 1, 1993.

VHFA participated in the financing of Phase IIIA by providing a "Guarantee of Collection" to Vermont National Bank in the amount of $355,000 on a first mortgage development loan made to Westlake of approximately $855,000. Under the conditions of the agreement, the Vermont National Bank may draw upon the guarantee only after it has taken legal steps to collect from Westlake, including drawing on the individual guarantees of the partners and liquidation through foreclosure sale. If the proceeds are insufficient to satisfy any outstanding balance, VHFA would be required to pay the amount of deficiency up to $355,000. The agreement required VHFA to place funds on deposit in a special designated account which can only be drawn down after the events detailed above have taken place.

For the financing of Phase IIIB, staff is recommending that we participate with Vermont National Bank in their first mortgage, which is projected to total $855,000. VHFA's share would be $355,000. Westlake has projected an interest rate of Citicorp prime plus two percent. Similar to Phase IIIA, the construction financing for the units in Phase IIIB will be provided by Vermont Federal Bank with a guarantee from the Small Business Administration (SBA). Munson Earth-Moving Corporation (Munson) who was the general contractor for site construction in Phase IIIA, will also be the general contractor for Phase IIIB. As in Phase IIIA, Munson will finance a portion of their sitework contract. Munson's mortgage position securing payment of the unpaid contract billings will be subordinate to the Vermont National Bank/VHFA Mortgage.

THE PROJECT

Housing Sponsor

The sponsor is Westlake Limited Partnership whose general partner is Westlake Development Corporation (shareholders are John Giebink and Charles Brush). The limited partner is Paul Gale.

The Project

Redrocks is a condominium development in the south end of Burlington which borders on Redrocks Park, and is near Oakledge Park and Lake Champlain. Phase IIIA consists of 44 units which are scheduled to be completed by October 1, 1993. Construction of Phase IIIB, which will be 56 units, is planned to commence by August 1, 1993.

Development of Phase IIIA has been very successful. The average rate of unit sales (two to three per month) has exceeded the original projected rate of two units per month. With completion of Phase IIIA quickly approaching, the sponsors would like to start the sitework on Phase IIIA by August 1, 1993, in order to have units available for sale in the fall of 1993. It takes at least two months of general sitework before construction on any building can commence. Phase IIIB is designed similarly to those units currently being constructed and sold in Phase IIIA.

The Redrocks Phase III development was the first project that was required to comply with the City of Burlington's Inclusionary Zoning Ordinance. Twelve units in Phase IIIA were made available to the Burlington Community Land Trust (BCLT) to provide units to lower income households. In Phase IIIB, an additional five to six units will be available to BCLT.

To facilitate the separation of lenders in Phase IIIA and to satisfy the lending requirements of the Vermont Federal Bank, a separate entity, Pinnacle Builders, Inc. (Pinnacle) was formed to be the developer and general contractor of the buildings in Phase IIIA. Under this structure, Westlake improved the land and sold improved building sites (each building site held one building containing four units) to Pinnacle. Phase IIIB will be developed using the same structure.

The price of a basic 1339 square foot, two bedroom townhouse unit in Phase IIIB will be $110,000. The units have been designed with a substantial amount of expansion space to accommodate growing families. Each townhouse unit has a 600 square foot unfinished walkout basement that can be finished into a third bedroom and second bathroom. There are also "flat style" units which can be made fully accessible. Like Phase IIIA, all units in Phase IIIB will have a 4 STAR Plus energy rating from Energy Rated Homes of Vermont.

A recent appraisal completed for a unit at Redrocks indicated the value of the base unit to be $116,000. The estimated value of the site based on a 1991 appraisal was $742,500 ("as is"). The "as improved" value is estimated to be $1.9 million.

Affordability/Marketability

The "Inclusionary Zoning" units will be available to BCLT at approximately $85,000 for a two bedroom unit and $95,000 for a three bedroom unit. These units will be affordable to a family size of three persons earning 60 percent of Burlington MSA median income (two bedroom) and 63 percent of Burlington MSA median income (three bedroom). This level of affordability assumes VHFA HOUSE Program financing at a first year interest rate of 5.95 percent. The two bedroom, market rate unit ($110,000) will be affordable to a family of three persons earning 76 percent of Burlington MSA median income, assuming a VHFA MOVE Program first year interest rate of 6.95%.

Redrocks has a proven record of marketability in Phase IIIA. The four-unit building design has worked well -- there has not been one instance where a unit remained unsold in a building after construction had been completed on that building. Between December 1991 and May 1993, 34 (out of 44) units have been sold or are under deposit in Redrocks Phase IIIA. The sale rate has been 2-3 units per month for units in the same price range and in the same location as units to be built in Phase IIIB. Phase IIIB has superior views and privacy.

Financing

Vermont National Bank will provide a first mortgage in the amount of approximately $855,000 to Westlake for the site development. Westlake will develop the sites and sell them to Pinnacle. Munson has agreed to finance a large portion of their sitework contract. Under the terms of their agreement, Munson would be paid only $200,000 of their $650,000 contract with funds drawn from the Vermont National Bank loan. The remaining $450,000 of sitework costs would be financed by Munson and be paid off at the rate of $10,000 per unit (paid at the time of each unit closing). The balance of the cash needed to fund total expenses would come from proceeds of sales of land to Pinnacle. Cash received by Westlake from the initial land sales to Pinnacle would be escrowed with the Vermont National Bank. This escrowed money would then be disbursed to Westlake upon requisitions approved by the Vermont National Bank as was similarly done in Phase IIIA.

The result of structuring the sources of funds for expenditures in the above manner is that nearly 50 percent of the funds needed to develop Phase IIIB will be derived from the sale of developed land to Pinnacle. The payment arrangements in the Munson contract are of great importance to the financing structure because $450,000 of construction costs will be subordinated behind the Vermont National Bank's loan. In addition, change orders, if any, would be processed as additions to Munson's contract and would not be paid until the Vermont National Bank/VHFA loan has been paid in full. This arrangement with Munson provides additional security because only $200,000 of the Vermont National Bank/VHFA loan proceeds will be disbursed to pay for sitework worth $650,000.

Attached is a proforma on the site development budget. Within the budget are payables in the amount of $641,411 on Westlake's books following development of Phase IIIA. For example, the $221,500 shown under "Land Acquisition" is the amount remaining to be paid to the Vermont National Bank upon the completion of Phase IIIA. Also, at the commencement of Phase IIIA some professional consultants agreed to be paid only a prorated amount of their entire bill as apportioned to Phase IIIA with the understanding that the remainder to their billings would be paid upon the commencement of Phase IIIB. The amount of $145,524 under Site Construction Costs is the remainder due Munson under the terms of the site construction contract for Phase IIIA.

Westlake has proposed that VHFA's participation in Vermont National Bank's $855,000 first mortgage be structured so that Vermont National Bank's share would be paid off first and VHFA's share would be paid off last. Estimates indicate that VHFA will not receive a reduction in its principal balance until December 1994. Westlake has projected that the balance of the Vermont National Bank/VHFA loan would be paid in full before September 1995.

Vermont Federal Bank will provide the construction financing for the units; also attached is a projected development proforma for the unit construction.

Strengths/Weaknesses

Strengths - Proven Marketability
Experienced Development Team

Weaknesses - Depending upon repayment schedule and priority, VHFA is at risk of not being paid, even though Munson, which has a subordinate position, would start receiving payment when the first unit sells.

Remaining Issues/Conditions

There are a number of issues that will need to be resolved and additional information needed from the sponsors before Staff is prepared to recommend a "Resolution of Commitment" to participate in the financing of site development for Redrocks Phase IIIB. This proposal was received by VHFA on June 7, 1993. Because the sponsors would like to start construction this summer, and because VHFA does not have a Board meeting scheduled in August, Staff decided to present this project to the Board without information that is needed to make a recommendation for a "Resolution of Commitment". Some issues that require resolution and further information needed include:

- Satisfaction of VHFA's guarantee obligation for Phase IIIA;
- Clarification of Phase IIIA development costs versus Phase IIIB development costs;
- Negotiation of a satisfactory loan pay back priority with the other lenders;
- Satisfactory commitments for the site development financing and construction financing for the units in Phase IIIB;
- Construction cash flow for all Phase IIIB costs;
- Current cash flow for Phase IIIA site development loan and unit construction loan;
- Satisfactory appraisal of the Phase IIIB site.

BOARD ACTION REQUESTED

Staff recommends approval of the attached Resolution of Interest for VHFA to participate in $355,000 of a total mortgage amount of $855,000 with Vermont National Bank for site development costs at Redrocks Phase IIIB.

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Project: Redrocks Phase IIIB   Run Date: 6/14/93

Site Development Proforma	Budget	Per Unit
Land Acquisition	221,500	3,955
Professional Fees		
Architect	37,200	
Engineering	122,000	
Legal	34,187	
Accounting	2,000	
Other Professionals	69,000	
Total Professional Fees	264,387	4,721
Permits/Fees/Taxes/Insurance	34,500	616
Development Reimburseables	146,000	2,607
Other Development Expense	3,000	54
Interest Expense	71,955	1,285
Site Construction Costs		
Contract #1--Munson Phase IIIA	145,524	
Contract #2--landscaping, Elec, Gas	50,000	
Contract #3--Munson Phase IIIB	650,000	
Total Site Construction Costs	845,524	15,099
Administration & Consulting		
Supplies	625	
Telephone	625	
Copier	625	
Postage	375	
Word Processing	2,500	
Bookkeeping	10,000	
Other	1,250	
Expenses to Sell Units to Pinnacle	6,720	
Total Admin. & Consulting	22,720	406
Total Site Development Expenses	1,609,586	28,743

Redrocks Phase IIIB -- Revenues		
Gross Sales to Pinnacle Builders	1,900,000	
Total Gross Sales	1,900,000	33,929
Less Site Development Expenses	1,609,586	28,743
Net Cash Flow	290,414	5,186

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Project: Redrocks Phase IIIB Run Date: 6/14/93

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Cash Flow From Building Construction and Sales
56 units

	Budget	Per Unit
Land Acquisition	1,900,000	33,929
Soft Costs		
Professional Fees	55,500	
Permits & Fees	212,710	
Taxes	27,750	
Insurance	24,000	
Development Reimburseables	5,000	
Other Development Expense	100,000	
Total Soft Costs	424,960	7,589
Financing Costs	120,555	2,153
Site Construction	50,000	893
Building Construction		
General Conditions	196,000	
Sitework/Utilities	140,000	
Landscaping	42,000	
Foundations	210,000	
Rough Carpentry	784,000	
Roofing	56,000	
Exterior Trim & Siding	210,000	
Windows/Doors	140,000	
Insulation	77,000	
Plumbing	182,000	
Heating	182,000	
Electrical	126,000	
Drywall	196,000	
Painting	168,000	
Finish Carpentry	294,000	
Flooring	112,000	
Hardware	28,000	
Appliances	56,000	
Completion	21,000	
Total Building Construction	3,220,000	57,500
Marketing & Sales		
Advertising & Promotion	50,000	
Public Relations & Other Agencies	5,000	
Model Sales Office	6,338	
Signs	1,000	
Other	2,700	
Total Marketing & Sales	65,038	1,161
Total Construction Expenses	5,780,553	103,224
Selling Expenses		
Recording	1,120	
Legal	5,600	
Commissions	245,120	
Total Selling Expenses	251,840	4,497
Total Expenses	6,032,393	107,721
Sale of Units	6,509,956	116,249
Net Cash Flow	477,563	8,528

**RESOLUTION OF INTEREST PERTAINING TO
WESTLAKE LIMITED PARTNERSHIP/RED ROCKS DEVELOPMENT PHASE IIIB**

WHEREAS, a proposal has been presented to the Agency by Westlake Limited Partnership (the "Developer"), a limited partnership whose General Partner is Westlake Development Corp. and the shareholders of which are Charles Brush and John Giebink, involving the construction of 56 condominium units in 14 buildings located in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that at least 5 of the 56 units in the Development will be perpetually affordable and most of the remaining units would be priced at the Agency's purchase price limits for new construction; and

WHEREAS, the proposal seeks a participation by the Agency of up to $355,000 in a loan of $855,000 to be made by Vermont National Bank for land and infrastructure work; and

WHEREAS, the construction financing for the units in the Development is to be provided by Vermont Federal Bank with a guarantee from the Small Business Administration; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the participation loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The participation loan will assist in the construction of residential housing primarily for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in participating in a first mortgage loan with the Vermont National Bank for site work and development in an amount not to exceed $355,000, for the Red Rocks Phase IIIB Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed construction and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to the following:

   (a) The Developer must provide the Agency with clarification of the development costs for Phase IIIA compared with Phase IIIB development costs, a construction cash flow for all Phase IIIB costs, a current cash flow for the Phase IIIA site development loan and unit construction loan and an appraisal satisfactory to the Agency for the Phase IIIB site.

   (b) VHFA's guarantee obligation for Phase IIIA must be released.

   (c) Commitments for financing the site development and construction of the units in Phase IIIB satisfactory to the Agency must be presented.

   (d) A priority agreement for repayment of all loans for Phase IIIB satisfactory to the Agency must be negotiated.

3. The Executive Director is authorized to deliver a copy of this resolution to the Developer. This Resolution of Interest may be used by the Developer in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

RESOLUTION OF INTEREST PERTAINING TO WESTLAKE LIMITED PARTNERSHIP/RED ROCKS DEVELOPMENT PHASE IIIB

WHEREAS, a proposal has been presented to the Agency by Westlake Limited Partnership (the "Housing Sponsor"), a limited partnership whose General Partner is Westlake Development Corp. and the shareholders of which are Charles Brush and John Giebink, involving the construction of 56 condominium units in 14 buildings located in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that at least 5 of the 56 units in the Development will be perpetually affordable and most of the remaining units would be priced at the Agency's purchase price limits for new construction; and

WHEREAS, the proposal seeks a participation by the Agency of up to $355,000 in a loan of $855,000 to be made by Vermont National Bank for land and infrastructure work; and

WHEREAS, the construction financing for the units in the Development is to be provided by Vermont Federal Bank with a guarantee from the Small Business Administration; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the participation loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The participation loan will assist in the construction of residential housing primarily for persons and families of low and moderate income.

4. The construction costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Vermont Housing Finance Agency Act.

5. The Housing Sponsor undertaking the proposed housing development will increase the supply of well-planned, well-designed

permanent housing for persons and families of low and moderate income and the sponsors are financially responsible persons.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in participating in a first mortgage loan with the Vermont National Bank for site work and development in an amount not to exceed $355,000, for the Red Rocks Phase IIIB Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to the following:

   (a) The Housing Sponsor must provide the Agency with clarification of the development costs for Phase IIIA compared with Phase IIIB development costs, a construction cash flow for all Phase IIIB costs, a current cash flow for the Phase IIIA site development loan and unit construction loan and an appraisal satisfactory to the Agency for the Phase IIIB site.

   (b) VHFA's guarantee obligation for Phase IIIA must be satisfied.

   (c) Commitments for financing the site development and construction of the units in Phase IIIB satisfactory to the Agency must be presented.

   (d) A priority agreement for repayment of all loans for Phase IIIB satisfactory to the Agency must be negotiated.

   (e) The Housing Sponsor must demonstrate that more than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the Housing Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ
Irene D. Jenkins, Director of Development

DATE: June 10, 1993

RE: Depot II Apartments (Bethel)

BACKGROUND:

In the course of working on the transfer of the Depot II Apartments from A. Judson Babcock to Housing Foundation, Inc., an issue has arisen concerning the Board's requirement of an appraisal of the development. VHFA is very familiar with the development, having overseen it for 13 years. The Section 8 contract that subsidizes the development has 17 more years to run and the additional loan the Agency is making for rehabilitation will be coterminous with the original mortgage loan and the final expiration of the Section 8 contract. The Agency will be providing a maximum of $70,000 in new financing, a 25% increase over existing debt, and is projecting a debt coverage ratio exceeding 1.10 for the term of the mortgage. An appraisal would cost at least $2,000. Given the factors outlined above, we feel that spending the money would not be a good use of resources and recommend that the Board waive the requirement of an appraisal in this situation.

REQUESTED ACTION:

Approval of staff recommendation to waive the appraisal requirement.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: JUNE 11, 1993

RE: GENERAL FUND BUDGET PERFORMANCE

As discussed at last month's Board meeting, please find attached a projected budget performance report for the fiscal year ending June 30, 1993. The purpose of this report is to review activity to date, make any necessary adjustments to the FY93 budget and to assist in evaluation of the proposed FY94 budget. The proposed FY94 budget is contained in a separate memo. The areas that we will seek to adjust are detailed below.

INCOME. Although individual categories are slightly different than budgeted, total income is expected to be at 105% of budget. Single Family fee income collected is higher than anticipated due to increased fees that have been charged to the lenders and also slightly higher than expected activity. Multi-family fee income is less than expected due to delays in financing developments and less activity than predicted. Interest income is higher than projected due to the Fort investment not paying back quite as quickly as projected. These trends have continued from past quarters.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected. Reduced interest rates and loan losses will reduce the projected transfer from the Home Mortgage Purchase Program.

EXPENSES. Even with some rather large adjustments required, total expenses should end up at approximately 95% of the currently approved budget. Staff travel and training has been held back due to heavy workload demands in the current challenging economic environment. Energy Rated Homes did not draw on their subsidy allocation of $50,000. Advertising expenses related to another push of MOVE funds and the lack of funding in cost of issuance funds will cause this category to be overexpended by $13,000. Miscellaneous expense includes $16,500 in losses on a General Fund loan for the Affordable Housing Demonstration program. Repairs and Maintenance is higher than budgeted due to newer maintenance contracts for the phone system, copier and additional computer system contracts. The trustee fee category includes the cost of cash flow preparation and an unanticipated fee for Trepp and Company of over $30,000 was paid in connection with the Evensen Dodge study.

RECOMMENDED ACTION
Board approval of adjustments to the General Fund budget of $13,000 for advertising expenses, $16,500 for miscellaneous expense, $15,000 for repairs and maintenance and $35,000 for trustee fees. Total adjustments totalling $79,500.

ESTIMATED BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
JUNE 30, 1993

	CURRENT APPROVED BUDGET	EXPECTED YR TO DATE JUN 30, 1993	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	395,350	467,745	118.31%
MULTI-FAMILY FEES	115,000	45,000	39.13%
PROJECT ADMIN FEES	116,000	114,715	98.89%
INTEREST INCOME	380,000	425,808	112.05%
MISCELLANEOUS	113,300	124,812	110.16%
TOTAL INCOME	1,119,650	1,178,080	105.22%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	(80,000)	(78,081)	97.60%
SHAWMUT MTG PURCHASE	100,000	100,000	100.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	100.00%
HOWARD HOME MTG PURCH	350,000	314,100	89.74%
HOWARD MULTI-FAMILY	430,000	440,000	102.33%
CONN NATL MULTI-FAMILY	150,000	108,813	72.54%
HOUSING DEVELOP BDS-MF	10,000	10,000	100.00%
DIRECT PLACEMENT BONDS	40,000	54,500	136.25%
TOTAL TRANSFERS	2,250,000	2,199,332	97.75%
TOTAL INC & TFRS	3,369,650	3,377,412	100.23%
EXPENSES			
ADVERTISING & PROMOTION	36,300	52,000	143.25%
AUDIT	29,000	27,200	93.79%
ANNUAL REPORT	12,500	9,312	74.50%
COMMISSIONERS EXPENSES	4,000	2,500	62.50%
CONSULTING FEES	113,500	86,500	76.21%
DUES & SUBSCRIPTIONS	32,500	28,400	87.38%
INSURANCE	176,800	161,300	91.23%
INTEREST EXPENSE	170,000	151,000	88.82%
LEGAL	60,000	50,000	83.33%
MISCELLANEOUS	6,500	24,200	372.31%
OFFICE EXPENSES	30,000	28,100	93.67%
PENSION PLAN	120,000	109,700	91.42%
POSTAGE	21,000	20,500	97.62%
RENT	114,800	114,800	100.00%
REPAIRS & MAINTENANCE	38,000	53,300	140.26%
SALARIES & WAGES	1,341,133	1,316,014	98.13%
STAFF TRAVEL & TRAINING	90,350	59,500	65.86%
SUBSIDY-HVT, ERH, ETC.	139,000	72,300	52.01%
TAXES-PAYROLL	99,600	94,200	94.58%
TELEPHONE	33,000	28,600	86.67%
TRUSTEE & CREDIT FEES	255,000	290,000	113.73%
DEPRECIATION	115,000	115,000	100.00%
TOTAL EXPENSES	3,037,983	2,894,426	95.27%
SURPLUS (DEFICIT)	331,667	482,986	145.62%

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE**

DATE: **JUNE 11, 1993**

RE: **FISCAL YEAR JUNE 1994 BUDGET**

The accompanying table shows the current year approved budget, the proposed budget for FY94 as formulated by staff, and a dollar and percentage increase or decrease comparison between the two years. Our goal is to level fund the expense portion of the budget and to show some surplus for the General Fund.

Income. Single family fee income is estimated to drop substantially based on the no-point mortgage option that we are offering through the MOVE program. Not only will we not collect the 3/4 point, but we must pay the lender a full point for origination. As explained when this option was offered, we should eventually receive higher takeout from the bond program to offset the upfront loss. Estimated activity of $20 million of no-point mortgages represents a decrease of $350,000 in single family fees. Interest income shows a slight increase over last year based on a higher reinvestment rate of 5% on General Fund monies held and the assumption that a construction loan program will be implemented that will yield 7% on an average balance of $2 million. The reduction in other income is due to the expiration of the Agency On Aging (TEAM) grant program.

Fund Balance Transfers. The amounts indicated in this area of the budget represent transfers from existing bond programs to help supplement income in paying expenses. Considerable discussion took place at the Evensen Dodge presentation about moving funds to the General Fund and the appropriate timing for the transfers. At this point in time, no extraordinary transfers are contemplated and the levels indicated are level funding the surpluses earned by the programs. There will likely be an adjustment in this area later in the year, after the Board has had time to further discuss the Evensen Dodge report.

Capital Budget. The capital portion of the budget shows a substantial decrease due to the acquisition of the hardware and software to replace our existing computer system. Delays in purchase and installation of the system have required only $185,000 of the approved $350,000 to be expended during FY93. A carryover of $130,000 for the computer system is included in the current budget, representing a $35,000 savings from the originally projected cost. A voicemail telephone answering system is budgeted for $20,000 and peripheral computer equipment comprise the majority of the balance of the $200,600 capital budget.

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Expenses. The following part of this memorandum will discuss individual expense items, which are either areas of special interest or items that show a significant increase or decrease over the FY93 budget. Total expenses decreased by 6.87% or slightly over $200,000. The major items that contributed to the decrease were consulting fees, interest expense and subsidy expenses.

Construction Inspection. This is a new category for the upcoming fiscal year and is meant to track inspection fees paid in connection with the new construction loan program.

Consulting Fees. This line item was increased by $50,000 in the FY93 budget to pay for the Evensen Dodge financial study. Other consulting fees were reduced by $7,500.

Interest Expense. The decrease for interest expense is totally comprised of the reduction in the cost of funds associated with the Fort Ethan Allen project. The Bank of Vermont loaned $3 million to assist with capital financing. The remaining financing for the Fort is being financed through general Agency reserves.

Repairs and Maintenance. The significant increase in this line item results from the purchase of maintenance contracts for both computer systems during the implementation stage. $36,000 of the total category is for computer and related equipment.

Salaries and Wages. Individual salary adjustments are limited to 4% based on a cost of living increase of 2.5% (below actual CPI index of 3.2%) and a small incremental merit component. Increases for existing staff total 2.87%. The only position added is for a part-time temporary employee in the Communications department.

Subsidy--Housing Vermont, ERH, TEAM. The TEAM initiative has been reduced by $50,000. Included in this category are sustaining membership fees of $50,000 for Energy Rated Homes and $15,000 for Housing Vermont.

For the narrative presented with the budget numbers, we detailed those areas that we feel are of most interest or significance. We will be able to provide an explanation for the calculation of any other budget line item. Please feel free to call upon Allan or myself at your convenience or bring your questions to the Board meeting.

Recommendation: Approval of the operating budget as shown on the attached schedule and the capital budget as explained above.

PROPOSED BUDGET
VERMONT HOUSING FINANCE AGENCY
F/Y/E JUNE 30, 1994

	APPROVED FYE 6/30/93	PROPOSED FYE 6/30/94	$ INCREASE (DECREASE)	PERCENT CHANGE
INCOME				
SINGLE FAMILY FEES	395,350	56,350	(339,000)	-85.75%
MULTI-FAMILY FEES	115,000	106,500	(8,500)	-7.39%
PROJECT ADMIN FEES	116,000	122,000	6,000	5.17%
INTEREST INCOME	380,000	428,000	48,000	12.63%
MISCELLANEOUS	113,300	70,000	(43,300)	-38.22%
TOTAL INCOME	1,119,650	782,850	(336,800)	-30.08%
FUND TRANSFERS				
SINGLE FAM HOUSING	(80,000)	40,000	120,000	150.00%
SHAWMUT MTG PURCHASE	100,000	100,000	0	0.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	0	0.00%
HOWARD HOME MTG PURCH	350,000	305,000	(45,000)	-12.86%
HOWARD MULTI-FAMILY	430,000	430,000	0	0.00%
CONN NATL MULTI-FAMILY	150,000	80,000	(70,000)	-46.67%
HOUSING DEVELOP BDS-MF	10,000	10,000	0	0.00%
DIRECT PLACEMENT BONDS	40,000	35,000	(5,000)	-12.50%
TOTAL TRANSFERS	2,250,000	2,250,000	0	0.00%
TOTAL INC & TFRS	3,369,650	3,032,850	(336,800)	-10.00%
EXPENSES				
ADVERTISING & PROMOTION	36,300	38,100	1,800	4.96%
AUDIT	29,000	27,500	(1,500)	-5.17%
ANNUAL REPORT	12,500	10,000	(2,500)	-20.00%
COMMISSIONERS EXPENSES	4,000	4,000	0	0.00%
CONSTRUCTION INSPECTION	0	20,000	20,000	-.-%
CONSULTING FEES	113,500	56,000	(57,500)	-50.66%
DUES & SUBSCRIPTIONS	32,500	33,500	1,000	3.08%
INSURANCE	176,800	188,336	11,536	6.52%
INTEREST EXPENSE	170,000	45,000	(125,000)	-73.53%
LEGAL	60,000	55,000	(5,000)	-8.33%
MISCELLANEOUS	6,500	6,500	0	0.00%
OFFICE EXPENSES	30,000	30,000	0	0.00%
PENSION PLAN	120,000	120,000	0	0.00%
POSTAGE	21,000	22,500	1,500	7.14%
RENT	114,800	116,000	1,200	1.05%
REPAIRS & MAINTENANCE	38,000	55,000	17,000	44.74%
SALARIES & WAGES	1,341,133	1,314,067	(27,066)	-2.02%
STAFF TRAVEL & TRAINING	90,350	90,095	(255)	-0.28%
SUBSIDY-HOUSING VT, ERH	139,000	90,000	(49,000)	-35.25%
TAXES-PAYROLL	99,600	97,600	(2,000)	-2.01%
TELEPHONE	33,000	30,000	(3,000)	-9.09%
TRUSTEE & CREDIT FEES	255,000	260,000	5,000	1.96%
DEPRECIATION	115,000	120,000	5,000	4.35%
TOTAL EXPENSES	3,037,983	2,829,198	(208,785)	-6.87%
SURPLUS (DEFICIT)	331,667	203,652	(128,015)	-38.60%

PROPOSED BUDGET
VERMONT HOUSING FINANCE AGENCY
F/Y/E JUNE 30, 1994

	APPROVED FYE 6/30/93	PROPOSED FYE 6/30/94	$ INCREASE (DECREASE)	PERCENT CHANGE
INCOME				
SINGLE FAMILY FEES	395,350	56,350	(339,000)	-85.75%
MULTI-FAMILY FEES	115,000	106,500	(8,500)	-7.39%
PROJECT ADMIN FEES	116,000	122,000	6,000	5.17%
INTEREST INCOME	380,000	428,000	48,000	12.63%
MISCELLANEOUS	113,300	70,000	(43,300)	-38.22%
TOTAL INCOME	1,119,650	782,850	(336,800)	-30.08%
FUND TRANSFERS				
SINGLE FAM HOUSING	(80,000)	(70,000)	10,000	12.50%
SHAWMUT MTG PURCHASE	100,000	100,000	0	0.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	0	0.00%
HOWARD HOME MTG PURCH	350,000	305,000	(45,000)	-12.86%
HOWARD MULTI-FAMILY	430,000	430,000	0	0.00%
CONN NATL MULTI-FAMILY	150,000	80,000	(70,000)	-46.67%
HOUSING DEVELOP BDS-MF	10,000	10,000	0	0.00%
DIRECT PLACEMENT BONDS	40,000	35,000	(5,000)	-12.50%
TOTAL TRANSFERS	2,250,000	2,140,000	(110,000)	-4.89%
TOTAL INC & TFRS	3,369,650	2,922,850	(446,800)	-13.26%
EXPENSES				
ADVERTISING & PROMOTION	36,300	53,100	16,800	46.28%
AUDIT	29,000	27,500	(1,500)	-5.17%
ANNUAL REPORT	12,500	10,000	(2,500)	-20.00%
COMMISSIONERS EXPENSES	4,000	4,000	0	0.00%
CONSTRUCTION INSPECTION	0	20,000	20,000	-.-%
CONSULTING FEES	113,500	55,000	(58,500)	-51.54%
DUES & SUBSCRIPTIONS	32,500	33,200	700	2.15%
INSURANCE	176,800	188,336	11,536	6.52%
INTEREST EXPENSE	170,000	45,000	(125,000)	-73.53%
LEGAL	60,000	55,000	(5,000)	-8.33%
MISCELLANEOUS	6,500	6,500	0	0.00%
OFFICE EXPENSES	30,000	30,000	0	0.00%
PENSION PLAN	120,000	120,000	0	0.00%
POSTAGE	21,000	22,500	1,500	7.14%
RENT	114,800	116,000	1,200	1.05%
REPAIRS & MAINTENANCE	38,000	55,000	17,000	44.74%
SALARIES & WAGES	1,341,133	1,305,505	(35,628)	-2.66%
STAFF TRAVEL & TRAINING	90,350	86,045	(4,305)	-4.76%
SUBSIDY-HOUSING VT, ERH	139,000	90,000	(49,000)	-35.25%
TAXES-PAYROLL	99,600	97,600	(2,000)	-2.01%
TELEPHONE	33,000	30,000	(3,000)	-9.09%
TRUSTEE & CREDIT FEES	255,000	260,000	5,000	1.96%
DEPRECIATION	115,000	120,000	5,000	4.35%
TOTAL EXPENSES	3,037,983	2,830,286	(207,697)	-6.84%
SURPLUS (DEFICIT)	331,667	92,564	(239,103)	-72.09%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeffrey Francis, Deputy Director
Hollis Hope, Director of Communications

DATE: June 14, 1993

RE: Strategic Planning

VHFA's goals and accomplishments as a key provider of affordable housing to low- and moderate-income Vermonters are well established. A variety of circumstances, however, make a strategic planning effort timely and essential to chart the direction of future Agency activities, including:

- the completion of the Evensen Dodge financial study;
- the Nat'l Council of State Housing Agencies (NCSHA)'s HFA Futures work;
- the continued uncertainty of federal authority to administer Mortgage Revenue Bond and Tax Credit programs;
- the rising costs and declining efficiency of the Agency's single family loan delivery system;
- deficiencies and voids identified in Vermont's housing delivery system by the Enterprise and Urban Initiatives studies;
- state policy mandates to serve populations at or below 30 percent of median income;
- President Clinton's community development banking initiative;
- demographic trends and the potential for other state and federal policy changes which may influence the work we do and the environment in which we do it.

Attached is a proposed outline and timeline for a process which would result in the completion of a strategic planning document in January of 1994. The strategic plan will then be used to guide Agency business and departmental planning for the next three to five years as we prepare for the 21st century. Also attached is a diagram borrowed from NCSHA's Futures Task Force. The types of broad questions and issues we will need to explore are currently being addressed by NCSHA. Based on the experience of some of our peer HFAs, we recommend that an Advisory Committee be established, comprised of representatives from the Board and other visionaries. Substantial time commitments will be required from directors and staff. It is anticipated that external input beyond the Advisory Committee will also be sought, through interviews or focus groups. We (Hollis and Jeff) will facilitate the process and coordinate internal and external input.

Requested Action: Provide feedback and support in launching a strategic planning process July 1, 1993, with a target date for a strategic plan document to be completed and presented for Board approval in January 1994.

Proposed Process for Strategic Planning

1) Objective

The objective of the strategic planning process will be to come up with a brief, dynamic document outlining the actions to be taken to position the Agency for the next three to five years, and beyond. The plan should articulate an assessment of where we currently stand, identify challenges and opportunities, present a vision for where we want to evolve, and a strategy for getting us there. The plan should be a vehicle which articulates strategic direction throughout the organization so that each department can focus on activities that forward VHFA's mission and direction.

2) Advisory Committee

A working group of seven or eight individuals representing the Board and different sectors in Vermont will be charged with:

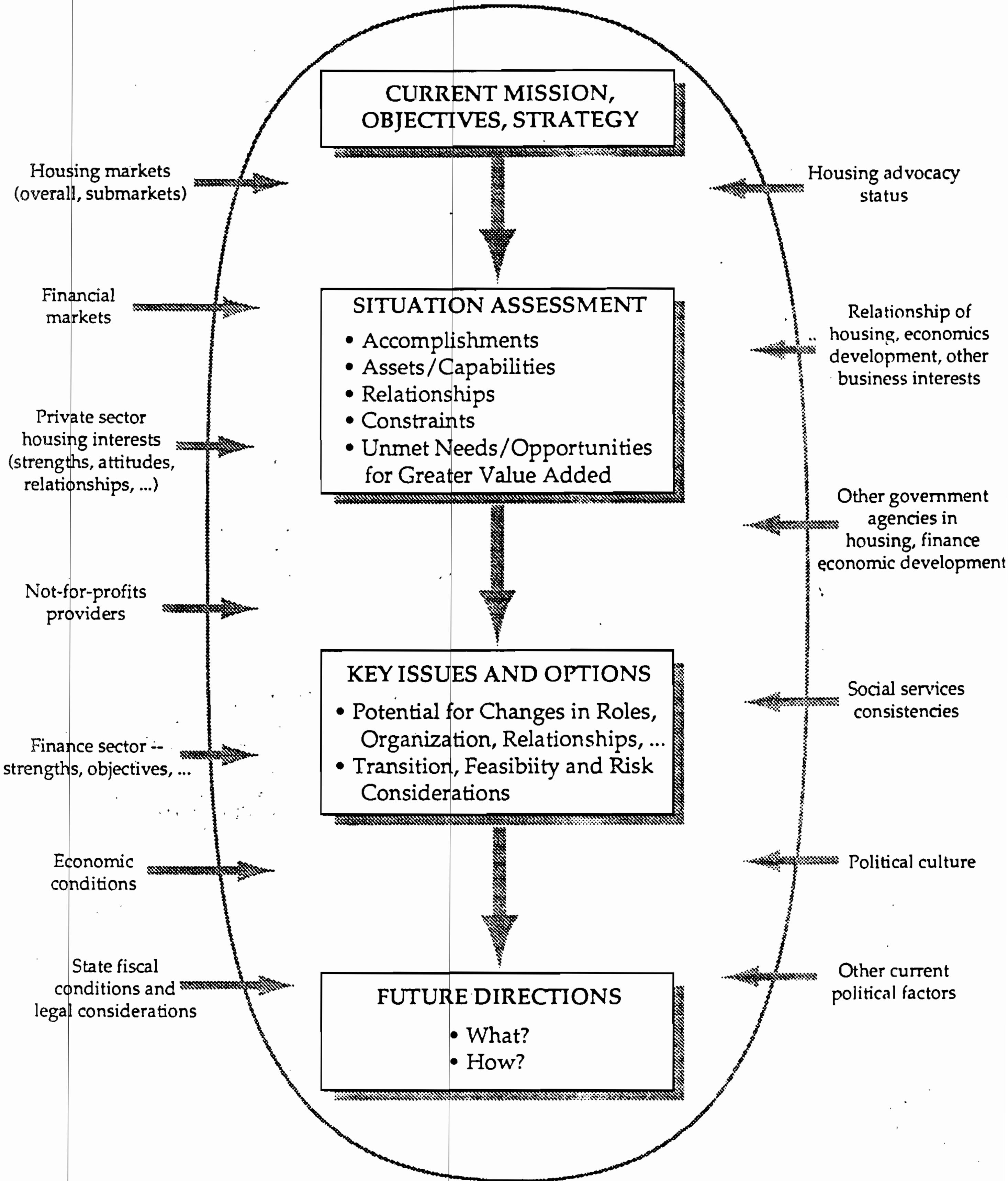
- Re-examining VHFA's mission and goals
- Identifying and evaluating available resources and limitations
- Identifying key issues and options for future direction
- Proposing strategies and goals

3) Timeline/**Target date for completed Plan: January 15, 1994**

June 17	Present proposal for conceptual feedback and approval to Board
July 1-15	Select and invite advisory committee members
July 1-Aug 15	Research and conduct situational analysis of VHFA
Aug 15	Conduct first meeting of Advisory Committee Introductions/purpose/role Revisit mission/situational analysis
Aug 15-Oct 1	Research and draft preliminary report Interviews w/non-advisory committee people Data analysis/trends identification Influence/resource constraints and opportunities
Oct 1	Present draft to Committee Solicit feedback and revise
Nov 15	Present revised draft to Committee
Dec 1-15	Distribute to staff and Board for input

Jan 15	Present final plan to Board Approval and finalization for distribution
Jan 15-Apr 15	Business and departmental plans drafted and completed in preparation for annual fiscal year budgetary cycle.

EXHIBIT A. THE HFA STRATEGY DEVELOPMENT PROCESS



vhfa

VERMONT HOUSING FINANCE AGENCY

660-1802

June 11, 1993

The Burlington Free Press
191 College Street
Burlington, VT 05401

The following should be included in the notices for State Government meetings to appear in The Burlington Free Press on Monday, June 14.

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, June 17, at 9:30 p.m., at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

EQUAL HOUSING OPPORTUNITY

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vhfa

VERMONT HOUSING FINANCE AGENCY

Rutland Herald
775-2423

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, June 17, at 9:30 a.m., at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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vhfa
VERMONT HOUSING FINANCE AGENCY

Brattleboro Reformer
257-1305

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

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If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

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Executive Assistant

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

St. Albans Messenger
527-1948

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, June 17, at 9:30 a.m., at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

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802/864-5743 • 1-800/339-5866

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VERMONT HOUSING FINANCE AGENCY

Times Argus
479-0191, ext 171

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

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If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

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VERMONT HOUSING FINANCE AGENCY

Caledonian Record
748-1613

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, June 17, at 9:30 a.m., at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa

VERMONT HOUSING FINANCE AGENCY

Valley News
White River Junction
603-298-8711
ext 287

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, June 17, at 9:30 a.m., at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa
VERMONT HOUSING FINANCE AGENCY

Bennington Banner
442-3413

June 11, 1993

The following should be included in the notices for State Government meetings to appear in your newspaper on Monday, June 14:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, June 17, at 9:30 a.m., at the office of the Vermont Housing & Conservation Trust Fund, 136½ Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

May 21, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having a Board Meeting on Monday, June 7, at 2:00 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

July 20, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, July 29, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director ASH

DATE: July 23, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, July 29, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 July 29!

REMEMBER: There is no August Board meeting scheduled.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, July 29, 1993 at 1:30 p.m.

1. Review and approval of minutes of June 17, 1993

2. Annual Meeting and Election of Officers — **[Jarrett/Enclosure]**

3. Administration
   - ⌂ Executive Director's Report — **[Hunt]**
   - ⌂ Final FY93 Business Plan Results — **[Francis//Enclosure]**
   - ⌂ Interim Lead Paint/Hazard Policy — **[Francis//Enclosure]**

4. Operations
   - ⌂ MOVE/Mortgage Plus Updates/ Delinquency Report — **[Lothrop//Enclosure]**

5. Development
   - ⌂ Resolutions of Interest and/or Commitment
     - Georgia Section 8 (Georgia) — **[Jenkins/Erdelyi//Encl.]**
     - Linden Terrace (Rutland) — **[Jenkins//Encl.]**
     - Hebert Farms (Montpelier) — **[Jenkins/Erdelyi//Encl.]**
     - Redrocks Phase IIIB (Burlington) — **[Jenkins/Crady//Encl.]**
     - Hardscrabble Farms (Williston) — **[Jenkins/Crady//Encl.]**
     - Resources for Community Living (Moretown) — **[Jenkins/Crady//Encl.]**

6. Finance
   - ⌂ Proposed Fund Balance Structuring — **[Schoenbeck//Encl.]**

7. Legal
   - ⌂ Request for Proposals: Bond Counsel — **[Jarrett]**

8. Communications
   - ⌂ Home Buyer Outreach—1993 — **[Hope/Höglund//Encl.]**
   - ⌂ Strategic Planning Update — **[Hope/Francis//Encl.]**

9. Other old or new business to come before the Board

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Vermont Housing & Conservation Trust Fund
136½ Main Street
Montpelier, Vermont

Thursday, June 17, 1993

PRESENT: Chairman White; Commissioners Ruse, Randall, Schauer (designee of Costle), Mullikin Drake (designee of McDougall)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Hope, Ms. Crady

The meeting was called to order by the Chairman at 9:40 a.m. Upon a motion duly made by Ms. Mullikin Drake, which was seconded, the minutes of the meeting of May 20, 1993 were unanimously accepted as submitted. A motion was then made by Mr. Ruse to adopt the minutes of June 7, 1993 as presented; this motion was seconded and carried unanimously.

Mr. Hunt began his Executive Director's report with an update on the status of the proposed extensions for the Mortgage Revenue Bond (MRB) and Low Income Housing Tax Credit (LIHTC) programs. The Senate Finance Committee has reached a budget agreement recommending that the Tax Credit program be permanently extended, with MRBs extended for one more year, while the House had approved permanent extensions for both programs. A letter of support for permanent extension from Governor Dean has been sent to the White House, and members of the Board are encouraged to write letters of support to Vermont's Congressional delegates. Turning to the condominium units located at Dalton Drive, Mr. Hunt noted that only a few remain to be sold. The exterior renovation plan for the two non-residential buildings is proceeding, with work scheduled to begin in late July. Although some additional offers have been received on these two buildings, great care is being taken to assure the tenants' or owners' proposed use is appropriate for a residential neighborhood. Concluding his report, Mr. Hunt reminded the Board that the National Council of State Housing Boards is holding its annual meeting in Woodstock this year July 25-27; Governor Dean has been invited to address the conference. Ms. Hope assured the Board that agendas and information would be sent directly to the Board from NCSHA. Chairman White is planning to attend the meeting, and other members of the Board are encouraged to do so as Vermont is the host state. Ms. Hope noted that the agenda includes a community development banking panel as well as basics on the responsibilities of an HFA Board member. Although no formal action was taken, the Board agreed that attendance would be beneficial.

The latest monthly activity for the MOVE and Mortgage Plus programs was reviewed by Mr. Lothrop, who noted that down payment assistance was made available June 15 with 111 reservations to date, representing $7.6 million in mortgages *{funds have since been fully reserved}*. According to Mr. Lothrop, reservations for the no down payment program were spread fairly evenly throughout the state. Mr. Hunt cautioned the Board that reservations will probably fall off in July and August, with some resurgence in September and October. A brief discussion about the demographics and geographic spread of the borrowers accessing the down payment assistance program followed, during which the impact of the St. Johnsbury Trucking closing was mentioned. Mr. Lothrop assured the Board that his staff is anticipating that the Agency's delinquencies may increase as a result of the closure. However, Mr. Ruse noted that based on the high level of salaries published, it would seem that many of those employees would have been beyond the Agency's income limits. Reporting on the Agency's delinquencies, Mr. Lothrop explained that there are 26 properties which are owned by the Agency as a result of foreclosure. Of these properties, four are under contract and offers have been received on another two; there are also two loans currently in foreclosure, with the strong possibility of one pre-foreclosure sale. In conclusion, Mr. Lothrop noted that delinquencies are beginning to drop slightly, which may indicate a trend.

Ms. Crady reviewed the "Resources in Community Living--Resolution of Interest" as described in her memo of June 10, included in the Board packet. The former Babcock House in Moretown is currently leased by Resources in Community Living (RCL) to house developmentally disabled adults in crisis; part of the property is also used as office space for RCL's operation. As proposed, the usage of the property would not change after the change in ownership. Funding for this proposal would be via an advance from the Federal Home Loan Bank (FHLB), which has indicated that the current and proposed use of the property are viewed as acceptable. A preliminary budget and financial statement review has been conducted by staff, with a review pending of financial statements for two other RCL properties. Ms. Jenkins cautioned the Board that staff anticipates more of these relatively small financing requests with various combinations of funding sources to address special housing issues. It is becoming increasingly apparent that the Agency can and should play a necessary role in providing the "debt" financing that is essential to these transactions. A discussion followed, during which Ms. Jenkins described the FHLB advance and the regulations limiting the Agency to a spread of 75-100 basis points above the cost of funds; typically, 1-1.5 financing points are charged at closing. According to Ms. Jenkins, there is no prepayment penalty; however, Ms. Schauer cautioned that FHLB usually has significant prepayment penalties on advances. Chairman White noted that some FHLB programs cost more but do not carry a prepayment penalty, and urged that Agency documents include any prepayment penalty for FHLB funds. After staff assured the Board that the scheduled date for the July Board meeting would be adequate for any further action necessary for this project, a motion was made by Ms. Mullikin Drake to adopt the "Resolution of Interest re: Resources in Community Living (Moretown) Development" as attached to these minutes. This motion was duly seconded and carried unanimously.

The "Redrocks Condominiums, Phase IIIB—Resolution of Interest" was reviewed by Ms. Crady, as further detail to her memo of June 14, included in the Board packet. Redrocks is a condominium project in the south end of Burlington. The Agency participated in the financing of Phase IIIA, which consists of 44 units scheduled to be completed by October; construction is scheduled to commence in August on the 56 units in Phase IIIB. While staff has not had a chance to review all of the numbers on Phase IIIA and IIIB, it is possible that costs from Phase A are being carried forward to the Phase B budget. There is a project balance of approximately $241,000 on the site development loan; the original review of the project assumed that loan would be paid at the end of Phase A. The first phase of construction called for 12 inclusionary zoning units of the total 44 units; in Phase B, the Burlington Community Land Trust has committed to at least four units out of 56, with the possibility of increasing that number to six. Chairman White questioned the actual affordability of the project and whether it was consistent with the Agency's mission. In response, Mr. Hunt agreed that the affordability could be perceived as marginal, but the value in terms of stimulating the construction industry within the Burlington area should also be considered. Mr. Hunt also noted that this is an opportunity to put the Agency's capital to work; if other uses for that capital existed, the Agency would probably not participate in this financing. Some discussion followed regarding the site location and marketing plans. After a revised resolution was distributed by Mr. Jarrett, a motion was made by Ms. Mullikin Drake to further amend the "Resolution of Interest Pertaining to Westlake Limited Partnership/Red Rocks Development Phase IIIB" as attached to these minutes. The amendment included directing staff to gather further information in an effort to ensure an emphasis on lower income borrowers; also, that the original guarantee would be satisfied before a new loan would be made. After being seconded, this motion carried unanimously.

Next, Ms. Jenkins reviewed her memo of June 10, regarding "Depot II Apartments (Bethel)." Agency staff is very familiar with this development, having overseen it for the past 13 years. The original commitment resolution for additional financing included a requirement to obtain a current appraisal; however, an appraisal is likely to cost more than $2,000. Given the nature of this Section 8 Project and the relatively modest increase in the loan amount, this expenditure would not appear to be an efficient or cost-effective action. Ms. Mullikin Drake suggested that the Board consider adopting a policy regarding waiving the appraisal requirement for certain projects. Ms. Jenkins noted that the mortgage loan is co-terminus with the HAP Contract, which reduces the risk involved. Ms. Jenkins also agreed that an overall policy on appraisals should be considered, as well as the establishment of appraisal guidelines. The question of compliance with GAAP accounting standards was raised by Ms. Schauer, but Mr. Schoenbeck assured the Board that while the GAAP accounting requirement takes effect in 1994, to date the Agency's auditors have not expressed concern about the value of properties vs. outstanding loan balances. A motion was then made by Mr. Ruse to waive the appraisal requirement for Depot II Apartments; this motion was seconded and carried unanimously. Without a formal vote, the Board also agreed to focus on an appraisal policy and value determinations at a future meeting.

Mr. Schoenbeck reviewed the "General Fund Budget Performance" for FY93 as detailed in his memo of June 11, included in the Board packet. As indicated in this memo, there are four categories that need adjustments based on expenditures approved by the Board during the fiscal year. A motion was made by Ms. Mullikin Drake to approve the FY93 budget adjustments as described in the memo. After being seconded, this motion carried unanimously.

The "Fiscal Year June 1994 Budget" was the next topic for Board discussion. Mr. Schoenbeck distributed a revised budget for the Board's consideration, reflecting an increase in advertising and promotional expenses, a decrease in consulting fees, and cuts in salaries and wages which reflect vacant positions that are not likely to be filled for a portion of the fiscal year. Mr. Schoenbeck also outlined the Agency's planned salary adjustments. According to a recently completed salary study, the Agency's pay levels are in accordance with comparative positions in the financial industry as well as the overall Burlington community.

A motion was made by Mr. Ruse that the Board go into Executive Session to discuss the evaluation and compensation of the Executive Director; this motion was seconded and carried unanimously. After a subsequent motion made by Ms. Mullikin Drake, the Board unanimously voted to come out of Executive Session. Mr. Ruse expressed his regrets and stated he was unable to remain for the rest of the meeting. The Board then discussed the proposed budget, and a motion was made by Ms. Mullikin Drake to adopt the FY94 budget as adjusted for the salary increase for the Executive Director and decreasing the contingency/overtime salary line item. This motion was seconded and unanimously carried.

Mr. Schoenbeck then discussed the status of the Single Family Bond Remarketing which was being considered and discussed at previous Board meetings. Although the Board still has an option to trigger the remarketing of bonds, the mortgage rate would currently be at 7.25 percent, which would only be 55 basis points less than the current mortgage rate offered by the Agency under its MOVE program. As the remarketing would cost nearly $300,000, staff recommends increased advertising expenditures to market the funds currently available. Mr. Schoenbeck assured the Board that the bond underwriters would continue to closely monitor the bond market, although the prospect does not appear likely to remarket bonds in the near future.

Turning to litigation matters, Mr. Jarrett reported that the case involving an owner of several multi-family properties appears to be closer to an agreement; some action is anticipated by the beginning of July, with a settlement by mid-August possible. Part of the settlement involves the transfer of the general partnership interest for two properties to limited partners who will then make payments to cover the defaults on those properties and repay a portion of the Agency's outside legal fees; a third property is being sold to Housing Foundation, Inc., in August; the owner is attempting to sell a fourth property in Montpelier as soon as possible. Once these transactions have been completed, the Agency will be able to recover some of the legal fees expended and have financial defaults for one development restored.

Ms. Hope began a discussion of the Agency's "Strategic Planning" as outlined in her memo of June 14, included in the Board packet. The procedure would require involvement and input from the Board, as well as an advisory committee which would have Board representation. It is hoped that this strategy would result in gaining objective insight on the Agency's future. Chairman White expressed concern that the timetable as presented seems aggressive, but suggested that specific meetings could be conducted to focus directly on strategic planning. Ms. Schauer expressed interest in being on the advisory committee, but also noted that this may be her last meeting, as a Deputy Commissioner of Banking has been appointed and may be designated as the Department of Banking, Insurance and Securities' representative on the Agency's Board. Ms. Randall recommended that some half-day sessions be scheduled (possibly in September and January) at which the Board and advisory committee would discuss the plan in some detail. While no Board action was taken, the overall concept for the strategic plan was supported.

Under the heading of other old or new business, Mr. Schoenbeck reported that the State Auditor's office had approved the Agency's draft request for proposal (RFP) to solicit an auditing firm. The RFP will be sent to nationally-recognized auditing firms, as required by the Agency's bond resolution; a list of five proposed recipients has been reviewed and approved by the State auditor's office. It is expected that the audit fee will be $25,000-$30,000. Chairman White agreed that staff would be authorized to enter into the auditor contract prior to the July Board meeting, allowing the staff to select the audit firm based primarily on qualifications and cost. However, the Board also recommended that staff consult with Chairman White if staff prefers not to select the lowest bidder. No formal Board action was taken.

Mr. Schoenbeck then suggested that the Board discuss the Evensen Dodge financial study at the next Board meeting, focusing mainly on the use of fund balances as recommended in that report. Ms. Mullikin Drake agreed to schedule a meeting with representatives of the State government to discuss the implications of the Evensen Dodge study; Chairman White, Mr. Hunt and Mr. Schoenbeck would also attend.

As the last order of business, Mr. Hunt reminded the Board that the Agency has used Palmer & Dodge as bond counsel since 1981. Although there have been no problems with Palmer & Dodge, staff recommends that a request for proposal (RFP) be developed for both in-state and out-of-state firms. While no formal action was taken, the Board agreed that an RFP would be appropriate and should be sent out as soon as possible.

The next meeting was scheduled for Thursday, July 29, in Burlington. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 12:30 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Joseph A. Erdelyi, Multi-Family Loan Underwriter

DATE: July 23, 1993

RE: Georgia Section 8 - Combined Resolution of Interest and Commitment Resolution

THE DEVELOPMENT

1. <u>General Description</u>

This eight unit elderly project has been in operation for approximately one year. Prior to being converted to housing the property contained commercial space. Lake Champlain Housing Development Corporation (LCHDC) would like to acquire the property and do a minor amount of rehabilitation. The property also has a project-based rental assistance contract for all of the units with a remaining term of fourteen years, renewable at five year intervals at the option of HUD and the owner. The property is currently owned by a for profit developer. Some residents recently sought to move out citing management problems as their reason.

The total development costs are estimated at $365,620 or $45,703 per unit. Of this the developer is proposing to take a developer's fee of $16,000, or 4.4%. The acquisition cost per unit is $39,000. The purchase and sales agreement that was signed gives the sponsor until August 30 to close. However, the sponsor will seek an extension to September.

A summary of sources and uses of funds, rents, operating expenses, and financial projections is attached.

2. <u>Projected Funding Sources</u>

VHFA first mortgage	$262,000	71.66%
VHCB deferred debt	80,000	21.88%
VHCB equity	20,000	5.47%
Total	$362,000	100.00%

The sponsor must fill a funding gap of $3,620.

3. Unit Breakdown and Rents

There are eight one bedroom units of approximately 550 - 650 square feet per unit. The gross contract rent is $545 per unit which includes all utilities. Some of the units are handicapped accessible or adaptable and the building is one story.

4. Site/Location

The building is located on Route 104-A in Georgia approximately one mile from the Interstate exit. The site is open and flat with ample parking. The adjacent parcel is vacant and is proposed for sale to a medical practice for offices. Tenants must drive or be driven to services, which are generally located within three miles of the site.

The building is served by on-site water and sewer facilities. The well will be used by the medical practice proposed to be built on the adjacent site.

5. Renovation Plan

LCHDC has tentatively budgeted $20,000 for rehabilitation. However a complete physical inspection is being conducted to identify required work. This may result in an increased rehabilitation budget. Four units have very small kitchen sinks and room only for small clothes washing machines at the hookups. Part of the proposed rehabilitation may be to put washing machines in the laundry room where the clothes dryers are and to install larger kitchen sinks. In addition to the laundry room and sinks some work may need to be done as a result of an Environmental Site Assessment and an energy audit. Other work includes improving light and ventilation in the units, building accessibility, and other minor improvements. VHCB will be asking for additional funds for rehabilitation if necessary.

6. Loan to Value

A new appraisal will be done by the end of August. A year old appraisal indicates a value of $350,000. It is a condition of the sale in Purchase and Sales Agreement that the appraisal reflect a value of $350,000.

7. Management

LCHDC's management entity would manage the property. LCHDC is currently managing 264 units and we are satisfied with their management capacity.

8. Market Demand

The project has rental assistance for all eight units. VSHA estimates a waiting list two years long for one bedroom subsidized units. However we are concerned that the only means of transportation to essential services is by automobile.

9. Environmental Concerns

A Level I Environmental Site Assessment will be done for this property. There are no apparent environmental issues.

DISCUSSION

Strengths

a) LCHDC's role as owner and manager would help to stabilize the tenant base and provide long term affordability.

b) Approximately 30% of the funding required is being leveraged from another source, the VHCB.

c) Project-based Section 8 assistance is available for a total of three five year terms if renewed by HUD and the owner.

Weaknesses

a) The HAP contract is renewable at five year intervals at the option of HUD and the owner. If renewed at five year intervals the HAP contract only has 14 years left, but VHFA's loan term is 25 years. If the contract is not extended after 14 years, the project would have significant negative cash flows for years 16 through 25, given our assumptions about rent levels and operating expenses. If HUD opts not to renew after five or ten years, negative cash flows will be much greater.

b) Even if the contract is renewed, total expenses including debt service will exceed rents in year 18, assuming 1.5% and 3% for rent and expense increases respectively. These operating deficits will be paid from project reserves.

RECOMMENDATION

Staff recommends approval of the attached combined Resolution of Interest and for Issuance of Commitment Letter, authorizing permanent financing up to $262,000. The proposed source of funds is recycled multi-family bond proceeds. The transaction is contingent upon evidence of other financing as proposed, additional other financing at comparable terms as needed if the scope of rehabilitation increases, assignment of the HAP contract to the sponsor, completion of a Level I Environmental Site Assessment and an energy audit and incorporation of required improvements into the rehabilitation scope of work, an appraisal supporting the purchase price and the loan amount, VHFA approval of the final rehabilitation scope of work, and other standard VHFA criteria as set forth in the Resolution.

RESOLUTION PERTAINING TO COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER RE: GEORGIA SECTION 8

WHEREAS, a proposal has been presented to the Agency by Lake Champlain Housing Development Corp. ("LCHDC") involving the acquisition and rehabilitation of eight apartment units in a building located in Georgia, Vermont (the "Development"); and

WHEREAS, the proposal contemplates a loan of approximately $262,000 from recycled proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Vermont Housing and Conservation Board has agreed to provide the housing sponsor with a combination of deferred loans and grants totalling $100,000; and

WHEREAS, LCHDC will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; and

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The appraised value of the Development will equal at least the amount of the VHFA loan.

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $262,000.

2. The Commitment Letter shall be issued to Lake Champlain Housing Development Corporation.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the first mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be no more than 8.20% per annum and that the loan term will be no more than 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity and deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following:

    (a) Evidence of availability of other financing, as proposed;

    (b) In the event the scope of rehabilitation increases, evidence of the availability of additional financing from another source at comparable terms;

    (c) Assignment of the Section 8 HAP contract to the sponsor;

    (d) Completion of a Phase I environmental assessment satisfactory to the Agency;

    (e) Completion of an energy audit and incorporation of recommendations in the energy audit into the rehabilitation plan for the Development;

    (f) Providing an appraisal satisfactory to the Agency that includes an opinion that the value of the

Development is greater than or equal to the purchase price and the VHFA loan amount;

(g) Final Agency-approved rehabilitation plans and specifications; and

(h) A Preservation Agreement insuring the long-term affordability of the Development.

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

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Project: GEORGIA RUN DATE: 07-Jul-93

*********Unit Information********		**********Assumptions*********		
otal Res Units:	8	Incr Rnts	1.50%	A
es Restricted Units:	8			B
Percent Restricted:	100.00%	Expense increase:	3.00%	C
		Vacancy Rate:	5.00%	D
TDC	365,620			
TDC/Unit	45,703	Sec 8 term remaining (years.months)	14.0	

FINANCING SOURCES

	Amount	% of TDC	Interest	Term	
VHCB Equity	20,000	5.47%	N/A	N/A	
VHCB deferred	80,000	21.88%	N/A	N/A	
Other	0	0.00%	0.00%	0	
Other	0	0.00%			
Other	0	0.00%	0.00%	0	
VHFA - New	262,000	71.66%	8.20%	25	Tax Exempt
TOTAL SOURCES	362,000	99.01%			
GAP	3,620				

GEORGIA DEVELOPMENT BUDGET 07-Jul-93

			Residential Budget	Per Unit	
Acquisition			312,000	39,000	
Land			0	0	
Rehab	7.63%		20,000	2,500	may be greater
Contingency		0.00%	0	0	
Carrying Costs			1,000	125	costs before income stream, eg ins
rch/Engineering			0	0	
Legal			3,000	375	
Title & Recording			0	0	
Permanent Loan Fee		2,620	2,620	328	
Appraisal			0	0	part of purchase price
Environmental Report			1,000	125	
Consultant			0	0	
LCHDC working capital			4,000	500	
Working Capital	4,937		0	0	see replacement reserve
Replacement Reserve			6,000	750	
Developer's Fee		4.38%	16,000	2,000	
TOTAL DEVELOPMENT COSTS			365,620	45,703	

GEORGIA	INCOME & EXPENSE BUDGET	07-Jul-93

INCOME

RENTS

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	ELDERLY	650	8	545	0	52,320
2 Br	ELDERLY	0	0	0	0	0
2 Br	FAMILY	0	0	0	0	0
	Totals		8			52,320
						52,320
	Less Vacan	5.00%				(2,616)
	NET RENT			49,704		

OTHER INCOME

Laundry	0
Antenna Rental	0
	0
Total Other Income	0
TOTAL INCOME	49,704

EXPENSE BUDGET SUMMARY

ITEM	TOTAL	PUM	
Administration	3,360	35	2,982
Utilities	4,800	50	
Maintenance	4,500	47	
Taxes	4,840	50	
Insurance	1,440	15	
Replacement Res	1,440	15	1,988
Other	3,440	36	
Total	23,820	248	

EXPENSE BUDGET DETAIL		07-Jul-93		
		Per Unit Per Month		
Administrative				
Man Fee	0	0		0.00%
Marketing	0	0		
Acc/Audit	1,000	10		
Legal	500	5		
Off Exp	0	0		
Phone	0	0		
Payroll	0	0		
Comp Mon Fee	0	0		
Other	3,360	35	all other admin.	
TOTAL ADMIN	4,860	51		
Utilities				
Water/Sewer	4,800	50	all utilities	
Electricity	0	0		
Gas	0	0		
TOTAL UTILITIES	4,800	50		
Maintenance				
Mainte Payroll	0	0		
Supplies	0	0		
Trash	1,440	15	includes snow	
Snow/Grounds	0	0		
Repairs	0	0		
Decorating	500	5		
Exterminating	0	0		
Contract Mainte	0	0		
Other	4,500	47	all other main.	
TOTAL MAINTENANCE	6,440	67		
TAXES	4,840	50		
INSURANCE	1,440	15		
REPLACE RESERVES	1,440	15		2.90%
OTHER	0	0		
Total	23,820	248		

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Residential Rent		52,320	53,105	53,901	54,710	55,531	56,363	57,209	58,067	58,938	59,822	60,719	61,630	62,555	63,493
Less Res Vacancy		(2,616)	(2,655)	(2,695)	(2,735)	(2,777)	(2,818)	(2,860)	(2,903)	(2,947)	(2,991)	(3,036)	(3,082)	(3,128)	(3,175)
Plus Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Income		49,704	50,450	51,206	51,974	52,754	53,545	54,349	55,164	55,991	56,831	57,684	58,549	59,427	60,318
Less Operating Exp.		23,820	24,535	25,271	26,029	26,810	27,614	28,442	29,296	30,174	31,080	32,012	32,972	33,962	34,980
Net Operating Income		25,884	25,915	25,936	25,946	25,944	25,931	25,906	25,868	25,817	25,751	25,671	25,576	25,465	25,338
Less VHFA New DS		24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684
Less VHFA Other DS		0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		1,200	1,231	1,252	1,262	1,260	1,248	1,222	1,184	1,133	1,067	988	892	781	654
Operating Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		1,200	1,231	1,252	1,262	1,260	1,248	1,222	1,184	1,133	1,067	988	892	781	654
DCR		104.86%	104.99%	105.07%	105.11%	105.11%	105.05%	104.95%	104.80%	104.59%	104.32%	104.00%	103.62%	103.17%	102.65%
Mortgage Principal Balance															
Operating Reserve															
Beginning Bal		0	1,200	2,467	3,793	5,168	6,584	8,029	9,492	10,961	12,423	13,863	15,266	16,617	17,897
Less Uses		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	3.00%	0	36	74	114	155	198	241	285	329	373	416	458	498	537
Cash Surplus		1,200	1,231	1,252	1,262	1,260	1,248	1,222	1,184	1,133	1,067	988	892	781	654
End Balance		1,200	2,467	3,793	5,168	6,584	8,029	9,492	10,961	12,423	13,863	15,266	16,617	17,897	19,088

15	16	17	18	19	20	21	22	23	24	25
64,445	65,412	66,393	67,389	68,400	69,426	70,467	71,524	72,597	73,686	74,792
(3,222)	(3,271)	(3,320)	(3,369)	(3,420)	(3,471)	(3,523)	(3,576)	(3,630)	(3,684)	(3,740)
0	0	0	0	0	0	0	0	0	0	0
61,223	62,142	63,074	64,020	64,980	65,955	66,944	67,948	68,967	70,002	71,052
36,030	37,111	38,224	39,371	40,552	41,769	43,022	44,312	45,642	47,011	48,421
25,193	25,031	24,850	24,649	24,428	24,186	23,923	23,636	23,326	22,991	22,631
24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684	24,684
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
509	347	166	(35)	(256)	(498)	(761)	(1,048)	(1,358)	(1,693)	(2,053)
0	0	0	35	256	498	761	1,048	1,358	1,693	2,053
509	347	166	0	0	0	0	0	0	0	0
102.06%	101.41%	100.67%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
178,506										
19,088	20,170	21,121	21,921	22,543	22,964	23,155	23,088	22,733	22,057	21,026
0	0	0	35	256	498	761	1,048	1,358	1,693	2,053
573	605	634	658	676	689	695	693	682	662	631
509	347	166	0	0	0	0	0	0	0	0
20,170	21,121	21,921	22,543	22,964	23,155	23,088	22,733	22,057	21,026	19,604

RESOLUTION OF INTEREST
RE: RESOURCES IN COMMUNITY LIVING (MORETOWN) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Resources in Community Living ("RCL" or the "Housing Sponsor"), involving the acquisition and rehabilitation of an house containing 11 rooms in Moretown to house developmentally disabled adults in crisis (the "Development"); and

WHEREAS, the RCL has received a commitment for a grant of approximately $30,000 from the Vermont Housing and Conservation Board; and

WHEREAS, RCL is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The costs of rehabilitation and construction to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of emergency housing to be served by the proposed Residential Housing and private enterprise and investment are unable, without assistance, to provide an adequate supply of the Residential Housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed emergency housing for persons and families of low and moderate income and who are developmentally disabled.

5. The sponsor is a financially responsible organization.

6. More than one half of each of (a) the total floor area and (b) the total development cost of the Mixed Use Development will be allocated to dwelling units for persons and families of low and moderate income and who are developmentally disabled.

7. The non-housing facilities to be acquired in connection with the Mixed Use Development, and which are not designed primarily for the benefit of the occupants of the dwelling units, are necessary in order to render the lease of the

dwelling units economically feasible for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for the acquisition and rehabilitation of an 11 room home in Moretown in an amount not to exceed $175,000, for the RCL Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose from the Federal Home Loan Bank, staff approval of plans and specifications for the proposed rehabilitation and construction and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the Housing Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on June 17, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION OF INTEREST PERTAINING TO WESTLAKE LIMITED PARTNERSHIP/RED ROCKS DEVELOPMENT PHASE IIIB

WHEREAS, a proposal has been presented to the Agency by Westlake Limited Partnership (the "Housing Sponsor"), a limited partnership whose General Partner is Westlake Development Corp. and the shareholders of which are Charles Brush and John Giebink, involving the construction of 56 condominium units in 14 buildings located in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that at least 5 of the 56 units in the Development will be perpetually affordable and most of the remaining units would be priced at the Agency's purchase price limits for new construction; and

WHEREAS, the proposal seeks a participation by the Agency of up to $355,000 in a loan of $855,000 to be made by Vermont National Bank for land and infrastructure work; and

WHEREAS, the construction financing for the units in the Development is to be provided by Vermont Federal Bank with a guarantee from the Small Business Administration; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the participation loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The participation loan will assist in the construction of residential housing primarily for persons and families of low and moderate income.

4. The construction costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Vermont Housing Finance Agency Act.

5. The Housing Sponsor undertaking the proposed housing development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income and the sponsors are financially responsible persons.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in participating in a first mortgage loan with the Vermont National Bank for site work and development in an amount not to exceed $355,000, for the Red Rocks Phase IIIB Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to the following:

   (a) The Housing Sponsor must provide the Agency with clarification of the development costs for Phase IIIA compared with Phase IIIB development costs, a construction cash flow for all Phase IIIB costs, a current cash flow for the Phase IIIA site development loan and unit construction loan and an appraisal satisfactory to the Agency for the Phase IIIB site.

   (b) The partial guarantee of the Agency for a loan of the Vermont National Bank relating to Phase IIIA of the Red Rocks development must be released or otherwise satisfied before a new loan for Phase IIIB is made.

   (c) Commitments for financing the site development and construction of the units in Phase IIIB satisfactory to the Agency must be presented.

   (d) A priority agreement for repayment of all loans for Phase IIIB satisfactory to the Agency must be negotiated.

   (e) The Housing Sponsor must demonstrate that more than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the Housing Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on June 17, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 29, 1993

RESOLVED, In addition to the officers specified as "Authorized Officers" under particular bond resolutions of the Agency, the Deputy Director shall be an "Authorized Officer" within the meaning of any and every bond resolution of the Agency whether now existing or to exist in the future.

RESOLVED, _______________ is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1993 and until his/her successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1993 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	______________________	Allan S. Hunt
Deputy Director	______________________	Jeffrey D. Francis
Director of Operations	______________________	Douglas R. Lothrop
Director of Finance	______________________	Roger A. Schoenbeck
Controller	______________________	Timothy M. Gutchell

Any check in an amount over $1,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

RESOLVED, there is hereby created the office of Director of Operations. The Director of Operations shall report to the Executive Director, and shall have the duties assigned to him from time to time by the Executive Director, including, but not limited to the following:

A. The Director of Operations shall have general day to day responsibility for the operation of all of the Agency's single family programs.

B. The Director of Operations shall have supervisory responsibility for all single family program functions, including loan origination, loan purchase, and loan servicing and for the data processing functions of the Agency.

C. The Director of Operations is authorized, in his discretion, to execute on behalf of the Agency any document within the scope of his responsibility, including, without limitation, mortgage discharges, releases of debtors, real estate brokerage listing agreements, real estate purchase and sale agreements, deeds, bills of sale, claims for property insurance, claims for mortgage insurance and claims for guarantees of mortgages.

D. The Director of Operations shall ensure compliance with federal, state or Agency rules and procedures, and the filing of reports in accordance with state and federal law.

E. The Director of Operations shall act as the Agency liaison with eligible lending institutions participating in Agency single family programs and with other lending institutions licensed to do business in Vermont.

In addition to the powers specifically granted to the Director of Operations by resolutions of the Agency, the Director of Operations shall have all of the powers reasonable and necessary to carry out the duties of the office.

RESOLVED, the office of Director of Single Family Programs is abolished, and the resolution of July 16, 1986 creating that office is hereby repealed effective as of ____________, provided, however, that this Resolution shall not affect the validity of actions taken by the Director of Single Family Programs while the resolution of July 16, 1986 was in force and effect.

RESOLVED, that the Agency's Loan Servicing Manager and Loan Servicing Counselor be and hereby are authorized to execute documents of the following character for all of the Agency's single family loan programs, whether secured or unsecured:

A. Listing Agreements with real estate brokers for the sale of real estate owned by the Agency;

B. Deeds, property transfer tax returns, and other documents necessary or convenient for the transfer of real estate owned by the Agency;

C. Endorsements to property insurance claim checks pertaining to property on which the Agency holds a valid lien, in amounts up to $10,000 for the Loan Servicing Manager and $5,000 for the Loan Servicing Counselor;

D. Preparation and execution of claim forms to primary and pool insurers on property that the Agency holds a valid lien on;

E. Authorizations to mortgage lenders and other appropriate persons for actions of the following character:

1. Foreclosure or other acquisition of title to property on which the Agency has a valid lien;

2. Necessary repairs and improvements to real estate owned by the Agency;

3. Actions necessary to make property in which the Agency has an interest secure; and

3. Forbearance agreements with delinquent borrowers;

F. Consent to actions of the following character:

1. Release and addition of signers of notes held by the Agency;

2. Creation of easements and rights of way and the partial release of mortgages held by the Agency for purposes of permitting the creation of easements and rights of way over property on which the Agency holds a valid lien;

3. Acknowledgment of receipt of liens junior to the lien of the Agency.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Loan Servicing Manager or the Loan Servicing Counselor are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Loan Servicing Manager ______________________ Linda C. Wilson

Loan Servicing Counselor ______________________

RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Director of Finance: ______________________
(Signature)

Controller: ______________________________
(Signature)

Lender Accounting Coordinator: ______________________________
(Signature)

Portfolio Accountant: ______________________________
(Signature)

Investment/Portfolio Assistant: ______________________________
(Signature)

RESOLVED, there is hereby created the office of Director of Development. The Director of Development shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Development is responsible for the initiation, management and implementation of all VHFA development activities, including single- and multi-family program development, multi-family loan origination, the low income housing tax credit program and single- and multi-family construction lending.

RESOLVED, that the Director of Development be and hereby is authorized to execute contracts relating to functions ancillary to the Agency's development programs, including, but not limited to, appraisals and construction inspection services.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Development are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Director of Development __________________________ Irene D. Jenkins

RESOLVED, there is hereby created the office of Director of Communications. The Director of Communications shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Communications is responsible for media, government and community relations, marketing, public education and outreach functions of the Agency. The Director participates in policy and program development of federal and Agency initiatives to address a broad range of housing needs and serves as federal and state legislative liaision.

RESOLVED, that the Director of Communications be and hereby is authorized to execute contracts relating to the placement or production of advertising or Agency publications and for consulting work relating to the Agency's marketing and media functions.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Communications are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Director of Communications ____________________ Hollis A. Hope

RESOLVED, there is hereby created the office of Director of Multi-Family Management. The Director of Multi-Family Management shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Multi-Family Management has overall responsibility for VHFA's multi-family housing portfolio of approximately 100 developments and supervises multi-family staff in the oversight of the portfolio. Analysis and policy development is provided in relation to changing programs, grants, regulations and law in order to protect the Agency's security interests and assure the fulfillment of the Agency's mission to create and preserve Vermont's affordable housing stock.

RESOLVED, that the Director of Multi-Family Management be and hereby is authorized to execute documents of the following character relating to the Agency's multi-family portfolio:

A. Endorsements to property insurance claim checks on multi-family properties on which the Agency has a mortgage;

B. Mortgagor's requests to use restricted project funds including, but not limited to, project cost escrows, replacement reserve accounts, residual receipt accounts, deficit escrows and working capital, whether cash or letter of credit;

C. Authorizations of annual distributions to owners based on annual financial statements;

D. Requests of owners to undertake major capital improvements and utility conversions.

Director of Multi-Family Management	______________________	Samuel J. Falzone

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Multi-Family Management are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

RESOLVED, there is hereby created the position of General Counsel. The General Counsel shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The General Counsel serves as chief internal attorney in all matters relating to the Agency and supervises all legal work done by outside counsel for the Agency, participates in multi-family development process including supervising closing of transactions financed by the Agency, supervises foreclosure process for single family loans as well as drafting documents, researching legal questions and following legislation of interest to the Agency.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

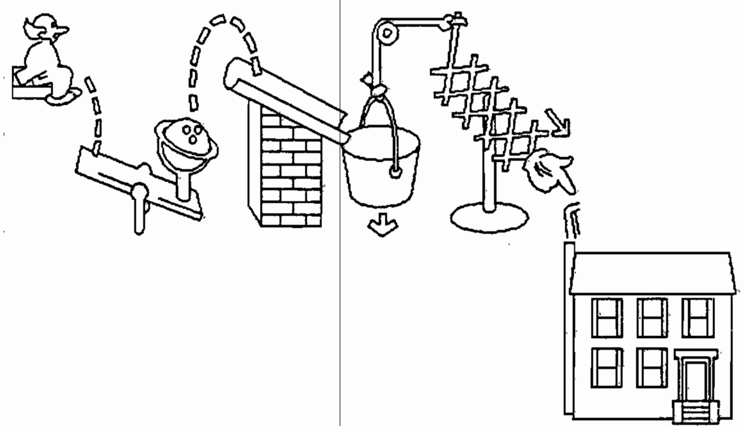
FROM: Jeff Francis, Deputy Director

DATE: July 23, 1993

RE: FY93 FINAL BUSINESS PLAN UPDATE

I have enclosed the entire FY93 Business Plan, updated to reflect year-to-date activity through June 30, 1993. At the Board meeting, I will provide a brief verbal review of our progress throughout the past fiscal year. I will also be available to respond to any questions you may have regarding the Business Plan.

VERMONT HOUSING FINANCE AGENCY



BUSINESS PLAN

FISCAL YEAR 1992-1993

(July 1, 1992 - June 30, 1993)

INCLUDES FINAL RESULTS FOR FY93

VERMONT HOUSING FINANCE AGENCY

MISSION

VHFA's mission is to finance and promote affordable housing opportunities for low- and moderate-income Vermonters.

GOALS

1. To provide low cost mortgage financing to individuals who are not able to qualify for conventional financing.
2. To encourage and stimulate additional affordable rental housing for low- and moderate-income Vermonters; and to encourage, where possible, mechanisms to ensure that this housing remains perpetually affordable.
3. To maintain a sound fiscal structure and meet all fiduciary requirements in a professional manner.
4. To heighten general awareness of housing needs for low- and moderate-income Vermonters, particularly with groups who can have an important impact on the production of such housing, including the legislature, community officials and the business community.

FY92 vs. FY93 TO DATE (July 1, 1992 through June 30, 1993)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
ONGOING PROGRAMS			
MOVE	604 mtges purch; $39,310,000	600 mtges purch; $39,300,000	528 mtges purch; $33,336,741
MCC	317 MCCs issued; $23,461,000	399 MCCs issued; $30,400,000	392 MCCs issued; $29,716,454
HOUSE	31 loans purch; $ 1,736,000	70 loans purch; $ 4,540,000	63 loans purch; $ 3,991,154
Rural VT Mtge Program	22 mtges purch; $ 301,000	22 mtges purch; $ 301,000	9 mtges purch; $ 113,860
Down Payment Assistance	71 loans; $ 4,100,000		18 loans purch; $ 978,816
IORTA Down Payment Assist		150 loans; $ 9,600,000	115 loans purch; $ 7,198,584
Dalton Drive Aff Housing	23 units sold; $ 1,586,645	Sell all 77 units $ 6,782,000	71 units sold; $ 6,339,674 ($1,654,237); 6 units under contract
Sugar Mae (Secondary Market)	None	Periodic program review; assess need	None
Delivery/Servicing Nonprof Pilot	None; discussions in progress	Establish capacity at one nonprofit	None; initiative viability being analyzed
Affordable Housing Demonstration	None	Keep program available	None
Mobile Home Assistance	7 loans; $ 123,000	No volume goal pending analysis of program	None
Mobile Home Park Financing (MF)	100 units; $ 816,000	2 parks, 73 units; $ 1,100,000	29 units; $ 326,305 Hillside 03/10/93
Preservation-Section 8	5 Pres Agree Signed (102 units)	Preservation agreements for 6 projects	3 Pres Agree Signed (27 units)
LIHPRHA Preservation/Westgate	Highgate completed; 120 units	Begin Westgate (100 units) acquis & rehab	Appraisal/Capital Needs Assessment underway
MF Financing	110 units; $ 3,600,000	Commitments pending	70 units; $ 2,150,000
Ventures	Loans totalling $ 114,700		$43,340 committed; $44,000 pending
SF Development/Const Pilot	44 units; $355,000 loan guar	14 units; $200,000 revolv const loan	14 units; $ 500,000 Starlake Village
LIHTC	Cal 92=341 units $ 807,577	100% allocation of any available credit	122 units; $ 459,638 (100%)
Old North End (Burlington)		MF = 25 Units; SF = 10 units	All agreements have been executed; $2.5 million committed to MF & SF program
Nonprofit Training	7 Workshops conducted to date	Assess need for training series	Co-sponsored two with VHCB, et al. (lead paint, energy)
Home Buyer Education	7 wkshops conducted; 180 attend	Develop new education strategies	2 home buyer fairs held; 1,310 participants 1 home buyer day held; 31 participants 2 home buying basics workshops; 100 participants 6 workshops at non-VHFA sponsored events
TEAM Approach	Assist 67 dev's; 2,207 hshlds	Transition to regional host organizations	Transition complete/technical assistance and program promotion ongoing
Coop Advertising w/Nonprofits			Disbursed $10,605 to six nonprofits

FY92 vs. FY93 TO DATE (July 1, 1992 through June 30, 1993)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
PROGRAMS BEING DEVELOPED			
Section 8 Refunding	Auth. rec'd from HUD		NCSHA legislative priority; plan to recover 100% of interest savings for state HFA developments
MF/SF Construction Programs			Loans under review
Home Improvement/Qualified Rehab	None	Program development	Program development 50% complete
Section 8 Rent Increases	Await HUD's comparability	Same as FY92	Supreme Court ruled in favor of government
Proactive Servicing (SF)	Begin after computer purchase	Same as FY92	Working on program with consultants, should implement before end of 1993
LIHTC Compliance Monitoring	Program draft in progress	Estab TC monitoring system for 1,200 units	Contract with SPECTRUM signed eff. 07/01/93; published and distributing compliance manual
Loan Consortium/Participating Lndrs		Program development and initiation	On hold
Special Needs Housing	Needs assessment; study pending	Finance group homes; broaden target pop	Group home financing thru FNMA- in negotiations
FHLB Funds Loan Program		Develop and implement program	Applied for $2 million from FHLB 03/93; pending
ANALYZE FOR FUTURE IMPLEMENTATION			
Alternative SF Financing	None	Low priority until MRB reauthorization	None
Lead Paint Response		Participate in policy/regulatory development	Legislation passed (regulations to be distributed to MF mortgagors)
Accessory Apartments			
Training for RE Professionals		Develop/test curriculum	Curriculum has been reviewed/approved by Real Estate Commission. Course will be offered in Fall.
Tax Exempt Fund/Restrict Reserves MF			
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
Housing Policies State/Fed Level	Ongoing	Ongoing	Ongoing
MRB and LIHTC Extension	Programs extended thru 06/30/92	Secure permanent reauthorization	Ongoing
Housing Vermont: Funding	Evaluation/monitoring ongoing	Same as FY92	Evaluation/monitoring ongoing
Cash Flow: Analyze	Included in computer search	Same as FY92	Consider options after computer install
Statewide Afford Housing Conf	Participated in 1992 conf	Review need for annual conference	Conference held 07/01/93
MF Management	100 developments (3,070 units)		97 developments (2,966 units)
Lender Training	30 sessions; 250 attendees		52 sessions; 412 attendees
Computer Software/Hardware Convert	Reviewing proposed contract	Convert to new computer system	Computer conversion underway

FY92 vs. FY93 TO DATE (July 1, 1992 through June 30, 1993)			
	FY92 ACTUALS	FY93 GOALS	FY93 ACTUALS TO DATE
TERMINATED PROGRAMS			
HE/ILP	6 loans; $ 14,050	Program terminated	
CVPS/VHFA/Chittenden Energy	3 loans; $ 10,300	None	Program canceled 10/05/92
4 Star Mtge SF	12 mtges; $ 895,434		Program canceled 03/30/92 10 loans $899,819

MARCH 3, 1993 ADDENDUM			
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
CHAS PERFORMANCE	Participated in creation of statewide CHAS document	Monitor progress in achieving CHAS priorities	CHAS monitoring ongoing
LOAN SERVICING			

FY93 BUSINESS PLAN FORMAT

Below is an illustration of the format for VHFA's FY93 Business Plan, which should be helpful in interpreting the various programs listed in the plan.

<table>
<tr><th colspan="2">VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)</th></tr>
<tr><th colspan="2">ONGOING PROGRAMS</th></tr>
<tr><td rowspan="2">TITLE OF PROGRAM
Designation as MF, SF, etc.

Brief descriptive paragraph outlines the program in general terms.</td><td>FY92: Results from previous year
FY93 GOAL: Usually a numerical/ quantitative goal for current year
FY93 ACTUAL: As the plan is updated periodically, actual results for each program will be inserted in the "Summary of Activity" table.</td></tr>
<tr><td>PARTICIPATING DEPARTMENTS: PRIMARY DEPT
OTHER DEPTS.</td></tr>
<tr><td colspan="2">Text indicates what actions are to be taken in an effort to meet the goals for the fiscal year. May also describe periodic changes to the program.</td></tr>
</table>

ONGOING PROGRAMS

Mortgages for Vermonters (MOVE) *Single Family Mortgage* VHFA's primary homeownership delivery mechanism. VHFA purchases mortgages originated by participating lenders following VHFA guidelines.	FY92: 604 mtges purch; $39,310,000 *FY93 GOAL:* 600 mtges; $39,300,000 *FY93 ACTUAL:* 528 mtges purch; $33,336,741 PARTICIPATING DEPARTMENTS: **OPERATIONS**, COMMUNICATIONS, DEVELOPMENT

As of March 1, this program now offers 0 point and 2 point mortgages, each with a one-year rate reduction. Income limits were increased effective 06/15/93; 1-2 family $34,100-$36,100; 3+ family $39,900-$41,500.

Mortgage Plus Program **(Mortgage Credit Certificate/MCC)** *Single Family Mortgage* Provides a <u>tax credit</u> which directly reduces the personal federal income tax liability of the borrower(s). The amount paid in Vermont income tax is not affected.	FY92: 317 MCCs issued/$23,461,000 *FY93 GOAL:* 399 MCCs; $30,400,000 *FY93 ACTUAL:* 392 MCCs issued; $29,716,454 PARTICIPATING DEPARTMENTS: **OPERATIONS**, COMMUNICATIONS, DEVELOPMENT

Upon recommendation by staff and approval by Board (09/24/92) the Mortgage Plus Program has been modified to: (1) restrict MCC issuance to borrowers requiring them to qualify for a mortgage; (2) lower the basic MCC credit rate from 25% to 20%; (3) provide an incentive for energy efficiency in the form of an additional 5% in the credit rate (will be implemented after computer system conversion).

Homeownership Opportunities **Using Shared Equity (HOUSE)** *Single Family Mortgage--* *Perpetual Affordability* A program for nonprofit and municipal housing developers to promote shared appreciation to ensure long term affordability. Currently $7 million in funds are available at a stepped interest rate beginning at 5.95% and ending at 7.45%.	FY92: 31 loans purch; $1,736,000 *FY93 GOAL:* 70 loans purch; $4,540,000 *FY93 ACTUAL:* 63 loans purch; $ 3,991,154 PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, OPERATIONS, COMMUNICATIONS

ONGOING PROGRAMS

ural Vermont Mortgage Program
ingle Family Mortgage

Uses VHFA funds from a previous bond issue in conjunction with FmHA funds to expand the supply of federal mortgage funds in rural areas of Vermont.

FY92: 22 mtges purch; $301,000
FY93 GOAL: 22 mtges purch; $301,000
FY93 ACTUAL: 9 mtges purch; $113,860

PARTICIPATING DEPARTMENTS: **OPERATIONS**
FINANCE

This program was suspended pending the commitment of a new source of funding. New source of funding authorized by Board in February, 1993 ($500,000; 7.45% funds). FmHA is out of funding, but a new letter of agreement is to be negotiated with FmHA by 10/01/93 (beginning of FmHA's fiscal year and availability of new funds).

Down Payment Assistance Program
Single Family Mortgage--
Down Payment Assistance

A pilot program where eligible borrowers may reduce the amount of their down payment by an amount equal to closing costs. The purpose of the program is to decrease the funds needed to purchase a home.

FY92: 71 loans, total $4,100,000
FY93 GOAL: (REPLACED BY IORTA)
FY93 ACTUAL: 18 loans purch; $978,816

PARTICIPATING DEPARTMENTS: **OPERATIONS**
VHMGB

This program was replaced by the IORTA Down Payment Assistance Program.

IORTA
Single Family Mortgage--
Down Payment Assistance

A pilot program using a combination of public and private resources that allows eligible borrowers to finance 100% of the value of the home being purchased. In addition, the program reduces the funds needed for an eligible borrower to purchase a home.

FY93 GOAL: 150 loans purch; $9,600,000
FY93 ACTUAL: 115 loans purch; $ 7,198,584

PARTICIPATING DEPARTMENTS: **OPERATIONS**
DEVELOPMENT
ADMINISTRATION
VHMGB

This program is being operated as a pilot to determine the increase in risk, if any, associated with making 100% loan-to-value mortgages as compared to 95% loan-to-value mortgages. Second group of 150 mortgage loans released 06/15/93; all available reservations taken by 07/01/93.

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

ONGOING PROGRAMS

Dalton Drive Affordable Housing *Special Initiative--Homeownership* An initiative to combine State resources to create 77 affordable homeownership units from the 19 historical Fort buildings on Dalton Drive.	FY92: 23 units sold, $1,586,645 *FY93 GOAL:* Sell all remaining units (total 77); $6,782,000 total mortgages *FY93 ACTUAL:* 71 units sold; $ 6,339,674 ($1,654,237); 6 units under contract PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT OPERATIONS COMMUNICATIONS

Efforts are ongoing to complete sales of the condominium units. Rehabilitation plans for commercial/professional buildings 504 and 600 are being developed. Those buildings are being marketed.

Vermont Secondary Mortgage Market *Special Initiative--Homeownership* A program to purchase nonconforming mortgages from Vermont lenders. Lenders agree to reinvest a percentage of the proceeds from each transaction. Lenders reinvest no less than 50% of the proceeds in activities supporting low- and moderate-income Vermonters.	FY92: None *FY93 GOAL:* Periodic program review/ assessment of need *FY93 ACTUAL:* None PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE OPERATIONS

Current market conditions render this program unattractive to lenders. Staff will conduct periodic market and program reviews to assess demand for this secondary mortgage market program. Program viability will be considered for FY94 Business Plan.

Mortgage Delivery/Servicing with Nonprofits Pilot *Special Initiative--Homeownership* Establish a mortgage delivery system through approved nonprofits to provide better program access to low- and moderate-income families. This could allow for direct servicing of mortgages by VHFA.	FY92: Disc. w/1 nonprofit in progress *FY93 GOAL:* Establish capacity at one nonprofit *FY93 ACTUAL:* None; initiative viability being analyzed PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS

The Vermont Development Credit Union has established mortgage servicing capacity in the North End of Burlington under this program. Program viability will be considered for FY94 Business Plan.

ONGOING PROGRAMS

Affordable Housing Demonstration *Special Initiative--Innovation* A demonstration program to promote affordable housing developments by providing financing for model homes.	FY92: None *FY93 GOAL:* Keep program available *FY93 ACTUAL:* None PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Program can be accessed but will not be promoted. Program viability and usefulness will be considered for FY94 Business Plan.

Mobile Home Assistance Program *Mobile Home Refinancing* A program to assist eligible mobile home owners to refinance current housing debt with lower rate mortgage financing. This program is available to borrowers in mobile home parks with a long-term affordability mechanism.	FY92: 7 Loans; $123,000 purchased. *FY93 GOAL:* No volume goal pending analysis of program *FY93 GOAL:* None PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS

In FY92, the term for mobile home refinancing was increased from 10-15 years. This program will be evaluated for its current applicability to financing needs of residents of eligible mobile home parks. Market penetration as well as possible impediments/disincentives to participate will be explored. Program will be re-evaluated for FY94 Business Plan.

Mobile Home Park Financing Program (Multi-Family) *Mobile Home Park Financing* A program to provide financing for mobile home parks with long term affordability through investment in taxable VHFA bonds by Vermont's public pension funds.	FY92: $816,000, 2 parks, 100 units *FY93 GOAL:* $1,100,000, 2 parks, 73 units *FY93 ACTUAL:* $326,305, 29 units PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Pension funds for mobile home park financing are nearly depleted and remaining funds carry an above-market interest rate; new sources of funds must be identified and made accessible. Loan closing in FY93: Hillside (Starksboro; 29 units).

ONGOING PROGRAMS

Preservation—Section 8 *Multi-Family Preservation* An initiative to preserve existing Agency financed Section 8 developments and prevent these units from prepaying and converting to market rate housing. Continue using the options as approved by the Board to negotiate Preservation Agreements.	FY92: 5 pres agree signed (102 units) *FY93 GOAL:* Preservation agreements for 6 projects *FY93 ACTUAL:* 3 Preservation agreements signed (27 units) PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT** DEVELOPMENT FINANCE

Because of record-low interest rates, owners are exploring prepayment options. Some owners have chosen prepayment option rather than entering into long-term, binding preservation agreement. Strategy for preservation initiatives will include: (1) concerted efforts to establish preservation deals for "at-risk" developments; and (2) pursuit of preservation agreements in response to expressions of interest by owners.

LIHPRHA Preservation *Multi-Family Preservation* An initiative to preserve Vermont's Section 221d(3) and 236 developments covered under the Act from converting to market rate housing.	FY92: Highgate completed (120 units) *FY93 GOAL:* Begin Westgate (100 units) acquisition and rehabilitation *FY93 ACTUAL:* Appraisal/Capital Needs Assessment underway PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT FINANCE M-F MANAGEMENT

Worked with local nonprofit and Housing Vermont to develop resident involved community based nonprofit for ultimate purchase, to present acceptable offer to purchase, and to present plan of action to HUD for acquisition and rehabilitation. Northgate and Highgate complete. Preservation of Westgate under Title VI in process. Applegate scheduled for FY94.

Multi-Family Financing *Multi-Family Development* Tax exempt and taxable bonding for funds to finance affordable Multi-Family developments.	FY92: $3.6 million created 110 units. *FY93 GOAL:* Commitments pending *FY93 ACTUAL:* 70 units; $ 2,150,000 PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE M-F MANAGEMENT

Application pending for FHLB advance of $2,000,000. Loan prepayments on Section 8 projects are being held for new loans. Interim policy on lead paint, asbestos and environmental review adopted and in process of review. Closings held in FY93: Depot Square (St. Johnsbury; 47 units) and Bristol Family Housing (Bristol; 9 units). Commitments for Depot II (10 units, $93,000).

ONGOING PROGRAMS

Vermont Housing Ventures *Multi-Family Development* A $250,000 low-interest revolving fund for loans to nonprofits to cover pre-development expenses incurred in creating an affordable housing project.	FY92: $114,700. Increased fund from $250,000 to $310,000 temporarily *FY93 GOAL:* *FY93 ACTUAL:* $43,340 committed; $44,000 pending PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Loans being made as requested. Coordinating Ventures program with similar funding provided by VHCB with a goal of meeting the need for predevelopment funding while eliminating any duplication of effort.

Single Family Development and Construction Pilot *Single Family Construction* Provides construction financing for single family affordable housing developments.	FY92: $355,000 loan guarantee on 44 units; interest in additional project of 14 units *FY93 GOAL:* 14 units; $200,000 revolving construction loan *FY93 ACTUAL:* 14 units; $500,000 Starlake Village PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE

Commitment made for 14 units at Starlake Village in Norwich; revolving construction loan of $200,000. Over $4,000,000 in construction loan requests are under review.

Low Income Housing Tax Credits (LIHTC) *Multi-Family Development* A federal program providing tax credit incentives for developing multi-family rental housing. Developments are income restricted: at least 20% of residents can earn no more than 50% of area median income; or a minimum of 40% of residents can earn no more than 60% of area median income.	Cal 1992 Activity: $8,807,577; 341 LIHTC units; 489 total units *FY93 GOAL:* 100% allocation of any available credit from returns and renewal proceeds *FY93 ACTUAL:* 122 units; $459,638 (100%) PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Federal LIHTC program expired 06/30/92. Program reauthorization possible under Clinton administration. As of 06/30/93, still awaiting Congressional action on permanent extension of this program.

ONGOING PROGRAMS

Old North End (Burlington) Multi-family and single family investment in the Old North End of Burlington.	*FY93 GOAL:* MF = 25 units; SF = 10 units *FY93 ACTUAL:* All agreements have been executed; $2.5 million committed to MF & SF program PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Commitment of $1.5 million in recycled multi-family tax-exempt bond proceeds to be used in conjunction with $500,000 in Burlington's HOME funds for acquisition/rehabilitation of buildings with 5+ units. Commitment of $1 million in 7.45% Single Family bond proceeds for refinancing/rehabilitation of single family homes in the Old North End.

Nonprofit Training Series *Special Initiative/Nonprofit Capacity* Workshops for nonprofits designed to enhance their ability to create more long-term affordable housing.	FY92: 7 Workshops conducted to date *FY93 GOAL:* Assess need for training series *FY93 ACTUAL:* Co-sponsored two with VHCB, et al. (lead paint, energy) PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, COMMUNICATIONS

Need for continuation of training series being assessed.

Home Buyer Education *Home Buyer Education* Develop, conduct, evaluate and update home buyer education programs to prepare participants throughout Vermont for home purchase.	FY92: 7 workshops conducted; 180 attendees *FY93 GOAL:* Develop new education strategies *FY93 ACTUAL:* 2 home buyer fairs held; 1,310 participants; 1 home buyer day held; 31 participants; 2 home buying basics workshops; 100 participants; 6 workshops at non-VHFA sponsored events PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**, OPERATIONS, DEVELOPMENT

VHFA has been offering education to prospective home buyers primarily through Home Buyer Days since 1988. This year, we have experimented with different forums to provide education, building on previous efforts. Strategies included Home Buyer Fairs, two-part, four-hour seminars and coordinating with other established entities to empower low- and moderate-income home buyers as cost-effectively as possible.

ONGOING PROGRAMS

TEAM Approach
(Tenant Education and Assistance Model)
Special Initiative/Aging in Place

Coordinates the provision of supportive services to residents of Vermont's subsidized elderly housing developments. Initial program funding was provided by the Robert Wood Johnson Foundation, the Administration on Aging and VHFA.

FY92: 67 developments; 2,207 households
FY93 GOAL: Transition of program to regional host organizations; continue program expansion
FY93 ACTUAL: Transition complete/technical assistance and program promotion ongoing

PARTICIPATING DEPARTMENTS: **ADMINISTRATION**

The Direct Service component of the program has been transitioned to regional nonprofits. VHFA will continue to provide promotion, coordination and technical support. Anticipate successful transition of service coordination function to regional agencies. Administrative and technical support will be provided to host organizations through FY94. Future of supportive service activities at VHFA will be considered under strategic planning process.

Cooperative Advertising with Nonprofits

Nonprofit housing developers have limited resources with which to market properties they may be developing. VHFA established a small pool of matching funds to assist nonprofits participating in the HOUSE program.

FY93 GOAL:
FY93 ACTUAL: Disbursed $10,605 to six nonprofits

PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**
DEVELOPMENT

In FY93, VHFA increased from $10,000 to $15,000 the amount of funds available to assist nonprofits in purchasing advertising for specific properties. VHFA solicits requests from nonprofits and allocates funds as equitably as possible among nonprofits throughout the state. This year, six nonprofits requested over $16,000; however, only $10,605 was utilized.

PROGRAMS BEING DEVELOPED

Section 8 Refunding Rental Production Program *Multi-Family Development* An initiative to refinance high interest rate Section 8 properties and use the savings to assist new affordable rental production and/or existing troubled properties.	FY92: Authorization rec'd from HUD; prep for refis in progress w/bond counsel and special underwriters *FY93 GOAL:* *FY93 ACTUAL:* NCSHA legislative priority; plan to recover 100% of interest savings for state HFA developments PARTICIPATING DEPARTMENTS: **FINANCE** DEVELOPMENT M-F MANAGEMENT

HUD authorization conflicts with 1992 amendments to the Affordable Housing Act. Legislative priority for NCSHA.

Multi-Family/Single Family Construction Programs A program to provide construction financing for single family and multi-family development.	FY92: *FY93 GOAL:* *FY93 ACTUAL:* Loans under review PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE

Program pilot underway. Formal program in development stage. Anticipated source of funds to be VHFA fund balances. (See also Single Family Construction Pilot.)

Home Improvement/Qualified Rehabilitation Loans *Single Family Rehabilitation* An initiative to provide financing to eligible borrowers for home improvements which add to the basic livability of an existing residential structure.	FY92: None. *FY93 GOAL:* Program development *FY93 ACTUAL:* Program development 50% complete PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS FINANCE

Program development underway. FHA Title I program and VHMGB participation being explored.

PROGRAMS BEING DEVELOPED

Section 8 Rent Increases *Multi-Family Preservation* Establish a method to control the cost of this program using budget based rent increases as a means of preserving long term funding under Annual Contribution Contracts.	FY92: Continue to push this in Preservation Strategy and await HUD's new directive on rent comparability. *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* Supreme Court ruled in favor of government PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT**

Awaiting final Rent Comparability regulations following Supreme Court's ruling in favor of Government's position.

Portfolio: Proactive Servicing (Single Family) *Internal Activity for Efficiency* Provide direct billing to the lenders servicing our single family programs and conversion of lender reports to an exception only format.	FY92: None; proactive servicing will be pursued after transition to new computer system. *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* Working on program with consultants, should implement before end of calendar 1993 PARTICIPATING DEPARTMENTS: **FINANCE** OPERATIONS

Low Income Housing Tax Credit (LIHTC) Compliance Monitoring Implement a method of compliance monitoring, in response to Section 42 of the IRS Code, for all units that have received tax credits since 1987. Establish a fee structure that will cover the Agency's cost for monitoring and reporting non-compliance to the IRS.	FY92: Program draft in progress *FY93 GOAL:* Establish tax credit monitoring system for 1,200 units *FY93 ACTUAL:* Contract with SPECTRUM signed eff. 07/01/93; published and distributing compliance manual PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT** DEVELOPMENT

Spectrum, Inc. selected as authorized delegate. Tax Credit Compliance Manual approved by Tax Credit Committee and published; is now being distributed.

PROGRAMS BEING DEVELOPED

Loan Consortium of Participating Lenders

Development of loan consortium to include financial institutions that do not ordinarily participate in or initiate affordable housing programs. Will allow for risk-sharing on participating loans.

FY93 GOAL: Program development and initiation
FY93 ACTUAL: On hold

PARTICIPATING DEPARTMENTS:

Special Needs Housing Programs

Research viable options to expand housing availability for Vermont's special needs populations.

FY93 GOAL: Finance group homes for Brandon Training School residents in cooperation with VHCB; broaden target population
FY93 ACTUAL: Group home financing through FNMA—in negotiations

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Cooperate with housing and service providers in the state to implement viable recommendations of special needs study. Agreement for participation in Fannie Mae Community Living Demonstration Program being negotiated. Will provide financing for group homes for the developmentally disabled.

Federal Home Loan Bank Funds Loan Program
Special Needs Housing

Access advances from the FHLBB at favorable interest rates for multi-family rental developments, group homes and other special needs housing.

FY93 GOAL: Development and implementation of program
FY93 ACTUAL: Applied for $2 million from FHLB 03/93; pending

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Application for $2,000,00 non-member advance pending; in final stages of processing.

ANALYZE FOR FUTURE IMPLEMENTATION

Alternative Single Family Financing *Single Family Mortgage* Analyze and recommend alternatives to MOVE and Mortgage Plus. This initiative is driven by the ever-present possibility of elimination by the federal government of VHFA's authorization to issue mortgage revenue bonds.	FY92 Activity: None. *FY93 GOAL:* See explanation below *FY93 ACTUAL:* None PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE OPERATIONS

Until the fate of Mortgage Revenue Bond authority is resolved, this analysis will not be given a high priority.

Lead Paint Response Participate in the formulation of any legislation/regulations passed to address the issue of lead paint contamination and poisoning.	*FY93 GOAL:* Participate in policy/regulatory development *FY93 ACTUAL:* Legislation passed; need to reconcile with HUD notice PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT MULTI-FAMILY MANAGEMENT

Legislation was passed during 1993 Legislative session authorizing Health Department certification and licensure of lead-based paint activities, requiring vigorous education efforts, providing for wide access to blood lead screening and establishing protocols for responses to a lead-poisoned child. Legislation also establishes a Lead-Paint Hazard Commission. VHFA participated in the legislation process and will be represented on the Commission.

Accessory Apartments Analyze the need to establish demand for a lending program to provide financing to homeowners wishing to create accessory apartments (as referenced under 24 VSA Section 4406).	*FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

No activity on this item; will be considered for FY94 Business Plan.

ANALYZE FOR FUTURE IMPLEMENTATION

Training for Real Estate Professionals Develop educational curriculum for Vermont Real Estate professionals and research feasibility of sponsoring course for continuing education credits through the Vermont Real Estate Commission.	*FY93 GOAL:* Develop/test curriculum *FY93 ACTUAL:* Curriculum has been reviewed/approved by Real Estate Commission. Course will be offered in Fall. PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** OPERATIONS

An opportunity has been identified to both (1) contribute to the professional growth of Vermont real estate licensees and (b) provide an incentive to licensees to become well-versed in the mechanics of VHFA financing options for low- and moderate- income home buyers. VHFA will develop and deliver an educational program acceptable to the Vermont Real Estate Commission to give continuing education credits to participating real estate professionals who successfully complete the course. The program will be available to licensees statewide; site locations or vehicles (i.e. interactive television) will be researched and the most cost-effective delivery methods will be pursued.

Tax Exempt Fund for Restricted Reserves on Multi-Family Projects By investing in VHFA tax-exempt notes, owners would increase after-tax investment income and VHFA would have inexpensive source for short-term financing.	*FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION** M-F MANAGEMENT

This program would enable owners to purchase short term tax-exempt VHFA notes derived from surplus cash to mitigate paying taxes on income. VHFA can use proceeds for short term financing.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Housing Policies: Participate at State and Federal Level Participate in and keep abreast of all new State and Federal housing legislation, including CHAS and HOME which are elements of the Cranston-Gonzales National Affordable Housing Act of 1990.	FY92: Ongoing *FY93 GOAL:* Ongoing *FY93 ACTUAL:* Ongoing PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, ADMINISTRATION, COMMUNICATIONS

Mortgage Revenue Bond (MRB) and Low Income Housing Tax Credit (LIHTC) Extension Campaigns Congressional authority to issue MRBs sunsetted June 30, 1992. Intensive efforts to secure permanent re-authorization by Congress are underway.	FY92: MRB/LIHTC programs extended through June 30, 1992 *FY93 GOAL:* Secure permanent reauthorization of expired programs *FY93 ACTUAL:* Ongoing PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**, OPERATIONS, ADMINISTRATION

Outcome pending Congressional budget conference committee reconciliation.

Housing Vermont: Funding Ongoing evaluation and monitoring of the funding agreement of $2,000,000 for the development of new multi-family projects.	FY92: Evaluation and monitoring of the Housing Vermont funding agreement is ongoing *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* Evaluation/monitoring ongoing PARTICIPATING DEPARTMENTS: **FINANCE**

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Cash Flow: Analyze Alternative Programs A study to determine the most cost-effective way to generate timely, responsive cash flow data for the purpose of determining finances available and what-if scenarios.	FY92: Incorporated within computer hardware/software search *FY93 GOAL:* Same as FY92 *FY93 ACTUAL:* Consider options after computer install PARTICIPATING DEPARTMENTS: **FINANCE**

Statewide Affordable Housing Conference Support conference for nonprofit housing developers and others in the public and private sector.	FY92: Participated in 1992 conference *FY93 GOAL:* See below *FY93 ACTUAL:* Conference held 07/01/93 PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** DEVELOPMENT

Housing "summit" held 07/01/93; over 200 people attended.

Multi-Family Management *Multi-Family Management* Ongoing servicing and monitoring of 97 VHFA-financed developments (2,966 units) in compliance with Regulatory Agreements, HAP Contracts and HUD regulations. Serve as Contract Administrator for 18 developments (341 units), providing $2.4 million in federal rental assistance payments on behalf of eligible residents.	FY92: 100 developments; 3,070 units *FY93 GOAL:* *FY93 ACTUAL:* 97 developments (2,966 units) PARTICIPATING DEPARTMENTS: **M-F MANAGEMENT**

During FY92, Multi-Family Management provided servicing and monitoring for 3,068 multi-family units throughout Vermont. In FY93, 5 prepayments were made, reducing the number of VHFA-financed developments by 118 units. Two new developments (14 units) were added. HAP Contract Administration was provided for 341 of the units.

VHFA BUSINESS PLAN FY93 (07/01/92—06/30/93)

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Lender Training Lender training is designed to provide assistance to lenders in interpreting and understanding VHFA policies and procedures, resulting in better service delivery of our single family programs. The personal contact provided by the Training Coordinator also helps strengthen our relationship with each of our participating lenders.	FY92: 30 sessions, 250 attendees *FY93 GOAL:* *FY93 ACTUAL:* 52 sessions; 412 attendees PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**

Computer Software/Hardware Conversion Comprehensive computer conversion underway; transition expected to begin early in calendar 1993; may be completed concurrent with end of FY93, although there are many factors (such as data compatibility) which may affect the final completion date.	FY92: Reviewing proposed contract *FY93 GOAL:* Convert to new computer system *FY93 ACTUAL:* Computer conversion underway PARTICIPATING DEPARTMENTS: **OPERATIONS** ALL DEPARTMENTS

Wiring for computer system was completed. Customization of software should be completed in early FY94, with data conversion and user transition anticipated to take place prior to 01/01/94.

TERMINATED PROGRAMS

Home Energy Improvement Loan Program (HE/ILP) *Single Family Mortgage--Energy* A guaranteed installment loan program to provide Vermonters with financing for energy conservation improvements on their homes. This is a pilot program using non-lender originators and VHFA servicing.	FY92: 6 loans, total $14,050; program terminated. PARTICIPATING DEPARTMENTS: **OPERATIONS** VEIC FINANCE

Funding for this program is now being provided by conventional lenders. VHFA may be called upon in the future to again provide funding.

CVPS/VHFA/Chittenden Bank Energy Loans *Single Family Mortgage--Energy* A public/private installment loan program to finance energy conservation retrofits on existing homes. VHFA supplies the capital, CVPS buys down the interest rate by 4%, and Chittenden Bank underwrites and obtains the guarantee for the loans.	FY92 Activity: 3 loans, $10,300 *FY93 GOAL:* Serious consideration for stopping the program for FY93. *FY93 ACTUAL:* Program canceled 10/05/92 PARTICIPATING DEPARTMENTS: **OPERATIONS** FINANCE

This program was terminated for lack of activity.

4 Star Mortgage *Single Family Mortgage--Energy* A pilot program to consider energy efficiency in the underwriting process and to encourage energy improvements at the time of home purchase. The required mortgage insurance will be met by GEMICO under a tiered risk agreement in which VHFA shares a portion of the primary mortgage insurance risk. Will utilize $10-12 million recycled 8.25% funds.	1992: 12 mtges purch, total $895,434 Program canceled 03/30/92; 10 loans $899,819 PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS

Canceled 03/30/92—insufficient activity.

03/93 ADDENDUM

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Comprehensive Housing Affordability Strategy (CHAS) Performance Annually, VHFA participates in formulation of Vermont's CHAS. Additionally, VHFA's activities in providing affordable housing coincide with the CHAS priorities.	FY92 Activity: Participated in creation of statewide CHAS document *FY93 GOAL:* Monitor progress in achieving CHAS priorities *FY93 ACTUAL:* CHAS monitoring ongoing PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT OPERATIONS MULTI-FAMILY MANAGEMENT

As part of its ongoing performance review, VHFA will monitor its progress in contributing to the achievement of the CHAS priorities listed below.

1. Serve households at or below 30% of median income
2. Address the preservation and production of mobile home parks
3. Preservation and rehabilitation of existing units
4. Integrate households of different incomes
5. Achieve perpetual affordability
6. Assist projects that demonstrate leverage and cost effectiveness
7. Address the need for accessibility

Loan Servicing Ongoing effort to achieve timely collections of mortgage loan payments while endeavoring to reasonably cooperate to keep borrowers in their homes.	FY92 Activity: *FY93 GOAL:* *FY93 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS**

Diligently pursue workouts and pre-foreclosure sales with qualified borrowers. Work with borrowers to facilitate repair of defects which might lead to property abandonment and/or a property becoming unfit for occupancy.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeffrey Francis, Deputy Director

DATE: July 22, 1993

RE: LEAD-BASED PAINT UPDATE

Last November, the Board adopted an Interim Policy Position on Lead Paint and other Toxic and Hazardous Materials with the intent of modifying the policy as more information was gained on the topic of lead paint and other hazards. While projects developed since the adoption of the policy have been required to comply with its provisions, the policy has not been disseminated to existing VHFA multi-family mortgagors because of concurrent and possibly conflicting activity by HUD, Congress and the Vermont Legislature in the same area. I have been working closely with our outside counsel, Frank Kochman, on this matter and have elaborated our findings below.

While pertinent HUD Handbook provisions and the provisions of the Federal Residential Lead-Based Paint Hazard Reduction Act of 1992 (the "1992 Act") are not intended to supplant State or VHFA requirements, I believe that, at a minimum, VHFA's policy should avoid provisions inconsistent with the HUD provisions (both as they exist and as they are expected to be modified in accordance with the 1992 Act). A point-by-point comparison of HUD requirements and VHFA requirements, particularly as they pertain to existing projects, leads me to the conclusion that dissemination of both policies could create unnecessary confusion.

Another complicating factor is the recent passage of lead paint legislation ("S.30") in Vermont. Among other things, S.30 establishes a 14-member study commission (which I have been designated to chair), which is required to report to the Legislature by December 1 on numerous lead-related issues, including:

> "...procedures for preventing lead poisoning through lead hazard reduction and their implications for the health of children, the affordability, safety and quality of housing, and owners' and lenders' liability...".

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

Under the circumstances, I am recommending that any independent VHFA lead-based paint abatement policy covering existing units be held in suspension and not implemented at least until the work of the statutory commission is completed and the Legislature has an opportunity to act on its recommendations. In lieu of implementing the policy, I recommend disseminating the available HUD materials and the new State and Federal laws to applicable owners as soon as possible. I would expect to invite owners and managers to meet with staff shortly after these materials are distributed, in order to answer any questions they may have.

Please note that this recommendation does <u>not</u> apply to the portion of the policy that deals with substances other than lead or with our efforts to abate and reduce lead-based paint hazards in projects under development.

RECOMMENDED BOARD ACTION: Authorize (1) non-implementation of the VHFA lead-based paint policy as it applies to VHFA's existing multi-family mortgagors; and (2) immediate dissemination of the two attached proposed memoranda to appropriate multi-family mortgagors of Section 8 family units in buildings originally constructed before 1978.

M E M O R A N D U M

TO: OWNERS OF FAMILY UNITS IN BUILDINGS FINANCED IN WHOLE OR IN PART BY VHFA, ORIGINALLY CONSTRUCTED BEFORE 1978, AND BENEFITING FROM SECTION 8 CONTRACTS OTHER THAN "NEW CONSTRUCTION," "SUBSTANTIAL REHABILITATION," OR "LOAN MANAGEMENT SET-ASIDE" CONTRACTS

FROM: Vermont Housing Finance Agency

DATE: ______________, 1993

RE: LEAD-BASED PAINT UPDATE

Enclosed please find the following:

1. **Chapter 19 of HUD Handbook 4350.1, REV-1 CHG-2, Environmental Issues,** with Transmittal letter of Arthur J. Hill, Assistant Secretary for Housing—Federal Housing Commissioner.

2. **Notice H 93-29 (HUD)**, dated 4/23/93, concerning the subject "Lead-Based Paint: Notification of Tenants in HUD-insured, HUD-held and HUD-subsidized Housing.

3. The Federal **Residential Lead-Based Paint Hazard Reduction Act of 1992.** ("Title X.")

4. A pamphlet entitled **Understanding Title X.**

5. **Vermont Senate Bill S.30,** as passed by the House and Senate, and as signed into law by Governor Dean on June 16, 1993, entitled "**An Act Relating to Childhood Lead Poisoning Screening and Lead Poisoning Abatement,**" to be codified at 18 V.S.A. §§1751—1756.

These materials are intended to alert you to important governmental developments in the prevention and treatment of lead poisoning in young children and the responsibility of certain federally-assisted owners of rental housing now defined, for this purpose, as "target housing" under both Federal and State law. It seems clear that **Notice H 93-29** applies to you of its own force, as it applies to all who enjoy the benefits of a Housing Assistance Payments Contract, regardless of the specific regulatory source of the subsidy. Also, the disclosure requirements of section 1031(b) of Title X directly apply to you. It is unclear whether the Handbook provisions also apply. Therefore, VHFA advises you that in any case in which a clearly covered owner would be required to reduce or abate lead-based paint hazards ("LBPH") under HUD requirements of Title X, VHFA will invoke its statutory power to order alterations, changes, or repairs in order either to protect the security of its investment or the health, safety, and welfare of the tenants so that you will be obligated to the same extent as owners clearly covered under the Federal law.

Accordingly, please review these materials carefully. They impose legal obligations on you in the short term, the medium term, and the longer term. In brief:

A. Short-Term Obligations. Under the HUD Handbook and Notice, as soon as you receive the "Notification Brochure" described in Notice H 93-29, you will be required to distribute the HUD-prescribed educational information about LBPH to all tenants except those in zero-bedroom units. If you are presented with test results indicating an elevated blood [lead] level in a child occupying a unit in your development, you will be required to test for lead-based paint and abate it in accordance with the HUD-prescribed standards and procedures.

Further, under the new Vermont law, the State through the Secretary of Human Services may inspect a child's dwelling if the child's diagnosis of severe lead poisoning is confirmed, and may compel abatement of LBPH.

B. Medium Term Obligations. By 1995, under Title X (section 1031(b)), you will be required to include a specific "Lead Warning Statement" in all leases, to provide each prospective tenant with a lead hazard information pamphlet, and to disclose any known lead-based paint or LBPH, and provide a copy of any lead hazard evaluation report. Also, the new Vermont law contemplates the future creation of specific standards of care, which may (or may not) result in more stringent obligations than those imposed by Federal law. Also, one of the main purposes of the Vermont law is to provide for a certification and licensing process for abatement contractors. Once standards are established, no one without a license shall be permitted to perform lead-based paint activities. (Standards may be developed by emergency rules and, under the new law, permanent rules must be adopted by January 1, 1994.)

C. Longer Term Obligations. Beginning not later than January 1 of 1995, and on a phased schedule which must be completed by January 1, 2002, all targeted housing receiving federal assistance must be inspected for LBPH and at least interim controls for reduction of those hazards must be undertaken. This obligation is unit-based, not child-based; that is, it applies regardless of any report of elevated blood levels in any child. In addition, any rehabilitation project receiving federal funds will be required to reduce LBPH, at least, and will be required to fully abate LBPH if federal assistance exceeds $25,000 per unit.

D. Funding Considerations. In any case in which you suspect the existence of lead-based paint, VHFA will consider authorizing the release of residual receipts, project cost escrow and replacement reserve funds for testing and/or abatement. Other possible sources of assistance for these required steps will also be explored.

MEMORANDUM

TO: OWNERS OF NEW CONSTRUCTION, SUBSTANTIAL REHAB AND LMSA SECTION 8 FAMILY UNITS IN BUILDINGS ORIGINALLY CONSTRUCTED BEFORE 1978

FROM: Vermont Housing Finance Agency

DATE: ________________

RE: LEAD-BASED PAINT UPDATE

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These materials are intended to alert you to important governmental developments in the prevention and treatment of lead poisoning in young children and your responsibility with respect to reduction and abatement of lead-based paint hazards ("LBPH") as an owner of housing now defined, for this purpose, as "target housing" under both Federal and State law.

Please review these materials carefully. They impose legal obligations on you in the short term, the medium term, and the longer term. In brief:

A. Short-Term Obligations. Under the HUD Handbook and Notice, as soon as HUD delivers to you the "Notification Brochure" described in Notice H 93-29, you will be required to distribute the HUD-prescribed educational information about LBPH to all tenants except those in zero-bedroom units. If you are presented with test results indicating an elevated blood [lead] level in a child occupying a unit in your development, you will be required to test for lead-based paint and abate it in accordance with the HUD-prescribed standards and procedures.

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C. Longer Term Obligations. Beginning not later than January 1 of 1995, and on a phased schedule which must be completed by January 1, 2002, all targeted housing receiving federal assistance must be inspected for LBPH and at least interim controls for reduction of those hazards must be undertaken. This obligation is unit-based, not child-based; that is, it applies regardless of any report of elevated blood levels in any child. In addition, any rehabilitation project receiving federal funds will be required to reduce LBPH, at least, and will be required to fully abate LBPH if federal assistance exceeds $25,000 per unit.

D. Funding Considerations. In any case in which you suspect the existence of lead-based paint, VHFA will consider authorizing the release of residual receipts, project cost escrow and replacement reserve funds for testing and/or abatement. Other possible sources of assistance for these required steps will be explored. (For example, see §1012(g) of Title X regarding the possibility of Section 8 assistance for the purpose of covering the cost of evaluating and reducing LBPH.)

2 Points
Interest Rate: 6.95%
7.95%

STATISTICAL REPORT PROGRAM ID: 93A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/22/93
Loan Status: CC,UC,O

Total Number of Loans: 95
Total Loan Amount: $5,666,978

EXISTING:	$4,672,407	83.1%	79 Loans
NEW CONSTRUCTION:	$994,571	16.8%	16 Loans
NEW DETACHED HOUSING:	$775,021	77.9%	13 Loans
NEW CONDOMINIUM:	$219,550	22.0%	3 Loans
Funds Remaining to be Reserved:	$1,525,644	14.9%	25 Loans (Est.)

Total Insured or Guaranteed Loans: 91
Loans Guaranteed by VHMGB: 90

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$60,802	$70,112	$63,644
Avg. Loan Amount	$57,486	$64,582	$59,652
Avg. Borrower Income	$24,986	$26,090	$25,323
Avg. Housing Debt-Income Ratio	24.1%	26.6%	24.9%
Avg. Total Debt	$636.89	$711.06	$659.53
Avg. Total Debt-Income Ratio	30.9%	32.8%	31.5%
Total No. of Loans	66	29	95
% of Total Loan Amount	67.0%	33.0%	100.0%
First Time Homebuyers	86.3%	100.0%	90.5%
% Meeting Low Income Set Aside	54.5%	58.6%	55.7%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	5.3%	$234,375	5,000	5.7%	0.4-
Bennington	1	1.1%	$79,734	6,300	7.2%	6.1-
Caledonia	13	13.7%	$698,365	4,800	5.5%	8.2
Chittenden	13	13.4%	$970,024	16,000	18.2%	4.8-
Essex	5	5.3%	$248,855	1,300	1.4%	3.9
Franklin	17	17.9%	$1,066,129	6,000	6.8%	11.1
Grand Isle	1	1.1%	$75,000	900	1.0%	0.1
Lamoille	1	1.1%	$75,000	3,300	3.8%	2.7-
Orange	3	3.2%	$181,450	4,300	4.9%	1.7-
Orleans	17	17.9%	$909,356	4,200	4.8%	13.1
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	8	8.4%	$508,290	9,000	10.3%	1.9-
Windham	2	2.1%	$106,650	7,100	8.1%	6.0-
Windsor	9	9.5%	$513,750	9,600	11.0%	1.5-
TOTAL	95	100.0%	$5,666,978	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

2 Points
Interest Rate: 6.95%/7.95%

AS OF: 07/22/93
PAGE NO. 1

Vermont Housing Finance Agency
93A - $10,171,625 1990 SERIES 3-SF HOUSING PROGRAM 1S 7.95
Status Report (with percent of pool proceeds approved)
Rate : 6.950%
Date : 07/22/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$67,925	0.6%	$67,925	0.6%	$0	$67,925	100.0%
Banknorth Mortgage Co	$881,345	8.6%	$502,275	4.9%	$0	$502,275	56.9%
Brattleboro Savings and Loan	$47,500	0.4%	$0	0.0%	$0	$0	0.0%
Chittenden Bank	$2,047,453	20.1%	$1,138,053	11.1%	$248,759	$889,294	43.4%
Citizens Savings Bank and Trust	$420,765	4.1%	$358,065	3.5%	$0	$358,065	85.0%
Community National Bank	$997,361	9.8%	$963,861	9.4%	$260,300	$703,561	70.5%
Green Mountain Bank	$33,000	0.3%	$33,000	0.3%	$33,000	$0	0.0%
Lyndonville Savings Bank & Trust Company	$298,398	2.9%	$52,250	0.5%	$0	$52,250	17.5%
Marble Bank	$48,450	0.4%	$48,450	0.4%	$0	$48,450	100.0%
Merchants Bank, The	$231,550	2.2%	$137,550	1.3%	$75,050	$62,500	26.9%
Mortgage Service Center of New England	$202,805	1.9%	$170,600	1.6%	$0	$170,600	84.1%
National Bank of Middlebury, The	$16,500	0.1%	$16,500	0.1%	$0	$16,500	100.0%
New England IBM Employees Fed Crdt Union	$65,500	0.6%	$65,500	0.6%	$0	$65,500	100.0%
Northfield Savings Bank	$126,000	1.2%	$76,000	0.7%	$0	$76,000	60.3%
Passumpsic Savings Bank	$364,005	3.5%	$176,700	1.7%	$0	$176,700	48.5%
Randolph National Bank	$38,600	0.3%	$38,600	0.3%	$0	$38,600	100.0%
Statewide Funding Corporation	$80,750	0.7%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.	$693,665	6.8%	$380,615	3.7%	$0	$380,615	54.8%
Vermont Development Credit Union	$21,375	0.2%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB	$1,197,359	11.7%	$946,159	9.3%	$332,984	$613,175	51.2%
Vermont National Bank	$675,675	6.6%	$543,325	5.3%	$54,150	$489,175	72.3%
Wells River Savings Bank	$90,000	0.8%	$0	0.0%	$0	$0	0.0%
TOTALS 142 Loans	$8,645,981	85.0%	$5,715,428	56.1%	$1,004,243	$4,711,185	54.4%

0 Points
Interest Rate: 7.25%
8.25%

STATISTICAL REPORT PROGRAM ID: 93B — Report: 1587

UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/22/93
Loan Status: CC,UC,O

Total Number of Loans:	148
Total Loan Amount:	$9,988,261

EXISTING:	$8,608,757	86.4%	128 Loans
NEW CONSTRUCTION:	$1,379,504	13.5%	20 Loans
NEW DETACHED HOUSING:	$1,223,499	88.6%	18 Loans
NEW CONDOMINIUM:	$156,005	11.3%	2 Loans
Funds Remaining to be Reserved:	$1,196,381	5.9%	17 Loans (Est.)

Total Insured or Guaranteed Loans:	146
Loans Guaranteed by VHMGB:	145

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$67,395	$77,602	$71,119
Avg. Loan Amount	$63,661	$74,150	$67,488
Avg. Borrower Income	$27,563	$30,935	$28,794
Avg. Housing Debt-Income Ratio	24.7%	25.8%	25.1%
Avg. Total Debt	$776.72	$849.48	$803.27
Avg. Total Debt-Income Ratio	33.9%	33.1%	33.6%
Total No. of Loans	94	54	148
% of Total Loan Amount	59.9%	40.1%	100.0%
First Time Homebuyers	96.8%	98.1%	97.2%
% Meeting Low Income Set Aside	32.9%	29.6%	31.7%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	14	9.5%	$1,087,495	5,000	5.7%	3.8
Bennington	2	1.4%	$144,025	6,300	7.2%	5.8-
Caledonia	17	11.5%	$987,876	4,800	5.5%	6.0
Chittenden	26	17.5%	$1,989,515	16,000	18.2%	0.7-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	8	5.4%	$533,415	6,000	6.8%	1.4-
Grand Isle	3	2.0%	$198,720	900	1.0%	1.0
Lamoille	12	8.1%	$812,795	3,300	3.8%	4.3
Orange	3	2.0%	$156,893	4,300	4.9%	2.9-
Orleans	6	4.1%	$222,925	4,200	4.8%	0.7-
Rutland	27	18.2%	$1,884,325	10,000	11.4%	6.8
Washington	18	12.2%	$1,172,103	9,000	10.3%	1.9
Windham	3	2.0%	$213,825	7,100	8.1%	6.1-
Windsor	9	6.1%	$584,349	9,600	11.0%	4.9-
TOTAL	148	100.0%	$9,988,261	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

0 Points
Interest Rate: 7.25%/8.25%

AS OF: 07/22/93
PAGE NO. 1

Vermont Housing Finance Agency
93B - $20,000,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 07/22/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$407,500	2.0%	$257,900	1.2%	$0	$257,900	63.2%
Banknorth Mortgage Co		$2,109,479	10.5%	$1,049,434	5.2%	$65,354	$984,080	46.6%
Chittenden Bank		$2,997,389	14.9%	$1,574,144	7.8%	$200,369	$1,373,775	45.8%
Citizens Savings Bank and Trust		$443,275	2.2%	$347,425	1.7%	$65,075	$282,350	63.6%
Community National Bank		$442,760	2.2%	$144,325	0.7%	$0	$144,325	32.5%
Factory Point National Bank, The		$33,250	0.1%	$0	0.0%	$0	$0	0.0%
Fleet Mortgage		$525,518	2.6%	$163,364	0.8%	$0	$163,364	31.0%
Kittredge Mortgage Corporation		$266,500	1.3%	$214,500	1.0%	$0	$214,500	80.4%
Lyndonville Savings Bank & Trust Company		$102,460	0.5%	$42,960	0.2%	$0	$42,960	41.9%
Marble Bank		$699,875	3.4%	$438,125	2.1%	$61,200	$376,925	53.8%
Merchants Bank, The		$742,585	3.7%	$225,275	1.1%	$89,775	$135,500	18.2%
Mortgage Service Center of New England		$114,000	0.5%	$76,000	0.3%	$0	$76,000	66.6%
National Bank of Middlebury, The		$91,340	0.4%	$91,340	0.4%	$0	$91,340	100.0%
Northfield Savings Bank		$852,250	4.2%	$564,200	2.8%	$0	$564,200	66.2%
Passumpsic Savings Bank		$756,550	3.7%	$358,450	1.7%	$113,400	$245,050	32.3%
Peoples Trust Company of St Albans		$40,000	0.2%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$2,027,709	10.1%	$1,426,435	7.1%	$0	$1,426,435	70.3%
Summit Financial Center, Inc.		$803,558	4.0%	$407,448	2.0%	$0	$407,448	50.7%
Union Bank		$967,041	4.8%	$521,141	2.6%	$0	$521,141	53.8%
Vermont Federal Bank, FSB		$2,409,955	12.0%	$1,428,080	7.1%	$286,680	$1,141,400	47.3%
Vermont National Bank		$1,624,015	8.1%	$639,705	3.1%	$65,455	$574,250	35.3%
Wells River Savings Bank		$346,610	1.7%	$147,210	0.7%	$0	$147,210	42.4%
TOTALS	288 Loans	$18,803,619	94.0%	$10,117,461	50.5%	$947,308	$9,170,153	48.7%

2 Points - Non-First Time Home Buyer
Interest Rate: 6.95%/7.95%

STATISTICAL REPORT PROGRAM ID: 94A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/22/93
Loan Status: CC,UC,O

Total Number of Loans:	3
Total Loan Amount:	$223,510

EXISTING:	$223,510	100.0%	3 Loans
NEW CONSTRUCTION:	$0	0.0%	0 Loans
NEW DETACHED HOUSING:	$0	0.0%	0 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,871,940	83.1%	25 Loans (Est.)

Total Insured or Guaranteed Loans:	3
Loans Guaranteed by VHMGB:	3

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$0	$81,300	$81,300
Avg. Loan Amount	$0	$74,503	$74,503
Avg. Borrower Income	$0	$31,016	$31,016
Avg. Housing Debt-Income Ratio	0.0%	25.0%	25.0%
Avg. Total Debt	$0.00	$770.00	$770.00
Avg. Total Debt-Income Ratio	0.0%	31.0%	31.0%
Total No. of Loans	0	3	3
% of Total Loan Amount	0.0%	100.0%	100.0%
First Time Homebuyers	0.0%	33.3%	33.3%
% Meeting Low Income Set Aside	0.0%	33.3%	33.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	1	33.4%	$66,510	16,000	18.2%	15.2
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	33.3%	$81,000	900	1.0%	32.3
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	1	33.3%	$76,000	9,600	11.0%	22.3
TOTAL	3	100.0%	$223,510	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

2 Points - Non First Time Home Buyer
Interest Rate: 6.95%/7.95%

AS OF: 07/22/93
PAGE NO. 1

Vermont Housing Finance Agency
94A - $2,250,000 1990 SERIES 4-SF HOUSING PROG 1S-7.95%
Status Report (with percent of pool proceeds approved)
Rate : 6.950%
Date : 07/22/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$80,750	3.5%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$76,000	3.3%	$76,000	3.3%	$0	$76,000	100.0%
Passumpsic Savings Bank		$73,800	3.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$147,510	6.5%	$147,510	6.5%	$0	$147,510	100.0%
TOTALS	5 Loans	$378,060	16.8%	$223,510	9.9%	$0	$223,510	59.1%

0 Points - Non First Time Home Buyer
Interest Rate: 7.25%/8.25%

STATISTICAL REPORT PROGRAM ID: 94B Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/22/93
Loan Status: CC,UC,O

Total Number of Loans:	5
Total Loan Amount:	$379,250

EXISTING:	$294,030	80.0%	4 Loans
NEW CONSTRUCTION:	$85,220	20.0%	1 Loans
NEW DETACHED HOUSING:	$85,220	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,721,650	76.5%	22 Loans (Est.)

Total Insured or Guaranteed Loans:	5
Loans Guaranteed by VHMGB:	5

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$0	$78,439	$78,439
Avg. Loan Amount	$0	$75,850	$75,850
Avg. Borrower Income	$0	$31,087	$31,087
Avg. Housing Debt-Income Ratio	0.0%	26.6%	26.6%
Avg. Total Debt	$0.00	$847.20	$847.20
Avg. Total Debt-Income Ratio	0.0%	32.8%	32.8%
Total No. of Loans	0	5	5
% of Total Loan Amount	0.0%	100.0%	100.0%
First Time Homebuyers	0.0%	40.0%	40.0%
% Meeting Low Income Set Aside	0.0%	20.0%	20.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	40.0%	$172,850	5,000	5.7%	34.3
Bennington	1	20.0%	$77,900	6,300	7.2%	12.8
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	2	40.0%	$128,500	16,000	18.2%	21.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	5	100.0%	$379,250	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

0 Points - Non First Time Home Buyer
Interest Rate: 7.25%/8.25%

AS OF: 07/22/93
PAGE NO. 1

Vermont Housing Finance Agency
94B - $2,250,000 1990 SERIES 4-SF HOUSING PROG 1S-8.25%
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 07/22/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
Chittenden Bank		$77,900	3.4%	$77,900	3.4%	$0	$77,900	100.0%
Green Mountain Bank		$59,800	2.6%	$0	0.0%	$0	$0	0.0%
Kittredge Mortgage Corporation		$164,300	7.3%	$75,000	3.3%	$0	$75,000	45.6%
Marble Bank		$141,130	6.2%	$141,130	6.2%	$0	$141,130	100.0%
Vermont Federal Bank, FSB		$85,220	3.7%	$85,220	3.7%	$0	$85,220	100.0%
TOTALS	7 Loans	$528,350	23.4%	$379,250	16.8%	$0	$379,250	71.7%

2 Points - House
Interest Rate: 5.95%/6.45%/6.95%/7.45%

STATISTICAL REPORT PROGRAM ID: 94H Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/22/93
Loan Status: CC,UC,O

Total Number of Loans:	51
Total Loan Amount:	$3,091,491

EXISTING:	$1,121,858	41.1%	21 Loans
NEW CONSTRUCTION:	$1,969,633	58.8%	30 Loans
NEW DETACHED HOUSING:	$1,087,488	55.2%	17 Loans
NEW CONDOMINIUM:	$882,145	44.7%	13 Loans
Funds Remaining to be Reserved:	$3,097,788	44.2%	51 Loans (Est.)

Total Insured or Guaranteed Loans:	39
Loans Guaranteed by VHMGB:	39

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$64,905	$72,627	$71,264
Avg. Loan Amount	$48,946	$63,118	$60,617
Avg. Borrower Income	$22,610	$25,560	$25,039
Avg. Housing Debt-Income Ratio	26.0%	28.4%	28.0%
Avg. Total Debt	$726.88	$756.11	$750.96
Avg. Total Debt-Income Ratio	38.4%	35.8%	36.3%
Total No. of Loans	9	42	51
% of Total Loan Amount	14.2%	85.8%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	77.7%	71.4%	72.5%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	7.8%	$221,400	5,000	5.7%	2.1
Bennington	1	2.0%	$53,780	6,300	7.2%	5.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	19	37.2%	$1,276,638	16,000	18.2%	19.0
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	1	2.0%	$55,300	10,000	11.4%	9.4-
Washington	1	2.0%	$60,317	9,000	10.3%	8.3-
Windham	7	13.7%	$324,903	7,100	8.1%	5.6
Windsor	18	35.3%	$1,099,153	9,600	11.0%	24.3
TOTAL	51	100.0%	$3,091,491	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

2 Points - House
Interest Rate: 5.95%/6.45%/6.95%/7.45%

AS OF: 07/22/93 | Vermont Housing Finance Agency | Report: 1130
PAGE NO. 1 | 94H - $7,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY | PERSTATU

Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 07/22/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$160,200	2.2%	$78,200	1.1%	$78,200	$0	0.0%
Banknorth Mortgage Co		$96,925	1.3%	$96,925	1.3%	$0	$96,925	100.0%
Factory Point National Bank, The		$53,780	0.7%	$53,780	0.7%	$0	$53,780	100.0%
Marble Bank		$701,267	10.0%	$701,267	10.0%	$131,200	$570,067	81.2%
Merchants Bank, The		$62,000	0.8%	$62,000	0.8%	$62,000	$0	0.0%
Mortgage Service Center of New England		$69,930	0.9%	$69,930	0.9%	$69,930	$0	0.0%
National Bank of Middlebury, The		$127,000	1.8%	$55,000	0.7%	$55,000	$0	0.0%
Vermont Development Credit Union		$565,685	8.0%	$499,685	7.1%	$0	$499,685	88.3%
Vermont Federal Bank, FSB		$950,507	13.5%	$635,257	9.0%	$576,757	$58,500	6.1%
Vermont National Bank		$1,114,918	15.9%	$839,447	11.9%	$500,977	$338,470	30.3%
TOTALS	63 Loans	$3,902,212	55.7%	$3,091,491	44.1%	$1,474,064	$1,617,427	41.4%

Mortgage Plus - Mortgage Credit Certificate Program - 20% Credit Rate

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6

UNDERWRITING DATABASE

EFFECTIVE: 07/22/93

Total Number of Loans:	71
Total Loan Amount:	$5,487,662
Average Loan Amount:	$77,291

EXISTING:	$4,153,247	76.0%	54 Loans
NEW CONSTRUCTION:	$1,280,265	22.5%	16 Loans
NEW DETACHED HOUSING:	$747,425	58.3%	9 Loans
CONDOMINIUM:	$1,196,471	22.5%	16 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$78,409	$86,411	$82,917
Avg. Loan Amount	$73,423	$80,288	$77,291
Avg. Borrower Income	$28,220	$26,318	$27,148
Total No. of Loans	31	40	71
First Time Homebuyers	87.0%	100.0%	94.3%
% of Total Loan Amount	41.5%	58.5%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	4.2%	$266,250	4,500	5.8%	1.6-
Bennington	3	4.2%	$227,950	5,400	7.0%	2.8-
Caledonia	2	2.8%	$136,750	4,400	5.7%	2.9-
Chittenden	33	46.6%	$2,648,946	13,100	17.0%	29.6
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	10	14.1%	$780,193	5,700	7.4%	6.7
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	1	1.4%	$64,800	3,100	4.0%	2.6-
Orange	2	2.8%	$90,150	4,000	5.2%	2.4-
Orleans	0	0.0%	$0	3,800	4.9%	4.9-
Rutland	5	7.0%	$392,803	9,200	11.9%	4.9-
Washington	10	14.1%	$740,170	7,900	10.3%	3.8
Windham	1	1.4%	$71,250	6,000	7.8%	6.4-
Windsor	1	1.4%	$68,400	8,100	10.5%	9.1-
TOTAL	71	100.0%	$5,487,662	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

Mortgage Plus - Mortgage Credit Certificate Program
20% Credit RAte

AS OF: 07/22/93
PAGE NO. 1

Vermont Housing Finance Agency
MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 07/22/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$1,410,625	3.7%	$1,135,500	3.0%	$319,100	$816,400	57.8%
Banknorth Mortgage Co		$1,310,725	3.4%	$789,440	2.1%	$218,950	$570,490	43.5%
Chittenden Bank		$1,609,610	4.2%	$1,109,685	2.9%	$636,005	$473,680	29.4%
Fleet Mortgage		$261,555	0.6%	$165,493	0.4%	$95,125	$70,368	26.9%
Merchants Bank, The		$536,500	1.4%	$433,000	1.1%	$340,850	$92,150	17.1%
New England IBM Employees Fed Crdt Union		$70,000	0.1%	$0	0.0%	$0	$0	0.0%
NorWest Mortgage Inc.		$173,978	0.4%	$78,750	0.2%	$78,750	$0	0.0%
Statewide Funding Corporation		$136,323	0.3%	$136,323	0.3%	$0	$136,323	100.0%
Summit Financial Center, Inc.		$359,531	0.9%	$359,531	0.9%	$195,450	$164,081	45.6%
Vermont Federal Bank, FSB		$607,925	1.6%	$472,875	1.2%	$296,700	$176,175	28.9%
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$1,199,690	3.1%	$807,065	2.1%	$595,315	$211,750	17.6%
TOTALS	98 Loans	$7,761,487	20.6%	$5,487,662	14.6%	$2,776,245	$2,711,417	34.9%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 06/30/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	357	8	2.24%	1	0.28%	2	0.56%	11	3.08%	0	0	0.00%	1	0.28%	12	3.36%
Banknorth Mortgage Co	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Bennington Coop Savings & Loan Assn Inc	42	1	2.38%	2	4.76%	0	0.00%	3	7.14%	0	0	0.00%	0	0.00%	3	7.14%
Bradford National Bank	42	2	4.76%	0	0.00%	2	4.76%	4	9.52%	0	0	0.00%	0	0.00%	4	9.52%
Chittenden Trust Company	910	51	5.60%	8	0.88%	10	1.10%	69	7.58%	0	2	0.22%	6	0.66%	77	8.46%
Citizens Savings Bank	39	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Comfed Mortgage Co., Inc.	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Commonwealth Mortgage Company, Inc	20	1	5.00%	0	0.00%	0	0.00%	1	5.00%	0	0	0.00%	0	0.00%	1	5.00%
Community National Bank	177	6	3.39%	1	0.56%	1	0.56%	8	4.52%	0	0	0.00%	1	0.56%	9	5.08%
Factory Point National Bank, The	27	4	14.81%	1	3.70%	0	0.00%	5	18.52%	0	0	0.00%	0	0.00%	5	18.52%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	111	9	8.11%	2	1.80%	1	0.90%	12	10.81%	0	0	0.00%	1	0.90%	13	11.71%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	153	4	2.61%	3	1.96%	1	0.65%	8	5.23%	0	0	0.00%	2	1.31%	10	6.54%
Granite Savings Bank and Trust Company	30	1	3.33%	0	0.00%	0	0.00%	1	3.33%	0	0	0.00%	0	0.00%	1	3.33%
Green Mountain Bank	222	14	6.31%	1	0.45%	1	0.45%	16	7.21%	0	1	0.45%	0	0.00%	17	7.66%
Lomas & Nettleton Company, The	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank & Trust Compan	58	1	1.72%	1	1.72%	0	0.00%	2	3.45%	0	0	0.00%	1	1.72%	3	5.17%
Marble Bank	210	11	5.24%	1	0.48%	1	0.48%	13	6.19%	0	1	0.48%	1	0.48%	15	7.14%
Merchants Bank, The	248	3	1.21%	3	1.21%	2	0.81%	8	3.23%	0	0	0.00%	0	0.00%	8	3.23%
Mortgage Service Center of New England	49	1	2.04%	1	2.04%	4	8.16%	6	12.24%	0	0	0.00%	0	0.00%	6	12.24%
National Bank of Middlebury, The	62	2	3.23%	0	0.00%	0	0.00%	2	3.23%	0	1	1.61%	0	0.00%	3	4.84%
New England IBM Employees Fed Crdt Unio	62	0	0.00%	0	0.00%	1	1.61%	1	1.61%	0	0	0.00%	0	0.00%	1	1.61%
Northfield Savings Bank	102	5	4.90%	1	0.98%	1	0.98%	7	6.86%	0	0	0.00%	0	0.00%	7	6.86%
Passumpsic Savings Bank	168	6	3.57%	2	1.19%	1	0.60%	9	5.36%	0	0	0.00%	4	2.38%	13	7.74%
Peoples Trust Company of St Albans	134	12	8.96%	2	1.49%	1	0.75%	15	11.19%	0	0	0.00%	0	0.00%	15	11.19%
Randolph National Bank	58	0	0.00%	0	0.00%	1	1.72%	1	1.72%	0	0	0.00%	0	0.00%	1	1.72%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	126	6	4.76%	0	0.00%	2	1.59%	8	6.35%	0	2	1.59%	0	0.00%	10	7.94%
Union Bank	153	9	5.88%	1	0.65%	0	0.00%	10	6.54%	0	0	0.00%	0	0.00%	10	6.54%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	847	56	6.61%	3	0.35%	7	0.83%	66	7.79%	0	3	0.35%	3	0.35%	72	8.50%
Vermont Mortgage Group, Inc	622	30	4.82%	5	0.80%	7	1.13%	42	6.75%	0	0	0.00%	5	0.80%	47	7.56%
Vermont National Bank	503	20	3.98%	1	0.20%	3	0.60%	24	4.77%	0	0	0.00%	2	0.40%	26	5.17%
Wells River Savings Bank	28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,610	264	4.71%	40	0.71%	49	0.87%	353	6.29%	0	10	0.18%	27	0.48%	390	6.95%
May 31, 1993	5,682	267	4.70%	43	0.76%	52	0.92%	362	6.37%	0	11	0.19%	27	0.48%	400	7.04%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 05/31/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	360	12	3.33%	1	0.28%	1	0.28%	14	3.89%	0	0	0.00%	2	0.56%	16	4.44%
Banknorth Mortgage Co	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Bennington Coop Savings & Loan Assn Inc	43	1	2.33%	2	4.65%	0	0.00%	3	6.98%	0	0	0.00%	0	0.00%	3	6.98%
Bradford National Bank	42	1	2.38%	0	0.00%	2	4.76%	3	7.14%	0	0	0.00%	0	0.00%	3	7.14%
Chittenden Trust Company	928	56	6.03%	7	0.75%	10	1.08%	73	7.87%	0	2	0.22%	6	0.65%	81	8.73%
Citizens Savings Bank	39	2	5.13%	0	0.00%	0	0.00%	2	5.13%	0	0	0.00%	0	0.00%	2	5.13%
Cozfed Mortgage Co., Inc.	9	1	11.11%	0	0.00%	0	0.00%	1	11.11%	0	0	0.00%	0	0.00%	1	11.11%
Commonwealth Mortgage Company, Inc	20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	176	5	2.84%	1	0.57%	1	0.57%	7	3.98%	0	0	0.00%	1	0.57%	8	4.55%
Factory Point National Bank, The	28	1	3.57%	1	3.57%	0	0.00%	2	7.14%	0	0	0.00%	0	0.00%	2	7.14%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	111	9	8.11%	2	1.80%	1	0.90%	12	10.81%	0	0	0.00%	1	0.90%	13	11.71%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	156	9	5.77%	0	0.00%	1	0.64%	10	6.41%	0	0	0.00%	2	1.28%	12	7.69%
Granite Savings Bank and Trust Company	30	2	6.67%	0	0.00%	0	0.00%	2	6.67%	0	0	0.00%	0	0.00%	2	6.67%
Green Mountain Bank	229	16	6.99%	4	1.75%	2	0.87%	22	9.61%	0	1	0.44%	0	0.00%	23	10.04%
Lomas & Nettleton Company, The	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank & Trust Compan	59	2	3.39%	0	0.00%	0	0.00%	2	3.39%	0	0	0.00%	1	1.69%	3	5.08%
Marble Bank	210	14	6.67%	2	0.95%	0	0.00%	16	7.62%	0	1	0.48%	1	0.48%	18	8.57%
Merchants Bank, The	254	7	2.76%	2	0.79%	2	0.79%	11	4.33%	0	0	0.00%	0	0.00%	11	4.33%
Mortgage Service Center of New England	49	0	0.00%	3	6.12%	4	8.16%	7	14.29%	0	0	0.00%	0	0.00%	7	14.29%
National Bank of Middlebury, The	63	1	1.59%	0	0.00%	0	0.00%	1	1.59%	0	1	1.59%	0	0.00%	2	3.17%
New England IBM Employees Fed Crdt Unio	64	0	0.00%	0	0.00%	1	1.56%	1	1.56%	0	0	0.00%	0	0.00%	1	1.56%
Northfield Savings Bank	103	3	2.91%	1	0.97%	2	1.94%	6	5.83%	0	0	0.00%	0	0.00%	6	5.83%
Passumpsic Savings Bank	175	3	1.71%	2	1.14%	0	0.00%	5	2.86%	0	0	0.00%	4	2.29%	9	5.14%
Peoples Trust Company of St Albans	136	9	6.62%	3	2.21%	2	1.47%	14	10.29%	0	0	0.00%	0	0.00%	14	10.29%
Randolph National Bank	58	1	1.72%	0	0.00%	1	1.72%	2	3.45%	0	0	0.00%	0	0.00%	2	3.45%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	126	4	3.17%	0	0.00%	2	1.59%	6	4.76%	0	2	1.59%	0	0.00%	8	6.35%
Union Bank	156	9	5.77%	1	0.64%	0	0.00%	10	6.41%	0	0	0.00%	1	0.64%	11	7.05%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	855	51	5.96%	4	0.47%	9	1.05%	64	7.49%	0	3	0.35%	2	0.23%	69	8.07%
Vermont Mortgage Group, Inc	628	38	6.05%	2	0.32%	7	1.11%	47	7.48%	0	0	0.00%	5	0.80%	52	8.28%
Vermont National Bank	507	9	1.78%	5	0.99%	3	0.59%	17	3.35%	0	1	0.20%	1	0.20%	19	3.75%
Wells River Savings Bank	27	0	0.00%	0	0.00%	1	3.70%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,682	267	4.70%	43	0.76%	52	0.92%	362	6.37%	0	11	0.19%	27	0.48%	400	7.04%
April 30, 1993	5,756	253	4.40%	42	0.73%	45	0.78%	340	5.91%	0	9	0.16%	29	0.50%	378	6.57%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Operations

DATE: July 29, 1993

RE: Use of remaining funds from the $100 million bond issue

The following table shows the status of the funds of the $100 million Mortgage Revenue Bond/Convertible Option Bond sale completed in 1990. Of the categories shown, I focus your attention on the "Remaining Funds" column which represents those funds not in the mortgage origination pipeline as of July 26, 1993. Any funds not used to purchase mortgages by February 15, 1994 will have to be used to redeem bonds.

Program ID & Rate	Orig. Amount in Program	Amount in Pipeline	Remaining Funds
CURRENT PROGRAMS			
93A 6.95/7.95%	$10,171,625	$ 8,847,671	$1,323,954
93B 7.25/8.25%	$20,000,000	$19,221,836	$ 778,164
REMAINING PROGRAM FUNDS			
90A 7.95%	$ 7,600,000	$ 6,815,617	$ 784,383
92A 7.95%	$ 4,977,542	$ 3,360,451	$1,617,091
92B 7.80%	$ 8,000,000	$ 5,210,447	$2,789,553
902 8.15%	$24,333,068	$24,071,845	$ 261,223

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

EQUAL HOUSING OPPORTUNITY

The total dollars in the "Remaining Funds" category is approximately $5.5 million dollars, representing four different interest rates. Staff analysis of the reservations taken over the past four weeks indicate that the 0 point mortgage reservations out pace the 2 point mortgage reservation by 2 to 1.

In formulating our recommendation, staff felt it was important to make as few changes to the existing MOVE program as possible. Advertising has been scheduled and changes to a program often take time to be assimilated in the marketplace.

The following are the staff recommendations to allow VHFA to continue the MOVE program:

1. Adjust the remaining fund balances in the 93A and 93B programs so that both programs will end at about the same time. This will allow VHFA to offer MOVE with as few programs operating at the same time.

2. Initiate the use of the remaining funds in the 90A, 92A, 92B and 902 programs for 0 point and 2 point mortgage origination at a rate the current MOVE rates.

3. Reserve the present 94A & 94B program funds (these are the non-first time home buyer funds) for any mortgages the lenders have originated but have not been able to sell to VHFA. The "Remaining Funds" in these programs are total approximately $3.6 million. Staff suggests that VHFA continue to offer the non-first time home buyer option as usage is small and would eliminate a change to the program.

The estimated cost to VHFA, if staff's recommendations are approved by the Board, would be approximately $149,000. This figure was arrived at by assuming $3.6 million mortgages of the $5.5 million in "Remaining Funds" will be originated a 0 points and $1.9 million at 2 points. Of the $149,000, $36,000 represents the subsidy to be expended in support of the 0 point mortgage option. This subsidy will be recovered through the higher interest rate on the mortgage. The balance of $113,000 represents the maximum interest subsidy, if all of the mortgage loans originated remain outstanding for the full term of 30 years, to reduce the interest rates on the 90A, 92A and 902 programs to an effective 7.8%. This is the rate the present 0 point and 2 point mortgages were calculated. Assuming normal prepayments, a more realistic figure for the subsidy would be $41,000 rather than $113,000.

REQUESTED ACTION

Approval of the staff recommendation.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development

DATE: July 23, 1993

RE: Linden Terrace, Rutland, Vermont--Combined Resolution of Interest and Commitment

THE DEVELOPMENT

1. General Description

Housing Vermont is proposing to purchase the Linden Terrace Section 8 project in Rutland, Vermont. Linden Terrace has a total of 19 elderly units, including 16 one-bedroom and three two-bedroom units. Eighteen of the units have Section 8 assistance. The project is currently owned by the Linden Terrace Limited Partnership whose General Partner is William Kohlhepp.

VHFA holds the original mortgage, which has an outstanding balance of $479,345, an interest rate of 7.70%, and a remaining term of 25 years. The Section 8 HAP contract also has a total remaining term of 25 years. Housing Vermont would assume the existing mortgage and borrow additional funds in the amount of $330,000 at a rate of 8.25% for a term of 25 years for the purchase and minimal rehabilitation of the property.

The proposed purchase price for the property is $760,000, $40,000 per unit; in addition the seller will retain existing cash reserves of approximately $113,000. Total Development Cost, including rehabilitation and new funding of reserves, would be $907,005, or $47,737 per unit.

This is one of the nicest projects in VHFA's portfolio and one of the few with the potential for ultimate conversion to higher income housing. Housing Vermont's purchase will insure that the project remains as affordable housing and that the VHFA loan will remain in place.

A summary of sources and uses of funds, rents, proposed operating expenses, and financial projections is attached.

2. Projected Funding Sources

The projected sources of funds at this time are:

	Amount	Percent
Equity (Housing Vermont)	97,660.	10.8
Existing VHFA	479,345.	52.8
New VHFA	330,000.	36.4
TOTAL	$907,005.	100.0

The attached financial projections indicate that, given our assumptions with respect to trending of income and operating expenses, debt service coverage is negative beginning with year 13. Investment of operating reserve and early year surplus cash flows at a conservative rate of 3 percent is projected to create sufficient reserves to pay debt service and operating expenses through the mortgage term.

3. Unit Breakdown and Rents

The project consists of 19 units in two buildings. Eighteen units, including six one-bedroom units renting at $678 per month, 10 one-bedroom units at $786, and two two-bedroom units at $902, are Section 8 units. One market rate two-bedroom unit is projected to rent at $700. (The market rate two-bedroom unit is currently occupied by the owner at a below-market rent.)

4. Site/Location

The project is located on Grove Street in the estate area of Rutland, Vermont and is considered one of the nicest Section 8 projects in Vermont in terms of locale.

5. Renovation Plan

Rehabilitation expenses are projected at $25,000 for porch repairs and replacement of an underground storage tank. The development is in very good condition overall.

6. Loan to Value

An appraisal has not yet been done on this property. The total existing and proposed mortgages would be 89 percent of total development cost.

7. Management

The management agent has not yet been chosen.

8. Market Demand

There is a waiting list for the Section 8 units. The one market rate unit is conservatively priced at $700 per month. We will require the sponsor to submit additional information about the potential demand for this unit.

9. Environmental Concerns

A level I environmental review will be performed prior to closing. At this time, the only concern of which we are aware is the underground storage tank on the property.

DISCUSSION

Strengths

a. Housing Vermont's purchase of the project and execution of a Preservation Agreement will provide for long-term affordability of the project.

b. VHFA's existing mortgage loan and regulatory agreement will remain in place.

c. Ownership of the project will potentially strengthen Housing Vermont financially.

Weaknesses

a. VHFA will be lending substantial additional funds. Our principal risk in doing this is that HUD will implement rent comparability regulations similar to those that have been proposed and will not recognize the second mortgage debt service as a project expense. If this occurred, rents might be frozen going forward while expenses might continue to increase.

b. Our trending of income at 1.00 percent annual increases and of expenses at 3.00 percent annual increases results in negative cash flows beginning in year 13. The project must use operating reserves to pay operating deficits going forward.

RECOMMENDATION

Staff recommends approval of the attached combined Resolution of Interest and for Issuance of Commitment Letter, authorizing additional permanent financing of up to $330,000 at an interest rate of no more than 8.25 percent for a term of no more than 25 years. The proposed source of funds for this loan is recycled multifamily bond proceeds. The transaction is contingent upon submission of the following in satisfactory form and substance: Purchase and Sale Agreement, appraisal, level I environmental review, detailed operating budget and management plan, final rehabilitation plans and specifications, and assignment of the Section 8 HAP contract.

C:\DATA\QUATTRO\KOHL.WQ1 23-Jul-93

Project: LINDEN TERRACE RUN DATE: 23-Jul-93

*********Unit Information*****************Assumptions*********

Total Res Units:	19	Rent increase:	1.00%
Restricted Units:	18	Expense increase:	3.00%
Percent Restricted:	94.74%	Vacancy Rate:	2.00%
Avg Net Monthly Rent:	744		
Total Dev Costs	1,019,760		
TDC/Unit	53,672		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
EQUITY	97,660	9.58%	N/A	N/A
Existing VHFA	479,345	47.01%	7.70%	25 9/93
New VHFA	330,000	32.36%	8.25%	25
Existing Reserves	112,755	11.06%		
	1,019,760	100.00%		
GAP	0			

Note: Original Loan Amount = $535,729, remaining term is 25 years.

* Project Funds 3/31/93: 0 = PCE
26,921 = Replacement Reserve Account
85,834 = Cash

LINDEN TERRACE DEVELOPMENT BUDGET

		Residential Budget	Per Unit		
Acquisition		882,255	46,434	Net Acq--LAND & BLDGS=$760,000	40,000 PER UNIT
CASH	112,755				
LAND	136,800	0			
BUILDINGS	623,200	0			
TRANSFER TAX	9,500	0			
Appraisal		3,000			
Construction					
Contract Amount		25,000			
Contingency	10.00%	2,500			
A&E		2,800			
Soft Costs					
Legal/Accounting		2,000			
Environmental		4,400			
Permanent Loan Fee (1%)	8,093	8,093	426		
Working Capital	14,896	25,000			
Soft Cost Contingency		2,962			
Developer's Fee	3.26%	33,250			
Replacement Reserve		28,500	1,500		
TOTAL DEVELOPMENT COSTS with cash		1,019,760	53,672		
TOTAL DEVELOPMENT COSTS without cash		907,005	47,737		

LINDEN TERRACE — INCOME & EXPENSE BUDGET — 23-Jul-93

INCOME

RENTS

Main House Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		500	4	678		32,544
1 Br		750	10	786		94,320
2 Br		1,000	2	902		21,648
	Totals		16			148,512
Carriage House/Owner Units Bedrooms						
1 Br		500	2	678		16,272
2 Br		1,250	1	700		8,400
	Totals		3			24,672
All Units	Grand Totals		19	0		173,184
		Less Vacancy	2.00%			(3,464)
		NET RENT		169,720		

OTHER INCOME

Laundry & Interest Income	1,570
Parking	0
Other	3,504 mgr.'s unit + ac
Total Other Income	5,074
TOTAL INCOME	174,794

EXPENSE BUDGET

	Annual	Per Unit Per Month
Administration		
Management Fee	0	0
Supportive Services	0	0
Audit/Accounting	0	0
Legal	14,120	62
TOTAL ADMIN	14,120	62
Utilities		
Electricity	0	0
Water/Sewer	0	0
Fire Alarm/Emer Cal	0	0
Other	29,444	129
TOTAL UTILITIES	29,444	129
Maintenance		
Trash	0	0
Snow	0	0
Maintenance Payroll	0	0
Exterminating	0	0
Grounds	0	0
Painting/Decor	0	0
Supplies	0	0
Contract Mainte	21,660	95
TOTAL MAINTENANCE	21,660	95
Taxes	14,200	62
Insurance	3,900	17
Reserves	3,381	15
Total	86,705	380

LINDEN TERRACE PRO FORMA 23-Jul-93 PRO FORMA 23-Jul-93

	Year	1	2	3	4	5	6	7	8
Residential Rent		173,184	174,916	176,665	178,432	180,216	182,018	183,838	185,677
Less Res Vacancy		(3,464)	(3,498)	(3,533)	(3,569)	(3,604)	(3,640)	(3,677)	(3,714)
Plus Other Income		5,074	5,125	5,176	5,228	5,280	5,333	5,386	5,440
Total Actual Income		174,794	176,542	178,308	180,091	181,892	183,711	185,548	187,403
Less Operating Exp.		86,705	89,306	91,985	94,745	97,587	100,515	103,530	106,636
Net Operating Income		88,089	87,236	86,322	85,346	84,304	83,196	82,017	80,767
Less Existing VHFA DS		43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259
Less New VHFA DS		31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223
Cash Flow		13,608	12,755	11,841	10,864	9,823	8,714	7,536	6,285
Oper Subsidy	63,927	0	0	0	0	0	0	0	0
PV @ 5%									
Net Cash		13,608	12,755	11,841	10,864	9,823	8,714	7,536	6,285
DCR		118.27%	117.12%	115.90%	114.59%	113.19%	111.70%	110.12%	108.44%
Operating Reserve									
Beginning Balance	25,000	25,000	39,358	53,293	66,733	79,599	91,810	103,278	113,913
Less Uses		0	0	0	0	0	0	0	0
Interest	3%	750	1,181	1,599	2,002	2,388	2,754	3,098	3,417
Cash Surplus		13,608	12,755	11,841	10,864	9,823	8,714	7,536	6,285
End Balance		39,358	53,293	66,733	79,599	91,810	103,278	113,913	123,615

	9	10	11	12	13	14	15	16
Residential Rent	187,533	189,409	191,303	193,216	195,148	197,100	199,071	201,061
Less Res Vacancy	(3,751)	(3,788)	(3,826)	(3,864)	(3,903)	(3,942)	(3,981)	(4,021)
Plus Other Income	5,494	5,549	5,605	5,661	5,718	5,775	5,832	5,891
Total Actual Income	189,277	191,170	193,082	195,012	196,963	198,932	200,922	202,931
Less Operating Exp.	109,835	113,130	116,524	120,020	123,621	127,329	131,149	135,084
Net Operating Income	79,442	78,040	76,557	74,992	73,342	71,603	69,772	67,847
Less Existing VHFA DS	43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259
Less New VHFA DS	31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223
Cash Flow	4,960	3,558	2,076	511	(1,140)	(2,879)	(4,709)	(6,634)
Oper Subsidy	0	0	0	0	1,140	2,879	4,709	6,634
PV @ 5%								
Net Cash	4,960	3,558	2,076	511	0	0	0	0
DCR	106.66%	104.78%	102.79%	100.69%	98.47%	96.14%	93.68%	91.09%
Operating Reserve								
Beginning Balance	123,615	132,284	139,811	146,081	150,974	154,398	156,238	156,357
Less Uses	0	0	0	0	(1,140)	(2,879)	(4,709)	(6,634)
Interest	3,708	3,969	4,194	4,382	4,563	4,718	4,828	4,890
Cash Surplus	4,960	3,558	2,076	511	0	0	0	0
End Balance	132,284	139,811	146,081	150,974	154,398	156,238	156,357	154,613

PRO FORMA 23-Jul-93

	17	18	19	20	21	22	23	24	25	26
	203,072	205,103	207,154	209,225	211,317	213,431	215,565	217,721	219,898	222,097
	(4,061)	(4,102)	(4,143)	(4,185)	(4,226)	(4,269)	(4,311)	(4,354)	(4,398)	(4,442)
	5,950	6,009	6,069	6,130	6,191	6,253	6,316	6,379	6,443	6,507
	204,960	207,010	209,080	211,171	213,282	215,415	217,569	219,745	221,942	224,162
	139,136	143,310	147,609	152,038	156,599	161,297	166,136	171,120	176,253	181,541
	65,824	63,700	61,470	59,133	56,683	54,118	51,434	48,625	45,689	42,621
	43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259	0
	31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223	0
	(8,658)	(10,782)	(13,011)	(15,349)	(17,798)	(20,363)	(23,048)	(25,856)	(28,793)	42,621
	8,658	10,782	13,011	15,349	17,798	20,363	23,048	25,856	28,793	0
	0	0	0	0	0	0	0	0	0	42,621
	88.38%	85.52%	82.53%	79.39%	76.10%	72.66%	69.06%	65.28%	61.34%	NA
	154,613	150,853	144,920	136,647	125,858	112,370	95,988	76,512	53,726	27,409
	(8,658)	(10,782)	(13,011)	(15,349)	(17,798)	(20,363)	(23,048)	(25,856)	(28,793)	0
	4,898	4,849	4,738	4,560	4,310	3,982	3,571	3,071	2,476	822
	0	0	0	0	0	0	0	0	0	42,621
	150,853	144,920	136,647	125,858	112,370	95,988	76,512	53,726	27,409	70,852

RESOLUTION PERTAINING TO COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER RE: LINDEN TERRACE (RUTLAND) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont involving the acquisition and rehabilitation of Linden Terrace, a building containing 19 elderly apartment units located on Grove Street in Rutland (the "Development"); and

WHEREAS, the proposal contemplates assumption of the existing mortgage on the Development and an additional loan of approximately $330,000 from recycled proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Housing Vermont will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; and

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the VHFA loan after the rehabilitation.

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $330,000.

2. The Commitment Letter shall be issued to Housing Vermont.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the combined principal amount of the existing and additional loans.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be no more than 8.25% per annum and that the loan term will be no more than 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity and deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form acceptable to the Agency:

   (a) Purchase and sale agreement

   (b) Appraisal

   (c) Phase I environmental assessment

   (d) Detailed operating budget

   (e) Final rehabilitation plans and specifications

   (f) Assignment to the Housing Sponsor of the Section 8 HAP contract applicable to the Development

   (g) Preservation Agreement insuring the long-term affordability of the Development.

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

LINDEN TERRACE

					PRO FORMA	29-Jul-93				
	Year	1	2	3	4	5	6	7	8	9
Residential Rent		173,184	174,916	176,665	178,432	180,216	182,018	183,838	185,677	187,533
Less Res Vacancy		(3,464)	(3,498)	(3,533)	(3,569)	(3,604)	(3,640)	(3,677)	(3,714)	(3,751)
Plus Other Income		5,074	5,125	5,176	5,228	5,280	5,333	5,386	5,440	5,494
Total Actual Income		174,794	176,542	178,308	180,091	181,892	183,711	185,548	187,403	189,277
Less Operating Exp.		86,705	88,873	91,094	93,372	95,706	98,099	100,551	103,065	105,642
Net Operating Income		88,089	87,670	87,213	86,719	86,186	85,612	84,996	84,338	83,636
Less Existing VHFA DS		43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259
Less New VHFA DS		31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223
Cash Flow		13,608	13,188	12,732	12,237	11,704	11,130	10,515	9,857	9,154
Oper Subsidy	10,932	0	0	0	0	0	0	0	0	0
PV @ 5%										
Net Cash		13,608	13,188	12,732	12,237	11,704	11,130	10,515	9,857	9,154
ROE		7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013
DCR		118.27%	117.71%	117.09%	116.43%	115.71%	114.94%	114.12%	113.23%	112.29%
Operating Reserve										
Beginning Balance	0	0	6,595	12,968	19,076	24,873	30,310	35,337	39,899	43,940
Less Uses		0	0	0	0	0	0	0	0	0
Interest	3%	0	198	389	572	746	909	1,060	1,197	1,318
Cash Surplus		6,595	6,175	5,719	5,225	4,691	4,117	3,502	2,844	2,141
End Balance		6,595	12,968	19,076	24,873	30,310	35,337	39,899	43,940	47,400

					PRO FORMA	29-Jul-93		
Year	10	11	12	13	14	15	16	17
Residential Rent	189,409	191,303	193,216	195,148	197,100	199,071	201,061	203,072
Less Res Vacancy	(3,788)	(3,826)	(3,864)	(3,903)	(3,942)	(3,981)	(4,021)	(4,061)
Plus Other Income	5,549	5,605	5,661	5,718	5,775	5,832	5,891	5,950
Total Actual Income	191,170	193,082	195,012	196,963	198,932	200,922	202,931	204,960
Less Operating Exp.	108,283	110,990	113,764	116,609	119,524	122,512	125,575	128,714
Net Operating Income	82,887	82,092	81,248	80,354	79,408	78,410	77,356	76,246
Less Existing VHFA DS	43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259
Less New VHFA DS	31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223
Cash Flow	8,406	7,610	6,766	5,872	4,927	3,928	2,875	1,764
Oper Subsidy	0	0	0	0	0	0	0	0
PV @ 5%								
Net Cash	8,406	7,610	6,766	5,872	4,927	3,928	2,875	1,764
ROE	7,013	7,013	6,766	5,872	4,927	3,928	2,875	1,764
DCR	111.29%	110.22%	109.08%	107.88%	106.61%	105.27%	103.86%	102.37%
Operating Reserve								
Beginning Balance	47,400	50,215	52,319	53,888	55,505	57,170	58,885	60,652
Less Uses	0	0	0	0	0	0	0	0
Interest	1,422	1,506	1,570	1,617	1,665	1,715	1,767	1,820
Cash Surplus	1,393	598	0	0	0	0	0	0
End Balance	50,215	52,319	53,888	55,505	57,170	58,885	60,652	62,471

							PRO FORMA	29-Jul-93	
	18	19	20	21	22	23	24	25	26
	205,103	207,154	209,225	211,317	213,431	215,565	217,721	219,898	222,097
	(4,102)	(4,143)	(4,185)	(4,226)	(4,269)	(4,311)	(4,354)	(4,398)	(4,442)
	6,009	6,069	6,130	6,191	6,253	6,316	6,379	6,443	6,507
	207,010	209,080	211,171	213,282	215,415	217,569	219,745	221,942	224,162
	131,932	135,230	138,611	142,076	145,628	149,269	153,001	156,826	160,746
	75,078	73,850	72,560	71,206	69,787	68,300	66,744	65,117	63,416
	43,259	43,259	43,259	43,259	43,259	43,259	43,259	43,259	0
	31,223	31,223	31,223	31,223	31,223	31,223	31,223	31,223	0
	596	(632)	(1,922)	(3,275)	(4,695)	(6,181)	(7,737)	(9,365)	63,416
	0	632	1,922	3,275	4,695	6,181	7,737	9,365	0
	596	0	0	0	0	0	0	0	63,416
	596	0	0	0	0	0	0	0	7,013
	100.80%	99.15%	97.42%	95.60%	93.70%	91.70%	89.61%	87.43%	NA
	62,471	64,345	65,663	65,768	64,564	61,947	57,810	52,039	44,517
	0	(632)	(1,922)	(3,275)	(4,695)	(6,181)	(7,737)	(9,365)	0
	1,874	1,949	2,028	2,071	2,078	2,044	1,966	1,842	1,336
	0	0	0	0	0	0	0	0	56,403
	64,345	65,663	65,768	64,564	61,947	57,810	52,039	44,517	102,255

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Project: LINDEN TERRACE RUN DATE: 29-Jul-93

*********Unit Information******		**********Assumptions**********	
Total Res Units:	19	Rent increase:	1.00%
Restricted Units:	18	Expense increase:	2.50%
Percent Restricted:	94.74%	Vacancy Rate:	2.00%
Avg Net Monthly Ren	744		
Total Dev Costs	1,009,760		
TDC/Unit	53,145		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term	
EQUITY	87,660	8.68%	N/A	N/A	
Existing VHFA	479,345	47.47%	7.70%	25	9/93
New VHFA	330,000	32.68%	8.25%	25	
Existing Reserves	112,755	11.17%			
	1,009,760	100.00%			
GAP	0				

Note: Original Loan Amount = $535,729, remaining term is 25 years.

* Project Funds 3/31/93: 0 = PCE
26,921 = Replacement Reserve Account
85,834 = Cash

LINDEN TERRACE DEVELOPMENT BUDGET

		Residential Budget	Per Unit	
Acquisition		882,255	46,434	Net Acq--LAND & BLDGS=$760,00 10,000 PER UNIT
CASH	112,755			
LAND	136,800	0		
BUILDINGS	623,200	0		
TRANSFER TAX	9,500	0		
Appraisal		3,000		
Construction				
Contract Amount		25,000		
Contingency	10.00%	2,500		
A&E		2,800		
Soft Costs				
Legal/Accounting		2,000		
Environmental		4,400		
Permanent Loan Fee (1%)	8,093	8,093	426	
Working Capital	14,896	15,000		
Soft Cost Contingency		2,962		
Developer's Fee	3.29%	33,250		
Replacement Reserve		28,500	1,500	
TOTAL DEVELOPMENT COSTS with cash		1,009,760	53,145	
TOTAL DEVELOPMENT COSTS without cash		897,005	47,211	

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator and PAC
Irene D. Jenkins, Director of Development IDJ

DATE: July 22, 1993

RE: Redrocks Condominiums, Phase IIIB -- Resolution of Commitment

Note: This report is quite similar to the report presented at the June 1993 Board meeting. Substantive changes are highlighted.

SUMMARY OF REQUEST

Staff is requesting approval of a Resolution of Commitment to participate with Vermont National Bank in the financing of site development for Redrocks Condominiums, Phase IIIB under development by Westlake Limited Partnership (Westlake). Redrocks is a condominium project in the south end of Burlington which borders on Redrocks Park, and is near Oakledge Park and Lake Champlain. Phase IIIA consists of 44 units which are scheduled to be completed by October 1, 1993. Construction of Phase IIIB, which will be 56 units, is planned to commence later this summer.

VHFA participated in the financing of Phase IIIA by providing a "Guarantee of Collection" to Vermont National Bank in the amount of $355,000 on a first mortgage development loan made to Westlake of approximately $855,000. Under the conditions of the agreement, the Vermont National Bank may draw upon the guarantee only after it has taken legal steps to collect from Westlake, including drawing on the individual guarantees of the partners and liquidation through foreclosure sale. If the proceeds are insufficient to satisfy any outstanding balance, VHFA would be required to pay the amount of deficiency up to $355,000. The agreement required VHFA to place funds on deposit in a special designated account which can only be drawn down after the events detailed above have taken place.

For the financing of Phase IIIB, staff is recommending that we participate with Vermont National Bank in a first mortgage of $855,000. VHFA's share would be 50 percent of the total or $427,500. VHFA would be released from liability by Vermont National Bank on its "Guarantee of Collection" of the site development loan on Phase IIIA. Westlake has projected an interest rate of Citicorp prime plus two percent. Similar to Phase IIIA, the construction financing for the units in Phase IIIB will be provided by Vermont Federal Bank with a guarantee from the Small Business Administration (SBA).

Munson Earth-Moving Corportion (Munson) who was the general contractor for site construction in Phase IIIA, will also be the general contractor for Phase IIIB. As in Phase IIIA, Munson will finance a portion of their sitework contract. Munson's mortgage position securing payment of the unpaid contract billings will be subordinate to the Vermont National Bank/VHFA Mortgage.

THE PROJECT

Housing Sponsor

The sponsor is Westlake Limited Partnership whose general partner is Westlake Development Corporation (Shareholders are John Giebink and Charles Brush). The limited partner is Paul Gale.

The Project

Redrocks is a condominium development in the south end of Burlington which borders on Redrocks Park, and is near Oakledge Park and Lake Champlain. Phase IIIA consists of 44 units which are scheduled to be completed by October 1, 1993. Construction of Phase IIIB, which will be 56 units, is planned to commence later this summer.

Development of Phase IIIA has been very successful. The average rate of unit sales (two to three per month) has exceeded the original projected rate of two units per month. With completion of Phase IIIA quickly approaching, the sponsors would like to start the sitework on Phase IIIB later this summer, in order to have units available for sale in the fall of 1993. It takes at least two months of general sitework before construction on any building can commence. Phase IIIB's unit design is similar to that being constructed and sold in Phase IIIA.

The Redrocks Phase III development was the first project that was required to comply with the City of Burlington's Inclusionary Zoning Ordinance. Twelve units in Phase IIIA were made available to the Burlington Community Land Trust (BCLT) to provide units to lower income households. In Phase IIIB, an additional five to six units will be available to BCLT.

To facilitate the separation of lenders in Phase IIIA and to satisfy the lending requirements of the Vermont Federal Bank, a separate entity, Pinnacle Builders, Inc. (Pinnacle) was formed to be the developer and general contractor of the buildings in Phase IIIA. Under this structure, Westlake improved the land and sold improved building sites (each building site held one building containing four units) to Pinnacle. Phase IIIB will be developed using the same structure.

The price of a basic 1339 square foot, two bedroom townhouse unit in Phase IIIB will be $110,000. The units have been designed with a substantial amount of expansion space to accommodate growing families. Each townhouse unit has a 600 square foot unfinished walkout basement that can be finished into a third bedroom and second bathroom. There are also "flat style" units which can be made fully accessible. Like Phase IIIA, all units in Phase IIIB will have a 4 STAR Plus energy rating from Energy Rated Homes of Vermont.

A recent appraisal completed for a unit at Redrocks indicated the value of the base unit to be $116,000. The estimated value of the Phase IIIB site based on a 1991 appraisal was $742,500 ("as is"). The "as improved" value is estimated to be $1.9 million.

Affordability/Marketability

The "Inclusionary Zoning" units will be available to BCLT at approximately $85,000 for a two bedroom unit and $95,000 for a three bedroom unit. These units will be affordable to a family size of three persons earning 60 percent of Burlington MSA median income (two bedroom) and 63 percent of Burlington MSA median income (three bedroom). This level of affordability assumes VHFA HOUSE Program financing at a first year interest rate of 5.95 percent. The two bedroom, market rate unit ($110,000) will be affordable to a family of three persons earning 76 percent of Burlington MSA median income, assuming a VHFA MOVE Program first year interest rate of 6.95%.

Westlake Limited Partnership feels they will have no difficulty complying with VHFA's requirement that 51% or (29 units) be sold to buyers who are income eligible under VHFA's MOVE program. The MOVE income limits are currently $36,100 for 1-2 person households and $41,500 for 3+ person households. Of the 27 units that have closed in Phase IIIA as of June 8, 1993, income information is available on 16 buyers. Of those sales, 14 buyers were under the VHFA MOVE income limits in effect as of the date of the sale. We expect to have income information on the remaining 11 sales prior to the Board meeting.

Attached is a table that shows the minimum income needed to purchase a unit in Phase IIIB at various purchase prices with financing through VHFA programs and conventional fixed rate and adjustable rate programs. This table assumes that buyers will qualify with a minimum down payment of five percent of the purchase price. The minimum income needed for buyers of units financed with a conventional fixed rate mortgage would exceed VHFA's current MOVE income limits. Of course, buyers who have a larger down payment would require less income to qualify. With the availability of a variety of adjustable rate mortgage programs that offer limited risk of payment shock, we do not feel this will have an impact on Westlake's ability to sell 29 units in Phase IIIB to buyers who are income eligible under VHFA's MOVE program.

Redrocks has a proven record of marketability in Phase IIIA. The four-unit building design has worked well -- there has not been one instance where a unit remained unsold in a building after construction had been completed on that building. Between December 1991 and May 1993, 34 (out of 44) units have been sold or are under deposit in Redrocks Phase IIIA. The sales rate has been 2-3 units per month for units in the same price range and in the same location as units to be built in Phase IIIB. Phase IIIB has superior views and privacy.

Financing

Vermont National Bank/VHFA will provide a first mortgage in the amount of $855,000 to Westlake for the site development. Westlake will develop the sites and sell them to Pinnacle. Munson has agreed to finance a large portion of their sitework contract. Under the terms of their agreement, Munson would be paid $200,000 of their $650,000 contract with funds drawn from the Vermont National Bank/VHFA loan. The remaining $450,000 of sitework costs would be financed by Munson and be paid off at the time of each unit closing. The balance of the cash needed to fund total expenses would come from proceeds of sales of land to Pinnacle. Cash received by Westlake from the initial land sales to Pinnacle would be escrowed with the Vermont National Bank. This escrowed money would then be disbursed to Westlake upon requisitions approved by the Vermont National Bank as was similarly done in Phase IIIA.

The result of structuring the sources of funds for expenditures in the above manner is that nearly 50 percent of the funds needed to develop Phase IIIB will be derived from the sale of developed land to Pinnacle. Change orders to Munson's contract, if any, would be processed as additions to the contract and would not be paid until the Vermont National Bank/VHFA loan has been paid in full.

Attached is a cash flow for the site development costs for Phase IIIB. Within the budget are payables in the amount of $597,425 on Westlake's books following development of Phase IIIA. For example, the $223,000 shown under "Land Acquisition" is the amount remaining to be paid to the Vermont National Bank upon the completion of Phase IIIA. Also, at the commencement of Phase IIIA some professional consultants agreed to be paid only a prorated amount of their entire bill as apportioned to Phase IIIA with the understanding that the remainder of their billings would be paid upon the commencement of Phase IIIB. The amount of $145,524 under Site Construction Costs is the remainder due Munson under the terms of the site construction contract for Phase IIIA.

Vermont Federal Bank will provide the construction financing for the units; also attached is a projected development budget and cash flow for the unit construction.

Strengths/Weaknesses

Strengths -
- Proven Marketability
- Experienced Development Team

Weaknesses -
- A portion of the Munson second mortgage will be paid before the entire VNB/VHFA first mortgage is paid in full.

Conditions

There are a number of conditions that the sponsors must meet including:

- Release of VHFA's guarantee obligation for Phase IIIA;
- Negotiation of a satisfactory loan pay back priority with the other lenders;
- Satisfactory commitments for the site development financing from Vermont National Bank and construction financing for the units from Vermont Federal Bank;
- Satisfactory appraisal of the Phase IIIB site;
- A Phase I Environmental Assessment.

BOARD ACTION REQUESTED

Staff recommends approval of the attached Resolution of Commitment for VHFA to participate in $427,500 of a total mortgage amount of $855,000 with Vermont National Bank for site development costs at Redrocks Phase IIIB.

C:\QUATTRO\REDSITEB.2 REDROCKS PHASE IIIB WESTLAKE LIMITED PARTNERSHIP

BUDGET ITEM - SITE DEVELOPMENT	TOTAL	AUGUST 93	SEPT 93	DEC 93	MARCH 94	JUNE 94	SEPT 94	DEC 94	MAR 95	JUNE 95	SEPT 95	TOTALS
Land	223,000	223,000	0	0	0	0	0	0	0	0	0	223,000
Site Development Soft Costs												
Architect	37,200	30,000	0	0	0	0	0	7,200	0	0	0	37,200
Engineering	122,000	60,000	25,000	15,000	5,000	5,000	0	12,000	0	0	0	122,000
Legal	28,901	18,901	5,000	5,000	0	0	0	0	0	0	0	28,901
Accounting	2,000	0	0	0	1,000	0	0	0	1,000	0	0	2,000
Other Professionals	69,000	0	9,000	12,000	12,000	12,000	12,000	12,000	0	0	0	69,000
Permits & Fees	20,000	0	20,000	0	0	0	0	0	0	0	0	20,000
Taxes	11,500	0	0	2,000	2,000	1,500	1,500	1,500	1,000	1,000	1,000	11,500
Insurance	3,000	0	1,000	0	0	0	1,000	0	0	0	1,000	3,000
Development Reimburseables	146,000	120,000	0	0	0	0	0	26,000	0	0	0	146,000
Other Expenses	3,000	0	500	500	500	500	500	500	0	0	0	3,000
Total Site Development Soft Costs	442,601	228,901	60,500	34,500	20,500	19,000	15,000	59,200	2,000	1,000	2,000	442,601
Financing Costs												
Commitment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Interest	73,064	0	16,808	4,936	15,380	13,300	9,500	6,700	4,380	2,060	0	73,064
Other Financing	0	0	0	0	0	0	0	0	0	0	0	0
Total Financing Costs	73,064	0	16,808	4,936	15,380	13,300	9,500	6,700	4,380	2,060	0	73,064
Site Construction Costs												
Contract #1	145,524	145,524	0	0	0	0	0	0	0	0	0	145,524
Contract #2	50,000	0	15,000	15,000	0	15,000	5,000	0	0	0	0	50,000
Contract #3	650,000	0	50,000	250,000	100,000	100,000	50,000	50,000	25,000	25,000	0	650,000
Total Site Construction Costs	845,524	145,524	65,000	265,000	100,000	115,000	55,000	50,000	25,000	25,000	0	845,524
Administration/Consulting												
Supplies	625	0	25	75	75	75	75	75	75	75	75	625
Telephone	625	0	25	75	75	75	75	75	75	75	75	625
Copier	625	0	25	75	75	75	75	75	75	75	75	625
Postage	375	0	15	45	45	45	45	45	45	45	45	375
Personnel	12,500	0	500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	12,500
Other	1,250	0	50	150	150	150	150	150	150	150	150	1,250
Total Administration/Consulting	16,000	0	640	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	16,000
TOTALS	1,600,189	597,425	142,948	306,356	137,800	149,220	81,420	117,820	33,300	29,980	3,920	1,600,189

SALES - PHASE IIIB SITE DEVELOPMENT

	TOTAL	AUGUST 93	SEPT 93	DEC 93	MARCH 94	JUNE 94	SEPT 94	DEC 94	MAR 95	JUNE 95	SEPT 95	TOTALS
Sale of Units to Pinnacle	2,100,000	0	220,000	0	280,000	320,000	320,000	320,000	320,000	320,000	0	2,100,000
Less Selling Expenses	6,720	0	960	0	960	960	960	960	960	960	0	6,720
NET INCOME	2,093,280	0	219,040	0	279,040	319,040	319,040	319,040	319,040	319,040	0	2,093,280
Less Notes Receivable	(1,050,000)	0	(110,000)	0	(140,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	0	(1,050,000)
Plus Payments on Notes Receivable	1,050,000	0	0	110,000	0	140,000	160,000	160,000	160,000	160,000	160,000	1,050,000
NET CASH FROM SALES	2,093,280	0	109,040	110,000	139,040	299,040	319,040	319,040	319,040	319,040	160,000	2,093,280
LESS DEVELOPMENT COSTS	1,600,189											
NET CASH FLOW	493,091											

PAYBACKS - PHASE IIIB SITE DEVELOPMENT

	TOTAL	AUGUST 93	SEPT 93	DEC 93	MARCH 94	JUNE 94	SEPT 94	DEC 94	MAR 95	JUNE 95	SEPT 95	TOTALS
Munson 2nd Mortgage Principal	450,000	0	0	0	0	56,000	112,000	112,000	112,000	58,000	0	450,000
Deposits to Site Escrow	286,000	0	106,000	20,000	32,000	32,000	32,000	32,000	32,000	0	0	286,000
Munson Interest Payments	19,688	0	0	0	0	3,200	3,200	3,200	3,200	3,200	3,688	19,688
VNB/VHFA 1st Mortgage	855,000	0	0	86,000	104,000	190,000	140,000	116,000	116,000	103,000	0	855,000
TOTAL PAYBACKS	1,610,688	0	106,000	106,000	136,000	281,200	287,200	263,200	263,200	164,200	3,688	1,610,688

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BUDGET ITEM	TOTAL	SEPT 93	DEC 93	MARCH 94	JUNE 94	SEPT 94	DEC 94	MARCH 95	JUNE 95	SEPT 95	DEC 95	TOTALS
Land	2,100,000	220,000	0	280,000	320,000	320,000	320,000	320,000	320,000	0	0	2,100,000
Development Soft Costs												
Architect	40,000	12,000	500	4,500	4,500	4,500	4,500	4,500	4,500	500	0	40,000
Engineering	3,500	500	0	500	500	500	500	500	500	0	0	3,500
Marketing	0	0	0	0	0	0	0	0	0	0	0	0
Legal	11,000	5,000	0	1,000	1,000	1,000	1,000	1,000	1,000	0	0	11,000
Accounting	1,000	0	0	500	0	0	0	500	0	0	0	1,000
Other Professionals	0	0	0	0	0	0	0	0	0	0	0	0
Permits & Fees	212,710	71,030	11,840	9,800	21,640	21,640	21,640	21,640	21,640	11,840	0	212,710
Taxes	30,250	2,750	500	4,000	4,500	4,500	4,500	4,500	4,500	500	0	30,250
Insurance	24,000	2,000	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	0	24,000
Development Reimburseables	5,000	200	600	600	600	600	600	600	600	600	0	5,000
Other Expenses (GMDG)	100,000	4,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	0	100,000
Total Site Development Soft Costs	427,460	97,480	28,190	35,650	47,490	47,490	47,490	47,990	47,490	28,190	0	427,460
Financing Costs												
Commitment Fee/Interest	138,036	42,561	8,887	8,411	16,944	16,821	15,654	13,820	12,419	2,519	0	138,036
Total Financing Costs	138,036	42,561	8,887	8,411	16,944	16,821	15,654	13,820	12,419	2,519	0	138,036
Unit Construction Costs												
Site Development	50,000	2,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	0	50,000
Building Construction	3,220,000	180,000	280,000	180,000	460,000	460,000	460,000	460,000	460,000	280,000	0	3,220,000
Total Site Construction Costs	3,270,000	182,000	286,000	186,000	466,000	466,000	466,000	466,000	466,000	286,000	0	3,270,000
Sales & Marketing												
Advertising & Promotion	50,000	2,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	0	50,000
Public Relation & Other Agencies	5,000	5,000	0	0	0	0	0	0	0	0	0	5,000
Model Sales Office	6,338	4,028	0	330	330	330	330	330	330	330	0	6,338
Signs	1,000	1,000	0	0	0	0	0	0	0	0	0	1,000
Other Marketing & Sales	2,700	300	300	300	300	300	300	300	300	300	0	2,700
Total Administration/Consulting	65,038	12,328	6,300	6,630	6,630	6,630	6,630	6,630	6,630	6,630	0	65,038
Total Expenses	6,000,534	554,369	329,377	516,691	857,064	856,941	855,774	854,440	852,539	323,339	0	6,000,534

UNIT SALES	TOTAL	SEPT 93	DEC 93	MARCH 94	JUNE 94	SEPT 94	DEC 94	MARCH 95	JUNE 95	SEPT 95	DEC 95	TOTALS
Sale of Units	6,593,956	0	860,978	0	860,978	944,000	988,000	964,000	988,000	988,000	0	6,593,956
Selling Expenses												
Recording Fees	1,120	0	160	0	160	160	160	160	160	160	0	1,120
Legal	5,600	0	800	0	800	800	800	800	800	800	0	5,600
Commissions	248,480	0	26,800	0	26,800	37,760	39,520	38,560	39,520	39,520	0	248,480
Total Selling Expenses	255,200	0	27,760	0	27,760	38,720	40,480	39,520	40,480	40,480	0	255,200
Net Sale of Units	6,338,756	0	833,218	0	833,218	905,280	947,520	924,480	947,520	947,520	0	6,338,756
Less Total Expenses	6,000,534											
Net Cash Flow	338,222											

AFFORDABILITY OF REDROCKS PHASE IIIB

Minimum Income to Qualify for Various Financing Options

	$95,000	**$110,000**	**$115,000**	**$120,000**
VHFA HOUSE Program (Inclusionary Units)		not available	not available	not available
No Additional Subsidy	$25,984			
$5,000 Homeland Subsidy	$25,916			
$10,000 Homeland Subsidy	$24,836			
VHFA MOVE Program	financed through the HOUSE Program		Exceeds current purchase price limit	Exceeds current purchase price limit
2 Point Option		$32,236		
No Point Option		$33,005		
Conventional Financing With an MCC	financed through the HOUSE Program			Exceeds current purchase price limit
Fixed Rate (7.25%)		$33,487	$34,892	
Adjustable Rate (5.50%)		$29,670	$30,902	
Conventional Without an MCC	financed through the HOUSE Program			
Fixed Rate (7.25%)		$36,305	$37,846	$39,387
Adjustable Rate (5.50%)		$31,524	$32,847	$34,171

Exceeds VHFA MOVE Income Limit for 1-2 Person Households of $36,100.

RESOLUTION RE: LETTER OF INTENT/COMMITMENT LETTER PERTAINING TO WESTLAKE LIMITED PARTNERSHIP/RED ROCKS DEVELOPMENT PHASE IIIB

WHEREAS, a proposal has been presented to the Agency by Westlake Limited Partnership (the "Housing Sponsor"), a limited partnership whose General Partner is Westlake Development Corp. and the shareholders of which are Charles Brush and John Giebink, involving the construction of 56 condominium units in 14 buildings located in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that at least 5 of the 56 units in the Development will be perpetually affordable and a total of 51% or 29 of the units will be sold to persons and families whose household income does not exceed the maximum income limits then in effect for VHFA's MOVE program; and

WHEREAS, the proposal seeks a participation by the Agency of up to $427,500 in a loan of $855,000 to be made by Vermont National Bank for land and infrastructure work; and

WHEREAS, the construction financing for the units in the Development is to be provided by Vermont Federal Bank with a guarantee from the Small Business Administration; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the participation loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The participation loan will assist in the construction of residential housing primarily for persons and families of low and moderate income.

4. The construction costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Vermont Housing Finance Agency Act.

5. The Housing Sponsor undertaking the proposed housing

development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income and the sponsors are financially responsible persons.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to participate in a first mortgage loan with the Vermont National Bank for site work and development in an amount not to exceed $427,500, for the Red Rocks Phase IIIB Development.

2. The Commitment Letter shall be issued to Westlake Limited Partnership.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency and Vermont National Bank.

5. The commitment of the Agency is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to the following:

   (a) The partial guarantee of the Agency for a loan of the Vermont National Bank relating to Phase IIIA of the Red Rocks development must be released before a new loan for Phase IIIB is made.

   (b) Commitments for financing the site development and construction of the units in Phase IIIB satisfactory to the Agency must be presented.

   (c) A priority agreement for repayment of all loans for Phase IIIB satisfactory to the Agency must be negotiated.

   (d) The Housing Sponsor must demonstrate that more than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income;

(e) An appraisal for the Phase IIIB site satisfactory to the Agency must be submitted; and

(f) A Phase I environmental site assessment satisfactory to the Agency must be completed.

6. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

RESOLUTION RE: LETTER OF INTENT/COMMITMENT LETTER PERTAINING TO WESTLAKE LIMITED PARTNERSHIP/RED ROCKS DEVELOPMENT PHASE IIIB

WHEREAS, a proposal has been presented to the Agency by Westlake Limited Partnership (the "Housing Sponsor"), a limited partnership whose General Partner is Westlake Development Corp. and the shareholders of which are Charles Brush and John Giebink, involving the construction of 56 condominium units in 14 buildings located in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that at least 5 of the 56 units in the Development will be perpetually affordable and a total of 51% or 29 of the units will be sold to persons and families whose household income does not exceed the maximum income limits then in effect for VHFA's MOVE program; and

WHEREAS, the proposal seeks a participation by the Agency of up to $427,500 in a loan of $855,000 to be made by Vermont National Bank for land and infrastructure work; and

WHEREAS, the construction financing for the units in the Development is to be provided by Vermont Federal Bank; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the participation loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act;

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The participation loan will assist in the construction of residential housing primarily for persons and families of low and moderate income.

4. The construction costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Vermont Housing Finance Agency Act.

5. The Housing Sponsor undertaking the proposed housing development will increase the supply of well-planned, well-designed

permanent housing for persons and families of low and moderate income and the sponsors are financially responsible persons.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to participate in a first mortgage loan with the Vermont National Bank for site work and development in an amount not to exceed $427,500, for the Red Rocks Phase IIIB Development.

2. The Commitment Letter shall be issued to Westlake Limited Partnership.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan, plus the Agency's legal fees.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency and Vermont National Bank.

5. The commitment of the Agency is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to the following:

    (a) The partial guarantee of the Agency for a loan of the Vermont National Bank relating to Phase IIIA of the Red Rocks development must be released before a new loan for Phase IIIB is made.

    (b) Commitments for financing the site development and construction of the units in Phase IIIB satisfactory to the Agency must be presented.

    (c) A priority agreement for repayment of all loans for Phase IIIB satisfactory to the Agency must be negotiated.

    (d) The Housing Sponsor must demonstrate that more than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income;

(e) An appraisal for the Phase IIIB site satisfactory to the Agency must be submitted; and

(f) A Phase I environmental site assessment satisfactory to the Agency must be completed.

6. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Joseph A. Erdelyi, Multi-Family Loan Underwriter

DATE: July 23, 1993

RE: Hebert Farms - Resolution of Interest

THE DEVELOPMENT

1. General Description

This ten unit project is one of the Section 8 projects owned by Judson Babcock; transfer of ownership is one of the terms of the legal settlement that we are trying to reach with Babcock. The Vermont Public Housing Trust, Inc., a recently formed non-profit, would acquire and manage the project. The project has a project based Section 8 contract with a remaining term of 17 years. The sponsor is proposing to acquire the property and replenish the operating and replacement reserve accounts, but not to do any rehabilitation at this time. The sponsor would assume the existing VHFA mortgage and cash accounts, and in addition seeks a VHFA second mortgage loan that would run concurrently with the HAP contract and first mortgage loan.

A summary of sources and uses of funds, rents, operating expenses, and financial projections is attached.

2. Projected Funding Sources

	Amount	Percent
VHFA existing mortgage	$290,143	81.04%
VHFA new mortgage	63,537	17.75%
Project Funds	4,340	1.21%
Total	$358,020	100.00%

3. Unit Breakdown and Rents

Included are one one-bedroom unit, seven two-bedroom units, and two three-bedroom units. Tenants pay for electric storage heat and electricity. All units have Section 8 assistance.

4. Site/Location

The project is located in Montpelier. The site is sloping with terraces on which the two buildings are located.

5. Renovation Plan

The sponsor's proposal does not include any rehabilitation. At Staff's request the sponsor did submit a schedule for future use of replacement reserves. Because of the project's age and heat source (electric storage heat), Staff have asked the sponsor to have an energy audit performed. Based on the cost and payback of the energy improvements recommended, the sponsor will prepare a plan to implement these improvements. Green Mountain Power is running a program to finance energy conversions in multi-family structures which will be pursued as a source of funds for this work. The older of the two buildings recently had a new foundation constructed which used most of the project's cash and reserves.

6. Loan to Value

The total debt on this project would be $353,680, or $35,368 per unit. This is 99% of total development cost. An appraisal may be a condition of the VHFA Resolution of Commitment.

7. Management

The principals of the current management entity, Technical Planning and Management (T. P. & M.) have formed the Vermont Public Housing Trust, Inc. They would be the property owner and manager. T. P. & M. has an established record as a good management agent.

8. Market Demand

The units all have project based Section 8 rental assistance, and VSHA has a waiting list for such units. The project currently has no vacancies and averages a very low vacancy rate.

9. Environmental Concerns

An environmental review will be required prior to closing. Lead paint is a concern in the older building.

DISCUSSION

Strengths

a) The loans on this project would amortize over the same term as the remainder of the HAP contract, making it easier to maintain long term affordability.

b) The sponsor will enter into a long term preservation agreement.

c) This transfer would help to protect VHFA's current investment in the property and would conform with the proposed legal settlement.

Weaknesses

a) Using rent and expense increase projections, the project would cease to be able to cover its operating expenses in year 11 without drawing on operating reserves.

b) VHFA will be lending additional funds. Our principal risk in doing this is that HUD will implement rent comparability regulations similar to those that have been proposed and may not recognize the second mortgage debt service as a project expense. If this occurs, rents might be frozen going forward while expenses might continue to rise.

RECOMMENDATION

Staff recommends the Board pass the attached Resolution of Interest. Conditions will include receipt of an executed Purchase and Sale agreement at no more than the proposed purchase price, satisfactory environmental review, assignment of the Section 8 HAP contract to the sponsor, resolution of any issues relating to the legal settlement, and other standard VHFA criteria as set forth in the resolution.

RESOLUTION OF INTEREST
RE: HEBERT FARMS (MONTPELIER) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Vermont Public Housing Trust, Inc., a non-profit corporation, involving the acquisition of the Hebert Farms Development, a ten unit Section 8 development in Montpelier (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Vermont Public Housing Trust, Inc., is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency that will be assumed by the sponsor; and

WHEREAS, the Agency has determined that the acquisition of the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in allowing the Vermont Public Housing Trust, Inc. to assume the existing first mortgage and in providing an additional loan as a future advance under the first mortgage for the acquisition of the Hebert Farms Development in Montpelier in an amount not to exceed $65,000.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to, the following:

   (a) the availability of funds to the Agency for such purpose;

   (b) the signing of a Preservation Agreement to ensure long term affordability of units;

   (c) completion of a Phase I Environmental Site Assessment acceptable to the Agency;

   (d) completion of a purchase and sale agreement acceptable to the Agency; and

   (e) the payment to the Agency by the Seller at the closing on the Development of $3,500 to partially offset the Agency's cost of outside counsel in litigation related to this Development.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

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Project:	Hebert Farms	RUN DATE:	20-Jul-93	

*********Unit Information*****************Assumptions*********

Total Res Units:	10	Rent increase:	1.00%
Restricted Units:	10	Expense increase:	2.50%
Percent Restricted:	100.00%	Vacancy Rate:	2.00%
Avg Net Monthly Rent:	723		
Total Dev Costs	358,020		
TDC/Unit	35,802		

FINANCING SOURCES (0)

	Amount	% of TDC	Interest	Term
*Project Funds	4,340	1.21%	N/A	N/A
Existing VHFA	290,143	81.04%	8.50%	17 8/93
New VHFA	63,537	17.75%	8.20%	17
	358,020	100.00%		
GAP	(0)			

Note: Original Loan Amount = $353,424 (4/9/80), remaining term is 17 years.
Original HAP date is 4/80, remaining term is 17 years

* Project Funds 7/93:
$890 = Replacement Reserve Account
$3,450 = Cash

Hebert Farms DEVELOPMENT BUDGET

		Residential Budget	Per Unit
Acquisition		323,143	32,314
Permanent Loan Fee (1%)	3,537	3,537	354
* Replacement Reserve		18,890	1,889
** Cash		12,450	1,245
TOTAL DEVELOPMENT COSTS		358,020	35,802

* Replacement Reserve = includes $890 from Replacement Reserve Account
** Cash = includes $3,450 from Cash Account

Hebert Farms	INCOME & EXPENSE BUDGET	20-Jul-93

INCOME

RENTS

Restricted Units Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br			1	662		7,944
2 Br			3	722		25,992
2 Br			4	734		35,232
3 Br			1	792		9,504
3 Br			1	819		9,828
	Totals		10	3,729		88,500
All Units						
	Grand Totals		10	3,729		88,500
		Less Vacancy	2.00%			(1,770)
		NET RENT		86,730		

OTHER INCOME

Laundry & Interest Income	780
Parking	0
Other	60
Total Other Income	840
TOTAL INCOME	87,570

EXPENSE BUDGET

	Annual	Per Unit Per Month
Administration		
Management Fee	7,380	62
Supportive Services	2,400	20
Audit/Accounting	1,500	13
Legal	240	2
TOTAL ADMIN	11,520	96
Utilities		
Electricity	3,890	32
Water/Sewer	2,000	17
Fire Alarm/Emer Cal	220	2
Other	0	0
TOTAL UTILITIES	6,110	51
Maintenance		
Trash	1,800	15
Snow	2,050	17
Maintenance Payroll	1,188	10
Exterminating	300	3
Grounds	3,050	25
Painting/Decor	1,500	13
Supplies	420	4
Contract Mainte	4,200	35
TOTAL MAINTENANCE	14,508	121
Taxes	9,200	77
Insurance	1,600	13
Reserves	1,884	16
Total	44,822	374

Hebert Farms PRO FORMA 21-Jul-93

	Year	1	2	3	4	5	6	7	8
Residential Rent		88,500	89,385	90,279	91,182	92,093	93,014	93,945	94,884
Less Res Vacancy		(1,770)	(1,788)	(1,806)	(1,824)	(1,842)	(1,860)	(1,879)	(1,898)
Plus Other Income		840	848	857	865	874	883	892	901
Total Actual Income		87,570	88,446	89,330	90,223	91,126	92,037	92,957	93,887
Less Operating Exp.		44,822	45,943	47,091	48,268	49,475	50,712	51,980	53,279
Net Operating Income		42,748	42,503	42,239	41,955	41,651	41,325	40,978	40,608
Less Existing VHFA DS		32,610	32,610	32,610	32,610	32,610	32,610	32,610	32,610
Less New VHFA DS		6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940
Cash Flow		3,198	2,953	2,689	2,405	2,100	1,775	1,427	1,057
Oper Subsidy	5,778	0	0	0	0	0	0	0	0
Net Cash		3,198	2,953	2,689	2,405	2,100	1,775	1,427	1,057
DCR		108.09%	107.47%	106.80%	106.08%	105.31%	104.49%	103.61%	102.67%
Operating Reserve									
Beginning Balance	12,450	12,450	16,021	19,455	22,727	25,814	28,689	31,325	33,692
Less Uses		0	0	0	0	0	0	0	0
Interest	3%	374	481	584	682	774	861	940	1,011
Cash Surplus		3,198	2,953	2,689	2,405	2,100	1,775	1,427	1,057
End Balance		16,021	19,455	22,727	25,814	28,689	31,325	33,692	35,760

Hebert Farms PRO FORMA 21-Jul-93

	9	10	11	12	13	14	15	16	17
Residential Rent	95,833	96,791	97,759	98,737	99,724	100,721	101,728	102,746	103,773
Less Res Vacancy	(1,917)	(1,936)	(1,955)	(1,975)	(1,994)	(2,014)	(2,035)	(2,055)	(2,075)
Plus Other Income	910	919	928	937	947	956	966	975	985
Total Actual Income	94,826	95,774	96,732	97,699	98,676	99,663	100,659	101,666	102,683
Less Operating Exp.	54,611	55,977	57,376	58,810	60,281	61,788	63,332	64,916	66,539
Net Operating Income	40,215	39,797	39,356	38,889	38,395	37,875	37,327	36,750	36,144
Less Existing VHFA	32,610	32,610	32,610	32,610	32,610	32,610	32,610	32,610	32,610
Less New VHFA DS	6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940
Cash Flow	664	247	(194)	(661)	(1,155)	(1,675)	(2,223)	(2,800)	(3,406)
Oper Subsidy	0	0	194	661	1,155	1,675	2,223	2,800	3,406
Net Cash	664	247	0	0	0	0	0	0	0
DCR	101.68%	100.63%	99.51%	98.33%	97.08%	95.76%	94.38%	92.92%	91.39%
Operating Reserve									
Beginning Balance	35,760	37,497	38,869	39,847	40,401	40,493	40,083	39,129	37,587
Less Uses	0	0	(194)	(661)	(1,155)	(1,675)	(2,223)	(2,800)	(3,406)
Interest	1,073	1,125	1,172	1,215	1,247	1,265	1,269	1,258	1,230
Cash Surplus	664	247	0	0	0	0	0	0	0
End Balance	37,497	38,869	39,847	40,401	40,493	40,083	39,129	37,587	35,411

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, pac Development Coordinator
Irene D. Jenkins, Director of Development

DATE: July 22, 1993

RE: Hardscrabble Farms Elder Housing Associates - Resolution of Interest

SUMMARY OF REQUEST

Staff is requesting approval of a Resolution of Interest to provide approximately $2.5 million in construction financing for Phase I (35 units) of an 80 unit condominium project to be developed by Hardscrabble Farms Elder Housing Associates. The project will be located on a six acre site in the Town of Williston and will consist of 80 independent living units with community and activity space. The units will be marketed as condominium units exclusively for persons who are 55 years of age or older.

The sponsor has indicated that they intend to obtain a minimum of 50 pre-sales before they start construction of Phase I. The sponsor has also indicated that they will carry certain development costs through construction to maintain their equity in the project.

VHFA previously received a request for financing of a 98 unit elderly rental project to be located on this site. A Resolution of Interest was approved at the December 1991 Board meeting. The project was then revised to 49 units and a Resolution of Commitment was approved at the May 1992 Board meeting. The project was determined to be infeasible because 49 units were insufficient to support the cost of the land.

THE PROJECT

<u>The Sponsor</u>

The sponsor is Hardscrabble Farms Elder Housing Associates, a limited partnership of Village Green Development, Inc. (Allen Hebert), who is the general partner, and Jean Pecor and Stephen Gianarelli, limited partners. Allen Hebert is the project manager.

The Project

The project will consist of 80 condominium units sited on approximately six acres in the Town of Williston near Tafts Corners. It is to the rear of an existing 110 acre horse farm, and backs to Allen Brook. The site is fairly open, and has good views of the Green Mountains. A proposed 29 acre park is to be located on the other side of Allen Brook. The area already has a nice network of walkways, which will be complemented by this development, and a bike path being planned by the Town of Williston. Access will be via US Route 2. When this site was considered by VHFA for rental housing, the sponsor was in the process of negotiating with the Town of Williston, which wanted a road built that would connect Route 2 with Route 2A and act as a bypass around Taft Corners. According to the sponsor, the Town is no longer requiring a connecting road to Route 2A.

There will be a total of 17 one-bedroom units and 63 two-bedroom units in the entire project. Phase I will be 35 units (7 one-bedroom and 28 two-bedroom). The entire project will have 4500 square feet of community/activity space (1750 square feet in Phase I). The sponsor has indicated that the association will retain Cathedral Square to provide on-site property management. The project will be served by town water and sewer and has received local and state permits for the construction of 98 elderly rental units and a 34 bed congregate care facility. The project as proposed will use the same building footprint. The sponsor indicates that the permit can be amended by administrative action and does not require a new application.

The one-bedroom unit will be 740 square feet and the two-bedroom unit will have 1050 square feet of living space. This compares with the Wake-Robin project's 725 square foot one-bedroom unit and 1150 square foot two-bedroom unit. Tentative plans also call for partial basements in each building for resident storage space. The proposed sales price for a one-bedroom unit is $65,000 and a two-bedroom unit is $95,000. The building plans have not been finalized. The architect will be Weimann Lamphere and Jeff Davis will be responsible for marketing the units.

A Phase I environmental assessment has been conducted for this site and is on file. No significant environmental concerns were cited for the property.

Marketability/Affordability

In the winter of 1992, the sponsor completed a survey targeted to homeowners age 55 or older with household incomes greater than $22,361. A large number of surveys were mailed (10,000-13,000) because a mailing list was not available that could identify only those homeowners who were the target of the survey. Of the 217 elderly homeowners responding, 126 indicated some interest in Hardscrabble Farms. The sponsors feel that there is a large untapped market of elderly homeowners in the Chittenden County area who want to move into a private retirement community but who cannot afford Wake-Robin. (The Wake-Robin development differs substantially from the project proposed by

Hardscrabble Farms Elder Housing Associates. An upfront fee is paid by the buyer that ranges from approximately $95,000-$155,000 depending on the size of the unit and number of occupants. In addition, there is a per unit monthly fee ranging from approximately $1300-$2500.) Staff does not believe that information obtained from the questionnaire is sufficient to demonstrate a market for the 80 units proposed however, staff feels that a further market study is not necessary because the sponsor has indicated that 50 units will be pre-sold prior to the start of construction on Phase I.

VHFA will require that all units be constructed so they receive a FOUR STAR energy rating from Energy Rated Homes of Vermont. The association fee is projected to be $80-$100 per month. Annual taxes are estimated to be $910 for a one-bedroom unit, and $1,330 for a two-bedroom unit. Because MRB programs target first-time home buyers, VHFA financing may not be available to purchasers of units. VHFA will require that the sponsor provide evidence that financing will be available to buyers of units.

The sponsors have requested construction financing from VHFA in the amount of approximately $2.5 million. This represents 81% of the total development budget of $3.1 million for Phase I. The sponsor will carry certain development costs through construction to maintain their equity in the project. Attached is a preliminary development budget and cash flow for Phase I. Based on these numbers, VHFA's mortgage would be paid after the sale of the 29th unit. The projected developer fee is a modest 4.8 percent of total development costs. It should be noted that these numbers are preliminary and subject to change because the building design has not been finalized.

A current appraisal has not been completed. An appraisal completed for the previously proposed elderly rental project indicated the value of this site with permits would be $170,000 to $190,000 per acre. The sale price for the land is proposed to be $900,000 or $150,000 per acre.

<u>Strengths and Weaknessess</u>

The primary strengths of this proposal include:

- The deferral of the land acquisition cost and some soft costs until the end of the project provide additional security for VHFA's first mortgage;

- Before the start of Phase I, the project will have 50 units pre-sold.

The primary weaknesses of this proposal include:

- The development manager, Allen Hebert, has limited experience with multi-family or elderly development. However, VHFA has requested and he is agreeable to bringing in Cathedral Square to assist with the design and management of the units;

- VHFA has not received plans and specifications for the buildings and units;

- VHFA staff is sceptical that the sponsor can achieve the proposed level of pre-sales.

Conditions

VHFA will require that the following conditions be met prior to recommending a Resolution of Commitment to the Board:

- Satisfactory Hardscrabble Farms Elder Housing Associates partnership agreement;
- Complete plans and specifications for Phase I and subsequent Phases;
- A satisfactory appraisal of the site;
- An amended ACT 250 permit for the project;
- Copies of local permits;
- Complete financial statements from Hardscrabble Farms Elder Housing Associates, Village Green Development, Inc., Allen Hebert, Jean Pecor and Stephen Gianarelli;
- Evidence satisfactory to VHFA that both short-term and long-term financing will be available to buyers of units.

BOARD ACTION REQUESTED

Staff recommends approval of the attached Resolution of Interest for VHFA to provide up to $2.5 million in financing for the development of Phase I (35 units) of an 80 unit elderly condominium project to be developed by Hardscrabble Farms Elder Housing Associates in Williston, Vermont.

PROPOSAL FROM HARDSCRABBLE FARMS ELDER HOUSING ASSOCIATES

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Phase A -- 35 Units	BUDGET	FINANCED BY SPONSOR	FINANCED BY VHFA	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	TOTALS
Land (2 acres)	275,000	275,000	0	0	0	0	0	0	0	0	275,000	275,000
Site Work	450,000	0	450,000	104,449	104,449	208,899	0	0	0	0	32,203	450,000
Unit Construction	1,871,100	0	1,871,100	0	0	0	312,648	417,790	522,247	417,798	200,617	1,871,100
Architect/Engineering	74,844	0	74,844	9,355	9,355	9,355	9,355	9,355	9,355	9,355	9,359	74,844
Legal/Accounting	25,000	25,000	0	0	0	0	0	0	0	0	25,000	25,000
Taxes/Insurance	5,000	0	5,000	625	625	625	625	625	625	625	625	5,000
Preconstruction Expenses	75,000	75,000	0	0	0	0	0	0	0	0	75,000	75,000
Construction Loan Interest (9%)	72,312	0	72,312	987	1,973	3,744	6,297	9,634	13,754	17,091	18,832	72,312
Construction Loan Fees (1.5%)	37,664	0	37,664	37,664	0	0	0	0	0	0	0	37,664
Marketing/Sales	78,328	78,328	0	0	0	0	0	0	0	0	78,328	78,328
Developer's Fee	148,212	148,212	0	0	0	0	0	0	0	0	148,212	148,212
Total Development Costs	3,112,460	601,540	2,510,920	153,080	116,402	222,623	328,925	437,404	545,981	444,869	863,176	3,112,460

Projected Revenues

	Sale Price	TOTALS
7 One Bedroom (740 sq ft)	65,000	455,000
28 Two Bedroom (1050 sq ft)	95,000	2,660,000
Total Projected Sales		3,115,000
Payoff VHFA 1st Mortgage		2,510,920
Payoff 2nd Mortgage		601,540
Surplus/(Deficit)		2,540

RESOLUTION OF INTEREST RE:
HARDSCRABBLE FARMS ELDER HOUSING ASSOCIATES

WHEREAS, a proposal has been presented to the Agency by the Hardscrabble Farms Elder Housing Associates, a limited partnership consisting of Village Green Development, Inc., the general partner, a corporation controlled by Allen Hebert, and two limited partners, Jean Pecor and Stephen Gianerelli. Allen Hebert is the development manager. The development involves the construction of 35 units in Phase I of an eventual 80 units of elderly condominiums in Williston (the "Development"); and

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a construction loan for Phase I of the Hardscrabble Farms development in an amount not to exceed $2,500,000 to be secured by a first mortgage on the property.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose and the housing sponsor providing the following items in form satisfactory to the Agency within 90 days from the date of this Resolution:

   (a) an appraisal showing that the amount of the VHFA loan will be no more than 95 percent of the lesser of the security value of the Development or the housing development costs;

(b) evidence that the limited partnership has the ability to provide sufficient equity to the Development to provide the amount required over and above the amount of the Agency's loan;

(c) staff approval of complete plans and specifications for the proposed construction;

(d) receipt of an amended land use permit for the site allowing the proposed development;

(e) copies of local permits;

(f) complete financial statements for Hardscrabble Farms Elder Housing Associates, Village Green Development, Inc., Allen Hebert, Jean Pecor and Stephen Gianerelli;

(g) a partnership agreement from Hardscrabble Farms Elder Housing Associates;

(h) evidence that long-term financing at reasonable terms will be available to buyers of units; and

(i) the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. If the Agency subsequently issues a commitment letter for a loan for this Development, a condition of the Agency's commitment will be that not less than 50 condominium units are the subject of purchase and sale agreements.

4. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for other subordinate loans or for other purposes with the consent of the Agency.

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VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, PAC Development Coordinator and
Irene D. Jenkins, Director of Development

DATE: July 22, 1993

RE: Resources in Community Living - Resolution of Commitment

Note: This report is quite similar to the report presented at the June 1993 Board meeting. Substantive changes are highlighted.

SUMMARY OF REQUEST

Staff is requesting approval of a Resolution of Commitment to finance the purchase of the former Babcock House in Moretown by Resources in Community Living (RCL). RCL currently leases the property which is used to house developmentally disabled adults in crisis and as office space for RCL's operation. The subject property is an 11 room, five bedroom, 2.5 bathroom home. There is also a two bedroom cottage/guest house on the property.

Three bedrooms in the main house will be used on an emergency basis and will be a resource for an RCL program called Vermont Crisis Intervention Network (VCIN). The other two bedrooms will be occupied by resident staff. The remaining space (1200 square feet) will serve as administration, office space, and space for services for RCL and VCIN. The guest house will serve as a transitional housing unit (the second bedroom will be for resident staff). RCL will provide the support services under a Contract for Services with the State of Vermont, Agency of Human Services, Department of Mental Health/Mental Retardation. The project will serve persons with incomes below 50% of median income.

The anticipated source of funding for this request is an advance from the Federal Home Loan Bank. We expect to have an approval of our application in August and the Resolution of Commitment would be conditioned upon approval of VHFA's request for an advance from the Federal Home Loan Bank. John Eller of the Federal Home Loan Bank in Boston has reviewed a description of this request and has found it to be an eligible use of funds advanced from the Federal Home Loan Bank.

THE PROJECT

Loan Request

RCL requests a first mortgage from VHFA for $175,000 to finance the acquisition of the former Babcock House in Moretown, Vermont. RCL has received approval of a $30,000 grant from the Vermont Housing and Conservation Board (VHCB). The main house of the subject property will be used to house three developmentally disabled adults who are in crisis and approximately 1200 square feet (35% of the total), will be used by RCL as office space. The guest house will be used as a transitional housing unit. All four units will be available to persons with incomes below 50% of median income.

An appraisal report was completed for RCL in August 1992, which indicates a value of $267,000 assuming a marketing time of over six months. The appraisal indicates the market value for a "quick sale" (three months) is $210,000. VHFA would require a current appraisal of the property.

Sources and Uses of Funds

Sources:		Uses:	
$175,000	VHFA first Mortgage	$215,000	Acquisition
$ 30,000	VHCB Grant	$ 23,000	Rehabilitation (2)
$ 10,000	Credit from Lease (1)	$ 2,300	Contingency
$ 30,550	RCL	$ 5,250	Closing/Soft Costs
$245,550	Total	$245,550	Total

(1) $1000 a month of current lease payment is applied to reduce the purchase price.
(2) RCL will fund rehab and closing/soft costs from their own resources. Rehab needs are minor--mostly cosmetic--and construction of two exterior wheelchair ramps.

The Housing Sponsor

RCL is a private non-profit mental health agency established over 10 years ago to serve adults with developmental disabilities who are experiencing difficulty adjusting to conventional mental health service programs. RCL currently owns one other property and provides services to 21 clients.

Operating Income/Expense Proforma

RCL will receive $420 a month for each resident (this is the maximum established by VAHS) and will pay $1900 a month in rent for office space. Rental payments are received directly from SSI benefits received by the residents or through the resident's guardian. RCL has a contract with VAHS for food, clothing and support services. Attached is an operating income/expense proforma.

BOARD ACTION REQUESTED

Staff recommends approval of the attached Resolution of Commitment to finance the purchase of the former Babcock House by Resources in Community Living. In addition to other standard conditions including a Phase I Environmental Assessment, this resolution is contingent upon VHFA receiving approval of an advance from the Federal Home Loan Bank.

RESOURCES FOR COMMUNITY LIVING C:\RCLPROFOR
ANNUAL OPERATING BUDGET FOR FORMER BABCOCK HOUSE
Run Date: 7/22/93

	Annual	Monthly
OPERATING INCOME		
Gross Rent (1)	42,960	3,580
Less Vacancy (5%)	2,148	179
VCIN Contract (2)	120,960	10,080
TOTAL OPERATING INCOME	161,772	13,481
OPERATING EXPENSES		
Support Service Expense		
Residential Staff	54,432	4,536
Day Program	42,336	3,528
Contracted Services	15,120	1,260
Transporation	6,048	504
Other	3,024	252
Total Support Service Expense	120,960	10,080
Administrative Expenses		
Management	1,200	100
Legal/Accounting	500	42
Misc Administration	500	42
Total Administrative Expenses	2,200	183
Maintenance Expenses		
Routine Maintenance	1,200	100
Emergency Repairs	750	63
Painting and Decorating	750	63
Trash Removal	240	20
Total Maintenance Expenses	2,940	245
Utilities		
Water and Sewer (3)	120	10
Oil Heat	1,800	150
Gas Heat	750	63
Electricity	2,400	200
Total Utilities Expenses	5,070	423
Taxes and Insurance		
Real Estate Taxes	2,800	233
Insurance	750	63
Total Taxes and Insurance Expenses	3,550	296
Total Reserves	4,900	408
TOTAL OPERATING EXPENSES	139,620	11,635
TOTAL OPERATING INCOME	161,772	13,481
LESS TOTAL OPERATING EXPENSE	139,620	11,635
NET OPERATING INCOME	22,152	1,846
DEBT SERVICE		
VHFA ($175,000, 20 yrs. 8.5%)	18,224	1,519
VHCB GRANT ($30,000)	0	0
TOTAL DEBT SERVICE (20 yrs, 8.5%)	18,224	1,519
DEBT COVERAGE RATIO	1.22	
CASH FLOW	3,928	327

NOTES:
(1) Residents pay $420 per month; RCL pays $1900 for Office Space
(2) RCL receives payment from Dept. of Mental Health to provide services through the VCIN.
(3) On-site water and sewer

RESOLUTION RELATING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER FOR RESOURCES IN COMMUNITY LIVING (MORETOWN) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Resources in Community Living ("RCL" or the "Housing Sponsor"), involving the acquisition and rehabilitation of a house containing 11 rooms in Moretown to house developmentally disabled adults in crisis (the "Development"); and

WHEREAS, RCL has received a commitment for a grant of approximately $30,000 from the Vermont Housing and Conservation Board; and

WHEREAS, RCL is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of emergency housing to be served by the proposed Residential Housing and private enterprise and investment are unable, without assistance, to provide an adequate supply of the Residential Housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed emergency housing for persons and families of low and moderate income and who are developmentally disabled.

5. The sponsor is a financially responsible organization.

6. More than one half of each of (a) the total floor area and (b) the total development cost of the Mixed Use Development will be allocated to dwelling units for persons and families of low and moderate income and who are developmentally disabled.

7. The non-housing facilities to be acquired in connection with the Mixed Use Development, and which are not designed primarily for the benefit of the occupants of the dwelling units, are necessary in order to render the lease of the dwelling units economically feasible for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment for the Agency to make a first mortgage loan for the acquisition and rehabilitation of an 11 room home in Moretown in an amount not to exceed $175,000, for the RCL Development.

2. The commitment of the Agency to make a loan or to otherwise finance the Development is expressly conditional upon the availability of funds to the Agency for such purpose from the Federal Home Loan Bank, staff approval of plans and specifications for the proposed rehabilitation and construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The interest rate on the loan shall be no more than 100 basis points above the Agency's cost of funds and shall be for a term of not more than 20 years. Not later than the date of the closing on the Agency's loan, the Housing Sponsor shall pay to the Agency a loan origination fee of one percent of the amount of the Agency's loan.

4. The Commitment Letter shall require, as a condition of the Agency's commitment, that the Housing Sponsor submit a Phase I environmental site assessment satisfactory to the Agency.

5. The Commitment Letter shall require that the Housing Sponsor submit an appraisal satisfactory to the Agency indicating that the security value of the Development is greater than or equal to the amount of the Agency's loan.

6. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Board of Commissioners

FROM: Roger A. Schoenbeck, Director of Finance RAS

DATE: July 19, 1993

RE: Fund Balance Structuring

At the last Board meeting, we committed to present a recommendation as to the use of Fund Balances that are planned to be transferred to the General Fund from the various bond programs, pursuant to the Evensen Dodge study.

As of March 31, 1993, we have a fund balance of approximately $5 million in the General Fund. There also exists about $6.3 million of freed up funds from the refunded Mortgage Purchase Resolution, which could easily be transferred to the General Fund. As previously discussed with the Board, these funds are slated to be used for a Construction Loan Program with the understanding that $1,250,000 a year is scheduled to be needed to help subsidize operations, thereby reducing the Construction Loan Program by that amount on an annual basis. The cash flow analysis done in conjunction with the Evensen Dodge study indicates that there is an additional one-time transfer of $5.5 million available from the other bond programs. This would make the General Fund balance temporarily swell to about $17 million.

However, if between $5-10 million is transferred to the General Fund from the bond programs *without specific designation*, it will appear that those funds are available for any purpose. Other HFA's have restricted or designated their General Fund balance so that it is used for its intended purpose, or so that outside parties are aware of the plans for the fund balance. According to the Evensen Dodge study, VHFA will run out of money in the year 2012 by "staying the course" as described in their expected case scenario. Evensen Dodge made specific recommendations (see reverse) for the investment of the General Fund.

<u>Recommended Action</u>

Within the General Fund, create a designated fund balance to reserve $2.7 million for loan losses and a $6 million Construction Loan Program which would decrease by approximately $1.2 million each year for the next five years. At this point in time, it may be prudent to delay a resolution on the remaining fund balances to be transferred until the funds are available and the Strategic Plan is finalized.

EVENSEN DODGE FINANCIAL STUDY
RECOMMENDED USES FOR GENERAL FUND BALANCE

Average Fund Balance 1994-1998		$14.0MM
Loan Loss Reserve		
(2% O/S Loans of $460MM)	$9.2MM	
Loss Reserves on Hand	-$6.5MM	
Fund Balance for Losses		$ 2.7MM
Remaining Fund Balance for Loans		$11.3MM
Short-term Loans (5 years or less) 50%		$ 5.7MM
Long-term Loans Maturing 2010		$ 3.6MM
Special Funding Opportunity Loans		$ 2.0MM

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Carrie Höglund, Community Relations Coordinator
Hollis Hope, Director of Communications

DATE: July 23, 1993

RE: Home Buyer Outreach in 1993

For the past six years, VHFA's community-based outreach and education efforts have comprised an important component of our communications plan. The following information will bring you up to date concerning our home buyer outreach activities.

Past Events

Between 1988 and 1992, VHFA created and offered "Home Buyer Days". An average of seven workshops were offered each year throughout Vermont; over 1500 households attended a Home Buyer Day.. Home Buyer Days served to provide home buyers with prequalifying services and general information in a neutral, non-intimidating, local setting. In addition, these workshops gave us an opportunity to establish a local presence in the community and meet our potential customers face to face.

Although Home Buyer Days were very successful, we decided to experiment with two new formats for several reasons:

- To offer more detailed information about the home buying process
- To provide a greater benefit to participating VHFA lenders
- To increase involvement by real estate agents, nonprofits and others
- To tailor the nature or style of the event to consumer preferences

Current Activities

Home Buyer Fair

This event provides information about the home buying process and an opportunity to meet one-on-one with lenders, real estate agents and nonprofits to discuss financing and housing options in a free, fair-like atmosphere. This format is geared towards households planning to purchase a home in the near future (within the next 12 months). One-hour presentations may be given, with local professionals and VHFA staff outlining the home buying process. Then, buyers are free to meet with "vendors": local lenders, real estate agents and nonprofits. Each vendor pays a nominal fee to set up a table or booth and can meet with buyers one-on-one. Free or low-cost credit reports are provided by Credit Bureau Services of Vermont.

Home Buyer Fairs are scheduled to last either 3 or 6 hours, depending on the population of the area.

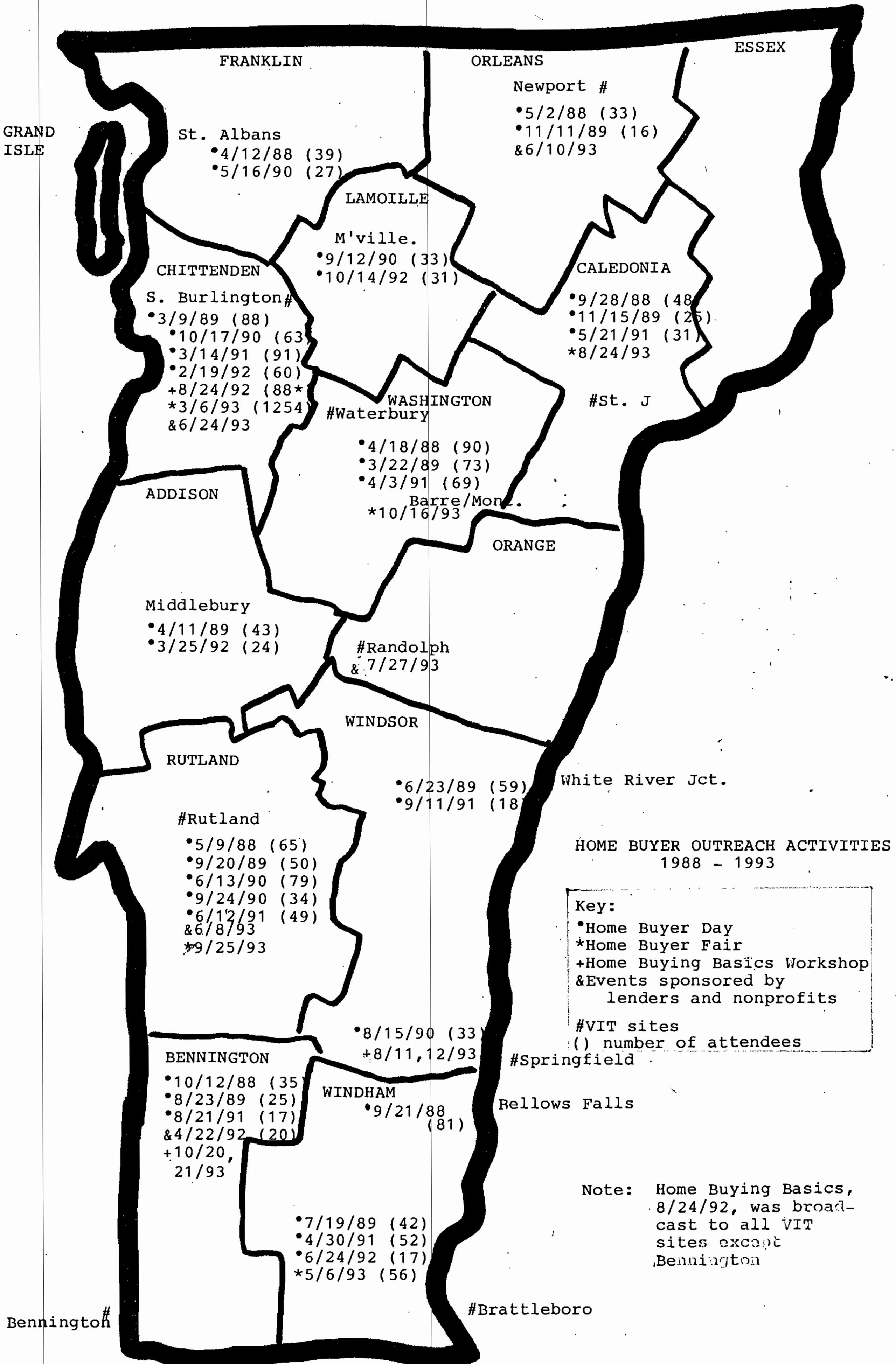
Home Buying Basics
This is a four-hour workshop, designed to provide more in-depth information about the home buying process. It consists of two consecutive two-hour sessions. Home Buying Basics is geared towards households who would like to own a home someday, but have little or no understanding of the process of home purchase. Topics addressed include: prequalifying, establishing a budget, elements of a purchase and sale agreement and the loan application process. The workshop is conducted by VHFA staff, local lenders, real estate agents and nonprofits.

1993 Outreach Activity Schedule

Event	Date/Time/Location
Home Buyer Fair	Saturday, March 6 10:00 AM - 4:00 PM Sheraton Conference Center, South Burlington
Home Buyer Fair	Thursday, May 6 6:00 - 9:00 PM Quality Inn, Brattleboro
Home Buying Basics	Wednesday and Thursday, August 11 & 12 6:30 - 8:30 PM Hartness House, Springfield
Home Buyer Fair	Tuesday, August 24 6:00 - 9:00 PM Lyndon State College, Lyndon
Home Buyer Fair	Saturday, September 25 10:00 AM - 4:00 PM Rutland (location to be determined)
Home Buyer Fair	Saturday, October 16 10:00 AM - 4:00 PM Barre area (location to be determined)
Home Buying Basics	Wednesday and Thursday, October 20 & 21 6:30 - 8:30 PM Bennington area (location to be determined)

Outreach Map
The attached map shows the locations for this year's activities as well as past Home Buyer Days. In addition to the events listed above, VHFA participation in workshops and fairs hosted by lenders and nonprofits are also marked on the map.

I hope this information is useful. I will be available at the Board meeting to answer any questions you may have regarding our outreach plan.


FRANKLIN
ORLEANS
ESSEX
Newport #
•5/2/88 (33)
•11/11/89 (16)
&6/10/93
GRAND ISLE
St. Albans
•4/12/88 (39)
•5/16/90 (27)
LAMOILLE
M'ville.
•9/12/90 (33)
•10/14/92 (31)
CHITTENDEN
S. Burlington#
•3/9/89 (88)
•10/17/90 (63)
•3/14/91 (91)
•2/19/92 (60)
+8/24/92 (88*)
*3/6/93 (1254)
&6/24/93
CALEDONIA
•9/28/88 (48)
•11/15/89 (25)
•5/21/91 (31)
*8/24/93
WASHINGTON
#Waterbury
#St. J
•4/18/88 (90)
•3/22/89 (73)
•4/3/91 (69)
Barre/Mont.
*10/16/93
ADDISON
ORANGE
Middlebury
•4/11/89 (43)
•3/25/92 (24)
#Randolph
& 7/27/93
WINDSOR
RUTLAND
•6/23/89 (59)
•9/11/91 (18)
White River Jct.
#Rutland
•5/9/88 (65)
•9/20/89 (50)
•6/13/90 (79)
•9/24/90 (34)
•6/12/91 (49)
&6/8/93
*9/25/93
HOME BUYER OUTREACH ACTIVITIES
1988 - 1993
Key:
•Home Buyer Day
*Home Buyer Fair
+Home Buying Basics Workshop
&Events sponsored by lenders and nonprofits
#VIT sites
() number of attendees
•8/15/90 (33)
+8/11,12/93
#Springfield
BENNINGTON
•10/12/88 (35)
•8/23/89 (25)
•8/21/91 (17)
&4/22/92 (20)
+10/20, 21/93
WINDHAM
•9/21/88 (81)
Bellows Falls
Note: Home Buying Basics, 8/24/92, was broadcast to all VIT sites except Bennington
•7/19/89 (42)
•4/30/91 (52)
•6/24/92 (17)
*5/6/93 (56)
#Brattleboro
Bennington#

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeffrey Francis, Deputy Director
Hollis Hope, Director of Communications

DATE: July 23, 1993

RE: Strategic Planning Process and Revised Timeline

Since your last meeting, we have attempted to map out in further detail what the planning process will look like over the next six months. The attached matrix indicates how we have broken down the process into three phases, with the end result being a document spelling out strategic directions, goals and objectives based on the feedback received during the entire process. Phase I consists of an assessment of where VHFA stands today and its operating environment. Phase II consists of identifying key issues and options facing the Agency. Phase III consists of prioritizing options and developing strategic objectives and a plan for achieving them.

On the back of the matrix is a revised timeline which proposes target dates for meetings, completion of phased work, and for production of a planning document.

No action is requested at this time.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

Revised Timeline/Target dates for Planning Process

July 15-Sept. 1	Prepare overview of VHFA (Yesterday and Today) Finalize planning process Invite Advisory Committee
Sept. 1 (1/2 day)	1st meeting of Advisory Committee Introductions/purpose/role Discuss VHFA's mission & overview of VHFA
Sept. 1-Oct. 15	**PHASE I** Plan & conduct staff retreat/interviews Conduct interviews w/external sources & board Analyze data and identify trends Identify influence/resource constraints & opportunities
Oct. 15-Oct. 31	Draft preliminary report: Situational Analysis
Nov. 1	Distribute draft to Advisory Committee, board & staff
Nov. 15 (full day)	**PHASE II** 2nd meeting of Advisory Committee Discuss situational analysis Identify & screen key issues and options (brainstorming & discussion)
Nov. 15-Dec. 15	Screening of options by board & staff Board discussion/staff mtgs or retreat
Jan. 5 (1/2 day)	**PHASE III** 3rd meeting of Advisory Committee React to issues & options screening Prioritize issues & options Closure
Jan. 20 (Bd. mtg)	Present priorities to Board Solicit feedback Discuss strategic direction & objectives
Jan. 20-Feb. 18	Prepare strategic planning document.
Feb. 24	Present final Strategic Plan to Board for adoption
Mar. 1-June 1	Distribution of final document to participants Departmental plans drafted Integration with annual business plan in preparation for fiscal year budget cycle.

<u>Strategic Planning Process Matrix</u>
DRAFT 7/23/93

Mission →→→ Objectives ←←←Strategies

<table>
<tr><th>Phase</th><th>Activity</th><th>Internal</th><th>External</th><th>Advisory Committee</th><th>Board</th></tr>
<tr><td rowspan="11">Phase I: VHFA TODAY
Internal</td><td>Mission</td><td>✓</td><td>✓</td><td rowspan="16">BROAD DISCUSSIONS</td><td rowspan="16">BROAD DISCUSSIONS</td></tr>
<tr><td>Relations-Customers</td><td>✓</td><td>✓</td></tr>
<tr><td>Relations-Partners</td><td>✓</td><td>✓</td></tr>
<tr><td>Challenges</td><td>✓</td><td>✓</td></tr>
<tr><td>Capabilities/Staffing</td><td>✓</td><td>✓</td></tr>
<tr><td>Limits/Constraints</td><td>✓</td><td>✓</td></tr>
<tr><td>Current Housing Delivery System</td><td>✓</td><td>✓</td></tr>
<tr><td>Financial Mgt. Issues</td><td>✓</td><td></td></tr>
<tr><td>Workplace Culture</td><td>✓</td><td></td></tr>
<tr><td>Strengths</td><td>✓</td><td>✓</td></tr>
<tr><td>Weaknesses</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="5">*External*</td><td>Economy</td><td>✓</td><td>✓</td></tr>
<tr><td>Housing Market</td><td>✓</td><td>✓</td></tr>
<tr><td>Financial Market</td><td>✓</td><td>✓</td></tr>
<tr><td>Legal/Regulatory Issues</td><td>✓</td><td>✓</td></tr>
<tr><td>Threats to Existing Resources/Capabil.</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="3">Phase II: Issues and Options</td><td>Key Issues</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Options</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Screening/Evaluation of Options</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="4">Phase III: Prioritize Options</td><td>Most Attractive Options</td><td></td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>Strategy Development</td><td></td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>Action Plan</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>Monitoring Follow-Up</td><td>✓</td><td></td><td></td><td>✓</td></tr>
</table>

Strategic Planning Process
Questions

CENTRAL QUESTION Where does VHFA want to be in the next five years?

SUB QUESTIONS

1. How do we want to get there?
2. Does our mission allow us to achieve that?
   If not, should we modify our mission?
3. What challenges and opportunities will face VHFA in next five years?
4. Who are our customers? How well do we serve them?
5. What are the market trends? How will they affect us?
6. How is VHFA positioned to achieve what we want in next five years?

JOINT CENTER FOR HOUSING STUDIES

JCHS

Graduate School of Design · John F. Kennedy School of Government · Harvard University

HOLD FOR RELEASE UNTIL JUNE 10, 1993

CONTACT: Nancy McArdle
(617) 495-7908

HOUSING PROBLEMS PERSIST DESPITE LOWER MORTGAGE RATES

HARVARD STUDY CONCLUDES

Cambridge, Mass., June 10 -- The drop in mortgage rates has stimulated home construction and sales, but many young families still lack the savings to buy a first home, and many others confront record high rent burdens, according to "The State of the Nation's Housing 1993," a Ford Foundation sponsored study produced annually by the Joint Center for Housing Studies of Harvard University.

Homeownership rates for young households fell sharply over the past decade, and lower mortgage interest rates have yet to reverse this slide. "Many first-time buyers still lack the savings to cover the downpayment and closing costs," the report states, and thus "remained locked out of a primary savings and investment vehicle."

Renters, meanwhile, remain under severe pressure from high housing costs. Sluggish income growth and persistently high rents have pushed the share of incomes that households pay for housing to a 25-year high. "With poverty increasing and the low-cost housing stock shrinking, more and more families are in need of housing assistance," the report asserts.

The study depicts a housing market of sharp contrasts. "There is a tendency to talk about housing in terms of national statistics," observed Joint Center Director H. James Brown, "but activity varies dramatically by both market segment and region." While multi-family construction remains stuck at low levels across the country, new single-family construction in 19 states posted 10-year peaks last year.

"The single-family sector should prosper in the 1990s," the report observes. "With the baby-boom generation moving into its middle years, many households are ready to trade up to bigger single-family homes." These trends should support both expanded construction of larger homes as well as steady growth in the renovation and repair segment of the market.

"The increasing demographic diversity of the United States further complicates the housing outlook," said William Apgar, Joint Center Executive Director. "The growing inequality of income is widening the gap between the rich and the poor, while the rapid growth in the foreign born population is increasing the racial and ethnic diversity of the overall population."

Emphasizing that access to good quality housing and homeownership is fundamental to the American standard of living and key to expanding the economic opportunities of new immigrants and historically disadvantaged minority groups, the report challenges the new administration in Washington and other housing industry leaders "to reassess -- and redirect -- housing policy so that the benefits of economic growth are equitably shared."

The 1993 "State of the Nation's Housing" report will be featured at the opening session of the Housing Leadership Conference, to be held on June 10, in Williamsburg, Va. The conference brings together top administration officials -- including Henry Cisneros, Secretary of Housing and Urban Development, and Robert Rubin, Assistant to the President for

Economic Policy -- members of Congress, state and local officials, and representatives of the housing industry and housing advocacy groups to discuss the challenge of providing decent and affordable housing to all Americans.

Joint Center Director Brown, who led the conference planning effort, is optimistic that now is a good time to make progress on this goal. "The easing of interest rates makes this an ideal time to expand programs that assist young households in purchasing a new home. The weakness in rental markets also makes this an excellent time to acquire properties that can be added to the permanent stock of affordable housing."

Additional support for the study was provided by Fannie Mae, Freddie Mac, the Housing Assistance Council, the Research and Educational Trust Fund of the Mortgage Bankers Association, the National Association of Home Builders, the National Association of Housing and Redevelopment Officials, the National Association of Realtors, the National Council of State Housing Agencies, the National Low Income Housing Coalition/Low Income Housing Information Service and the Policy Advisory Board of the Joint Center for Housing Studies of Harvard University.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: August 10, 1993

RE: RESCHEDULING UPCOMING (SEPTEMBER) BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been rescheduled. The meeting will be held at 1:30 p.m. Thursday, September 23, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

The Board agenda and packet will be mailed to you by September 17. *(There is no Board meeting scheduled for the month of August.)*

Please feel free to contact me should you have any questions prior to the meeting. I look forward to meeting with you in Burlington in September! (I will be on vacation until August 23.)

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

ASH

FROM: Allan S. Hunt, Executive Director

DATE: August 4, 1993

RE: RESCHEDULING UPCOMING (SEPTEMBER) BOARD MEETING

Due to scheduling conflicts, I would like to request that we reschedule the September Board meeting. (I will be addressing the Vermont Association of Realtors at their meeting September 14-16.) Please let Barbara know if you will be able to attend a Board meeting on Thursday, September 23. The location of the Board meeting could be either Burlington or Montpelier, whichever is more convenient for the majority of Board members.

Remember, there is no Board meeting scheduled for the month of August.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to meeting with you in September.

VERMONT HOUSING FINANCE AGENCY

September 13, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, September 23, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: September 2, 1993

RE: ELECTION OF HOUSING VERMONT BOARD

As the sole sustaining member of Housing Vermont (HVT), we are entitled to elect 50 percent of the HVT Board. At HVT's annual meeting, scheduled for September 15, five current Board members are seeking reelection. They are Mark Snelling, John Simson, Judd Levy, Christine Owre and David Tucker. The Governor makes one appointment, VHFA makes three appointments, and one member is elected by the membership. We have been waiting for the Governor to announce his appointment.

Since our Board meeting is not until September 23, I wanted to let all of you know whom we want to elect at the HVT annual meeting. All of the above are very strong candidates, and it is expected that David Tucker will receive support from the general membership.

I understand that Governor Dean has reappointed Chris Owre. I am recommending that we reelect Mark Snelling, John Simson and Judd Levy each for another two year term. The major reason for this recommendation is to provide continuity to the organization due to the recent announcement of Mike Richardson's departure by the end of this year. I believe it is critical to keep this continuity by reelecting these three original members.

If you have any questions about this process, or concerns about my recommendation, please contact me as soon as possible. I will assume that no contact means you agree with my thoughts. I apologize for this procedure, but I was unaware of HVT's schedule until this week.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: September 20, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meèting will be held at 1:30 p.m. Thursday, September 23, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 September 23!

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, September 23, 1993 at 1:30 p.m.

1. Review and approval of minutes of July 29, 1993

2. Administration
   - ⌂ Executive Director's Report — **[Hunt]**
   - ⌂ Strategic Planning Update — **[Hope/Francis]**
   - ⌂ FY94 Business Plan — **[Francis//Enclosure]**

3. Operations
   - ⌂ MOVE/Mortgage Plus Updates/ Delinquency Report — **[Lothrop//Enclosure]**

4. Development
   - ⌂ Ten Commandments (Burlington)—Combined Resolution of Interest/Commitment — **[Jenkins/Erdelyi//Encl.]**
   - ⌂ IORTA II (Down Payment Assistance) — **[Jenkins//Encl.]**

5. Finance
   - ⌂ Discussion on Future of Single Family Financing — **[Schoenbeck]**

6. Legal
   - ⌂ Bond Counsel Discussion — **[Jarrett]**

7. Communications
   - ⌂ Home Buyer Outreach—1993* — **[Hope/Höglund]**

8. Other old or new business to come before the Board

*Please bring Home Buyer Outreach information from 07/29 Board packet

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, July 29, 1993

PRESENT: Chairman White; Commissioners Myette, Randall, Seelig, Candon (designee of Costle), Brown (designee of McDougall)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Hope, Ms. Crady, Mr. Erdelyi, Ms. Höglund

Guests: Mr. Richardson (Housing Vermont); Ms. Wright, Ms. Curry (LCHDC); Mr. Hebert (Village Green Development); Mr. Lorraine (Vermont Public Housing Trust, Inc.); Mr. Giebink, Mr. Brush (Westlake Limited Partnership)

The meeting was called to order by the Chairman at 1:45 p.m. Chairman White expressed his apologies for arriving late, but noted that he had just completed a tour of the Dalton Drive buildings at Fort Ethan Allen. Upon a motion duly made by Ms. Randall and seconded by Mr. Myette, the minutes of the meeting of June 17, 1993 were unanimously accepted as written.

The agenda was rearranged to address the Development issues first. Ms. Jenkins introduced Mr. Erdelyi, the Agency's recently hired Multi-Family Development Underwriter, and then reviewed her memo of July 23 entitled "Georgia Section 8—Combined Resolution of Interest and Commitment Resolution." This is an eight-unit elderly project which has been in operation for approximately one year; 14 years remain (of three five-year contract terms) on the project-based Section 8 contract. Lake Champlain Housing Development Corporation (LCHDC) would like to acquire the property and perform some minor rehabilitation. Recycled multi-family bond proceeds would be used to finance this project. After being introduced to the Board, Ms. Wright noted that LCHDC is expanding into Grand Isle and Franklin Counties at the urging of the Vermont Housing and Conservation Board (VHCB); this expansion is seen as important not just to provide housing but as a stabilizing factor for LCHDC. Mr. Seelig observed that VHCB will be discussing this project at an upcoming meeting. Mr. Seelig suggested that the Board consider how this project fits into overall State housing policies and the Agency's policies in particular, with respect to financing projects that do not add to or substantially improve the housing stock. Mr. Hunt indicated that the Agency's staff is prepared to support this project, as it is viewed as assuring long-term affordability and management stability, as well as fitting into LCHDC's plans to move into Franklin county. A motion was made by Mr. Myette to adopt the "Resolution Pertaining to Combined Resolution of Interest and Commitment Letter re: Georgia Section 8" as attached to these minutes; this resolution was seconded and passed unanimously. After the vote was taken, Ms. Wright expressed her thanks to Ms. Jenkins for all of her work on this project, and then left the meeting with Ms. Curry.

Ms. Jenkins then directed the Board's attention to her memo of July 23, included in the Board packet, on "Linden Terrace, Rutland—Combined Resolution of Interest and Commitment." Linden Terrace consists of 19 elderly units, including 16 one-bedroom and three two-bedroom units; 18 of the units have Section 8 assistance. A revised pro forma was distributed to the Board. An environmental review is still pending, as there underground storage tanks are known to be on the property. Approval of the requested financing for Linden Terrace would add a considerable amount of debt to the project. There is a possibility that HUD could impose rent comparability, which would effectively freeze rents; as last proposed, HUD's comparability regulations might not consider additional debt service as a project expense prior to computation of surplus cash.

To allow for further discussion of the project, Ms. Jenkins then introduced Mr. Richardson, president of Housing Vermont (HVT), which is planning to assume the existing mortgage and borrow additional funds for the purchase and minimal rehabilitation of the property. Mr. Seelig asked Mr. Richardson to discuss the impact the lack of a local partner would have on the ownership and management of this project. According to Mr. Richardson, HVT's corporate philosophy has been to only develop housing where community support exists. The benefit of having developments perceived as a net addition to the community is primarily achieved through gaining the support of local nonprofits. However, Mr. Richardson reminded the Board that this is an already existing project and that many local nonprofits lack the capacity to manage rental properties. There would be no substantive role for a local nonprofit in the acquisition and development of this project even if HVT went through a joint venture process. Mr. Richardson also noted that HVT is undertaking a strategic planning endeavor, which may determine that HVT should add technical assistance to its current role. However, it would appear to be unnecessary to create a partnership for this particular project. Mr. Seelig also asked for clarification of any community concerns regarding the proposed additional units for this property, but Mr. Richardson pointed out that the additions are within the footprint of the existing buildings and will not add to the density of the neighborhood. Mr. Seelig observed that although he approves of this project and HVT's track record, in general there is a need to have local partners. While Mr. Hunt echoed Mr. Seelig's concerns, he noted that the potential conversion of the units to market-rate would provide an opportunity for the developer to create housing that would not be affordable. Mr. Seelig moved that the "Resolution Pertaining to Combined Resolution of Interest and Commitment Letter re: Linden Terrace (Rutland) Development" be approved as attached to these minutes; this motion was seconded by Mr. Candon and carried unanimously. Following the vote, Mr. Richardson left the meeting.

Next, Ms. Jenkins reviewed her memo of July 23, included in the Board packet, on the topic of "Hebert Farms—Resolution of Interest," and introduced Mr. Lorraine, of the Vermont Public Housing Trust, Inc. This ten-unit project in Montpelier is one of the Section 8 projects requiring transfer of ownership as a condition of the legal settlement that the Agency has been trying to reach with an owner of several multi-family projects. A legal settlement has recently been reached on all of those projects. Staff is recommending that an appraisal be required for this project, based primarily on the 99 percent total Loan-to-Value ratio. Lead paint may be present in the older of the two buildings that make up Hebert Farms; this could be a concern in rehab efforts. Ms. Randall noted that most of the projects being reviewed by the Board require some level of energy rehab; although this proposal does not indicate such a need, the property is heated by electricity. Ms. Jenkins responded that although staff would rather not undertake this project without providing for all of the rehab needs present today, it was deemed more important to gain new ownership as soon as possible and deal with rehab needs at a later time. Mr. Jarrett also noted that this project had been the "missing piece" in the pending litigation; two other projects should have a different general partner and close by mid-August, while a third should close early in August, barring complications from HUD. Mr. Lorraine admitted that this would be the first project owned by the nonprofit as proposed, but also noted that as a representative of Technical Planning & Management (TP&M), the management firm involved, TP&M has a long term interest in making this project successful. TP&M also plans to consider other projects that may become available. Mr. Lorraine further pointed out that the nonprofit was formed because TP&M felt that low-income housing would be the best use for this property; more local people are to be brought onto the nonprofit's board, and a tenant advisory committee is planned. Mr. Seelig expressed concern about the apparent proliferation of nonprofits and asked if ownership with other entities had been explored. According to Ms. Jenkins, the Vermont State Housing Authority (VSHA) attempted to purchase the property from the owner, but that transaction was unsuccessful; a main concern for the Agency's staff has been to encourage the sale of the project. Mr. Hunt also noted that there had been some discussion with the Central Vermont Land Trust 18 months ago, but CVLT was unable to proceed with the purchase due to other scheduled transactions. In addition, Mr. Hunt pointed out that this project has been overseen by the Agency for the past 13 years, and more time has been spent on this project than on most of the others in the Agency's portfolio. A motion was then made by Mr. Myette and seconded by Mr. Brown to adopt the "Resolution of Interest re: Hebert Farms (Montpelier) Development" as attached to these minutes; this resolution carried, with Mr. Seelig opposed. Following the vote, Mr. Lorraine left the meeting.

Ms. Crady reviewed the "Redrocks Condominiums, Phase IIIB—Resolution of Commitment" as described in her memo of July 22, included in the Board packet. Mr. Giebink and Mr. Brush were introduced to the Board. Redrocks is a condominium project in the south end of Burlington which borders on Redrocks Park; Phase IIIA consists of 44 units which are scheduled to be completed by October 1; construction of Phase IIIB, which will be 56 units, is planned to commence later this summer. Of 27 units sold as of June 8, 20 home buyers were under the VHFA MOVE income limits in effect as of the dates the units were sold; of those, 25 are owner-occupied, with 16 financed or assisted by the Agency. A minimum of 28 units will be sold to MOVE income eligible borrowers. An environmental assessment has already been completed for the entire project. A revised Resolution was distributed for the Board's consideration. A motion was then made by Mr. Myette and seconded by Mr. Seelig to amend the "Resolution re: Letter of Interest/Commitment Letter pertaining to Westlake Limited Partnership/Red Rocks Development Phase IIIB" as attached to these minutes. This motion carried unanimously; Mr. Giebink left the meeting after the vote was taken.

The "Hardscrabble Farms Elder Housing Associates—Resolution of Interest" was then reviewed by Ms. Crady, as further detail to her memo of July 22, included in the Board packet. The sponsor is requesting construction financing for Phase I (35 units) of an 80-unit condominium project to be located on a six-acre site in the town of Williston, with community and activity space to be included. The units will be marketed as condominiums exclusively for persons who are 55 years of age or older. One provision is that 50 units (all of Phase I, part of Phase II) be pre-sold before starting construction on Phase I. Staff is skeptical that 50 units can be pre-sold; although some interest on the part of potential buyers has been expressed to the sponsor, no commitments have been made to date. Mr. Seelig asked about the targeting of these two-bedroom units to older persons, and whether any market study had been conducted to assure interest by this age group in condominiums of this size. Mr. Hebert assured the Board that the sponsor is interested in providing a new facility that is truly designed for the elderly, rather than a mix of families; services at this project would be geared to the needs of the elderly. As was noted by Mr. Seelig, the ultimate buyers for this project may meet the Agency's income guidelines, but they would not be first-time home buyers, thus limiting the need for Agency financing for this population. Chairman White also noted that there was no covenant for perpetual affordability for these units, only construction financing. A motion was then made by Mr. Brown to amend the "Resolution of Interest re: Hardscrabble Farms Elder Housing Associates" as attached to these minutes to include the phrase *"prior to the start of construction"* in paragraph 3; after being seconded by Mr. Myette, this motion carried unanimously. Mr. Hebert and Mr. Brush then left the meeting.

Next, Ms. Crady reviewed her memo of July 22, included in the Board packet, regarding "Resources in Community Living (RCL)—Resolution of Commitment."

Financing of this project would allow for the purchase of the former Babcock House in Moretown by RCL, which currently leases the property, used to house developmentally disabled adults in crisis, as well as for office space for RCL's operation. The property consists of an 11-room, five-bedroom home, with a two-bedroom cottage/guest house on the property. A decision on financing from the Federal Home Loan Bank is expected in August; FHLB has preliminarily indicated that this project would be an acceptable use of their advance. After a motion was made by Mr. Myette and seconded by Mr. Candon, the "Resolution Relating to Combined Letter of Intent and Commitment Letter for Resources in Community Living (Moretown Development" was unanimously accepted as attached to these minutes.

In his update on the Agency's MOVE program, Mr. Lothrop noted that although activity has been quite good, it pales in comparison with June's activity. Reservations for the first three weeks of July total almost $3 million, with the real estate market expected to remain strong. In addition to his regular report, Mr. Lothrop also distributed a memo regarding "Use of Remaining Funds from the $100 Million Bond Issue" for the Board's review. The approximate cost to fulfill the recommendations as detailed in that memorandum would be $149,000. Following some discussion, a motion was made by Mr. Seelig and seconded by Ms. Randall to adopt the recommendations by the staff to: (1) adjust the remaining fund balances in the 93A and 93B programs so that both programs will end at about the same time—this would allow the Agency to offer MOVE with fewer programs operating at the same time; (2) initiate the use of the remaining funds in the 90A, 92A, 92B and 902 programs for zero point and two point mortgage origination at the current MOVE rates; and (3) reserve the present 94A and 94B program funds (non-first time home buyer funds) for any mortgages that lenders have originated but have not been able to sell to the Agency—the "remaining funds" in the 94A and 94B programs total approximately $3.6 million; the Agency would also continue to offer the non-first time home buyer option, as usage is low and this would eliminate a change to the program. This motion carried unanimously.

Turning to delinquencies, Mr. Lothrop noted that three REO's have been sold, two others are under contract, and offers are being negotiated on another two; pre-foreclosure sales were achieved for another two properties. In response to a query from Mr. Candon, Mr. Lothrop noted that the Agency has provided financing to eligible purchasers of REO properties. No Board action was required.

Chairman White then conducted the Annual Meeting and Election of Officers, asking Mr. Jarrett to review the resolution included in the Board packet. Mr. Jarrett noted that the last time any such comprehensive resolution was passed was in 1986; this resolution is intended to satisfy the need to have on file the Board's approval of each signer's authority, with the Vice Chairman and Treasurer to be elected by the Board. Mr. Myette nominated Mr. Ruse for Vice Chairman. Mr. Jarrett noted that should there be a change in the personnel holding the positions specified in the resolution, the names and signatures would be corrected accordingly. Mr. Francis asked that the Board clarify that this resolution is not meant to be interpreted as an employment contract. Mr. Myette made a motion to amend the "Resolutions Adopted at the Annual Meeting of VHFA, July 29, 1993," as attached to these minutes, to include the following statements: "*All personnel of the Agency whose names are listed herein are listed only for purposes of identification. The Executive Director may appoint any persons to these positions that he or she desires.*" After being seconded by Mr. Seelig, the motion carried unanimously.

In his Executive Director's report, Mr. Hunt noted that Chairman White, Mr. Ruse and Ms. Mullikin Drake had attended the National Council of State Housing Boards' meeting held in Woodstock. Regarding the Westgate Apartments in Brattleboro, Mr. Hunt reminded the Board that the Brattleboro Area Community Land Trust (BACLT) had been approached by staff to work with the Agency, focusing on organizing the tenants to create the potential for a tenant buyout of the property. However, negotiations with BACLT have been unsuccessful, as the local nonprofit has envisioned playing a much larger role than those close to the process believe is necessary. Their proposed budget was far beyond what had been spent in the past on similar projects such as Northgate and Highgate. Mr. Hunt assured the Board that staff's major interest is to ensure that the sale of Westgate is handled appropriately and that the tenants are well served. The Agency also has a residual note of $567,000 with the seller of the "Gates" projects; this promissory note was entered into when the purchase price for Northgate was lowered, with the seller requiring assurance that the purchases of Highgate, Westgate and Applegate would occur. However, Mr. Hunt pointed to a lack of trust between HVT and BACLT, resulting from transactions concerning another earlier project that involved those two entities. Should the Agency continue to try to work with BACLT, the Agency may be forced to pay the $567,000 promissory note as a result of delay or failure to purchase Westgate.

Mr. Seelig explained that the residents of Westgate have expressed concern about the Agency's letter to BACLT planning to discontinue the process, and further noted that the situation is a classic example of the differing points of view between a large, sophisticated HFA and a six-year-old nonprofit organization that handles 80 units. Mr. Seelig also noted that it would be difficult to assess that one party in these negotiations has failed more than another. Given the 100 families living in Westgate, and the geographical distance between Burlington and Brattleboro, it would be difficult to have success in this transaction without involving the residents. Chairman White asked for clarification that the promissory notes were signed with the owner, but the sole issue between the Agency and BACLT is who will take title and manage the property, as well as the role of the local nonprofit. However, Mr. Hunt noted that negotiations thus far have focused only on the role of the nonprofit in the purchase of Westgate, without going so far as to determine ownership or management. BACLT wants to have a larger role in the purchase, without having anything more to offer; further, to substitute for their lack of ability, they have asked for technical assistance funds to have a consultant react to the proposed project budget which will be developed by the Agency's development team. According to Mr. Hunt, BACLT's desire to review the Agency's figures is based primarily on their mistrust of HVT and the Agency, as mentioned previously. As the Agency holds the first option to purchase, it would not be possible for another entity to enter purchase negotiations at this point; the purchase is also governed by federal law. Mr. Seelig noted that should the Agency not continue to negotiate with BACLT, a community-based nonprofit would need to be created. Further discussion followed, after which the Board recommended that Mr. Hunt or other representatives from the Agency meet with BACLT again, preferably having representatives from BACLT's board present at that meeting as well.

At this time, Mr. Myette expressed his regrets and stated that he would be unable to remain for the rest of the meeting.

Continuing his report, Mr. Hunt informed the Board that the National Council of State Housing Agencies (NCSHA) has indicated that the legislative conference committee has reached an agreement to permanently extend the Mortgage Revenue Bond and Low Income Housing Tax Credit programs; however, the budget bill still needs to gain approval from both the Senate and the House of Representatives. Mr. Hunt concluded his report by reviewing a meeting with representatives of the Dean administration that he attended with Chairman White and Mr. Schoenbeck. The purpose of this meeting was intended to explain the Evensen Dodge financial study to Mr. Doug Wacek, Commissioner of Finance and Management, and Ms. Pat Walton, deputy to Mr. William Sorrell, Vermont's Secretary of Administration. According to both Mr. Hunt and Chairman White, it appeared that this meeting adequately described the Agency's financial status, which indicates that any moneys within the General Fund are required to meet future commitments. However, Mr. Hunt further reported that just before the Board meeting, Mr. Sorrell had called asking to schedule a meeting to discuss the Agency's assistance in addressing the State's budget deficit. Chairman White stated that he would be available to meet with Mr. Sorrell along with Mr. Hunt; no formal Board action was necessary.

{At this point, the Board meeting was recessed for five minutes, in light of the lengthy agenda.}

After Chairman White called the meeting back to order, Mr. Francis reviewed the "FY93 Final Business Plan Update" as attached to his memo of July 23, included in the Board packet. Mr. Francis noted that the FY94 Business Plan should be available for the September Board meeting. The Agency's fee structure and goals will be scrutinized by staff in the course of the planning process for FY94. Mr. Candon observed that the mobile home financing structure appears to be a good financing solution, especially for those parks containing older mobile homes. As Mr. Hunt pointed out, the Agency's multi-family activity has declined in recent years as a result of the State's emphasis in directing funds toward providing very affordable housing to Vermonters at or below 50 percent of median income.

Next, a "Lead-Based Paint Update" was offered by Mr. Francis, as further detail to his memo of July 22, included in the Board packet. The Agency's "Interim Policy Position on Lead Paint and Other Toxic and Hazardous Materials" was adopted in November 1992. As drafted, the policy has been adhered to for those projects in the Agency's multi-family pipeline; however, it has not been distributed to owners and managers of multi-family units built prior to 1978. According to Mr. Francis, staff's side-by-side analysis of the laws and regulations regarding these materials determined that the Agency's policy was not appropriate for distribution. As an alternative, the recommendation would be to follow the Vermont and federal laws. One concern is that the information relied upon when this policy was drafted suggests or recommends a more dramatic response than is currently being recommended by entities expert in lead management. The multi-family portfolio contains less than 300 units of housing built prior to 1979. By deferring to HUD's policy, the Agency would be following federal guidelines. A motion was then made by Mr. Seelig and seconded by Mr. Candon authorizing staff to change the educational format provided for units built prior to 1979, with a further requirement that staff report back to the Board by February 1, 1994 as to whether to continue along those lines or make further changes; the Agency also will follow recommendations for intervention as required by HUD. This motion carried unanimously. Mr. Hunt announced that Mr. Francis had been appointed by Governor Dean to chair the governor's Lead-Based Paint Hazard Commission in recognition of his expertise on the subject; Chairman White also acknowledged the excellent talk on lead-based paint given by Mr. Francis at the NCSHB meeting in Woodstock.

Mr. Schoenbeck reviewed his "Fund Balance Structuring" memo of July 19, as included in the Board packet, noting that the Board might want to delay action pending the possible meeting with Mr. Sorrell mentioned earlier in the meeting. With the present level of $6 million available in the form of cash or loans and an additional $6 million in fund balances, the Evensen Dodge study recommends that these funds be combined into the General Fund. Should loan losses be realized, the Agency would need to have adequate cash or fund balances set aside to cover those losses. One recommendation would be to designate $2.7 million as a loan loss reserve fund. While the Board recognized the need to designate funds for the Construction Loan Program as well as for a reserve fund, no formal action was taken.

As an update to the previous month's discussion regarding requests for proposals (RFP) for the Agency's audit, Mr. Schoenbeck reported that five RFPs were distributed and four refusals were received. As KPMG Peat Marwick was the only firm to respond, they will begin the FY93 audit in August.

Mr. Jarrett reported that 23 RFPs for Bond Counsel were distributed; nine responses were received by the requested deadline. Chairman White appointed a committee consisting of Mr. Candon, Mr. Ruse and the Chairman to meet with staff to review the responses, with a final recommendation to be presented at the September Board meeting.

At this time, Mr. Seelig expressed his regrets and stated that he would be unable to remain for the rest of the meeting.

At Ms. Hope's recommendation, the Board postponed until September further discussion of the "Home Buyer Outreach in 1993" as described in her memo of July 23. The "Strategic Planning Process and Revised Timeline" was reviewed by Ms. Hope, who explained that a retreat for key staff members is planned. Chairman White indicated that he would be meeting with Mr. Hunt, Ms. Hope and Mr. Francis to discuss the advisory committee and make preliminary preparations for the smooth implementation of this process.

Under other old or new business, Mr. Schoenbeck reported that the Agency has a $100,000 certificate of deposit invested in the Vermont Development Credit Union (VDCU) at below market rates. VDCU has asked the Agency to renew this certificate at 2.5% for a one year term. A motion was made by Mr. Candon and seconded by Mr. Brown to allow the rollover of this $100,000 certificate of deposit for a one year term; this motion carried unanimously.

Mr. Jarrett announced that a settlement agreement in the Agency's favor has been signed with the owner of several multi-family projects who had been pursuing legal action against the Agency. Three of the multi-family projects will receive repayment of funds in excess of $60,000, and there is another $10,000 in legal fees to be repaid to the Agency. Mr. Hunt commended Mr. Jarrett for his diligence in this matter.

The next meeting was scheduled for Thursday, September 16, in Montpelier *{later rescheduled to September 23, and relocated to Burlington}*. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Allan S. Hunt

Allan S. Hunt,
Secretary

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 29, 1993

RESOLVED, In addition to the officers specified as "Authorized Officers" under particular bond resolutions of the Agency, the Deputy Director shall be an "Authorized Officer" within the meaning of any and every bond resolution of the Agency whether now existing or to exist in the future.

RESOLVED, Paul W. Ruse, Jr. is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1993 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1993 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	Allan S Hunt (Signature)	Allan S. Hunt
Deputy Director	Jeffrey D. Francis (Signature)	Jeffrey D. Francis
Director of Operations	(Signature)	Douglas R. Lothrop
Director of Finance	Roger A Schoenbeck (Signature)	Roger A. Schoenbeck
Controller	Timothy M. Gutchell (Signature)	Timothy M. Gutchell

Any check in an amount over $1,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

1. RESOLVED, there is hereby created the office of Director of Operations. The Director of Operations shall report to the Executive Director, and shall have the duties assigned to him from time to time by the Executive Director, including, but not limited to the following:

   A. The Director of Operations shall have general day to day responsibility for the operation of all of the Agency's single family programs.

B. The Director of Operations shall have supervisory responsibility for all single family program functions, including loan origination, loan purchase, and loan servicing and for the data processing functions of the Agency.

C. The Director of Operations is authorized, in his discretion, to execute on behalf of the Agency any document within the scope of his responsibility, including, without limitation, mortgage discharges, releases of debtors, real estate brokerage listing agreements, real estate purchase and sale agreements, deeds, bills of sale, claims for property insurance, claims for mortgage insurance and claims for guarantees of mortgages.

D. The Director of Operations shall ensure compliance with federal, state or Agency rules and procedures, and the filing of reports in accordance with state and federal law.

E. The Director of Operations shall act as the Agency liaison with eligible lending institutions participating in Agency single family programs and with other lending institutions licensed to do business in Vermont.

In addition to the powers specifically granted to the Director of Operations by resolutions of the Agency, the Director of Operations shall have all of the powers reasonable and necessary to carry out the duties of the office.

2. RESOLVED, the office of Director of Single Family Programs is abolished, and the resolution of July 16, 1986 creating that office is hereby repealed effective as of November 19, 1987, provided, however, that this Resolution shall not affect the validity of actions taken by the Director of Single Family Programs while the resolution of July 16, 1986 was in force and effect.

3. RESOLVED, that the Agency's Loan Servicing Manager and Loan Servicing Counselor be and hereby are authorized to execute documents of the following character for all of the Agency's single family loan programs, whether secured or unsecured:

A. Listing Agreements with real estate brokers for the sale of real estate owned by the Agency;

B. Deeds, property transfer tax returns, and other documents necessary or convenient for the transfer of real estate owned by the Agency;

C. Endorsements to property insurance claim checks pertaining to property on which the Agency holds a valid lien, in amounts up to $10,000 for the Loan Servicing Manager and $5,000 for the Loan Servicing Counselor;

D. Preparation and execution of claim forms to primary and pool insurers on property that the Agency holds a valid lien on;

E. Authorizations to mortgage lenders and other appropriate persons for actions of the following character:

(1) Foreclosure or other acquisition of title to property on which the Agency has a valid lien;
(2) Necessary repairs and improvements to real estate owned by the Agency;
(3) Actions necessary to make property in which the Agency has an interest secure; and
(4) Forbearance agreements with delinquent borrowers;

F. Consent to actions of the following character:

(1) Release and addition of signers of notes held by the Agency;
(2) Creation of easements and rights of way and the partial release of mortgages held by the Agency for purposes of permitting the creation of easements and rights of way over property on which the Agency holds a valid lien;
(3) Acknowledgment of receipt of liens junior to the lien of the Agency.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Loan Servicing Manager or the Loan Servicing Counselor are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Loan Servicing Manager	Linda C. Wilson (Signature)	Linda C. Wilson
Loan Servicing Counselor	Greg V. Lawlor (Signature)	Gregory V. Lawlor

4. RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Director of Finance:	Roger A. Schraeubeck (Signature)
Controller:	Timothy M. Gutchell (Signature)
Lender Accounting Coordinator:	Susan B. Jachim (Signature)
Portfolio Accountant:	Martha G. Fleming (Signature)
Investment/Portfolio Assistant:	(Signature)

5. RESOLVED, there is hereby created the office of Director of Development. The Director of Development shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Development is responsible for the initiation, management and implementation of all VHFA development activities, including single- and multi-family program development, multi-family loan origination, the low income housing tax credit program and single- and multi-family construction lending.

RESOLVED, that the Director of Development be and hereby is authorized to execute contracts relating to functions ancillary to the Agency's development programs, including, but not limited to, appraisals and construction inspection services.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Development are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Director of Development ______________________ Irene D. Jenkins
(Signature)

6. RESOLVED, there is hereby created the office of Director of Communications. The Director of Communications shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Communications is responsible for media, government and community relations, marketing, public education and outreach functions of the Agency. The Director participates in policy and program development of federal and Agency initiatives to address a broad range of housing needs and serves as federal and state legislative liaison.

RESOLVED, that the Director of Communications be and hereby is authorized to execute contracts relating to the placement or production of advertising or Agency publications and for consulting work relating to the Agency's marketing and media functions.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Communications are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Director of Communications ______________________ Hollis A. Hope
(Signature)

7. RESOLVED, there is hereby created the office of Director of Multi-Family Management. The Director of Multi-Family Management shall report to the Executive

Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Multi-Family Management has overall responsibility for VHFA's multi-family housing portfolio of approximately 100 developments and supervises multi-family staff in the oversight of the portfolio. Analysis and policy development is provided in relation to changing programs, grants, regulations and law in order to protect the Agency's security interests and assure the fulfillment of the Agency's mission to create and preserve Vermont's affordable housing stock.

RESOLVED, that the Director of Multi-Family Management be and hereby is authorized to execute documents of the following character relating to the Agency's multi-family portfolio:

A. Endorsements to property insurance claim checks on multi-family properties on which the Agency has a mortgage;

B. Mortgagor's requests to use restricted project funds including, but not limited to, project cost escrows, replacement reserve accounts, residual receipt accounts, deficit escrows and working capital, whether cash or letter of credit;

C. Authorizations of annual distributions to owners based on annual financial statements;

D. Requests of owners to undertake major capital improvements and utility conversions.

Director of Multi-Family Management ______________________ Samuel J. Falzone
(Signature)

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Multi-Family Management are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

8. RESOLVED, there is hereby created the position of General Counsel. The General Counsel shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The General Counsel serves as chief internal attorney in all matters relating to the Agency and supervises all legal work done by outside counsel for the Agency, participates in multi-family development process including supervising closing of transactions financed by the Agency, supervises foreclosure process for single family loans as well as drafting documents, researching legal questions and following legislation of interest to the Agency.

The names of all personnel of the Agency listed herein are included only for purposes of identification. The power to appoint persons to these or other positions within the Agency belongs to the Executive Director.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION RE: LETTER OF INTENT/COMMITMENT LETTER PERTAINING TO WESTLAKE LIMITED PARTNERSHIP/RED ROCKS DEVELOPMENT PHASE IIIB

WHEREAS, a proposal has been presented to the Agency by Westlake Limited Partnership (the "Housing Sponsor"), a limited partnership whose General Partner is Westlake Development Corp. and the shareholders of which are Charles Brush and John Giebink, involving the construction of 56 condominium units in 14 buildings located in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that at least 5 of the 56 units in the Development will be perpetually affordable and a total of 51% or 29 of the units will be sold to persons and families whose household income does not exceed the maximum income limits then in effect for VHFA's MOVE program; and

WHEREAS, the proposal seeks a participation by the Agency of up to $427,500 in a loan of $855,000 to be made by Vermont National Bank for land and infrastructure work; and

WHEREAS, the construction financing for the units in the Development is to be provided by Vermont Federal Bank; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the participation loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act;

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The participation loan will assist in the construction of residential housing primarily for persons and families of low and moderate income.

4. The construction costs to be incurred by the Housing Sponsor are for housing development costs within the meaning of the Vermont Housing Finance Agency Act.

5. The Housing Sponsor undertaking the proposed housing development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income and the sponsors are financially responsible persons.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to participate in a first mortgage loan with the Vermont National Bank for site work and development in an amount not to exceed $427,500, for the Red Rocks Phase IIIB Development.

2. The Commitment Letter shall be issued to Westlake Limited Partnership.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan, plus the Agency's legal fees.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency and Vermont National Bank.

5. The commitment of the Agency is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to the following:

    (a) The partial guarantee of the Agency for a loan of the Vermont National Bank relating to Phase IIIA of the Red Rocks development must be released before a new loan for Phase IIIB is made.

    (b) Commitments for financing the site development and construction of the units in Phase IIIB satisfactory to the Agency must be presented.

(c) A priority agreement for repayment of all loans for Phase IIIB satisfactory to the Agency must be negotiated.

(d) The Housing Sponsor must demonstrate that more than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income;

(e) An appraisal for the Phase IIIB site satisfactory to the Agency must be submitted;

(f) A Phase I environmental site assessment satisfactory to the Agency must be completed; and

(g) Evidence that all necessary permits and approvals have been obtained.

6. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO
COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER
RE: LINDEN TERRACE (RUTLAND) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont involving the acquisition and rehabilitation of Linden Terrace, a building containing 19 elderly apartment units located on Grove Street in Rutland (the "Development"); and

WHEREAS, the proposal contemplates assumption of the existing mortgage on the Development and an additional loan of approximately $330,000 from recycled proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Housing Vermont will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; and

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the VHFA loan after the rehabilitation.

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $330,000.

2. The Commitment Letter shall be issued to Housing Vermont.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the combined principal amount of the existing and additional loans.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be no more than 8.25% per annum and that the loan term will be no more than 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity and deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form acceptable to the Agency:

   (a) Purchase and sale agreement
   (b) Appraisal
   (c) Phase I environmental assessment
   (d) Detailed operating budget
   (e) Final rehabilitation plans and specifications
   (f) Assignment to the Housing Sponsor of the Section 8 HAP contract applicable to the Development
   (g) Preservation Agreement insuring the long-term affordability of the Development

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION RELATING TO
COMBINED LETTER OF INTENT AND COMMITMENT LETTER
FOR RESOURCES IN COMMUNITY LIVING (MORETOWN) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Resources in Community Living ("RCL" or the "Housing Sponsor"), involving the acquisition and rehabilitation of a house containing 11 rooms in Moretown to house developmentally disabled adults in crisis (the "Development"); and

WHEREAS, RCL has received a commitment for a grant of approximately $30,000 from the Vermont Housing and Conservation Board; and

WHEREAS, RCL is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of emergency housing to be served by the proposed Residential Housing and private enterprise and investment are unable, without assistance, to provide an adequate supply of the Residential Housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed emergency housing for persons and families of low and moderate income and who are developmentally disabled.

5. The sponsor is a financially responsible organization.

6. More than one half of each of (a) the total floor area and (b) the total development cost of the Mixed Use Development will be allocated to dwelling units for persons and families of low and moderate income and who are developmentally disabled.

7. The non-housing facilities to be acquired in connection with the Mixed Use Development, and which are not designed primarily for the benefit of the

occupants of the dwelling units, are necessary in order to render the lease of the dwelling units economically feasible for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment for the Agency to make a first mortgage loan for the acquisition and rehabilitation of an 11 room home in Moretown in an amount not to exceed $175,000, for the RCL Development.

2. The commitment of the Agency to make a loan or to otherwise finance the Development is expressly conditional upon the availability of funds to the Agency for such purpose from the Federal Home Loan Bank, staff approval of plans and specifications for the proposed rehabilitation and construction and the satisfaction by the Housing Sponsor of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The interest rate on the loan shall be no more than 100 basis points above the Agency's cost of funds and shall be for a term of not more than 20 years. Not later than the date of the closing on the Agency's loan, the Housing Sponsor shall pay to the Agency a loan origination fee of one percent of the amount of the Agency's loan.

4. The Commitment Letter shall require, as a condition of the Agency's commitment, that the Housing Sponsor submit a Phase I environmental site assessment satisfactory to the Agency.

5. The Commitment Letter shall require that the Housing Sponsor submit an appraisal satisfactory to the Agency indicating that the security value of the Development is greater than or equal to the amount of the Agency's loan.

6. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION OF INTEREST RE:
HARDSCRABBLE FARMS ELDER HOUSING ASSOCIATES

WHEREAS, a proposal has been presented to the Agency by the Hardscrabble Farms Elder Housing Associates, a limited partnership consisting of Village Green Development, Inc., the general partner, a corporation controlled by Allen Hebert, and two limited partners, Jean Pecor and Stephen Gianerelli. Allen Hebert is the development manager. The development involves the construction of 35 units in Phase I of an eventual 80 units of elderly condominiums in Williston (the "Development"); and

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a construction loan for Phase I of the Hardscrabble Farms development in an amount not to exceed $2,500,000 to be secured by a first mortgage on the property.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose and the housing sponsor providing the following items in form satisfactory to the Agency within 90 days from the date of this Resolution:

   (a) an appraisal showing that the amount of the VHFA loan will be no more than 95 percent of the lesser of the security value of the Development or the housing development costs;

(b) evidence that the limited partnership has the ability to provide sufficient equity to the Development to provide the amount required over and above the amount of the Agency's loan;

(c) staff approval of complete plans and specifications for the proposed construction;

(d) receipt of an amended land use permit for the site allowing the proposed development;

(e) copies of local permits;

(f) complete financial statements for Hardscrabble Farms Elder Housing Associates, Village Green Development, Inc., Allen Hebert, Jean Pecor and Stephen Gianerelli;

(g) a partnership agreement from Hardscrabble Farms Elder Housing Associates;

(h) evidence that long-term financing at reasonable terms will be available to buyers of units; and

(i) the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. If the Agency subsequently issues a commitment letter for a loan for this Development, a condition of the Agency's commitment will be that not less than 50 condominium units are the subject of purchase and sale agreements, prior to the disbursement of any funds for construction.

4. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for other subordinate loans or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO
COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER
RE: GEORGIA SECTION 8

WHEREAS, a proposal has been presented to the Agency by Lake Champlain Housing Development Corp. ("LCHDC") involving the acquisition and rehabilitation of eight apartment units in a building located in Georgia, Vermont (the "Development"); and

WHEREAS, the proposal contemplates a loan of approximately $262,000 from recycled proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Vermont Housing and Conservation Board has agreed to provide the housing sponsor with a combination of deferred loans and grants totalling $100,000; and

WHEREAS, LCHDC will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; and

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The appraised value of the Development will equal at least the amount of the VHFA loan.

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $262,000.

2. The Commitment Letter shall be issued to Lake Champlain Housing Development Corporation.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the first mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be no more than 8.20% per annum and that the loan term will be no more than 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity and deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following:

   (a) Evidence of availability of other financing, as proposed;
   (b) In the event the scope of rehabilitation increases, evidence of the availability of additional financing from another source at comparable terms;
   (c) Assignment of the Section 8 HAP contract to the sponsor;
   (d) Completion of a Phase I environmental assessment satisfactory to the Agency;

(e) Completion of an energy audit and incorporation of recommendations in the energy audit into the rehabilitation plan for the Development;

(f) Providing an appraisal satisfactory to the Agency that includes an opinion that the value of the Development is greater than or equal to the purchase price and the VHFA loan amount;

(g) Final Agency-approved rehabilitation plans and specifications; and

(h) A Preservation Agreement insuring the long-term affordability of the Development.

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION OF INTEREST
RE: HEBERT FARMS (MONTPELIER) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Vermont Public Housing Trust, Inc., a non-profit corporation, involving the acquisition of the Hebert Farms Development, a ten unit Section 8 development in Montpelier (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Vermont Public Housing Trust, Inc., is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency that will be assumed by the sponsor; and

WHEREAS, the Agency has determined that the acquisition of the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in allowing the Vermont Public Housing Trust, Inc. to assume the existing first mortgage and in providing an additional loan as a future advance under the first mortgage for the acquisition of the Hebert Farms Development in Montpelier in an amount not to exceed $65,000.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish, including, but not limited to, the following:

   (a) the availability of funds to the Agency for such purpose;

   (b) the signing of a Preservation Agreement to ensure long term affordability of units;

   (c) completion of a Phase I Environmental Site Assessment acceptable to the Agency;

   (d) completion of a purchase and sale agreement acceptable to the Agency;

   (e) submittal of an appraisal of the Development in an amount sufficient to meet the requirements of the Agency's regulations; and

   (f) the payment to the Agency by the Seller at the closing on the Development of $3,500 to partially offset the Agency's cost of outside counsel in litigation related to this Development.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 29, 1993

RESOLVED, In addition to the officers specified as "Authorized Officers" under particular bond resolutions of the Agency, the Deputy Director shall be an "Authorized Officer" within the meaning of any and every bond resolution of the Agency whether now existing or to exist in the future.

RESOLVED, Paul W. Ruse, Jr. is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1993 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1993 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	____________	Allan S. Hunt
Deputy Director	____________	Jeffrey D. Francis
Director of Operations	____________	Douglas R. Lothrop
Director of Finance	____________	Roger A. Schoenbeck
Controller	____________	Timothy M. Gutchell

Any check in an amount over $1,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

1. RESOLVED, there is hereby created the office of Director of Operations. The Director of Operations shall report to the Executive Director, and shall have the duties assigned to him from time to time by the Executive Director, including, but not limited to the following:

    A. The Director of Operations shall have general day to day responsibility for the operation of all of the Agency's single family programs.

    B. The Director of Operations shall have supervisory responsibility for all single family program functions, including loan origination, loan purchase, and loan servicing and for the data processing functions of the Agency.

    C. The Director of Operations is authorized, in his discretion, to execute on behalf of the Agency any document within the scope of his responsibility, including, without limitation, mortgage discharges, releases of debtors, real estate brokerage listing agreements, real estate purchase and sale agreements, deeds, bills of sale, claims for property insurance, claims for mortgage insurance and claims for guarantees of mortgages.

D. The Director of Operations shall ensure compliance with federal, state or Agency rules and procedures, and the filing of reports in accordance with state and federal law.

E. The Director of Operations shall act as the Agency liaison with eligible lending institutions participating in Agency single family programs and with other lending institutions licensed to do business in Vermont.

In addition to the powers specifically granted to the Director of Operations by resolutions of the Agency, the Director of Operations shall have all of the powers reasonable and necessary to carry out the duties of the office.

2. RESOLVED, the office of Director of Single Family Programs is abolished, and the resolution of July 16, 1986 creating that office is hereby repealed effective as of ____________, provided, however, that this Resolution shall not affect the validity of actions taken by the Director of Single Family Programs while the resolution of July 16, 1986 was in force and effect.

3. RESOLVED, that the Agency's Loan Servicing Manager and Loan Servicing Counselor be and hereby are authorized to execute documents of the following character for all of the Agency's single family loan programs, whether secured or unsecured:

A. Listing Agreements with real estate brokers for the sale of real estate owned by the Agency;

B. Deeds, property transfer tax returns, and other documents necessary or convenient for the transfer of real estate owned by the Agency;

C. Endorsements to property insurance claim checks pertaining to property on which the Agency holds a valid lien, in amounts up to $10,000 for the Loan Servicing Manager and $5,000 for the Loan Servicing Counselor;

D. Preparation and execution of claim forms to primary and pool insurers on property that the Agency holds a valid lien on;

E. Authorizations to mortgage lenders and other appropriate persons for actions of the following character:

(1) Foreclosure or other acquisition of title to property on which the Agency has a valid lien;
(2) Necessary repairs and improvements to real estate owned by the Agency;
(3) Actions necessary to make property in which the Agency has an interest secure; and
(4) Forbearance agreements with delinquent borrowers;

F. Consent to actions of the following character:

(1) Release and addition of signers of notes held by the Agency;
(2) Creation of easements and rights of way and the partial release of mortgages held by the Agency for purposes of permitting the creation of easements and rights of way over property on which the Agency holds a valid lien;
(3) Acknowledgment of receipt of liens junior to the lien of the Agency.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Loan Servicing Manager or the Loan Servicing Counselor are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Loan Servicing Manager	____________	Linda C. Wilson
Loan Servicing Counselor	____________	Gregory V. Lawlor

4. RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Director of Finance: ______________________________ (Signature)

Controller: ______________________________ (Signature)

Lender Accounting Coordinator: ______________________________ (Signature)

Portfolio Accountant: ______________________________ (Signature)

Investment/Portfolio Assistant: ______________________________ (Signature)

6. RESOLVED, there is hereby created the office of Director of Development. The Director of Development shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Development is responsible for the initiation, management and implementation of all VHFA development activities, including single- and multi-family program development, multi-family loan origination, the low income housing tax credit program and single- and multi-family construction lending.

RESOLVED, that the Director of Development be and hereby is authorized to execute contracts relating to functions ancillary to the Agency's development programs, including, but not limited to, appraisals and construction inspection services.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Development are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Director of Development ____________ Irene D. Jenkins

7. RESOLVED, there is hereby created the office of Director of Communications. The Director of Communications shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Communications is responsible for media, government and community relations, marketing, public education and outreach functions of the Agency. The Director participates in policy and program development of federal and Agency initiatives to address a broad range of housing needs and serves as federal and state legislative liaison.

RESOLVED, that the Director of Communications be and hereby is authorized to execute contracts relating to the placement or production of advertising or Agency publications and for consulting work relating to the Agency's marketing and media functions.

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Communications are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

Director of Communications ____________ Hollis A. Hope

8. RESOLVED, there is hereby created the office of Director of Multi-Family Management. The Director of Multi-Family Management shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The Director of Multi-Family Management has overall responsibility for VHFA's multi-family housing portfolio of approximately 100 developments and supervises multi-family staff in the oversight of the portfolio. Analysis and policy development is provided in relation to changing programs, grants, regulations and law in order to protect the Agency's security interests and assure the fulfillment of the Agency's mission to create and preserve Vermont's affordable housing stock.

RESOLVED, that the Director of Multi-Family Management be and hereby is authorized to execute documents of the following character relating to the Agency's multi-family portfolio:

A. Endorsements to property insurance claim checks on multi-family properties on which the Agency has a mortgage;

B. Mortgagor's requests to use restricted project funds including, but not limited to, project cost escrows, replacement reserve accounts, residual receipt accounts, deficit escrows and working capital, whether cash or letter of credit;

C. Authorizations of annual distributions to owners based on annual financial statements;

D. Requests of owners to undertake major capital improvements and utility conversions.

Director of Multi-Family Management ____________ Samuel J. Falzone

All documents of the foregoing types heretofore executed on behalf of the Agency by the Agency's Director of Multi-Family Management are hereby RATIFIED AND CONFIRMED as the authorized acts of Vermont Housing Finance Agency.

9. RESOLVED, there is hereby created the position of General Counsel. The General Counsel shall report to the Executive Director, and shall have the duties assigned to him or her from time to time by the Executive Director, including, but not limited to the following:

The General Counsel serves as chief internal attorney in all matters relating to the Agency and supervises all legal work done by outside counsel for the Agency, participates in multi-family development process including supervising closing of transactions financed by the Agency, supervises foreclosure process for single family loans as well as drafting documents, researching legal questions and following legislation of interest to the Agency.

The names of all personnel of the Agency listed herein are included only for purposes of identification. The power to appoint persons to these other positions within the Agency belongs to the Executive Director.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 29, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeff Francis, Deputy Director

Jeff Francis

DATE: September 15, 1993

RE: FY94 BUSINESS PLAN

Enclosed in this month's Board packet is a draft of the VHFA Business Plan for FY94. The plan was recently completed by staff and reflects what is expected to be accomplished between now and the end of the fiscal year. The format is unchanged from FY93. Substantively, our program goals and plans for FY94 activities reflect the status of current programs, market conditions, the needs of Vermont's housing delivery system, the economy and staff capacity.

The Business Plan is subject to change pending your review. Please read it carefully and come to the Board meeting prepared to ask questions and offer your comments.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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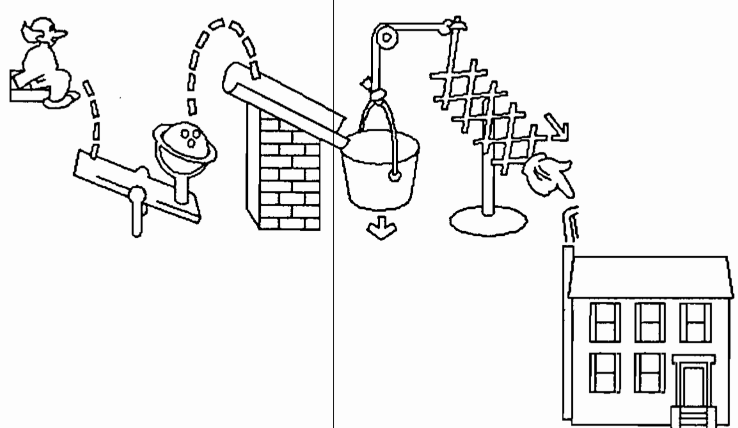
VERMONT HOUSING FINANCE AGENCY



BUSINESS PLAN

FISCAL YEAR 1993-1994

(July 1, 1993—June 30, 1994)

DRAFT OF 09/15/93

VERMONT HOUSING FINANCE AGENCY

MISSION

VHFA's mission is to finance and promote affordable housing opportunities for low- and moderate-income Vermonters.

GOALS

1. To provide low cost mortgage financing to individuals who are not able to qualify for conventional financing.

2. To encourage and stimulate additional affordable rental housing for low- and moderate-income Vermonters; and to encourage, where possible, mechanisms to ensure that this housing remains perpetually affordable.

3. To maintain a sound fiscal structure and meet all fiduciary requirements in a professional manner.

4. To heighten general awareness of housing needs for low- and moderate-income Vermonters, particularly with groups who can have an important impact on the production of such housing, including the legislature, community officials and the business community.

VERMONT HOUSING FINANCE AGENCY SUMMARY OF ACTIVITY FOR FY93

FY93 vs. FY94 TO DATE (July 1, 1993 through September 13, 1993)			
	FY93 ACTUALS	FY94 GOALS	FY94 ACTUALS TO DATE
ONGOING PROGRAMS			
MOVE (Includes IORTA)	528 mtges purch; $33,336,741	600 mtges purch; $38,500,000; 750 reservations	
MCC (Mortgage Plus)	392 MCCs issued; $29,716,454	200 MCCs issued; $15,200,000	
HOUSE (Includes IORTA)	63 loans purch; $ 3,800,000	60 loans purch; $3,600,000	
Rural VT Mtge	9 mtges purch; $ 113,860	20 mtges purch; $275,000	
IORTA Down Payment Assist	115 loans purch; $ 7,198,584	185 loans purch; $11,580,000	
Sugar Mae (Secondary Market)	None	Survey lenders; evaluate program; determine FNMA commitment to renewal	
Mobile Home Assistance	None	10 loans; $175,000	
Mobile Home Park Financing (MF)	29 units; $ 326,305	60 units; $1,000,000	
Preservation-Section 8	3 Pres Agree Signed (27 units)	Preservation agreement for 8 projects	
LIHPRHA Preservation/Westgate	Westgate Appraisal/Capital Needs Assessment underway	Obtain acceptable bona fide offer during FY94 for Westgate; identify sponsor for Applegate and begin preservation process	
MF Financing	70 units; $ 2,150,000	80 units; $2,500,000	
VT Housing Ventures	$43,340 committed; $44,000 pending	Program evaluation and restructuring	
SF Development/Construction	14 units; $ 500,000 Starlake Village	100 units; $800,000	
LIHTC	CAL93: 173 LIHTC units; 175 total units; $345,648 credit reserved	CAL93: 100% allocation of available credit from returns/renewal proceeds	
Old North End (Burlington)	All agreements have been executed; $1,500,000 committed to MF; $1,000,000 committed to SF program	20 MF units; $1,000,000	
Nonprofit Training/Technical Assist	Co-sponsored two with VHCB, et al. (lead paint, energy)	Assess need for training and outreach activities	
Home Buyer Education	2 home buyer fairs held; 1,310 participants 1 home buyer day held; 31 participants 2 home buying basics workshops; 100 participants 6 workshops at non-VHFA sponsored events	4 home buyer fairs; 4 home buying basics workshops; 6 workshops at non-VHFA sponsored events	
TEAM Approach	Transition complete/technical assistance and program promotion ongoing	Provide technical and program promotional support to regional host organizations	
Cooperative Advertising w/Nonprofits	Disbursed $10,605 to six nonprofits	Distribute $15,000 to support nonprofit advertising efforts	

FY93 vs. FY94 TO DATE (July 1, 1993 through September 13, 1993)			
	FY93 ACTUALS	FY94 GOALS	FY94 ACTUALS TO DATE
ONGOING PROGRAMS (Continued)			
Dalton Drive Commercial Buildings		Rehab and sell Dalton Drive commercial buildings	
Section 8 Refunding	NCSHA legislative priority; plan to recover 100% of interest savings for state HFA developments	Begin to recover 100% interest savings on refunded projects	
Lead Paint Response	Legislation passed; need to reconcile with HUD notice	Participate in policy/regulatory development and respond accordingly	
PROGRAMS/INITIATIVES BEING DEVELOPED			
Home Improvement/Qualified Rehab	Program development 50% complete	Program development and implementation	
Section 8 Rent Increases	Continue to push this in Preservation Strategy and await HUD's new directive on rent comparability; Supreme Court ruled in favor of government	Implement final regulations when published	
Proactive Servicing (SF)	Working on program with consultants, should implement before end of CAL93	Implementation of on-line system during FY94	
Special Needs Housing	Group home financing thru FNMA—in negotiations	Finance/refinance 10 group homes; $2,000,000 maximum	
FHLB Funds Loan Program	Applied for $2,000,000 from FHLB 03/93; pending	Implementation of programs; at least $2,000,000 in financing	
ANALYZE FOR FUTURE IMPLEMENTATION			
Alternative SF Financing	None	Improve effectiveness and reduce costs	
Accessory Apartments		Assess need for program and respond accordingly, subject to staff capacity	
Loan Consortium/Participating Lndrs	On hold	Program development and initiation, staff time permitting	
Tax Exempt Fund/Restrict Reserves MF		Assess need for program	
Mtge Deliv/Servicing Nonprofit Pilot	None; initiative viability being analyzed	Pending staff resources, establish capacity at one nonprofit	
Rental Deposit Fund		Evaluate needs; subject to staffing capacity	
Homeownership Counseling		Deterine program feasibility and VHFA's role	
Financing for Assisted Living		Develop program or pilot project	
MF Construction	Loans under review	2 projects; 40 units	

FY93 vs. FY94 TO DATE (July 1, 1993 through September 13, 1993)			
	FY93 ACTUALS	FY94 GOALS	FY94 ACTUALS TO DATE
INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS			
Housing Policies State/Fed Level	Ongoing	Identify and participate (on critical issues)	
Housing Vermont	Evaluation/monitoring ongoing	Continue evaluation and monitoring	
Cash Flow: Analyze Alternatives	Incorporated in computer hardware/software search	Internalize cash flow forecasting procedure	
Statewide Afford Housing Conference	Conference held 07/01/93	Participate in planning and conducting FY94 conference	
MF Management	97 developments (2,966 units)	Provide effective monitoring of MF portfolio	
Lender Training	52 sessions; 412 attendees	Evaluate program and set objectives accordingly	
Computer Software/Hardware Convert	Computer conversion underway	All staff on network, all data to be converted during FY94	
CHAS Performance	CHAS monitoring ongoing	Monitor progress in addressing CHAS priorities	
Loan Servicing		Achieve timely collections while working with borrowers	
LIHTC Compliance Monitoring	Contract with SPECTRUM signed eff. 07/01/93; published and distributed compliance manual	Evaluate SPECTRUM's performance in monitoring 25 projects (947 units)	
Training for RE Professionals	Curriculum has been approved by Real Estate Commission for continuing education credits	Provide training to 200 real estate professionals in 4-6 sessions	
Strategic Planning		Develop strategic plan for VHFA	

TERMINATED PROGRAMS			
Down Payment Assistance	18 loans purch; $ 978,816 (replaced by IORTA)		
Dalton Drive Aff Housing	71 units sold; $ 6,339,674 ($1,654,237); 6 units under contract; CAL93: All 77 units sold		
Affordable Housing Demonstration	None		
MRB and LIHTC Extension	MRB/LIHTC permanently extended		

FY94 BUSINESS PLAN FORMAT

Below is an illustration of the format for VHFA's FY94 Business Plan, which should be helpful in interpreting the various programs listed in the plan.

<table>
<tr><th colspan="2">VHFA BUSINESS PLAN FY94 (07/01/93—06/30/94)</th></tr>
<tr><th colspan="2">ONGOING PROGRAMS</th></tr>
<tr><td rowspan="2">TITLE OF PROGRAM
Designation as MF, SF, etc.

Brief descriptive paragraph outlines the program in general terms.</td><td>FY93 ACTIVITY: Results from previous year
FY94 GOAL: Usually a numerical/ quantitative goal for current year
FY94 ACTUAL: As the plan is updated periodically, actual results for each program will be inserted in the "Summary of Activity" table.</td></tr>
<tr><td>PARTICIPATING DEPARTMENTS: PRIMARY DEPT
OTHER DEPTS.</td></tr>
<tr><td colspan="2">Text indicates what actions are to be taken in an effort to meet the goals for the fiscal year. May also describe periodic changes to the program.</td></tr>
</table>

VHFA BUSINESS PLAN FY94 (07/01/93—06/30/94)

ONGOING PROGRAMS

Mortgages for Vermonters (MOVE) *Single Family Mortgage* VHFA's primary homeownership delivery mechanism. VHFA purchases mortgages originated by participating lenders following VHFA guidelines.	FY93 ACTIVITY: 528 mtges purch; $33,336,741 (includes IORTA loans) *FY94 GOAL:* 600 mtges purch; $38,500,000; 750 reservations *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** COMMUNICATIONS DEVELOPMENT

Examine geographic distribution and lender performance; research more cost efficient sources of funds as well as long-term viability of MRB utilization.

Mortgage Plus **(Mortgage Credit Certificate/MCC)** *Single Family Mortgage* Provides a <u>tax credit</u> which directly reduces the personal federal income tax liability of the borrower(s). The amount paid in Vermont income tax is not affected.	FY93 ACTIVITY: 392 MCCs issued; $29,716,454 *FY94 GOAL:* 200 MCCs issued; $15,200,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** COMMUNICATIONS DEVELOPMENT

During FY94 a higher MCC rate will be implemented for energy efficient (4 STAR rating) homes. Considerations for granting higher MCC credit rate for lenders of bona fide affordable housing programs, coupling MCCs with VHFA non-MRB source mortgages, and providing MCC incentives for down payment assistance initiatives.

Homeownership Opportunities **Using Shared Equity (HOUSE)** *Single Family Mortgage—* *Perpetual Affordability* A program for nonprofit and municipal housing developers to promote shared appreciation to ensure long term affordability. Interest rates begin at 5.95% and end at 7.45%.	FY93 ACTIVITY: 63 loans purch; $ 3,800,000 (includes IORTA loans) *FY94 GOAL:* 60 loans purch; $3,600,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS COMMUNICATIONS

Conduct program evaluation, provide nonprofit education and outreach and work to resolve appraisal issues resulting from land leases.

ONGOING PROGRAMS

Rural Vermont Mortgage *Single Family Mortgage* Uses VHFA funds from a previous bond issue in conjunction with FmHA funds to expand the supply of federal mortgage funds in rural areas of Vermont.	FY93 ACTIVITY: 9 mtges purch; $113,860 *FY94 GOAL:* 20 mtges purch; $275,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** FINANCE

Work with FmHA director to establish performance goals, provide technical assistance to FmHA field staff and maximize opportunities for program utilization.

Interest on Real Estate Trust Accounts (IORTA) *Single Family Mortgage—Down Payment Assistance* A pilot program using a combination of public and private resources that allows eligible borrowers to finance 100% of the value of the home being purchased. In addition, the program reduces the funds needed for an eligible borrower to purchase a home.	FY93 ACTIVITY: 115 loans purch; $ 7,198,584 *FY94 GOAL:* 185 loans purch; $11,580,000 (Included in MOVE and HOUSE) *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **OPERATIONS** DEVELOPMENT ADMINISTRATION VHMGB

This is the second year of a three-year pilot.

NOTE: 185 loans reflects 35 loans remaining for purchase from FY93 and 150 loans to be purchased in FY94.

Vermont Secondary Mortgage Market (Sugar Mae) *Special Initiative—Homeownership* A program to purchase nonconforming mortgages from Vermont lenders. Lenders agree to reinvest a percentage of the proceeds from each transaction. Lenders reinvest no less than 50% of the proceeds in activities supporting low- and moderate-income Vermonters.	FY93 ACTIVITY: None *FY94 GOAL:* Survey lenders; evaluate program; determine FNMA commitment to renewal *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE OPERATIONS

Staff will conduct periodic market and program reviews to assess demand for this secondary mortgage market program. Pending adequate staffing capacity: (1) survey lenders to ascertain demand; (2) evaluate the program; (3) determine FNMA commitment to renewal.

ONGOING PROGRAMS

Mobile Home Assistance *Mobile Home Refinancing* A program to assist eligible mobile home owners to refinance current housing debt with lower rate mortgage financing. This program is available to borrowers in mobile home parks with a long-term affordability mechanism.	FY93 ACTIVITY: None *FY94 GOAL:* 10 loans; $175,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS

In FY93, the term for mobile home refinancing was increased from 15 to 30 years. This program will be evaluated for its current applicability to financing needs of residents of eligible mobile home parks. Market penetration as well as possible impediments/disincentives to participate will be explored. In FY94: (1) conduct program evaluation; (2) develop an outreach plan; (3) review program criteria.

Mobile Home Park Financing (Multi-Family) *Mobile Home Park Financing* A program to provide financing for mobile home parks with long term affordability through investment in taxable VHFA bonds by Vermont's public pension funds.	FY93 ACTIVITY: 29 units; $326,305 *FY94 GOAL:* 60 units; $1,000,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE MULTI-FAMILY MANAGEMENT

Need to develop new source of funds or renegotiate pension fund terms with the State.

Preservation—Section 8 *Multi-Family Preservation* An initiative to preserve existing Agency financed Section 8 developments and prevent these units from prepaying and converting to market rate housing. Continue using the options as approved by the Board to negotiate Preservation Agreements.	FY93 ACTIVITY: 3 Preservation agreements signed (27 units) *FY94 GOAL:* Preservation agreements for 8 projects *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **MULTI-FAMILY MANAGEMENT** DEVELOPMENT FINANCE

Due to low interest rates, owners are exploring prepayment options. Strategy for preservation initiatives will include: (1) concerted efforts to establish preservation deals for "at-risk" developments; and (2) pursuit of preservation agreements in response to expressions of interest by owners. Negotiations are underway with 15 developments.

ONGOING PROGRAMS

LIHPRHA Preservation/Westgate *Multi-Family Preservation* An initiative to preserve Vermont's Section 221d(3) and 236 developments covered under the Act from converting to market rate housing.	FY93 ACTIVITY: Westgate Appraisal/Capital Needs Assessment underway *FY94 GOAL:* Obtain acceptable bona fide offer during FY94 for Westgate; identify sponsor for Applegate and begin preservation process *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION**, DEVELOPMENT, FINANCE, MULTI-FAMILY MANAGEMENT

For Westgate, work with local nonprofit and Housing Vermont to develop resident involved community based nonprofit for ultimate purchase, to present acceptable offer to purchase. Identify local sponsor and begin capital needs assessment for Applegate.

Multi-Family Financing *Multi-Family Development* Tax exempt and taxable bonding for funds to finance affordable Multi-Family developments; possible FHLB advance.	FY93 ACTIVITY: 70 units; $ 2,150,000 *FY94 GOAL:* 80 units; $2,500,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, FINANCE, MULTI-FAMILY MANAGEMENT

Closings pending in FY94: Bethel (10 units); Georgia Section 8 (8 units); Linden Terrace (19 units). Loan prepayments on Section 8 projects are being held for new loans.

Vermont Housing Ventures *Multi-Family Development* A $250,000 low-interest revolving fund for loans to nonprofits to cover pre-development expenses incurred in creating an affordable housing project.	FY93 ACTIVITY: $43,340 committed; $44,000 pending *FY94 GOAL:* Program evaluation and restructuring *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Loans being made as requested. Evaluate and restructure program with a goal of better meeting the need for pre-development funding; coordinate with VHCB where appropriate.

ONGOING PROGRAMS

Single Family Development and Construction *Single Family Construction* Provides construction financing for single family affordable housing developments.	FY93 ACTIVITY: 14 units; $500,000 Starlake Village *FY94 GOAL:* 100 units; $800,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE

(1) Develop program parameters; (2) obtain Board approval for formal program; (3) advertise program.

Low Income Housing Tax Credits (LIHTC) *Multi-Family Development* A federal program providing tax credit incentives for developing multi-family rental housing. Developments are income restricted: at least 20% of residents can earn no more than 50% of area median income; or a minimum of 40% of residents can earn no more than 60% of area median income.	CAL 1992 Activity: $8,807,577; 341 LIHTC units; 489 total units *CAL93 GOAL:* Allocation of available credit from returns and renewal proceeds to the greatest extent possible *YTDCAL93 ACTUAL:* 173 LIHTC units; 175 total units; $345,648 credit reserved PARTICIPATING DEPARTMENTS: **DEVELOPMENT** MULTI-FAMILY MANAGEMENT

Congress re-authorized federal LIHTC program permanently in August of 1993; as a result, 1993 credit allocation is expected in September 1993. Will allocate as much as possible of anticipated $710,000 (225 units).

NOTE: Activity under the LIHTC program will include incorporation of NCSHA guidelines and program evaluation on the basis of those guidelines.

Old North End (Burlington) Multi-family investment in the Old North End of Burlington.	FY93 ACTIVITY: All agreements have been executed; $1,500,000 committed to MF; $1,000,000 committed to SF program *FY94 GOAL:* 20 MF units; $1,000,000 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Renegotiate MF agreement to $1,000,000 in recycled multi-family tax-exempt bond proceeds in conjunction with Burlington's HOME funds for acquisition/rehabilitation of buildings with 5+ units. SF program has not been utilized; will seek termination and de-obligation of funds.

ONGOING PROGRAMS

Nonprofit Training/Technical Assistance *Special Initiative/Nonprofit Capacity* Workshops for nonprofits designed to enhance their ability to create more long-term affordable housing.	FY93 ACTIVITY: Co-sponsored two with VHCB, et al. (lead paint, energy) *FY94 GOAL:* Assess need for training and outreach activities *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** COMMUNICATIONS

Conduct training and outreach subject to needs assessment and staff capacity.

Home Buyer Education *Home Buyer Education* Develop, conduct, evaluate and update home buyer education programs to prepare participants throughout Vermont for home purchase.	FY93 ACTIVITY: 2 home buyer fairs held; 1,310 participants; 1 home buyer day held; 31 participants; 2 home buying basics workshops; 100 participants; 6 workshops at non-VHFA sponsored events *FY94 GOAL:* 4 home buyer fairs; 4 home buying basics workshops; 6 workshops at non-VHFA sponsored events *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** OPERATIONS DEVELOPMENT

VHFA has been offering education to prospective home buyers since 1988. Strategies included Home Buyer Fairs, two-part, four-hour seminars and coordinating with other established entities to empower low- and moderate-income home buyers as cost-effectively as possible.

TEAM Approach (Tenant Education and Assistance Model) *Special Initiative/Aging in Place* Coordinates the provision of supportive services to residents of Vermont's subsidized elderly housing developments. Initial program funding was provided by the Robert Wood Johnson Foundation, the Administration on Aging and VHFA.	FY93 ACTIVITY: Transition complete/technical assistance and program promotion ongoing *FY94 GOAL:* Provide technical and program promotional support to regional host organizations *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **ADMINISTRATION**

Future of supportive service activities at VHFA will be considered under strategic planning process.

ONGOING PROGRAMS

Cooperative Advertising with Nonprofits

Nonprofit housing developers have limited resources with which to market properties they may be developing. VHFA established a pool of matching funds to assist nonprofits participating in the HOUSE program.

FY93 ACTIVITY: Disbursed $10,605 to six nonprofits
FY94 GOAL: Distribute $15,000 to support nonprofit advertising efforts
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**
DEVELOPMENT

VHFA solicits requests from nonprofits and allocates funds as equitably as possible among nonprofits throughout the state. In FY93, six nonprofits requested over $16,000; only $10,605 was utilized.

Dalton Drive
Commercial Buildings

FY93 ACTIVITY:
FY94 GOAL: Rehab and sell Dalton Drive commercial buildings
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **ADMINISTRATION**

Rehabilitation and marketing plans for commercial/professional buildings 504 and 600 are being developed.

Section 8 Refunding
Rental Production Program
Multi-Family Development

An initiative to refinance high interest rate Section 8 properties and use the savings to assist new affordable rental production and/or existing troubled properties.

FY93 ACTIVITY: NCSHA legislative priority; plan to recover 100% of interest savings for state HFA developments
FY94 GOAL: Begin to recover 100% interest savings on refunded projects
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **FINANCE**
DEVELOPMENT
MULTI-FAMILY MANAGEMENT
ADMINISTRATION

NCSHA task force assembled; VHFA Executive Director to chair; meetings with HUD to be scheduled.

ONGOING PROGRAMS

Lead Paint Response Participate in the formulation of any legislation/regulations passed to address the issue of lead paint contamination and poisoning and work to ensure appropriate response.	FY93 ACTIVITY: Legislation passed; need to reconcile with HUD notice *FY94 GOAL:* Participate in policy/regulatory development and respond accordingly *FY94 ACTUAL:*
	PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT MULTI-FAMILY MANAGEMENT

VHFA participated in the Vermont legislative process which resulted in passage of legislation in Spring 1993 addressing lead paint issues; representation on Vermont's Lead-Based Paint Hazard Commission.

PROGRAMS/INITIATIVES BEING DEVELOPED

Home Improvement/Qualified Rehabilitation Loans *Single Family Rehabilitation* An initiative to provide financing to eligible borrowers for home improvements which add to the basic livability of an existing residential structure.	FY93 ACTIVITY: Program development 50% complete *FY94 GOAL:* Program development and implementation *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** OPERATIONS FINANCE

Program development underway. FHA Title I program and VHMGB participation being explored. Assessment of needs will be completed.

Section 8 Rent Increases *Multi-Family Preservation* Establish a method to control the cost of this program using budget based rent increases as a means of preserving long term funding under Annual Contribution Contracts.	FY93 ACTIVITY: Continue to push this in Preservation Strategy and await HUD's new directive on rent comparability; Supreme Court ruled in favor of government *FY94 GOAL:* Implement final regulations when published *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **MULTI-FAMILY MANAGEMENT**

Awaiting final Rent Comparability regulations following Supreme Court's ruling in favor of Government's position.

Portfolio: Proactive Servicing (Single Family) *Internal Activity for Efficiency* Provide direct billing to the lenders servicing our single family programs and conversion of lender reports to an exception only format.	FY93 ACTIVITY: Working on program with consultants, should implement before end of CAL93 *FY94 GOAL:* Implementation of on-line system during FY94 *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **FINANCE** OPERATIONS

Anticipate implementation within 6 months of computer conversion.

PROGRAMS/INITIATIVES BEING DEVELOPED

Special Needs Housing Programs Research viable options to expand housing availability for Vermont's special needs populations.	FY93 ACTIVITY: Group home financing through FNMA—in negotiations *FY94 GOAL:* Finance/refinance 10 group homes; $2,000,000 maximum *FY94 ACTUAL:*
	PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Cooperate with housing and service providers in the state to implement viable recommendations of special needs study. Agreement for participation in Fannie Mae Community Living Demonstration Program being negotiated. Will provide financing for group homes for the developmentally disabled.

Federal Home Loan Bank Funds Loan Program Access advances from the FHLBB at favorable interest rates for multi-family rental developments, group homes and other special needs housing.	FY93 ACTIVITY: Applied for $2,000,000 from FHLB 03/93; pending *FY94 GOAL:* Implementation of programs; at least $2,000,000 in financing *FY94 ACTUAL:*
	PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Application for $2,000,000 non-member advance pending; in final stages of processing. FY94 program categories could include: Multi-Family financing; Mobile Home Park Financing; Home Improvement Loans; Community Care Facilities; Down Payment Assistance Program; Energy Conservation loans.

ANALYZE FOR FUTURE IMPLEMENTATION

Alternative Single Family Financing *Single Family Mortgage* Analyze and recommend additions/ alternatives to MOVE and Mortgage Plus.	FY93 ACTIVITY: None. *FY94 GOAL:* Improve effectiveness and reduce costs *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE OPERATIONS

Program considerations: (1) improve effectiveness of single family programs; (2) reduce costs associated with single family mortgage financings; (3) examine MCC potential with taxable financing.

Accessory Apartments Analyze the need to establish demand for a lending program to provide financing to homeowners wishing to create accessory apartments (as referenced under 24 VSA Section 4406).	*FY94 GOAL:* Assess need for program and respond accordingly, subject to staff capacity *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Review what other states are doing in this area.

Loan Consortium of Participating Lenders Development of loan consortium to include financial institutions that do not ordinarily participate in or initiate affordable housing programs. Will allow for risk-sharing on participating loans.	FY93 ACTIVITY: On hold *FY94 GOAL:* Program development and initiation, staff time permitting *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE ADMINISTRATION

This is not a high priority initiative.

ANALYZE FOR FUTURE IMPLEMENTATION

Tax Exempt Fund for Restricted Reserves on Multi-Family Projects

By investing in VHFA tax-exempt notes, owners would increase after-tax investment income and VHFA would have inexpensive source for short-term financing.

FY94 GOAL: Assess need for program
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **FINANCE**, ADMINISTRATION, MULTI-FAMILY MANAGEMENT

This program would enable owners to purchase short term tax-exempt VHFA notes derived from surplus cash to reduce tax liability. VHFA could use proceeds for short term financing.

Mortgage Delivery/Servicing with Nonprofits Pilot
Special Initiative—Homeownership

Establish a mortgage delivery system through approved nonprofits to provide better program access to low- and moderate-income families. This could allow for direct servicing of mortgages by VHFA.

FY93 ACTIVITY: None; initiative viability being analyzed
FY94 GOAL: Pending staff resources, establish capacity at one nonprofit
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, OPERATIONS

Consider program focus in underserved areas.

Rental Deposit Fund

Examine need and pracicality of providign assistance to renters for required rental and security deposits.

FY94 GOAL: Evaluate needs; subject to staffing capacity
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, FINANCE

Analyze what other states are doing.

ANALYZE FOR FUTURE IMPLEMENTATION

Homeownership Counseling Consider budget and credit counseling initiatives to prepare low- and moderate-income Vermonters for homeownership.	*FY94 GOAL:* Determine program feasibility and VHFA's role *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** ADMINISTRATION

Financing for Assisted Living Develop program for creation of housing for frail elderly.	*FY94 GOAL:* Develop program or pilot project *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE ADMINISTRATION

Coordinate with other state agencies, nonprofit organizations and housing developers to establish a viable financing program or pilot.

Multi-Family Construction Program Initiate providing construction financing for multi-family developments financed by FmHA.	FY93 ACTIVITY: *FY94 GOAL:* 2 projects; 40 units *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT** FINANCE

Provide construction financing as needed for FmHA 515 rental projects.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Housing Policies: Participate at State and Federal Level

Participate in and keep abreast of all new State and Federal housing legislation, including CHAS and HOME which are elements of the Cranston-Gonzales National Affordable Housing Act of 1990.

FY93 ACTIVITY: Ongoing
FY94 GOAL: Identify and participate (on critical issues)
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **DEVELOPMENT**, ADMINISTRATION, COMMUNICATIONS

Program goals: (1) coordinate with state agencies through board membership, task forces and other cooperative efforts; (2) legislative tracking; (3) participate in formulation of state and federal housing legislation.

Housing Vermont

Ongoing evaluation and monitoring of the funding agreement of $2,000,000 for the development of new multi-family projects.

FY93 ACTIVITY: Evaluation and monitoring of the Housing Vermont funding agreement is ongoing
FY94 GOAL: Continue evaluation and monitoring
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **FINANCE**, ADMINISTRATION

Cash Flow: Analyze Alternatives

A study to determine the most cost-effective way to generate timely, responsive cash flow data for the purpose of determining finances available and what-if scenarios.

FY93 ACTIVITY: Incorporated within computer hardware/software search
FY94 GOAL: Internalize cash flow forecasting procedure
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **FINANCE**

Based on Evensen Dodge financial study recommendation and staff capacity, an consideration will be given to implementation of an in-house cash flow forecasting system.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Statewide Affordable Housing Conference

Support conference for nonprofit housing developers and others in the public and private sector.

FY93 ACTIVITY: Conference held 07/01/93
FY94 GOAL: Participate in planning and conducting FY94 conference
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**, DEVELOPMENT

Housing "summit" held 07/01/93; over 200 people attended.

Multi-Family Management
Multi-Family Management

Ongoing servicing and monitoring of 97 VHFA-financed developments (2,966 units) in compliance with Regulatory Agreements, HAP Contracts and HUD regulations. Serve as Contract Administrator for 21 developments (379 units), providing $2,800,000 in federal rental assistance payments on behalf of eligible residents.

FY93 ACTIVITY: 97 developments (2,966 units)
FY94 GOAL: Provide effective monitoring for multi-family portfolio
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **MULTI-FAMILY MANAGEMENT**

In FY93, five prepayments were made, reducing the number of VHFA-financed developments by 118 units. Two new developments (14 units) were added. HAP Contract Administration was provided for 341 of the units.

Lender Training

Educate lenders about VHFA policies and procedures, resulting in better service delivery of our single family programs. Efforts contribute to our relationship with each of our participating lenders.

FY93 ACTIVITY: 52 sessions; 412 attendees
FY94 GOAL: Evaluate program and set objectives accordingly
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**

The lender training program, operating since 1990, is currently under review to determine its future direction.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Computer Software/Hardware Conversion Comprehensive computer conversion underway.	FY93 ACTIVITY: Computer conversion underway *FY94 GOAL:* All staff on network, all data converted during FY94 *FY94 ACTUAL:*
	PARTICIPATING DEPARTMENTS: **OPERATIONS** ALL DEPARTMENTS

All staff will begin utilizing network and all data will be converted from current system during FY94.

Comprehensive Housing Affordability Strategy (CHAS) Performance Annually, VHFA participates in formulation of Vermont's CHAS.	FY93 Activity: CHAS monitoring ongoing *FY94 GOAL:* Monitor progress in addressing CHAS priorities *FY94 ACTUAL:*
	PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT OPERATIONS MULTI-FAMILY MANAGEMENT

VHFA will monitor its progress in contributing to the achievement of the CHAS priorities by including CHAS review as part of the project application process.

1. Serve households at or below 30% of median income
2. Address the preservation and production of mobile home parks
3. Preservation and rehabilitation of existing units
4. Integrate households of different incomes
5. Achieve perpetual affordability
6. Assist projects that demonstrate leverage and cost effectiveness
7. Address the need for accessibility

Loan Servicing Ongoing effort to achieve timely collections of mortgage loan payments while endeavoring to reasonably cooperate to keep borrowers in their homes.	FY93 ACTIVITY: *FY94 GOAL:* Achieve timely collections while working with borrowers *FY94 ACTUAL:*
	PARTICIPATING DEPARTMENTS: **OPERATIONS** ADMINISTRATION

Diligently pursue workouts and pre-foreclosure sales with qualified borrowers. Utilize existing staff and a regional network of affiliated attorneys to facilitate timely and efficient foreclosure proceedings when necessary. Work with borrowers to facilitate repair of defects which might lead to property abandonment and/or a property becoming unfit for occupancy.

INTERNAL ACTIVITIES IN SUPPORT OF PROGRAMS

Low Income Housing Tax Credit (LIHTC) Compliance Monitoring

Perform compliance monitoring, required by Section 42 of the IRS Code, on all units that have been placed in service as of 12/31/92, reporting non-compliance to the IRS.

FY93 ACTIVITY: Contract with SPECTRUM signed eff. 07/01/93; published and distributed compliance manual
FY94 GOAL: Evaluate SPECTRUM's performance in monitoring 25 projects (947 units)
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **MULTI-FAMILY MANAGEMENT**
DEVELOPMENT

In FY93, SPECTRUM, Inc. selected as authorized delegate with contract for one year expiring 06/30/94. Projects subject to monitoring are billed an annual fee at the rate of $12 per tax credit unit by VHFA.

Training for Real Estate Professionals

Deliver educational curriculum for Vermont Real Estate professionals.

FY93 ACTIVITY: Curriculum has been approved by Real Estate Commission for continuing education credits
FY94 GOAL: Provide training to 200 real estate professionals in 4-6 sessions
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **COMMUNICATIONS**
OPERATIONS

An opportunity has been identified to both (1) contribute to the professional growth of Vermont real estate licensees and (b) provide an incentive to licensees to become well-versed in the mechanics of VHFA financing options for low- and moderate-income home buyers.

Strategic Planning

Undertake broad-based planning effort to prepare VHFA for the next five years and beyond.

FY94 GOAL: Develop strategic plan for VHFA
FY94 ACTUAL:

PARTICIPATING DEPARTMENTS: **ADMINISTRATION**
COMMUNICATIONS
DEVELOPMENT
FINANCE
MULTI-FAMILY MANAGEMENT
OPERATIONS

With VHFA's 20th anniversary occurring in 1994, a strategic planning process will be completed with the participation of the Board of Commissioners, a special advisory committee, staff and associates.

TERMINATED PROGRAMS

Down Payment Assistance Program *Single Family Mortgage—* *Down Payment Assistance* A pilot program where eligible borrowers may reduce the amount of their down payment by an amount equal to closing costs. The purpose of the program is to decrease the funds needed to purchase a home.	FY93 ACTIVITY: 18 loans purch; $978,816 *FY94 GOAL:* (REPLACED BY IORTA) PARTICIPATING DEPARTMENTS: **OPERATIONS** VHMGB

This program was replaced by the IORTA Down Payment Assistance Program.

Dalton Drive Affordable Housing *Special Initiative—Homeownership* An initiative to combine State resources to create 77 affordable homeownership units from the 19 historical Fort buildings on Dalton Drive.	FY93 ACTIVITY: 71 units sold; $ 6,339,674 ($1,654,237); 6 units under contract *FY94 GOAL:* Sell all remaining units (total 77); $6,782,000 total mortgages PARTICIPATING DEPARTMENTS: **ADMINISTRATION** DEVELOPMENT OPERATIONS COMMUNICATIONS

All 77 units sold as of 09/04.

Affordable Housing Demonstration *Special Initiative—Innovation* A demonstration program to promote affordable housing developments by providing financing for model homes.	FY93 ACTIVITY: None *FY94 GOAL:* *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **DEVELOPMENT**

Mortgage Revenue Bond (MRB) and Low Income Housing Tax Credit (LIHTC) Extension Campaigns Congressional authority to issue MRBs sunsetted June 30, 1992. Intensive efforts to secure permanent re-authorization by Congress are underway.	FY93 ACTIVITY: MRB/LIHTC permanently extended *FY94 GOAL:* *FY94 ACTUAL:* PARTICIPATING DEPARTMENTS: **COMMUNICATIONS** OPERATIONS ADMINISTRATION

Both programs permanently extended by Congress.

2 Points
Interest Rate: 6.95%
7.95%

STATISTICAL REPORT PROGRAM ID: 93A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 09/16/93
Loan Status: CC,UC,O

Total Number of Loans: 128
Total Loan Amount: $7,873,889

EXISTING:	$6,454,408	82.8%	106 Loans
NEW CONSTRUCTION:	$1,419,481	17.1%	22 Loans
NEW DETACHED HOUSING:	$1,199,931	84.5%	19 Loans
NEW CONDOMINIUM:	$219,550	15.4%	3 Loans
Funds Remaining to be Reserved:	$166,119	1.7%	2 Loans (Est.)

Total Insured or Guaranteed Loans: 121
Loans Guaranteed by VHMGB: 117

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$63,348	$71,165	$65,669
Avg. Loan Amount	$59,558	$66,147	$61,514
Avg. Borrower Income	$25,851	$26,730	$26,112
Avg. Housing Debt-Income Ratio	24.0%	26.5%	24.7%
Avg. Total Debt	$676.98	$724.55	$691.10
Avg. Total Debt-Income Ratio	31.6%	32.6%	31.9%
Total No. of Loans	90	38	128
% of Total Loan Amount	68.1%	31.9%	100.0%
First Time Homebuyers	87.7%	100.0%	91.4%
% Meeting Low Income Set Aside	46.6%	55.2%	49.2%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	7	5.5%	$321,925	5,000	5.7%	0.2-
Bennington	2	1.6%	$152,884	6,300	7.2%	5.6-
Caledonia	16	12.5%	$876,217	4,800	5.5%	7.0
Chittenden	17	13.2%	$1,292,464	16,000	18.2%	5.0-
Essex	5	3.9%	$270,766	1,300	1.4%	2.5
Franklin	26	20.3%	$1,669,352	6,000	6.8%	13.5
Grand Isle	1	0.8%	$62,500	900	1.0%	0.2-
Lamoille	2	1.6%	$128,875	3,300	3.8%	2.2-
Orange	6	4.7%	$355,082	4,300	4.9%	0.2-
Orleans	19	14.8%	$1,021,222	4,200	4.8%	10.0
Rutland	2	1.6%	$150,750	10,000	11.4%	9.8-
Washington	11	8.6%	$713,505	9,000	10.3%	1.7-
Windham	3	2.3%	$174,533	7,100	8.1%	5.8-
Windsor	11	8.6%	$683,814	9,600	11.0%	2.4-
TOTAL	128	100.0%	$7,873,889	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency
93A - $9,571,625 1990 SERIES 3-SF HOUSING PROGRAM 1S 7.95
Status Report (with percent of pool proceeds approved)
Rate : 6.950%
Date : 09/16/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$67,925	0.7%	$67,925	0.7%	$67,925	$0	0.0%
Banknorth Mortgage Co	$723,904	7.5%	$552,404	5.7%	$296,894	$255,510	35.2%
Brattleboro Savings and Loan	$47,500	0.4%	$0	0.0%	$0	$0	0.0%
Chittenden Bank	$2,165,778	22.6%	$1,892,878	19.7%	$764,509	$1,128,369	52.0%
Citizens Savings Bank and Trust	$485,032	5.0%	$485,032	5.0%	$233,180	$251,852	51.9%
Community National Bank	$1,127,900	11.7%	$949,360	9.9%	$552,290	$397,070	35.2%
Green Mountain Bank	$33,000	0.3%	$33,000	0.3%	$33,000	$0	0.0%
Lyndonville Savings Bank & Trust Company	$356,398	3.7%	$196,048	2.0%	$52,250	$143,798	40.3%
Marble Bank	$48,410	0.5%	$48,410	0.5%	$48,410	$0	0.0%
Merchants Bank, The	$199,537	2.0%	$137,550	1.4%	$137,550	$0	0.0%
Mortgage Service Center of New England	$202,805	2.1%	$170,600	1.7%	$0	$170,600	84.1%
National Bank of Middlebury, The	$16,500	0.1%	$16,500	0.1%	$0	$16,500	100.0%
New England IBM Employees Fed Crdt Union	$65,346	0.6%	$65,346	0.6%	$65,346	$0	0.0%
Northfield Savings Bank	$123,000	1.2%	$123,000	1.2%	$0	$123,000	100.0%
Passumpsic Savings Bank	$516,955	5.4%	$232,100	2.4%	$50,000	$182,100	35.2%
Randolph National Bank	$67,100	0.7%	$38,600	0.4%	$0	$38,600	57.5%
Statewide Funding Corporation	$70,000	0.7%	$70,000	0.7%	$0	$70,000	100.0%
Summit Financial Center, Inc.	$541,482	5.6%	$456,932	4.7%	$0	$456,932	84.3%
Vermont Development Credit Union	$119,950	1.2%	$119,950	1.2%	$0	$119,950	100.0%
Vermont Federal Bank, FSB	$1,197,884	12.5%	$1,162,384	12.1%	$863,784	$298,600	24.9%
Vermont National Bank	$1,227,720	12.8%	$1,104,320	11.5%	$600,080	$504,240	41.0%
TOTALS 154 Loans	$9,404,126	98.2%	$7,922,339	82.7%	$3,765,218	$4,157,121	44.2%

0 Points
Interest Rate: 7.25%
8.25%

STATISTICAL REPORT PROGRAM ID: 93B
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 09/16/93
Loan Status: CC,UC,O

Report: 1587

Total Number of Loans:	239
Total Loan Amount:	$15,775,979

EXISTING:	$13,680,481	87.4%	209 Loans
NEW CONSTRUCTION:	$2,095,498	12.5%	30 Loans
NEW DETACHED HOUSING:	$1,939,493	92.5%	28 Loans
NEW CONDOMINIUM:	$156,005	7.4%	2 Loans
Funds Remaining to be Reserved:	$71,461	0.3%	1 Loans (Est.)

Total Insured or Guaranteed Loans:	235
Loans Guaranteed by VHMGB:	234

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$65,766	$76,349	$69,308
Avg. Loan Amount	$62,512	$72,956	$66,008
Avg. Borrower Income	$27,956	$30,771	$28,898
Avg. Housing Debt-Income Ratio	23.9%	25.6%	24.4%
Avg. Total Debt	$763.96	$834.57	$787.59
Avg. Total Debt-Income Ratio	32.8%	32.7%	32.8%
Total No. of Loans	159	80	239
% of Total Loan Amount	63.0%	37.0%	100.0%
First Time Homebuyers	94.9%	98.7%	96.2%
% Meeting Low Income Set Aside	32.0%	25.0%	29.7%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	21	8.8%	$1,505,826	5,000	5.7%	3.1
Bennington	11	4.6%	$817,975	6,300	7.2%	2.6-
Caledonia	28	11.7%	$1,583,209	4,800	5.5%	6.2
Chittenden	32	13.5%	$2,479,580	16,000	18.2%	4.7-
Essex	2	0.8%	$104,600	1,300	1.4%	0.6-
Franklin	16	6.7%	$966,165	6,000	6.8%	0.1-
Grand Isle	3	1.3%	$198,595	900	1.0%	0.3
Lamoille	18	7.5%	$1,238,691	3,300	3.8%	3.7
Orange	7	2.9%	$417,693	4,300	4.9%	2.0-
Orleans	18	7.5%	$914,170	4,200	4.8%	2.7
Rutland	39	16.3%	$2,704,531	10,000	11.4%	4.9
Washington	26	10.9%	$1,650,108	9,000	10.3%	0.6
Windham	5	2.1%	$360,325	7,100	8.1%	6.0-
Windsor	13	5.4%	$834,511	9,600	11.0%	5.6-
TOTAL	239	100.0%	$15,775,979	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 09/16/93
PAGE NO. 1

Vermont Housing Finance Agency
93B - $20,600,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 09/16/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$600,960	2.9%	$257,750	1.2%	$63,500	$194,250	32.3%
Banknorth Mortgage Co	$2,248,895	10.9%	$1,801,645	8.7%	$563,235	$1,238,410	55.0%
Brattleboro Savings and Loan	$66,044	0.3%	$0	0.0%	$0	$0	0.0%
Chittenden Bank	$3,217,695	15.6%	$2,736,820	13.2%	$1,100,383	$1,636,437	50.8%
Citizens Savings Bank and Trust	$455,444	2.2%	$347,425	1.6%	$277,425	$70,000	15.3%
Community National Bank	$648,055	3.1%	$603,880	2.9%	$30,000	$573,880	88.5%
Factory Point National Bank, The	$39,600	0.1%	$39,600	0.1%	$0	$39,600	100.0%
Fleet Mortgage	$340,330	1.6%	$340,330	1.6%	$0	$340,330	100.0%
Kittredge Mortgage Corporation	$199,050	0.9%	$147,050	0.7%	$0	$147,050	73.8%
Lyndonville Savings Bank & Trust Company	$145,210	0.7%	$102,460	0.4%	$59,500	$42,960	29.5%
Marble Bank	$1,137,874	5.5%	$625,549	3.0%	$328,849	$296,700	26.0%
Merchants Bank, The	$595,332	2.8%	$444,942	2.1%	$258,763	$186,179	31.2%
Mortgage Service Center of New England	$216,000	1.0%	$142,500	0.6%	$0	$142,500	65.9%
National Bank of Middlebury, The	$127,440	0.6%	$91,340	0.4%	$0	$91,340	71.6%
Northfield Savings Bank	$812,947	3.9%	$740,847	3.5%	$494,022	$246,825	30.3%
Passumpsic Savings Bank	$1,071,511	5.2%	$748,876	3.6%	$345,500	$403,376	37.6%
Peoples Trust Company of St Albans	$115,905	0.5%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation	$2,208,332	10.7%	$1,757,522	8.5%	$0	$1,757,522	79.5%
Summit Financial Center, Inc.	$365,000	1.7%	$76,950	0.3%	$0	$76,950	21.0%
Union Bank	$889,085	4.3%	$747,435	3.6%	$215,784	$531,651	59.7%
Vermont Federal Bank, FSB	$2,700,492	13.1%	$2,346,142	11.3%	$1,503,517	$842,625	31.2%
Vermont National Bank	$1,947,606	9.4%	$1,550,406	7.5%	$810,428	$739,978	37.9%
Wells River Savings Bank	$373,510	1.8%	$255,710	1.2%	$0	$255,710	68.4%
TOTALS 313 Loans	$20,522,317	99.6%	$15,905,179	77.2%	$6,050,906	$9,854,273	48.0%

2 Points - HOUSE
Interest Rate: 5.95%/6.45%
6.95%/7.45%

STATISTICAL REPORT PROGRAM ID: 94H

Report: 1587

UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 09/16/93
Loan Status: CC,UC,O

Total Number of Loans: 60
Total Loan Amount: $3,682,722

EXISTING:	$1,364,642	41.6%	25 Loans
NEW CONSTRUCTION:	$2,318,080	58.3%	35 Loans
NEW DETACHED HOUSING:	$1,162,723	50.1%	18 Loans
NEW CONDOMINIUM:	$1,155,357	49.8%	17 Loans
Funds Remaining to be Reserved:	$2,457,324	35.1%	40 Loans (Est.)

Total Insured or Guaranteed Loans: 46
Loans Guaranteed by VHMGB: 46

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$67,340	$74,402	$73,107
Avg. Loan Amount	$51,764	$63,536	$61,378
Avg. Borrower Income	$23,208	$25,240	$24,867
Avg. Housing Debt-Income Ratio	26.4%	29.0%	28.5%
Avg. Total Debt	$748.27	$758.71	$756.80
Avg. Total Debt-Income Ratio	38.5%	36.4%	36.8%
Total No. of Loans	11	49	60
% of Total Loan Amount	15.5%	84.5%	100.0%
First Time Homebuyers	100.0%	97.9%	98.3%
% Meeting Low Income Set Aside	63.6%	71.4%	70.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	8.3%	$293,341	5,000	5.7%	2.6
Bennington	1	1.7%	$53,780	6,300	7.2%	5.5-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	24	39.9%	$1,623,225	16,000	18.2%	21.7
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	1	1.7%	$55,189	10,000	11.4%	9.7-
Washington	1	1.7%	$60,317	9,000	10.3%	8.6-
Windham	9	15.0%	$453,907	7,100	8.1%	6.9
Windsor	19	31.7%	$1,142,963	9,600	11.0%	20.7
TOTAL	60	100.0%	$3,682,722	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 09/16/93
PAGE NO. 1

Vermont Housing Finance Agency
94H - $7,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 09/16/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$160,200	2.2%	$78,200	1.1%	$78,200	$0	0.0%
Banknorth Mortgage Co	$221,314	3.1%	$96,814	1.3%	$55,189	$41,625	18.8%
Brattleboro Savings and Loan	$70,083	1.0%	$0	0.0%	$0	$0	0.0%
Factory Point National Bank, The	$53,780	0.7%	$53,780	0.7%	$0	$53,780	100.0%
Marble Bank	$820,697	11.7%	$745,697	10.6%	$419,260	$326,437	39.7%
Merchants Bank, The	$62,000	0.8%	$62,000	0.8%	$62,000	$0	0.0%
Mortgage Service Center of New England	$69,930	0.9%	$69,930	0.9%	$69,930	$0	0.0%
National Bank of Middlebury, The	$186,500	2.6%	$127,000	1.8%	$55,000	$72,000	38.6%
Vermont Development Credit Union	$636,685	9.0%	$499,685	7.1%	$0	$499,685	78.4%
Vermont Federal Bank, FSB	$1,013,448	14.4%	$908,648	12.9%	$768,848	$139,800	13.7%
Vermont National Bank	$1,246,168	17.8%	$1,040,968	14.8%	$768,923	$272,045	21.8%
TOTALS 73 Loans	$4,540,805	64.8%	$3,682,722	52.6%	$2,277,350	$1,405,372	30.9%

Mortgage Plus - MOrtgage Credit Certificat Program - 20% Credit Rate

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6
UNDERWRITING DATABASE
EFFECTIVE: 09/16/93

Total Number of Loans:	99
Total Loan Amount:	$7,727,098
Average Loan Amount:	$78,051

EXISTING:	$5,545,608	72.7%	72 Loans
NEW CONSTRUCTION:	$2,127,340	26.2%	26 Loans
NEW DETACHED HOUSING:	$1,075,200	50.5%	13 Loans
CONDOMINIUM:	$1,924,921	25.2%	25 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$80,319	$87,413	$84,260
Avg. Loan Amount	$74,711	$80,723	$78,051
Avg. Borrower Income	$28,047	$26,118	$26,976
Total No. of Loans	44	55	99
First Time Homebuyers	86.3%	100.0%	93.9%
% of Total Loan Amount	42.5%	57.5%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	3.0%	$266,250	4,500	5.8%	2.8-
Bennington	3	3.0%	$227,950	5,400	7.0%	4.0-
Caledonia	2	2.0%	$136,750	4,400	5.7%	3.7-
Chittenden	48	48.7%	$3,877,171	13,100	17.0%	31.7
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	13	13.1%	$1,022,368	5,700	7.4%	5.7
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	1	1.0%	$64,800	3,100	4.0%	3.0-
Orange	3	3.0%	$181,350	4,000	5.2%	2.2-
Orleans	2	2.0%	$124,275	3,800	4.9%	2.9-
Rutland	8	8.1%	$622,728	9,200	11.9%	3.8-
Washington	14	14.1%	$1,063,806	7,900	10.3%	3.8
Windham	1	1.0%	$71,250	6,000	7.8%	6.8-
Windsor	1	1.0%	$68,400	8,100	10.5%	9.5-
TOTAL	99	100.0%	$7,727,098	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

AS OF: 09/16/93
PAGE NO. 1

Vermont Housing Finance Agency
MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 09/16/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$1,943,700	5.1%	$1,943,700	5.1%	$590,800	$1,352,900	69.6%
Banknorth Mortgage Co		$1,563,995	4.1%	$1,088,590	2.9%	$355,700	$732,890	46.8%
Chittenden Bank		$1,759,010	4.6%	$1,260,035	3.3%	$792,755	$467,280	26.5%
Commonwealth United Mortgage Company		$160,386	0.4%	$75,836	0.2%	$0	$75,836	47.2%
Fleet Mortgage		$261,555	0.6%	$165,493	0.4%	$95,125	$70,368	26.9%
Merchants Bank, The		$641,500	1.7%	$538,000	1.4%	$433,000	$105,000	16.3%
Mortgage Service Center of New England		$154,950	0.4%	$75,050	0.2%	$0	$75,050	48.4%
New England IBM Employees Fed Crdt Union		$70,000	0.1%	$70,000	0.1%	$0	$70,000	100.0%
NorWest Mortgage Inc.		$171,150	0.4%	$78,750	0.2%	$78,750	$0	0.0%
Statewide Funding Corporation		$281,413	0.7%	$203,323	0.5%	$69,470	$133,853	47.5%
Summit Financial Center, Inc.		$531,781	1.4%	$531,781	1.4%	$455,881	$75,900	14.2%
Vermont Federal Bank, FSB		$547,925	1.4%	$472,875	1.2%	$390,700	$82,175	14.9%
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$1,688,190	4.5%	$1,223,665	3.2%	$932,240	$291,425	17.2%
TOTALS	126 Loans	$9,860,580	26.2%	$7,727,098	20.6%	$4,194,421	$3,532,677	35.8%

Board Meeting 8/93

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 07/31/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	355	9	2.54%	2	0.56%	3	0.85%	14	3.94%	0	0	0.00%	1	0.28%	15	4.23%
Banknorth Mortgage Co	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Bennington Coop Savings & Loan Assn Inc	42	1	2.38%	2	4.76%	0	0.00%	3	7.14%	0	0	0.00%	0	0.00%	3	7.14%
Bradford National Bank	41	0	0.00%	0	0.00%	2	4.88%	2	4.88%	0	0	0.00%	0	0.00%	2	4.88%
Chittenden Trust Company	907	50	5.51%	8	0.88%	11	1.21%	69	7.61%	0	2	0.22%	6	0.66%	77	8.49%
Citizens Savings Bank	45	2	4.44%	0	0.00%	0	0.00%	2	4.44%	0	0	0.00%	0	0.00%	2	4.44%
Comfed Mortgage Co., Inc.	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Commonwealth Mortgage Company Inc	18	1	5.56%	0	0.00%	0	0.00%	1	5.56%	0	0	0.00%	0	0.00%	1	5.56%
Community National Bank	182	6	3.30%	2	1.10%	1	0.55%	9	4.95%	0	0	0.00%	1	0.55%	10	5.49%
Factory Point National Bank, The	26	3	11.54%	0	0.00%	0	0.00%	3	11.54%	0	0	0.00%	0	0.00%	3	11.54%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	108	5	4.63%	3	2.78%	2	1.85%	10	9.26%	0	0	0.00%	1	0.93%	11	10.19%
First Northern Mortgage Corporation	4	1	25.00%	0	0.00%	0	0.00%	1	25.00%	0	0	0.00%	0	0.00%	1	25.00%
Franklin-Lamoille Bank	150	6	4.00%	0	0.00%	3	2.00%	9	6.00%	0	0	0.00%	2	1.33%	11	7.33%
Granite Savings Bank and Trust Company	30	1	3.33%	0	0.00%	0	0.00%	1	3.33%	0	0	0.00%	0	0.00%	1	3.33%
Green Mountain Bank	217	13	5.99%	2	0.92%	1	0.46%	16	7.37%	0	0	0.00%	1	0.46%	17	7.83%
Lomas & Nettleton Company, The	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank & Trust Compan.	58	0	0.00%	1	1.72%	0	0.00%	1	1.72%	0	0	0.00%	1	1.72%	2	3.45%
Marble Bank	216	13	6.02%	0	0.00%	0	0.00%	13	6.02%	0	0	0.00%	1	0.46%	14	6.48%
Merchants Bank, The	246	11	4.47%	0	0.00%	3	1.22%	14	5.69%	0	0	0.00%	0	0.00%	14	5.69%
Mortgage Service Center of New England	48	2	4.17%	1	2.08%	4	8.33%	7	14.58%	0	0	0.00%	0	0.00%	7	14.58%
National Bank of Middlebury, The	62	3	4.84%	0	0.00%	0	0.00%	3	4.84%	0	1	1.61%	0	0.00%	4	6.45%
New England IBM Employees Fed Crdt Unio	58	3	5.17%	0	0.00%	1	1.72%	4	6.90%	0	0	0.00%	0	0.00%	4	6.90%
Northfield Savings Bank	100	3	3.00%	0	0.00%	2	2.00%	5	5.00%	0	0	0.00%	0	0.00%	5	5.00%
Passumpsic Savings Bank	168	4	2.38%	2	1.19%	1	0.60%	7	4.17%	0	0	0.00%	4	2.38%	11	6.55%
Peoples Trust Company of St Albans	127	9	7.09%	4	3.15%	1	0.79%	14	11.02%	0	0	0.00%	0	0.00%	14	11.02%
Randolph National Bank	58	4	6.90%	0	0.00%	1	1.72%	5	8.62%	0	0	0.00%	0	0.00%	5	8.62%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	126	8	6.35%	0	0.00%	2	1.59%	10	7.94%	0	2	1.59%	0	0.00%	12	9.52%
Union Bank	153	3	1.96%	1	0.65%	0	0.00%	4	2.61%	0	0	0.00%	0	0.00%	4	2.61%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	844	44	5.21%	11	1.30%	9	1.07%	64	7.58%	0	3	0.36%	4	0.47%	71	8.41%
Vermont Mortgage Group, Inc	619	26	4.20%	3	0.48%	11	1.78%	40	6.46%	0	0	0.00%	5	0.81%	45	7.27%
Vermont National Bank	521	24	4.61%	5	0.96%	2	0.38%	31	5.95%	0	0	0.00%	2	0.38%	33	6.33%
Wells River Savings Bank.	28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Overall Totals:	5,613	256	4.56%	47	0.84%	60	1.07%	363	6.47%	0	8	0.14%	29	0.52%	400	7.13%
June 31,1993	5,616	264	4.70%	40	0.71%	48	0.85%	352	6.27%	0	10	0.18%	27	0.48%	389	6.93%

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Joseph A. Erdelyi, Multi-Family Loan Underwriter

DATE: September 20, 1993

RE: Combined Resolution of Interest and Commitment Resolution
Ten Commandments - 680-698 Riverside Ave. Burlington

THE DEVELOPMENT

1. General Description

The project consists of a single building with ten townhouse units. The units are small two bedroom units of approximately 625 square feet each. The lot is small with no on-site parking or amenities. The owner is seeking permanent financing to take out a construction loan and a seller financed acquisition loan.

A summary of sources and uses of funds, rents, operating expenses, and financial projections is attached.

2. Projected Funding Sources

VHFA	$250,000	57.16%
LCHDC - Rental Rehab	67,125	15.35%
Owner's Equity	120,245	27.49%
Total	$437,370	100.00%

3. Unit Breakdown and Rents

There is no project-based rent assistance, but currently five of the ten units are occupied by Section 8 Certificate or voucher holders. The rents range from $475 to $495 per month, and tenants pay all standard utilities.

4. Site/Location

The project is on Riverside Avenue, adjacent to 700 Riverside avenue, a project VHFA financed in December of 1992. Scott Mansfield owns other buildings in close proximity to one another and he has expressed an intent to build a playground for the residents of all his properties. Although the Ten Commandments has no on-site parking, he allows residents to park on his other properties.

5. Renovation Plan

The property has recently been completely renovated and is in good condition.

6. Loan to Value

One of the conditions of the financing would be that the owner obtain an acceptable appraisal. Loan to value ratio is unknown at this time. Given the low debt service coverage ratio, we should not allow a loan to value of greater than 75%. The loan to development cost ratio is 57%.

7. Management

The owner originally expressed an interest in managing the property himself. Staff has expressed to the owner that professional property management would be required. Lake Champlain Housing Development Corp. has been approached about doing the management.

8. Market Demand

The owner has not been asked to have a professional market study done. The units are currently all occupied and the condition of the units should make them more marketable than others in the neighborhood.

9. Environmental Concerns

The owner will be required to have a Level 1 Environmental Site Assessment performed.

DISCUSSION

Strengths

a) Project is recently rehabilitated and fully occupied.

b) Projected cash flow remains positive over the full 25 year term of the requested loan.

Weaknesses

a) Project has low debt service coverage ratio (1.05 to 1) and low (5%) vacancy rate assumption.

b) Both units and site are small with no amenities or on-site parking.

RECOMMENDED BOARD ACTION

Staff recommends a commitment of $250,000 in primary debt financing. The proposed source of funds is recycled tax exempt bond proceeds. The transaction is contingent upon the sponsor providing a third party management agreement acceptable to VHFA, a parking lease assignable to VHFA, verification of existing loan amounts, verification of tenant incomes, evidence of other funding sources including owner's equity, subordination of the LCHDC rental rehabilitation loan, completion of an Environmental Site Assessment, and an appraisal which demonstrates a loan to value ratio of not more than 75% for the proposed VHFA permanent loan. Also required will be the execution of a long term preservation agreement.

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: TEN COMMANDMENTS 680-698 RIVERSIDE AVENUE

WHEREAS, a proposal has been presented to the Agency by Scott Mansfield (who, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the financing of ten townhouse units located at 680-698 Riverside Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986 and a residential rental project within the meaning of IRS Regulation § 1.103-8(b); and

WHEREAS, Scott Mansfield is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; therefore

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and construction costs incurred by the Housing Sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The Housing Sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the VHFA loan.

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $250,000, for the 680-698 Riverside Avenue Development in Burlington.

2. The Commitment Letter shall be issued to Scott Mansfield.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will not exceed 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that equity is available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form acceptable to the Agency:

    (a) Third party management agreement

    (b) Appraisal, demonstrating a loan to value ratio of not more than 75%

    (c) Phase I environmental assessment

    (d) Detailed operating budget

    (e) Parking lease assignable to the Agency

    (f) Subordination of the LCHDC rental rehabilitation loan

    (g) Preservation Agreement insuring the long-term affordability of the Development

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins

DATE: September 20, 1993

RE: IORTA No Down Payment Program

In May 1993, we briefed the Board on both an evaluation of the down payment assistance program and the options that we were considering for the further use of IORTA funds to extend down payment assistance in the MOVE and HOUSE programs.

At the end of July, 1993 we had received a total of approximately $139,200 in IORTA funds and expected a year-end total of approximately $174,200. Of this amount, $100,000 is committed to the risk-sharing agreement with VHMGB for down payment assistance provided in 1992 and 1993, leaving approximately $74,000 for potential use by year-end.

We have explored the options outlined in May and have concluded that at least on a short-term basis a new option will be more practical to implement. Based upon the demand for the down payment assistance that has been made available, we would like to make more of it available as soon as possible to the extent that we have resources available.

PREFERRED SHORT TERM OPTION

We would make second mortgage loans to MOVE and HOUSE borrowers for all or part of the required 5 percent downpayment. IORTA funds would provide a loan loss reserve of e.g. $1.00 for every $8.00 of second mortgage financing. At an average loan amount of $3,500, this would allow us to reserve approximately 160 such loans by 1993 year-end. Our goal would be to take reservations of approximately $500,000 in such loans in 1993. (If further information and consideration indicated that the ratio of IORTA to loan funds should be higher or lower, then the total loan amount would be correspondingly lower or higher.)

We believe that we are close to approval as a nonmember borrower by the Federal Home Loan Bank of Boston (FHLB) and would like to use FHLB funds to provide the second mortgage loans. We did not include this as a proposed use of funds in our application to FHLB (we requested advance authority of up to $2,000,000) but we have described our proposal to FHLB staff; this would be an eligible and acceptable use of FHLB advances.

Two restrictions would apply: 1) Unless we request and are granted specific approval, loans with FHLB funds could only be made to households at or below area median income; 2) at this time loan terms can be no longer than 20 years, although the amortization schedule could be for 30 years.

VHFA's goal is to make at least 50 percent of the IORTA program loans to persons at or below 90 percent of state median income and/or purchasing perpetually affordable homes. Through April 2, 1993, 65 percent of the loans had been made to those at or below 90 percent of median income. The income limit statewide for MOVE and HOUSE is median income, with an adjustment in MOVE for family size. Assuming that we can use the same income limits to meet the FHLB restriction, this restriction will not be an issue.

While we would like to be able to offer to borrowers the same term on the second mortgage loan as on the first, we think that the program can work with a shorter loan term. The average loan will be very small and the shorter term will probably be a manageable burden.

Using FHLB funds for this purpose will present two major challenges: 1) FHLB rates vary weekly and we will want to set rates in advance of origination and maintain some rate stability. We can get forward commitments of up to only 90 days for a price based upon the FHLB's negative carry. The alternatives are taking on the risk of negative arbitrage and charging for it as part of our spread or taking the open-ended risk of purchasing loans made based on expected borrowing at one rate with funds borrowed at a higher rate. 2) Borrowers must be able to prepay the loans; VHFA will pay a penalty for prepaying the FHLB advances. We can manage this risk by estimating the prepayment rate and taking down advances of mixed maturities for the pool of mortgages so that we can prepay portions at intervals. For a premium we can also take down putable advances with up to 10 year maturities. We could also use IORTA funds to hedge both of these risks as well as loan loss reserves.

We would request MOVE lenders to originate the second mortgage loans along with the MOVE loans and to sell us the second mortgage loan when they sell us the MOVE loan. (Another option is for VHFA to purchase the second mortgage loans after some period of seasoning--e.g. three years--and only at the request of the lender; this option would be more complex to work out in terms of both lender and VHFA requirements but would reduce our risk of defaults.) We would probably ask lenders to service the second mortgage loans along with the first, but would reserve the option to bring the servicing of purchased loans in-house at some future time.

OTHER OPTIONS

1. Use IORTA funds to make second mortgages for down payment assistance: The drawback of this option is that it would not allow us to leverage the IORTA funds, thereby limiting us to assisting relatively few homebuyers.

2. Use IORTA funds to guarantee second mortgage loans made by VHFA participating lenders: While this option may be viable, there are several obstacles to short-term implementation. Under this option, VHFA lenders would make second mortgage loans, which would be guaranteed with IORTA funds and taken out with recycled bond proceeds when the total combined first and second mortgage loan to value is 95 percent or less. Bond Counsel has raised several issues that must be resolved and we must negotiate agreements with lenders that satisfy both them and VHFA. Another drawback of this program is its relative complexity for the homebuyer.

3. Use additional IORTA funds to expand the existing pilot down payment assistance program either as is or with modifications: This is the simplest option for VHFA, lenders, and homebuyers. However, VHMGB's staff opposes any expansion of the IORTA program until the three-year pilot program has run its course. While we are hoping to change their minds, we do not expect to be able to do this in the short term.

4. Explore use of private mortgage insurance with IORTA funds to achieve greater than 95 percent financing: This option requires considerably more development time and will be pursued over the next few months.

RECOMMENDED ACTION

Authorize staff to design and implement a second mortgage program to provide downpayment assistance to homebuyers under VHFA's MOVE and HOUSE programs through the use of FHLB advances, with IORTA funds to be used for loan loss reserves and to hedge interest rate and prepayment risks. Implementation would include negotiation and execution of required agreements with FHLB and with VHFA participating lenders and operation of the program.

RESOLUTION REGARDING IORTA
SECOND MORTGAGE PROGRAM

WHEREAS, the Vermont Housing Finance Agency was directed by the Vermont Legislature to use funds received from real estate trust and escrow accounts established under 26 V.S.A. § 2214(c), (IORTA funds), for downpayment and closing cost assistance with priority given to persons and families at or below 90% of median income and to persons and families purchasing perpetually affordable housing; and

WHEREAS, the Agency has entered into a risk-sharing agreement with the Vermont Home Mortgage Guarantee Board ("VHMGB") that allows the Agency to make 150 loans annually during the three year period of the risk-sharing agreement; and

WHEREAS, it has become apparent to the Agency that the need for no down payment loans exceeds the number of loans the Agency may make under the risk-sharing agreement with VHMGB; and

WHEREAS, the Agency believes it will soon be approved as a non-member borrower by the Federal Home Loan Bank of Boston (FHLB) and would propose to use FHLB funds to provide second mortgage loans to borrowers under the MOVE and/or HOUSE programs for all or part of the required five percent downpayment; and

WHEREAS, the Agency has IORTA funds in excess of the requirements of its risk-sharing agreement with VHMGB;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency will use IORTA funds that exceed the current reserve requirements of its risk-sharing agreement with VHMGB as a loan loss reserve and hedge against interest rate and prepayment risk for second mortgage loans to eligible MOVE and/or HOUSE borrowers.

2. The Vermont Housing Finance Agency, subject to approval of its application to FHLB to be a non-member borrower and approval by FHLB of the use of FHLB advances for second mortgage loans, may utilize such advances to purchase second mortgage loans:

(a) Preference will be given to persons and families whose income does not exceed 90% of state median income and/or who are purchasing perpetually affordable homes;

(b) The maximum amount of the second mortgage loan will be five percent of the purchase price or value of the home, whichever is less;

(c) The interest rate and term on the second mortgage loan will be as set by the Agency.

3. The Executive Director is authorized to develop a method or methods of utilizing FHLB funds so as to minimize the risks and problems arising from the varying rates on FHLB funds. The methods may include, but are not limited to, using forward commitments and charging borrowers for the Agency's risk of negative arbitrage.

4. The Executive Director is authorized to develop a strategy to minimize the risk to the Agency of borrower prepayments of second mortgage loans.

5. The Executive Director is authorized to enter into agreements with lenders to specify the rights and responsibilities of the parties with respect to the origination, commitment, purchase and servicing of such second mortgage loans.

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VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Research Analyst

DATE: September 7, 1993

RE: JANUARY-JUNE MARKET SHARE AND PRICE INFORMATION

VHFA receives quarterly tabulations from the Vermont Department of Taxes Property Transfer data set. This allows VHFA to determine our market share of all primary residences and those within our price limits and to assess relative shifts in the housing market.

The following tables show comparisons of Property Transfer data from January-June 1993 with the first half of 1992 and with annual summaries. Some interesting trends emerge from the comparisons. First, VHFA's market share is fairly consistent with last year's, at 20% of all primary homes and 31% of homes within VHFA's price limit. This was surprisingly good news, since conventional interest rates were so low during the first half of 1993. In addition, house prices have dropped slightly, especially for primary and vacation homes combined (influenced by low prices for vacation homes). The volume of activity is higher, particularly for homes within VHFA's price limit, with an increase of 13% between the first half of 1992 and the first half of 1993. It is indeed a great time for lower-income and first time buyers to purchase homes.
If you would like more information, please do not hesitate to ask.

Thank you for your attention.

Comparison: Jan.-June, 1992 and Jan.-June, 1993

	January-June 1992	January-June 1993	Percent of Change
Primary Homes			
# of Property Transfers	2,001	2,093	+4.6%
VHFA Market Share	20%	20%	--
Median Price	$95,000	$94,846	-0.2%
Mean Price	$108,413	$106,042	-2.2%
Primary Homes Under VHFA Limit ($105,000 in 1992 and $110,000 in 1993)			
# of Property Transfers	1,194	1,349	+13.0%
VHFA Market Share	33%	31%	--

Source: Vermont Department of Taxes, Property Transfer Tax System
Vermont Housing Finance Agency

AVERAGE VERMONT PROPERTY PRICES
1987 - 1992

ALL HOMES: Primary and Vacation Properties, and Mobile Homes with Land

	Mean	Percent Change	Median	Percent Change
1987	$91,600		$76,000	
1988	$103,600	+13.1%	$86,500	+13.8%
1989	$113,100	+9.2%	$95,000	+9.8%
1990	$110,300	-2.5%	$92,000	-3.2%
1991	$110,400	+0.1%	$95,000	+3.3%
1992	$105,300	-4.6%	$92,500	-2.6%
Jan-June 1993	$100,000		$90,000	

VHFA MARKET: Primary Homes & Mobile Homes with Land (no vacation homes)

	Mean	Percent Change	Median	Percent Change
1987	$84,900		*$75,000	
1988	$99,000	+16.6%	$85,000	+13.3%
1989	$108,700	+9.8%	$93,000	+9.4%
1990	$108,200	-0.5%	$92,000	-1.1%
1991	$109,000	+0.7%	$95,000	+3.3%
1992	$106,800	-2.0%	$94,000	-1.1%
Jan-June 1993	$106,000		$94,800	

*The 1987 VT median figure does not include mobile homes with land.

Data Source: Vermont Department of Taxes, Property Transfer Tax System

(08/93)

VHFA MARKET SHARE 1987 — June, 1993

	VHFA	Vermont Primary Homes <= VHFA Limit	VHFA Entry Level Market Share	All VT Primary Homes Sales	VHFA Total Primary Home Market Share
	VHFA Single Family Loans Purchased	Primary Homes Sold for Price at or below VHFA Maximum Price Limits: $80,000 in 1987 $80,000 in 1988 $93,000 in 1989 $98,000 in 1990 $105,000 in 1991 $105,000 in 01/92-06/92 $110,000 in 07/92	Number VHFA Loans as a Percent of Vermont Primary Homes Sold at or below VHFA Price Limits	Vermont Primary Homes Sold, All Prices	Number VHFA Loans as a Percent of All Vermont Primary Homes Sold
Jan.-June 1993	422	1,349	31.3%	2,093	20.2%
1992	978 (down 3%)	3,100 (up 27%)	31.5%	4,933 (up 20%)	19.8%
1991	1,008 (down 10%)	2,449 (down 6%)	41.2%	4,097 (down 12%)	24.6%
1990	1,116 (up 2%)	2,609 (down 19%)	42.8%	4,684 (down 27%)	23.8%
1989	1,091 (up 26%)	3,222 (down 18%)	33.9%	6,377 (down 26%)	17.1%
1988	865 (up 121%)	3,949 (down 36%)	21.9%	8,665 (down 19%)	10.0%
1987	392	6,154	6.4%	10,662	3.7%

Data Source: VT Dept of Taxes. Primary home purchases include mobile homes sold with land.

08/93

AT A GLANCE

STATEWIDE INVESTMENT IN AFFORDABLE HOUSING

The New Hampshire/Vermont Association of REALTORS®
1993 Annual Convention

September 14-16, 1993

Mount Washington Hotel
Bretton Woods, New Hampshire

vhfa
VERMONT HOUSING FINANCE AGENCY

STATEWIDE INVESTMENT IN AFFORDABLE HOUSING

Vermont Housing Finance Agency (VHFA) was created in 1974 by the Vermont State Legislature to finance and promote affordable housing opportunities for low- and moderate-income Vermonters. VHFA has provided homeownership assistance to more than 16,000 Vermont households and financed over 3,000 apartments in 100 developments across the state. Most of the funds VHFA provides are proceeds of sales of tax-exempt bonds. In addition to providing affordable housing, VHFA promotes economic growth by bringing new capital and jobs to Vermont.

VHFA offers a variety of programs and resources, including:

- Low-interest mortgage financing and mortgage credit certificates for low- and moderate-income borrowers available through participating lenders;

- Low-interest mortgage financing and Low Income Housing Tax Credits for the development and preservation of affordable rental housing;

- Technical assistance and pre-development financing for nonprofit developers of affordable housing;

- TEAM -- Tenant Education and Assistance Model, a supportive services program for seniors;

- The Green Mountain Mortgage Market ("Sugar Mae"), a local secondary market serving Vermont lenders; and

- An outreach and education program, including a toll-free hotline, to provide financing information to first-time home buyers, lenders and real estate professionals.

The following information shows, at a glance, VHFA's current program activity as well as our economic impact in the state of Vermont.

For more information, please write:

VERMONT HOUSING FINANCE AGENCY
One Burlington Square
PO Box 408
Burlington, VT 05402-0408

or call (802) 864-5743 or toll-free in Vermont 1-800-339-5866

Affordable Rental Property

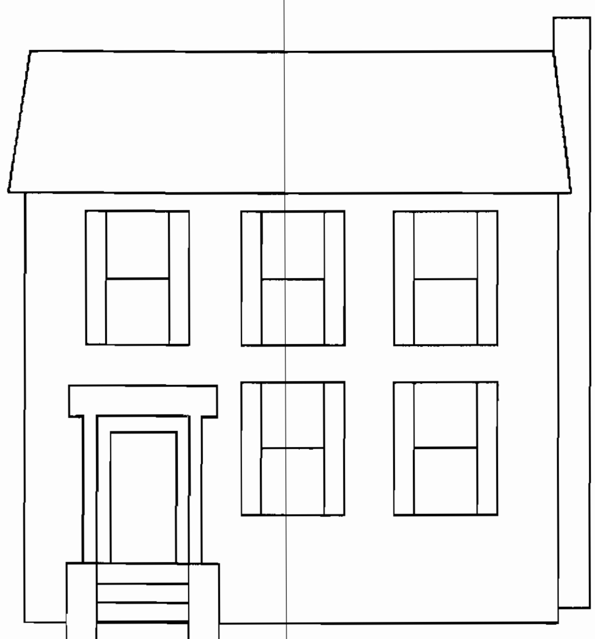
VHFA's Multi-Family housing portfolio represents the Agency's effort to provide affordable rental housing.

Total Lending Activity	Cumulative 1974-1992	1992
Number of Developments	109	7
VHFA Dollars Loaned	$103,754,000	$3,800,000
Units Created or Rehabilitated	3,422	240

Low Income Housing Tax Credits

VHFA works with the Department of Housing and Community Affairs (the State Housing Credit Agency) to administer the federal Low Income Housing Tax Credit program. VHFA issues Tax Credits to owners of rental developments in accordance with the State's annual Allocation Plan.

Total Allocation Activity	Cumulative 1987-1992	1992
Total Units	2,300	341
Tax Credit Units	1,599	305
Total Dollars Allocated	$4,076,599	$807,577
VHFA Dollars Loaned to Projects	$37,290,500	$2,054,000



Affordable Homeownership

Mortgage Revenue Bonds

The sale of Mortgage Revenue Bonds (MRBs) is the primary mechanism for providing affordable homeownership for low- and moderate-income Vermonters. Currently, VHFA offers two programs funded with MRB proceeds: Mortgages for Vermonters (MOVE) and Homeownership Using Shared Equity (HOUSE). HOUSE funds are available to lower income borrowers purchasing homes with the assistance of nonprofits that will remain affordable into the future.

- Since 1974, VHFA has issued a total of $791,547,304 in single family MRBs.
- In 1992, 596 MRB loans were made, representing $36,817,360 in loans.

Mortgage Credit Certificates

The Mortgage Credit Certificate (MCC) program, marketed under the name "Mortgage Plus", enables eligible borrowers to claim up to 20 percent of the annual mortgage interest paid as a federal tax credit. The remaining 80 percent interest is claimed as an itemized deduction.

Total Lending Activity	Cumulative 1987-1992	1992
MCCs Issued	763	380
Private sector mortgages leveraged with MCCs	$64,894,100	$28,756,256

Major Barriers to Purchasing a Home

A statewide survey of 500 renters conducted by VHFA in August 1992 showed that most Vermont renters would like to own a home. However, they face a number of barriers in trying to buy a home. The most prominent barriers are financially-based difficulties, including the lack of money for a down payment and closing costs (listed by 58 percent of respondents) and insufficient income to meet monthly mortgage, tax, and insurance payments (listed by 42 percent of respondents).

IORTA Down Payment Assistance Program

In 1991, the Vermont State Legislature passed a bill directing funds generated through the Interest On Real Estate Trust Accounts (IORTA) to VHFA for providing down payment and closing cost assistance to eligible borrowers. Between July 1, 1992 and June 30, 1993, the IORTA Program enabled 115 borrowers with limited accumulated savings to purchase homes totalling $7,198,584 in loan funds.

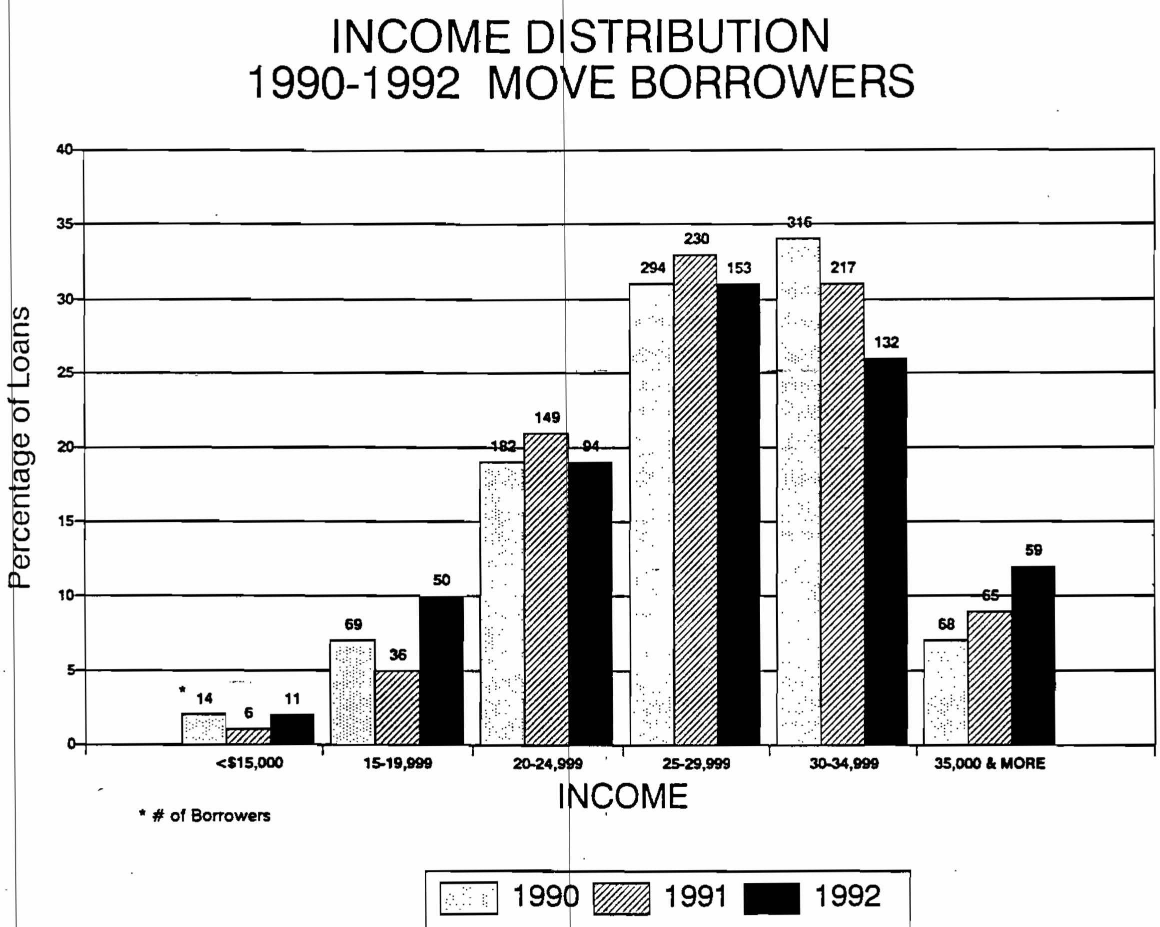
Profile of 1992 Average VHFA Borrower*

Income	$27,429
Purchase Price	$68,417
Mortgage Amount	$62,878
Down Payment	$5,552
Principal and Interest Payment	$468
Age	31 Years
Family Size	2.3 Persons

* Includes Mortgages for Vermonters (MOVE) and Homeownership Opportunities Using Shared Equity (HOUSE) borrowers.

Income Categories for 1990-1992 MOVE Borrowers

The following graph shows the income distribution for VHFA borrowers in the Mortgages for Vermonters (MOVE) program from 1990 through 1992.



Economic Impact of VHFA Activity

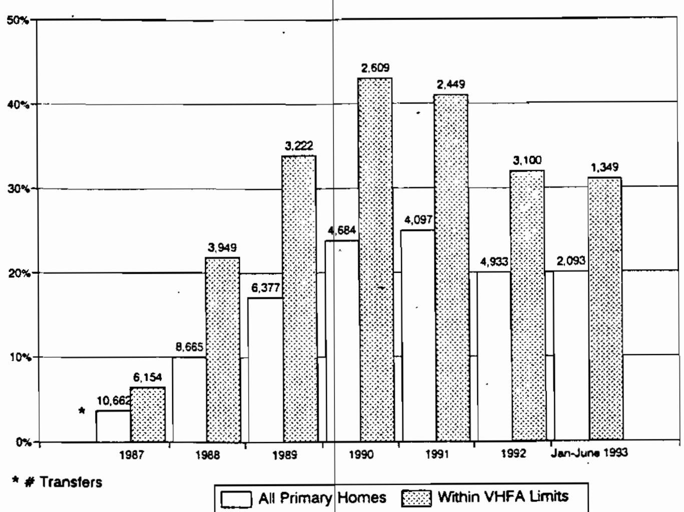
Economic Impact of Rental Developments

VHFA's multi-family rental housing portfolio is expected to produce almost $15 million in operating expenses (excluding debt services and escrows) in 1993. This includes administration, utilities, taxes, maintenance, and insurance costs associated with operating these developments. This money will flow into the local economies and state revenues.

VHFA Market Share

The VHFA market share represents VHFA-assisted purchases as a percentage of all primary home purchases. The following graph shows VHFA's market share as a percentage of all primary homes sold in Vermont and of homes sold for a price at or below VHFA maximum purchase price limits. VHFA purchase price limits were $80,000 in 1987 and 1988, $93,000 in 1989, $98,000 in 1990, $105,000 in 1991 and the first half of 1992, and $110,000 in the second half of 1992.

VHFA MARKET SHARE



Economic Impact of Single Family New Construction

Using a model developed by the Associated General Contractors of America, VHFA contributed to the economy of Vermont in 1992 through its financing of single family new construction. In 1992, VHFA financed the purchase of 139 newly constructed homes. These purchases totaled $9,664,425. If land costs are assumed to constitute 25 percent of the purchase price, then the estimated contract cost paid by VHFA is about $7 million.

Number of Newly Constructed Homes	139
Estimated Contract Cost	$7,248,319
Economic Activity Generated *(Industries and services in Vermont)*	$14,137,846
Jobs Created *(for each $1 million, 35.1 jobs created)*	245
Net Earnings of Households *(earnings increase by $.6617 for each $1)*	$4,796,212

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: Richard C. White, Chairman
Paul W. Ruse, Vice-Chairman
Thomas J. Candon

FROM: Allan S. Hunt, Executive Director
Roger A. Schoenbeck, Director of Finance
Glenn A. Jarrett, General Counsel

DATE: September 23, 1993

RE: Bond Counsel Search

We have done further research on the two firms you wanted to focus on since the presentations on Friday. The first issue addressed was John Wagner's claim that their overhead was lower because they did not have offices in major cities, in light of the cities that were listed on the cover of their proposal. Glenn consulted the Martindale-Hubbell Legal Directory to check the size of the Kutak Rock offices in various cities. The Atlanta office had 28 lawyers, the Denver office, 35, the Omaha office, 82, and the Washington, D.C. office, 27. Those appear to be the only sizeable offices the firm maintains. The New York City office had three lawyers, the Phoenix office had 6, and the Los Angeles and Little Rock offices did not appear in Martindale. That may mean that they had not been established a year or so ago at the time of the Martindale publication deadline, or they may have one or two lawyers there and did not place a listing in the firm listings in Martindale.

Next, Glenn checked with several housing finance agencies that have used Kutak for bond work. The comments he received were uniformly outstanding. One of the people he spoke with was Steve Clements, the Acting Executive Director of the Nebraska Investment Finance Authority. He indicated that their everyday contact was Patti Peterson of the Omaha office, but when she was away this summer, John Wagner was instantaneously accessible when needed. He referred to John as being on the cutting edge of developments in housing finance and gave the firm "rave reviews."

Glenn also spoke with the general counsel of the Mississippi Home Corporation, Wilbur Colom, who said that David Amsden, the attorney from the Atlanta office that we did not meet, was excellent. Mr. Colom said the relationship he had with the Kutak attorneys was the best one he had ever had with attorneys. Greg Mayes, the general counsel of the Kentucky Housing Corporation, told Glenn that David Amsden was exceptionally good and easy to work with. He praised the presentations the firm had made to staff and board members as very comprehensible and said that the firm's turnaround time was very good, even between bond issues.

We did not feel it was necessary to check references for Orrick, Herrington & Sutcliffe for two reasons. First, we know the lawyers well from our experience with them as underwriters' counsel on our bond deals. Second, the bulk of their housing bond business is in western states, which would be serviced from the California offices, not the New York office and any information on the firm's performance out west would not be relevant to the lawyers in the New York office.

There is a dramatic difference in the fees the two firms propose to charge the Agency. Orrick Herrington's rates are: Kathy Crost, $300 per hour, Robyn Huffman, $230 per hour. The tax partner's rate is $315 per hour. In addition to that, their rate for paralegals, who would perform routine tasks like proofreading, working with printers and preparation of copies, is in the $90 to $110 per hour range. They also charge $40 per hour for word processing, which we find egregious, considering their hourly rates for lawyers. They estimated that one-third of the time spent on the engagement would be partner time.

Kutak's rates are substantially less. John Wagner's and David Amsden's rate is $195 per hour and the tax partner's rate is $290 per hour. They also offered a flat rate of $175 for partners and $100 for associates. Kutak Rock uses legal assistants for routine tasks and their rates are $25 to $75 per hour. Kutak does not charge for word processing. They also propose to familiarize themselves with Agency programs and documents at their expense, not the Agency's, which is appropriate.

It is difficult to estimate how much this difference in fees would be for a bond deal, but we think it would be substantial, possibly as much as the low five figures for a bond issue. Kutak also quoted us maximum fees based on the size of the bond issue that were lower than either Palmer & Dodge or Hawkins, Delafield & Wood. Orrick did not quote us maximum fees.

One issue that is very important is what to do about Kutak Rock's local affiliate, Miller, Eggleston & Rosenberg, should the Agency decide to select Kutak as our bond counsel. As we discussed on Friday, it is hard to see what value the inclusion of Miller, Eggleston adds to the equation. Their rates are virtually the same as Kutak's, so there is no cost saving resulting from having the local firm do tasks that Kutak could do as easily. Allan and Glenn spoke to John Wagner on Wednesday, and he indicated that they are amenable to having Miller, Eggleston & Rosenberg participate only when approved by the Agency.

RECOMMENDATION:

It is the recommendation of staff that the Agency select Kutak Rock as bond counsel to the Agency. Besides being extremely impressed with Kutak, we know that our current underwriters will continue to use Orrick, Herrington as underwriters' counsel on Agency bond deals. Therefore, we will have the benefit of the Orrick lawyers' expertise, as well as the innovative concepts that we believe Kutak can bring to the Agency.

cc: Board of Commissioners

ADVISORY COMMITTEE MEMBERS
August 1993

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334-7915

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658-1047

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VERMONT HOUSING FINANCE AGENCY

October 13, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, October 21, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director ASH

DATE: October 15, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, October 21, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 October 21!

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VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, October 21, 1993 at 1:30 p.m.

1. Review and approval of minutes of September 23, 1993

2. Administration
   - ⌂ Executive Director's Report — **[Hunt]**
   - ⌂ Sexual Harassment Policy — **[Francis//Enclosure]**

3. Operations
   - ⌂ MOVE/Mortgage Plus Updates/ Delinquency Report — **[Lothrop//Enclosure]**

4. Multi-Family Management
   - ⌂ Update on Preservation Agreements — **[Falzone//Enclosure]**

5. Development
   - ⌂ Update on Tax Credit Allocation Process — **[Jenkins]**

6. Finance
   - ⌂ Results of FY93 Audit — **[Schoenbeck//Encl.]**
   - ⌂ Discussion on Future of Single Family Financing — **[Schoenbeck]**

7. Legal
   - ⌂ Introduction of Bond Counsel — **[Jarrett]**

8. Communications
   - ⌂ Strategic Planning Update — **[Hope]**

9. Other old or new business to come before the Board

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, September 23, 1993

PRESENT: Chairman White; Commissioners Candon (designee of Costle), Myette, Randall, Seelig, Mullikin Drake (designee of McDougall), Clarke (designee of Ruse)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Hope, Ms. Crady, Mr. Erdelyi, Ms. Höglund, Ms. Gent, Mr. Falzone

Guests: Ms. Canavan (VHMGB); Mr. Mansfield (Ten Commandments)

The meeting was called to order by the Chairman at 1:35 p.m. Upon a motion duly made by Mr. Candon and seconded by Ms. Randall, the minutes of the meeting of July 29, 1993 were unanimously accepted as written.

Mr. Jarrett reviewed the results of interviews with prospective bond counsel, held the previous Friday. Chairman White, Mr. Ruse and Mr. Candon served as a subcommittee of the Board and participated in the interviews. There were nine responses to the request for proposal (RFP) and the field was eventually narrowed to the four law firms which were interviewed: Palmer & Dodge (P&D, the Agency's bond counsel for the past 12 years); Orrick, Herrington & Sutcliffe (Orrick); Kutak Rock (Kutak); and Hawkins, Delafield & Wood (Hawkins). Mr. Jarrett also distributed his memo dated September 23, entitled "Bond Counsel Search" in which he detailed the rationale for recommending the selection of Kutak as bond counsel for the Agency. References for the firms were carefully checked by staff, and there were strong references received for Kutak from several housing finance agencies (HFAs) across the country who have used their services. Staff was very impressed with the Kutak representatives' knowledge of housing issues. P&D was thought to be less up-to-date on housing-related bond financings as the other firms. While the Hawkins firm had worked with the Agency on bond financings during the 1970s, the current representatives have had no previous contact with the Agency, and staff was not sure that the Agency would receive the needed level of attention for its financings. The hourly rates for Kutak were lower than each of the other firms, and their out-of-pocket expenses also appear to be below the other firms' quotes. Elaborating further, Mr. Jarrett explained that Kutak has submitted a joint proposal to work with a local (Burlington) law firm, Miller, Eggleston and Rosenberg. The Agency has previously worked with this firm on litigation matters. Staff has inquired further of Kutak as to the role of the local firm and it will be limited to those matters that the Agency approves, should Mr. Jarrett or Mr. Kochman (outside counsel) not be available to handle certain legal matters. With PaineWebber, lead bond underwriter for the Agency, retaining Orrick as their legal counsel, the Agency would have the benefit of both Kutak and Orrick as knowledgeable bond counsel in future financings.

Ms. Clarke joined the meeting at this point, and Mr. White introduced her to the other members of the Board. Shortly after, Ms. Mullikin Drake also joined the meeting.

Continuing the bond counsel discussion, Mr. White noted that although the partner of Palmer & Dodge currently representing the Agency is very knowledgeable, the associate of the firm introduced to the committee has only two years of legal experience, and there are very few members of the firm dedicated to housing issues. In contrast, the firm of Kutak appears to have knowledge and familiarity with issues related to bond financings for HFAs. A motion was made by Mr. Myette, and seconded by Mr. Candon, to select the firm of Kutak Rock as bond counsel to the Agency; this motion carried, with Ms. Clarke opposed. When asked by the Chairman to explain her opposition, since she had not participated in the previous discussion, Ms. Clarke noted that Mr. Ruse, a member of the selection committee, felt that Orrick was more well-rounded, with a better background and expertise in housing matters. Following the vote, Mr. Jarrett left the meeting.

Turning next to the Agency's "Home Buyer Outreach—1993", the Board reviewed the memo from Ms. Hope and Ms. Höglund which had been included in the July Board packet. Ms. Hope introduced to the Board Ms. Höglund, Community Relations Coordinator, who explained that the Agency's education of the home buying public has taken a new direction in the past year. Rather than relying heavily on Home Buyer Days, several Home Buyer Fairs or Workshops have been held throughout the state, with more scheduled during the current fiscal year. The Fairs are set up like exhibition or trade shows, where borrowers can meet and talk with lenders or realtors from the local area. The Workshops are meant to be educational, and are held for two consecutive evenings, lasting for a total of four hours. While the same information is available at both events, the depth of the information and the format makes a great deal of difference to those attending either event. Generally, the Workshops are attended by future borrowers who have a long-range plan of owning a home some day, while the Fairs are attended by those with a more immediate plan for homeownership. Ms. Höglund also explained that since the memo was distributed the Fair planned for Barre had been canceled, but a Workshop in the Central Vermont area is now being considered. Other geographic locations will most likely be targeted for the next fiscal year, in an attempt to reach future home buyers throughout the state.

At this time, Mr. Seelig joined the Board meeting.

Continuing her review, Ms. Höglund noted that while the number of attendees at each of the events is tracked, it is very difficult to determine how many of those who attend the Fairs or Workshops do in fact become home buyers, since these programs educate future homeowners at all income levels, rather than being limited to only those who might qualify for the Agency's financing programs. Mr. Hunt pointed out that events such as the Home Buyer Fair being held in Rutland on the Saturday following the Board meeting provide an excellent opportunity for the Agency's employees to meet with the home buying public. No Board action was necessary.

Beginning his Executive Director's Report, Mr. Hunt observed that through diligent staff efforts, particularly those of Ms. Crady, a contract has been signed with Fannie Mae to fund $2 million for group homes for community living. This endeavor is especially meant to address the needs of the former residents of the Brandon Training School and the state facilities in Waterbury. Since Fannie Mae views this plan as unusual in terms of its comparability with other programs they have funded, the negotiations took a bit longer than originally anticipated. Another transaction which is underway is with the Federal Home Loan Bank (FHLB) which is expected to provide a $2 million advance to be used as a flexible source of funds for various Agency programs. While there are some contractual provisions of FHLB which are being questioned by the Agency, especially concerning collateral requirements, it appears that staff has been successful in obtaining language changes which should prove beneficial to the Agency. The application will go to the FHLB office in Washington, D.C., for further review and approval by the Federal Home Loan Finance Board. According to Mr. Hunt, this innovative and flexible contract should result in funding which will be very important in the IORTA II program, to be discussed later in the meeting.

As Mr. Mansfield had arrived at this time, the Board agreed to review the "Combined Resolution of Interest and Commitment Resolution: Ten Commandments—680-698 Riverside Avenue, Burlington" as described in the memo from Ms. Jenkins and Mr. Erdelyi dated September 20 and included in the Board packet. This project consists of a single building with ten townhouse units, which are small two bedroom units of approximately 625 square feet each. No on-site parking or amenities are available on the small lot. Mr. Erdelyi reviewed his memo and emphasized that all ten units are currently occupied, with the further likelihood that all of the current residents would meet the statutory requirement of being below median income to qualify for Section 8 rental subsidies. The original loan amount requested was $320,000; however, after reviewing the project thoroughly staff is recommending a loan of $250,000 and Mr. Mansfield has agreed to use equity to address the difference between the amount requested and that recommended by staff.

Ms. Mullikin Drake acknowledged the renovations already made to this building by Mr. Mansfield, and further noted that this has been a significant renovation for the surrounding neighborhood. Recognizing that staff had some concern about project-based subsidy and future vacancies, Ms. Mullikin Drake asked if there had been vacancy problems before the renovation, and also asked Mr. Mansfield to provide the rental figures prior to the renovation. Addressing the Board, Mr. Mansfield noted that most of the units had been overcrowded, with the building in very poor condition, with rents at $250-275 per month. However, he further explained that the residents who wished to remain in the building were allowed to do so during and after the renovations, which were accomplished in phases. Mr. Mansfield also pointed out that three of the residents now receive Section 8 subsidies, and some residents have been relocated to larger units within the building to relieve the overcrowding. Ms. Jenkins assured the Board that the quality of the units after the renovation will help to assure minimal vacancies; should the subsidized residents move out of the building, there is a strong likelihood that new residents would be readily available. While there have been no parking problems since only two residents of the building have vehicles, Mr. Mansfield indicated that he would be willing to provide additional parking at a property nearby which he also owns. Mr. Seelig and Ms. Mullikin Drake observed that while the current resident income levels are below 80 percent of median income according to Mr. Erdelyi, the proximity of rental housing managed by the Burlington Housing Authority across the street helps to provide an opportunity for a mixed income neighborhood. Ms. Mullikin Drake made a motion to amend paragraph 6(e) of the "Combined Resolution of Interest and For Issuance of Commitment Letter re: Ten Commandments 680-698 Riverside Avenue," as attached to these minutes, to include the phrase *"in the event of foreclosure or bankruptcy"*. After being seconded by Mr. Seelig, this motion carried unanimously. Following the vote, Mr. Mansfield left the meeting.

Mr. Hunt then continued his Executive Director's report, informing the Board that he, along with Chairman White and Mr. Schoenbeck, had met with Secretary of Administration William Sorrell and the State's Commissioner of Finance and Management, Douglas Wacek. The purpose of the meeting was to review the Agency's financial resources and availability to help the State address its current budget deficits. One possible form of contribution from the Agency might be to fund or assimilate programs from the State, rather than a direct payment of funds; however, no specific details were discussed. According to Mr. Hunt, Mr. Sorrell referred to the State's current $10 million budget gap but indicated that the State did not intend to take any action which might harm the Agency's credit ratings. However, Mr. Hunt reminded the Board that any significant reduction to the Agency's fund balances would severely cripple or negatively impact the Agency's ability to continue its programs. Another meeting between Mr. Wacek and Mr. Hunt has been scheduled for the week following the Board meeting; it is expected that opportunities for the Agency to assist the State with any funding of programs will then be explored in more detail. Mr. Hunt also noted that there is some comfort in the recent confirmation of the State's bond rating by Moody's. Mr. Seelig observed that one suggestion that the State may make would be for the Agency to fund the operations of the Housing & Conservation Trust Fund. On the positive side, Mr. Hunt noted that Governor Dean is apparently aware of the discussions involving the Agency, but it is not clear whether the Governor is aware of their ramifications. Given the Governor's commitment to housing, it is unlikely that he would knowingly undermine that commitment, although any determination will depend upon the final options with which he is presented. Mr. Hunt also pointed out that this should not be viewed as an exercise in futility, as there may prove to be some advantages for the Agency. No Board action was necessary.

An update on the Agency's Strategic Planning process was offered by Ms. Hope, who distributed a list of the advisory committee. The first meeting of this committee had been held that morning, during which the members reviewed the Agency at three points in its history: 1980, 1987 and 1993. This review had included the Agency's goals and objectives, its strengths and capacities, demographic changes and customer/constituency changes. The Boston consulting firm of McDonough, Lanzikos and Associates has been hired to facilitate the Strategic Planning process. This firm has had experience in strategic planning, especially in the areas of housing and services for the elderly, as well as the health community. The next step in the process is to perform a situational analysis to determine where the Agency is today in preparation for where the Agency should be in five years. Various people around the state will be interviewed in the course of this process, which will include focus groups and input from Board members. The situational analysis should be presented to the advisory committee before Thanksgiving. Chairman White stated that he was impressed with the advisory committee's level of participation and was pleased to see that "outside" people are very interested in what the Agency is doing. No Board action was necessary.

Next, Mr. Francis reviewed the "FY94 Business Plan" as included in the Board packet. Noting that the Business Plan is subject to change pending the Board's review, Mr. Francis expressed thanks to Ms. Gent for the specific data she was able to provide to update and focus the plan, and to Mrs. Parker for her diligence in editing, revising and finalizing the document. The three "snapshot" pages which appear at the beginning of the Business Plan will be updated on a quarterly basis. The plan itself is meant to provide program titles, descriptions, results from the previous year where applicable, and goals for the programs. Responding to specific questions about the plan, Mr. Francis noted that the number of reservations for the MOVE program (750) reflects the expected fallout of loans from the program; based on previous program activity, 750 reservations will result in only 600 actual loans. The number of projected IORTA down payment assistance loans is also reflected within the MOVE program figures. Ms. Mullikin Drake expressed some reluctance to commit to 100 units of new construction, as proposed, but as Ms. Jenkins pointed out the Board has already committed to 56 units at Redrocks and 35 units at Hardscrabble Farms during FY94.

Noting the Agency's strong in-house training capabilities, Mr. Francis explained that staff was considering the opportunity to extend this training to nonprofit organizations. Ms. Mullikin Drake suggested that this be considered for the TEAM transition as well, by sharing the results and experiences of that program with the Agency of Human Services, which could in turn lead to a more pro-active approach for AHS. The proposed Mortgage Delivery/Servicing for Nonprofits could be expanded to include small business loans, etc., according to Ms. Mullikin Drake, who further proposed that staff consider not limiting this resource to housing, or to servicing those loans. Other new programs being considered include the creation of a Rental Deposit Fund and Homeownership Counseling. During FY94 staff will determine whether or not the current outreach programs should be altered to provide a more intensive educational structure. Ms. Randall noted that since many affordable housing programs require homeownership counseling, the Agency should consider *selling* the program, as other lending institutions do. According to Ms. Randall, many homeownership counseling programs are actually books or booklets which have been approved by Freddie Mac and Fannie Mae; any sales proceeds could help to subsidize other counseling activities. On the topic of assisted living, Ms. Jenkins explained that this would be an attempt to create a demonstration program over the next few months to address the special needs of the elderly population not requiring nursing home care. This would include discussions with AHS and is proposed based in part on many discussions with various developers who see the potential for this type of facility. The emphasis would be not to integrate individuals with special needs, but to create a special needs environment. The Business Plan will also be revised to include the activities of the Agency's legal staff, including foreclosure actions and outside counsel. Mr. Hunt also assured the Board that a report would be provided at the next Board meeting detailing the use of legal counsel throughout the state for foreclosure actions. With the understanding that the Business Plan should be considered a living document that can be revised throughout the fiscal year, a motion was made by Mr. Seelig and seconded by Mr. Myette to adopt the FY94 Business Plan as presented and with the amendments described in the preceding discussion. This motion carried unanimously.

Mr. Hunt then announced that all 77 residential units at Dalton Drive have now been sold. The Agency is one of 15 recipients nationwide of an award from the National Trust Historic Preservation in recognition of the renovation of the buildings along Dalton Drive. Mr. Hunt will be traveling to St. Louis in early October to receive the award on behalf of the Agency. Renovations continue on the exteriors of the two commercial buildings, and some interest has been expressed by HeadStart of Chittenden County, which is considering creating a centralized day care facility in one of the buildings. Ms. Mullikin Drake asked about the potential for the Agency to relocate its offices to one of the buildings, but Mr. Hunt reported that Governor Dean had sent a letter strongly urging the Agency to remain in a downtown location. Also, staff's first efforts relating to these buildings have been to find a buyer at a reasonable price. Ms. Randall was surprised that St. Michael's College had not expressed an interest in one of the buildings, as they are currently trying to relocate their day care facility out of the basement of one of the buildings between Winchester Place and the Fort. Mr. Hunt agreed to pursue the matter and possibly coordinate a meeting between representatives from HeadStart and St. Michael's College.

In his monthly MOVE update Mr. Lothrop noted that program activity remains relatively strong, with reservations at just under $4 million for August. Thus far in September $3 million has been reserved, with one week remaining in the month. Mortgage purchase activity has also increased each month for the past two months. Reservations in Series 1 and 2 are beginning. On the delinquency side, there are currently 28 REOs (Real Estate Owned as a result of loan default and foreclosure) in the Agency's portfolio, with three under contract and two sold. Offers are being negotiated on three more properties, as well as two deeds in lieu of foreclosure. Every attempt is being made to keep the effects of the economy to a minimum in terms of the Agency's portfolio, but it is expected that delinquency figures will remain constant until the economy improves. The number of delinquencies fluctuates each month, rather than following a predictable trend; however, Mr. Hunt pointed to a significant increase in the 90-day category. While there are currently only two staff members handling loan servicing, the figures may justify increasing staff in that area, at least on a temporary basis. Mr. Hunt emphasized the Agency's obligation to be proactive and intervene in delinquencies at the earliest possible stage. The delinquency report looks at the number of loans, rather than dollars, but Mr. Schoenbeck assured the Board that the dollar amounts are reviewed regularly and there would be no appreciable difference in the delinquency ratios if the monthly reports tracked loan amounts rather than the number of loans.

The sale of an REO property, according to Mr. Lothrop, requires some time, as most of these properties need to be made livable or brought up to code prior to re-sale. If it is determined that the market value would be significantly enhanced, appropriate renovations are performed. Mr. Hunt suggested that the issue of property standards at the time a loan is underwritten should be reviewed at some future date. While the Agency currently has no rigid property standard requirements, there may be some weaknesses in the current review system. Mr. Lothrop noted that there is no perceivable pattern to indicate which borrowers are likely to be foreclosed, or what properties are likely to end up as REO's; in some cases, the residents simply trash the property. Mr. White concurred, further pointing out that the problem in part is based on the affordable purchase price and the target audience of borrowers served by the Agency. On a positive note, Mr. Hunt observed that the seller disclosure requirement, if passed by the Legislature, should go a long way to eliminate some problems. The increased affordability gained by pro-actively linking the Energy Efficient Mortgage concept and a system of regular Energy Ratings to the time of purchase was also mentioned by Ms. Mullikin Drake. No Board action was necessary.

Ms. Jenkins reminded the Board that a groundbreaking ceremony will be held September 28 in St. Johnsbury for the Depot Square project, which is already well into construction, with asbestos removal completed. Some staff members plan to attend the groundbreaking.

The "IORTA No Down Payment Program" was reviewed next by Ms. Jenkins, as follow-up to her memo of September 20, included in the Board packet. According to Ms. Jenkins, there are two basic reasons to implement changes to this program now: (1) the fast movement of the program indicates the depth of the need for down payment assistance; and (2) with $6 million in bond proceeds remaining to be purchased by February 1994, another IORTA program would motivate purchases both currently and through the February deadline. A number of options were considered and described in the memo to the Board, but most would take more time to develop than is available, given the February deadline, or would be impractical to implement. The proposal made to the Board by Ms. Jenkins was to use IORTA funds as a loan loss reserve for funds made available by the FHLB, assuming their approval of the Agency's $2 million advance authority request. It is expected that approximately $75,000 in IORTA funds would be available through the end of the year, with $40,000 currently available.

The next "no down payment" program could be limited to 100 new loans, with participating lenders underwriting the second mortgage at the same time as the first mortgage loans, and also selling both simultaneously. The income group targeted would be the same as that for the regular IORTA program. Although FHLB funds are available for a maximum 20 year term, the amortization schedule could be 30 years. This program would need to be on the market by mid-October in order to assure loan approvals and purchases by the February deadline. Should prepayments occur, these funds could be recycled, as long as they are made available to pay off advances as they mature. Mr. White noted that most prepayments under this program will occur as people sell their homes and move, resulting in the ability to re-lend in a more favorable environment. Ms. Jenkins reported that an eight percent loan rate is anticipated at this time. According to Ms. Crady, the reaction from both small and large lenders has been positive; some do not want to service loans over the long term and have suggested that the Agency do so, once it has developed the capacity to do so. Some lenders will need to do internal computer changes, which requires a few weeks' lead time. Ms. Jenkins noted that although VHMGB has not been approached directly regarding this program, second mortgages are within their statutory guidelines. Mr. Hunt also pointed out that Ms. Canavan, Executive Director of VHMGB, was present at this meeting and listening attentively to the discussion. A motion was made by Ms. Mullikin Drake to authorize staff to further refine and implement the program; after being seconded by Mr. Myette, the motion carried unanimously. After the vote had been taken, Mr. Hunt noted that the availability of the program would be contingent upon FHLB funding; if that funding is not made available, the Agency would need to determine an alternate source of funding for this program. However, FHLB approval is expected by mid-October, which is also when the program needs to begin. Since FHLB has been cooperative to this point, staff does not anticipate a problem implementing this program as proposed.

At this time, Ms. Clarke expressed her regrets and left the meeting.

Mr. Schoenbeck, suffering from a recently fractured shoulder, addressed the issue of future single family bond financings. Mr. Schoenbeck had sent a letter to the four remaining bond underwriters asking them to respond with financing proposals based on the permanent extension of Mortgage Revenue Bond (MRB) authority and the current climate of interest rate investment. All four responses were received on the deadline date, September 15, and all four firms consistently suggested that the Agency consider smaller-sized and more frequent financings, with delayed closings of the bonds.

Mr. Myette expressed his regrets and stated that he was unable to remain for the rest of the meeting.

Continuing his report from the bond underwriters, Mr. Schoenbeck acknowledged that more frequent smaller-sized financings and delayed closings are acceptable in the marketplace with little or no penalties to the Agency. This would also help with potential up front contributions to cover losses. The suggestions from the underwriters will be put in narrative form for the Board to review at the next meeting. An advantage of the smaller financings would be to keep the MOVE program available at all times; however, the Agency would need to control bond counsel costs, and Kutak has programs available that will accommodate more frequent financings. Mr. Candon pointed out that all four bond counsel finalists had also cited smaller financings as beneficial for the Agency. No Board action was necessary.

Turning to other old or new business, Ms. Jenkins reported that due to the permanency of the Low Income Housing Tax Credit (LIHTC) program, as well as the maturity of the program, some changes may be necessary in the administration of the program. Currently, the Agency is administering the tax credits under contract with the Agency of Development and Community Affairs, with tax credit recommendations made to an advisory committee which was appointed by the Governor. In the past, these meetings have not been conducted in accordance with the "Open Meeting" law, but this is currently being reviewed. Ms. Jenkins also noted that it may be preferable to have the Board included in the final decision-making process for tax credit allocations, although there would need to be some coordination of the Board's review and the advisory committee's review of tax credit decisions. This issue, as well as guidelines developed by the National Council of State Housing Agencies (distributed to the Board a few months ago) will need to be addressed at a future Board meeting.

Mr. Francis reported that the Housing & Conservation Board, along with the Department of Health, has made a $2.5 million grant application to HUD in an effort to develop and administer a lead-based paint abatement program in Vermont. As currently proposed, the Department of Health would test children in communities such as Burlington and Rutland, and other targeted communities around the state. This program requires $1 million in loan capital to be committed by the Agency; once the grant is funded, the Agency would be looked to as a source of capital. Mr. Francis further explained that the program is for both testing and abatement in multi-family and single family homes, and is meant to provide resources for households needing to perform abatement. As suggested by Ms. Mullikin Drake, Mr. Francis will distribute to the Board lead-based paint information and the list of topics that the Lead-Based Paint Commission is charged to address.

Ms. Randall noted that Mr. Richardson will be leaving Housing Vermont at the end of the year, and asked if there would be a significant impact on the Agency and its relationship with HVT. A broad-based search for a replacement is being conducted, and it is likely that Mr. Hunt will be included in that search process. Mr. Hunt also noted that Mr. Richardson will be leaving by January, but there is every intention of having his replacement hired before that happens.

Ms. Randall also asked for an update on the Westgate Apartments in Brattleboro. Mr. Hunt noted that while the relationship between the Agency and the Brattleboro Area Community Land Trust (BACLT) has improved, HVT's contract for consulting services changed its rate structure in the middle of the Westgate discussions. The appraisal and capital needs assessment process has not yet been resolved. According to Ms. Jenkins, the next step is to sign an agreement with BACLT, but this can not occur until a completed work plan and budget are available, both of which require having the HVT piece resolved. BACLT has already submitted its technical assistance request to HUD and is working with residents to develop an ownership entity.

The next meeting was scheduled for Thursday, October 21, in Burlington. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 3:40 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: TEN COMMANDMENTS 680-698 RIVERSIDE AVENUE, BURLINGTON

WHEREAS, a proposal has been presented to the Agency by Scott Mansfield (who, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the financing of ten townhouse units located at 680-698 Riverside Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986 and a residential rental project within the meaning of IRS Regulation § 1.103-8(b); and

WHEREAS, Scott Mansfield is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; therefore

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and construction costs incurred by the Housing Sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The Housing Sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the VHFA loan.

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $250,000, for the 680-698 Riverside Avenue Development in Burlington.

2. The Commitment Letter shall be issued to Scott Mansfield.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will not exceed 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that equity is available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form acceptable to the Agency:

   (a) Third party management agreement

   (b) Appraisal, demonstrating a loan to value ratio of not more than 75%

   (c) Phase I environmental assessment

   (d) Detailed operating budget

   (e) Parking lease assignable to the Agency in the event of foreclosure or bankruptcy

   (f) Subordination of the LCHDC rental rehabilitation loan

   (g) Preservation Agreement insuring the long-term affordability of the Development

(h) Verification of tenant incomes

(i) Current financial statements and credit reports of the Housing Sponsor.

7. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate, given the circumstances.

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on September 23, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: Board of Commissioners

FROM: Jeff Francis, Deputy Director Jeffrey Francis

DATE: October 15, 1993

RE: SEXUAL HARASSMENT POLICY

The 1993 Vermont General Assembly passed an Act relating to sexual harassment in the workplace which requires that employers take measures to address and prevent sexual harassment in the workplace. Among other requirements, the law requires that Vermont employers:

1. Adopt a policy to deal with instances of sexual harassment;

2. Display in a prominent and accessible location, a poster stating the elements of the sexual harassment policy: and,

3. Provide, by November 1, 1993, a written copy of the employer's policy to each employee.

In an effort to comply with the law, I have worked with Glenn Jarrett to draft a policy for VHFA, which is attached for review. At a full staff meeting last week, we reviewed the draft policy with the staff and offered an explanation of the statute.

RECOMMENDED BOARD ACTION

Adoption of VHFA's policy against sexual harassment, as attached.

VERMONT HOUSING FINANCE AGENCY
SEXUAL HARASSMENT POLICY

Vermont Housing Finance Agency ("VHFA") desires to maintain a professional work environment in which all employees are treated equally and with respect. A major element of such an environment is VHFA's commitment to equal opportunities and the elimination of discriminatory practices, including harassment or intimidation because of sex, race, color, ancestry, religion, national origin, sexual orientation, place of birth, disability, familial status or age. Sexual harassment is unlawful under state and federal laws which prohibit employment discrimination. In addition to being illegal, sexual harassment has a destructive impact on productivity and demoralizes employees. For these reasons VHFA has always opposed sexual harassment affecting its workplace, whether such harassment is verbal, physical or environmental. This policy establishes procedures to address problems and questions regarding sexual harassment in a prompt, discreet and fair manner, and all employees are expected to comply and cooperate with its provisions.

VHFA will take disciplinary action, which may include dismissal, against any employee who violates this policy against sexual or other harassment.

POLICY

Sexual harassment in the workplace is unlawful. No employee, whether male or female, should be subjected to offensive or threatening behavior which impairs the employee's working ability or emotional well-being at work.

Unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature constitute harassment and sex discrimination whenever:

(a) Submission or agreement to such conduct is made either explicitly or implicitly a term or condition of employment, continued employment, advancement, or promotion; or

(b) Submission to or the rejection of such conduct by an individual is used, in whole or in part, as a component of the basis for any decision concerning the employment relationship or employment decisions affecting an individual; or

(c) The conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Some specific examples of behavior which may constitute sexual harassment include:

- sexually suggestive remarks, comments or gestures including jokes and innuendo.
- sexually suggestive material visible in any work area, especially if accompanied by comments about the material, or if given to a certain employee.
- repeatedly pressuring an employee for a date.
- requests for sexual favors.
- unwelcome and/or inappropriate touching.

THIS LIST IS NOT INTENDED TO BE EXHAUSTIVE

Any employee who believes that she or he has been the target of sexual harassment, or who believes she or he has been subjected to retaliation for having brought or supported a complaint of harassment, is encouraged to directly inform the offending person or persons that such conduct is offensive and must stop. If the employee does not wish to communicate directly with the alleged harasser or harassers, or if direct communication has been ineffective, then the person with the complaint is encouraged to report the conduct to VHFA's designees, **Hollis Hope**, Director of Communications, **Jeffrey Francis**, Deputy Director, or **Glenn Jarrett**, General Counsel, either during the workday, at the office, or by contacting them at home. Hollis's home number is 863-9762, Jeff's is 1-223-1182 and Glenn's is 863-6587. Pending the conclusion of any resulting investigation, VHFA will make every effort to maintain confidentiality to protect all parties involved. If it is not feasible or desirable to report such conduct to Hollis, Jeff or Glenn, the employee is encouraged to report the conduct in question to Allan Hunt, Executive Director.

Every claim of sexual harassment will be investigated immediately and will be considered on its own merits. VHFA will take whatever disciplinary action it considers appropriate under the circumstances, including but not limited to reprimand, suspension, or immediate termination of an employee who commits an act or acts constituting sexual harassment. VHFA is committed, and required by law, to take action if it learns of potential sexual harassment, even if the aggrieved employee does not wish to formally file a complaint.

Jeffrey Francis is responsible for insuring that this policy is explained to all employees.

It is unlawful for VHFA to in any way retaliate against an employee for making a complaint of sexual harassment or for cooperating with an investigation of sexual harassment.

Any employee who is dissatisfied with VHFA's action, or is otherwise interested in doing so, may file a complaint by calling or writing to:

1. State of Vermont
   Attorney General's Office
   Civil Rights Division
   109 State Street
   Montpelier, VT 05609
   (802) 828-3657 or 828-3171

OR

2. Equal Employment Opportunity Commission (EEOC)
   1 Congress Street
   Boston, MA 02114
   (617) 565-3200

Such complaints should be filed within 300 days of the occurrence of the conduct. In Vermont, a complaint filed with the State of Vermont Attorney General's Office will automatically be filed by the state with the EEOC.

In addition, a complainant also has the right to hire a private attorney and to pursue a private legal action in state court within three or six years, depending on the type of claim raised.

A copy of this policy will be provided to every employee. Extra copies are available at Barbara Parker's office.

Upon request, reasonable accommodations will be provided for persons with disabilities who need assistance in filing or pursuing a complaint of harassment.

The Burlington Free Press

MONEY

Wednesday, October 13, 1993 ■ Business Editor: Chriss Swaney, 660-1870 or (800) 427-3124

MARK SASAHARA, *Free Press*

J. Roger Glunt, president of the National Association of Home Builders (left), talks with Allan Hunt, executive director of the Vermont Housing Finance Agency, in the living room of a renovated home on Dalton Drive at Fort Ethan Allen on Tuesday. The former Officers Row was recently renovated.

Home base about-face

Fort Ethan Allen renovation inspires other areas

By Chriss Swaney
Business Editor

The $7 million renovation of historic Fort Ethan Allen may become a model for other military bases facing closure nationwide.

J. Roger Glunt, president of the National Association of Home Builders, Tuesday said the concept of using public and private sources to develop former military properties should be used nationally.

"The Vermont Housing Finance Agency has done an excellent job by stepping over the line and taking the risk to create a successful project," said Glunt, who visited the fort Tuesday.

The project, which involved conversion of 19 buildings into 77 condo and townhouse units, took five years to complete. The project attracted a mix of first-time homebuyers and professionals.

Carol Dussault, a nurse at Medical Center Hospital of Vermont, said she was attracted to the housing because she likes old places. The houses sport hardwood floors, 10-foot ceilings and ornate mantels.

Fort facts

Nineteen buildings at Fort Ethan Allen were converted into housing with help from public and private sources.

- Units range in price from $62,000 to $118,000.
- The project's general contractor was Engelberth Construction Co. The Vermont Housing Financing Agency coordinated the project.
- Financing was provided by a mix of sources, including a $248,000 community development block grant.

"They're beautiful, convenient and affordable," said Caitlin Glaser, 38, a resident at the former Fort Ethan Allen officer's quarters.

Following a tour of the project, Glunt was given a draft report of how the project was converted into affordable housing. The report outlines all the challenges faced by the housing authority, financing ideas and preservation challenges. More than 200 people were involved with the project at the height of renovation. Prior to renovation, the turn-of-the-century buildings served as student housing for the University of Vermont. During the 1890s, troops of the 3rd U.S. Cavalry were stationed at the tree-lined quarters.

Glunt said he would make copies of the draft report available to his association, which has more than 100,000 members. Glunt also promised to work with federal agencies such as the Department of Housing and Urban Development and the Department of Defense to ensure that the organizations are aware of the Fort Ethan Allen model of military conversion.

"More than 238 military bases have been slated for closure and along with that are thousands of units of military housing," Glunt said. "We believe the conversion of military housing to civilian use must be a high priority."

Allan Hunt, executive director of the Vermont Housing Finance Agency, said he has received inquiries about the fort conversion from Plattsburgh, N.Y., officials. Plattsburgh Air Force Base, which is scheduled to close, has 1,600 housing units. Since 1988, the U.S. Air Force has closed 11 bases nationwide.

Q&A

VHFA is the quiet giant of mortgage lending

Even with interest rates the lowest they've been in recent memory, and still falling, the dream of home ownership continues to elude many Vermonters. To more closely examine the role it plays in helping resolve this dilemma, we spoke with Allan S Hunt, executive director of the Vermont Housing Finance Agency; the VHFA constitutes about 20 percent of the primary housing market in Vermont. Also, Vermont has the eighth-highest percentage of home ownership in the nation. Hunt was interviewed August 27 in his Burlington office.

VBM: What does the VHFA do and how does it work?

HUNT: VHFA was created in 1974 by the Legislature. It was set up to be an autonomous organization, non-profit, and basically its mission is to provide financing to low and moderate income people who can't access normal credit, both in terms of home mortgages as well as providing financing for affordable rental housing and some splinter programs — energy loans and home improvement loans and things like that. Housing-related finance. We raise our funds through the sale of tax-exempt bonds. Since we started in 1974 we've sold close to a billion dollars in bonds. We've made over 16,000 home loans and we've financed approaching 4,000 units of affordable rental housing. To give you a sense of scale of our programs, in 1992 we were doing over 30 percent of the primary housing market in Vermont on the affordable level, which is what we define as under $105,000, and about 20 percent of the overall market, regardless of price. So, we're a pretty big player. In 1991, where really the conventional market was way down, our share reached over 40 percent of the affordable housing, primary home business, and about 25 percent of all business. That was the peak. We've gone down from that and we're glad we are down from that because it indicates the banks are designing and implementing programs that help poor people. The general public, at least historically, hasn't really had to deal with us directly on the single-family side. However, we're more and more reaching out to the general public, in terms of our out-reach programs, where we are doing home buyer fairs and home buyer counseling and sitting down with individual people and working with them to see if we can figure out a way to get them into a home. The market seems to be about what it was last year, maybe a little bit better, but not dramatically better, which is unfortunate.

VBM: Young professionals, it seems, are looking more and more at VHFA loans...

HUNT: ...Right...

VBM: ...But they don't seem to be what was the original target for these loans. Is that accurate? Or have they always been involved in VHFA?

HUNT: Our average borrower today earns about 26 or 27 thousand dollars. That's not dramatically up from previous years when adjusted for inflation. And believe it or not, the average house price that we're financing today is in the mid-70s. I think the profile of our buyers is a cross-section of folks. We do a lot of lending to single heads of households, people who may not be able to get conventional credit for one reason or another, and certainly one of the primary thresholds in our program is we instruct the banks that if they can make the loan on their own, they should do so, and not really on our program. So, we're really ending up, to some extent, as a lender of last resort. And what's interesting about that is people will say, gee, you must be taking a lot of risk, and while we are, our delinquency and foreclosure rates tend to be at or below the conventional bank rate in the state, and well below the rate nationally and in New England.

VBM: Why?

HUNT: Well, it's due to the fact that we're lending at such basic levels that, generally, people in that price range, and we view our audience as 20 to 40 thousand dollars — we make a few loans below 20 and a few above 40, but very, very few — those people typically do not incur lots of other debt, or can't acquire a lot of debt. They don't have a lot of credit cards, they may have a college loan, they may have a car loan. So, they're not prone to get themselves into as much trouble as somebody who may be of slightly higher income and sent credit cards in the mail.

VBM: As a renter, I know that costs are essentially equivalent to a monthly mortgage, other than the closing costs and taxes.

HUNT: We did a renter survey last summer of 500 people throughout the state and asked them what kind of problems they had in getting into a home. First, we asked them if they wanted to be in a home, and overwhelmingly, 87 percent, said, yeah, we'd like to buy a home. Problems, other than income levels, which we felt we didn't have much to say about, was down-payment, closing costs, credit problems and lack of knowledge of how to go about doing it, were the three big issues. We went ahead and developed a no-down-payment program, which, at this point, has a limited number of loans we can make with no down-payment. We're trying to make it easy for people to get into a house. There's a point at which you may make it too easy, and a home ownership situation shouldn't be for everybody, but we're trying to eliminate whatever hurdles we can. We think, frankly, we've hit most of the candidates for our mission, but maybe we have to move down a notch and deal with people who may not think of themselves as potential home buyers. We've made so many loans in the last four or five years, we've moved — and I don't mean we, alone, but I think we've been a big factor — we've moved Vermont into the eighth highest home ownership rate in the country. And when we started in 1987 or '88, it was about 20th. Now it's number eight. So, we've made a big dent in moving as many people as possible into home ownership. Which we're pleased about.

VBM: You have been able to make a lot of loans, but still maintain a low failure rate. You wouldn't think those two things would go together. You'd think that the more loans you make, the higher the failure rate.

HUNT: I think that's a correct assumption. It's possible for us that those good statistics, the low delinquencies, won't hold up, although we've been in business now for nearly 20 years and so far they've held up and we've had a couple of pretty grim recession/depression scenarios. One thing that is happening that is a disturbing trend relative to the '80s is that property values in some cases are going down. If you look at an area like the Northeast Kingdom, there's a significant decrease in property values, and has been for the last three or four years. So, if we made a loan in '87 at the high point of the property value in the Northeast Kingdom, now we get it back on a foreclosure basis. We're taking some pretty heavy hits up there.

VBM: Let me ask you about some of the nuts and bolts of the VHFA. What is the profile of your typical borrower?

HUNT: Our average borrower earns in the mid-20s, 26-27,000, it's a three-person household, three-and-half-person household, fairly standard family. They're buying a home that has a purchase price in the mid-70s. Their mortgage tends to be in the high-60s. They typically put down — most of our borrowers only put down the 5 percent that's required and, as I said, we now offer a no-down-payment option periodically — they're predominantly white, our minority lending has been very limited, but probably consistent with the population in the state. A high number of single heads of households. People who get divorced, either the husband or the wife will keep the house and the other one eventually wants to get back into a house. We do a lot of that financing. About 15 to 17 percent of our portfolio is single head of household.

VBM: What is your credit rating?

HUNT: Whenever we issue bonds, they rate it. And they typically are rated between A+ and double A, depending on the nature of the bond, that sort of thing. So, we're a little bit below the state's own credit rating, but not by much.

VBM: Have you had any problems in raising money?

HUNT: No.

VBM: What is the upper limit for a borrower?

HUNT: In terms of income? The maximum somebody can make right now, it depends on the family size, for one or two people, it's 36.1, and for three or more, it's 41.5.

VBM: What's the upper range in housing cost?

HUNT: For an existing home, no more than 97,000, and a newly built home, 110. We want it to reflect the fact that new construction tends to be more expensive.

VBM: How many loans do you make a year?

HUNT: We make roughly a thousand loans a year, 16,000 since we started. That will go up or down a little bit depending on the year, but in that range.

VBM: What's your budget?

HUNT: Our operating budget is about two million bucks. There's 40 employees.

VBM: Can you make loans for second homes?

HUNT: No. Primary residential, owner-occupied, with the exception, again, we do have another program where we make loans to either for-profit or non-profit developers of rental housing, which is an entirely different program. But, no secondary or seasonal homes.

VBM: A national survey conducted for Fannie Mae last year indicates that many people think they'll never be able to afford a house and many are beginning to realize that they are losing equity in their home, not gaining it (eg, 78 percent believe owning a home is a good investment, yet more than one in five don't own one; only 77 percent say their home would sell for more than they paid; only 42 percent of those surveyed in the Northeast believe housing prices will rise). My parents' house was bought for under $20,000 and sold for $200,000 33 years later. So, we're not going to see that. The other side of the issue is that people expect so much more in a home: more bedrooms and bathrooms, garages, fireplaces (the average size of a new, single family home was 900 square feet in the 1950s and 2,050 square feet in 1991). This gets to the whole issue of what's an affordable home.

HUNT: All those are good points. Certainly, the size of the home has grown a lot.

VBM: Is it reasonable for people to have those expectations?

HUNT: I don't know if it's reasonable. Certainly, that expectation, I think, means that a lot of people aren't getting into a house because their sights are higher than their wallets allow them to be. And we have a lot of developers that we talk to, and we talk to them about developing a very basic 24 by 36 ranch house on a site, and most of them are scared to death to do that because they don't think consumers will buy that kind of housing, even though we can give them good financing and all of that. They simply want more, and they'd rather wait than go ahead and buy and get less than their expectation. And part of the phenomenon, I think, that's happening is you used to be able to say, well, gee, if I move into this very basic house, I know in two or three years I'll be able to sell it for more than I paid for it; I know I can move on to a bigger house. So it became a stepping stone situation. Now people are not so sure. Maybe the first house they buy is the house they're going to live in for a long time, and they don't want to compromise.

Allan S Hunt of VHFA

photo: T McQuiston

VBM: Is that going to turn around at all?

HUNT: I think there's going to be a gradual lowering of expectations, because I have to believe that we're not going to see a sudden turn around in the real estate market, where we're going to start seeing the kind of appreciation we did in the late '80s.

VBM: What do you see as the future of housing in Vermont?

HUNT: Well, I see, at least for us, is working on a lot of un-met niches. There are a lot of niches in the housing market that need to be addressed. And, I think we're going to be doing more and more of figuring out what those niches are and moving into them. We've got some immigrants here — quite a few — Eurasians and Tibetans, and people like that, that are going to need some assistance and have a real high desire for home ownership, but maybe need some sort of unusual product. I think we're going to see a lot more different types of housing: cooperative housing is certainly starting to appear in the Burlington area, it represents a fairly viable form of quasi-home ownership, where people are moving in without a great expectation of appreciation. But, they want to be in a community environment and the people that live next door have a vested interest in how they maintain their property. Co-housing certainly is something that should be looked at, where people are going to accept a more modest living quarters, with some common quarters for house guests and community space and maybe a common kitchen. But the individual units are going to be much smaller. But, it's going to allow people to get more of a sense of neighborhood and community.

VBM: Will we see a rash of home-building at all in the near future?

HUNT: I don't believe that there will be. I always am hesitant because I'm sometimes the last person to figure out when the right time to build is. We are getting a lot of interest. We are talking to a lot of developers who are talking about doing something. But, again, it's more of niches, selective markets. I think we're getting into micro-markets, where South Burlington might be a terrific market, but the rest of Chittenden County isn't. There may be a great market for housing in the $90,000-range, but you get up to 125 and, there isn't.

VBM: What is going to be the future of affordable housing, however that is defined? Existing homes, new homes, smaller homes, mobile homes?

HUNT: What I'd like to see, and what we haven't seen in Vermont, and we'd like to see it, and we're probably going to be working on a couple of initiatives, is a really well-designed mobile home, manufactured housing park or subdivision, whatever you want to call it. I think we've suffered a lot in Vermont from the stigma of poorly designed, poorly implemented parks that don't represent what modern technology can do. If you go to Florida or anywhere in the South, you see some excellently designed and laid out parks. Very affordable housing, but not a blight or an eyesore at all. So, I think we need to look at that, because I think we do need to find some options for those people who are in the 18 to $25,000 income range, who could benefit from owning something. It may not be quite what they wanted, but it will be attractive and well-designed and enduring. So that, to me, is sort of my dream, along with more co-op, some co-housing kinds of prototypes, to see how that works.

VBM: If there were no VHFA, what would your current mortgage holders be doing right now? Could you just wipe out 20 percent, whatever your market share is, and assume they would not be owning their own home?

HUNT: You would wipe out a good percentage of it. I'm convinced that probably 80 percent of the loans we make are not bankable loans, in the traditional banking world.

VBM: So that's eliminating 800 loans.

HUNT: Yeah, 7 or 800 loans a year. I think for the loans we make, it would be very difficult to get other kinds of financing. Those people would be in rental situations. We have testimonials coming out the door that our promotional people get reflecting the fact that without us, they wouldn't have a home. The situation is getting better and I think that percentage is probably dropping somewhat. But, there's still going to be a segment where whatever affordable housing initiatives the banks or Fannie Mae or Freddie Mac come up with aren't going to do it for a certain population in Vermont. That's where we're going to continue to be a big player. My objective is not a numbers game. I don't really care whether we do 200 or 500 or 1,000 loans. I do care about making sure that anybody who deserves a shot at owning a house gets one. And I think we probably give that to them. They're pretty lucky to have our kind of organization in Vermont.

VBM: Do you anticipate you'll keep growing?

HUNT: In terms of aggregate numbers? No. If anything, I would think we'll contract a little bit. But, what we are doing is creating more specialized programs, more highly targeted programs. The income growth, in a lot of cases, the incomes of our borrowers have actually gone down in the last few years, which means we're reaching down to a lower-income person than we were two or three years ago.

VBM: Is there something that is obvious to you that I haven't asked?

HUNT: I think we've covered the gamut. Probably the one area we didn't talk about that is a growth industry in the housing market — we just have to figure out what it looks like — is senior housing, or housing for elderly people, nursing homes, continuing care homes, the poor-man's Wake Robin, perhaps (a Shelburne retirement community). I think there's a tremendous opportunity when you look at the demographics in this state. Those folks are going to need all kinds of different options.

VBM: Many of those people have tremendous equity in there homes, but no cash in hand.

HUNT: Cash poor, but have all this equity, and need to have some options. We're looking at things like reverse mortgages, where, in effect, they're converting some of that equity into a stream of payments that will be paid when they ultimately sell their home. That's happened in other parts of the country. It hasn't happened a lot here. I think that reflects the conservative nature of Vermonters. They don't want to give up that equity and sort of cash it in at this point. They want to hold on to it as long as possible. But, unfortunately, I think they're going to be forced to do that. Or, to trade down into a much smaller home, or into a condominium or into a variety of housing types. ■

2 Points
Interest Rate: 6.95%
7.95%

STATISTICAL REPORT PROGRAM ID: 93A
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 10/14/93
Loan Status: CC,UC,O

Report: 1587

Total Number of Loans:	134
Total Loan Amount:	$8,237,848

EXISTING:	$6,586,548	81.3%	109 Loans
NEW CONSTRUCTION:	$1,651,300	18.6%	25 Loans
NEW DETACHED HOUSING:	$1,431,750	86.7%	22 Loans
NEW CONDOMINIUM:	$219,550	13.2%	3 Loans
Funds Remaining to be Reserved:	$6,263	0.0%	0 Loans (Est.)

Total Insured or Guaranteed Loans:	127
Loans Guaranteed by VHMGB:	123

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$63,437	$70,686	$65,601
Avg. Loan Amount	$59,684	$65,688	$61,476
Avg. Borrower Income	$25,844	$26,373	$26,002
Avg. Housing Debt-Income Ratio	23.9%	26.7%	24.7%
Avg. Total Debt	$678.37	$715.25	$689.38
Avg. Total Debt-Income Ratio	31.7%	32.7%	32.0%
Total No. of Loans	94	40	134
% of Total Loan Amount	68.1%	31.9%	100.0%
First Time Homebuyers	88.2%	100.0%	91.7%
% Meeting Low Income Set Aside	47.8%	57.5%	50.7%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	8	6.0%	$383,912	5,000	5.7%	0.3
Bennington	2	1.5%	$152,884	6,300	7.2%	5.7-
Caledonia	16	11.9%	$876,091	4,800	5.5%	6.4
Chittenden	18	13.6%	$1,344,432	16,000	18.2%	4.6-
Essex	5	3.7%	$270,766	1,300	1.4%	2.3
Franklin	27	20.1%	$1,745,281	6,000	6.8%	13.3
Grand Isle	1	0.7%	$62,500	900	1.0%	0.3-
Lamoille	2	1.5%	$128,875	3,300	3.8%	2.3-
Orange	6	4.5%	$355,082	4,300	4.9%	0.4-
Orleans	22	16.4%	$1,195,491	4,200	4.8%	11.6
Rutland	2	1.5%	$150,750	10,000	11.4%	9.9-
Washington	11	8.2%	$713,505	9,000	10.3%	2.1-
Windham	3	2.2%	$174,465	7,100	8.1%	5.9-
Windsor	11	8.2%	$683,814	9,600	11.0%	2.8-
TOTAL	134	100.0%	$8,237,848	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 10/14/93 Vermont Housing Finance Agency Report: 1130
PAGE NO. 1 93A - $9,571,625 1990 SERIES 3-SF HOUSING PROGRAM 1S 7.95 PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 6.950%

Date : 10/14/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$67,925	0.7%	$67,925	0.7%	$67,925	$0	0.0%
Banknorth Mortgage Co		$717,904	7.5%	$626,404	6.5%	$296,894	$329,510	45.8%
Brattleboro Savings and Loan		$47,500	0.4%	$0	0.0%	$0	$0	0.0%
Chittenden Bank		$2,226,820	23.2%	$1,944,745	20.3%	$1,082,251	$862,494	38.7%
Citizens Savings Bank and Trust		$484,906	5.0%	$484,906	5.0%	$308,864	$176,042	36.3%
Community National Bank		$1,165,591	12.1%	$1,123,791	11.7%	$649,151	$474,640	40.7%
Green Mountain Bank		$33,000	0.3%	$33,000	0.3%	$33,000	$0	0.0%
Lyndonville Savings Bank & Trust Company		$298,398	3.1%	$196,048	2.0%	$196,048	$0	0.0%
Marble Bank		$48,410	0.5%	$48,410	0.5%	$48,410	$0	0.0%
Merchants Bank, The		$199,537	2.0%	$199,537	2.0%	$137,550	$61,987	31.0%
Mortgage Service Center of New England		$202,805	2.1%	$170,600	1.7%	$0	$170,600	84.1%
National Bank of Middlebury, The		$16,500	0.1%	$16,500	0.1%	$16,500	$0	0.0%
New England IBM Employees Fed Crdt Union		$65,346	0.6%	$65,346	0.6%	$65,346	$0	0.0%
Northfield Savings Bank		$123,000	1.2%	$123,000	1.2%	$76,000	$47,000	38.2%
Passumpsic Savings Bank		$440,955	4.6%	$232,100	2.4%	$105,400	$126,700	28.7%
Randolph National Bank		$67,100	0.7%	$38,600	0.4%	$0	$38,600	57.5%
Statewide Funding Corporation		$70,000	0.7%	$70,000	0.7%	$0	$70,000	100.0%
Summit Financial Center, Inc.		$741,742	7.7%	$456,932	4.7%	$0	$456,932	61.6%
Vermont Development Credit Union		$119,950	1.2%	$119,950	1.2%	$0	$119,950	100.0%
Vermont Federal Bank, FSB		$1,197,752	12.5%	$1,162,252	12.1%	$1,096,702	$65,550	5.4%
Vermont National Bank		$1,229,652	12.8%	$1,106,252	11.5%	$762,427	$343,825	27.9%
TOTALS	157 Loans	$9,564,793	99.9%	$8,286,298	86.5%	$4,942,468	$3,343,830	34.9%

0 Point
Interest Rate: 7.25%
8.25%

STATISTICAL REPORT PROGRAM ID: 93B
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 10/14/93
Loan Status: CC,UC,O

Report: 1587

Total Number of Loans:	261
Total Loan Amount:	$17,223,958

EXISTING:	$14,960,765	87.7%	229 Loans
NEW CONSTRUCTION:	$2,263,193	12.2%	32 Loans
NEW DETACHED HOUSING:	$2,107,188	93.1%	30 Loans
NEW CONDOMINIUM:	$156,005	6.8%	2 Loans
Funds Remaining to be Reserved:	$345,156	1.6%	5 Loans (Est.)

Total Insured or Guaranteed Loans:	256
Loans Guaranteed by VHMGB:	255

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,058	$76,054	$69,505
Avg. Loan Amount	$62,723	$72,202	$65,992
Avg. Borrower Income	$27,810	$30,446	$28,719
Avg. Housing Debt-Income Ratio	24.1%	25.6%	24.6%
Avg. Total Debt	$765.32	$828.83	$787.22
Avg. Total Debt-Income Ratio	33.0%	32.8%	32.9%
Total No. of Loans	171	90	261
% of Total Loan Amount	62.3%	37.7%	100.0%
First Time Homebuyers	95.3%	97.7%	96.1%
% Meeting Low Income Set Aside	32.1%	28.8%	31.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	24	9.2%	$1,706,548	5,000	5.7%	3.5
Bennington	13	5.0%	$929,125	6,300	7.2%	2.2-
Caledonia	29	11.1%	$1,657,092	4,800	5.5%	5.6
Chittenden	36	13.9%	$2,771,761	16,000	18.2%	4.3-
Essex	3	1.1%	$166,350	1,300	1.4%	0.3-
Franklin	16	6.1%	$966,165	6,000	6.8%	0.7-
Grand Isle	3	1.1%	$198,425	900	1.0%	0.1
Lamoille	20	7.7%	$1,374,361	3,300	3.8%	3.9
Orange	9	3.4%	$561,343	4,300	4.9%	1.5-
Orleans	18	6.9%	$914,043	4,200	4.8%	2.1
Rutland	43	16.5%	$2,966,245	10,000	11.4%	5.1
Washington	27	10.3%	$1,714,898	9,000	10.3%	0.0
Windham	6	2.3%	$405,271	7,100	8.1%	5.8-
Windsor	14	5.4%	$892,331	9,600	11.0%	5.6-
TOTAL	261	100.0%	$17,223,958	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 10/14/93 | Vermont Housing Finance Agency | Report: 1130
PAGE NO. 1 | 93B - $20,600,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25 | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 7.250%

Date : 10/14/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$513,110	2.4%	$303,350	1.4%	$125,700	$177,650	34.6%
Banknorth Mortgage Co		$2,214,529	10.7%	$1,943,779	9.4%	$765,379	$1,178,400	53.2%
Chittenden Bank		$3,140,750	15.2%	$2,911,325	14.1%	$1,677,443	$1,233,882	39.2%
Citizens Savings Bank and Trust		$455,444	2.2%	$347,425	1.6%	$277,425	$70,000	15.3%
Community National Bank		$603,753	2.9%	$603,753	2.9%	$247,648	$356,105	58.9%
Factory Point National Bank, The		$39,600	0.1%	$39,600	0.1%	$0	$39,600	100.0%
Fleet Mortgage		$418,240	2.0%	$342,525	1.6%	$0	$342,525	81.8%
Kittredge Mortgage Corporation		$163,400	0.7%	$90,250	0.4%	$0	$90,250	55.2%
Lyndonville Savings Bank & Trust Company		$102,460	0.4%	$102,460	0.4%	$59,500	$42,960	41.9%
Marble Bank		$1,067,632	5.1%	$855,732	4.1%	$505,257	$350,475	32.8%
Merchants Bank, The		$517,332	2.5%	$517,332	2.5%	$258,763	$258,569	49.9%
Mortgage Service Center of New England		$365,321	1.7%	$142,321	0.6%	$75,821	$66,500	18.2%
National Bank of Middlebury, The		$127,297	0.6%	$91,197	0.4%	$91,197	$0	0.0%
Northfield Savings Bank		$873,735	4.2%	$740,835	3.5%	$601,660	$139,175	15.9%
Passumpsic Savings Bank		$1,107,168	5.3%	$884,683	4.2%	$400,457	$484,226	43.7%
Peoples Trust Company of St Albans		$173,850	0.8%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$2,208,221	10.7%	$1,907,726	9.2%	$213,709	$1,694,017	76.7%
Summit Financial Center, Inc.		$371,100	1.8%	$371,100	1.8%	$0	$371,100	100.0%
Union Bank		$806,810	3.9%	$806,810	3.9%	$290,834	$515,976	63.9%
Vermont Federal Bank, FSB		$2,700,453	13.1%	$2,346,103	11.3%	$1,729,028	$617,075	22.8%
Vermont National Bank		$1,910,292	9.2%	$1,696,892	8.2%	$1,078,039	$618,853	32.3%
Wells River Savings Bank		$373,510	1.8%	$307,960	1.4%	$0	$307,960	82.4%
TOTALS	309 Loans	$20,254,007	98.3%	$17,353,158	84.2%	$8,397,860	$8,955,298	44.2%

2 Points
Non First Time Home Buyer Program
Interest Rate: 6.95%
7.95%

STATISTICAL REPORT PROGRAM ID: 94A
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 10/14/93
Loan Status: CC,UC,O

Report: 1587

Total Number of Loans:	5
Total Loan Amount:	$377,998

EXISTING:	$303,198	80.0%	4 Loans
NEW CONSTRUCTION:	$74,800	20.0%	1 Loans
NEW DETACHED HOUSING:	$74,800	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,871,880	83.1%	24 Loans (Est.)

Total Insured or Guaranteed Loans:	5
Loans Guaranteed by VHMGB:	5

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$82,780	$82,225	$82,336
Avg. Loan Amount	$74,800	$75,799	$75,599
Avg. Borrower Income	$27,084	$30,291	$29,649
Avg. Housing Debt-Income Ratio	29.0%	26.2%	26.8%
Avg. Total Debt	$675.00	$758.50	$741.80
Avg. Total Debt-Income Ratio	30.0%	31.0%	30.8%
Total No. of Loans	1	4	5
% of Total Loan Amount	19.8%	80.2%	100.0%
First Time Homebuyers	100.0%	50.0%	60.0%
% Meeting Low Income Set Aside	0.0%	50.0%	40.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	1	20.0%	$74,800	4,800	5.5%	14.5
Chittenden	2	40.0%	$146,455	16,000	18.2%	21.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	20.0%	$80,933	900	1.0%	19.0
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	1	20.0%	$75,810	9,600	11.0%	9.0
TOTAL	5	100.0%	$377,998	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency

94A - $2,250,000 1990 SERIES 4-SF HOUSING PROG 1S-7.95%

Status Report (with percent of pool proceeds approved)

Rate : 6.950%

Date : 10/14/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$80,000	3.5%	$80,000	3.5%	$0	$80,000	100.0%
Northfield Savings Bank		$75,810	3.3%	$75,810	3.3%	$75,810	$0	0.0%
Passumpsic Savings Bank		$74,800	3.3%	$74,800	3.3%	$0	$74,800	100.0%
Vermont National Bank		$147,388	6.5%	$147,388	6.5%	$147,388	$0	0.0%
TOTALS	5 Loans	$377,998	16.7%	$377,998	16.7%	$223,198	$154,800	40.9%

0 Points

Non First Time Home Buyer Program

Interest Rate: 7.25%

8.25%

STATISTICAL REPORT PROGRAM ID: 94B

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 10/14/93

Loan Status: CC,UC,O

Report: 1587

Total Number of Loans: 10

Total Loan Amount: $714,765

EXISTING:	$629,545	90.0%	9 Loans
NEW CONSTRUCTION:	$85,220	10.0%	1 Loans
NEW DETACHED HOUSING:	$85,220	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,467,667	65.2%	20 Loans (Est.)

Total Insured or Guaranteed Loans: 10

Loans Guaranteed by VHMGB: 10

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,000	$75,410	$74,469
Avg. Loan Amount	$62,700	$72,451	$71,476
Avg. Borrower Income	$24,180	$31,814	$31,051
Avg. Housing Debt-Income Ratio	28.0%	24.6%	25.0%
Avg. Total Debt	$560.00	$875.44	$843.90
Avg. Total Debt-Income Ratio	28.0%	33.2%	32.7%
Total No. of Loans	1	9	10
% of Total Loan Amount	8.8%	91.2%	100.0%
First Time Homebuyers	100.0%	55.5%	60.0%
% Meeting Low Income Set Aside	100.0%	11.1%	20.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	30.0%	$230,982	5,000	5.7%	24.3
Bennington	1	10.0%	$77,900	6,300	7.2%	2.8
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	3	30.0%	$212,983	16,000	18.2%	11.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	10.0%	$62,700	900	1.0%	9.0
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	10.0%	$62,700	9,000	10.3%	0.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	1	10.0%	$67,500	9,600	11.0%	1.0-
TOTAL	10	100.0%	$714,765	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.

Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency
94B - $2,250,000 1990 SERIES 4-SF HOUSING PROG 1S-8.25%
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 10/14/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$62,700	2.7%	$62,700	2.7%	$62,700	$0	0.0%
Banknorth Mortgage Co		$67,500	3.0%	$67,500	3.0%	$0	$67,500	100.0%
Chittenden Bank		$77,900	3.4%	$77,900	3.4%	$0	$77,900	100.0%
Green Mountain Bank		$58,200	2.5%	$58,200	2.5%	$58,200	$0	0.0%
Kittredge Mortgage Corporation		$84,600	3.7%	$84,600	3.7%	$0	$84,600	100.0%
Marble Bank		$141,062	6.2%	$141,062	6.2%	$141,062	$0	0.0%
Vermont Federal Bank, FSB		$147,920	6.5%	$147,920	6.5%	$147,920	$0	0.0%
Vermont National Bank		$74,883	3.3%	$74,883	3.3%	$74,883	$0	0.0%
TOTALS	10 Loans	$714,765	31.7%	$714,765	31.7%	$484,765	$230,000	32.1%

2 Points - HOUSE
Interest Rate: 5.95%-6.45%
~~6.95%-7.45%~~

STATISTICAL REPORT PROGRAM ID: 94H

Report: 1587

UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 10/14/93
Loan Status: CC,UC,O

Total Number of Loans:	63
Total Loan Amount:	$3,877,547

EXISTING:	$1,488,142	42.8%	27 Loans
NEW CONSTRUCTION:	$2,389,405	57.1%	36 Loans
NEW DETACHED HOUSING:	$1,162,048	48.6%	18 Loans
NEW CONDOMINIUM:	$1,227,357	51.3%	18 Loans
Funds Remaining to be Reserved:	$2,363,324	33.7%	38 Loans (Est.)

Total Insured or Guaranteed Loans:	47
Loans Guaranteed by VHMGB:	47

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$67,562	$74,690	$73,332
Avg. Loan Amount	$51,826	$63,835	$61,548
Avg. Borrower Income	$23,395	$25,611	$25,188
Avg. Housing Debt-Income Ratio	26.4%	28.8%	28.3%
Avg. Total Debt	$732.66	$766.01	$759.66
Avg. Total Debt-Income Ratio	37.5%	36.2%	36.5%
Total No. of Loans	12	51	63
% of Total Loan Amount	16.0%	84.0%	100.0%
First Time Homebuyers	100.0%	98.0%	98.4%
% Meeting Low Income Set Aside	58.3%	68.6%	66.6%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	7.9%	$293,269	5,000	5.7%	2.2
Bennington	1	1.6%	$53,780	6,300	7.2%	5.6-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	26	41.2%	$1,766,225	16,000	18.2%	23.0
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	2	3.2%	$107,689	10,000	11.4%	8.2-
Washington	1	1.6%	$60,317	9,000	10.3%	8.7-
Windham	9	14.3%	$453,907	7,100	8.1%	6.2
Windsor	19	30.2%	$1,142,360	9,600	11.0%	19.2
TOTAL	63	100.0%	$3,877,547	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency

94H - $7,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY

Status Report (with percent of pool proceeds approved)

Rate : 7.450%

Date : 10/14/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$160,200	2.2%	$78,200	1.1%	$78,200	$0	0.0%
Banknorth Mortgage Co		$211,314	3.0%	$149,314	2.1%	$55,189	$94,125	44.5%
Brattleboro Savings and Loan		$70,083	1.0%	$0	0.0%	$0	$0	0.0%
Factory Point National Bank, The		$53,780	0.7%	$53,780	0.7%	$0	$53,780	100.0%
Marble Bank		$820,094	11.7%	$745,094	10.6%	$525,532	$219,562	26.7%
Merchants Bank, The		$62,000	0.8%	$62,000	0.8%	$62,000	$0	0.0%
Mortgage Service Center of New England		$69,930	0.9%	$69,930	0.9%	$69,930	$0	0.0%
National Bank of Middlebury, The		$186,428	2.6%	$126,928	1.8%	$126,928	$0	0.0%
Vermont Development Credit Union		$636,685	9.0%	$570,685	8.1%	$0	$570,685	89.6%
Vermont Federal Bank, FSB		$1,013,448	14.4%	$908,648	12.9%	$768,848	$139,800	13.7%
Vermont National Bank		$1,350,168	19.2%	$1,112,968	15.8%	$842,403	$270,565	20.0%
TOTALS	75 Loans	$4,634,130	66.2%	$3,877,547	55.3%	$2,529,030	$1,348,517	29.0%

Mortgage Pluse - Mortgage Credit Certificate Program - 20% Credit Rate

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6
UNDERWRITING DATABASE
EFFECTIVE: 10/14/93

Total Number of Loans:	112
Total Loan Amount:	$8,685,923
Average Loan Amount:	$77,552

EXISTING:	$6,292,408	73.2%	82 Loans
NEW CONSTRUCTION:	$2,339,365	25.8%	29 Loans
NEW DETACHED HOUSING:	$1,145,200	48.9%	14 Loans
CONDOMINIUM:	$2,066,946	24.1%	27 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$79,817	$86,879	$83,663
Avg. Loan Amount	$74,019	$80,507	$77,552
Avg. Borrower Income	$27,800	$26,000	$26,820
Total No. of Loans	51	61	112
First Time Homebuyers	88.2%	100.0%	94.6%
% of Total Loan Amount	43.5%	56.5%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	2.7%	$266,250	4,500	5.8%	3.1-
Bennington	5	4.5%	$387,550	5,400	7.0%	2.5-
Caledonia	2	1.8%	$136,750	4,400	5.7%	3.9-
Chittenden	51	45.4%	$4,104,196	13,100	17.0%	28.4
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	15	13.4%	$1,121,993	5,700	7.4%	6.0
Grand Isle	1	0.9%	$84,550	700	0.9%	0.0
Lamoille	2	1.8%	$144,700	3,100	4.0%	2.2-
Orange	3	2.7%	$181,350	4,000	5.2%	2.5-
Orleans	2	1.8%	$124,275	3,800	4.9%	3.1-
Rutland	8	7.1%	$622,703	9,200	11.9%	4.8-
Washington	18	16.1%	$1,371,956	7,900	10.3%	5.8
Windham	1	0.9%	$71,250	6,000	7.8%	6.9-
Windsor	1	0.9%	$68,400	8,100	10.5%	9.6-
TOTAL	112	100.0%	$8,685,923	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

AS OF: 10/14/93 | PAGE NO. 1 | Report: 1130 | PERSTATU

Vermont Housing Finance Agency
MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 10/14/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$2,014,325	5.3%	$1,943,675	5.1%	$879,550	$1,064,125	52.8%
Banknorth Mortgage Co		$2,032,683	5.4%	$1,352,465	3.6%	$598,600	$753,865	37.0%
Chittenden Bank		$1,831,210	4.8%	$1,412,035	3.7%	$1,044,935	$367,100	20.0%
Commonwealth United Mortgage Company		$285,846	0.7%	$160,386	0.4%	$75,836	$84,550	29.5%
Fleet Mortgage		$261,555	0.6%	$165,493	0.4%	$165,493	$0	0.0%
Merchants Bank, The		$694,000	1.8%	$538,000	1.4%	$433,000	$105,000	15.1%
Mortgage Service Center of New England		$154,950	0.4%	$154,950	0.4%	$0	$154,950	100.0%
New England IBM Employees Fed Crdt Union		$70,000	0.1%	$70,000	0.1%	$0	$70,000	100.0%
NorWest Mortgage Inc.		$171,150	0.4%	$78,750	0.2%	$78,750	$0	0.0%
Statewide Funding Corporation		$281,413	0.7%	$203,323	0.5%	$69,470	$133,853	47.5%
Summit Financial Center, Inc.		$706,461	1.8%	$616,781	1.6%	$455,881	$160,900	22.7%
Vermont Federal Bank, FSB		$647,925	1.7%	$472,875	1.2%	$390,700	$82,175	12.6%
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$1,907,640	5.0%	$1,437,390	3.8%	$1,003,240	$434,150	22.7%
TOTALS	144 Loans	$11,144,183	29.7%	$8,606,123	22.9%	$5,195,455	$3,410,668	30.6%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 08/31/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	349	10	2.87%	2	0.57%	4	1.15%	16	4.58%	0	0	0.00%	1	0.29%	17	4.87%
Banknorth Mortgage Co	18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Bennington Coop Savings & Loan Assn Inc	41	2	4.88%	1	2.44%	1	2.44%	4	9.76%	0	0	0.00%	0	0.00%	4	9.76%
Bradford National Bank	41	1	2.44%	0	0.00%	2	4.88%	3	7.32%	0	0	0.00%	0	0.00%	3	7.32%
Chittenden Trust Company	910	47	5.16%	10	1.10%	7	0.77%	64	7.03%	0	2	0.22%	7	0.77%	73	8.02%
Citizens Savings Bank	48	2	4.17%	0	0.00%	0	0.00%	2	4.17%	0	0	0.00%	0	0.00%	2	4.17%
Comfed Mortgage Co., Inc.	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Commonwealth Mortgage Company, Inc	18	1	5.56%	0	0.00%	0	0.00%	1	5.56%	0	0	0.00%	0	0.00%	1	5.56%
Community National Bank	185	6	3.24%	1	0.54%	0	0.00%	7	3.78%	0	0	0.00%	1	0.54%	8	4.32%
Factory Point National Bank, The	26	3	11.54%	0	0.00%	0	0.00%	3	11.54%	0	0	0.00%	0	0.00%	3	11.54%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	108	5	4.63%	2	1.85%	2	1.85%	9	8.33%	0	0	0.00%	1	0.93%	10	9.26%
First Northern Mortgage Corporation	4	1	25.00%	0	0.00%	0	0.00%	1	25.00%	0	0	0.00%	0	0.00%	1	25.00%
Franklin-Lamoille Bank	147	0	0.00%	1	0.68%	2	1.36%	3	2.04%	0	0	0.00%	2	1.36%	5	3.40%
Granite Savings Bank and Trust Company	29	1	3.45%	1	3.45%	0	0.00%	2	6.90%	0	0	0.00%	0	0.00%	2	6.90%
Green Mountain Bank	216	11	5.09%	2	0.93%	1	0.46%	14	6.48%	0	0	0.00%	1	0.46%	15	6.94%
Lomas & Nettleton Company, The	16	2	12.50%	0	0.00%	0	0.00%	2	12.50%	0	0	0.00%	0	0.00%	2	12.50%
Lyndonville Savings Bank & Trust Compan	60	2	3.33%	0	0.00%	0	0.00%	2	3.33%	0	0	0.00%	1	1.67%	3	5.00%
Marble Bank	219	9	4.11%	3	1.37%	0	0.00%	12	5.48%	0	0	0.00%	1	0.46%	13	5.94%
Merchants Bank, The	242	10	4.13%	1	0.41%	3	1.24%	14	5.79%	0	0	0.00%	0	0.00%	14	5.79%
Mortgage Service Center of New England	48	1	2.08%	2	4.17%	4	8.33%	7	14.58%	0	0	0.00%	0	0.00%	7	14.58%
National Bank of Middlebury, The	63	3	4.76%	0	0.00%	0	0.00%	3	4.76%	0	0	0.00%	1	1.59%	4	6.35%
New England IBM Employees Fed Crdt Unio	55	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	1	1.82%	0	0.00%	1	1.82%
Northfield Savings Bank	108	3	2.78%	0	0.00%	2	1.85%	5	4.63%	0	0	0.00%	0	0.00%	5	4.63%
Passumpsic Savings Bank	165	3	1.82%	2	1.21%	1	0.61%	6	3.64%	0	0	0.00%	4	2.42%	10	6.06%
Peoples Trust Company of St Albans	122	6	4.92%	3	2.46%	1	0.82%	10	8.20%	0	0	0.00%	0	0.00%	10	8.20%
Randolph National Bank	57	1	1.75%	0	0.00%	1	1.75%	2	3.51%	0	0	0.00%	0	0.00%	2	3.51%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	126	7	5.56%	0	0.00%	2	1.59%	9	7.14%	0	2	1.59%	0	0.00%	11	8.73%
Union Bank	153	3	1.96%	1	0.65%	0	0.00%	4	2.61%	0	0	0.00%	0	0.00%	4	2.61%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	851	39	4.58%	9	1.06%	9	1.06%	57	6.70%	0	4	0.47%	4	0.47%	65	7.64%
Vermont Mortgage Group, Inc	607	28	4.61%	3	0.49%	11	1.81%	42	6.92%	0	0	0.00%	5	0.82%	47	7.74%
Vermont National Bank	528	17	3.22%	8	1.52%	3	0.57%	28	5.30%	0	0	0.00%	2	0.38%	30	5.68%
Wells River Savings Bank	28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	11	1	9.09%	0	0.00%	0	0.00%	1	9.09%	0	0	0.00%	0	0.00%	1	9.09%
Overall Totals:	5,615	225	4.01%	52	0.93%	56	1.00%	333	5.93%	0	9	0.16%	31	0.55%	373	6.64%
July 31, 1993	5,613	256	4.56%	47	0.84%	60	1.07%	363	6.47%	0	8	0.14%	29	0.52%	400	7.13%

VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO:	VHFA Board of Commissioners
FROM:	Samuel J. Falzone, Director, Multi-Family Management
DATE:	October 14, 1993
RE:	Update on Preservation Agreements

At the February meeting, the Board reaffirmed the multi-family preservation options originally sanctioned in 1988.

> "In a motion made by Mr. Rockford, the Board reaffirmed the preservation options detailed in Mr. Falzone's memo of February 11, Prepayment/Preservation (Additional Information) [see reverse], with an amendment requiring the Executive Director to consult with the Chairman of the Board if an owner is requesting more than 75% of the available cash out of a project entering into a Preservation Agreement; this motion was seconded and carried unanimously".

The objectives of this initiative were to secure the full Housing Assistance Payment (HAP) terms for Section 8 properties; avoid prepayment of Agency mortgages and thus maintain the quality of the Agency's multi-family portfolio; and secure options to purchase these properties using qualified nonprofits.

The Board indicated an interest in receiving periodic updates on the status of these efforts and the attached table summarizes our progress to date. In addition to the Section 8 preservation activity, I have also included the "Gates" as well as tax credit projects that have committed to extended use restrictions resulting from that program. Non profit owned or acquired developments are shaded.

An important component in many of these transactions has been energy conversion loans funding retrofitting of electric heat and hot water to more efficient fuel-fired systems. Nonprofit acquisitions have also been our preferred mode of placing properties into long term Preservation Agreements and we have used both tax credits and additional advances under the assumed first mortgage to cover gap financing needed to complete these transfers.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: SAMUEL J. FALZONE, DIRECTOR, MULTI-FAMILY MANAGEMENT

DATE: February 11, 1993

RE: PREPAYMENT/PRESERVATION (ADDITIONAL INFORMATION)

At last month's Board meeting, the Board requested that we provide a comparison of different scenarios as examples for considering our recommendation. We have selected two properties that are under active consideration for Preservation Agreements, in exchange for incentives as outlined below. In the attached examples, we have presented the relative levels of restrictions, control, return on equity, and cash flow that would be available under each alternative.

1. Increase maximum return on equity by recognizing current value (through either appraised value or the capitalized value of project's cash flow less the current principal balance).

2. Index return on equity yearly using the percentage increase in the CPI.

3. Establish replacement reserve caps following review of a detailed Capital Needs Assessment and offer owners the option of tax exempt investment of these reserves if this option is feasible.

4. Reduce regulatory oversight by eliminating all quarterly financial reports.

5. Release of Project Cost Escrow funds if the project's physical condition is very good or excellent and there are no energy related investments which could be made to preserve long term funding under the ACC.

6. Offer owners energy conversion loans as an additional advance on their first mortgage and allow 50% of the savings to remain as project cash flow after repayment of the debt needed to make the improvements.

7. Allow restricted account and operating surplus cash invested in energy improvements to be recognized as additional basis for calculating return on equity.

RECOMMENDED BOARD ACTION

After discussion of these examples, we ask for an affirmation of the preservation options that were sanctioned by the Board's action in 1988, and authorization for the Executive Director to approve and sign negotiated Preservation Agreements with owners based on the above incentive package options.

SALES, PRESERVATION AGREEMENTS, AND OPTIONS EITHER CLOSED OR UNDER NEGOTIATION

CLOSED			IN NEGOTIATION	
PROJECT NAME	# YEARS LOCK-IN	OPTION (Y/N)	PROJECT NAME	STATUS
Rockingham Canal House	71	Y	Lower Welden Street	Draft Preservation Agreement
Dogwood Glenn II, Northfield	20	NP*	Roaring Rrook, Barton	Draft Preservation Agreement
Missisquoi Manor, Richford	30	Y	Montpelier Babcock	Under VPHT (unsigned) option
Meadow Lane, Milton**	15	N	Woodstock I & II	Preservation Agreement under negotiation
Lane Shops, Montpelier**	15	Y	Burlington Kassel	Preservation Agreement under discussion
Lower Welden Street, St. Albans	10	Y	White River Junction	Housing Vermont Reconsideration
Beth-El Court, St. Albans	29	Y	Danville/St. Johnsbury	Preservation Agreement under negotiation
Cummings Street, Montpelier**	28	Y	Burlington Randall	Preservation Agreement under discussion
Village Apts., Swanton**	19	NP*	Island Pond Family	Preservation Agreement under discussion
Riverview Apts., Enosburg	20	Y	Chelsea/Williamstown	Preservation Agreement under negotiation
Prospect Forest, Randolph	22	Y	Pine Meadow, Alburg	Preservation Agreement under negotiation
School Street Atps., Plainfield	20	Y	Bradford Huntington	Preservation Agreement under discussion
Burlington Baker	20	Y	Waterbury Steele	Preservation Agreement under discussion
Burlington Duggan	20	Y	Island Pond Family	Preservation Agreement under discussion
Randolph House**	48	Y		
Abenaki Acres, Swanton	60	Y		
Maple Street, Hardwick	18	Y		
Northgate**	Perpetuity	NP*		
Highgate**	Perpetuity	NP*		
Burlington Eno Apts.	19	Y		
Burlington Harrington	19	Y		
Burlington Ashline	20	Y		
Depot II, Bethel	40	Y		
Linden Terrace, Rutland	50	Y		

** LIHTC

* Non-Profit

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **OCTOBER 15, 1993**

RE: **FISCAL YEAR JUNE 30, 1993 AUDIT RESULTS**

Enclosed are the audited financial statements for the fiscal year ended June 30, 1993 as prepared by our auditors, Peat Marwick Main & Company. In addition to the audit, the auditors have prepared additional letters addressing internal controls and compliance with standards. There are no exceptions noted in either report. The management letter indicates that consideration should be given in the area of loan loss reserves. As previously discussed with the Board, my recommendation would be to designate part of the fund balances for loan loss coverage. This can be accomplished during the current fiscal year. All of these reports have also been sent to the Auditor of Accounts as required.

I have also enclosed the final budget report for the General Fund for the fiscal year ended June 30, 1993, comparing final audited results with the approved budget. These numbers compare closely to the estimated report distributed in June, with two notable exceptions. We recognized a loss of $225,000 on the Dalton Drive-Fort project, which had not been budgeted. The loss is included in miscellaneous expenses. We also closed out all the bond cost of issuance accounts and transferred additional advertising expenses into the General Fund in the amount of $68,000 that were not covered by bond proceeds.

The fee deferral line item shown on the bottom of the report indicates the amount of fee income collected that is required to be deferred and recognized in later years due to generally accepted accounting principles. This adjustment balances the budget report to the audit format.

Some highlights of the past year follow:

- o Total assets decreased from $628 million to $538 million for the year, due in large part to the redemption of almost $119 million of single family bonds in connection with the debt restructuring undertaken and prepayment bond calls.

- o The General Fund balance increased by only $115,000 for the fiscal year, as shown on the final budget report to $5.3 million of which slightly under $2 million is accessible.

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- o On an overall basis, the Agency total expenses exceeded revenues for the year in the amount of $2.4 million compared to a $2.9 million surplus in fiscal year 1992. Bond redemptions had a one-time gain of approximately $1.8 million in FY92 and a loss of $2.7 million in FY93. Continued low levels in short term interest rates contributed to the drop in excess revenues across all programs for the year. In addition to the $239,000 loss recognized in the General Fund on the Fort and Birch Court properties, we incurred losses of $133,000 in the disposition of single family real estate owned.

If you have any questions regarding the contents of the audited financials, the special reports, the final budget comparison report or the contents of this memo, feel free to contact me at your earliest convenience.

Recommended Action

Acceptance of the audit and related reports as attached.

FINAL BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
JUNE 30, 1993

	APPROVED BUDGET	YR TO DATE JUN 30, 1993	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	395,350	465,508	117.75%
MULTI-FAMILY FEES	115,000	46,992	40.86%
PROJECT ADMIN FEES	116,000	114,715	98.89%
INTEREST INCOME	380,000	405,484	106.71%
MISCELLANEOUS	113,300	112,659	99.43%
TOTAL INCOME	1,119,650	1,145,358	102.30%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	(80,000)	(52,289)	65.36%
SHAWMUT MTG PURCHASE	100,000	100,000	100.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	100.00%
HOWARD HOME MTG PURCH	350,000	288,100	82.31%
HOWARD MULTI-FAMILY	430,000	440,000	102.33%
CONN NATL MULTI-FAMILY	150,000	108,964	72.64%
HOUSING DEVELOP BDS-MF	10,000	20,000	200.00%
DIRECT PLACEMENT BONDS	40,000	74,000	185.00%
TOTAL TRANSFERS	2,250,000	2,228,775	99.06%
TOTAL INC & TFRS	3,369,650	3,374,133	100.13%
EXPENSES			
ADVERTISING & PROMOTION	49,300	105,387	213.77%
AUDIT	29,000	27,200	93.79%
ANNUAL REPORT	12,500	9,312	74.50%
COMMISSIONERS EXPENSES	4,000	2,665	66.63%
CONSULTING FEES	113,500	83,968	73.98%
DUES & SUBSCRIPTIONS	32,500	27,873	85.76%
INSURANCE	176,800	159,086	89.98%
INTEREST EXPENSE	170,000	150,659	88.62%
LEGAL	60,000	54,866	91.44%
MISCELLANEOUS	23,000	246,931	1073.61%
OFFICE EXPENSES	30,000	27,521	91.74%
PENSION PLAN	120,000	109,242	91.03%
POSTAGE	21,000	18,410	87.67%
RENT	114,800	114,780	99.98%
REPAIRS & MAINTENANCE	53,000	54,846	103.48%
SALARIES & WAGES	1,341,133	1,278,801	95.35%
STAFF TRAVEL & TRAINING	90,350	47,612	52.70%
SUBSIDY-HVT, ERH, ETC.	139,000	65,352	47.02%
TAXES-PAYROLL	99,600	92,905	93.28%
TELEPHONE	33,000	28,567	86.57%
TRUSTEE & CREDIT FEES	290,000	280,298	96.65%
DEPRECIATION	115,000	100,934	87.77%
TOTAL EXPENSES	3,117,483	3,087,215	99.03%
SURPLUS (DEFICIT)	252,167	286,918	113.78%
FEE DEFERRAL		(174,762)	
AUDIT BASED SURPLUS		112,156	

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel

DATE: October 20, 1993

RE: Single Family Foreclosure Initiative

As you recall, last Spring the Agency put out a Request for Proposals for attorneys to handle foreclosure actions for VHFA. We selected eight attorneys to do the work for us, with the first cases assigned to those attorneys in June. To date, I have assigned 14 cases to the eight attorneys, and picked up responsibiity for six other cases that were in an early stage of processing.

At this point, it is too early to draw any conclusions from the initiative. Unless the borrower agrees to a deed in lieu of foreclosure, which the Agency may not wish to accept because of other liens on the property, a foreclosure case normally takes at least seven months from the time it is assigned to an attorney until the time the Agency obtains title to the property. There are many reasons why the period may be longer, including a bankruptcy filing by the borrower. In some exceptional cases the Agency may be able to get a shortened redemption period, so that the period is shorter than seven months.

Of the twenty cases that I am overseeing at present, three have only been assigned in the last week. One property has been sold before the completion of the foreclosure and the mortgage discharged, and another in the same situation is supposed to be sold in the near future. We will obtain title to one property next week and the other properties are at various stages of the foreclosure process.

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VHFA STRATEGIC PLANNING
Interviewees
October 15, 1993

1) Bondholders/investors	Andy Gurley, Paine Webber
2) Low Income Advocate/consumer	Steve Hedger, Central Vermont Community Action; Diane Binnick, Regional Affordable Housing Coalition/Bennington; Representative of Affordable Housing Coalition; Northgate or Highgate Tenants Assoc.
3) Lenders	David Berge, Vermont National Tish Lyman, Chittenden Bank *Originator/processor perspective to be obtained from anticipated lender survey*
4) Special Needs	Con Hogan, AHS Henrietta Jordan, VCIL; Bethany Carlton, VT Nursing Home Assoc.; Sister Lucille Bonvoloir; Paul Dettman
5) Nonprofit developer	Mike Richardson, Housing Vermont; Chris Owre, Northern Community Investment Corp. *Written survey to the following:* Brenda Torpy, BCLT; David Dangler, Rutland West; Andy Broderick, Rockingham ACLT; Connie Snow, Brattleboro ACLT; Kenn Sassorossi, Lake Champlain Housing Development Corp.
6) State and affiliated Agencies	Richard Williams, VSHA; Polly Nichol, VHCB
7) Legislature	Hon. Ralph Wright, Speaker of the House
8) Fed Agencies	Robbie Harold, FmHA; David Harrity, HUD
9) Municipalities	John Davis, City of Burlington; Jon Chaffee, Town of Hartford
10) NCSHA & Peer HFAs	John McEvoy, NCSHA Executive Director; Trudy McFall, Maryland; Joe Hatfield, West Virginia

11) Other	Russ Hahn, consultant and former VHFA Commissioner; Beth Sachs, VEIC/energy; Art Woolf, UVM/economist; Towny Anderson, PIL/historic preservation; Paul Guiliani
12) VHFA staff	Invite staff to submit ideas with Cathleen through group discussion, 1:1 interview, or written comments

LEAD PAINT HAZARD COMMISSION
Guide for Discussion
Draft of August 25, 1993

Meeting 1: Disclosure Requirements (August 25, 1993)

Question 1

Disclosure
New Federal disclosure requirements take effect in October, 1995. Should Vermont require earlier or more specific disclosure?

Goal: Recommended requirements for owners of real estate to disclose to tenants, prospective tenants, and prospective buyers any actual or potential lead-based paint hazards and previous incidents of lead poisoning.

Questions:

A. What is the current industry disclosure practice in Vermont?

B. What are the new requirements of Title X (as of October 28, 1995)?

C. Should the Title X requirements be imposed earlier in Vermont?

D. Should additional requirements be added to those of Title X? For example:

(1) Additional written materials (e.g., Vermont Dept. of Health literature; list of certified inspectors)

(2) Prior to entering into sales contract

(3) Information on previous incidents of lead poisoning (does seller/lessor have an obligation to investigate incidents prior to his or her ownership?)

Materials:

1. Current Vermont realtors' disclosure forms
2. Title X, Sec. 1018, including text of Lead Warning Statement
3. Centers for Disease Control (CDC), Preventing Lead Poisoning in Young Children (October, 1991), chapter 9: "Management of Lead Hazards in the Community"

People to consult with:

Secured lenders	Realtors
Apartment owners	Tenants
Consumer advocates	Parents of preschool children

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 2, Topic 1: Funding sources and financial burdens (September 10, 1993)

Question 2

> Financing
>
> What funding sources are available, what additional financing should be offered, and who should bear the financial burden of preventing childhood lead poisoning and the cost of risk assessment, inspection, and abatement?

Goal: To catalog all available and proposed funding sources for lead-based paint risk assessment, inspection, and abatement; and to determine who should bear the financial burden of preventing childhood lead poisoning and the cost of lead-based paint activities.

Questions:

A. Is funding now available from private lenders? On what terms?

B. Is funding available from VHFA or VHCB? On what terms?

C. What Federal funds are likely to be available (CDBG, HOME, FmHA)?

D. Do other states have good programs for funding lead activities?

E. What additional sources of financing should be developed by private lenders, VHFA, VHCB, and Federal agencies?

F. Who should bear the financial burden of preventing lead poisoning: parents, current property owners, previous property owners, insurance companies, home builders, the lead and paint industries, the Federal or Vermont government?

Materials:

1. Statutes authorizing establishment of VHFA and VHCB
2. VHFA and VHCB proposals for funding sources
3. Financing programs in other states
4. Farmers' Home Administration home improvement loan programs

People to consult with:

State housing agency representatives
Other Federal officials
Lead consultants
FmHA representative
Private lenders
Liability insurers

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 2, Topic 2: Guaranteed home improvement loans (September 10, 1993)

Question 3

> Loan Guarantees
> How can VHMGB be authorized to guarantee loans for abatement of lead-based paint?

Goal: To recommend the best way to authorize the Vermont Home Mortgage Guarantee Board to guarantee home improvement loans for the purpose of lead-based paint risk assessment, inspection, and abatement.

Questions:

A. What authority does VHMGB currently have to guarantee home improvement loans?

B. Could VHMGB guarantee lead-paint loans in the same way they now guarantee energy conservation loans?

C. Should lead-paint loan guarantees be available to apartment owners?

D. What restrictions should be placed on VHMGB's lead-paint loan guarantee authority?

Materials:

1. VHMGB's statutory authority
2. VHMGB's rules and procedures for home improvement loans

People to consult with:

VHMGB representatives
Lead abatement contractors
Parents of preschool children
Secured lenders
Apartment owners

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 3, Topic 1: Appropriate lead hazard evaluation and reduction procedures (September ~~24,~~ 27 1993)

Question 4

Procedures

What are the most effective and least costly procedures for evaluating and reducing lead hazards?

Goal: Recommended procedures for testing, risk assessment, interim controls, abatement, cleanup and disposal, inspections, monitoring, and maintenance. Include recommendations for or against exceptions to Vermont's current prohibition against high phosphate cleansing products.

Questions:

A. Are there any nationally-recognized standards for inspection or abatement procedures (published by HUD, EPA, or other authority)? If so, what are they? What standards are followed by Vermont state agencies? How well have they worked in practice?

B. Do existing standards appear to be adequate and realistic? Are there any reasons why these standards would not be appropriate for Vermont? What is the cost of following these procedures? Are there any improved inspection or abatement technologies on the horizon?

C. How should the appropriate standards be enacted--by statute, administrative rule, accreditation of training programs, licensing requirements?

D. How should they be enforced--for example, official inspections of worksites, written certification by contractors or owners, license renewal requirements, citizen complaints or suits for failure to comply, incorporation in standard-of-care provisions (see Meeting 3, below)?

E. How can the controlled use of high-phosphate cleansing products be allowed for the abatement of lead but not made available to the general public or otherwise subject to abuse?

Materials:

1. National Institute of Building Sciences (NIBS) guidelines, March, 1989
2. HUD Interim Guidelines (April 18, September 28, 1990)
3. Centers for Disease Control (CDC), Preventing Lead Poisoning in Young Children (October, 1991), chapter 8: "Management of Lead Hazards in the Environment of the Individual Child"
4. Current VHFA, VHCB, and Enterprise Foundation guidelines
5. Draft Revised HUD guidelines (final revised guidelines due October, 1993)
6. Draft EPA regulations (final regulations due April, 1994)

People to consult with:

Building contractors
Lead consultants
Apartment owners
Industrial hygienists
Historic preservation experts
Developers of new abatement technologies

Lead abatement contractors
Lead designers
Environmental advocates
Environmental health organizations
Abatement product vendors

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 3, Topic 2: Historic Buildings (September 24, 1993)

Question 5

> **Historic preservation**
> **What special procedures should be allowed or required for historic buildings?**

<u>Goal:</u> Recommended special rules for structures listed on or eligible for the state or federal register of historic places, allowing special procedures (but not exemptions) for risk assessments, inspections, interim controls and abatements in order to preserve the historic fabric of such structures.

<u>Questions:</u>

A. What kinds of residential structures are listed on or eligible for the state or federal register of historic places?

B. What dangers are posed to historic structures by standard techniques for lead paint risk assessments, inspections, interim controls and abatements?

C. What restrictions are imposed by current State and Federal historic preservation laws and rules?

D. What are the possibilities for special procedures (such as stripping, encapsulation, or others)? How does the cost of these procedures compare with the cost of normal procedures? Are there any new technologies on the horizon?

E. What have other states done to reconcile lead paint abatement with historic preservation? Does the Enterprise Foundation have useful experience with abatement of historic properties?

F. What special procedures should Vermont allow for abatement of historic properties?

G. Should the Department of Health offer a special license endorsement for people who complete additional training in lead abatement techniques for historic buildings?

Materials:

Vermont and Federal laws and regulations
Model statues, rules, and guidelines from other states

<u>People to consult with:</u> Same as Topic 1

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 4, Topic 1: Standard of preventive care for property owners (October 7, 1993)

Question 6

Standard of Care

Should a standard of care for prevention of lead poisoning be imposed on property owners by statute or rule? If so, what should it be?

Goal: Recommended standards of care for owners of residential property, day care facilities, and secured lenders, designed to prevent lead poisoning among children under the age of six and pregnant mothers.

Questions:

A. What is the current Federal law regarding the standard of care for owners?

B. What are the proposed Federal guidelines arising from Title X?

C. What standard of care is now in effect under current Vermont statutes, common law, and case law?

D. What standards of care are now in effect in other states? How have they worked in practice?

E. Should a standard of care be enacted? If so, should it be imposed by a detailed statute (as proposed in H.169), or by administrative rule-making (as proposed by the Housing Council task force)?

F. What should the standard of care be? Is there a minimum lease period (such as 60 days) that should trigger the standard? What would be the typical cost of complying with the proposed standard? What are the anticipated effects of the proposed standard on the availability and affordability of housing and credit? Would there be an increase in refusals to rent to families with young children?

Materials:

1. Proposed Federal guidelines (if available)
2. Vermont case law and commentary
3. Examples from other states
4. Enterprise Foundation guidelines
5. VHFA and VHCB guidelines
6. H.169 (Ross bill)
7. Housing Council task force recommendations

People to consult with:

Apartment owners
Consumer advocates
Public health practitioners
Health care providers
Building contractors
Industrial hygienists
Tenants
Environmental health organizations
Parents of preschool children
Secured lenders
Lead abatement contractors
Liability insurers

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 4, Topic 2: Rules for schools, day care facilities, etc. (October 7, 1993)

Question 7

> **Rules for Day Care Centers**
> **Should the state require all elementary schools, preschools, nursery schools, day care facilities, and foster homes to be lead safe?**

Goal: Recommended lead safety rules for public and private elementary schools, preschools, nursery schools, day care facilities, registered family day care homes, and foster homes that were built before 1978 and serve children under the age of six years.

Questions:

A. What are the current Federal and Vermont rules governing the presence of lead-based paint in such public and private buildings? What is actual practice?

B. Are those rules and practices adequate? If not, do other states have better ones? How should Vermont's rules be amended?

C. What would be the approximate cost of complying with amended rules?

Materials:

1. Current Federal statutes and rules governing lead-based paint in schools, child care facilities, and foster homes
2. Current Vermont statutes and rules
3. Model statutes or rules from other states

People to consult with:

Public and private elementary school officials
State school officials
Building contractors
Pediatricians
Public health practitioners
Parents of pre-school children
Day care facility operators
State day care licensing officials
Lead abatement contractors
Nurses
Environmental health organizations
Foster parents

LEAD PAINT HAZARD COMMISSION: Guide for Discussion (Draft of August 25, 1993)

Meeting 4, Topic 3: Appropriate responses to a diagnosis of childhood lead poisoning (October 7, 1993)

Question 8

> **Responses to Lead Poisoning**
> **The lead paint bill (Act 94) requires the Secretary of Human Services to adopt rules requiring appropriate responses to lead poisoning. What should these rules require?**

Goal: Recommended rules for appropriate responses to a diagnosis of childhood lead poisoning

Questions:

A. What action is currently required by Vermont law when a child is diagnosed with lead poisoning?

B. What is the Health Department's current practice?

C. What do Federal guidelines recommend, or other states require?

D. What additional action should be required of:
(1) the Department
(2) the physician
(3) state or private inspectors
(4) the owner of the child's home or child care center
(5) the child's parents

E. What are the cost implications of these requirements?

Materials:

1. Vermont laws, including Act 94, case law, and commentary
2. Current Health Department rules and guidelines
4. Model rules or guidelines from the Federal government, other states, the Enterprise Foundation, VHFA, and VHCB
5. H.169 (the Ross bill)
6. Centers for Disease Control (CDC), Preventing Lead Poisoning in Young Children (October, 1991), chapter 4: "The Role of the Pediatric Health-Care Provider"; chapter 7: "Diagnostic Evaluation and Medical Management of Children with Blood Lead Levels >20ug/dL"; and chapter 8: "Management of Lead Hazards in the Environment of the Individual Child"

People to consult with:

Pediatricians	Nurses
Public health practitioners	Building contractors
Lead abatement contractors	Apartment owners
Lead consultants	Consumer advocates
Parents of preschool children	Environmental health organizations

NO. 94. AN ACT RELATING TO CHILDHOOD LEAD POISONING SCREENING AND LEAD HAZARD ABATEMENT.

(S.30)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. LEGISLATIVE FINDINGS

The general assembly finds that:

(1) Lead poisoning is widespread among American children, afflicting as many as three million children under age six, with children living in deteriorated housing disproportionately affected.

(2) At low levels, lead poisoning in children causes intelligence deficiencies, reading and learning disabilities, impaired hearing, reduced attention span, hyperactivity, and behavior problems.

(3) The ingestion of household dust containing lead from deteriorating or abraded lead-based paint is the most common cause of lead poisoning in children.

(4) The U.S. Department of Housing and Urban Development estimates that 74 percent of the occupied private housing built before 1980 contains lead paint. According to the 1990 U.S. Census, over 168,000 occupied housing units in Vermont (79 percent of all occupied units) were built before 1980; therefore, 124,000 Vermont homes are likely to contain substantial amounts of lead-based paint.

(5) The use of lead-based paint has been prohibited since 1978, but 84 percent of the housing in Burlington and 88 percent of the housing in Rutland was built prior to 1978.

(6) The University Health Center in Burlington, which serves an urban, low income community, estimates that 12 percent of the one- and two-year-old children tested in their practice exhibit elevated blood lead levels.

(7) Blood lead testing of Head Start children in Rutland, another concentrated at-risk population, found that 20 of the 58 children tested, or 34 percent, had elevated blood lead levels.

(8) Over 300 cases of children with lead poisoning have been

reported to the Vermont department of health, including some very severe cases reported from rural settings.

(9) The U.S. Centers for Disease Control has determined that virtually all children are at risk for lead poisoning, and has recommended a phase in of universal screening.

(10) The danger posed by lead-based paint hazards can be reduced by abating lead-based paint or by taking interim measures to prevent paint deterioration and limit children's exposure to lead dust and chips.

(11) The U.S. Centers for Disease Control has stated that proper lead-based paint abatement must be done by experts and that such abatement should not be attempted by untrained parents, property owners, workers, or contractors.

(12) Vermont is the only New England state that currently has no law regarding lead paint, lead poisoning screening and testing, or lead hazard inspection and abatement.

(13) The Federal Residential Lead-Based Paint Hazard Reduction Act of 1992 provides for the authorization of state programs for the accreditation of lead-based paint activities training programs and for the certification of persons completing such training programs and the licensing of lead-based paint activities contractors.

(14) Vermont has a high number of structures listed on or eligible for the state or federal register of historic places. It is important both to protect the health of children in these buildings from lead-based paint hazards and to protect the historic integrity of those buildings.

(15) In the Comprehensive Housing Affordability Strategy adopted pursuant to the National Affordable Housing Act of 1990, the State of Vermont has emphasized the importance of rehabilitating existing buildings to provide affordable housing for Vermonters.

(16) The State of Vermont should develop reasonable procedures for preventing lead poisoning and should determine the implications of lead hazard reduction (both abatement and interim controls) for the health of children, the affordability, safety and quality of housing, and owners' and lenders' liability.

Sec. 2. PURPOSE

The purposes of this act are:

(1) To authorize the Vermont department of health to accredit lead-based paint activities training programs and to require licensing of lead contractors, inspectors, supervisors, workers and designers.

(2) To prevent childhood lead poisoning by vigorous efforts to educate parents, residential building owners, and child care facility operators of the dangers of lead-based paint hazards and appropriate precautions that should be taken.

(3) To ensure that health care providers advise parents of the availability and advisability of screening and testing.

(4) To ensure that incidents of lead poisoning are treated properly.

Sec. 3. 18 V.S.A. chapter 38 is added to read:

CHAPTER 38. LEAD POISONING

§ 1751. DEFINITIONS

(a) Words and phrases used in this chapter or in rules adopted pursuant to this chapter and not defined herein shall have the meanings given to them in the Federal Residential Lead-Based Paint Hazard Reduction Act of 1992. In the event of inconsistency between meanings given in such federal act and meanings given in this chapter, the federal act shall apply except where meanings given in this chapter serve to narrow, limit or restrict the applicability of a word or phrase, in which cases the narrower meaning shall apply.

(b) For the purposes of this chapter:

(1) "Abatement" means any set of measures designed to permanently eliminate lead-based paint hazards in accordance with standards established by appropriate state and federal agencies. The term includes:

(A) the removal of lead-based paint and lead-contaminated dust, the permanent containment or encapsulation of lead-based paint, the replacement of lead-painted surfaces or fixtures, and the removal or covering of lead-contaminated soil; and

(B) all preparation, cleanup, disposal, and post-abatement clearance testing activities associated with such measures.

(2) "Commissioner" means the commissioner of the department of health.

(3) "Comprehensive environmental lead inspection" or "inspection" means a surface-by-surface investigation to determine the presence of lead-based paint and the provision of a report explaining the results of the investigation.

(4) "Deleading" means activities conducted by a person who offers to eliminate lead-based paint or lead-based paint hazards or to plan such activities.

(5) "Department" means the department of health.

(6) "Dwelling" means:

(A) a single-family dwelling, including attached structures such as porches and stoops; or

(B) a single-family dwelling unit in a structure that contains more than one separate residential dwelling unit, and which is used or occupied, or intended to be used or occupied, in whole or in part, as the home or residence of one or more persons.

(7) "Lead-based paint" means paint or other surface coatings that contain lead in excess of limits established under section 302(c) of the Federal Lead-Based Paint Poisoning Prevention Act.

(8) "Lead contractor" means any person engaged in deleading or lead hazard reduction as a business and includes consultants and inspectors who design, perform, oversee or evaluate lead hazard reduction projects.

(9) "Lead-based paint activities" means:

(A) in the case of target housing, risk assessment, inspection, and abatement.

(B) in the case of any public building constructed before 1978, identification of lead-based paint and materials containing lead-based paint, deleading, and demolition. The term "lead-based paint activities" may be further limited or restricted by rule adopted by the secretary.

(10) "Lead-based paint hazard" means any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, lead-contaminated paint that is deteriorated or present in

accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects as established by the appropriate federal agency.

(11) "Lead poisoning" means a confirmed blood lead level in a child six years of age or younger greater than or equal to ten micrograms of lead per deciliter of whole blood, unless the commissioner finds by rule that a higher or lower concentration is necessary to protect public health.

(12) "Occupant" means any person who resides in, or regularly uses, a dwelling, dwelling unit, or structure.

(13) "Owner" means any person who, alone or jointly or severally with others:

(A) Has legal title to any dwelling or dwelling unit or day care facility with or without accompanying actual possession thereof; or

(B) Has charge, care or control of any dwelling or dwelling unit or day care facility as owner or agent of the owner, or an executor, administrator, trustee, or guardian of the estate of the owner. Any person representing the actual owner shall comply with the provisions of this chapter and with rules adopted pursuant to this chapter to the same extent as if that person were the owner. An agent of the owner does not include real estate and property management functions where the agent is only responsible for the property management and does not have authority to fund capital or major property rehabilitation on behalf of the owner.

(C) For purposes of publicly-owned property only, the owner shall be the chief executive officer of the municipal or state agency which owns, leases or controls the use of the property.

(D) A mortgagee or other secured lender or lienholder shall not be considered an owner unless such person has foreclosed or taken actual physical possession pursuant to applicable law.

(14) "Secretary" means the secretary of the agency of human services.

(15) "State inspector" means the commissioner or any person who is authorized in writing by the commissioner to conduct inspections for the department.

(16) "Target housing" means any dwelling or dwelling unit constructed prior to 1978, except any 0-bedroom residential dwelling unit or any residential dwelling unit located in multiple-unit buildings or projects reserved for the exclusive use of the elderly or persons with disabilities (unless any child who is less than six years of age resides or is expected to reside in such housing).

§ 1752. ACCREDITATION OF TRAINING PROGRAMS; CERTIFICATION AND LICENSURE OF ENVIRONMENTAL LEAD INSPECTORS AND LEAD CONTRACTORS, SUPERVISORS AND WORKERS

(a) No later than six months after promulgation of final Federal regulations under section 402 of the Federal Toxic Substances Control Act (15 U.S.C. 2601 et seq.), the department shall develop a program to administer and enforce the lead-based paint activities training and certification standards, regulations, or other requirements established by the administrator of the federal Environmental Protection Agency for persons engaged in lead-based paint activities.

(b) The secretary shall adopt emergency rules, and not later than January 1, 1994, the secretary shall adopt permanent rules, establishing standards and specifications for the accreditation of training programs both within and outside Vermont, including the mandatory topics of instruction, the knowledge and performance standards that must be demonstrated by graduates in order to be certified, and required qualifications for training programs and instructors. Such standards shall be designed to protect children, their families, and workers from improperly-conducted lead-based paint activities, and shall be at least as protective of human health and the environment as the federal program. Hands-on instruction and instruction for identification and proper handling of historic fabric and materials shall be components of the required training.

(c) The commissioner shall certify risk assessors, designers, laboratories, inspectors, lead contractors, supervisors, abatement workers, and other persons engaged in lead-based paint activities when such persons have successfully completed an accredited training program and met such other requirements as the secretary may, by rule, impose.

(d) After the adoption of rules pursuant to subsection (b) of this section, no person shall perform lead-based paint activities without first obtaining a license from the commissioner. The commissioner may grant a license to a person who holds a valid license from another state.

(e) Nothing in this chapter shall be construed to limit the authority of the secretary, the commissioner of health, the commissioner of labor and industry, or the commissioner of environmental conservation under the provisions of any other law.

§ 1753. ACCREDITATION AND LICENSE FEES

(a) The commissioner shall assess fees for accrediting training programs and for certifications, licenses, and license renewals issued in accordance with this chapter. Fees shall be reasonably related to the cost of operating the program. Fees shall not be imposed on any state or local government or nonprofit training program and may be waived for the purpose of training state employees.

(b) Each accredited training program and licensee shall be subject to the following fees:

Training courses	$400.00 per year
Lead contractors	$500.00 per year
Lead workers	$ 50.00 per year
Supervisors	$100.00 per year
Inspectors	$150.00 per year
Risk assessors	$150.00 per year
Designers	$150.00 per year
Laboratories	$500.00 per year

(c) Fees imposed by this section shall be deposited into the lead paint abatement accreditation and licensing special fund. Monies in the fund may be used by the commissioner only to support departmental accreditation, certification, and licensing activities related to this chapter. The fund shall be subject to the provisions of subchapter 5 of chapter 7 of Title 32 and shall cease to exist on July 1, 1998, at which time any remaining balances in such fund shall be transferred and deposited into the general fund.

§ 1754. PUBLIC EDUCATION

(a) Beginning January 1, 1994, the commissioner of health shall prepare and distribute clear and simple printed materials describing the dangers of lead poisoning, the need for parents to have their child screened, how to have a child tested, and recommended nutrition and housekeeping practices. The commissioner shall work with persons and organizations involved in occupations that may involve lead-based paint hazards or childhood lead poisoning to distribute the materials to their clients, patients, students, or customers, such as realtors, subcontractors, apartment owners, public housing authorities, pediatricians, family practitioners, nurse clinics, child clinics, other health care providers, child care and preschool operators and kindergarten teachers. The commissioner shall also identify those points in time or specific occasions when members of the public are in contact with public agencies and lead might be an issue, such as building permits, home renovations, and the ANFC and WIC programs, and make the materials available on these occasions.

(b) The commissioner shall prepare an appropriate media campaign to educate the public on lead poisoning prevention. The commissioner shall encourage professional property managers, rehab and weatherization contractors, minimum housing inspectors, social workers, and visiting nurses to attend education and awareness workshops.

§ 1755. UNIVERSAL ACCESS TO SCREENING

(a) Not later than November 1, 1993, the commissioner shall publish the results of the department's lead poisoning prevalence study. Not later than January 1, 1994, the commissioner shall publish guidelines establishing the methods by which and the intervals at which children under six years of age are recommended to be screened and tested for lead poisoning, according to the age of the children and their probability of exposure to high-dose sources of lead. The guidelines shall take into account the recommendations of the U.S. Centers for Disease Control and the American Academy of Pediatrics. The commissioner may also recommend screening for lead poisoning in other high risk groups.

(b) Not later than January 1, 1994, the Vermont health care authority shall recommend to the general assembly whether lead screening should be a common benefit under the universal access proposals it has presented, and, if so, how such benefits should be financed. The cost of implementing the Vermont health care authority's plan under this chapter shall be included in the unified health care budget to be adopted by the authority effective July 1, 1994.

(c) Beginning July 1, 1994, all health care providers who provide primary medical care shall ensure that parents and guardians of children below the age of six are advised of the availability and advisability of screening and testing their children for lead poisoning in accordance with the commissioner's guidelines.

(d) Any health care provider or employee thereof making the diagnosis of lead poisoning shall report such diagnosis to the department within such time and using such format as the department shall prescribe. Any laboratory in Vermont which analyzes blood samples of children below the age of six for lead levels shall report to the department such information on blood lead analyses as the department may require including data on the number and results of blood lead analyses performed by the laboratory. All health care providers who use laboratories outside Vermont to analyze blood samples of children below the age of six for lead levels shall report to the department such information as the department may require including data on the number and results of such blood lead tests. The commissioner shall establish procedures to ensure the confidentiality of the children and families.

(e) After the guidelines established pursuant to subsection (a) of this section have been in place for two years, the commissioner shall determine the percentage of children below the age of six who are being screened in accordance with those guidelines. If fewer than 75 percent of such children are receiving such screening, the secretary shall adopt rules to require that all health care providers who provide primary medical care to young children shall ensure that their patients are screened and tested according to the commissioner's guidelines beginning January 1, 1997. Such rules shall provide that no screening or testing shall be required pursuant to this subsection if the parent or guardian of the child objects to the child undergoing blood lead screening on the grounds that such screening conflicts with their moral or religious tenets or practices.

§ 1756. ANNUAL REPORT

(a) The commissioner shall, at least annually, analyze and summarize all aggregate lead screening and testing information provided by physicians, health care facilities and laboratories and provide this information to all other local and state agencies involved with case management and lead hazard reduction.

(b) The commissioner shall also at least annually provide to the general assembly, the health community, and the general public an analysis and summary of such data and a progress report on the commissioner's efforts to prevent lead poisoning in young children in a format that is easily understandable to nontechnical readers. The report shall include:

(1) The number and percentage of children under the age of six who have been screened and tested for lead poisoning, and the number found to have lead poisoning at various levels.

(2) Estimates of the public and private costs incurred since July 1, 1993 to prevent, correct, or treat lead poisoning.

(3) An analysis of barriers to universal blood screening of children under the age of six years.

(4) The commissioner's recommendations for action.

§ 1757. LEAD POISONED CHILDREN

(a) Upon receiving a report that a child under age six has been diagnosed by a qualified physician to have lead poisoning, the commissioner shall take prompt action to confirm the diagnosis.

(b) If the child is severely lead poisoned, the commissioner shall provide for inspection of the dwelling unit occupied by the child or the child care center the child attends, by a state inspector or licensed private inspector.

(c) The commissioner shall work with the parents, owner, physician, and others involved with the child to develop a plan to minimize exposure of the child to lead hazards.

(d) Concerning target housing which is rented or leased, on or before January 1, 1994, the secretary with the concurrence of the commissioner of housing and community affairs shall adopt rules to implement this section including rules which assure that prompt action will be taken to confirm a lead poisoning diagnosis, to inspect the possible sources of lead poisoning, and to secure voluntary compliance or to take necessary enforcement action. Enforcement action shall include providing the child's parents or guardians and the owner of the dwelling unit with appropriate educational materials on lead poisoning prevention and may include requiring the owner of the dwelling unit to initiate interim controls or abatement of lead-based paint hazards within a specified time.

(e) Nothing in this section shall be construed to limit the commissioner's authority under any other provision of Vermont law.

Sec. 4. STUDY OF HOUSING AND LIABILITY ISSUES

(a) A lead paint hazard commission is created to study and report on procedures for preventing lead poisoning through lead hazard reduction and their implications for the health of children, the affordability, safety and quality of housing, and owners' and lenders' liability. The commission shall report to the general assembly on or before December 1, 1993 and shall cease to exist on December 31, 1994.

(b) The commission shall include in its report its recommendations on the following:

(1) Disclosure by owners of real estate of lead-based paint hazards or potential hazards and previous incidents of lead poisoning to tenants, prospective tenants, and prospective buyers.

(2) Appropriate lead hazard evaluation and reduction procedures, including testing, risk assessment, interim controls,

abatement, cleanup and disposal, inspections, monitoring, and maintenance. Such recommended procedures shall be designed to prevent lead poisoning among children under the age of six and pregnant mothers, cost effective in producing the desired public health outcomes, consistent with federal guidelines, and shall include special procedures, but not exemptions, for historic buildings. In connection with this topic, the commission shall consider and recommend appropriate exceptions to Vermont's current prohibition against high phosphate cleansing products.

(3) Appropriate standards of care for owners of residential property, day care facilities, and secured lenders, designed to prevent lead poisoning among children under the age of six and pregnant mothers, including their anticipated effects on the availability and affordability of housing and credit.

(4) Appropriate responses to a diagnosis of childhood lead poisoning.

(5) Available and proposed funding sources, and who should bear the financial burden of preventing childhood lead poisoning and the cost of lead-based paint activities as defined in 18 V.S.A. § 1751.

(6) Whether structures listed on or eligible for the state or federal register of historic places should be governed by special rules for risk assessments, inspections, interim controls and abatements in order to preserve the historic fabric of such structures.

(7) Whether the State of Vermont should adopt rules requiring that foster homes, all public and private elementary schools, preschools, nursery schools, day care facilities and registered family day care homes which were built before 1978 and serve children under the age of six years shall be lead safe.

(8) How the Vermont Home Mortgage Guarantee Board can be authorized to guarantee home improvement loans for the purpose of lead-based paint activities, to assist individual homeowners in addressing the need to finance lead abatement.

(c) The commission shall consist of 14 members including one member of the house appointed by the speaker; one member of the senate appointed by the committee on committees; the commissioner of health, the commissioner of housing and community affairs, the director of the division of historic preservation and the executive directors of the Vermont housing finance agency, the Vermont state housing authority, and the Vermont housing and conservation board or their designees; and six public members, appointed by the governor, each of whom shall have experience with issues regarding lead paint or lead poisoning including a health care practitioner, a parent of a lead poisoned child, a representative of an environmental or consumer organization, a contractor experienced with lead paint inspections or abatement, an owner of target housing, and a lender. The commission shall consult with representatives of the following: secured lenders, building contractors, lead abatement contractors, lead consultants, inspectors, designers, realtors, apartment owners, tenants, health care providers, environmental advocates, consumer advocates, pediatricians, nurses, public health practitioners, industrial hygienists, environmental health organizations and parents of preschool children. The governor shall designate a chair and vice-chair from among the members. The commission shall receive administrative support from the department of housing and community affairs, the department of health, and the legislative council. Legislative members shall receive per diem and reimbursement for necessary expenses in accordance with 2 V.S.A. § 406.

Approved: June 16, 1993

vhfa

VERMONT HOUSING FINANCE AGENCY

November 8, 1993

Ms. Marie Carpenter
Department of Administration
Pavilion Office Building
109 State Street
Montpelier, VT 05602

Dear Ms. Carpenter:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, November 18, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

Fax: 828-2428

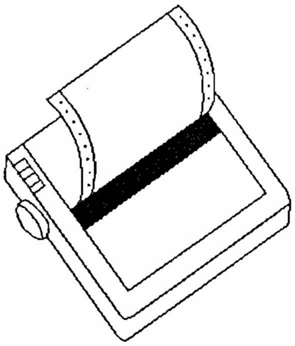
Ms. Carpenter:
The original letter was mailed to you 11/8. However, the meeting notice did not appear in 11/15 Burlington Free Press.
Is there a way to have the notice appear 11/16, or should we contact the BFP directly?

864-5743, ext. 255

vhfa

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET



Sent By	BV
Date	11/15
Time	11:15

DATE November 15, 1993

TIME 11:00

TO NAME The Times Argus

ORGANIZATION

TITLE/DEPT Newsroom

FAX PHONE NUMBER (802) 479-0191, ext. 171

FROM NAME Glen Jarrett

TITLE/DEPT General Counsel, ext. 226

FAX PHONE NUMBER: (802) 864-5746

DOCUMENT CONSISTS OF 2 PAGES INCLUDING COVER SHEET.

REMARKS: Please call if questions. This notice is meant to satisfy public meeting notice requirement

IF YOU EXPERIENCE ANY PROBLEMS IN RECEIVING THIS TRANSMISSION, PLEASE CALL SENDER AT (802) 864-5743

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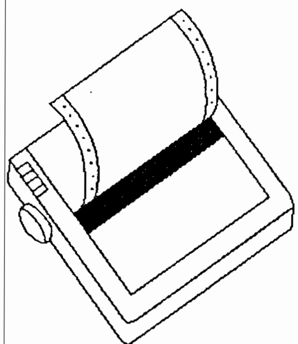
VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET



Sent By	GP
Date	11/15
Time	11:16

DATE November 15, 1993

TIME 11:00

TO

NAME The Burlington Free Press

ORGANIZATION

TITLE/DEPT Newsroom

FAX PHONE NUMBER (____) 660-1802

FROM

NAME Glenn Jarrett

TITLE/DEPT General Counsel, ext. 226

FAX PHONE NUMBER: (802) 864-5746

DOCUMENT CONSISTS OF 2 PAGES INCLUDING COVER SHEET.

REMARKS: Please call if questions. This notice is meant to satisfy public meeting notice requirement

IF YOU EXPERIENCE ANY PROBLEMS IN RECEIVING THIS TRANSMISSION, PLEASE CALL SENDER AT (802) 864-5743

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

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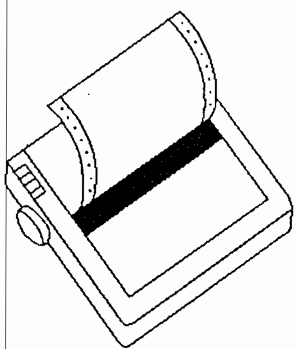

Sent By ______
Date ______
Time ______

DATE November 15, 1993

TIME 11:00

TO NAME The Rutland Herald

ORGANIZATION ______

TITLE/DEPT Newsroom

FAX PHONE NUMBER (____) 775-2423

FROM NAME Glen Jarrett

TITLE/DEPT General Counsel, ext. 226

FAX PHONE NUMBER: (802) 864-5746

DOCUMENT CONSISTS OF 2 PAGES INCLUDING COVER SHEET.

REMARKS: Please call if questions. This notice is meant to satisfy public meeting notice requirement.

IF YOU EXPERIENCE ANY PROBLEMS IN RECEIVING THIS TRANSMISSION, PLEASE CALL SENDER AT (802) 864-5743

NOTICE OF REGULAR MONTHLY MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will hold its regular monthly meeting on Thursday, November 18, 1993, at 1:30 p.m. The public may attend the meeting at the Office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: November 12, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, November 18, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 November 18!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

vhfa

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, November 18, 1993 at 1:30 p.m.

1. Review and approval of minutes of October 21, 1993

2. Administration
   - ⌂ Executive Director's Report — **[Hunt]**
   - ⌂ State Budget Discussion Update — **[Hunt]**

3. Communications
   - ⌂ Strategic Planning Update — **[Hope]**

4. Operations
   - ⌂ MOVE/Mortgage Plus Updates/ Delinquency Report — **[Lothrop//Enclosure]**

5. Multi-Family Management
   - ⌂ Update on Preservation Agreements "Escape Language" — **[Falzone//Enclosure]**

6. Development
   - ⌂ Federal Home Loan Bank of Boston Advances — **[Jenkins/Enclosure]**
   - ⌂ Low Income Housing Tax Credit Program — **[Jenkins/Enclosure]**
   - ⌂ Development Proposal for Southeast Summit (South Burlington) — **[Jenkins/Enclosure]**
   - ⌂ Loan Extension Request for Twin Pines Housing Trust/Starlake Village — **[Jenkins/Crady//Encl.]**
   - ⌂ Combined Resolutions of Interest/Commitment
     Freeborn Estates (St. Albans) — **[Jenkins/Crady//Encl.]**
     Graystone Village (Hartford) — **[Jenkins/Erdelyi//Encl.]**

7. Finance
   - ⌂ Bond Financing Updates — **[Schoenbeck//Enclosure]**

8. Legal
   - ⌂ Meadow Crossing (St. Albans) Planned Residential Development — **[Jarrett/Enclosure]**

9. Other old or new business to come before the Board

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, October 21, 1993

PRESENT: Chairman White; Commissioners Seelig, Randall, Candon (designee of Costle), Mullikin Drake (designee of Shouldice), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Francis, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Hope, Mr. Falzone

Guests: Mr. Gurley, Mr. Irvin, Ms. DeRosa (PaineWebber); Mr. Wagner, Mr. Amsden (Kutak Rock); Mr. Clancy (Trepp & Company); Mr. Rosen (Bear Stearns)

The meeting was called to order by the Chairman at 1:35 p.m. As the first order of business, Mr. Schoenbeck was asked to introduce to the Board those guests present, as listed above. Next, Chairman White requested an amendment to Page 7 of the minutes of September 23, 1993, regarding property standards; the sixth sentence should be amended to read: "*Chairman White expressed his concern regarding the setting of overly strict property standards, since the Agency's prospective borrowers are buying lower-priced homes than conventional borrowers.*" Upon a motion duly made by Ms. Mullikin Drake and seconded by Mr. Seelig, the minutes of the September 23, 1993 meeting were unanimously accepted as amended.

Mr. Schoenbeck reviewed the "Fiscal Year June 30, 1993, Audit Results" as detailed in his memo of October 15, included in the Board packet. According to Mr. Schoenbeck, the actual results for FY93 were as expected, with two exceptions. For audit purposes, the Agency recognized an accumulated loss of $225,000 on the Dalton Drive rehabilitation project; this has been included in miscellaneous expenses. Another exception was in the amount of $68,000 used to close out all of the bond cost of issuance accounts and transfer additional advertising expenses into the General Fund; these expenses were not covered by bond proceeds. For the first time in many years, the Auditors' Management Letter contained a comment which included a recommendation that the Agency consider setting up a loan-loss reserve. Mr. Schoenbeck did emphasize that the auditors viewed the loan losses as an immaterial percentage of the Agency's total loan portfolio at present, but the situation should be evaluated during the year.

Mr. Schoenbeck noted that staff plans to monitor the loan losses throughout the current fiscal year; if the amount nears $500,000 staff would then recommend that the Board consider setting up appropriate loan loss reserves. However, Mr. Seelig observed that it might be more appropriate to have a recommendation from staff fairly soon, rather than waiting through the entire fiscal year, especially based upon discussions with the Governor's office. Chairman White suggested that staff also consider other expense items that could be eliminated from the budget for at least the current fiscal year or permanently, to avoid having another "one-time" loss. Mr. Hunt noted that the recent financial study conducted by Evensen Dodge has shed light on the Agency's long-term financial future, while the audit results graphically illustrate one year. Although the Agency offers a wide variety of programs, quite a few do not pay their way, and it may be appropriate to either reduce programs or staff, or to figure out methods to make these programs more cost-effective; often, nonprofit housing entities around the state object to paying fees to the Agency. Ms. Mullikin Drake suggested that appropriate budget amounts could be identified and allocated during the strategic planning process and in preparation for the next fiscal year's budget. The Board was reminded by Mr. Hunt that MOVE, the Agency's largest program is also the one that loses the most money, especially due to prepayments. While no action was taken on loan loss reserves, a motion was made by Mr. Seelig and seconded by Ms. Randall to accept the audit and related reports as included in the Board packet; this motion carried unanimously. Ms. Mullikin Drake commended Mr. Schoenbeck and his staff for their hard work throughout the previous year.

The next topic was the future of Single Family financing. Mr. Schoenbeck reported that staff representatives had met with Mr. Amsden and Mr. Wagner of Kutak Rock, the Agency's bond counsel. Just prior to the Board meeting, the same individuals also met with the Agency's underwriting group to discuss various strategies for single family financing. According to Mr. Schoenbeck, typical financing as done in the past, when based on current interest rates, could offer a mortgage rate of 6.40 percent to 6.60 percent (as compared with the current 7.80 percent rate). It would cost nearly $300,000 to cover the interest loss (between the bond sale and the time the mortgages are purchased) on a $25 million financing. Acting on suggestions from the underwriting group may create a way to warehouse mortgage purchases from internal funds already available; when additional funds are needed (in January or February of 1994), the Agency could provide notice to lenders of a mortgage rate based on the then-current market; after release of the rate the bond market would be closely monitored prior to actual sale of the bonds and rates would be adjusted as necessary; bonds would be sold and delivered two months later. Under this scenario, the program would be available over a four-month basis, while funds would not actually be invested until the financing is closed. This strategy could reduce interest holding costs by $150,000 to $200,000. The underwriting group is also reviewing ways to further reduce these costs. Another consideration would be to use collected prepayments as mortgage funds in the future, which could result in a slightly lower mortgage rate; these funds could be offered to non-first time home buyers and others who do not qualify for the currently available funds. Mr. Schoenbeck advised that this discussion is meant as a general overview, with many details still to be finalized.

Mr. Schoenbeck further explained that the bond market would be monitored closely to guard against interest rate fluctuations; if rates start to rise during the period between when the rate is announced and the bonds are to be sold, lenders would be advised of a new effective rate (e.g., on the following Monday). When the bond financing is closed, loans that had already been committed would be purchased at the committed rate and new loans would be adjusted to the final calculated rate. Another option would be to have an allocation system, where mortgage amounts are allocated based on lender demand, with a fee involved. Many mortgages have been closed by lenders under the current single family program, but have not yet been delivered to the Agency; this results in a loss of income. The four-month window would allow enough time to originate mortgages while reducing the cost of holding funds. Mr. Schoenbeck assured the Board that the program would be further modified. The goal would be to offer funds at the beginning of the year (or perhaps as early as December). Further discussion will occur at the next Board meeting. Ms. Randall observed that this scenario would allow the Agency to offer mortgages at market rates, rather than being below market rates; however, as Mr. Hunt noted, it has become increasingly difficult for the Agency to remain below market rates over the past few years, as the tax-exempt market has not followed the taxable market. Mr. Schoenbeck also indicated that the compression of rates and the percentage of the spread are a factor, as rates have moved against the Agency over the past 11 years. While increased staff time for smaller, more frequent bond issues might be a consideration, Mr. Schoenbeck pointed out that any increased staff time would cost the Agency far less than the substantial costs involved in continuing to do larger bond issues. No action was necessary; the Board will have an opportunity to review the proposal in greater detail at the next meeting.

Turning to Multi-Family financing, Mr. Schoenbeck asked Mr. Wagner to address the Board regarding the possibility of refunding old bonds that were used to finance 1981-1983 projects. The benefit would be to earn revenues for the Agency that could be utilized for other purposes. Mr. Wagner reviewed the bonds issued for those projects, noting mortgage rates of 12-14 percent. There is the potential to refund those bonds with an interest rate spread of 5.5-6 percent between the mortgages and bonds. However, arbitrage rules allow only 1.5 percent above the bond yield to be retained by the Agency. The bonds could be refunded with the excess earnings used for new programs, with the funds available only as long as the mortgages do not prepay. An option would be to approach HUD under the McKinney Act program, turning over the excess yield to HUD and receiving half of the percentage difference in return; this would lock in the savings for 20 years and must be used for very low income (those at or below

50 percent of median income) housing for ten years from the date funds are received. After ten years, the funds could be used for any purpose. Mr. Wagner assured the Board that he would re-examine this issue with HUD to ensure that the program has not been altered. According to Mr. Wagner, 14 state agencies are conducting similar refundings. Mr. Seelig suggested that these states be contacted in an effort to determine how the savings from their programs could apply to the Agency's needs. Although no formal action was taken, it was determined that the general sense of the Board was to allow staff to move forward on this plan expeditiously, utilizing Kutak Rock as needed, with the understanding that a formal proposal or recommendation would be made at the next Board meeting.

In his Executive Director's report, Mr. Hunt announced that he had traveled to St. Louis to receive the National Trust for Historic Preservation's Honor award on behalf of the Agency and the Officers' Row rehabilitation. Officers' Row was one of 15 winners of this prestigious award nationwide. The president of the National Home Builders Association also visited Officers' Row and expressed an interest in using the Fort as a model for the rehabilitation of other military base closures around the country. Plans are underway to pursue funding from the Department of Defense to cover the cost of developing "how-to" manuals for the conversion of residential base properties. Mr. Hunt stated that despite the financial loss reported earlier in the Audit, he was proud to acknowledge the recognition from around the country for this ambitious undertaking.

Mr. Francis reviewed the proposed "Sexual Harassment Policy" as attached to his memo of October 15, included in the Board packet. Chairman White suggested amending the reference in the first paragraph to "eliminating" sexual harassment be revised to a term such as "proscribe" or "prohibit" to avoid the implication that such behavior is occurring. According to Mr. Francis, a draft of the policy was distributed to the staff for their review, and the policy was also reviewed in detail at a meeting of the entire staff. As far as determining what is sexually suggestive material, Mr. Jarrett noted that this is a developing area of the law, with no particular standards recognized. Chairman White further noted that the examples listed in the policy are just that; should an employee be offended by material in another employee's office, the issue would be addressed by the individuals listed in the policy. A motion was then made by Mr. Candon and seconded by Ms. Randall to adopt the "Sexual Harassment Policy" as amended and attached to these minutes; this motion carried unanimously.

The monthly single family loan activity was reviewed by Mr. Lothrop, who reported that reservations of $2.7 million had been received so far this month; for the month of October last year, $3.2 million had been reserved. To date, reservations are about $6 million ahead of the previous year's activity. Both borrowers and lenders continue to show interest in a permanent no down payment program to provide 100 percent financing. Mr. Lothrop noted that delinquencies have dropped slightly, but this is a constantly fluctuating figure. Several REO properties are currently on the market, and methods are being researched to keep the REO process as cost-effective as possible during foreclosures or property acquisition. Mr. Lothrop observed that most lenders are inundated with refinancings and are very busy, and thus have not taken the time to prepare for the purchase of certain loans. Participating lenders do suffer more financially if they do not meet Freddie Mac and Fannie Mae commitments, but the Agency has only a late fee, rather than a non-delivery penalty. Ms. Randall suggested that staff consider imposing a non-delivery penalty, which could then be refunded if the loan is ultimately denied by the Agency. Concurring, Mr. Lothrop also indicated that a concerted effort is being made to get outstanding committed loans in for purchase. There is a final purchase date beyond which they cannot be purchased. Mr. Hunt cautioned that while penalty fees could perhaps be more onerous, care must be taken to ensure that lenders do not view penalties as a negative. Since most of the loans accepted by the Agency are "story" loans that would not be approved by conventional lenders, the assembling of documentation to complete the loan package is time consuming and may cause a slight delay in the submission of the loan for purchase. Mr. Hunt advised that discussions of a possible second mortgage program had occurred at the September Board meeting; however, since funds are being reserved without the suggested promotional activity, further development on the second mortgage possibility has been halted until the next bond issue. Turning to the monthly delinquency report, Mr. Lothrop pointed out that delinquencies are slightly higher than at the same time last year; a report comparing this year's activity with that of 1992 will be prepared for the next Board meeting. No Board action was required.

Mr. Falzone reviewed his memo of October 14, included in the Board packet, regarding an "Update on Preservation Agreements." These agreements pertain to multi-family rental properties financed by the Agency and the success of these efforts to date was detailed in an attachment to the Board memo. Mr. Falzone indicated that recently many owners have been reluctant to sign Preservation Agreements because they are worried that HUD or Congress may take some action that invalidates the incentives that the Agency is authorizing in exchange for a lock-in of the HAP Contract and the Agency mortgage. Discussion included the concept of negotiating "escape" language that will address both the Agency's strong desire to protect the enforceability of the Agency's agreement and owners' concerns about the government's changing procedures. Mr. Jarrett further explained that some developers want to reap the benefits of a Preservation Agreement while being able to get out of the agreement at their own discretion at some time in the future. Staff has been reviewing several options in terms of the threshold at which a reduction in preservation incentives would trigger a termination of the Preservation Agreement. However, as each project is unique, it would be difficult to develop one formula that would cover every circumstance. Mr. Seelig stressed the need to avoid any displacement of residents that might result from a change of ownership. While no formal Board action was taken, there was general agreement that staff should develop appropriate language to provide an escape clause in preservation agreements, while avoiding resident displacement; the Board also requested an opportunity to review the proposed language at the next Board meeting.

{At this point, the Board meeting was recessed for five minutes.}

After Chairman White called the meeting back to order, Ms. Jenkins reported that further discussions need to take place with the Joint Committee on Tax Credits before a revised procedure can be developed for having those projects reviewed by both the Committee and the Agency's Board prior to allocation of the Tax Credits.

As the monthly Strategic Planning Update, Ms. Hope distributed a partial list of individuals who will be interviewed by Agency staff and the consultants as part of the situational analysis. Approximately 30 individuals representing the Agency's diverse constituencies will be interviewed. Input from builders, lenders, nonprofits and the Affordable Housing Coalition will be solicited via a written survey. An in-depth study of the Agency and its operating environment is underway, which will also track housing trends in the state. The next meeting of the Advisory Committee is scheduled for December 10; the results of the situational analysis should be available toward the end of November.

The next topic introduced was the Agency's 20th anniversary, which will occur in 1994. Ms. Hope reported that funds were included in the FY94 budget to cover the cost of promotional materials and events, such as a calendar highlighting the Agency's activities aver the past 20 years. There is a two-fold concern in going ahead with these expenditures as budgeted: (1) given the Agency's financial situation, is it an appropriate use of funds; and (2) is the production of such materials likely to stir up reactions from a legislative standpoint and the State's pending request for budget help. Ms. Mullikin Drake noted that the 20th anniversary celebration should be fairly visible, but with a minimum of expense. Ms. Randall suggested that hosting more local events for lenders and realtors over the course of the year might give the Agency the same or better exposure at a lower cost. Ms. Hope noted that the work already put into planning the calendar could be incorporated into the FY94 Annual Report. No formal Board action was taken, but the staff was directed to reconsider ways to celebrate the Agency's 20th anniversary while keeping costs reasonable.

Mr. Jarrett reviewed the "Single Family Foreclosure Initiative" as described in his memo of October 20, distributed at the Board meeting. The Agency has selected eight attorneys throughout the state to handle foreclosure actions; four firms are in the Burlington area. To date, 14 cases have been assigned to those attorneys.

Turning to other old or new business, Mr. Hunt reviewed the ongoing discussions taking place with Douglas Wacek, the State's Commissioner of Finance and

Management, regarding Vermont's budget needs. Concepts under consideration are for the Agency to buy loans (for example, from the Agency of Human Services) and then defer the interest on payment of those loans, which would result in significant savings for the State. Another plan would be to buy soft-second loans from the Housing and Conservation Trust Fund, which the Agency would then have as an asset. If these loans fall within the Agency's statute limitations, it might be possible to follow through on those purchases. A final plan should be developed by mid-November for action at the next Board meeting. These strategies are meant to assist the State with the FY94 budget; no discussions have centered on FY95 budget needs. However, Ms. Mullikin Drake noted that the Board should assume that the Agency will be asked to continue any action taken for FY94 into the next fiscal year as well.

At this time, Mr. Myette expressed his regrets and stated that he was unable to continue for the rest of the meeting.

Mr. Hunt reviewed a proposal from a local businessman to sell two floors (comprising 20,000 sq. ft.) of an office building to be constructed on the parking lot which is currently utilized by occupants of One Burlington Square. The space would be leased to the Agency, which would gain full ownership following depreciation. The cost would be $14/sq. ft., compared with the current space for which the Agency pays $11/sq. ft. While the Board agreed that purchasing permanent office space would be a good idea at some point in the next few years, staff was directed to determine what other comparable office space is currently available in the Burlington area.

As the last order of business, Mr. Schoenbeck reminded the Board that BancBoston is no longer a member of the underwriting group. Upon a motion made by Ms. Mullikin Drake and seconded by Mr. Candon, the Board unanimously voted to add Smith Barney Shearson to the underwriting group.

The next meeting was scheduled for Thursday, November 18, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:00 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

VERMONT HOUSING FINANCE AGENCY
SEXUAL HARASSMENT POLICY

Vermont Housing Finance Agency ("VHFA") desires to maintain a professional work environment in which all employees are treated equally and with respect. A major element of such an environment is VHFA's commitment to equal opportunities and the prevention of discriminatory practices, including harassment or intimidation because of sex, race, color, ancestry, religion, national origin, sexual orientation, place of birth, disability, familial status or age. Sexual harassment is unlawful under state and federal laws which prohibit employment discrimination. In addition to being illegal, sexual harassment has a destructive impact on productivity and demoralizes employees. For these reasons VHFA has always opposed sexual harassment affecting its workplace, whether such harassment is verbal, physical or environmental. This policy establishes procedures to address problems and questions regarding sexual harassment in a prompt, discreet and fair manner, and all employees are expected to comply and cooperate with its provisions.

VHFA will take disciplinary action, which may include dismissal, against any employee who violates this policy against sexual or other harassment.

POLICY

Sexual harassment in the workplace is unlawful. No employee, whether male or female, should be subjected to offensive or threatening behavior which impairs the employee's working ability or emotional well-being at work.

Unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature constitute harassment and sex discrimination whenever:

(a) Submission or agreement to such conduct is made either explicitly or implicitly a term or condition of employment, continued employment, advancement, or promotion; or

(b) Submission to or the rejection of such conduct by an individual is used, in whole or in part, as a component of the basis for any decision concerning the employment relationship or employment decisions affecting an individual; or

(c) The conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Some specific examples of behavior which may constitute sexual harassment include:

- sexually suggestive remarks, comments or gestures including jokes and innuendo.
- sexually suggestive material visible in any work area, especially if accompanied by comments about the material, or if given to a certain employee.
- repeatedly pressuring an employee for a date.
- requests for sexual favors.
- unwelcome and/or inappropriate touching.

THIS LIST IS NOT INTENDED TO BE EXHAUSTIVE

Any employee who believes that she or he has been the target of sexual harassment, or who believes she or he has been subjected to retaliation for having brought or supported a complaint of harassment, is encouraged to directly inform the offending person or persons that such conduct is offensive and must stop. If the employee does not wish to communicate directly with the alleged harasser or harassers, or if direct communication has been ineffective, then the person with the complaint is encouraged to report the conduct to VHFA's designees, **Hollis Hope,** Director of Communications, **Jeffrey Francis**, Deputy Director, or **Glenn Jarrett**, General Counsel, either during the workday, at the office, or by contacting them at home. Hollis's home number is 863-9762, Jeff's is 1-223-1182 and Glenn's is 863-6587. Pending the conclusion of any resulting investigation, VHFA will make every effort to maintain confidentiality to protect all parties involved. If it is not feasible or desirable to report such conduct to Hollis, Jeff or Glenn, the employee is encouraged to report the conduct in question to Allan Hunt, Executive Director.

Every claim of sexual harassment will be investigated immediately and will be considered on its own merits. VHFA will take whatever disciplinary action it considers appropriate under the circumstances, including but not limited to reprimand, suspension, or immediate termination of an employee who commits an act or acts constituting sexual harassment. VHFA is committed, and required by law, to take action if it learns of potential sexual harassment, even if the aggrieved employee does not wish to formally file a complaint.

Jeffrey Francis is responsible for insuring that this policy is explained to all employees.

It is unlawful for VHFA to in any way retaliate against an employee for making a complaint of sexual harassment or for cooperating with an investigation of sexual harassment.

Any employee who is dissatisfied with VHFA's action, or is otherwise interested in doing so, may file a complaint by calling or writing to:

1. State of Vermont
   Attorney General's Office
   Civil Rights Division
   109 State Street
   Montpelier, VT 05609
   (802) 828-3657 or 828-3171

OR

2. Equal Employment Opportunity Commission (EEOC)
   1 Congress Street
   Boston, MA 02114
   (617) 565-3200

Such complaints should be filed within 300 days of the occurrence of the conduct. In Vermont, a complaint filed with the State of Vermont Attorney General's Office will automatically be filed by the state with the EEOC.

In addition, a complainant also has the right to hire a private attorney and to pursue a private legal action in state court within three or six years, depending on the type of claim raised.

A copy of this policy will be provided to every employee. Extra copies are available at Barbara Parker's office.

Upon request, reasonable accommodations will be provided for persons with disabilities who need assistance in filing or pursuing a complaint of harassment.

I hereby certify that the foregoing is a true copy of a policy of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on October 21, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

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Status Report (with percent of pool proceeds approved)

Rate : 6.950%

Date : 11/11/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$67,925	0.7%	$67,925	0.7%	$67,925	$0	0.0%
Banknorth Mortgage Co		$676,404	7.0%	$676,404	7.0%	$296,894	$379,510	56.1%
Chittenden Bank		$2,442,343	25.5%	$2,188,453	22.8%	$1,333,253	$855,200	35.0%
Citizens Savings Bank and Trust		$539,345	5.6%	$485,195	5.0%	$362,733	$122,462	22.7%
Community National Bank		$1,128,680	11.7%	$1,086,880	11.3%	$877,719	$209,161	18.5%
Green Mountain Bank		$33,000	0.3%	$33,000	0.3%	$33,000	$0	0.0%
Lyndonville Savings Bank & Trust Company		$248,048	2.5%	$196,048	2.0%	$196,048	$0	0.0%
Marble Bank		$48,410	0.5%	$48,410	0.5%	$48,410	$0	0.0%
Merchants Bank, The		$199,537	2.0%	$199,537	2.0%	$137,550	$61,987	31.0%
Mortgage Service Center of New England		$202,675	2.1%	$170,470	1.7%	$51,870	$118,600	58.5%
National Bank of Middlebury, The		$16,500	0.1%	$16,500	0.1%	$16,500	$0	0.0%
New England IBM Employees Fed Crdt Union		$65,346	0.6%	$65,346	0.6%	$65,346	$0	0.0%
Northfield Savings Bank		$123,000	1.2%	$123,000	1.2%	$76,000	$47,000	38.2%
Passumpsic Savings Bank		$309,050	3.2%	$232,100	2.4%	$105,400	$126,700	40.9%
Randolph National Bank		$67,100	0.7%	$38,600	0.4%	$38,600	$0	0.0%
Statewide Funding Corporation		$69,942	0.7%	$69,942	0.7%	$69,942	$0	0.0%
Summit Financial Center, Inc.		$299,155	3.1%	$246,905	2.5%	$0	$246,905	82.5%
Vermont Federal Bank, FSB		$1,162,252	12.1%	$1,162,252	12.1%	$1,096,702	$65,550	5.6%
Vermont National Bank		$1,681,449	17.5%	$1,610,549	16.8%	$1,313,624	$296,925	17.6%
TOTALS	152 Loans	$9,380,161	97.9%	$8,717,516	91.0%	$6,187,516	$2,530,000	26.9%

STATISTICAL REPORT PROGRAM ID: 93A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 11/11/93
Loan Status: CC,UC,O

Total Number of Loans: 139
Total Loan Amount: $8,669,066

EXISTING:	$6,965,235	81.2%	113 Loans
NEW CONSTRUCTION:	$1,703,831	18.7%	26 Loans
NEW DETACHED HOUSING:	$1,484,281	87.1%	23 Loans
NEW CONDOMINIUM:	$219,550	12.8%	3 Loans
Funds Remaining to be Reserved:	$191,464	2.0%	3 Loans (Est.)

Total Insured or Guaranteed Loans: 131
Loans Guaranteed by VHMGB: 128

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$63,980	$72,768	$66,762
Avg. Loan Amount	$59,925	$67,639	$62,367
Avg. Borrower Income	$25,942	$26,644	$26,164
Avg. Housing Debt-Income Ratio	24.0%	27.0%	24.9%
Avg. Total Debt	$681.91	$730.40	$697.26
Avg. Total Debt-Income Ratio	31.7%	33.0%	32.1%
Total No. of Loans	95	44	139
% of Total Loan Amount	65.7%	34.3%	100.0%
First Time Homebuyers	88.4%	100.0%	92.0%
% Meeting Low Income Set Aside	47.3%	56.8%	50.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	8	5.8%	$439,812	5,000	5.7%	0.1
Bennington	2	1.4%	$152,884	6,300	7.2%	5.8-
Caledonia	16	11.5%	$876,380	4,800	5.5%	6.0
Chittenden	20	14.4%	$1,506,687	16,000	18.2%	3.8-
Essex	5	3.6%	$270,636	1,300	1.4%	2.2
Franklin	27	19.4%	$1,747,356	6,000	6.8%	12.6
Grand Isle	1	0.7%	$62,500	900	1.0%	0.3-
Lamoille	3	2.2%	$178,875	3,300	3.8%	1.6-
Orange	6	4.3%	$354,992	4,300	4.9%	0.6-
Orleans	21	15.1%	$1,158,580	4,200	4.8%	10.3
Rutland	2	1.4%	$150,625	10,000	11.4%	10.0-
Washington	12	8.6%	$781,005	9,000	10.3%	1.7-
Windham	3	2.2%	$174,465	7,100	8.1%	5.9-
Windsor	13	9.4%	$814,269	9,600	11.0%	1.6-
TOTAL	139	100.0%	$8,669,066	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

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PAGE NO. 1 | 93B - $20,600,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25 | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 7.250%

Date : 11/11/93

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$495,472	2.4%	$368,837	1.7%	$188,262	$180,575	36.4%
Banknorth Mortgage Co	$2,428,704	11.7%	$2,068,304	10.0%	$765,379	$1,302,925	53.6%
Chittenden Bank	$3,227,958	15.6%	$3,014,683	14.6%	$1,794,871	$1,219,812	37.7%
Citizens Savings Bank and Trust	$455,444	2.2%	$393,025	1.9%	$277,425	$115,600	25.3%
Community National Bank	$639,138	3.1%	$639,138	3.1%	$474,533	$164,605	25.7%
Factory Point National Bank, The	$39,600	0.1%	$39,600	0.1%	$0	$39,600	100.0%
Fleet Mortgage	$528,870	2.5%	$342,525	1.6%	$0	$342,525	64.7%
Kittredge Mortgage Corporation	$90,250	0.4%	$90,250	0.4%	$0	$90,250	100.0%
Lyndonville Savings Bank & Trust Company	$102,460	0.4%	$102,460	0.4%	$59,500	$42,960	41.9%
Marble Bank	$1,062,908	5.1%	$855,608	4.1%	$718,808	$136,800	12.8%
Merchants Bank, The	$462,282	2.2%	$462,282	2.2%	$462,282	$0	0.0%
Mortgage Service Center of New England	$350,321	1.7%	$142,321	0.6%	$75,821	$66,500	18.9%
National Bank of Middlebury, The	$91,197	0.4%	$91,197	0.4%	$91,197	$0	0.0%
Northfield Savings Bank	$873,735	4.2%	$740,835	3.5%	$601,660	$139,175	15.9%
Passumpsic Savings Bank	$1,107,168	5.3%	$935,683	4.5%	$637,857	$297,826	26.8%
Peoples Trust Company of St Albans	$173,850	0.8%	$75,050	0.3%	$0	$75,050	43.1%
Statewide Funding Corporation	$2,106,419	10.2%	$1,981,019	9.6%	$646,142	$1,334,877	63.3%
Summit Financial Center, Inc.	$91,400	0.4%	$91,400	0.4%	$0	$91,400	100.0%
Union Bank	$805,131	3.9%	$805,131	3.9%	$475,708	$329,423	40.9%
Vermont Federal Bank, FSB	$2,525,103	12.2%	$2,373,103	11.5%	$1,956,453	$416,650	16.5%
Vermont National Bank	$2,185,833	10.6%	$2,107,333	10.2%	$1,437,573	$669,760	30.6%
Wells River Savings Bank	$373,389	1.8%	$373,389	1.8%	$98,229	$275,160	73.6%
TOTALS 311 Loans	$20,216,632	98.1%	$18,093,173	87.8%	$10,761,700	$7,331,473	36.2%

STATISTICAL REPORT PROGRAM ID: 93B   Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 11/11/93

Loan Status: CC,UC,O

Total Number of Loans:	273
Total Loan Amount:	$17,963,973

EXISTING:	$15,401,633	86.8%	237 Loans
NEW CONSTRUCTION:	$2,562,340	13.1%	36 Loans
NEW DETACHED HOUSING:	$2,407,917	93.9%	34 Loans
NEW CONDOMINIUM:	$154,423	6.0%	2 Loans
Funds Remaining to be Reserved:	$383,388	1.8%	5 Loans (Est.)

Total Insured or Guaranteed Loans:	267
Loans Guaranteed by VHMGB:	265

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,247	$75,297	$69,396
Avg. Loan Amount	$62,751	$71,518	$65,802
Avg. Borrower Income	$27,802	$30,298	$28,671
Avg. Housing Debt-Income Ratio	24.1%	25.5%	24.6%
Avg. Total Debt	$764.38	$825.77	$785.75
Avg. Total Debt-Income Ratio	32.9%	32.8%	32.9%
Total No. of Loans	178	95	273
% of Total Loan Amount	62.2%	37.8%	100.0%
First Time Homebuyers	93.2%	97.8%	94.8%
% Meeting Low Income Set Aside	32.0%	29.4%	31.1%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	26	9.5%	$1,830,754	5,000	5.7%	3.8
Bennington	14	5.1%	$987,953	6,300	7.2%	2.1-
Caledonia	32	11.7%	$1,819,192	4,800	5.5%	6.2
Chittenden	36	13.2%	$2,771,623	16,000	18.2%	5.0-
Essex	3	1.1%	$166,350	1,300	1.4%	0.3-
Franklin	16	5.9%	$1,025,045	6,000	6.8%	0.9-
Grand Isle	4	1.5%	$270,425	900	1.0%	0.5
Lamoille	21	7.7%	$1,461,189	3,300	3.8%	3.9
Orange	9	3.3%	$561,130	4,300	4.9%	1.6-
Orleans	20	7.3%	$986,953	4,200	4.8%	2.5
Rutland	44	16.1%	$3,031,307	10,000	11.4%	4.7
Washington	27	9.9%	$1,713,249	9,000	10.3%	0.4-
Windham	6	2.2%	$405,271	7,100	8.1%	5.9-
Windsor	15	5.5%	$933,532	9,600	11.0%	5.5-
TOTAL	273	100.0%	$17,963,973	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.

Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 11/11/93

PAGE NO. 1

Vermont Housing Finance Agency

94A - $2,875,000 1990 SERIES 4-SF HOUSING PROG 1S-7.95%

Status Report (with percent of pool proceeds approved)

Rate : 6.950%

Date : 11/11/93

Report: 1130

PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$80,000	2.7%	$80,000	2.7%	$0	$80,000	100.0%
Banknorth Mortgage Co		$30,150	1.0%	$0	0.0%	$0	$0	0.0%
Chittenden Bank		$246,320	8.5%	$90,000	3.1%	$0	$90,000	36.5%
Citizens Savings Bank and Trust		$63,000	2.1%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$78,755	2.7%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$75,810	2.6%	$75,810	2.6%	$75,810	$0	0.0%
Passumpsic Savings Bank		$74,800	2.6%	$74,800	2.6%	$0	$74,800	100.0%
Summit Financial Center, Inc.		$37,050	1.2%	$0	0.0%	$0	$0	0.0%
Vermont Development Credit Union		$119,950	4.1%	$119,950	4.1%	$0	$119,950	100.0%
Vermont National Bank		$147,388	5.1%	$147,388	5.1%	$147,388	$0	0.0%
TOTALS	14 Loans	$953,223	33.1%	$587,948	20.4%	$223,198	$364,750	38.2%

STATISTICAL REPORT PROGRAM ID: 94A   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 11/11/93
Loan Status: CC,UC,O

Total Number of Loans: 8
Total Loan Amount: $587,948

EXISTING:	$423,148	75.0%	6 Loans
NEW CONSTRUCTION:	$164,800	25.0%	2 Loans
NEW DETACHED HOUSING:	$164,800	100.0%	2 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,921,777	66.8%	26 Loans (Est.)

Total Insured or Guaranteed Loans: 8
Loans Guaranteed by VHMGB: 8

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$82,780	$80,189	$80,513
Avg. Loan Amount	$74,800	$73,306	$73,493
Avg. Borrower Income	$27,084	$29,199	$28,935
Avg. Housing Debt-Income Ratio	29.0%	26.4%	26.7%
Avg. Total Debt	$675.00	$814.42	$797.00
Avg. Total Debt-Income Ratio	30.0%	33.8%	33.3%
Total No. of Loans	1	7	8
% of Total Loan Amount	12.7%	87.3%	100.0%
First Time Homebuyers	100.0%	57.1%	62.5%
% Meeting Low Income Set Aside	0.0%	57.1%	50.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	1	12.5%	$22,950	5,000	5.7%	6.8
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	1	12.5%	$74,800	4,800	5.5%	7.0
Chittenden	4	50.0%	$333,455	16,000	18.2%	31.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	12.5%	$80,933	900	1.0%	11.5
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	1	12.5%	$75,810	9,600	11.0%	1.5
TOTAL	8	100.0%	$587,948	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 11/11/93
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Vermont Housing Finance Agency
94B - $2,875,000 1990 SERIES 4-SF HOUSING PROG 1S-8.25%
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 11/11/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$162,275	5.6%	$162,275	5.6%	$62,700	$99,575	61.3%
Banknorth Mortgage Co		$127,350	4.4%	$67,500	2.3%	$0	$67,500	53.0%
Chittenden Bank		$329,477	11.4%	$77,717	2.7%	$77,717	$0	0.0%
Citizens Savings Bank and Trust		$54,900	1.9%	$0	0.0%	$0	$0	0.0%
Community National Bank		$77,200	2.6%	$0	0.0%	$0	$0	0.0%
Green Mountain Bank		$58,200	2.0%	$58,200	2.0%	$58,200	$0	0.0%
Marble Bank		$187,137	6.5%	$141,062	4.9%	$141,062	$0	0.0%
Merchants Bank, The		$36,100	1.2%	$0	0.0%	$0	$0	0.0%
Peoples Trust Company of St Albans		$63,175	2.1%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$164,675	5.7%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$80,750	2.8%	$80,750	2.8%	$0	$80,750	100.0%
Vermont Federal Bank, FSB		$303,470	10.5%	$147,920	5.1%	$147,920	$0	0.0%
Vermont National Bank		$259,233	9.0%	$192,733	6.7%	$159,483	$33,250	12.8%
Wells River Savings Bank		$202,810	7.0%	$0	0.0%	$0	$0	0.0%
TOTALS	33 Loans	$2,106,752	73.2%	$928,157	32.2%	$647,082	$281,075	13.3%

STATISTICAL REPORT PROGRAM ID: 94B Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 11/11/93
Loan Status: CC,UC,O

Total Number of Loans: 13
Total Loan Amount: $928,157

EXISTING:	$743,362	84.6%	11 Loans
NEW CONSTRUCTION:	$184,795	15.3%	2 Loans
NEW DETACHED HOUSING:	$184,795	100.0%	2 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$700,497	24.3%	9 Loans (Est.)

Total Insured or Guaranteed Loans: 13
Loans Guaranteed by VHMGB: 13

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$62,000	$78,462	$74,663
Avg. Loan Amount	$58,900	$75,145	$71,396
Avg. Borrower Income	$29,592	$32,515	$31,840
Avg. Housing Debt-Income Ratio	24.3%	24.8%	24.6%
Avg. Total Debt	$802.66	$876.50	$859.46
Avg. Total Debt-Income Ratio	32.3%	32.6%	32.5%
Total No. of Loans	3	10	13
% of Total Loan Amount	19.0%	81.0%	100.0%
First Time Homebuyers	100.0%	60.0%	69.2%
% Meeting Low Income Set Aside	33.3%	10.0%	15.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	23.1%	$230,982	5,000	5.7%	17.4
Bennington	1	7.7%	$77,717	6,300	7.2%	0.5
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	4	30.7%	$312,558	16,000	18.2%	12.5
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	7.7%	$62,700	900	1.0%	6.7
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	2	15.4%	$143,450	9,000	10.3%	5.1
Windham	1	7.7%	$33,250	7,100	8.1%	0.4-
Windsor	1	7.7%	$67,500	9,600	11.0%	3.3-
TOTAL	13	100.0%	$928,157	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 11/11/93
PAGE NO. 1

Vermont Housing Finance Agency
94H - $7,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 11/11/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$78,200	1.1%	$78,200	1.1%	$78,200	$0	0.0%
Banknorth Mortgage Co		$258,314	3.6%	$196,314	2.8%	$55,189	$141,125	54.6%
Brattleboro Savings and Loan		$70,083	1.0%	$70,083	1.0%	$0	$70,083	100.0%
Factory Point National Bank, The		$53,620	0.7%	$53,620	0.7%	$53,620	$0	0.0%
Marble Bank		$820,094	11.7%	$745,094	10.6%	$665,644	$79,450	9.6%
Merchants Bank, The		$62,000	0.8%	$62,000	0.8%	$62,000	$0	0.0%
Mortgage Service Center of New England		$116,190	1.6%	$69,930	0.9%	$69,930	$0	0.0%
National Bank of Middlebury, The		$126,928	1.8%	$126,928	1.8%	$126,928	$0	0.0%
Vermont Development Credit Union		$699,285	9.9%	$570,685	8.1%	$0	$570,685	81.6%
Vermont Federal Bank, FSB		$1,013,371	14.4%	$971,571	13.8%	$908,571	$63,000	6.2%
Vermont National Bank		$1,404,701	20.0%	$1,173,901	16.7%	$908,836	$265,065	18.8%
TOTALS	77 Loans	$4,702,786	67.1%	$4,118,326	58.8%	$2,928,918	$1,189,408	25.2%

STATISTICAL REPORT PROGRAM ID: 94H   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 11/11/93
Loan Status: CC,UC,O

Total Number of Loans: 67
Total Loan Amount: $4,118,326

EXISTING:	$1,681,998	44.7%	30 Loans
NEW CONSTRUCTION:	$2,436,328	55.2%	37 Loans
NEW DETACHED HOUSING:	$1,209,048	49.6%	19 Loans
NEW CONDOMINIUM:	$1,227,280	50.3%	18 Loans
Funds Remaining to be Reserved:	$2,294,364	32.7%	37 Loans (Est.)

Total Insured or Guaranteed Loans: 51
Loans Guaranteed by VHMGB: 51

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$68,805	$74,674	$73,360
Avg. Loan Amount	$53,461	$63,776	$61,467
Avg. Borrower Income	$24,378	$25,587	$25,316
Avg. Housing Debt-Income Ratio	26.0%	28.8%	28.2%
Avg. Total Debt	$757.60	$763.01	$761.80
Avg. Total Debt-Income Ratio	37.2%	36.1%	36.4%
Total No. of Loans	15	52	67
% of Total Loan Amount	19.5%	80.5%	100.0%
First Time Homebuyers	100.0%	98.0%	98.5%
% Meeting Low Income Set Aside	53.3%	69.2%	65.6%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	7.5%	$293,269	5,000	5.7%	1.8
Bennington	1	1.5%	$53,620	6,300	7.2%	5.7-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	26	38.7%	$1,766,148	16,000	18.2%	20.5
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	1	1.5%	$47,000	3,300	3.8%	2.3-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	3	4.5%	$170,689	10,000	11.4%	6.9-
Washington	1	1.5%	$60,317	9,000	10.3%	8.8-
Windham	10	14.9%	$523,923	7,100	8.1%	6.8
Windsor	20	29.9%	$1,203,360	9,600	11.0%	18.9
TOTAL	67	100.0%	$4,118,326	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 11/11/93 | Vertmont Housing Finance Agency | Report: 1130

PAGE NO. 1 | MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6 | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 0.000%

Date : 11/11/93

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$2,379,575	6.3%	$2,222,025	5.9%	$962,200	$1,259,825	52.9%
Banknorth Mortgage Co	$2,104,683	5.6%	$1,699,278	4.5%	$885,413	$813,865	38.6%
Chittenden Bank	$1,914,335	5.1%	$1,411,085	3.7%	$1,116,185	$294,900	15.4%
Commonwealth United Mortgage Company	$285,846	0.7%	$160,386	0.4%	$160,386	$0	0.0%
Fleet Mortgage	$261,555	0.6%	$165,493	0.4%	$165,493	$0	0.0%
Merchants Bank, The	$694,000	1.8%	$590,500	1.5%	$433,000	$157,500	22.6%
Mortgage Service Center of New England	$154,950	0.4%	$154,950	0.4%	$0	$154,950	100.0%
New England IBM Employees Fed Crdt Union	$70,000	0.1%	$70,000	0.1%	$0	$70,000	100.0%
NorWest Mortgage Inc.	$171,150	0.4%	$78,750	0.2%	$78,750	$0	0.0%
Passumpsic Savings Bank	$75,050	0.2%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation	$281,323	0.7%	$281,323	0.7%	$69,470	$211,853	75.3%
Summit Financial Center, Inc.	$1,292,011	3.4%	$864,411	2.3%	$540,881	$323,530	25.0%
Vermont Federal Bank, FSB	$874,125	2.3%	$799,075	2.1%	$472,875	$326,200	37.3%
Vermont Mortgage Group	$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank	$2,142,990	5.7%	$1,584,765	4.2%	$1,149,565	$435,200	20.3%
TOTALS 165 Loans	$12,786,618	34.0%	$10,082,041	26.8%	$6,034,218	$4,047,823	31.6%

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6

UNDERWRITING DATABASE

EFFECTIVE: 11/11/93

Total Number of Loans:	132
Total Loan Amount:	$10,161,841
Average Loan Amount:	$76,983

EXISTING:	$7,503,826	74.2%	98 Loans
NEW CONSTRUCTION:	$2,603,865	25.0%	33 Loans
NEW DETACHED HOUSING:	$1,358,150	52.1%	17 Loans
CONDOMINIUM:	$2,273,496	22.7%	30 Loans

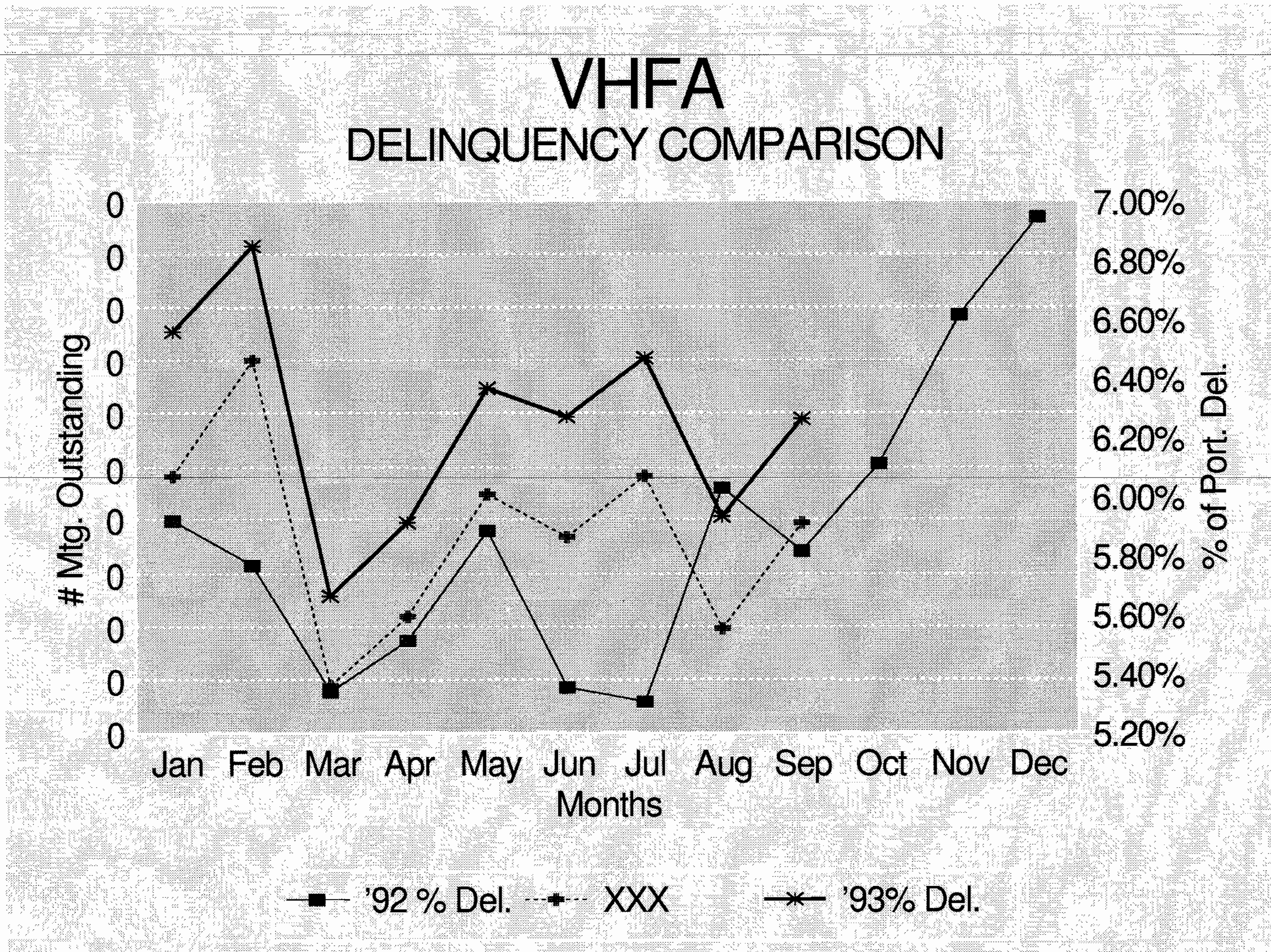
	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$79,858	$86,904	$83,541
Avg. Loan Amount	$73,470	$80,191	$76,983
Avg. Borrower Income	$27,833	$25,825	$26,783
Total No. of Loans	63	69	132
First Time Homebuyers	88.8%	100.0%	94.6%
% of Total Loan Amount	45.5%	54.5%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	1.5%	$190,350	4,500	5.8%	4.3-
Bennington	5	3.8%	$387,550	5,400	7.0%	3.2-
Caledonia	3	2.3%	$210,400	4,400	5.7%	3.4-
Chittenden	60	45.4%	$4,802,346	13,100	17.0%	28.4
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	22	16.7%	$1,623,561	5,700	7.4%	9.3
Grand Isle	1	0.8%	$84,550	700	0.9%	0.1-
Lamoille	2	1.5%	$144,700	3,100	4.0%	2.5-
Orange	4	3.0%	$252,450	4,000	5.2%	2.2-
Orleans	2	1.5%	$124,275	3,800	4.9%	3.4-
Rutland	11	8.3%	$831,003	9,200	11.9%	3.6-
Washington	18	13.6%	$1,371,006	7,900	10.3%	3.3
Windham	1	0.8%	$71,250	6,000	7.8%	7.0-
Windsor	1	0.8%	$68,400	8,100	10.5%	9.7-
TOTAL	132	100.0%	$10,161,841	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 09/30/93

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	348	13	3.74%	1	0.29%	3	0.86%	17	4.89%	0	0	0.00%	1	0.29%	18	5.17%
Banknorth Mortgage Co	22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Bennington Coop Savings & Loan Assn Inc	40	2	5.00%	1	2.50%	1	2.50%	4	10.00%	0	0	0.00%	0	0.00%	4	10.00%
Bradford National Bank	41	1	2.44%	1	2.44%	2	4.88%	4	9.76%	0	0	0.00%	0	0.00%	4	9.76%
Chittenden Trust Company	901	52	5.77%	8	0.89%	10	1.11%	70	7.77%	0	2	0.22%	6	0.67%	78	8.66%
Citizens Savings Bank	49	1	2.04%	0	0.00%	0	0.00%	1	2.04%	0	0	0.00%	0	0.00%	1	2.04%
Comfed Mortgage Co., Inc.	9	1	11.11%	0	0.00%	0	0.00%	1	11.11%	0	0	0.00%	0	0.00%	1	11.11%
Commonwealth Mortgage Company, Inc	18	1	5.56%	0	0.00%	0	0.00%	1	5.56%	0	0	0.00%	0	0.00%	1	5.56%
Community National Bank	190	7	3.68%	1	0.53%	0	0.00%	8	4.21%	0	0	0.00%	1	0.53%	9	4.74%
Factory Point National Bank, The	27	5	18.52%	0	0.00%	0	0.00%	5	18.52%	0	0	0.00%	0	0.00%	5	18.52%
First Brandon National Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	105	5	4.76%	2	1.90%	2	1.90%	9	8.57%	0	0	0.00%	1	0.95%	10	9.52%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	144	3	2.08%	0	0.00%	2	1.39%	5	3.47%	0	0	0.00%	2	1.39%	7	4.86%
Granite Savings Bank and Trust Company	27	1	3.70%	0	0.00%	0	0.00%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
Green Mountain Bank	211	14	6.64%	2	0.95%	1	0.47%	17	8.06%	0	0	0.00%	1	0.47%	18	8.53%
Lomas & Nettleton Company, The	15	0	0.00%	1	6.67%	0	0.00%	1	6.67%	0	0	0.00%	0	0.00%	1	6.67%
Lyndonville Savings Bank & Trust Compan	61	3	4.92%	0	0.00%	0	0.00%	3	4.92%	0	0	0.00%	1	1.64%	4	6.56%
Marble Bank	217	11	5.07%	1	0.46%	0	0.00%	12	5.53%	0	0	0.00%	0	0.00%	12	5.53%
Merchants Bank, The	236	12	5.08%	3	1.27%	2	0.85%	17	7.20%	0	0	0.00%	0	0.00%	17	7.20%
Mortgage Service Center of New England	49	1	2.04%	1	2.04%	4	8.16%	6	12.24%	0	0	0.00%	0	0.00%	6	12.24%
National Bank of Middlebury, The	64	3	4.69%	1	1.56%	0	0.00%	4	6.25%	0	0	0.00%	1	1.56%	5	7.81%
New England IBM Employees Fed Crdt Unio	53	1	1.89%	0	0.00%	0	0.00%	1	1.89%	0	1	1.89%	0	0.00%	2	3.77%
Northfield Savings Bank	109	5	4.59%	0	0.00%	2	1.83%	7	6.42%	0	0	0.00%	0	0.00%	7	6.42%
Passumpsic Savings Bank	165	1	0.61%	0	0.00%	1	0.61%	2	1.21%	0	0	0.00%	3	1.82%	5	3.03%
Peoples Trust Company of St Albans	121	10	8.26%	1	0.83%	1	0.83%	12	9.92%	0	0	0.00%	0	0.00%	12	9.92%
Randolph National Bank	58	0	0.00%	1	1.72%	1	1.72%	2	3.45%	0	0	0.00%	0	0.00%	2	3.45%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	135	5	3.70%	0	0.00%	2	1.48%	7	5.19%	0	0	0.00%	2	1.48%	9	6.67%
Union Bank	156	5	3.21%	1	0.64%	0	0.00%	6	3.85%	0	0	0.00%	0	0.00%	6	3.85%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	849	31	3.65%	4	0.47%	13	1.53%	48	5.65%	0	4	0.47%	5	0.59%	57	6.71%
Vermont Mortgage Group, Inc	598	32	5.35%	0	0.00%	12	2.01%	44	7.36%	0	0	0.00%	4	0.67%	48	8.03%
Vermont National Bank	537	19	3.54%	6	1.12%	7	1.30%	32	5.96%	0	0	0.00%	1	0.19%	33	6.15%
Wells River Savings Bank	29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	5,606	245	4.37%	36	0.64%	66	1.18%	347	6.19%	0	7	0.12%	29	0.52%	383	6.83%
August 31, 1993:	**5,615**	**225**	**4.01%**	**52**	**0.93%**	**56**	**1.00%**	**333**	**5.93%**	**0**	**9**	**0.16%**	**31**	**0.55%**	**373**	**6.64%**


VHFA
DELINQUENCY COMPARISON
Mtg. Outstanding
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7.00%
6.80%
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6.40%
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% of Port. Del.
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Months
'92 % Del.
XXX
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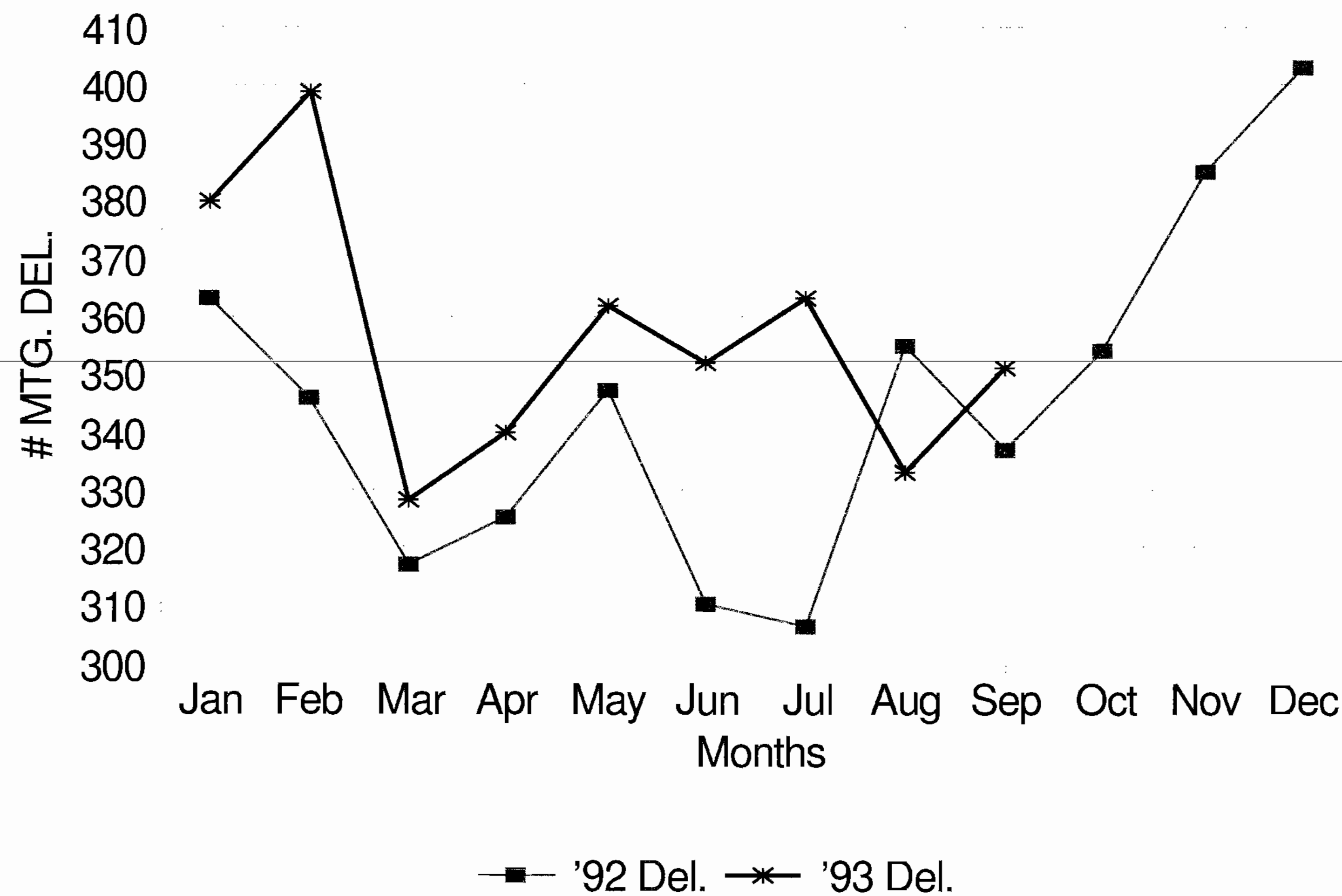
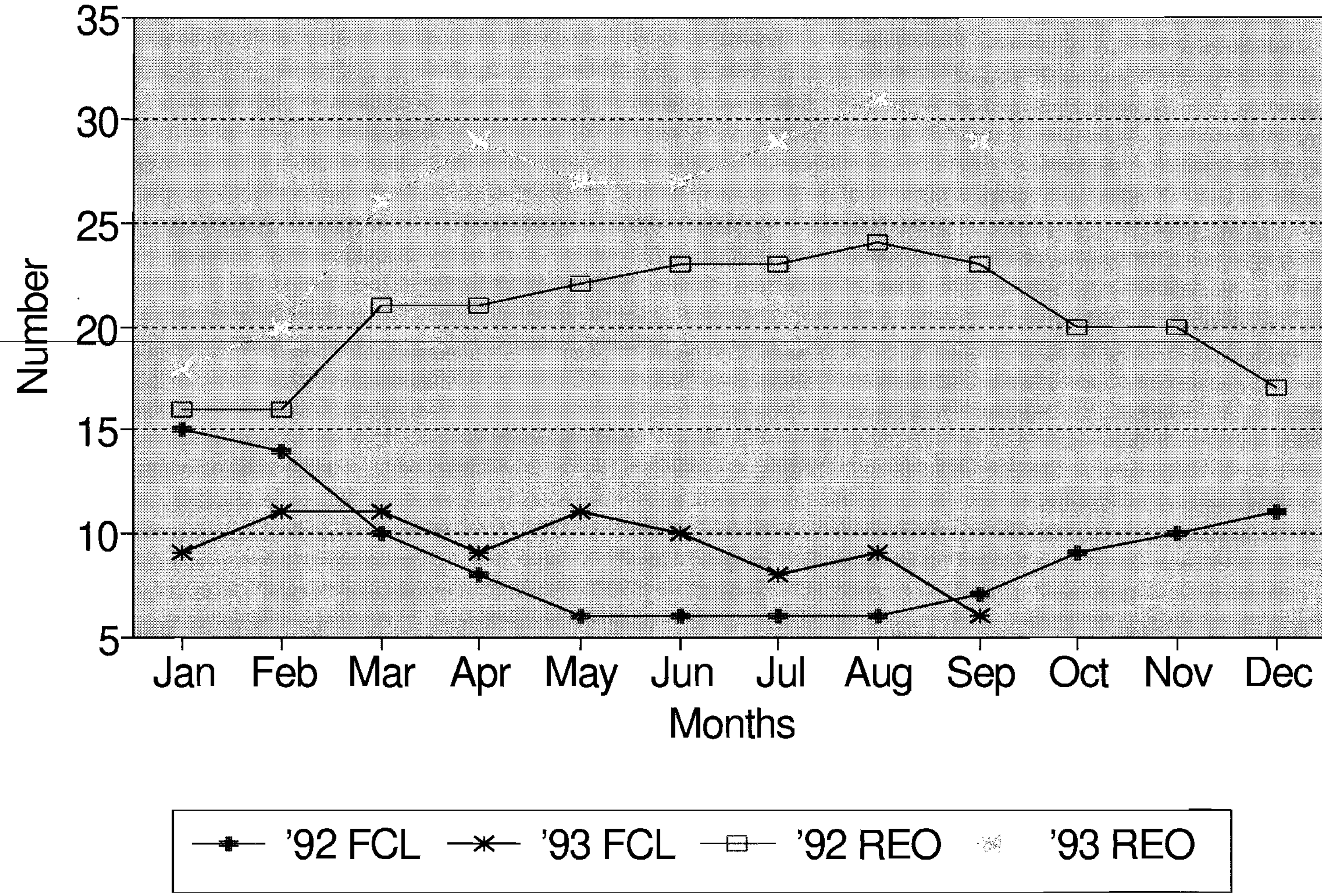
VHFA DELINQUENCY COMPARISON

Number of Loans Delinquent



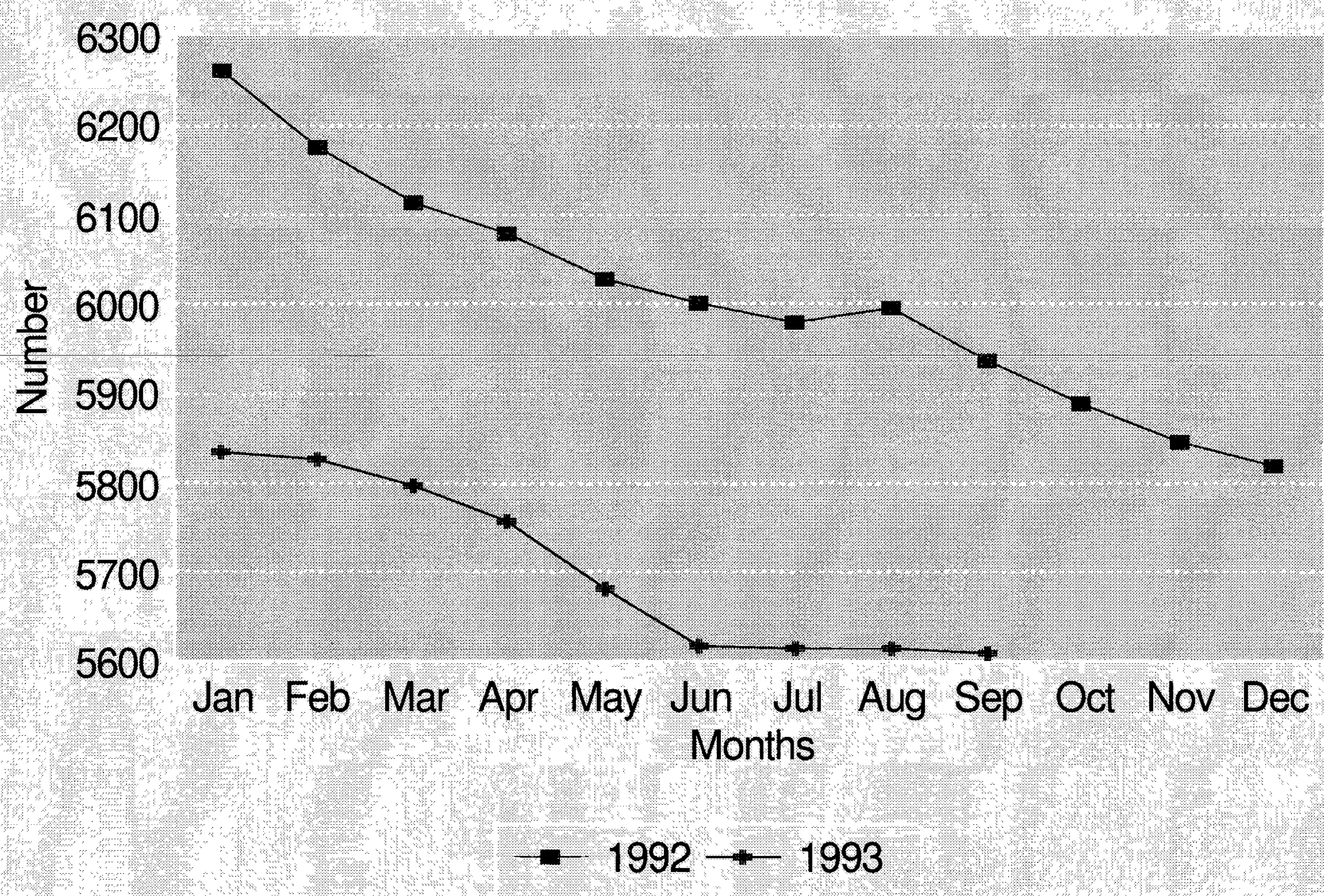
VERMONT HOUSING FINANCE AGENCY

FCL & REO COMPARISON



VERMONT HOUSING FINANCE AGENCY

Total Portfolio Loans



VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management
Glenn ~~A.~~ Jarrett, General Counsel
GAJ

DATE: November 12, 1993

RE: UPDATE ON PRESERVATION AGREEMENTS - "Escape Language"

At the October meeting, the Board was presented with information on the status of VHFA's efforts to enter into multi-family Preservation Agreements with owners that would secure the full term of the Housing Assistance Payment (HAP) Contracts and VHFA mortgages. During the ensuing discussion, we indicated that many owners had recently been reluctant to enter into these agreements because they are worried that HUD or Congress may take some action that negates the incentives that the Agency is authorizing in exchange for the Preservation Agreements.

In response to these concerns, we had considered the concept of an escape clause and agreed to return to the Board with draft language that would address both the Agency's strong desire to protect the enforceability of the Preservation Agreements and owners' concerns about the government changing procedures.

On the reverse of this memo appears an example of escape language that may be appropriate in meeting the needs of both parties.

Recommended Board Action:

Authorization for staff to include the escape language, as described above, in Multi-Family Preservation Agreements and the Executive Director to approve what percentage reduction in owner incentives will be appropriate, within each proposed Agreement, to cause the Agreement to terminate.

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Proposed Escape Language

The parties to this Agreement recognize that the United States Department of Housing and Urban Development may, in the future, issue and implement regulations that have the effect of eliminating or substantially reducing the Preservation Fee and/or the Preservation Equity Position, as provided in this Agreement. Should any such regulations be implemented, which implementation has the effect of reducing the amount of money the Owner has available for a distribution pursuant to Paragraph 8 of the Regulatory Agreement by (30%,40%,50%) or more, the parties agree that the Owner may terminate this Agreement.

In the event this Agreement is terminated pursuant to this Article, the Agency will consent to the discharge of the Housing Subsidy Covenant and Option, appended hereto as Exhibit 1. These terminations will have the effect of continuing the Agency's option for an additional 90 days. In return for the Agency's consent to the termination of this Agreement and the Housing Subsidy Covenant and Option, Owner consents to a further amendment to the Regulatory Agreement that contains the substance of the language contained in paragraphs 4.03 and 4.05 hereof.

[4.03 Owner provides an ongoing commitment to budget based rent increases.

4.05 Owner agrees not to prepay VHFA loan without written permission.]

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins

DATE: November 11, 1993

RE: Federal Home Loan Bank of Boston Advances

VHFA has been approved as a nonmember borrower by the Federal Home Loan Bank of Boston (FHLB) and the Federal Housing Finance Board. A copy of the Federal Housing Finance Board approval is attached.

Staff will bring specific loans and programs to the Board for approval as we do with all other sources of funds. To date, the Board has approved a $200,000 loan for the Bristol Family housing development from FHLB funds and the development and implementation of a second mortgage loan program for downpayment assistance from FHLB funds, with IORTA funds to provide a loan loss reserve. In our application to the FHLB we described as potential uses of FHLB advances, loans for: multifamily rental developments; community care facilities; mobile home park acquisition, renovation, and development; construction; and energy conservation in rental units.

Recommended Action: Adoption of the attached resolution authorizing staff to apply for FHLB advances, to provide required collateral, and to execute required agreements and documents. Advances will be requested only for loans or loan programs specifically authorized by the Board.

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RESOLUTION PERTAINING TO FEDERAL HOME LOAN BANK OF BOSTON ADVANCES

WHEREAS, the Agency has applied to the Federal Home Loan Bank of Boston ("FHLB") for approval as a nonmember borrower and such approval has been granted; and

WHEREAS, the Federal Housing Finance Board has approved the FHLB's request to lend to the Agency; and

WHEREAS, the approval secured by the Agency will enable the Agency to obtain advances from the FHLB at favorable interest rates to be used for loans to housing sponsors and for other purposes; and

WHEREAS, the FHLB requires approval of an authorizing resolution;

THEREFORE, it is hereby RESOLVED:

That any one of the following persons, all of whom are duly qualified officers of the Vermont Housing Finance Agency,

Name	Signature

Name	Signature

Name	Signature

be and they are hereby authorized to apply to the Federal Home Loan Bank of Boston for advances, and to execute the Agreement for Advances, Collateral Pledge and Security Agreement presented at this meeting; to execute if required a note or notes, and to furnish and assign and substitute such collateral if any as may be required from time to time by the Bank as security for the payment and performance of any and all obligations due the Bank, and to extend, renew, or consolidate the advances obtained when convenience may require and the Bank will permit, and to make and execute such other agreements and do all things necessary in connection with such matters as may be required, provided only, that the advances obtained from said Bank and all other obligations due the Bank shall at no time exceed in aggregate unpaid principal the maximum permitted to this institution by the Federal Home Loan Bank Act, or any other Act or regulation applicable to this institution, or any written policy of the Federal Home Loan Bank of Boston. This authorization shall continue in effect until receipt by the said Bank of written notice of its amendment or revocation.

I, Allan S. Hunt, hereby certify that I am duly qualified and acting secretary of Vermont Housing Finance Agency of Burlington, Vermont and that the above and foregoing resolution was duly adopted by the Board of Commissioners of the Agency at a regular meeting held on the 18th day of November, 1993, at which a quorum was present, and that the said resolution was adopted in accordance with statutory requirements and is duly recorded in the minutes of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Vermont Housing Finance Agency this __________ day of November, 1993.

____

Allan S. Hunt
Executive Director and
Secretary

cc

No: 93-85

Date: October 27, 1993

FEDERAL HOUSING FINANCE BOARD

Advance Program Between the Federal Home Loan Bank of Boston and the Vermont Housing Finance Agency

WHEREAS, the Federal Home Loan Bank of Boston ("FHLBank") has requested Federal Housing Finance Board ("Finance Board") approval to lend to the Vermont Housing Finance Agency ("VHFA") as a nonmember mortgagee; and

WHEREAS, the FHLBank, pursuant to the Finance Board's interim final rule on lending to nonmember mortgagees, has provided documentation evidencing that the VHFA meets the eligibility requirements in section 10b of the Federal Home Loan Bank Act ("Act"), and has certified that the FHLBank can safely make advances to the VHFA; and

WHEREAS, the Finance Board has reviewed and finds sufficient the documentation provided by the FHLBank to support its contention that the VHFA is eligible to receive advances as a nonmember mortgagee under section 10b of the Act; and

WHEREAS, the Finance Board has determined that the VHFA also meets the definition of a state housing finance agency and therefore may pledge collateral eligible under section 10b(b) of the Act, subject to all requirements contained therein and the requirements of the interim final rule on lending to nonmember mortgagees;

NOW, THEREFORE BE IT RESOLVED, that the Finance Board hereby approves the FHLBank's request to lend to the VHFA pursuant to the Act and Finance Board regulations.

By the Federal Housing Finance Board

Daniel F. Evans, Jr.

Daniel F. Evans, Jr., Chairman

FEDERAL HOME LOAN BANK OF BOSTON
BOSTON, MASSACHUSETTS

AGREEMENT FOR ADVANCES, COLLATERAL PLEDGE, AND SECURITY AGREEMENT

FOR NONMEMBER BORROWERS

The undersigned Borrower (the Borrower) does, from time to time make applications to the Federal Home Loan Bank of Boston (the Bank) for advances of funds, and other extensions of credit and services (collectively "advances"). The Borrower agrees, therefore, in consideration of making any advance by the Bank, as follows:

1. To repay, according to the terms and conditions as indicated on the records of the Bank and communicated to the Borrower in writing, the principal sum of all advances made by the Bank, to the Bank at its office in the City of Boston, Massachusetts, or at such other place as the Bank may from time to time appoint in writing. It is further agreed that the undersigned Borrower will abide by all other terms and conditions as set forth in the Bank's Statement of Credit Policy as amended from time to time and communicated to the Borrower in writing.

2. To pay interest on the daily unpaid balances of each advance, and to pay all fees and charges payable in connection with each advance according to the terms and conditions as indicated on the records of the Bank and communicated to the Borrower in writing. In the event that any payment on or in connection with an advance is not made by the Borrower when due, the Bank may without notice to the Borrower apply any deposits, credits or monies of the Borrower then in the possession of the Bank to such due and payable amounts. All payments with respect to advances shall be applied first to any fees or charges applicable thereto, then to interest due thereon and then to any principal amount hereof that is then due and payable. Past due principal and interest, shall bear interest at a rate per annum equal to the higher of one (1) percentage point higher than the highest rate of interest currently being charged by the Bank on any advance or one (1) percentage point higher than the contract rate. Any prepayment fees or charges for which provision is made with respect to any advance that is now or hereafter outstanding shall be payable at the time of any voluntary or involuntary payment of the principal of such advance prior to the originally scheduled maturity thereof, including without limitation payments that are made as a part of a liquidation of the Borrower or that become due as a result of an acceleration pursuant to the terms hereof, whether such payment is made by the Borrower, by a conservator, receiver, liquidator or trustee of or for the Borrower, or by any successor to or assignee of the Borrower.

3. To furnish to the Bank from time to time a certified copy of a resolution of its Board of Directors or other governing body authorizing one or more of the Borrower's officers as the Borrower shall select to apply for advances from the Bank. Unless the Bank shall be otherwise notified in writing, the Bank may honor applications made by any one of such officers other than in writing, but in any such event, the Borrower shall confirm such application for advance in writing on forms furnished by the Bank. The Borrower shall forever be estopped to deny its obligation to repay such advance whether or not an application in writing is ever received by the Bank provided the advance is made in good faith by the Bank on the request of any one such officer. Borrower agrees that the Bank shall have no obligation to make advances hereunder.

4. As collateral security for any and all advances and other indebtedness now or hereafter outstanding of the Borrower to the Bank, including without limitation, all obligations of the Borrower hereunder and all other liabilities of the Borrower to the Bank, the Borrower hereby assigns, transfers and pledges to the Bank, and grants to the Bank a security interest in, all of the following property that is now or hereafter owned by the Borrower (collectively, the "Collateral"):

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To Irene Jenkins	From Marty O'Riordan
Co. VT Housing Finance Agency	Co. Federal Home Loan Bank of Boston
Dept.	Phone # 617-330-9831
Fax # 802-864-5746	Fax # 617-292-9645

(a) all fully disbursed whole first mortgages and deeds of trust constituting first liens against real property (herein "mortgages") (including any and all servicing rights held by the Member in those mortgages) and all notes, bonds, other investments evidencing loans secured thereby (herein "mortgage notes") and any and all assignments thereof to the Member, and all ancillary security agreements, policies and certificates of insurance or guarantees, evidences or recordation, applications underwriting materials, surveys, appraisals, notices, opinions of counsel and loan servicing data and all electronically stored and written records of materials relating to the loans evidenced or secured by such mortgages and mortgage notes: provided, however, that mortgages and mortgage notes shall not include participation or other fractional interests in the related mortgage loans;

(b) all funds placed in deposit accounts at the Bank; all obligations of or guaranteed by the United States or any agency thereof; all mortgage-backed securities (including mortgage-backed debt obligations, pass-through certificates and mortgage participation certificates) issued by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Student Loan Marketing Association; all consolidated obligations of the Federal Home Loan Bank System; all obligations issued by the Financing Corporation; all state, municipal and other governmental obligations; all corporate debt; and all bankers acceptances, certificates of deposit and commercial paper;

(c) such other items or property of the Borrower as are offered as Collateral by the Borrower to the Bank as Collateral hereunder; and

(d) all of the proceeds of all of the foregoing.

Notwithstanding the foregoing provisions of this paragraph, the Bank and the Borrower agree that the pledge contained in this paragraph 4 will extend to all of Borrower's property described therein except for the excepted amount (the "Excepted Amount"). The Excepted Amount will initially be set at $10 million of assets described in Schedule A, attached hereto. The items on Schedule A may be changed by Borrower sending the Bank an amended Schedule A. The Excepted Amount may be increased by Borrower with the prior written permission of the Bank, which permission will not be unreasonably withheld. It is understood by the Bank that the Borrower's business requires it, from time to time, to pledge unencumbered assets to one or more letter of credit providers or to transfer such assets to a bond trustee in order to issue qualified mortgage bonds. This exception shall not apply to Collateral which has been delivered to the Bank, is in the possession of the Bank or in which the Bank has perfected its security interest.

5. The Borrower agrees to maintain at all times, free and clear of all other claims, pledges, liens and encumbrances, Collateral of such type and nature as may be specified by the Bank in writing having a value, as determined in such a manner as the Bank shall specify in writing, equal to such amount as the Bank shall specify in writing, (the "Collateral Maintenance Level"). The Borrower shall at its own expense deliver (or in the cases of uncertificated securities, otherwise transfer in such manner as shall be acceptable to the Bank) to and maintain with the Bank or its authorized agents unencumbered Collateral having a market value, determined as set forth above, at least equal to the Collateral Maintenance Level. As long as there has been no Event of Default hereunder, the Borrower may use, encumber or dispose of any portion of the Collateral that is in excess of the Collateral Maintenance Level and that has not been delivered or otherwise transferred to the Bank or its authorized agent in accordance with the preceding sentence.

The Borrower will provide, whenever requested, such verifications of the amount, market value, status and nature of the Collateral as the Bank may direct and will permit an audit of the Collateral by the Bank at any time. The Borrower will make, execute, record and deliver to the Bank or its authorized agent such assignments, listings, financing statements, notices, powers and other documents with respect to the Collateral as the Bank may require.

6. Upon the failure of the Borrower to make timely payment of interest or principal on any advance, to pledge or maintain Collateral, or to perform any of its other obligations as herein provided or as provided in any other document governing an advance or upon failure of the Borrower to provide a confirmatory written application for an advance if the advance shall have been made upon an application other than in writing, or in case a receiver or liquidator is appointed for the Borrower or any of its property, or in case of adjudication of insolvency or assignment for benefit of creditors, or general transfer of assets by the Borrower, or if management of the Borrower is taken over by any Supervisory Authority, or in case of any other form of liquidation, merger, sale of assets or voluntary dissolution, or upon the Borrower's ceasing to be the type of financial institution that is eligible to become a Borrower of the Bank under the Federal Home Loan Bank Act, or if the Bank reasonably and in good faith deems itself insecure, there shall be an Event of Default hereunder and the Bank shall be authorized to declare the principal of any advance and any other obligation of the Borrower held by it to be due and thereupon shall become so due and payable.

7. Without limiting or affecting the rights of the Bank to sell part or all of the collateral as herein authorized, the Bank is further authorized upon the occurrence of an Event of Default hereunder, at its option and in its discretion, to take immediate possession of the Collateral or any part thereof wherever the same may be found, to collect or cause to be collected or otherwise converted into money any part of the said pledged, substituted, or additional Collateral, by suit or otherwise, and is hereby authorized in such case to surrender, compromise, release, renew, extend or exchange any item of such Collateral without prior notice to or consent of the Borrower. And in case of such collection or conversion into money of such collateral or part thereof, the Bank, after first deducting the cost, attorney's fees, and expenses of collection, shall apply the balance of such proceeds to the payment of advances and interest in such a manner as it shall choose. The Borrower vests in the Bank the right to extend any obligation pledged by it as Collateral. It is further agreed that any delay on the part of the Bank or its authorized agents in exercising any rights hereunder shall not operate as a waiver of such rights.

8. The Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the Commonwealth of Massachusetts. The Borrower does hereby make, constitute and appoint the Bank its true and lawful attorney-in-fact to deal with the Collateral and in its name and stead to release, surrender, collect, compromise, renew, extend, exchange, and satisfy or record any indebtedness or mortgage which is part of the Collateral, to endorse mortgage notes and to execute assignments of mortgages and notes and claims secured thereby to the Bank and to transfer the interest of the Borrower in any and all policies of insurance covering the properties described in said mortgages as fully as the Borrower could do if acting for itself. The powers herein granted are coupled with an interest and are irrevocable and full power of substitution is granted to the Bank in the premises.

9. The Borrower agrees to pay to the Bank such reasonable fees and charges as may be assessed by the Bank to cover overhead and other costs relating to the receipt and holding of Collateral hereunder and to reimburse the Bank upon request for all other reasonable expenses, disbursements and advances incurred or made by the Bank in connection with this Agreement (including the reasonable compensation and the expenses and disbursements of any custodian that may be appointed by the Bank hereunder, and the agents and counsel of the Bank and of such custodian). The Borrower agrees that in the event that any advance is collected by an attorney or others, with or without suit, to pay reasonable fees and costs of collection.

10. This Agreement and all advances hereunder shall be governed by the statutory and common law of the United States and to the extent Federal law incorporates or defers to state law, the laws (exclusive of the choice of law provisions) of the Commonwealth of Massachusetts. Notwithstanding the foregoing, the Uniform Commercial Code as in effect in the Commonwealth of Massachusetts shall be deemed applicable to this Agreement and to any advance hereunder and shall govern the attachment and perfection of any security interest granted hereunder.

11. In the event that any portion of this Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Agreement which can be given effect without the conflicting provision, and to this end the provisions of this Agreement are declared to be severable. The Bank may assign or transfer its rights under and interests in this Agreement and with respect to any advances and any Collateral to any party. The Borrower may not assign or transfer any of its rights or obligations hereunder without the express consent of the Bank. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Borrower and the Bank.

12. This Agreement shall apply to existing and future advances and shall remain in full force and effect until terminated by written notice by the Borrower or by the Bank, provided that any such termination shall not terminate or impair the terms of this Agreement as to all advances and loans outstanding hereunder at the time of such termination or to the pledge of Collateral hereunder.

13. The Borrower herewith agrees to immediately notify the Bank of any change in the Borrower's ability to qualify as a nonmember mortgagee pursuant to Section 10b of the Federal Home Loan Bank Act (12 U.S.C. Sec. 1430b).

IN WITNESS WHEREOF, the Borrower, by authority of its Board of Directors or governing body, has caused this Agreement to be executed by its duly authorized officers on this 29 day of September 19 93 .

Executed as a sealed instrument

Vermont Housing Finance Agency
(Borrower)

1 Burlington Sq., Burlington, VT
(Location)

By Allen S. Hunt
(Signature) (Title)

State of

County of

September 29, 19 93
(Date)

Then personally appeared the above named Allen S. Hunt
(Individual)

and acknowledged the foregoing instrument to be the free act and deed of

Vermont Housing Finance Agency before me,
(Borrower)

Barbara M. Parker
Notary Public

(Affix Notary's Seal)
09/14/93

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins

DATE: November 11, 1993

RE: Low Income Housing Tax Credit Program

BACKGROUND

By Executive Order in 1987, the Governor created the Joint Committee on Tax Credits and designated VHFA as the local issuer for the purpose of administering the tax credit program.

The Joint Committee includes the Commissioner of Housing and Community Affairs; the Executive Director of VHFA; the Executive Director of VSHA; the Director of Planning, Governor's Office of Policy Research and Coordination; and one additional member representing housing interests, currently the Executive Director of VHCB, appointed by the Secretary of Development and Community Affairs. The Joint Committee's responsibilities are to draft policies for the issuance of tax credits; recommend procedures to be followed in the issuance of tax credits; recommend target percentages for allocation consistent with policy; serve as a resource for coordinating the funding of complex projects; and conduct periodic review of the local issuer's performance in implementing program objectives.

VHFA staff draft and recommend policies and procedures to the Joint Committee; prepare and disseminate information about and application materials for the tax credit program to the public and interested parties; perform tax credit application reviews and rankings in accordance with the tax code and the State allocation plan; track project progress; monitor projects for compliance with tax credit requirements; make recommendations for funding to the Joint Committee for consideration; make tax credit reservations, carryover allocations, and final allocations to specific projects; report on the status of the tax credit program to the Joint Committee and other interested parties; and perform other administrative functions.

As a matter of practice, VHFA staff have not presented policy, procedural, or specific allocation recommendations to the VHFA Board. Also as a matter of practice, VHFA staff have presented specific allocation recommendations, as well as policy and procedural recommendations, to the Joint Committee for consideration. The Joint Committee considers these recommendations at scheduled meetings and allocation decisions are usually

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made on a consensus basis by VHFA staff and Committee members. In any event, in practice, allocation decisions are agreed to by at least a majority of Committee members; all are consulted whether or not they are able to attend a particular meeting. However, formal polls are not taken and it is VHFA, not the Joint Committee, that has the authority to make specific allocations of tax credit in accordance with State policy and regulation, the Allocation Plan, and the tax code.

In conjunction with permanent extension of the tax credit program by Congress in August, 1993, staff is in the process of developing a new allocation plan and new guidelines for allocation of tax credits and of reviewing the administrative procedures that have been followed. At this time we want to raise procedural issues for the Board's consideration.

ISSUES

1. Board approval of staff policy and procedural recommendations to the Joint Committee.

Does the Board want staff to present policy and procedural recommendations for approval? Should such presentation occur prior to or after presentation to the Joint Committee? Such recommendations would include those relating to implementation of the NCSHA guidelines as well as changes to the allocation plan and implementation procedures.

2. Board approval of specific project allocations.

Does the Board want to approve specific project allocations? Should this occur prior to or after consultation with the Joint Committee? In addition, or as an alternative, does the Board want periodic detailed reports on the status of allocations, including information on specific projects?

In considering these issues it is useful to keep in mind that there is overlap between the Board and Joint Committee membership.

RECOMMENDATIONS

Staff recommends Board participation in the tax credit program. At the same time, staff recognizes the need to coordinate such involvement with the role of the Joint Committee so that both VHFA and the Joint Committee carry out their responsibilities in an effective and efficient manner.

To that end, we recommend that the Board consider staff recommendations on specific project allocations after consideration by the Joint Committee so that Joint Committee advice can be considered by the Board in the allocation process. We also recommend that the Board receive periodic detailed reports on the status of allocations at least quarterly.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins

DATE: November 11, 1993

RE: Southeast Summit (Dorset Street, South Burlington) Development Proposal

Description

We have received a preliminary proposal from Gerry Milot for development of a 202 acre site on Dorset Street in South Burlington.

Gerry Milot and his current partners own and are completing the permitting process for a 202 acre development site that would include 161 single family and 60 multifamily units on the west side of Dorset Street between Swift and Barstow Streets. The site is currently vacant except for a large recently constructed dairy barn that could be adapted for reuse in connection with the development.

Mr. Milot is proposing a partnership with VHFA and a local nonprofit organization to develop the site as affordable housing. Milot would act as developer, obtaining all permits and approvals, coordinating the design and construction of the infrastructure and of the single family units and possibly the multifamily units, marketing and selling the single family units; VHFA would provide the construction financing and a portion of the permanent financing for the single family units and potentially the construction/permanent financing for the multifamily units; the local nonprofit organization would develop or acquire the multifamily units and obtain subsidies to improve the affordability of the multifamily units.

Preliminary cost estimates indicate site costs (including land, carrying costs, engineering, water, sewer, roadways, and impact fees) of approximately $31,000 per unit or a total of approximately $6.9 million. Estimated single family home prices for either manufactured housing or stick-built housing with full basements and garages, including soft costs and development fees, range from $81,825 to $111,760 for unit sizes ranging from 960 to 1736 square feet. We do not have cost estimates on the multifamily units, which would be built to fit within a large townhouse footprint.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

This would be a very affordable housing product for South Burlington, where the median price of housing in 1990 was $120,700. All but the largest of the conventionally built units would be well within our current MOVE purchase price limits for new construction.

Milot is proposing that we take out the current financing on the land ($2.6 million) and provide construction financing for the site improvements and units. He would personally guarantee one third of the construction loan. (In view of the scope and duration of the project we have considered trying to participate the loan with other lending institutions.) Milot would put up model homes on an available lot fronting on Dorset Street for marketing purposes. The site improvements would be phased to the extent possible and the units would be built as sold. Build out is anticipated to take three to four years.

Milot is proposing to use a Vermont-based company to provide the manufactured homes. Such homes could be used on all or part of the single family site. Similarly, the stick-built option could be used on either all or part of the single family portion of the site. As can be seen from the attached site plan, the site is easily divisible into distinct neighborhoods.

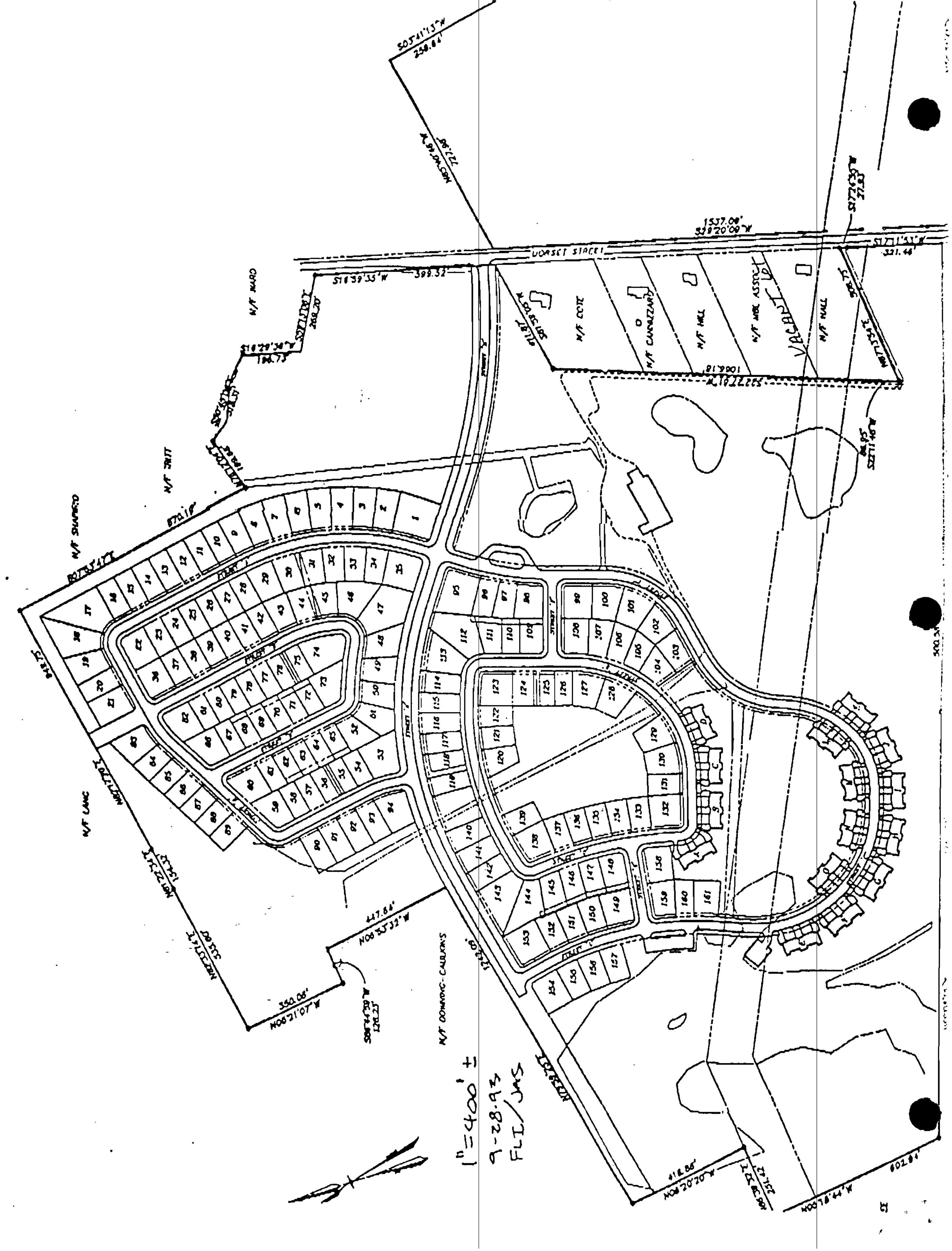
Future development could include a density bonus of fifty units on the parcel located on the east side of Dorset Street, but no development is currently proposed for that part of the site.

Staff and Milot have met with Lake Champlain Housing Development Corporation (LCHDC) to discuss a development partnership; LCHDC has indicated interest in exploring the possibility of such a partnership and LCHDC's potential role.

We have requested Milot to provide a proposed construction schedule and cash flow. More work also needs to be done on cost estimates, market analysis, risk analysis, etc. Based upon the information provided to date, staff is interested in pursuing the possibility of entering into a partnership to develop this South Burlington site.

<u>Recommended Action</u>: Authorize staff to pursue the potential of entering into a partnership to develop Southeast Summit as affordable housing.

FITZPATRICK-LLEWELLYN TEL:1-802-879-3846 Sep 28'93 14:17 No.005 P.01



VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator
Irene D. Jenkins, Director of Development

DATE: November 12, 1993

RE: Twin Pines Housing Trust/Starlake Village -- Loan Extension Request

Summary of Request

On September 24, 1992, the Board approved a loan in the amount of $500,000 to Twin Pines Housing Trust (TPHT). The purpose of the loan was to finance the site development and construction of 14 single family homes at Starlake Village, Norwich, Vermont. All 14 units will be perpetually affordable through a ground lease and housing subsidy covenant. The loan closed on October 26, 1992, and matures on December 31, 1993. TPHT requests an extension of the loan until September 30, 1994. Staff recommends approval of this request.

Status of Project

Out of a total of 14 units, seven units have been completed and sold. All of those units were cape style and were modular construction. There are an additional two units under contract, one is a cape style home and the buyer has a commitment from VHFA for financing, and the second unit will be a ranch style home and VHFA should receive the application shortly for review. These units will be stick-built rather than modular. There are five units that are not sold.

TPHT has signed an agreement with a local real estate broker and former TPHT board member to market the remaining units. VHFA has agreed to assist in the development of marketing materials and assist TPHT and the broker in the distribution of information and outreach to potential buyers.

TPHT has applied to the Federal Home Loan Bank's Affordable Housing Program for direct subsidy in the amount of $88,420. We will know on November 15, 1993 whether the Federal Home Loan Bank of Boston will recommend the request to Washington for approval. If approved, the FHLB funds will be used to increase the affordability of two units to reach buyers at or below 60% of median income, and to cover cost overruns and additional legal expenses from a permit appeal. The current projected deficit is $60,420. (See Attachment A.)

A total of $28,000 of the FHLB requested subsidy will be used to reduce the cost of construction of two units thereby helping low income families qualify to purchase a home at Starlake Village. The subsidy will be used to reduce the cost of construction by $14,000 per unit. A total of $60,420 will be used to offset the projected deficit. Some of the causes for this deficit are outlined below:

1. TPHT incurred $6,975 in unbudgeted legal costs after an abutting landowner appealed the award of an Act 250 land use permit for the project. Fighting this appeal cost the project additional expenses that were not budgeted. TPHT had pre-sold all 14 houses in the project before the Act 250 permit appeal was filed, but nine buyers withdrew from their agreements when they learned it would take a year to go through the appeal process.

2. Because of the permit appeal, the start of construction was delayed. Meanwhile, TPHT had signed agreements to construct homes for five families. Those sale prices were determined almost a year before the homes were actually built at a higher cost. There were also increased costs from winter construction.

3. The first seven homes were modular construction built by Customized Structures, Inc. (CSI). CSI has increased its prices by almost $5000 since the purchase of the first unit by TPHT. In addition to the escalating prices that seem disproportionate to increases in lumber costs, TPHT is dissatisfied with the quality of the work by CSI's dealer-contractor. For those reasons, they have decided to go with the bid for stick-built homes submitted by another contractor for the next two units. The cost differential between the CSI manufactured home and the quotes for stick-built is minimal ($300), however, the quality of construction of the stick-built homes will be improved over the units produced by CSI.

Status of Budget

The current budget submitted by TPHT to the Federal Home Loan Bank, shows a projected deficit of $60,420. If the FHLB request is approved, TPHT will sell the cape style home for $77,000 and the ranch style home for $72,000. The $28,000 requested subsidy would lower the cost of two units by $14,000 each or $63,000 for a cape style home and $58,000 for a ranch style home. If the FHLB request is not approved, TPHT will have to sell the ranch style homes for $81,839 and the cape style homes for $89,084 in order to payoff all of the debt and expenses of the project. Attachment B shows the affordability of homes at the above mentioned purchase prices using VHFA's current first year interest rate for the HOUSE program and a projected interest rate for a new bond deal. According to TPHT's agreement with VHCB, to be eligible, a family's maximum income may not exceed 100% of Windsor County median income, adjusted for family size. If TPHT's application to the Federal Home Loan Bank for project subsidy is not approved, they will have to increase the price of the five units that remain, further limiting the market for these homes.

Marketability/Affordability

The median cost of a home in Norwich is approximately $185,000. The high cost of housing locks those earning below the median income level out of the housing market. Starlake Village is the first single family housing development in the entire market area targeted to serve the needs of low income residents.

VHFA's Communications Department will assist TPHT and the broker who will be marketing the remaining units to develop materials and assist with outreach. Most of the marketing materials produced to date have been very detailed and VHFA staff believes that potential home buyers will be overwhelmed with so much information at the time of their initial contact with TPHT. Carrie Hoglund, VHFA Community Relations Coordinator, will work with the broker to produce an attractive flyer and then a more detailed fact sheet for potential home buyers. VHFA is hoping to use testimonial ads from one or two of the seven families who are Starlake Village owners.

VHFA staff have discussed with TPHT the possibility of building a "spec house" or model unit before winter. The broker feels that an unsold unit could be useful in her marketing efforts and that some buyers need to be able to see the actual unit they will be buying. The unit could also be used for open houses. VHFA staff does not believe that a decision on a"model home" should be made until FHLB has reached a decision on TPHT's application for subsidy. If the application is not approved, the remaining five units may have to be ranch style to remain affordable to families at or below 100% of median income.

BOARD ACTION REQUESTED

Approval of the attached resolution extending the term of the $500,000 development loan made to Twin Pines Housing Trust to September 30, 1994. The interest rate will remain unchanged at 7.50% per annum.

RESOLUTION PERTAINING TO EXTENSION OF TERM OF LOAN RE: STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Lebanon, New Hampshire (the "Sponsor"), involving the construction of 14 homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on November 18, 1992, September 24, 1992, May 20, 1992 and June 26, 1991; and

WHEREAS, the Agency made a loan on October 26, 1992 of up to $500,000 for infrastructure work and construction (the "Loan"); and

WHEREAS, the Sponsor has applied to the Federal Home Loan Bank's Affordable Housing Program for direct subsidy for the Development in the amount of $88,420 to increase the affordability of two units to reach buyers at or below 60% of median income and to cover cost overruns and additional legal expenses from a permit appeal that was resolved in favor of the Sponsor; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act; and

WHEREAS, the Sponsor has requested an extension of the repayment of the Agency's Loan from December 31, 1993 to September 30, 1994 and may request the Agency's permission to build a model home.

NOW, THEREFORE, it is hereby DETERMINED:

1. The Determinations made in the Agency's prior resolutions relating to this Development are reaffirmed.

2. The construction of a model unit may be beneficial to the marketing of the Development.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director shall extend the maturity of the Sponsor's Loan from the Agency from December 31, 1993 to September 30, 1994.

2. Once the Sponsor's application to the Federal Home Loan Bank is acted on, the Executive Director may, in his discretion, authorize construction of a model unit that is not the subject of a purchase and sales contract and a commitment to a buyer for financing.

Attachment A

STARLAKE VILLAGE - SOURCES AND USES
October 13, 1993

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USES OF FUNDS

	Cost	Per Unit
LAND ACQUISITION	100,000	7,143
PRE-DEVELOPMENT COSTS	64,342	4,596
TOTAL LAND AND PRE-DEV. COST	164,342	11,739
SITE DEVELOPMENT HARD COSTS		
Site Clearing	6,000	429
Power to Site (GMP)	13,140	939
Electrical (water & sewer)	3,398	243
Sitework Contractor	214,038	15,288
Landscaping	2,500	179
Well House (Johnson Home)	2,367	169
Contingency	2,500	179
TOTAL SITE DEV. HARD COSTS	243,943	17,425
SOFT COSTS		
Project Manager	14,011	1,001
Engineering	13,000	929
Loan Origination Fee	5,000	357
Legal/Taxes/Insurance	22,612	1,615
Lender Inspections	5,000	357
Interest Expense	28,600	2,043
Closing Costs for Units	1,204	86
TPHT Development Fee	35,000	2,500
Marketing	9,000	643
TOTAL SOFT COSTS	133,427	9,531
HOUSE CONSTRUCTION (5 UNITS)		
Modular Units (CSI)	143,139	28,628
Foundations	24,004	4,801
Winter Heat/Main. Costs	6,530	1,306
Finish Carpentry	47,076	9,415
Materials for 2nd Floor	2,677	535
Plumbing & Heating	25,743	5,149
Electrical	7,020	1,404
TOTAL HOUSE CONSTR. (5 UNITS)	256,189	51,238
HOUSE CONSTR. UNITS 6-14		
Unit 6 (Katz-cape)	49,480	49,480
Unit 7 (Faherty-cape)	52,772	52,772
Unit 8 (Nelson-cape)	56,692	56,692
Unit 9 (Fraser-ranch)	49,477	49,477
Units 10-14 (capes-estimated)	283,725	56,745
TOTAL HOUSE CONSTR. UNITS 6-1	492,146	54,683
TOTAL HOUSE CONSTR. 14 UNITS	748,335	53,453
TOTAL PROJECT COSTS	1,290,047	92,146

SOURCES OF FUNDS

		Per Unit
Sale of Units 1-5	328,650	65,730
Sale of Unit #6 (Katz)	73,110	73,110
Sale of Unit #7 (Faherty)	76,728	76,728
Sale of Unit #8 (Nelson)	79,450	79,450
Sale of Unit #9 (Fraser)	76,633	76,633
Sale of Units 10-14-estimated	385,000	77,000
TOTAL REVENUE FROM SALES	1,019,571	72,827
VHCB LAND ACQUISTION GRANT	100,000	7,143
VHCB CONSTRUCTION SUBSIDY	75,056	5,361
VHCB DEVELOPMENT FEE	35,000	2,500
TOTAL PROJECT REVENUES	1,229,627	87,831
PROJECT SURPLUS/(DEFICIT)	(60,420)	(4,316)

Attachment B

STARLAKE VILLAGE -- UNIT AFFORDABILITY C:\QUATTRO\TPHTPER.

Windsor County Median Incomes

One Person	25,300
Two Persons	28,900
Three Persons	32,500
Four Persons	36,100
Five Persons	39,000

Assumptions: VHFA HOUSE financing at first year interest rate of 5.95%.
Monthly taxes and lease fee $205

Purchase Price	Minimum Income Required	% of Median Income Based on Family Size 1 person	2 persons	3 persons	4 persons	5 persons
63,000	20,753	82%	72%	64%	57%	53%
58,000	19,668	78%	68%	61%	54%	50%
72,000	22,704	90%	79%	70%	63%	58%
77,000	23,788	94%	82%	73%	66%	61%
81,839	24,838	98%	86%	76%	69%	64%
89,084	26,409	104%	91%	81%	73%	68%

Assumptions: VHFA HOUSE financing at first year interest rate of 5.50%.
Monthly taxes and lease fee $205

Purchase Price	Minimum Income Required	% of Median Income Based on Family Size 1 person	2 persons	3 persons	4 persons	5 persons
63,000	20,098	79%	70%	62%	56%	52%
58,000	19,066	75%	66%	59%	53%	49%
72,000	21,957	87%	76%	68%	61%	56%
77,000	22,984	91%	80%	71%	64%	59%
81,839	23,988	95%	83%	74%	66%	62%
89,084	25,484	101%	88%	78%	71%	65%

STARLAKE VILLAGE PROJECTED DEVELOPMENT COSTS/REVENUES
Updated 11/16/93 C:\QUATTRO\STARBUDG.2

USES	Budget	Per Unit
LAND ACQUISITION	100,000	7,143
PRE-DEVELOPMENT COSTS	64,342	4,596
TOTAL LAND & PRE-DEV.	164,342	11,739
SITE DEVELOPMENT HARD COSTS		
Site Clearing	6,000	429
Power to site (GMP)	13,140	939
Electrical	3,398	243
Sitework Contractor	216,928	15,495
Landscaping	2,500	179
Well House	2,367	169
Contingency	2,500	179
TOTAL SITE DEV. HARD COSTS	246,833	17,631
SOFT COSTS		
Project Manager	14,011	1,001
Engineering	13,000	929
Loan Origination Fee	5,000	357
Legal/Taxes/Ins.	22,612	1,615
Lender Inspections	5,000	357
Interest	28,600	2,043
Closing Costs for units	1,204	86
TPHT Development Fee	35,000	2,500
Marketing	9,000	643
TOTAL SOFT COSTS	133,427	9,531
TOTAL P.DEV, SITE, SOFT COSTS	544,602	38,900
HOUSE CONSTRUCTION (5 UNITS)		
Modular Units	143,139	10,224
Foundations	24,004	1,715
Winter Heating/Main. Costs	6,530	466
Finish Carpentry	47,076	3,363
Materials for 2nd Floor	2,677	191
Plumbing & Heating	25,743	1,839
Electrical	7,020	501
TOTAL HOUSE CONSTR. (5 UNITS)	256,189	51,238
HOUSE CONSTR. UNITS 6-14		
Unit 6 (Katz -- cape)	49,480	49,480
Unit 7 (Faherty -- cape)	52,772	52,772
Unit 8 (Nelson -- cape)	56,692	56,692
Unit 9 (Fraser -- ranch)	49,477	49,477
Units 10-14 (ranch)	247,385	49,477
TOTAL HOUSE CONSTR 6-14	455,806	50,645
TOTAL HOUSE CONST. 14 UNITS	711,995	50,857
TOTAL PROJECT COSTS	1,256,597	89,757

SOURCES		per unit
Sale of Units 1-5	320,000	64,000
Extras	8,650	1,730
Sale of Unit #6	73,110	
Sale of Unit #7	76,728	
Sale of Unit #8	79,450	
Sale of Unit #9	76,635	
Sale of Units 10-14	411,970	82,394
TOTAL SALES REVENUE	1,046,543	74,753
VHCB LAND GRANT	100,000	7,143
VHCB CONST. SUBSIDY	75,054	5,361
VHCB DEVELOPMENT FEE	35,000	2,500
TOTAL PROJECT REVENUES	1,256,597	89,757
SURPLUS/(DEFICIT)	0	

STARLAKE VILLAGE -- UNIT AFFORDABILITY   C:\QUATTRO\TPHTPER.

Windsor County Median Incomes

One Person	25,300
Two Persons	28,900
Three Persons	32,500
Four Persons	36,100
Five Persons	39,000

Assumptions: VHFA HOUSE financing at first year interest rate of 5.95%.
Monthly taxes and lease fee $205

Purchase Price	Minimum Income Required	% of Median Income Based on Family Size: 1 person	2 persons	3 persons	4 persons	5 persons
82,400	24,959	99%	86%	77%	69%	64%
89,600	26,521	105%	92%	82%	73%	68%

Assumptions: VHFA HOUSE financing at first year interest rate of 5.50%.
Monthly taxes and lease fee $205

Purchase Price	Minimum Income Required	% of Median Income Based on Family Size: 1 person	2 persons	3 persons	4 persons	5 persons
82,400	24,104	95%	83%	74%	67%	62%
89,600	25,591	101%	89%	79%	71%	66%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator
Irene D. Jenkins, Director of Development

DATE: November 12, 1993

RE: Freeborn Estates, St. Albans -- Combined Resolution of Interest/Commitment

SUMMARY OF REQUEST

Staff requests approval of a combined Resolution of Interest/Commitment for a loan in the amount of $600,000 to finance the site development and construction of nine townhouse units to be developed by Frank Cioffi and John Rhodes. The project is called Freeborn Estates, which will be constructed on a five acre site on Freeborn Avenue in the Town of St. Albans. The project has received all permits and construction is scheduled to start in December, with occupancy planned for June 1994. The sponsors are willing to provide a second mortgage of five percent of the purchase price to all nine buyers to eliminate the need for a down payment.

Staff submits this request outside of the usual two step process for a Resolution of Interest and a Resolution of Commitment to be responsive to the timetable of the project that would require that foundations be in before ground frost makes it more difficult and more costly to do this project. There are several issues related to marketability and the St. Albans/Franklin County market that will need to be resolved before a commitment letter will be issued. We will provide information about the Franklin County market at the Board meeting.

THE PROJECT

Housing Sponsors

The housing sponsors are Frank Cioffi and John Rhodes. Frank Cioffi is President of the Franklin County Board of REALTORS, has been a real estate broker for 17 years, and has assisted in the development of over 90 units of housing in the Town and City of St. Albans. John Rhodes is an equity partner who has no previous development experience.

Project Description

Freeborn Estates consists of 9 townhouse units on a 5 acre site in the Town of St. Albans. There is public water and sewer available on the site. Access to the project is via a town maintained road (Freeborn Avenue). The neighborhood is mostly single family detached homes with values ranging from $80,000-$150,000 (predominant value is $100,000). There is a single-family home on the site which will be demolished. Each unit will be 1152 square feet (2 bedrooms, 1 1/2 bathrooms) with a full walkout/finished basement and detached garage. The project has all local permits. State permits are not required. The general contractor will be Waites Construction of St. Albans.

Attached is a development budget (Attachment A) and development cash flow (Attachment B). The development budget shows a projected deficit of $27,212, however, because of the sponsors equity in the land and pre-development costs that have been paid, the projected net cash flow is $43,132. According to Frank Cioffi, both he and his partner, John Rhodes, are committed to going forward with this project and have essentially "written off" the expenses paid to date. A portion of the pre-development expenses were partially offset by a tax write-off of the carrying costs of this property. Frank Cioffi's expenses will be offset by the real estate commission he will receive for marketing the units. This amount is projected to be $49,140 or $5,460 per unit, less co-brokers fees and marketing/promotion costs. John Rhodes will defer most of his portion of the positive cash flow by providing a second mortgage to the buyers.

Peoples Trust Company has a first mortgage on the land. According to Frank Cioffi, Peoples is willing to subordinate their mortgage and receive payment as each unit is sold. Peoples Trust Company has also indicated to the sponsor that they are willing to finance the land development and unit construction at an interest rate of 11-12 percent. If the sponsors were to take down this commitment, the increased carrying costs would add an additional $1200 per unit to the sales price.

The projected sales price for a unit with a finished basement is $91,000. Buyers will also have the option of an unfinished basement at an approximate sales price of $84,000. All heating systems will be three zone to allow buyers to complete an unfinished basement at a future date. In addition, VHFA will require that all homes have an energy efficiency rating of 4 STARS or better by Energy Rated Homes of Vermont. The sponsor has indicated that they are willing to provide second mortgages for up to 5% of the purchase price on all 9 units (10-20 year term, 8% interest).

Financing

The sponsor requests a loan in the amount of $600,000. VHFA is projecting an interest rate of eight percent (8%) and an origination fee of one and one-half (1 1/2) percent. The loan term will be one year. The ratio of loan to development costs is 75%. The loan to appraised value (based on a six month old appraisal of $91,000 per unit) is 73%. VHFA will require personal guarantees from Frank Cioffi and John Rhodes.

Marketability/Affordability

The sponsor has not provided a market/demand study. VHFA has received limited market information on MLS sales in St. Albans City/Town under $100,000 during the last six months, and current active listings of property in the City and Town of St. Albans under $100,000. We do not have information on sales and listings of homes in the rest of Franklin County, but we will have that information at the Board meeting.

Frank Cioffi believes that the potential market for these units will be first-time home buyers and elderly home buyers, and has indicated that he has two elderly home owners who are interested in selling their current home and purchasing a unit at Freeborn Estates. The sponsor does not plan on pre-selling units prior to the start of construction because all units are attached. The sponsor has also indicated that they would be willing to work with a nonprofit to make some of the units perpetually affordable. The most likely would be LCHDC; however, this option has not been explored.

A unit at Freeborn Estates would be affordable to a family of one person earning 105% of the median income for Franklin County, a family of two persons earning 92% of the county median income, a family of three persons earning 82% of the county median income, and a family of four persons earning 74% of median income. If $10,000 in subsidy were available for one or two units in exchange for a Housing Subsidy Covenant that would restrict the resale of the unit, the unit would be affordable to a family of one person earning 91% of county median income, a family of two persons earning 79% of county median income, a family of three persons earning 71% of county median income, and a family of four persons earning 63% of county medina income. (See attachment C for further affordability information.)

Another market concern is that VHFA has one loan in foreclosure in St. Albans City/Town and four additional loans secured by property in Franklin County that are in the initial stages of foreclosure. Linda Wilson, VHFA Loan Servicing Supervisor, indicates that VHFA is working with one borrower to assist in the sale of their home before it goes into foreclosure. A pre-foreclosure workout sometimes result in VHFA taking less than the principal balance of the outstanding mortgage to facilitate a sale and prevent a foreclosure. Linda Wilson also indicates that there appear to be an increasing number of delinquencies that may result in eventual pre-foreclosure workouts or foreclosure in Milton (which is in northern Chittenden County) and Georgia in Franklin County.

Strengths/Weaknesses

Strengths

- Sponsor is knowledgeable about the St. Albans market and has a lot of development experience.
- Sponsor is willing to work with nonprofit, although no contact has been made.
- Sponsor is willing to invest a portion of the positive cash flow from this project to provide second mortgages for up to 5% of the purchase price reducing the need for upfront costs from buyers and improving the marketability of the units.

Weaknesses

- No market/demand study or pre-sales. From the limited information received, it appears that units will have to compete with single family detached homes.
- VHFA foreclosures and loan defaults in Franklin County may indicate a soft market.

Conditions to Commitment/Closing

- Additional market data from Franklin County indicating a market for the proposed units.
- Complete credit review of sponsors and general contractor.
- Phase I Environmental Review.
- Personal guarantees of Frank Cioffi and John Rhodes.
- Current Residential Appraisal Report on a unit with a finished basement and a unit without a finished basement.
- Other VHFA Standard Conditions.

BOARD ACTION REQUESTED

Staff recommends approval of the attached Resolution of Interest and Commitment to provide a loan to Frank Cioffi and John Rhodes to finance the site development and unit construction of nine single family attached units on Freeborn Street, St. Albans. The loan term will be one year and the interest rate will be eight percent (8%). The Resolution is subject to all standard conditions and special conditions indicated above.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: FREEBORN ESTATES DEVELOPMENT (ST. ALBANS)

WHEREAS, a proposal has been presented to the Agency by Frank Cioffi and John Rhodes of St. Albans, Vermont, involving the construction of 9 single family attached units on a 5 acre site in St. Albans Town (the "Development"); and

WHEREAS, the proposal contemplates that all of the 9 units in the Development will be affordable to a family of two or more persons earning less than the Franklin County median income and all units will be sold to persons and families at or below VHFA's maximum income limits for Franklin County; and

WHEREAS, the proposal seeks a loan by the Agency of up to $600,000 for construction; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

4. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of this chapter.

5. More than one half of the floor area and total development cost are allocated to single family dwellings for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter")

to provide a construction loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $600,000, for the Freeborn Estates Development.

2. The Commitment Letter shall be issued to Frank Cioffi and John Rhodes.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to 1.5% of the principal amount of the Loan.

4. The Loan shall bear an interest rate of 8.0% per annum for a term ending on December 31, 1994 and be repayable in part each time one of the homes is sold.

5. The Commitment Letter shall require performance and payment bonds from the contractor.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form and substance acceptable to the Agency:

   (a) Market data

   (b) Appraisal of units with both finished and unfinished basements

   (c) Phase I environmental assessment

   (d) Financial statements and credit checks

   (e) Personal guarantees of the sponsors

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

ATTACHMENT A

FREEBORN ESTATES - ST. ALBANS -- 9 units
SOURCES/USES -- DEVELOPMENT BUDGET
FILE:C:\QUATTRO\FREEBORN.1 RUN DATE: 11/10/93

USES	Budget	Per Unit	% of TDC
Land Acquisition/Expenses	113,372	12,597	14.08%
Pre-Development Costs	26,972	2,997	3.35%
Soft Costs			
Permits/Impact Fees	52,855	5,873	6.56%
Engineering/Surveying	3,800	422	0.47%
Loan Origination Fee (1.5%)	9,000	1,000	1.12%
Legal	5,200	578	0.65%
Taxes/Insurance	3,000	333	0.37%
Lender Inspections	3,000	333	0.37%
Interest Expense (8%)	22,317	2,480	2.77%
Land Interest	6,080	676	0.76%
Marketing/Promotion	49,140	5,460	6.10%
Total Soft Costs	154,392	17,155	19.17%
Site Development/Unit Hard Costs			
Clearing/Excavation/ Backfill/Landscaping	49,000	5,444	6.08%
Building Construction	436,000	48,444	54.14%
Contingency (5%)	25,526	2,836	3.17%
Total Site Dev. Hard Costs	510,526	56,725	63.40%
TOTAL DEVELOPMENT COSTS	805,262	89,474	

SOURCES		Per Unit
Revenues from Sales		
Units 1-9 ($91,000)	819,000	
Total Revenues	819,000	91,000
LESS 2ND MORTGAGES	40,950	
Net Revenues	778,050	
Total Development Costs	805,262	89,474
Surplus/(Deficit)	(27,212)	(3,024)

ATTACHMENT B

FREEBORN ESTATES -- PROJECTED DEVELOPMENT CASH FLOW
FILE:C:\QUATTRO\FREEBORN.3

BUDGET ITEM	TOTAL	AT CLOSING	DEC 93	JAN 94	FEB 94	MAR 94	APR 94	MAY 94	JUNE 94	JULY 94	AUG 94	SEPT 94	OCT 94	NOV 94	TOTALS
Land Loan Interest	8,796	0	0	733	733	733	733	733	733	639	479	324	160	80	6,080
Soft Costs															
Permits/Impact Fees	52,855	52,855	0	0	0	0	0	0	0	0	0	0	0	0	52,855
Engineering/Surveying	3,800	0	1,500	400	0	0	0	1,900	0	0	0	0	0	0	3,800
Loan Origination Fee	9,000	9,000	0	0	0	0	0	0	0	0	0	0	0	0	9,000
Legal/Closing Costs	4,700	2,000	400	400	400	0	0	1,500	0	0	0	0	0	0	4,700
Taxes/Insurance	3,000	2,000	83	83	83	83	83	83	83	83	83	83	83	87	3,000
Lender Inspections	3,000	0	500	300	300	250	250	250	250	250	300	150	100	100	3,000
Dev. Loan Interest (8%)	22,317	0	245	1,207	1,385	1,660	2,285	2,835	3,654	3,013	3,098	1,993	636	306	22,317
Total Soft Costs	98,672	65,855	2,728	2,390	2,168	1,993	2,618	6,568	3,987	3,346	3,481	2,226	819	493	98,672
Hard Costs															
Sitework/Unit Construction	485,000	0	108,865	45,000	40,000	93,500	81,350	116,285	0	0	0	0	0	0	485,000
Contingency (5%)	25,526	0	0	3,646	3,646	3,646	3,646	3,646	3,646	3,650	0	0	0	0	25,526
Total Hard Costs	510,526	0	108,865	48,646	43,646	97,146	84,996	119,931	3,646	3,650	0	0	0	0	510,526
Total Expenses/Draws	617,994	65,855	111,593	51,769	46,547	99,872	88,347	127,232	8,366	7,635	3,960	2,550	979	573	615,278
GROSS SALES	0	0	0	0	0	0	0	0	91,000	182,000	182,000	182,000	91,000	91,000	819,000
Less Expenses/2nd Mortgages															
Marketing/Recording	0	0	0	0	0	0	0	0	5,460	10,920	10,920	10,920	5,460	5,460	49,140
Recording	0	0	0	0	0	0	0	0	55	110	110	110	55	60	500
Second Mortgages	0	0	0	0	0	0	0	0	4,550	9,100	9,100	9,100	4,550	4,550	40,950
Sub-Total Exp/2nd	0	0	0	0	0	0	0	0	10,065	20,130	20,130	20,130	10,065	10,070	90,590
NET SALES	0	0	0	0	0	0	0	0	80,935	161,870	161,870	161,870	80,935	80,930	728,410
GROSS CASH FLOW		(65,855)	(111,593)	(51,769)	(46,547)	(99,872)	(88,347)	(127,232)	72,569	154,235	157,910	159,320	79,956	80,357	113,132
Payoff Peoples Trust		0	0	0	0	0	0	0	7,778	15,556	15,556	15,556	7,778	7,776	70,000
NET CASH FLOW		(65,855)	(111,593)	(51,769)	(46,547)	(99,872)	(88,347)	(127,232)	64,791	138,679	142,354	143,764	72,178	72,581	43,132

ATTACHMENT C

FREEBORN ESTATES, ST. ALBANS -- AFFORDABILITY AS PERCENTAGE OF MEDIAN INCOME C:\QUATTRO\FREEBORN.6

PURCHASE PRICE: $91,000 or $84,000
ESTIMATED ANNUAL TAXES: $1,500
ESTIMATED MONTHLY FEE: $45.00

Franklin County Median Incomes	
One Person	23,700
Two Persons	27,000
Three Persons	30,400
Four Persons	33,800

Financing Option	Purchase Price	Qualifying Interest Rate	Minimum Income Required	Percentage of Median Income Based on Family Size 1 Person	2 Persons	3 Persons	4 Persons
VHFA 95% LTV W/2nd mtg 8%-20 yr term	91,000	6.00% 1st year	26,413	111%	98%	87%	78%
VHFA 95% LTV W/2nd mtg. 8%-20 yr term	84,000	6.00% 1st year	24,857	105%	92%	82%	74%
VHFA 95% LTV W/2nd mtg B%-20 yr term	91,000	6.35% 1st year	27,126	114%	100%	89%	80%
VHFA 100% Financing	91,000	6.00% 1st year	26,021	110%	96%	86%	77%
VHFA 100% Financing	84,000	6.00% 1st year	24,495	103%	91%	81%	72%
~~VHFA 100% Financing~~	~~91,000~~	~~6.35%~~ 1st year	~~26,772~~	~~113%~~	~~99%~~	~~88%~~	~~79%~~
Conventional W/MCC	91,000	5.00% Adj. Rate	20,438	86%	76%	67%	60%
Conventional W/MCC	91,000	7.00% Fixed Rate	27,613	117%	102%	91%	82%
Conventional W/MCC	91,000	7.50% Fixed Rate	28,560	121%	106%	94%	84%
VHFA HOUSE-$10,000 subsidy	91,000	5.50% 1st year	22,906	97%	85%	75%	68%
VHFA HOUSE-$10,000 subsidy	84,000	5.50% 1st year	21,461	91%	79%	71%	63%

FRANKLIN COUNTY - SELECTED TOWNS
DATA ON HOMES SOLD OR UNDER CONTRACT
PERIOD: 4/1/93 - 11/1/93
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ACTIVE LISTINGS $80,000 - $100,000

House Style	Age in Years	Bedrooms/ Bathrooms	# Acres	Square Footage	Heat Source	Taxes	Asking Price	Original Price	Days On Market	Location/Comments
2 Story	51-100	4/1.5	14	1700	oil	1,097	85,000	85,000	30	Shepard Rd, Georgia - on-site water/sewer
1.5 Story	51-100	3/2	1/4	1312	gas	1,716	85,000	85,000	66	So. Main St, St. Albans
Ranch	11-25	2/1	1	936	oil	1,432	85,900	85,900	150	Snowcrest Rd, Fairfax - on-site sewer/community water
Condo	new	2/1	n/a	1036	gas	n/a	86,900	86,900	45	Mountain View, Swanton - 8 unit project
2 Story	51-100	4/2	1/8	2500	oil/wood	1,588	86,900	86,900	115	Spruce St, St. Albans
Cape	1-5	3/1	1/4	1360	gas	2,130	88,900	91,900	186	Murray Avenue, St. Albans - slab
Ranch	1-5	3/1	1/4	1092	gas	1,850	89,900	89,900	27	So. Main St, St. Albans
Cape	1-5	4/2	1/4	1344	gas	1,700	89,900	89,900	31	Guyette Circle, St. Albans - crawl space
2 Story	51-100	4/1	1/4	1344	oil	1,750	89,900	89,900	51	Upper Newton, St. Albans
1.5 Story	51-100	2/1	1/4	1008	gas	1,593	89,900	89,900	198	Rublee St, St. Albans
Ranch	11-25	3/1	1/3	960	gas	1,752	89,900	89,900	202	Finn Avenue, St. Albans
2 Story	51-100	3/1	1/3	1622	oil	1,497	89,900	98,500	240	Hunt Street, St. Albans
R/Ranch	1-5	3/1	1/4	1008	gas	1,932	90,900	90,900	85	Guyette Circle, St. Albans
2 Story	51-100	4/1	1/8	1700	gas	1,190	91,000	91,000	111	So. Elm St, St. Albans
R/Ranch	1-5	2/1	1/4	976	gas	1,991	92,000	92,000	7	Adams St, St. Albans
Ranch	1-5	3/1	1/4	1216	gas	2,100	92,000	92,000	81	Murray Dr, St. Albans - slab, handicap access.
Ranch	11-25	3/1.5	1/4	1040	oil/wood	1,700	92,000	92,000	61	Quarry Ct, St. Albans
Ranch	51-100	3/1	1	1328	gas	1,940	92,500	97,500	61	Cedar Street, St. Albans
Colonial	51-100	4/1.5	1/4	1640	gas	1,127	97,500	97,500	45	Grand Ave., Swanton
R/Ranch	6-10	2/1	1	1104	oil	1,299	98,500	98,500	90	Stonebridge Rd, Georgia - on-site water/sewer
Ranch	11-25	4/2	2	1440	gas	1,730	99,000	104,000	90	Sandhill Rd, Fairfax - on-site water/sewer
1.5 Story	n/a	2/1	n/a	n/a	n/a	n/a	99,500	n/a	n/a	Route 7, Georgia
Cape	6-10	3/1	1	1200	gas	1,509	99,850	99,850	60	Stonebridge, Georgia - on-site water/sewer
2 Story	100+	4/2.5	1/2	1900	gas	1,281	99,900	99,900	20	Grand Ave., Swanton
									85.5	Average Days On Market
FREEBORN ESTATES	NEW	2/1.5	N/A	1152	GAS	1,500 est	91,000	91,000		full walkout basement w/finished space

FRANKLIN COUNTY - SELECTED TOWNS
DATA ON HOMES SOLD OR UNDER CONTRACT
PERIOD: 4/1/93 - 11/1/93
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SOLD OR UNDER CONTRACT $80,000 - $100,000

House Style	Current Status	Age in Years	Bedrooms/ Bathrooms	# Acres	Square Footage	Heat Source	Taxes	Sale Price	Original Price	Days On Market	Location/Comments
Ranch	sold	n/a	3/1	n/a	n/a	n/a	n/a	82,000	n/a	149	Grand Ave, Swanton
R/Ranch	sold	1-5	3/1	2	1160	oil	1,263	83,500	87,500	14	Minor Rd, Fairfax - bank foreclosure
R/Ranch	under dep.	1-5	4/1	1/4	884	gas	841	84,000	84,000	30	Bushey St, Swanton
R/Ranch	sold	11-25	3/1	1	1092	oil	701	84,500	84,500	50	County Rd, Swanton - on-site water/sewer
Condo	sold	6-10	2/1.5	n/a	1152	oil	1,410	85,000	87,000	103	Kellogg Rd, St. Albans - full basement
Condo	under dep.	6-10	2/1.5	n/a	1152	oil	1,380	85,000	85,000	n/a	Rockledge, St. Albans - Full Basement
Ranch	sold	11-25	3/2	1/3	1428	oil	1,600	85,000	86,900	34	Linda Ave, Swanton
1.5 Story	sold	100+	3/1.5	1/4	1368	gas	905	85,000	87,900	118	New St, Swanton - $2500 rebate
Condo	sold	1-5	2/2.5	n/a	1400	oil	1,750	87,000	89,900	45	Howard Estates, St. Albans - full basement
Ranch	under dep.	11-25	3/1	1/5	960	oil	n/a	88,500	88,500	75	Sandhill Rd, Fairfax - on-site water/sewer
Ranch	sold	26-50	2/1.5	1/2	1222	oil	1,489	89,000	89,000	117	Main St, Fairfax
1.5 Story	under dep.	51-100	3/1.5	1 1/2	1583	oil	1,182	89,900	89,900	120	Old Highgate Rd, Swanton
1.5 Story	under dep.	100+	3/1.5	1/4	1400	oil	1,426	89,999	89,999	360	Main St., Fairfax
Ranch	sold	11-25	4/1	1 1/3	1320	gas	1,447	90,000	94,500	22	Rugg Road, St. Albans - on-site water/sewer
R/Ranch	sold	11-25	3/1.5	1 1/5	1040	oil	1,008	90,900	92,900	13	Mtn. View Dr, Swanton - on-site water/sewer
Cape	sold	1-5	3/1.5	2	1248	oil	1,101	91,000	98,000	199	Quilliam Rd, Swanton
R/Ranch	sold	11-25	3/1	1	1011	oil/wood	1,300	92,000	104,900	185	E Lebel Drive, St. Albans - on-site water/sewer
Condo	sold	1-5	3/1.5	n/a	1450	gas	1,255	92,000	94,900	22	Congress St, St. Albans - slab
1.5 Story	sold	n/a	3/1.5	n/a	n/a	n/a	n/a	92,784	n/a	199	Wheeler Rd, Swanton
Ranch	under dep.	11-25	4/1	4 1/2	1056	wood/elec	1,449	92,900	92,900	300	Nichols Rd, Fairfax - on-site water/sewer
Cape	under dep.	1-5	3/1	3	1008	gas	1,369	93,000	93,000	360	Decker Rd, Georgia - on-site water/sewer
Colonial	sold	1-5	4/1.5	1/2	1530	gas	1,221	94,900	93,900	88	Green Mt. Drive, St. Albans
Colonial	sold	1-5	3/1	1/2	1232	gas	1,232	95,900	95,900	85	Clyde Allen Rd, St. Albans
Ranch	under dep.	11-25	3/1.5	1/3	1008	wood/elec	1,257	96,000	99,900	240	Thibault St, Swanton - in-ground pool
Cape	sold	11-25	4/1.5	1 1/3	1394	oil	950	97,000	99,900	253	Middle Rd, Swanton - on site sewer - large barn
Colonial	sold	51-100	4/2	1/4	1814	gas	1,180	98,000	104,900	100	Spring St, Swanton
2 Story	sold	100+	4/1	4	2200	oil	1,850	98,000	102,000	36	RD 3, Milton - on-site water/sewer
Cape	sold	11-25	3/2	10	1670	gas	1,531	99,000	106,000	142	Decker Rd, Georgia - on-site water/sewer
2 Story	under dep.	100+	3/1.5	3/4	1800	oil	1,813	99,000	99,000	45	Main St, Fairfax - antique shop
1.5 Story	under dep.	50+	3/1.5	1/4	1600	gas	1,260	99,900	99,900	60	Grand Ave, Swanton
										118.8	Average Days On Market

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Joseph A. Erdelyi, Multi-Family Development Underwriter

DATE: November 12, 1993

RE: Graystone Village, Hartford - Combined Resolution of Interest and Commitment Resolution

THE DEVELOPMENT

1. General Description

The project consists of six buildings with 34 units of elderly housing developed by Joe Wishcamper under the Section 8 New Construction program. The project has been in operation since December of 1979. The project is on leased land; the lease has two successive 48 year terms, with the fixed lease payments to be renegotiated at the end of the first 48 year term. The HAP contract and original mortgage both have a 40 year term and there are 26 years left on both. When the original mortgage and HAP contract end there will still be 8 years remaining on the land lease. Housing Vermont is proposing to buy the project; the transaction would be financed by assuming the first mortgage, obtaining a second mortgage from VHFA, and raising equity through the sale of tax credits.

The acquisition price per unit is $47,059 including cash and reserves, or $38,776 net of cash and reserves. This compares with Randolph House ($48,437 / $37,615 net) and Linden Terrace ($46,789 / $40,000 net), both Section 8 acquisitions by Housing Vermont. Depot II in Bethel, another recent Section 8 transfer, sold for $34,017 including cash and reserves, $28,019 net. However, Depot II needed substantially more work, has a shorter HAP contract, and was part of the Babcock settlement agreement.

A summary of sources and uses of funds, rents, operating expenses, and financial projections is attached.

2. Projected Funding Sources

VHFA first mortgage - assumed	$ 927,494	43.86%
VHFA second mortgage - new	480,000	22.70%
Tax Credit Equity	424,000	20.05%
Project Cash & Reserves	281,625	13.32%
Total	$2,114,629	100.00%

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

3. Unit Breakdown and Rents

The 32 one bedroom units (600 s.f.) and 2 two bedroom units (800 s.f.) all have project based rental assistance. The contract rents would not be raised from their current levels of $712 and $791 respectively. Under the HAP contract tenants will only pay up to 30% of income towards rent and utilities, so all 34 units are affordable for the duration of the contract. The owner pays all utilities, which include electric heat, hot water, and cooking. The project is served by municipal water and sewer.

4. Site/Location

The project is located on Holiday Inn Drive in Hartford near the intersection of Interstates 89 and 91, approximately 2 miles from downtown White River Junction. The site is level around the buildings and has approximately 4.1 acres.

5. Renovation Plan

The sponsor is proposing a conversion from a hybrid electric baseboard/storage heat to oil forced hot water. The owner would continue to pay for all utilities after this conversion. Domestic hot water would also run off the new boilers. There would also be replacement of appliances and carpeting where needed, and possibly some limited window replacements. The anticipated cost of the rehabilitation is $291,500, which includes contingency. Also, the sponsor will pursue funding from the utility company, Green Mountain Power, for the cost of the heat conversion.

6. Loan to Value

The appraisal has not yet been given a satisfactory review by staff. The combined VHFA loans would represent 67% of the proposed total development cost. The cost per unit would be as follows:

Acquisition	$38,776
Cash and Reserves	8,283
Rehabilitation	8,574
Soft costs	6,621
TOTAL	$62,254

7. Management

The current management agent, Stewart Property Management, would be retained. VHFA Housing Management staff is satisfied with Stewart.

8. Market Demand

We are not asking for a market study because the project is a stabilized, fully occupied Section 8 project.

9. Environmental Concerns

Sponsor is conducting a Level I Environmental Site Assessment. There are no known hazards at this time.

DISCUSSION

Strengths

a) This transaction would effectuate the preservation of these units as affordable housing in perpetuity.

b) The project would remain in our portfolio and eliminate the potential for prepayment.

c) The project is very strong financially because of the Section 8 HAP contract.

Weaknesses

a) Housing Vermont is not taking a local non profit as general partner in the ownership entity. A local non profit, White River Area Housing Development Corp. (WRAHDC), has been approached for participation as clerk of the works for the rehabilitation, membership on the Board of Directors of the general partner, and as first optionee when the credit compliance period expires. Housing Vermont is using an out of state equity investor, the Richman Group, who would have strict requirements of the general partner, including that the partner provide a guarantee to cover operating deficits and a minimum cash flow. Housing Vermont feels that a local non-profit would probably not want these responsibilities.

b) HUD must approve the assignment of the HAP contract and may also require subsidy layering review, both of which would have to be completed by year end in order to receive a carryover allocation of tax credits.

RECOMMENDATION

Staff recommends approval of the financing for Housing Vermont for the acquisition and rehabilitation of Graystone Village. The proposed source of funds is recycled multifamily bond proceeds. The transaction is contingent upon an acceptable Level I Environmental Site Assessment, any required approvals and reviews by HUD, a reservation of tax credits, closing by year end for tax credit carryover allocation, submittal of a signed Purchase and Sales Agreement or other acceptable site control, review of appraisal and final determination of value, and assignment of ground lease. Final loan amount will be based upon final construction costs and Green Mountain Power funding.

JE c:\wp51\mfloan\graystn

RESOLUTION PERTAINING TO COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER RE: GRAYSTONE VILLAGE (HARTFORD) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont involving the acquisition and rehabilitation of Graystone Village, a development containing 34 elderly apartment units located on Holiday Inn Drive in White River Junction (the "Development"); and

WHEREAS, the proposal contemplates assumption of the existing mortgage on the Development and an additional loan of approximately $480,000 from recycled proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 103 of the Internal Revenue Code of 1954 and section 142(d) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Housing Vermont will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loans after the rehabilitation.

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $480,000.

2. The Commitment Letter shall be issued to Housing Vermont.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the combined principal amount of the existing and additional loans.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be no more than 8.25% per annum and that the loan term will be no more than 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity and deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form and content acceptable to the Agency:

   (a) Signed purchase and sale agreement

   (b) Appraisal supporting the combined loan amount

   (c) Phase I environmental assessment

   (d) Detailed operating budget

   (e) Final rehabilitation plans and specifications and cost estimates

   (f) All necessary approvals by HUD of proposed transfer, including subsidy layering review, if necessary

   (g) Assignment to the Housing Sponsor of the Section 8 HAP contract applicable to the Development

(h) Preservation Agreement insuring the long-term affordability of the Development

(i) Reservation of low-income housing tax credits at levels required by proposal

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

Graystone Village — INCOME & EXPENSE BUDGET — 12-Nov-93

INCOME

RENTS

Restricted Units Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		600	30	712		256,320
2 Br		800	2	791		18,984
3 Br			0	0		0
	Totals		32	1,503		275,304

Market Rate Units Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		600	2	712		17,088
2 Br			0	0		0
3 Br			0	0		0
	Totals		2	712		17,088
All Units	Grand Totals		34	2,215		292,392
	Less Vacancy		2.00%			(5,848)
	NET RENT			286,544		

OTHER INCOME

Interest Income	1,000
Laundry	1,700
	0
Total Other Income	2,700
TOTAL INCOME	289,244

EXPENSE BUDGET

	Annual	Per Unit Per Month
Administration		
Management Fee		0
Office Payroll		0
Audit/Accounting		0
Legal		0
Marketing		0
Office Exp/Telephone		0
Compliance Mon Fee	22,000	54
TOTAL ADMIN	22,000	54
Utilities		
Electricity		0
Water/Sewer		0
Heat/Hot Water		0
Other	34,680	85
TOTAL UTILITIES	34,680	85
Maintenance		
Trash		0
Mainteance Payroll		0
Paint/Decorating		0
Supplies		0
Snow/Grounds	35,000	86
TOTAL MAINTENANCE	35,000	86
Taxes	29,500	72
Insurance	6,000	15
Replacement Reserve	8,772	22
Total	135,952	333

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Project: Graystone Village RUN DATE: 12-Nov-93

*********Unit Information********		**********Assumptions*********	
Total Res Units:	34	Increase LIHTC	1.00%
Section 8 Units:	34	Increase Market	1.00%
LIHTC Restricted Units:	32	Expense increase:	2.50%
Percent LITC Restricted:	94.12%	Vacancy Rate:	2.00%
Average Monthly Rent:	717	Partner's Tax Rate:	35.00%
Total Dev Costs	2,116,630	Depreciation Schedule:	27.5
TDC/Unit	62,254	Appraised Value:	1,553,000

*********LIHTC SUMMARY*********			
Percent Alloc. Needed	100.00%	Total Credit Amount	85,502
Gross Syndication	427,511		
LIHTC - 9% (NOV)	8.26%		
LIHTC - 4% (NOV)	3.54%		

FINANCING SOURCES 0

		Amount	% of TDC	Interest	Term
Equity 1		427,511	20.20%	N/A	N/A
Senior Debt - assumed		927,494	43.82%	8.00%	26
New Second mortgage		480,000	22.68%	8.25%	25
Cash & Reserves		281,625	13.31%	N/A	N/A
	76.70%	2,116,630	100.00%		

Graystone Village DEVELOPMENT BUDGET

		Budget	Per Unit
ACQUISITION			
Land		0	0
Buildings		1,318,375	38,776
Acq.- Cash & Reserves		281,625	8,283
CONSTRUCTION			
Construction Contract		250,000	7,353
Appliances		15,000	441
Contingency	10.00%	26,500	779
Construction Interest		10,313	303
Architectural/Engineering		20,000	588
SOFT COSTS			0
LIHTC Fee		2,000	59
Appraisal		3,000	88
Environmental Report		3,000	88
Legal/Accounting		12,000	353
Permits/Fees		2,500	74
Loan Fees		14,075	414
Bridge Loan Interest		10,600	312
Developer's Fee	3.93%	80,000	2,353
Replacement Reserve		35,000	1,029
Working Capital		25,000	735
Soft Cost Contingency		7,642	225
TOTAL DEVELOPMENT COSTS		2,116,630	62,254

Graystone Village TAX CREDIT CALCULATION

	Total	4% Credit	9% Credit
Adjusted Basis		1,324,375	420,134
Less Land		0	0
Less Non-Capital Items			
Equals Adjusted Basis		1,324,375	420,134
% Qualifying as Low Income		94.12%	94.12%
Qualified Basis		1,246,471	395,420
High Cost Area Adjustment		1,246,471	514,046
Tax Credit Percentage		3.54%	8.26%
Annual Tax Credit	86,585	44,125	42,460
Annual Tax Credit Needed to fill gap	85,502		

Graystone Village PRO.FORMA 12-Nov-93

Year		1	2	3	4	5	6	7	8
Residential Rent		292,392	295,316	298,269	301,252	304,264	307,307	310,380	313,484
Less Res Vacancy		(5,848)	(5,906)	(5,965)	(6,025)	(6,085)	(6,146)	(6,208)	(6,270)
Plus Other Income		2,700	2,727	2,754	2,782	2,810	2,838	2,866	2,895
Total Actual Income		289,244	292,137	295,058	298,009	300,989	303,999	307,039	310,109
Less Operating Exp.		135,952	139,351	142,835	146,405	150,066	153,817	157,663	161,604
Less Ground Lease		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Net Operating Income		147,292	146,786	146,223	145,603	144,923	144,181	143,376	142,505
Less Primary DS		84,877	84,877	84,877	84,877	84,877	84,877	84,877	84,877
Less Secondary DS		45,415	45,415	45,415	45,415	45,415	45,415	45,415	45,415
Cash Flow		17,001	16,494	15,932	15,312	14,632	13,890	13,085	12,213
Operating Subsidy		0	0	0	0	0	0	0	0
Net Cash		17,001	16,494	15,932	15,312	14,632	13,890	13,085	12,213
Cumulative Cash:		17,001	33,495	49,427	64,739	79,371	93,261	106,345	118,559
DCR		113.05%	112.66%	112.23%	111.75%	111.23%	110.66%	110.04%	109.37%
		1	2	3	4	5	6	7	8
Net Operating Income		147,292	146,786	146,223	145,603	144,923	144,181	143,376	142,505
Plus Reserves		8,772	8,860	8,948	9,038	9,128	9,219	9,312	9,405
Less Interest Expense		(113,174)	(111,737)	(110,180)	(108,491)	(106,661)	(104,677)	(102,527)	(100,195)
Less Depreciation		(63,437)	(63,437)	(63,437)	(63,437)	(63,437)	(63,437)	(63,437)	(63,437)
Taxable Income (Loss)		(20,547)	(19,528)	(18,445)	(17,287)	(16,046)	(14,713)	(13,276)	(11,723)
Year		1	2	3	4	5	6	7	8
Cash Flow		17,001	16,494	15,932	15,312	14,632	13,890	13,085	12,213
Plus Tax Savings		7,191	6,835	6,456	6,050	5,616	5,150	4,646	4,103
Plus Tax Credits		85,502	85,502	85,502	85,502	85,502	85,502	85,502	85,502
Less Cap Gain Tax									
After Tax Cash Flow	(427,511)	109,694	108,832	107,890	106,864	105,750	104,542	103,233	101,818
Total 15 years		626,198							
Internal Rate of Return:	19.40%								
LIHTC cents per dollar		0.5000							

17	18	19	20	21	22	23	24
342,853	346,281	349,744	353,241	356,774	360,342	363,945	367,584
(6,857)	(6,926)	(6,995)	(7,065)	(7,135)	(7,207)	(7,279)	(7,352)
3,166	3,198	3,230	3,262	3,295	3,327	3,361	3,394
339,162	342,553	345,979	349,438	352,933	356,462	360,027	363,627
201,822	206,867	212,039	217,340	222,773	228,343	234,051	239,902
6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
131,340	129,686	127,940	126,099	124,160	122,120	119,976	117,725
84,877	84,877	84,877	84,877	84,877	84,877	84,877	84,877
45,415	45,415	45,415	45,415	45,415	45,415	45,415	45,415
1,049	(605)	(2,351)	(4,193)	(6,132)	(8,172)	(10,316)	(12,567)
0	605	2,351	4,193	6,132	8,172	10,316	12,567
1,049	0	0	0	0	0	0	0
177,343	176,738	174,387	170,194	164,062	155,891	145,575	133,008
100.80%	99.54%	98.20%	96.78%	[illegible]5.29%	93.73%	92.08%	90.35%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **NOVEMBER 12, 1993**

RE: **BOND FINANCING UPDATES**

Single Family Financing

As discussed at the last Board meeting, we have begun to review alternatives to access the capital market to provide funding for mortgages. The timetable contemplated would make funds available in early 1994. Our new bond counsel, Kutak Rock, is currently reviewing existing bond documents to determine what choices are available for the new financing. Some options would utilize existing funds that we have collected from prepayments of mortgage loans that would allow either a slightly lower mortgage rate and/or an easing of certain program requirements. A legal position must be taken on these options so that savings in conjunction with the redemption of bonds can be maximized. Staff has begun to evaluate potential necessary program changes that might be needed to implement the new financing. There are two major options for financing that we are reviewing.

The option explored with the underwriting group and reviewed at the last Board meeting would set a mortgage rate in advance of selling bonds based on the then bond market rate, sell bonds 2-3 months after releasing the rate, and close the bond financing 2-3 months after sale. The major benefit of this structure would be to minimize the cost of negative investments while we wait to purchase mortgages.

The second option is a financing with Fannie Mae under their MRB Express program which would set a mortgage rate and then allow delivery of mortgages after signing up with their program. The mortgage rate offered is tied to the length of the delivery period and increases as time is extended. It may be possible to offer a lower mortgage rate under this program. Several program concerns have been raised in conjunction with the MRB Express program which have been relayed to Fannie Mae and we are awaiting responses to those concerns as we further analyze the benefits and drawbacks to their program. The underwriters are providing us with some data which will allow us to do a cost benefit analysis of the two programs. PaineWebber assisted the State of Washington in putting together the only MRB Express program closed to date.

Multi-Family Financing

Kutak Rock has provided us with some documents to review in conjunction with a filing to HUD that would be required to obtain approval to refinance existing high rate mortgages with new bond proceeds and to share the savings generated. Kutak has asked us to provide them with further information regarding the individual developments so that a full package can be developed to be submitted to HUD. Although there are many issues to be resolved and calculations to be done regarding the potential savings to be generated on the refinancing, it appears that at a minimum VHFA should be collecting approximately $500,000 on an annual basis. A portion of those savings equivalent to a 1.5% override on the issued bonds would be available as a general resource to supplement operations, current estimate $275,000 annually. The remaining balance of $225,000 annually would be invested in very low income projects during the first ten years after receipt. After expiration of the ten year period, the savings could be used for any legitimate VHFA purpose. We will continue to work with Kutak to provide them with the information they require and to develop further financial analysis of what structure is most beneficial.

Recommended Action

No Board action required at this time.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: November 11, 1993

RE: Meadow Crossing Planned Residential Development

Background

As you know, unlike condominiums, there is no law governing planned residential developments. In August, 1991, the Board approved procedures for reviewing planned residential developments for eligibility for VHFA financing. A question has arisen about the application of those guidelines to the Meadow Crossing PRD. Meadow Crossing is a 22 unit PRD located in St. Albans Town. The Declaration of Covenants for the PRD states, "The use of house trailers or mobile homes on any lot within Meadow Crossing is prohibited."

VHFA's Eligibility Procedures for PRDs state:

> There is no excessive limit or restriction on the type or size of the residence that may be erected on the land purchased by an individual owner. Excessive restrictions might include, but are not limited to, severe limitations as to size of dwelling, disallowing certain types of dwellings (manufactured housing), etc. The appropriateness of any restriction will be at the sole judgment of VHFA; however, eligibility for VHFA financing will not be unreasonably withheld.

The reason for the language in the policy is that since manufactured housing is among the most affordable housing in Vermont, the Agency should not be in the position of approving developments with prohibitions on such housing. However, many developers and residents of PRDs want to have control over the type of homes built or placed in the development.

When a developer comes to VHFA seeking construction financing or financing for a large number of homes in the PRD, the Agency would have a great deal of leverage and might well be able to exact concessions on the restrictions. In other situations, the Agency would only be looked to for one or two loans, and a rigid rule against manufactured housing restrictions might deny potential borrowers a chance for homeownership.

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There are situations where a ban on mobile homes would clearly not be grounds for VHFA denying eligibility. For example, if a PRD were fully built out and a prospective purchaser wanted to qualify the PRD so he or she could get financing through the Agency, it would be senseless to refuse to approve the PRD. Another situation might be where most of the lots have had homes built on them, the developer has turned control of the Association over to the residents, and the residents refuse to remove the restriction banning manufactured housing.

Here, the Declarant is still in control of the Association, only six of 22 lots have homes on them, with one under construction and another lot sold. Fourteen lots remain unsold.

Recommendation:

Staff recommends that the Board modify the language of the Procedure to give the Executive Director more discretion to waive the restrictions in the Procedure. Proposed language is set out below.

> There is no excessive restriction on the type or size of the residence that may be erected on the land purchased by an individual owner. The appropriateness of any restriction will be determined in the sole judgment of VHFA; however, approval of eligibility for VHFA financing will not be unreasonably withheld.

The Vermont Housing Finance Agency

Planned Residential Developments
Eligibility Procedures

As approved by the Board of Commissioners
August 22, 1991

Table of Contents

Preface

VHFA is dedicated to providing affordable housing to Vermont's low and moderate-income families. Planned Residential Developments provide one of the affordable types of home ownership as the maintenance on common elements may be shared by all; i.e., potable water systems, waste water disposal systems, etc.

The VHFA planned residential development procedures are designed to provide guidance for eligibility of planned residential developments for the financing by VHFA of individual residences.

VHFA recognizes that housing is a dynamic marketplace. These procedures will be reviewed periodically to assure that they are consistent with the goals, purpose and intent of VHFA and the Housing Policy of the State of Vermont.

Definitions

Common Elements - any land, structure, or other tangible facility, owned in common by the owners of residences and other buildings constituting a Planned Residential Development (PRD) or a De minimis PRD association of such owners.

De Minimis PRD - a planned residential development that has a relatively minimal amount of common elements and improvements, and contains no multi dwelling units that represent the security for a single mortgage. The common elements should have little or no effect on the value of the property that secures the mortgage.

Eligible Planned Residential Development - a Planned Residential Development which is eligible for financing of individual residences by VHFA.

Planned Residential Development (PRD) - a Planned Residential Development is a project that contains substantial common elements and improvements that are owned and maintained by an owners association for the benefit and use of the individual residence owners.

Planned Unit Development (PUD) - Another term for Planned Residential Development

General Guidelines

1. Fees:

   The fee for application for eligibility of a PRD or a De minimus PRD will be $275.00.

2. Documents:

   All documents requested on VHFA form #S-XXX "Documentation Required for PRD Eligibility Review" as it is amended from time to time.

3. Other:

   The term Eligible PRD, where used in this manual, includes a De minimis PRD and a PRD unless otherwise noted.

   Only those developments that have a non-municipal common mechanical system, such as a potable water supply or a sewer/septic system, or where any or all of the residences contain a common or party wall, need be submitted to VHFA for eligibility.

4. Underwriting:

   There is no minimum number of units required to be eligible, but the documents for all projects of six units or less must contain a dispute resolution procedure acceptable to VHFA.

   VHFA does not generally restrict the number of residences it will finance in a project. However, it reserves the right to do so on a case-by-case basis. Before VHFA commits to finance residences in a project it must have been approved as an Eligible PRD.

   Where VHFA finds that it has unknowingly financed residences in a PRD or De minimus PRD that is not eligible, VHFA will not commit to make or purchase any further mortgages on individual residences until eligibility has been attained. Mortgage commitments outstanding and mortgage applications with a date earlier than the date VHFA determines the PUD has not been approved for eligibility will not be canceled or restricted.

   Projects must obtain a land use permit and any other State or local permits as required.

VHFA reserves the right to withdraw eligibility at any time if, in its judgment, there are material deficiencies in the project or financial condition of any homeowners association. The reasons that withdrawal of eligibility might occur would include, without limitation, lawsuits, liens, and attachments. Withdrawal of eligibility will not cancel any loan commitments outstanding.

All projects will be subject to a possible site inspection.

Any assessments due the owners' association must be paid through regular installments rather than by special assessment.

The budget must be consistent with the responsibilities of the owners' association, if any, and provide for replacement reserve funds.

The owners' association, if any, must carry the kinds of insurance normally carried for common elements; i.e. hazard, flood, liability, and fidelity.

There is no limit or restriction on occupancy of any residence according to race, sex, nationality, religion, creed, age, handicap, or sexual preference.

In the judgment of VHFA, in its capacity as an underwriter of residential mortgage loans,

(a) no non-residential use included or planned to be included in the PRD materially impairs the marketability of residences in the PRD; and

(b) no charter, bylaw, covenant, (other than a long term affordability covenant), or other document or agreement pertaining to the PRD materially impairs the marketability of residences in the PRD.

There is no excessive limit or restriction on the type or size of the residence that may be erected on the land purchased by an individual owner. Excessive restrictions might include, but are not limited to, severe limitations as to size of dwelling, disallowing certain types of dwellings (manufactured housing), etc. The appropriateness of any restriction will be at the sole judgment of VHFA; however, eligibility for VHFA financing will not be unreasonably withheld.

5. Advertising:

Eligibility for VHFA financing allows a developer or homeowner to advertise the project as "VHFA Eligible." Under no circumstances may the units be advertised as VHFA approved. Any such advertising may result in VHFA withdrawing the eligibility status.

New PRD or De minimus PRD

This type of project includes:

* one that is proposed or under construction;
* an existing project that is subject to additional phasing or annexation;
* one that is still under the control of the developer;
* one that has been under the control of the unit owners for less than one year; and
* one that was not created by the conversion of existing residential buildings into a PRD or De minimus PRD.

Specific Requirements:

* All requirements listed under "General Guidelines" apply.
* The VHFA Energy Conservation Standards must be met.

Existing PRD or De minimus PRD Developments

This includes projects where seventy percent of the residences included in the development have been sold, or are under contract to be sold to individuals and VHFA eligibility was not applied for previously or not granted in previous submissions.

Requirements:

* All requirements listed under "General Guidelines" apply.

* Reason for any previous denial of eligibility, if any, has been corrected.

* Control of the owners' association, if any, must have been turned over to the individual owners, and the owners must have been in control for more than one year.

* No residence will be approved for financing by VHFA unless at least sixty percent of the construction of the Common Elements and public components pertaining to the eligible PRD have been completed. In addition, a satisfactory plan for the completion of the remaining forty percent of the Common Elements and public components pertaining to the eligible PRD must be submitted to VHFA at the time the request for eligibility is submitted, or at a later date as agreed to by VHFA in writing.

* The project may not be subject to additional phasing or annexation.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Barbara Parker, BP Executive Assistant

DATE: November 10, 1993

RE: VOICE MAIL TIPS

Now that we have installed our voice mail system and had it in place for a few months, I wanted to let you know a few tips on how to utilize it to your advantage.

- During the business day, all calls are greeted by our "automated attendant." Allan's extension is 221; if he is not available, his calls are forwarded to me; or, you can call me directly at 255 and I will try to locate Allan (or anyone else) for you.

- If you know the extension of the person you are trying to reach, you can dial it as soon as the automated attendant answers; you do *not* have to listen to the entire message.

- When you don't know what extension you want to reach, you can press "0" immediately to be connected with a "real" person.

- If your message is urgent and you don't want to risk being connected with someone's voice mail, you can press "0" and ask us to page the person you are trying to reach.

- If you have reached someone's voice mail, but want to leave a message for someone else, you can press *T to *transfer* to another extension. At this point, you will be prompted to enter either the *extension* (if you know it) or the first few letters of the person's *last* name. (If there are two people with the same last name, the system will prompt you.)

- When you call after hours, your call will be answered by the automated attendant and you can either enter an extension to leave a message for an individual, or remain on the line to leave a message in the "general" mailbox. These messages are reviewed every morning and directed to the appropriate person.

The voice mail system was installed in an effort to make it easier for callers to reach individuals at VHFA directly and leave personalized messages. An updated extension listing appears on the reverse of this memo.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

IN-STATE BUSINESS TOLL-FREE1-800-339-5866

Lenders, real estate professionals and other business contacts may use this toll-free number.

IN-STATE TOLL FREE HOTLINE1-800-287-8432

This toll-free number is available for potential homeowners to learn more about VHFA's loan programs.

FACSIMILE1-802-864-5746

TDD/VOICE (TOLL FREE) 1-800-586-5832

NAME	EXTENSION	NAME	EXTENSION
Adair, Cindy	230	Höglund, Carrie	227
Baker, Scott	239	Hope, Hollis	234
Braun, Lois	228	Hunt, Allan	221
Burczy, John	247	Jarrett, Glenn	226
Bushey, Brenda	200	Jenkins, Irene	231
Chapman, Dee	257	Joachim, Sue	238
Circe, Lucy	263	Lawlor, Greg	240
Crady, Pat	242	Lothrop, Doug	241
Cummings, Paul	262	McKenna, Denise	244
Erdelyi, Joe	232	Mullin, Sherri	258
Falzone, Sam	235	Parker, Barbara	255
Fitzgerald, Kim	208	Plank, Ann-Marie	245
Fleeson, Helen	229	Rinn, Gemma	212
Fleming, Martha	253	Roy, Kim	233
Foley, Phyllis	266	Santerre, Jacklyn	246
Francis, Jeff	210	Schoenbeck, Roger	236
Fuertinger, Deb	267	Taylor, Susi	249
Gandini, Jim	225	Thompson, Mary	264
Gent, Cathleen	224	Wadhams, Emily	209
Gutchell, Tim	237	Williams, Patty	261
Hartford, Monique	256	Wilson, Linda	243
Hotline	270	Underwriters	280

National Council of State Housing Agencies
WASHINGTON
John T. McEvoy, *Executive Director* | Barbara J. Thompson, *Director of Government Affairs*

November 3, 1993

WHITE HOUSE ANNOUNCES NEW ROUND OF BUDGET CUTS

On October 27, the White House provided Congress with its Government Reform and Savings Act of 1993 (GRSA), implementing key elements of Vice President Gore's National Performance Review (NPR). That bill was followed on November 2 by a list of proposed FY 1994 rescissions. Housing programs will be affected by both elements of the plan.

The GRSA bill includes many of the HUD proposals in the NPR, including streamlining HUD regional and field operations, merging the Section 8 certificate and voucher programs, encouraging refinancing of Section 235 mortgages, improving multifamily asset management and disposition, and freezing some Section 8 rent payments. The savings associated with all of the bill's proposals totals $8.8 billion over five years, 19 percent of which comes from the HUD provisions.

The property disposition element of the bill is identical to the core of the FHA provisions in the housing authorization bill, S. 1299, marked up recently by the Senate Banking Committee and supported by NCSHA and other housing advocates.

Most of the remaining provisions of the GRSA, however, have already met with opposition in the housing community. NCSHA will oppose the Section 8 rent freeze, which would affect all Section 8 new construction and substantial rehabilitation projects, regardless of their financial condition. The bill would freeze rents at current levels for one year. Many Section 8 projects, particularly those in distressed inner city neighborhoods, depend on rent increases to provide funds for enhanced security and maintenance. At a November 3 hearing on Section 8 issues held by the House Banking Committee, experts in housing law testified that the Administration's proposal to freeze rents may not stand up in court. In past decisions, courts have not upheld the government's right to abrogate a contract with a private party for the sole purpose of saving money.

It is not yet clear whether there is sufficient will in both the House and Senate to complete action on the NPR legislation this fall. While members of the House insisted that the President propose more budget cuts this year as a price for their vote on the August budget reconciliation bill, the Senate has shown less enthusiasm for considering such a measure.

Democrats on the House Banking Committee's Housing Subcommittee will caucus this afternoon to decide how to handle the NPR recommendations for HUD. Committee staff have indicated that the Committee is likely to agree only to the property disposition and Section 235 refinancing proposals. Banking Committee markup on the bill could occur as early as November 10, with a possible House vote on the full bill on November 18. In the meantime, the Senate Banking Committee still hopes to bring its housing bill, S. 1299, to the Senate floor for a vote this fall.

The rescissions announced November 2 total $2 billion, 10 percent of which comes from HUD programs. The bill would rescind $130 million in public housing operating subsidies and $50 million in lead paint abatement funding. Each of those rescissions is equal to the amount appropriated by Congress for those programs above the level requested by the Administration. The bill would also rescind funding for the $46 million homeownership grants portion of the preservation program. Those grants would allow resident management councils in preservation projects to purchase their units.

HOUSE SUBCOMMITTEE HOLDS HEARING ON CRA/FAIR LENDING

The House Banking Committee's Subcommittee on Consumer Credit and Insurance held a hearing October 21 on President Clinton's Community Reinvestment Act (CRA) reform initiative and enforcement of fair lending laws. A similar hearing is scheduled in the Senate Banking Committee for November 4.

At the House hearing, HUD Secretary Cisneros reported that his agency will for the first time write regulations defining violations of law in the areas of mortgage lending and property insurance. Cisneros also reported that HUD and the Office of the Comptroller of the Currency have formed a working group to strengthen the federal government's efforts against mortgage discrimination. In addition, HUD has been working with Washington, D.C., banks to develop a list of "best practices" to guide banks in rating their own fair lending performance. HUD will also publish a regulation governing fair housing requirements for Fannie Mae and Freddie Mac.

Testifying on the bank regulatory agencies' progress on President Clinton's CRA reform initiative, Eugene Ludwig, Comptroller of the Currency, reported that the agencies have held a series of public hearings around the country to receive input from consumer and other community groups, banks, and other interested parties. Agency staff are now reviewing testimony submitted by over 250 public witnesses. Based on a preliminary review, he observed, most witnesses agreed that CRA evaluations should be based more on performance but rejected a formulaic approach that would depend on quotas or credit allocation.

Ludwig also reported that the regulatory agencies expect to meet the President's goal of publishing revised CRA guidelines by the end of the year. The agencies intend to adopt a uniform, interagency rule governing CRA.

Other bank regulators and representatives of the banking industry and consumer groups also testified at the hearing.

PRESIDENT APPOINTS FIVE MEMBERS TO FANNIE MAE BOARD

On October 15, President Clinton announced the appointment of five new members to the Fannie Mae Board of Directors. The new board members are: Russell G. Barakat, Executive Director of the Broward County, Florida, Housing Authority; William M. Daley, a partner in the Chicago-based law firm of Mayer, Brown, & Platt and Special Counsellor to the President for the North American Free Trade Agreement; Thomas A. Leonard, a partner in the Philadelphia law firm of Obermayer, Rebmann, Maxwell, & Hippel, and formerly the Comptroller of the City of Philadelphia; John R. Sasso, President of Advanced Strategies, Inc., a corporate communications and public affairs consulting firm in Massachusetts; and Jose Villarreal, a partner in the Austin, Texas law firm of McGinnis, Lochridge, & Kilgore, the former deputy campaign manager of the Clinton/Gore campaign, and the former deputy director of political affairs for the Clinton transition team.

SENATE CONFIRMS GILMARTIN

The Senate approved the nomination of William Gilmartin as HUD Assistant Secretary for Congressional and Intergovernmental Relations on October 21. Gilmartin was previously legislative director to the former Chairman of the House HUD Appropriations Subcommittee.

VERMONT HOUSING FINANCE AGENCY

TO: **VHFA Board of Commissioners**

FROM: **Roger A. Schoenbeck, Director of Finance** RAS

DATE: **November 18, 1993**

RE: **State of Vermont Access of Fund Balances**

Allan and I met with Bill Sorrell and Doug Wacek last evening, with Chairman White participating by speakerphone. We were all flabbergasted when Mr. Sorrell stated that the Administration had decided that VHFA should contribute **$7 MILLION** to assist with the deficit problem. This size of a reduction of VHFA fund balances would be devastating and although it is a little too early to precisely quantify what kind of future shock this event would have on the viability of the Agency, my analysis indicates the following impact of a $7 million withdrawal:

- Represents approximately 25% of total VHFA fund balances accumulated over 20 years. Current fund balances total $39 million which translates to $29 million after accounting adjustments.

- Would almost certainly restrain us from obtaining a bond rating from S&P and Moody's that would allow a competitive rate or program. A bond downgrade is a foregone conclusion.

- Would probably violate covenants with the Sanwa Bank on keeping funds available to cover letters of credit draws. The current requirement is $3.8 million. We would not be able to obtain additional credit in the forms of letters of credit.

- Would subject the Agency to lawsuits from bondholders because of violation of the covenant made to them regarding the availability of funds to cover program losses due to the General Obligation nature of the majority of our debt.

- Would mean a decrease in annual earnings of $175,000 on a conservative 2.5% earnings assumption and up to $500,000 per year on the assumed 8% construction loan program.

- Would jeopardize $60 million of debt that the State is morally obligated on and could impact the rating for the State of Vermont.

- Per the Evensen Dodge study, maximum available cash fund balances would amount to approximately $15 million by stripping every available dollar from the bond programs. A reduction of $7 million would be about one-half that total and would put us out of business 3-5 years earlier than the report indicates.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director ASH

DATE: November 10, 1993

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, December 16, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

Attached is the agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 December 16!

REMEMBER: The annual Holiday Party will be held from 4:00-7:00 here at the Agency's offices—I hope you can remain to meet and mingle with the staff!

EQUAL HOUSING OPPORTUNITY

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VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA
Office of the Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, December 16, 1993 at 1:30 p.m.

1. Review and approval of minutes of November 18, 1993

2. Administration

⌂ Executive Director's Report	**[Hunt]**
⌂ State Budget Discussion Update	**[Hunt]**
⌂ TEAM Program Report	**[Francis//Enclosure]**

3. Communications

⌂ Strategic Planning and Situational Analysis Update/Discussion	**[Hope//Enclosure]**
⌂ Results of FY93 Marketing Strategy	**[Hope]**

4. Operations

⌂ MOVE/Mortgage Plus Updates/ Delinquency Report	**[Lothrop//Enclosure]**

5. Multi-Family Management

⌂ Multi-Family Energy Loan Program	**[Falzone//Enclosure]**

6. Development

⌂ Loan Extension Request for Twin Pines Housing Trust/Starlake Village	**[Jenkins/Crady//Encl.]**
⌂ Single Family Program Changes	**[Jenkins/Crady//Encl.]**

7. Legal

⌂ 1994 Session Legislation	**[Jarrett//Enclosure]**
⌂ Private Activity Bond Volume Cap	**[Jarrett//Enclosure]**

8. Other old or new business to come before the Board

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, November 18, 1993

PRESENT: Chairman White; Commissioners Seelig, Randall, Candon (designee of Costle), Mullikin Drake (designee of Shouldice), Ruse, Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mrs. Parker, Mr. Jarrett, Ms. Jenkins, Ms. Hope, Mr. Falzone, Mr. Cummings, Ms. Crady

Guests: Ms. Beyer Kehoe (Housing Vermont); Mr. Roberts (Twin Pines Housing Trust); Mr. Cioffi (St. Albans REALTOR, re: Freeborn project); Mr. Milot (re: Southeast Summit)

The meeting was called to order by the Chairman at 1:45 p.m. The minutes of the October 21, 1993, meeting were reviewed, and Mr. Seelig made a motion to amend the second sentence in the first paragraph of Page 2, to read: "However, Mr. Seelig observed that it might be more appropriate to have a recommendation from staff fairly soon, rather than waiting through the entire fiscal year; *discussions with the Governor's office should not preclude the Board from taking appropriate action."* Ms. Mullikin Drake made a further amendment to the last sentence of the first paragraph on Page 7, as follows: "However, Ms. Mullikin Drake noted that the Board should assume that *the State may ask the Agency to provide some form of assistance in future budget reconciliations, not just for FY94."* Upon a motion duly made by Mr. Seelig and seconded by Ms. Mullikin Drake, the minutes of the October 21 meeting were unanimously accepted as amended.

The agenda was rearranged to address development issues first. Ms. Jenkins reviewed her memo of November 12, regarding "Graystone Village, Hartford—Combined Resolution of Interest and Commitment Resolution," as included in the Board packet. This project consists of six buildings with 34 units of elderly housing developed under HUD's Section 8 New Construction program, and has been in operation since December 1979. Graystone Village is on leased land; the lease has two successive 48-year terms, with the fixed lease payments to be renegotiated at the end of the first 48-year term.

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The HAP Contract and the original mortgage both have a 40-year term and there are 26 years left on each. When the original mortgage and HAP Contract end there will still be eight years remaining on the land lease. Housing Vermont is proposing to buy the project, with the transaction financed by assuming the first mortgage, obtaining a second mortgage from the Agency, and raising equity through the sale of Low Income Housing Tax Credits. According to Ms. Jenkins, Housing Vermont will also convert the present heating system from a hybrid electric baseboard/storage heat system to oil forced hot water; the owner would continue to pay for all utilities after this conversion. Appliances and carpeting would be replaced where needed, as well as some limited window replacements. According to Ms. Jenkins, the combined resolution of interest and commitment would allow the Agency to provide financing of not more than $480,000 in addition to assigning the current mortgage, with certain conditions. Ms. Mullikin Drake observed that the project's lack of site control would normally be a cause for further discussion; however, it would appear to be appropriate in this case due to the approaching end of the calendar year and the owner's desire to sell before then. Mr. Seelig raised the issue of Housing Vermont becoming a partner of a local nonprofit, but it was left to staff to determine whether the partnership arrangement as planned would be satisfactory. Following a motion made by Mr. Seelig and seconded by Mr. Candon, the "Resolution Pertaining to Combined Resolution of Interest and Commitment Letter re: Graystone Village (Hartford) Development" was unanimously adopted, as attached to these minutes. After the vote was taken, Ms. Beyer Kehoe left the meeting.

Ms. Crady reviewed her memo of November 12 on the "Twin Pines Housing Trust/Starlake Village—Loan Extension Request" as included in the Board packet, and introduced Mr. Roberts, who is representing the Twin Pines Housing Trust (TPHT). Ms. Crady reminded the Board that at the September 24, 1992, a loan in the amount of $500,000 to TPHT was approved. This loan was to finance the site development and construction of 14 single family homes at Starlake Village, located in Norwich, Vermont. As originally planned, all 14 units will be perpetually affordable through a ground lease and housing subsidy covenant. The loan closed October 26, 1992, and matures December 31, 1993. As Ms. Crady explained, TPHT had been prepared to request an extension of the loan until September 30, 1994. However, the expected subsidy from the Boston office of the Federal Home Loan Bank has not been recommended to the FHLB headquarters in Washington, D.C., for approval. Based on the lack of approval from FHLB, staff is now recommending that the Board table action until the December meeting. This would allow staff to meet with the Vermont Housing and Conservation Board (VHCB) and TPHT to discuss goals and timelines to ensure timely sales of the units that have already been built and those under construction. Addressing the Board, Mr. Roberts noted that a specific marketing plan and strategy would be helpful. Mr. Hunt observed that the main concern is that the purchase price for the capes built in the development would need to be raised by $12,000 in order to cover increased construction costs and unbudgeted legal costs incurred. One option would be to erect a model home to be used to market the balance of the units; however, this would create an additional exposure of at least $50,000-$60,000. According to Mr. Hunt, one issue that will be brought before the Board at the December meeting would be increasing loan exposure to $225,000 or $230,000; the only way to recover this amount would be the sale of additional units. Ms. Jenkins pointed out that staff has considered the timing in building a model unit, and plans had called for construction to begin before December if the FHLB affordable housing funds had been approved. However, at this time it would appear to be beneficial to cease marketing the five lots and begin construction on a model unit early in 1994. Ms. Jenkins further noted that staff intends to approach the Board in December with a schedule that will show marketing plans and what should be done month by month. Ms. Crady also explained that the value of the homes is based upon a fee simple appraisal; while the first unit sold for $66,000 in May, current appraisals (including land) have reached a value of $115,000. Because of the appraisal issue, new homes are to be sold for a purchase price close to the fee simple value, with TPHT providing a grant for the difference between the purchase price and the actual cost of construction, with the grant recognized as equity. In the event of default, the Agency is well protected under a rider to the lease. After a motion was made by Mr. Candon and seconded by Ms. Randall, the Board voted unanimously to table any further discussion on Starlake Village.

During the previous discussion, Mr. Ruse arrived.

The next topic for discussion was the "Southeast Summit (Dorset Street, South Burlington) Development Proposal" as described in Ms. Jenkins' memo of November 11, included in the Board packet. Ms. Jenkins introduced Mr. Milot, who presented the proposal in detail. Southeast Summit is a proposed development of a 202 acre site on Dorset Street in South Burlington. Mr. Milot and his current partners own and are completing the permitting process for this development which would include 161 single family and 60 multi-family units. The site is currently vacant except for a large, recently-constructed dairy barn that could be adapted for reuse in connection with the residential units. Mr. Milot reviewed the site plan and some of the problems encountered early in the planning stages of the project. The proposed partnership would commit the project to providing affordable homes. Another consideration is to create a model manufactured housing community on sites that would not be characterized as a mobile home park. This option was explored extensively while going through the permit process. Mr. Milot reviewed preliminary cost figures for such a development. The importance of including a partner such as the Agency, which can bring credibility to affordable housing, was emphasized by Mr. Milot. This partnership would also bring greater credibility when lending institutions are approached to provide funding for the end loans.

Continuing his presentation, Mr. Milot reported that his firm was considering using a Vermont firm as the producer of the manufactured housing. Comparisons were made between manufactured housing, pre-paneled housing produced by several Vermont manufacturers, and traditional stick-built construction. It was determined that pre-panel construction would not be cost-effective. The manufactured home company has been very receptive to designing and siting homes on the lots to appear as conventional homes, rather than manufactured housing. A study conducted by Mr. Milot determined that a manufactured home of 960 sq. ft., equivalent to a 24'x40' ranch with a one-car attached garage, could be delivered to the marketplace at a cost of $81,825; a top-of-the-line model consisting of 1,736 sq. ft. would cost $92,692. This compares favorably with conventional construction, which is estimated to cost $84,600 and $111,760 for the same size homes. In conclusion, Mr. Milot noted that South Burlington is an upscale community that encourages cluster development; although there has been market resistance for condominiums, single family detached homes have not met the same resistance. Mr. Milot also informed the Board that a third partner is being considered, such as the Lake Champlain Housing Development Corporation (LCHDC), which has already expressed some interest in participating in this project.

During the discussion with the Board that followed, Mr. Milot indicated that the project has been qualified as a Planned Residential Development (PRD) and would be comprised of 60'x120' lots, which would affect only 60 acres of the entire 200 acre site. Landscaping and existing berms would limit visibility from Dorset Street to the site. In addition, a 50-acre site (included in the 200 acre total) across the street will be left vacant at this time; however, the project could qualify for a 25 percent density bonus, which could utilize that acreage. Natural gas and municipal water and sewer lines will be extended to the site, and the existing barn could be converted to several uses such as storage, a day care facility, or a garage to house recreational vehicles seasonally. Mr. Milot confirmed that a formal, legal partnership is being proposed between the Milot partnership, the Agency and LCHDC, with full recourse to Milot for one-third of the partnership obligations. Mr. Milot also pointed out that he is prepared to place model homes on lots within the site to test marketability. Mr. Milot further noted that the manufactured homes are being designed with a 6" exterior construction expected to carry 4 STAR energy ratings as well as full basements and a conventional 6/12 roof pitch. Estimates call for 50-60 homes to be constructed per year, with completion of the single family project within three years of the start date. Mr. Hunt assured the Board that staff was not seeking a letter of interest at this time, only a sense from the Board that the general concept would be one that staff should pursue. Ms. Jenkins stressed that this could be a model project in terms of affordable housing development elsewhere in Vermont, and in quality and site attractiveness could be far above many of the mobile home park development projects currently being considered in the state. As far as legal considerations, Mr. Jarrett acknowledged that a complete review of the project and the partnership concept would consume a fair amount of time, but no serious impediments are immediately apparent. Although no formal Board action was taken, staff was instructed to continue with a review of the project and present the Board with any findings and details on financial exposure before committing the Agency to this project.

Ms. Crady introduced Mr. Cioffi, a REALTOR from St. Albans, and reviewed her memo regarding the "Freeborn Estates, St. Albans—Combined Resolution of Interest/Commitment," included in the Board packet. The requested loan, in the amount of $600,000, would finance the site development and construction of nine townhouse units, to be called Freeborn Estates, on a five-acre site on Freeborn Avenue in the Town of St. Albans. The project has received all permits and construction is scheduled to begin in December, with occupancy planned for June of 1994. This project would compete with single family detached housing; there are currently no condominiums included in MLS listings for surrounding communities. As the existing appraisal is six months old, an independent appraisal of units with both finished and unfinished basements will be conducted. Addressing the Board, Mr. Cioffi reported that at present there are only three townhouse projects in St. Albans; one is a conversion project consisting of flats, which have not sold well. Another townhouse condominium project has prices starting at $115,000 and ranging upward to $160,000. However, Mr. Cioffi also noted that much interest in the Freeborn Estates proposal has been expressed by first-time home buyers as well as those of retirement age; the preference has been to create a family-oriented community. After some discussion, a motion was made by Mr. Seelig and seconded by Ms. Randall to adopt the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter re: Freeborn Estates Development (St. Albans" as attached to these minutes. This motion carried unanimously. Mr. Cioffi left the meeting immediately following the vote.

An update of "Federal Home Loan Bank of Boston Advances" was offered by Ms. Jenkins, as further detail to her memo of November 11, included in the Board packet. Staff plans to bring specific loans and programs to the Board for approval, as is done for all other sources of funds. Mr. Hunt noted that although the initial maximum line of funding is $2 million, FHLB has indicated that they might extend this limit as long as the Agency can demonstrate sufficient collateral. A brief discussion followed as to how best to give staff authorization to utilize FHLB funds while also requiring Board approval, as there may be situations when a decision to utilize FHLB funds must be made in a timely manner, without the availability of the Board. A motion was made by Mr. Seelig that the "Resolution Pertaining to Federal Home Loan Bank of Boston Advances" as attached to these minutes be amended to authorize staff to apply for FHLB advances, to provide required collateral, and to execute required agreements and documents, with advances to be requested only for loans or loan programs specifically authorized by the Board. This motion was seconded by Mr. Ruse and carried unanimously, with the further understanding that a discussion will take place at the December Board meeting to determine how best to achieve this requirement in the least cumbersome manner.

Ms. Jenkins then reviewed her memo of November 11, included in the Board packet, concerning staff's suggestion that the Board be further involved in the "Low Income Housing Tax Credit Program." Ms. Jenkins acknowledged that this recommendation would create the need to time presentations of projects so that they are brought to the Joint Tax Credit Committee prior to Board meetings, in order to ensure an adequate review process. Mr. Candon then made a motion that the Board consider staff recommendations on specific Tax Credit project allocations after consideration by the Joint Committee, so that Joint Committee advice can be considered by the Board in the allocation process; additionally, the Board is to receive periodic (at least quarterly) detailed reports on the status of allocations. This motion was seconded by Mr. Seelig and carried unanimously.

The Board then agreed to Mr. Hunt's suggestion that he not offer an Executive Director's report, in an effort to allow more time for other discussion topics.

Ms. Hope reported that the Strategic Planning process is continuing on schedule. The situational analysis, which consists of an examination of the Agency in its operating environment, should be completed in time for the next scheduled session of the Strategic Planning advisory committee. Plans call for a detailed discussion of the Strategic Planning process at the December Board meeting, in order to determine the opinion of the Board on the various options identified. There was no required Board action.

Turning to the monthly MOVE activity report, Mr. Lothrop noted that activity continues to be strong and compares favorably with last year's activity. Mr. Lothrop also explained that the Agency has committed to purchase several loans, but these have not been submitted by participating lenders as yet. Loans under the 1993A and 1993B programs must be purchased by February 15. No Board action was necessary.

Mr. Falzone reviewed his memo of November 12, included in the Board packet, offering an "Update on Preservation Agreements—"Escape Language." Mr. Jarrett pointed out that staff does not want to be limited to this particular language, but rather is seeking Board approval to create language which would follow this outline, but would be peculiar to each preservation agreement circumstance. Mr. Seelig suggested that the word "substantially" be included within the phrase regarding "...reducing the amount of money the Owner has available..." Mr. Falzone also noted that where a preservation fee would be offered, the general partner would be allowed a fee roughly equal to the return on equity position; this would usually be based on the loan principal reduction which has occurred over time. A motion was made by Mr. Candon and seconded by Ms. Drake approving the general outline of language, with the stipulation that Mr. Seelig's suggestion that provision for a VHFA option prior to termination be incorporated into any final version of the language. This motion carried unanimously.

In reviewing his memo of November 12 regarding "Bond Financing Updates" as included in the Board packet, Mr. Schoenbeck noted that there had been no substantial changes since the memo was drafted. However, Fannie Mae rates may come in higher than conventional underwriting rates, unless the Agency is prepared to take a significant drop in the spread between bond costs and mortgage rate. Multi-family refunding is not as date sensitive as that for single family. Ms. Jenkins also reported that staff is still gathering information on what other states have done in terms of refundings, as requested at the October meeting. No Board action was necessary.

Mr. Jarrett briefly reviewed his memo of November 11, included in the Board packet, about the "Meadow Crossing Planned Residential Development." This is a 22 unit PRD located in St. Albans Town. According to Mr. Jarrett, it represents the classic conflict between developers' and residents' desires to keep mobile homes out of developments. The proposed change to the Agency's review procedures for PRD's would allow for more flexibility on the part of the Executive Director in waiving restrictions on a case-by-case basis. Upon Mr. Seelig's suggestion to delete the phrase "however, approval of eligibility for VHFA financing will not be unreasonably withheld," a motion was made by Mr. Myette and seconded by Mr. Ruse to adopt the modified language, eliminating this phrase. This motion carried unanimously.

Ms. Costle joined the meeting at this time. A motion was then made by Mr. Seelig and seconded by Mr. Ruse that the Board enter Executive Session to discuss contracts regarding bond resolutions and so forth, where premature public knowledge would place the Agency at a disadvantage.

Following a motion made by Ms. Costle and seconded by Mr. Seelig, the Board unanimously voted to come out of Executive Session.

The next meeting was scheduled for Thursday, December 16, in Burlington, to be followed by the annual Holiday Party. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 4:30 p.m.

Respectfully submitted,

Allan S. Hunt

Allan S. Hunt,
Secretary

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: FREEBORN ESTATES DEVELOPMENT (ST. ALBANS)

WHEREAS, a proposal has been presented to the Agency by Frank Cioffi and John Rhodes of St. Albans, Vermont, involving the construction of 9 single family attached units on a 5 acre site in St. Albans Town (the "Development"); and

WHEREAS, the proposal contemplates that all of the 9 units in the Development will be affordable to a family of two or more persons earning less than the Franklin County median income and all units will be sold to persons and families at or below VHFA's maximum income limits for Franklin County; and

WHEREAS, the proposal seeks a loan by the Agency of up to $600,000 for construction; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income.

2. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

3. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

4. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of this chapter.

5. More than one half of the floor area and total development cost are allocated to single family dwellings for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a construction loan (the "Loan") in an amount

to be determined by the Executive Director, but not to exceed $600,000, for the Freeborn Estates Development.

2. The Commitment Letter shall be issued to Frank Cioffi and John Rhodes.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to 1.5% of the principal amount of the Loan.

4. The Loan shall bear an interest rate of 8.0% per annum for a term ending on December 31, 1994 and be repayable in part each time one of the homes is sold.

5. The Commitment Letter shall require performance and payment bonds from the contractor.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form and substance acceptable to the Agency:

   (a) Market data

   (b) Appraisal of units with both finished and unfinished basements

   (c) Phase I environmental assessment

   (d) Financial statements and credit checks

   (e) Personal guarantees of the sponsors

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on November 18, 1993.

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER RE: GRAYSTONE VILLAGE (HARTFORD) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont involving the acquisition and rehabilitation of Graystone Village, a development containing 34 elderly apartment units located on Holiday Inn Drive in White River Junction (the "Development"); and

WHEREAS, the proposal contemplates assumption of the existing mortgage on the Development and an additional loan of approximately $480,000 from recycled proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 103 of the Internal Revenue Code of 1954 and section 142(d) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Housing Vermont will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loans after the rehabilitation.

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $480,000.

2. The Commitment Letter shall be issued to Housing Vermont.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one percent (1.0%) of the combined principal amount of the existing and additional loans.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be no more than 8.25% per annum and that the loan term will be no more than 25 years.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity and deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall be conditioned on the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish, including but not limited to the following documents that must be submitted in form and content acceptable to the Agency:

   (a) Signed purchase and sale agreement

   (b) Appraisal supporting the combined loan amount

   (c) Phase I environmental assessment

   (d) Detailed operating budget

   (e) Final rehabilitation plans and specifications and cost estimates

   (f) All necessary approvals by HUD of proposed transfer, including subsidy layering review, if necessary

   (g) Assignment to the Housing Sponsor of the Section 8 HAP contract applicable to the Development

(h) Preservation Agreement insuring the long-term affordability of the Development

(i) Reservation of low-income housing tax credits at levels required by proposal

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on November 18, 1993.

Allan S. Hunt

Allan S. Hunt
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO
FEDERAL HOME LOAN BANK OF BOSTON ADVANCES

WHEREAS, the Agency has applied to the Federal Home Loan Bank of Boston ("FHLB") for approval as a nonmember borrower and such approval has been granted; and

WHEREAS, the Federal Housing Finance Board has approved the FHLB's request to lend to the Agency; and

WHEREAS, the approval secured by the Agency will enable the Agency to obtain advances from the FHLB at favorable interest rates to be used for loans to housing sponsors and for other purposes; and

WHEREAS, the FHLB requires approval of an authorizing resolution;

THEREFORE, it is hereby RESOLVED:

That any one of the following persons, all of whom are duly qualified officers of the Vermont Housing Finance Agency,

Allan S. Hunt Name	[illegible] Signature
Jeffrey D. Francis Name	Jeffrey D. Francis Signature
Roger A. Schoenbeck Name	Roger A Schoenbeck Signature

be and they are hereby authorized to apply to the Federal Home Loan Bank of Boston for advances for programs approved by the Board of Commissioners of the Agency, and to execute the Agreement for Advances, Collateral Pledge and Security Agreement presented at this meeting; to execute if required a note or notes, and to furnish and assign and substitute such collateral if any as may be required from time to time by the Bank as security for the payment and performance of any and all obligations due the Bank, and to extend, renew, or consolidate the advances obtained when convenience may require and the Bank will permit, and to make and execute such other agreements and do all things necessary in connection with such matters as may be required, provided only, that the advances obtained from said Bank and all other obligations due the Bank shall at no time exceed in aggregate unpaid principal the maximum permitted to this institution by the Federal Home Loan Bank Act, or any other Act or regulation applicable to this institution, or any written policy of the Federal Home Loan Bank of Boston. This authorization shall continue in effect until receipt by the said Bank of written notice of its amendment or revocation.

I, Allan S. Hunt, hereby certify that I am duly qualified and acting secretary of Vermont Housing Finance Agency of Burlington, Vermont and that the above and foregoing resolution was duly adopted by the Board of Commissioners of the Agency at a regular meeting held on the 18th day of November, 1993, at which a quorum was present, and that the said resolution was adopted in accordance with statutory requirements and is duly recorded in the minutes of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Vermont Housing Finance Agency this 30th day of November, 1993.

Allan S. Hunt
Executive Director and Secretary

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeffrey Francis, Deputy Director

DATE: December 9, 1993

RE: VHFA's TEAM Program

In June 1992, the Board approved a plan to transition VHFA's TEAM (Tenant Education and Assistance Model) Program to a group of regional "host" organizations. TEAM was created as a pilot initiative by VHFA, beginning in 1988 with funding support from the Robert Wood Johnson Foundation. The program was intended to enhance the quality of life of residents of VHFA-financed elderly subsidized housing developments (and thus the overall quality of the developments) through the provision of management sponsored supportive service coordination. The program was expanded in 1990 to all elderly housing developments, through funding support from the federal Administration on Aging. Under the AoA initiative, VHFA hired supportive service coordinators to provide direct service coordination at a number of developments around the State.

In the spring of 1992, VHFA conducted a comprehensive evaluation of TEAM. The findings of the study indicated that while the services being provided were very valuable to the residents of the participating developments, the method of providing services would likely be better carried out by more locally-based organizations with experience in the provision of supportive service. Those findings, coupled with the fact that by conducting TEAM VHFA had stretched its traditional mission as a lender and facilitator of housing development, caused the staff to recommend to the Board that the program transition to host organizations.

After the transition plan was approved, staff worked to locate organizations in five regions of the state that were willing and able to take over the service coordination. Requests for proposals were solicited, resulting in an array of expressions of interest. By November 1992, host organizations had been selected for each area of the State, and by January of this year, these host organizations were providing services in their regions. In addition to providing budget enhancements to all but one of the host organizations, VHFA agreed to continue to provide ongoing technical and program assistance.

Since January 1993, Gemma Rinn, TEAM Supervisor, has worked with the host organizations in their efforts to provide services under the program. In November, with the knowledge that at some point in the future VHFA would no longer require a full-time employee to support the TEAM program, Gemma secured a position with the Vermont Multiple Sclerosis Society. However, Gemma has agreed to continue as a temporary part-time employee through February 28, 1994. As we approach that date, staff will need to determine how VHFA can continue to support the host organizations.

Currently, as the result of the TEAM program and VHFA's efforts around the promotion of social service coordination, supportive services are being provided in 53 developments throughout Vermont, serving more than 1,900 residents. The host organizations are generally doing quite well in their expanded roles.

- In Southeastern Vermont, the Visiting Nurse Alliance has added two new developments with a total of 89 units (VNA serves 6 developments, 334 units). The VNA has added staff for the program and will continue service expansions in 1994.
- The Rutland Visiting Nurse Association has added three developments in the Southwestern area of the state, including the first family development, and has targeted three more developments for services in 1994.
- In Central Vermont, Copley Hospital is currently working with the Barre Housing Authority on a pilot program in an effort to provide ongoing service coordination for BHA units and is also working to establish services in three other developments.
- In the Northeast Kingdom, the picture is not as bright. One contract has been lost by the Orleans and Northern Essex Home Health Agency and while we hope that the service will remain stable and possibly expand, this is a challenging setting for numerous reasons.
- In the Northwest area, the host concept was not established because most developments with private means have hired their own service coordinators. The prospective host organization, Cathedral Square Corporation, has expressed an interest in providing services if they were needed, but there has been little demand as developments pursue other alternatives.

In addition to the service coordination programs being conducted by the host organizations, many owners and managers of larger developments continue to employ service coordinators established under the original Robert Wood Johnson initiative. For most owners and managers, the benefits of facilitating access to community services for residents was a foreign concept six years ago. Today, many embrace the practice as an integral part of the housing they provide. This shift in attitude is in large part attributable to VHFA's efforts under the TEAM initiative. VHFA will continue its efforts to promote service coordination and will continue to support the organizations providing TEAM services when appropriate.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins

DATE: December 15, 1993

RE: Southeast Summit (Dorset Street, South Burlington) Development Proposal

Description

In November, 1993 we presented to the Board a preliminary proposal from Gerry Milot for development of a 202 acre site on Dorset Street in South Burlington and requested feedback on proceeding with further review of the proposal. Based upon that we have received and reviewed further information.

Gerry Milot and his current partners own and are completing the permitting process for a 202 acre development site that would include 161 single family and 60 multifamily units on the west side of Dorset Street between Swift and Barstow Streets. The site is currently vacant except for a large recently constructed dairy barn that could be adapted for reuse in connection with the development.

At this time, based upon proposals from and discussion with Mr. Milot, he and VHFA staff envision forming a partnership to develop the single family lots as affordable housing. The partners would be Gerry Milot and either Dalton Drive Neighborhood Inc. or a similar corporate entity. The new partnership would purchase the property from the existing partnership. Milot would act as developer, obtaining all permits and approvals, coordinating the design and construction of the infrastructure and of the units, and marketing and selling the single family units. VHFA would provide construction financing to the partnership and a portion of the permanent financing for the single family units. Financing for the land acquisition would be provided in part by the current lender on the land or by another lender. Our preference is to enter into a participation agreement with the other lender with a shared first mortgage position. We have not yet initiated discussions with the current lender. In addition, the current partners, including Milot, will leave their equity in the project by individually providing seller financing for a portion of the acquisition cost; the seller financing will be repaid as the new partnership sells lots.

A local nonprofit organization will be asked to participate in the development of the multifamily units, either as developer or as purchaser on a turnkey basis. The local nonprofit organization would obtain subsidies to improve the affordability of the multifamily units. The multifamily development could begin with the first phase of the single family development or thereafter. However, until takedown of the multifamily site or sale of the completed development if done on a turnkey basis, the partnership's financing will have to include acquisition of the multifamily site and prorated infrastructure costs.

Milot has proposed build out of the single family sites in four phases, with overlapping of Phases I and II and of Phases III and IV. The phases are designed to permit some phasing of the site work and infrastructure as well as of the units themselves and to allow for distinct neighborhoods if a change in unit type is desirable for marketing or other reasons. The off-site improvements will be constructed in Phase I and the main road will be constructed in Phases I and II. Attached is a spreadsheet showing the four phases, the costs associated with each, and the site and infrastructure costs associated with the multifamily development. Also attached is a site plan showing the proposed phasing of the development.

Preliminary cost estimates include total site acquisition of $3,526,000 (negotiable) and total infrastructure (water, sewer, roads) of $3,140,000. The cost of a completed single family lot would be approximately $31,440. The land acquisition and site cost for each multifamily unit would be approximately $26,737. Estimated single family home prices for either manufactured housing or stick-built housing with full basements and garages, including soft costs and development fees, range from $81,825 to $111,760 for unit sizes ranging from 960 to 1736 square feet. We do not have cost estimates on the multifamily units, which would be built to fit within a large townhouse footprint.

This would be a very affordable housing product for South Burlington, where the median price of housing in 1990 was $120,700. All but the largest of the conventionally built units would be well within our current MOVE purchase price limits for new construction.

Milot is proposing to use a Vermont-based company to provide the manufactured homes. Such homes could be used on all or part of the single family site. Similarly, the stick-built option could be used on either all or part of the single family portion of the site.

Future development could include a density bonus of fifty units on the parcel located on the east side of Dorset Street. No development is currently proposed for that part of the site, but the development potential adds considerable value to the site.

We are planning to meet with Lake Champlain Housing Development Corporation, which has expressed interest in the project, to pursue an agreement for development of the multifamily housing.

If negotiations with Milot and with another lender are fruitful, we expect to return to the Board in January, 1994 with a request for a combined resolution of intent and commitment to form a partnership and provide construction financing. Based upon the information provided to date, staff wishes to proceed to negotiate terms and structure the financing.

Recommended Action: Authorize staff to proceed with the negotiations and due diligence required to enter into a partnership and provide construction financing to develop Southeast Summit as affordable housing.

SOUTHEAST SUMMIT 15-Dec-93
PRELIMINARY CONSTRUCTION COST AND FINANCING ESTIMATES

	PHASE I SPRING 1994-SUMMER 1995		PHASE II FALL 1994-WINTER 1995		PHASE III SPRING 1996-SUMMER 1997		PHASE IV SPRING 1997-SUMMER 1998		MULTIFAMILY		TOTAL		AVERAGE
CONSTRUCTION COSTS	#	COST	#	COST	#	COST	#	COST	#	COST	#	COST	COST/UNI'
ACQUISITION		3,526,000										3,526,000	15,955
OFF-SITE W & S		500,000										500,000	2,262
LOTS/UNITS	34		33		42		52		60		221		
MAIN ROAD (L.F.)	1,000		1,600								2,600		
COST		200,000		320,000								520,000	2,353
INTERIOR ROADS (L.F.)	2,250		2,700		1,950		2,150		1,550		10,600		
COST		450,000		540,000		390,000		430,000		310,000		2,120,000	9,593
		4,676,000		860,000		390,000		430,000		310,000		6,666,000	30,163
REVOLVING CONSTRUCTION LINE OF CREDIT-- SINGLE FAMILY		500,000											
		5,176,000		860,000		390,000		430,000					
SOURCES OF FUNDS													
BANK LAND LOAN		2,600,000											
SELLER FINANCING		826,000											
VHFA													
ACQUISITION	100,000												
INFRASTRUCTURE	1,150,000			860,000		390,000		430,000					
UNITS	500,000												
TOTAL	1,750,000	1,750,000											
		5,176,000											

SOUTHEAST SUMMIT 15-Dec-93
PRELIMINARY CONSTRUCTION COST AND FINANCING ESTIMATES

	PHASE I SPRING 1994-SUMMER 1995	PHASE II FALL 1994-WINTER 1995	PHASE III SPRING 1996-SUMMER 1997	PHASE IV SPRING 1997-SUMMER 1998	MULTIFAMILY	TOTAL	AVERAGE
REVENUES							
====================							
SINGLE FAMILY LOT SALES							
15,955 PER UNIT LAND	542,462	526,507	670,100	829,647			
15,485 PER UNIT IMPROVEMENTS	526,483	510,999	650,362	805,210			
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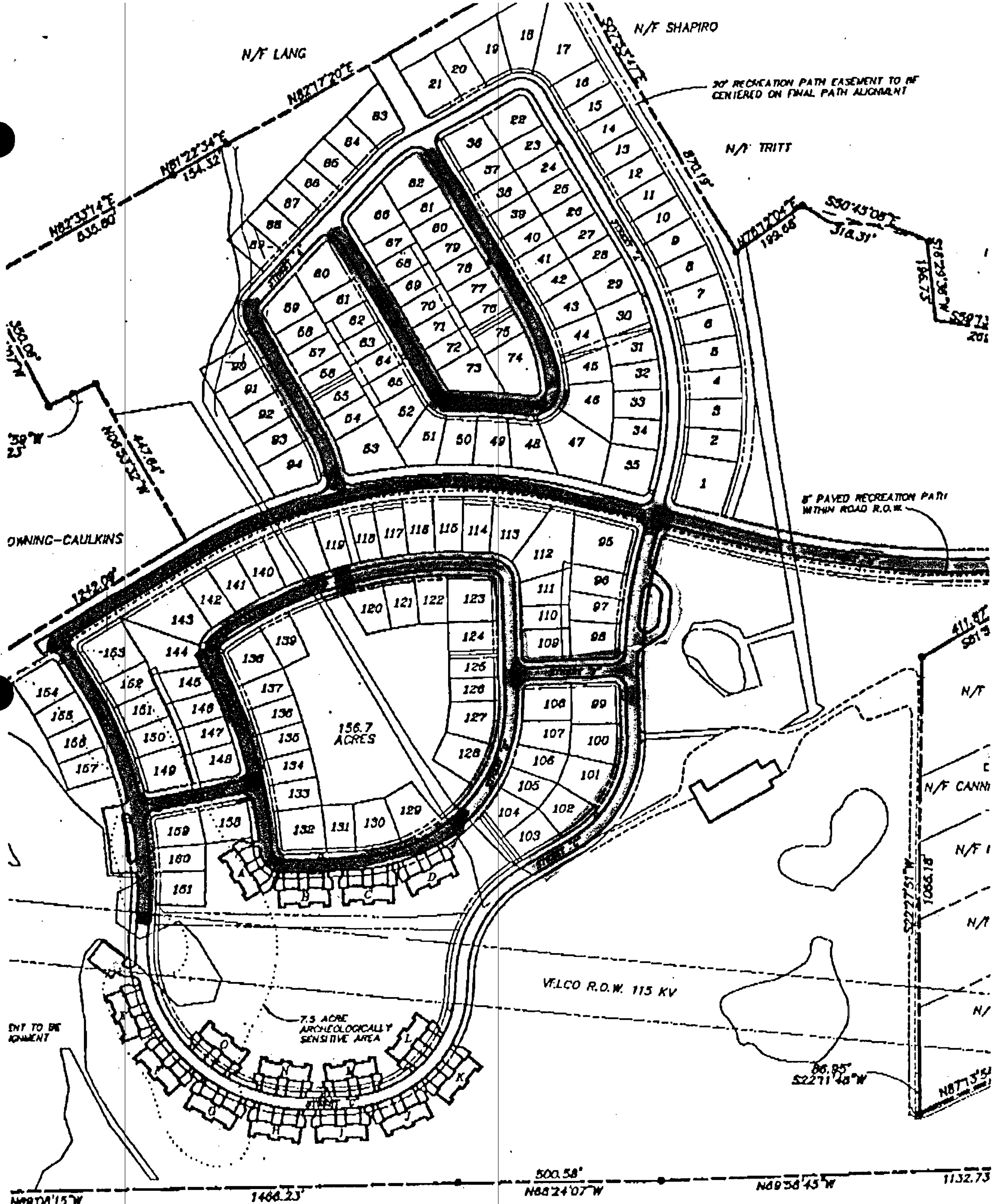
31,440 PER UNIT	1,068,945	1,037,505	1,320,461	1,634,857			
MULTIFAMILY SITE							
15,955 PER UNIT LAND					957,285		
10,782 PER UNIT IMPROVEMENTS					646,923		
--------------------					----------		
26,737 PER UNIT					1,604,208		
LOAN BALANCES--PHASE SELLOUT							
====================							
BANK LAND LOAN	2,200,000	1,811,765	1,317,647	705,882	0		
SELLER FINANCING	698,923	575,584	418,606	224,253	(0)		
VHFA							
ACQUISITION	84,615	69,683	50,679	27,149	(0)		
INFRASTRUCTURE	623,517	972,518	712,156	336,947	24		
UNITS	500,000	500,000	500,000	0	0		
VHFA TOTAL	1,208,132	1,542,201	1,262,835	364,096	24		
	-----------	----------	-----------	-----------	----------		
TOTAL	4,107,055	3,929,550	2,999,089	1,294,232	24		

NOTES:
Carrying Costs (e.g. construction interest, real estate taxes) are not included in estimates.
Multifamily construction financing is not included in estimates.
Loan balance estimates do not account for overlap of phases.
Loan balance estimates assume that unit construction revolving fund is fully utilized until sellout.
Loan balances will depend in part upon timing of multifamily development.



Southeast Summit (Dorset Street, South Burlington)

Phase I
Phase II
Phase III
Phase IV

Multi-Family

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Hollis Hope, Director of Communications Hollis Hope

DATE: December 9, 1993

RE: Strategic Planning -- Situational Analysis

Attached please find a copy of the Situational Analysis prepared for the Strategic Planning Advisory Committee's Friday December 10, 1993 meeting. A variety of data and information are presented, in an attempt to describe how VHFA functions in its operating environment. This information is intended to help the Advisory Committee, Board and staff identify key issues, options and challenges facing VHFA.

Please review the document for discussion at your December 16 meeting. We will also give you an update as to the findings from external interviews and surveys that have been conducted as a part of this process, as well as the Advisory Committee's work to date.

I look forward to this discussion with you next week, which will complete Phase II of the Strategic Planning process. The next and final phase involves prioritizing the issues and options identified in order to articulate the vision and strategies for VHFA to pursue over the next five years. Following the completion of the Advisory Committee's work in January or February, the Board may wish to consider having a retreat to reflect upon the emerging issues and recommendations of the Advisory Committee.

I have enjoyed and appreciated the opportunity to work on this project over the last several months. It is clear that VHFA is at a major crossroads and I sincerely hope that the planning process is followed through to completion in a timely fashion.

Thank you.

Enclosure

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

93A - MOVE 6.95%/7.95%

STATISTICAL REPORT PROGRAM ID: 93A   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans: 144
Total Loan Amount: $8,999,977

EXISTING:	$7,208,521	81.2%	117 Loans
NEW CONSTRUCTION:	$1,791,456	18.7%	27 Loans
NEW DETACHED HOUSING:	$1,571,906	87.7%	24 Loans
NEW CONDOMINIUM:	$219,550	12.2%	3 Loans
Funds Remaining to be Reserved:	$144,664	1.5%	2 Loans (Est.)

Total Insured or Guaranteed Loans: 136
Loans Guaranteed by VHMGB: 133

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$64,184	$72,506	$66,843
Avg. Loan Amount	$60,173	$67,456	$62,499
Avg. Borrower Income	$25,875	$26,929	$26,212
Avg. Housing Debt-Income Ratio	24.1%	26.6%	24.9%
Avg. Total Debt	$680.12	$736.32	$698.07
Avg. Total Debt-Income Ratio	31.7%	32.9%	32.1%
Total No. of Loans	98	46	144
% of Total Loan Amount	65.5%	34.5%	100.0%
First Time Homebuyers	87.7%	100.0%	91.6%
% Meeting Low Income Set Aside	47.9%	54.3%	50.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	8	5.6%	$439,812	5,000	5.7%	0.1-
Bennington	3	2.1%	$218,434	6,300	7.2%	5.1-
Caledonia	17	11.8%	$929,224	4,800	5.5%	6.3
Chittenden	20	13.7%	$1,506,687	16,000	18.2%	4.5-
Essex	5	3.5%	$270,605	1,300	1.4%	2.1
Franklin	27	18.8%	$1,747,199	6,000	6.8%	12.0
Grand Isle	2	1.4%	$123,775	900	1.0%	0.4
Lamoille	3	2.1%	$178,875	3,300	3.8%	1.7-
Orange	6	4.2%	$354,992	4,300	4.9%	0.7-
Orleans	22	15.3%	$1,246,280	4,200	4.8%	10.5
Rutland	3	2.1%	$214,465	10,000	11.4%	9.3-
Washington	12	8.3%	$780,895	9,000	10.3%	2.0-
Windham	3	2.1%	$174,465	7,100	8.1%	6.0-
Windsor	13	9.0%	$814,269	9,600	11.0%	2.0-
TOTAL	144	100.0%	$8,999,977	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency
93A - $9,571,625 1990 SERIES 3-SF HOUSING PROGRAM 1S 7.95
Status Report (with percent of pool proceeds approved)
Rate : 6.950%
Date : 12/09/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$67,925	0.7%	$67,925	0.7%	$67,925	$0	0.0%
Banknorth Mortgage Co	$741,687	7.7%	$741,687	7.7%	$426,127	$315,560	42.5%
Chittenden Bank	$2,442,343	25.5%	$2,313,568	24.1%	$1,382,653	$930,915	38.1%
Citizens Savings Bank and Trust	$538,345	5.6%	$538,345	5.6%	$362,733	$175,612	32.6%
Community National Bank	$1,216,349	12.7%	$1,174,549	12.2%	$915,099	$259,450	21.3%
Green Mountain Bank	$33,000	0.3%	$33,000	0.3%	$33,000	$0	0.0%
Lyndonville Savings Bank & Trust Company	$248,048	2.5%	$196,048	2.0%	$196,048	$0	0.0%
Marble Bank	$48,410	0.5%	$48,410	0.5%	$48,410	$0	0.0%
Merchants Bank, The	$199,537	2.0%	$199,537	2.0%	$137,550	$61,987	31.0%
Mortgage Service Center of New England	$202,444	2.1%	$170,239	1.7%	$94,239	$76,000	37.5%
National Bank of Middlebury, The	$16,500	0.1%	$16,500	0.1%	$16,500	$0	0.0%
New England IBM Employees Fed Crdt Union	$65,346	0.6%	$65,346	0.6%	$65,346	$0	0.0%
Northfield Savings Bank	$123,000	1.2%	$123,000	1.2%	$76,000	$47,000	38.2%
Passumpsic Savings Bank	$232,025	2.4%	$232,025	2.4%	$174,325	$57,700	24.8%
Randolph National Bank	$38,600	0.4%	$38,600	0.4%	$38,600	$0	0.0%
Statewide Funding Corporation	$69,942	0.7%	$69,942	0.7%	$69,942	$0	0.0%
Summit Financial Center, Inc.	$233,700	2.4%	$181,450	1.8%	$0	$181,450	77.6%
Vermont Federal Bank, FSB	$1,162,252	12.1%	$1,162,252	12.1%	$1,162,252	$0	0.0%
Vermont National Bank	$1,746,904	18.2%	$1,676,004	17.5%	$1,379,079	$296,925	16.9%
TOTALS 152 Loans	$9,426,357	98.4%	$9,048,427	94.5%	$6,645,828	$2,402,599	25.4%

93B - MOVE 7.25%/8.25%

STATISTICAL REPORT PROGRAM ID: 93B Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans: 283
Total Loan Amount: $18,562,660

EXISTING:	$15,921,924	86.9%	246 Loans
NEW CONSTRUCTION:	$2,640,736	13.0%	37 Loans
NEW DETACHED HOUSING:	$2,486,313	94.1%	35 Loans
NEW CONDOMINIUM:	$154,423	5.8%	2 Loans
Funds Remaining to be Reserved:	$406,833	1.9%	6 Loans (Est.)

Total Insured or Guaranteed Loans: 277
Loans Guaranteed by VHMGB: 275

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,166	$74,581	$69,080
Avg. Loan Amount	$62,701	$71,049	$65,592
Avg. Borrower Income	$27,662	$30,048	$28,488
Avg. Housing Debt-Income Ratio	24.2%	25.4%	24.6%
Avg. Total Debt	$763.93	$819.25	$783.09
Avg. Total Debt-Income Ratio	33.1%	32.8%	33.0%
Total No. of Loans	185	98	283
% of Total Loan Amount	62.5%	37.5%	100.0%
First Time Homebuyers	93.5%	97.9%	95.0%
% Meeting Low Income Set Aside	33.5%	30.6%	32.5%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	26	9.2%	$1,830,754	5,000	5.7%	3.5
Bennington	14	4.9%	$987,953	6,300	7.2%	2.3-
Caledonia	35	12.4%	$1,986,692	4,800	5.5%	6.9
Chittenden	36	12.6%	$2,774,420	16,000	18.2%	5.6-
Essex	3	1.1%	$166,350	1,300	1.4%	0.3-
Franklin	16	5.7%	$1,028,018	6,000	6.8%	1.1-
Grand Isle	5	1.8%	$348,925	900	1.0%	0.8
Lamoille	22	7.8%	$1,510,313	3,300	3.8%	4.0
Orange	9	3.2%	$561,130	4,300	4.9%	1.7-
Orleans	20	7.1%	$986,953	4,200	4.8%	2.3
Rutland	47	16.6%	$3,241,912	10,000	11.4%	5.2
Washington	27	9.5%	$1,713,135	9,000	10.3%	0.8-
Windham	6	2.1%	$405,271	7,100	8.1%	6.0-
Windsor	17	6.0%	$1,020,834	9,600	11.0%	5.0-
TOTAL	283	100.0%	$18,562,660	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 12/09/93
PAGE NO. 1

Vermont Housing Finance Agency
93B - $20,600,000 1990 SERIES 3-SF HOUSING PROGRAM 1S 8.25
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 12/09/93

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$368,837	1.7%	$368,837	1.7%	$188,262	$180,575	48.9%
Banknorth Mortgage Co	$2,466,330	11.9%	$2,105,930	10.2%	$967,105	$1,138,825	46.1%
Chittenden Bank	$3,227,858	15.6%	$3,014,583	14.6%	$2,041,338	$973,245	30.1%
Citizens Savings Bank and Trust	$455,444	2.2%	$393,025	1.9%	$277,425	$115,600	25.3%
Community National Bank	$639,138	3.1%	$639,138	3.1%	$506,783	$132,355	20.7%
Factory Point National Bank, The	$39,600	0.1%	$39,600	0.1%	$0	$39,600	100.0%
Fleet Mortgage	$531,675	2.5%	$421,045	2.0%	$108,635	$312,410	58.7%
Kittredge Mortgage Corporation	$90,250	0.4%	$90,250	0.4%	$0	$90,250	100.0%
Lyndonville Savings Bank & Trust Company	$102,460	0.4%	$102,460	0.4%	$102,460	$0	0.0%
Marble Bank	$1,143,848	5.5%	$936,548	4.5%	$773,908	$162,640	14.2%
Merchants Bank, The	$462,282	2.2%	$462,282	2.2%	$462,282	$0	0.0%
Mortgage Service Center of New England	$350,321	1.7%	$226,821	1.1%	$75,821	$151,000	43.1%
National Bank of Middlebury, The	$91,197	0.4%	$91,197	0.4%	$91,197	$0	0.0%
Northfield Savings Bank	$904,021	4.3%	$771,121	3.7%	$674,696	$96,425	10.6%
Passumpsic Savings Bank	$1,108,118	5.3%	$980,683	4.7%	$699,607	$281,076	25.3%
Peoples Trust Company of St Albans	$173,850	0.8%	$75,050	0.3%	$75,050	$0	0.0%
Statewide Funding Corporation	$2,105,559	10.2%	$2,046,659	9.9%	$972,982	$1,073,677	50.9%
Summit Financial Center, Inc.	$91,400	0.4%	$91,400	0.4%	$0	$91,400	100.0%
Union Bank	$854,531	4.1%	$854,531	4.1%	$475,708	$378,823	44.3%
Vermont Federal Bank, FSB	$2,452,353	11.9%	$2,357,353	11.4%	$2,084,178	$273,175	11.1%
Vermont National Bank	$2,185,833	10.6%	$2,185,833	10.6%	$1,437,573	$748,260	34.2%
Wells River Savings Bank	$373,389	1.8%	$373,389	1.8%	$98,229	$275,160	73.6%
TOTALS 312 Loans	$20,218,294	98.1%	$18,627,735	90.4%	$12,113,239	$6,514,496	32.2%

92C - MOVE 6.95%/7.95%

STATISTICAL REPORT PROGRAM ID: 92C Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans:	3	
Total Loan Amount:	$173,200	

EXISTING:	$110,500	66.6%	2 Loans
NEW CONSTRUCTION:	$62,700	33.3%	1 Loans
NEW DETACHED HOUSING:	$62,700	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$939,117	60.3%	16 Loans (Est.)

Total Insured or Guaranteed Loans:	3
Loans Guaranteed by VHMGB:	3

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$60,500	$0	$60,500
Avg. Loan Amount	$57,733	$0	$57,733
Avg. Borrower Income	$22,900	$0	$22,900
Avg. Housing Debt-Income Ratio	26.6%	0.0%	26.6%
Avg. Total Debt	$640.33	$0.00	$640.33
Avg. Total Debt-Income Ratio	34.3%	0.0%	34.3%
Total No. of Loans	3	0	3
% of Total Loan Amount	100.0%	0.0%	100.0%
First Time Homebuyers	100.0%	0.0%	100.0%
% Meeting Low Income Set Aside	66.6%	0.0%	66.6%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	0	0.1%	$0	16,000	18.2%	18.1-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	1	33.3%	$62,700	3,300	3.8%	29.5
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	1	33.3%	$36,000	4,200	4.8%	28.5
Rutland	1	33.3%	$74,500	10,000	11.4%	21.9
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	3	100.0%	$173,200	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 12/09/93 | Vermont Housing Finance Agency | Report: 1130
PAGE NO. 1 | 92C - $1,555,956 1990 SERIES 2-SF HOUSING PROG. T1S-7.95% | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 6.950%

Date : 12/09/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
Chittenden Bank		$212,195	13.6%	$137,200	8.8%	$0	$137,200	64.6%
Community National Bank		$62,125	3.9%	$36,000	2.3%	$0	$36,000	57.9%
Passumpsic Savings Bank		$74,575	4.7%	$0	0.0%	$0	$0	0.0%
Randolph National Bank		$57,000	3.6%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$52,294	3.3%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$126,350	8.1%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB		$32,300	2.0%	$0	0.0%	$0	$0	0.0%
TOTALS	11 Loans	$616,839	39.6%	$173,200	11.1%	$0	$173,200	28.0%

92D - MOVE 7.25%/8.25%

STATISTICAL REPORT PROGRAM ID: 92D Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans:	11
Total Loan Amount:	$694,372

EXISTING:	$621,222	90.9%	10 Loans
NEW CONSTRUCTION:	$73,150	9.0%	1 Loans
NEW DETACHED HOUSING:	$73,150	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$1,972,102	59.2%	31 Loans (Est.)

Total Insured or Guaranteed Loans:	11
Loans Guaranteed by VHMGB:	11

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$58,739	$75,850	$66,516
Avg. Loan Amount	$55,722	$72,007	$63,124
Avg. Borrower Income	$23,708	$28,984	$26,106
Avg. Housing Debt-Income Ratio	24.8%	26.4%	25.5%
Avg. Total Debt	$615.16	$723.20	$664.27
Avg. Total Debt-Income Ratio	30.6%	30.2%	30.4%
Total No. of Loans	6	5	11
% of Total Loan Amount	48.1%	51.9%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	66.6%	60.0%	63.6%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	1	9.1%	$80,500	6,300	7.2%	1.9
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	4	36.3%	$279,537	16,000	18.2%	18.1
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	2	18.2%	$87,810	6,000	6.8%	11.4
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	2	18.2%	$98,800	3,300	3.8%	14.4
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	2	18.2%	$147,725	9,000	10.3%	7.9
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	11	100.0%	$694,372	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 12/09/93
PAGE NO. 1

Vermont Housing Finance Agency
92D - $3,328,706 1990 SERIES 2-SF HOUSING PROG. 1S2-8.25%
Status Report (with percent of pool proceeds approved)
Rate : 7.250%
Date : 12/09/93

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$67,500	2.0%	$0	0.0%	$0	$0	0.0%
Banknorth Mortgage Co		$324,650	9.7%	$234,400	7.0%	$0	$234,400	72.2%
Chittenden Bank		$223,422	6.7%	$108,947	3.2%	$0	$108,947	48.7%
Fleet Mortgage		$69,350	2.0%	$69,350	2.0%	$69,350	$0	0.0%
Merchants Bank, The		$64,505	1.9%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$200,450	6.0%	$0	0.0%	$0	$0	0.0%
Union Bank		$201,052	6.0%	$76,000	2.2%	$0	$76,000	37.8%
Vermont Federal Bank, FSB		$65,550	1.9%	$65,550	1.9%	$0	$65,550	100.0%
Vermont National Bank		$140,125	4.2%	$140,125	4.2%	$0	$140,125	100.0%
TOTALS	22 Loans	$1,356,604	40.7%	$694,372	20.8%	$69,350	$625,022	46.0%

94A - MOVE 6.95%/7.95%

STATISTICAL REPORT PROGRAM ID: 94A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans: 9
Total Loan Amount: $617,965

EXISTING:	$453,165	77.7%	7 Loans
NEW CONSTRUCTION:	$164,800	22.2%	2 Loans
NEW DETACHED HOUSING:	$164,800	100.0%	2 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$366,362	19.5%	5 Loans (Est.)

Total Insured or Guaranteed Loans: 9
Loans Guaranteed by VHMGB: 9

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$58,890	$80,189	$75,456
Avg. Loan Amount	$52,475	$73,287	$68,662
Avg. Borrower Income	$19,278	$29,199	$26,994
Avg. Housing Debt-Income Ratio	28.0%	26.4%	26.7%
Avg. Total Debt	$465.00	$814.42	$736.77
Avg. Total Debt-Income Ratio	28.5%	33.8%	32.6%
Total No. of Loans	2	7	9
% of Total Loan Amount	17.0%	83.0%	100.0%
First Time Homebuyers	100.0%	57.1%	66.6%
% Meeting Low Income Set Aside	50.0%	57.1%	55.5%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	1	11.1%	$22,950	5,000	5.7%	5.4
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	1	11.1%	$74,800	4,800	5.5%	5.6
Chittenden	4	44.5%	$333,322	16,000	18.2%	26.3
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	11.1%	$80,933	900	1.0%	10.1
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	1	11.1%	$30,150	9,000	10.3%	0.8
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	1	11.1%	$75,810	9,600	11.0%	0.1
TOTAL	9	100.0%	$617,965	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency
94A - $1,875,000 1990 SERIES 4-SF HOUSING PROG 1S-7.95%
Status Report (with percent of pool proceeds approved)
Rate : 6.950%
Date : 12/09/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$221,557	11.8%	$79,867	4.2%	$79,867	$0	0.0%
Banknorth Mortgage Co		$104,350	5.5%	$30,150	1.6%	$0	$30,150	28.8%
Chittenden Bank		$326,320	17.4%	$90,000	4.8%	$0	$90,000	27.5%
Citizens Savings Bank and Trust		$63,000	3.3%	$0	0.0%	$0	$0	0.0%
Community National Bank		$59,000	3.1%	$0	0.0%	$0	$0	0.0%
Fleet Mortgage		$69,900	3.7%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$78,755	4.2%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$75,810	4.0%	$75,810	4.0%	$75,810	$0	0.0%
Passumpsic Savings Bank		$74,800	3.9%	$74,800	3.9%	$0	$74,800	100.0%
Summit Financial Center, Inc.		$167,675	8.9%	$0	0.0%	$0	$0	0.0%
Vermont Development Credit Union		$119,950	6.3%	$119,950	6.3%	$0	$119,950	100.0%
Vermont National Bank		$147,388	7.8%	$147,388	7.8%	$147,388	$0	0.0%
TOTALS	22 Loans	$1,508,505	80.4%	$617,965	32.9%	$303,065	$314,900	20.8%

94B - MOVE 7.25%/8.25%

STATISTICAL REPORT PROGRAM ID: 94B   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans:	17
Total Loan Amount:	$1,142,007

EXISTING:	$898,512	82.3%	14 Loans
NEW CONSTRUCTION:	$243,495	17.6%	3 Loans
NEW DETACHED HOUSING:	$243,495	100.0%	3 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$835,247	21.5%	12 Loans (Est.)

Total Insured or Guaranteed Loans:	17
Loans Guaranteed by VHMGB:	17

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$58,450	$76,947	$70,419
Avg. Loan Amount	$55,308	$73,650	$67,176
Avg. Borrower Income	$25,114	$31,831	$29,460
Avg. Housing Debt-Income Ratio	25.0%	25.0%	25.0%
Avg. Total Debt	$709.16	$872.45	$814.82
Avg. Total Debt-Income Ratio	34.0%	33.2%	33.5%
Total No. of Loans	6	11	17
% of Total Loan Amount	29.1%	70.9%	100.0%
First Time Homebuyers	100.0%	63.6%	76.4%
% Meeting Low Income Set Aside	66.6%	18.1%	35.2%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	23.5%	$289,682	5,000	5.7%	17.8
Bennington	1	5.9%	$77,717	6,300	7.2%	1.3-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	4	23.5%	$312,558	16,000	18.2%	5.3
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	1	5.9%	$62,700	900	1.0%	4.9
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	2	11.8%	$95,300	4,200	4.8%	7.0
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	3	17.6%	$203,300	9,000	10.3%	7.3
Windham	1	5.9%	$33,250	7,100	8.1%	2.2-
Windsor	1	5.9%	$67,500	9,600	11.0%	5.1-
TOTAL	17	100.0%	$1,142,007	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 12/09/93 Vermont Housing Finance Agency Report: 1130
PAGE NO. 1 94B - $3,875,000 1990 SERIES 4-SF HOUSING PROG 1S-8.25% PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 7.250%

Date : 12/09/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$272,275	7.0%	$162,275	4.1%	$62,700	$99,575	36.5%
Banknorth Mortgage Co		$177,350	4.5%	$127,350	3.2%	$0	$127,350	71.8%
Chittenden Bank		$488,462	12.6%	$140,717	3.6%	$77,717	$63,000	12.8%
Citizens Savings Bank and Trust		$50,000	1.2%	$0	0.0%	$0	$0	0.0%
Community National Bank		$114,955	2.9%	$32,300	0.8%	$0	$32,300	28.0%
Fleet Mortgage		$90,000	2.3%	$0	0.0%	$0	$0	0.0%
Green Mountain Bank		$130,200	3.3%	$58,200	1.5%	$58,200	$0	0.0%
Kittredge Mortgage Corporation		$79,500	2.0%	$0	0.0%	$0	$0	0.0%
Marble Bank		$187,137	4.8%	$141,062	3.6%	$141,062	$0	0.0%
Merchants Bank, The		$36,100	0.9%	$0	0.0%	$0	$0	0.0%
Peoples Trust Company of St Albans		$63,175	1.6%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$164,675	4.2%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$231,230	5.9%	$80,750	2.0%	$0	$80,750	34.9%
Union Bank		$89,000	2.2%	$0	0.0%	$0	$0	0.0%
Vermont Development Credit Union		$59,900	1.5%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB		$303,470	7.8%	$206,620	5.3%	$147,920	$58,700	19.3%
Vermont National Bank		$313,233	8.0%	$192,733	4.9%	$159,483	$33,250	10.6%
Wells River Savings Bank		$189,091	4.8%	$0	0.0%	$0	$0	0.0%
TOTALS	48 Loans	$3,039,753	78.4%	$1,142,007	29.4%	$647,082	$494,925	16.2%

STATISTICAL REPORT PROGRAM ID: 94H Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/93
Loan Status: CC,UC,O

Total Number of Loans:	68
Total Loan Amount:	$4,193,906

EXISTING:	$1,682,578	44.1%	30 Loans
NEW CONSTRUCTION:	$2,511,328	55.8%	38 Loans
NEW DETACHED HOUSING:	$1,284,048	51.1%	20 Loans
NEW CONDOMINIUM:	$1,227,280	48.8%	18 Loans
Funds Remaining to be Reserved:	$2,229,284	31.8%	36 Loans (Est.)

Total Insured or Guaranteed Loans:	52
Loans Guaranteed by VHMGB:	52

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$68,844	$74,711	$73,417
Avg. Loan Amount	$53,500	$63,988	$61,675
Avg. Borrower Income	$24,378	$25,646	$25,366
Avg. Housing Debt-Income Ratio	26.0%	28.8%	28.2%
Avg. Total Debt	$757.86	$766.56	$764.64
Avg. Total Debt-Income Ratio	37.2%	36.2%	36.4%
Total No. of Loans	15	53	68
% of Total Loan Amount	19.1%	80.9%	100.0%
First Time Homebuyers	100.0%	98.1%	98.5%
% Meeting Low Income Set Aside	53.3%	67.9%	64.7%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	5	7.4%	$293,269	5,000	5.7%	1.7
Bennington	1	1.5%	$53,620	6,300	7.2%	5.7-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	26	38.1%	$1,766,148	16,000	18.2%	19.9
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	1	1.5%	$47,000	3,300	3.8%	2.3-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	3	4.4%	$170,689	10,000	11.4%	7.0-
Washington	1	1.5%	$60,317	9,000	10.3%	8.8-
Windham	10	14.7%	$524,503	7,100	8.1%	6.6
Windsor	21	30.9%	$1,278,360	9,600	11.0%	19.9
TOTAL	68	100.0%	$4,193,906	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

AS OF: 12/09/93 | Vermont Housing Finance Agency | Report: 1130
PAGE NO. 1 | 94H - $7,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 7.450%

Date : 12/09/93

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$78,200	1.1%	$78,200	1.1%	$78,200	$0	0.0%
Banknorth Mortgage Co	$258,314	3.6%	$196,314	2.8%	$55,189	$141,125	54.6%
Brattleboro Savings and Loan	$70,663	1.0%	$70,663	1.0%	$0	$70,663	100.0%
Factory Point National Bank, The	$53,620	0.7%	$53,620	0.7%	$53,620	$0	0.0%
Marble Bank	$820,094	11.7%	$820,094	11.7%	$665,644	$154,450	18.8%
Merchants Bank, The	$62,000	0.8%	$62,000	0.8%	$62,000	$0	0.0%
Mortgage Service Center of New England	$116,190	1.6%	$69,930	0.9%	$69,930	$0	0.0%
National Bank of Middlebury, The	$126,928	1.8%	$126,928	1.8%	$126,928	$0	0.0%
Union Bank	$47,000	0.6%	$0	0.0%	$0	$0	0.0%
Vermont Development Credit Union	$699,285	9.9%	$570,685	8.1%	$0	$570,685	81.6%
Vermont Federal Bank, FSB	$1,062,871	15.1%	$971,571	13.8%	$908,571	$63,000	5.9%
Vermont National Bank	$1,372,701	19.6%	$1,173,901	16.7%	$908,836	$265,065	19.3%
TOTALS 78 Loans	$4,767,866	68.1%	$4,193,906	59.9%	$2,928,918	$1,264,988	26.5%

MCC - Mortgage Credit Certificate #6

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC6
UNDERWRITING DATABASE
EFFECTIVE: 12/09/93

Total Number of Loans:	139
Total Loan Amount:	$10,667,766
Average Loan Amount:	$76,746

EXISTING:	$7,914,751	74.8%	104 Loans
NEW CONSTRUCTION:	$2,698,865	24.4%	34 Loans
NEW DETACHED HOUSING:	$1,453,150	53.8%	18 Loans
CONDOMINIUM:	$2,458,371	23.7%	33 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$80,054	$86,641	$83,513
Avg. Loan Amount	$73,555	$79,631	$76,746
Avg. Borrower Income	$28,008	$25,770	$26,833
Total No. of Loans	66	73	139
First Time Homebuyers	89.3%	100.0%	94.9%
% of Total Loan Amount	45.5%	54.5%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	1.4%	$190,350	4,500	5.8%	4.4-
Bennington	5	3.6%	$387,550	5,400	7.0%	3.4-
Caledonia	4	2.9%	$285,450	4,400	5.7%	2.8-
Chittenden	64	46.2%	$5,082,221	13,100	17.0%	29.2
Essex	0	0.0%	$0	1,100	1.4%	1.4-
Franklin	23	16.5%	$1,712,561	5,700	7.4%	9.1
Grand Isle	1	0.7%	$84,550	700	0.9%	0.2-
Lamoille	3	2.2%	$206,700	3,100	4.0%	1.8-
Orange	4	2.9%	$252,450	4,000	5.2%	2.3-
Orleans	2	1.4%	$124,275	3,800	4.9%	3.5-
Rutland	11	7.9%	$831,003	9,200	11.9%	4.0-
Washington	18	12.9%	$1,371,006	7,900	10.3%	2.6
Windham	1	0.7%	$71,250	6,000	7.8%	7.1-
Windsor	1	0.7%	$68,400	8,100	10.5%	9.8-
TOTAL	139	100.0%	$10,667,766	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

AS OF: 12/09/93 Vermont Housing Finance Agency Report: 1130

PAGE NO. 1 MC6 - $37,500,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #6 PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 0.000%

Date : 12/09/93

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$2,614,525	6.9%	$2,222,025	5.9%	$962,200	$1,259,825	48.1%
Banknorth Mortgage Co		$2,261,683	6.0%	$1,856,278	4.9%	$885,413	$970,865	42.9%
Chittenden Bank		$1,914,335	5.1%	$1,411,085	3.7%	$1,173,685	$237,400	12.4%
Commonwealth United Mortgage Company		$285,846	0.7%	$160,386	0.4%	$160,386	$0	0.0%
Fleet Mortgage		$261,555	0.6%	$165,493	0.4%	$165,493	$0	0.0%
Merchants Bank, The		$694,000	1.8%	$590,500	1.5%	$433,000	$157,500	22.6%
Mortgage Service Center of New England		$154,950	0.4%	$154,950	0.4%	$0	$154,950	100.0%
New England IBM Employees Fed Crdt Union		$70,000	0.1%	$70,000	0.1%	$0	$70,000	100.0%
NorWest Mortgage Inc.		$171,150	0.4%	$78,750	0.2%	$78,750	$0	0.0%
Northfield Savings Bank		$83,505	0.2%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank		$75,050	0.2%	$75,050	0.2%	$0	$75,050	100.0%
Statewide Funding Corporation		$281,323	0.7%	$281,323	0.7%	$69,470	$211,853	75.3%
Summit Financial Center, Inc.		$1,381,011	3.6%	$953,411	2.5%	$540,881	$412,530	29.8%
Vermont Federal Bank, FSB		$952,975	2.5%	$799,075	2.1%	$637,675	$161,400	16.9%
Vermont Mortgage Group		$85,025	0.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$2,274,990	6.0%	$1,769,640	4.7%	$1,233,640	$536,000	23.5%
TOTALS	175 Loans	$13,561,923	36.1%	$10,587,966	28.2%	$6,340,593	$4,247,373	31.3%

Board Meeting 11/93
PAGE NO. 1

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 11/30/93

Report: 1261
DELR07B

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	336	9	2.68%	2	0.60%	3	0.89%	14	4.17%	0	0	0.00%	1	0.30%	15	4.46%
Banknorth Mortgage Co	27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Bennington Coop Savings & Loan Assn Inc	39	1	2.56%	2	5.13%	0	0.00%	3	7.69%	0	0	0.00%	0	0.00%	3	7.69%
Bradford National Bank	40	2	5.00%	0	0.00%	2	5.00%	4	10.00%	0	0	0.00%	0	0.00%	4	10.00%
Chittenden Trust Company	866	62	7.16%	3	0.35%	10	1.15%	75	8.66%	0	3	0.35%	5	0.58%	83	9.58%
Citizens Savings Bank	51	1	1.96%	1	1.96%	0	0.00%	2	3.92%	0	0	0.00%	0	0.00%	2	3.92%
Comfed Mortgage Co., Inc.	8	1	12.50%	0	0.00%	0	0.00%	1	12.50%	0	0	0.00%	0	0.00%	1	12.50%
Commonwealth Mortgage Company, Inc	17	0	0.00%	1	5.88%	0	0.00%	1	5.88%	0	0	0.00%	0	0.00%	1	5.88%
Community National Bank	192	5	2.60%	2	1.04%	1	0.52%	8	4.17%	0	0	0.00%	1	0.52%	9	4.69%
Factory Point National Bank, The	27	1	3.70%	0	0.00%	0	0.00%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
First Brandon National Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	102	8	7.84%	1	0.98%	3	2.94%	12	11.76%	0	0	0.00%	1	0.98%	13	12.75%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Fleet Mortgage	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	136	5	3.68%	0	0.00%	3	2.21%	8	5.88%	0	0	0.00%	1	0.74%	9	6.62%
Granite Savings Bank and Trust Company	23	1	4.35%	1	4.35%	0	0.00%	2	8.70%	0	0	0.00%	0	0.00%	2	8.70%
Green Mountain Bank	203	15	7.39%	1	0.49%	0	0.00%	16	7.88%	0	1	0.49%	1	0.49%	18	8.87%
Lomas & Nettleton Company, The	15	2	13.33%	0	0.00%	0	0.00%	2	13.33%	0	0	0.00%	0	0.00%	2	13.33%
Lyndonville Savings Bank & Trust Compan	61	2	3.28%	0	0.00%	0	0.00%	2	3.28%	0	0	0.00%	1	1.64%	3	4.92%
Marble Bank	217	7	3.23%	4	1.84%	0	0.00%	11	5.07%	0	0	0.00%	0	0.00%	11	5.07%
Merchants Bank, The	231	8	3.46%	3	1.30%	1	0.43%	12	5.19%	0	1	0.43%	0	0.00%	13	5.63%
Mortgage Service Center of New England	51	3	5.88%	0	0.00%	3	5.88%	6	11.76%	0	1	1.96%	0	0.00%	7	13.73%
National Bank of Middlebury, The	63	4	6.35%	0	0.00%	0	0.00%	4	6.35%	0	0	0.00%	1	1.59%	5	7.94%
New England IBM Employees Fed Crdt Unio	52	1	1.92%	0	0.00%	0	0.00%	1	1.92%	0	0	0.00%	2	3.85%	3	5.77%
Northfield Savings Bank	106	7	6.60%	0	0.00%	1	0.94%	8	7.55%	0	0	0.00%	1	0.94%	9	8.49%
Passumpsic Savings Bank	163	7	4.29%	1	0.61%	0	0.00%	8	4.91%	0	1	0.61%	3	1.84%	12	7.36%
Peoples Trust Company of St Albans	121	10	8.26%	2	1.65%	1	0.83%	13	10.74%	0	0	0.00%	0	0.00%	13	10.74%
Randolph National Bank	57	1	1.75%	0	0.00%	1	1.75%	2	3.51%	0	0	0.00%	0	0.00%	2	3.51%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	141	1	0.71%	0	0.00%	1	0.71%	2	1.42%	0	2	1.42%	2	1.42%	6	4.26%
Union Bank	144	7	4.86%	1	0.69%	0	0.00%	8	5.56%	0	0	0.00%	0	0.00%	8	5.56%
Vermont Development Credit Union	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	830	38	4.58%	7	0.84%	8	0.96%	53	6.39%	0	6	0.72%	5	0.60%	64	7.71%
Vermont Mortgage Group, Inc	576	39	6.77%	4	0.69%	8	1.39%	51	8.85%	0	1	0.17%	5	0.87%	57	9.90%
Vermont National Bank	530	23	4.34%	5	0.94%	6	1.13%	34	6.42%	0	0	0.00%	1	0.19%	35	6.60%
Wells River Savings Bank	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	11	1	9.09%	0	0.00%	0	0.00%	1	9.09%	0	0	0.00%	0	0.00%	1	9.09%
Overall Totals:	5,479	272	4.96%	41	0.75%	52	0.95%	365	6.66%	0	16	0.29%	31	0.57%	412	7.52%
October 31, 1993	5,563	263	4.73%	42	0.75%	59	1.06%	364	6.54%	0	11	0.20%	32	0.58%	407	7.32%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management

DATE: December 8, 1993

RE: MULTI-FAMILY ENERGY LOAN PROGRAM

During the development phase of the multi-family Section 8 program, many of the properties were built with electric heat and hot water because this was the cheapest system to install. In some cases, electric storage off-peak rates were also attractive and promised long-term operating cost savings to owners. Over the past 12 years, all electric utility rates have escalated dramatically and most property owners are now interested in pursuing energy conversions to a fuel fired system. VHFA has encouraged this kind of activity and, on a case-by-case basis, has made loan funds available where needed to help facilitate these conversions. Historically, these Agency loans have been more accessible where there is a non-profit acquisition or Preservation Agreement included in the transaction.

There are still many property owners who are interested in making a heating system conversion but do not have an available source of financing to make these improvements. Typically, we have asked owners to look to conventional bank financing in order to make these loans. Recently, we have been rethinking this policy and now see these potential energy loans as a source of income to the Agency. VHFA already has first mortgages on these properties and the concept of making additional advances under these mortgages is very attractive for three reasons: 1) the underlying security of our existing loans will be vastly improved; 2) these properties will operate more efficiently with improved cash flow; and 3) VHFA will benefit from a new source of program income.

As in the past, these proposed energy loans would require that owners take advantage of any demand-side program funding that may be available from their local utility company. We anticipate making these loans at a rate of 8% for a maximum term of 10 years.

Recommended Board Action:

Authorize staff to establish a $750,000 energy loan pool from the general fund, to be used in making multi-family energy loans as described above, subject to resolution of fund transfers with the State.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC
Irene D. Jenkins, Director of Development IDJ

DATE: December 8, 1993

RE: Twin Pines Housing Trust/Starlake Village -- Loan Extension

Summary of Request

On September 27, 1992, the Board approved a loan in the amount of $500,000 to Twin Pines Housing Trust (TPHT). The purpose of the loan was to finance the site development and construction of 14 single family homes at Starlake Village, Norwich, Vermont. At the November, 1993 Board meeting, staff provided an update on the status of the development and the loan, which matures on December 31, 1993. TPHT requests an extension of the loan until September 30, 1994. Staff recommends approval of this request with conditions outlined below.

Status of Project

Seven of the fourteen units have been completed and sold. All of those units are cape style and modular construction. There are two additional units under contract; the buyers have commitments for financing. These two units are currently under construction and will be stick-built rather than modular. There are five unsold units. VHFA advances loan funds to pay soft costs and construction costs and receives all proceeds from the sale of units. The balance of the loan as of December 3, 1993 was $188,234. The projected balance after the completion and sale of the two units under construction will be approximately $125,000.

TPHT has signed an agreement with a local real estate broker and former TPHT board member to market the remaining units. VHFA has agreed to assist in the development of marketing materials and assist TPHT and the broker in the distribution of information and outreach to potential buyers.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

The cost to complete the first five homes was approximately $43,000 greater than the revenues received from the sale of the homes. In addition, the project has unpaid legal fees from an Act 250 permit appeal and additional engineering costs from the site development that total approximately $14,000.

In order to cover projected cost increases while keeping unit prices down, TPHT applied to the Federal Home Loan Bank's Affordable Housing Program for direct subsidy in the amount of $88,420; this application was not approved. Without these funds, the price of the remaining five units will have to be increased by approximately $8,600 per unit. Based on the current budget (attachment A), a cape style home would sell for approximately $89,700 and a ranch style home would sell for approximately $82,500.

Staff believes that certain budget items (engineering, construction interest, winter heating/maintenance costs and legal/taxes/insurance/permits) are under-budgeted. This will result in further increases over the figures stated above.

Staff is concerned that:

1. Further price increases will limit the market for these homes;

2. There will not be market acceptance of a cape style home priced at $89,700+ that sold for $66,000 in May 1993;

3. VHCB's requirement that homes be sold to families at or below median income and equity sharing requirements will further restrict the market for these homes;

4. TPHT will not be able to sell the remaining five homes for a price sufficient to pay VHFA's construction loan, Housing Vermont's pre-development loan of $15,000, and all other development costs;

5. The homes will not appraise for an amount that will allow buyers to make only the minimum down payment required by VHFA (five percent of the purchase price) or to take advantage of the "no down payment" feature of VHFA's HOUSE Program.

Recommendation for Extension of Development/Construction Loan

Staff recommends that VHFA extend the construction loan for Starlake Village until September 30, 1994, provided the following conditions are met by Twin Pines Housing Trust:

1. TPHT will immediately request bids for the remaining five units and submit the bids to VHFA by no later than January 21, 1994. The bids should provide for the start of construction of all units on or before August 1, 1994.

2. TPHT will provide VHFA with a marketing plan for the remaining five units by no later than January 28, 1994.

3. TPHT will provide VHFA with a new project budget and cash flow for approval based on the bids and a review of other budget line items by no later than January 28, 1994.

4. TPHT will work with VHFA and the Vermont Home Mortgage Guarantee Board (VHMGB) to resolve appraisal issues resulting from the increased price of units.

5. All units must be under contract with eligible buyers by July 1, 1994 according to the following schedule: one unit by March 1, 1994, a second unit by April 1, 1994, a third unit by May 1, 1994, a fourth unit by June 1, 1994, and the fifth and final unit by July 1, 1994.

6. All construction of the development must be completed and VHFA's loan paid in full by no later than September 30, 1994.

7. In the event that the cost of construction is increased so that it becomes evident to VHFA that the funds available to TPHT will not fully pay the cost of construction in accordance with the approved budget and cash flow, then TPHT, at the request of VHFA, shall advance sufficient funds to the construction account to provide for the payment of the full cost of construction, or give VHFA a deed in lieu of foreclosure.

Failure to meet any condition of the extension would result in a default of the loan. TPHT would have to agree to give VHFA, upon such default and at our request, a deed in lieu of foreclosure.

VHFA staff have discussed with TPHT the possibility of building a "spec house" or model unit. The broker feels that an unsold home could be useful in her marketing efforts and that some buyers need to be able to see the actual unit they will be buying. The unit could also be used for open houses. VHFA staff would like to authorize the construction of a model unit, provided TPHT meets the above stated conditions, if we feel that it will be beneficial to the completion of this project.

BOARD ACTION REQUESTED

Staff requests approval of the attached Resolution to extend the development/construction loan made to Twin Pines Housing Trust to September 30, 1994, with those conditions indicated above and authorize staff to permit the construction of a "model unit" if staff feels that it will be beneficial to the project.

RESOLUTION PERTAINING TO EXTENSION OF TERM OF LOAN RE: STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Lebanon, New Hampshire (the "Sponsor"), involving the construction of 14 homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on November 18, 1992, September 24, 1992, May 20, 1992 and June 26, 1991; and

WHEREAS, the Agency made a loan on October 26, 1992 of up to $500,000 for infrastructure work and construction (the "Loan"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that extending the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act; and

WHEREAS, the Sponsor has requested an extension of the repayment of the Agency's Loan from December 31, 1993 to September 30, 1994 and may request the Agency's permission to build a model home.

NOW, THEREFORE, it is hereby DETERMINED:

1. The Determinations made in the Agency's prior resolutions relating to this Development are reaffirmed.

2. The construction of a model unit may be beneficial to the marketing of the Development.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director shall extend the maturity of the Sponsor's Loan from the Agency from December 31, 1993 to September 30, 1994 by entering into a modified loan agreement containing the following conditions:

   The Sponsor will immediately request bids for the remaining five units and submit the bids to the Agency by January 21, 1994. The bids should provide for the start of construction on all units on or before August 1, 1994;

   The Sponsor will provide the Agency with a marketing plan for the remaining five units on or before January 28, 1994;

The Sponsor will provide the Agency with a new project budget and cash flow for approval based on the bids and a review of other budget line items on or before January 28, 1994;

The Sponsor will work with the Agency and the Vermont Home Mortgage Guarantee Board to resolve appraisal issues resulting from the increased price of units.

All units must be under contract with eligible buyers by July 1, 1994 according to the following schedule: one unit by March 1, 1994, a second unit by April 1, 1994, a third unit by May 1, 1994, a fourth unit by June 1, 1994, and the fifth and final unit by July 1, 1994;

All construction of the Development must be completed and VHFA's loan paid in full on or before September 30, 1994; and

Failure to meet any of the conditions shall constitute an event of default under the modified loan agreement and the Sponsor shall, at the Agency's request, promptly deliver a deed in lieu of foreclosure to the Agency.

2. In the event that the cost of construction is increased so that it becomes evident to the Agency that the funds available to the Sponsor are insufficient to pay the full cost of construction in accordance with the approved budget and cash flow, the Sponsor, upon request of the Agency, shall advance sufficient funds to the construction account to provide for the full cost of construction, or give the Agency a deed in lieu of foreclosure for the Development.

3. The Executive Director may, in his discretion, provided the Sponsor meets the conditions of the modified loan agreement, authorize construction of a model unit that is not the subject of a purchase and sales contract and a commitment to a buyer for financing.

Attachment A

STARLAKE VILLAGE PROJECTED DEVELOPMENT COSTS/REVENUES
Updated 11/29/93 C:\QUATTRO\STARBUDG.2

USES	Budget	Per Unit
LAND ACQUISITION	100,000	7,143
PRE-DEVELOPMENT COSTS	64,342	4,596
TOTAL LAND & PRE-DEV.	164,342	11,739
SITE DEVELOPMENT HARD COSTS		
Site Clearing	6,000	429
Power to site (GMP)	13,140	939
Electrical	3,398	243
Sitework Contractor	216,928	15,495
Landscaping	2,500	179
Well House	2,367	169
Contingency	2,500	179
	---------	---------
TOTAL SITE DEV. HARD COSTS	246,833	17,631
SOFT COSTS		
Project Manager	14,183	1,013
Engineering	13,000	929
Loan Origination Fee	5,000	357
Legal/Taxes/Ins.	22,612	1,615
Lender Inspections	5,000	357
Interest	28,600	2,043
Closing Costs for units	1,204	86
TPHT Development Fee	17,500	1,250
Marketing	9,000	643
Winter Heating/Main. Costs	6,530	466
	---------	---------
TOTAL SOFT COSTS	122,629	8,759
	---------	---------
TOTAL P.DEV, SITE, SOFT COSTS	533,804	38,129
TOTAL HOUSE CONSTR. (5 UNITS)	249,659	49,932
HOUSE CONSTR. UNITS 6-14		
Unit 6 (Katz -- cape)	49,480	49,480
Unit 7 (Faherty -- cape)	52,772	52,772
Unit 8 (Nelson -- cape)	56,692	56,692
Unit 9 (Fraser -- ranch)	49,477	49,477
Units 10-14 (ranch)	247,385	49,477
	---------	---------
TOTAL HOUSE CONSTR 6-14	455,806	50,645
	---------	---------
TOTAL HOUSE CONST. 14 UNITS	705,465	50,390
	=========	=========
TOTAL PROJECT COSTS	1,239,269	88,519

SOURCES		per unit
Sale of Units 1-5	320,000	64,000
Extras	8,650	1,730
Sale of Unit #6	73,110	
Sale of Unit #7	76,728	
Sale of Unit #8	79,450	
Sale of Unit #9	76,635	
Sale of Units 10-14	412,142	82,428

TOTAL SALES REVENUE	1,046,715	74,765
VHCB LAND GRANT	100,000	7,143
VHCB CONST. SUBSIDY	75,054	5,361
VHCB DEVELOPMENT FEE	17,500	1,250
TOTAL PROJECT REVENUES	1,239,269	88,519
	===========	
SURPLUS/(DEFICIT)	0	

SUPPLEMENTAL RESOLUTION RE GRAYSTONE VILLAGE (HARTFORD) DEVELOPMENT.

WHEREAS, Vermont Housing Finance Agency adopted a resolution on November 18, 1993 authorizing the issuance of a commitment letter for a loan not to exceed $480,000 in connection with the acquisition of the captioned development (the "Funding Resolution"); and,

WHEREAS, the parties have proposed certain changes to the transaction which are agreeable to the staff of the Agency;

NOW THEREFORE, the Funding Resolution is amended in the following respects:

I. The third and fourth paragraphs of the Funding Resolution are amended to read in their entirety as follows:

> "WHEREAS, the proposal contemplates that the Development will constitute "residential real property" within the meaning of former section 103(b)(4) of the Internal Revenue Code of 1954, as amended; and"
>
> "WHEREAS, Housing Vermont is a housing sponsor within the meaning of the Act and the limited partnership which will take title from Housing Vermont shall qualify as a housing sponsor within the meaning of the Act; and"

II. The first and second numbered paragraphs after the determinations of the Agency as set forth in the Funding Resolution are amended to read in their entirety as follows:

> "1. The Executive Director is authorized, in his discretion, to issue a Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition of the Development in an amount to be determined by the Executive Director but not to exceed $472,000.00, and to permit the assumption of the underlying mortgage loan by Housing Vermont. The Commitment Letter shall require the rehabilitation of the Development with equity funds, and the rehabilitation shall include conversion to a new energy system.
>
> "2. The Commitment Letter shall be issued to Housing Vermont. Consistently with the equity plan presented to the Agency, the Commitment Letter shall authorize and require the transfer of the Development to a limited partnership (the "Limited Partnership"), which shall include a wholly-owned subsidiary of Housing Vermont as general partner, and the assumption on a non-recourse basis by the Limited Partnership of all obligations under the additional loan and the original mortgage loan. Prior to disbursement of any proceeds of the additional loan, the Limited Partnership

shall be required to qualify as an "eligible housing sponsor" within the meaning of the Rules applicable to Loans to Multi-Family Housing Sponsors (the "Regulations").

III. As a condition of the Agency's commitment, Housing Vermont as the sole owner of the general partner of the Limited Partnership shall be required to assure that a representative of White River Area Housing Development Corporation ("WRAHDC") shall be appointed to a seat on the board of directors of the general partner at all times while the Limited Partnership holds title to the Development.

IV. As a further condition of the Agency's commitment, the Limited Partnership shall be required to grant to White River Area Housing Development Corporation an option to purchase the Development at the end of the "compliance period" for all of the buildings in the Development, all within the meaning of §42(i)(1) of the Internal Revenue Code of 1986, as amended (the "Code").

vhfa
VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC
Irene D. Jenkins, Director of Development

DATE: December 9, 1993

RE: Single Family Program Changes

VHFA staff is in the process of planning for a new bond issue for sale in January to continue the funding of the MOVE and HOUSE Programs. Staff requests approval of the following program targeting, program features, and program fees.

PROGRAM TARGETING

Program Targeting - Staff recommends that VHFA continue to target its MOVE and HOUSE Programs to persons who are not eligible for other fixed rate mortgage programs offered by conventional lenders. A goal of the MOVE Program will be to target 40 percent of the loans to borrowers with incomes at or below 80 percent of the greater of State or Area Median Income. Staff also recommends that VHFA continue to assist with down payment, to the extent possible, through the Down Payment Assistance feature and by implementing the purchase of second mortgages made for down payment approved by the Board at the September 1993 meeting. Lack of funds for down payment continues to be the major obstacle to homeownership for otherwise eligible buyers. We plan to have current information available at the Board meeting on income levels served by VHFA in 1993 through the MOVE Program and through the Down Payment Assistance feature to the MOVE Program.

Income and Purchase Price Limits - Income Limits (currently $36,100 for 1-2 person households and $41,500 for 3+ person households) and Purchase Price Limits ($97,000 for existing housing and $110,000 for newly constructed housing) were not considered for changes at this time. Income Limits will be considered when HUD releases new median income figures (Spring 1994) and Purchase Price Limits will be reviewed when Treasury releases new Safe Harbor Limits (no date has been set for release).

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PROGRAM FEATURES

Stepped Rate Feature - Staff recommends that VHFA eliminate the Stepped Rate Feature of the MOVE Program provided that VHFA can attain a mortgage rate of a minimum of fifty basis points below conventional fixed rates, but wants the option to re-introduce this feature if conventional fixed rates drop below VHFA's mortgage rate. The Stepped Rate Feature offers an interest rate for the first year that is one percent below the interest rate for years two through 30, and was initiated to assist home buyers to qualify, and to facilitate the origination of mortgages before the bond redemption date of February 15, 1994. Participating Lenders have indicated that they have difficulty completing Truth-in-Lending disclosures to borrowers when a Stepped Rate is combined with a buydown. (Buydowns are a popular feature for lenders, builders, real estate sales people, and buyers.) Statistical information available indicates that most buyers were able to qualify at the fully indexed rate and did not need the lower first year rate to qualify. If VHFA were to re-introduce the Stepped Rate feature in the future, borrowers would have to choose either a fixed rate with a buydown or a Stepped rate without a buydown. Staff recommends that VHFA continue to offer a Stepped Rate for the HOUSE Program. The Stepped Rate available for HOUSE Program borrowers is structured differently from MOVE and is stepped for the first three years of the loan (currently the interest rate available is 5.95% year one, 6.45% year two, 6.95% year three, and 7.45% years' 4-30). Buydowns are not allowed with the HOUSE Program and are therefore not an issue with disclosures for most lenders.

Two Point and No Point Option - Staff recommends that VHFA continue to offer both the option of paying no points and a higher interest rate, or paying two points and a lower interest rate. The no point option has proven to be a very popular feature with many VHFA borrowers; approximately two out of three borrowers select this option. The no point option is an expensive feature because VHFA must advance one percent of the mortgage amount to the lender at the time the loan is purchased, and VHFA does not receive the three-quarters of one percent fee it collects with the two point option. (With the two point option, lenders retain one and one-quarter percent of the origination fee and remit three-quarters of one percent to VHFA.) If VHFA were to purchase $25 million in mortgages under the no point option, VHFA would pay lenders $250,000 in origination fees. VHFA does recover most of these fees over a period of approximately seven years by charging a higher interest rate on the no point mortgages. Staff believes that this feature should be retained to assist home buyers without sufficient funds for down payment and closing costs. Staff also recommends that VHFA offer the same option of paying two points and zero points with the HOUSE Program.

Energy Efficiency Requirements - Staff recommends that VHFA require that all new construction financed through the MOVE Program be energy efficient and have the equivalent of a 4 STAR or better rating as determined by Energy Rated Homes of Vermont. VHFA already has this requirement for newly constructed homes financed through the HOUSE Program. Staff considered additional energy requirements including the "Energy Efficient Mortgage Pilot Program" sponsored by VA, FHA and Fannie Mae, but felt that VHFA should wait until these programs have a history of operation to determine their acceptance by lenders and buyers. The "Energy Efficient Mortgage Pilot Program" allows a buyer to finance from $5,000-$8,000 (depending on the program) in cost-effective energy improvements as part of the home mortgage. The cost of the improvements is added to the approved base loan amount, and the additional mortgage payment that results is more than offset by energy savings. This program differs from the feature available with HOUSE and MOVE Program loans because the VA, FHA, and Fannie Mae programs do not require that the appraisal support the additional loan amount for the energy improvements. To offer a similar feature, VHFA would have to obtain approval from VHMGB, which would require legislative action. VHMGB provides mortgage insurance on most VHFA loans that require mortgage insurance. Staff believes that the "Energy Efficient Mortgage Pilot Program" will help conventional lenders integrate energy into the mortgage lending process and will assist VHFA in the future to include additional energy efficiency requirements for homes financed by VHFA.

LENDER FEES

Late Delivery Fees - VHFA currently charges lenders a late delivery fee of $3.00 per day on loans not delivered to VHFA for purchase within thirty days of closing. The current fee is not sufficient to compensate VHFA for negative arbitrage. In addition, due to the high volume of conventional loans that are being refinanced and sold to Freddie Mac and Fannie Mae, some lenders routinely pay late delivery fees to VHFA instead of selling a loan within thirty days of closing because our penalty is less than failure to meet a commitment to Freddie Mac or Fannie Mae. Staff recommends that VHFA adjust the late delivery fee to $7.50 per day to approximate the negative arbitrage expected for the new bond funds. Staff also recommends that we include a clause in the contract that puts lenders on notice that failure to deliver closed loans to VHFA will jeopardize a lender's ability to participate and sell loans to VHFA in the future.

Annual Lender Participation Fee - Staff recommends that VHFA continue to assess an annual participation fee to offset the cost of lender training and program marketing. This fee is currently $2,500. Some lenders receive a rebate of $200 per loan, up to a maximum of $1,000, if they are unable to sell twelve loans during the year to VHFA. This rebate was added to allow participation in VHFA programs by lenders who have a limited market area. We do not recommend any changes to this policy at this time.

BOARD ACTION REQUESTED

Approval of the program targeting, program features, and fees indicated above.

VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: December 9, 1993

RE: 1994 Session Legislation

Here is a brief discussion of some of the legislation affecting housing expected to be discussed during the 1994 session of the Legislature.

Mobile Home Parks

H.290 - An Act Relating to the Mobile Home Park Law (Amendments to Title 10, Warranty of Habitability, Procedure for Condemnation)
Status: Passed the House. Waiting in Senate General Affairs for Action.

H.290 clarifies existing law. Tenants in mobile home parks should have the same protections as tenants in other rental housing. The mobile home park law (Title 10, Chapter 153) and the landlord/tenant law (Title 9, Chapter 137) are confusing and in some places contradictory regarding which law applies in each circumstance. In addition, it provides for a warranty of habitability and condemnation remedies. Given that mobile home parks often face significant infrastructure problems, it is critical that a warranty of habitability for mobile home park residents is provided. H.290 also amends Act 252, the Mobile Home Park Act. The bill includes a number of housekeeping measures to clarify intent in the existing mobile home park law. Many of the landlord/tenant provisions of the mobile home park law are confusing and in some cases contradictory causing significant distress to mobile home park owners, residents and State officials charged with administering the law.

S.78 - An Act Relating to Identifying and Upgrading of Substandard Water and Sewage Systems in Mobile Home Parks
Status: Passed out of Senate Natural Resources and Senate Finances. Waiting in Senate Appropriations for action.

The bill allows the Agency of Natural Resources (ANR) to identify

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water supply and wastewater systems which create health hazards. Currently, the Agency does not have the ability to stop harmful pollution until it reaches the waters of the state. It is estimated that the majority of mobile home parks in Vermont were established prior to the need for an Act 250 permit and are ticking time bombs. The bill sets up a mechanism for ANR to inspect and assess each mobile home park without a current permit over the next two years. The filing of assessments would allow the Agency to establish a database of existing mobile home parks with information about the condition of each park and to work with system owners to plan for replacement systems for mobile home parks with severe infrastructure problems.

System owners are required to upgrade their systems to the extent necessary to qualify for a design variance. Owners of mobile home parks without permits are exempt from the requirement to obtain a permit, but must take measures to eliminate hazards. The evaluations will be paid for by charging owners a fee of $60 per lot for the evaluations. The results of each evaluation will be recorded in the land records of the municipality where each park is located. ANR will hire two temporary employees for two years to perform the evaluations described above. The bill shall become effective upon passage. The $60 per lot fee to be charged to each mobile home park owner may be paid in two installments over two years. The Secretary of ANR shall be required to prepare a notice form with information about each mobile home park evaluation which shall be distributed to each mobile home park resident by the park owner.

<u>Other</u>

<u>S.31 - An Act Relating to Termination of Rental Agreements and Eviction</u>
Status: Introduced in 1993, but no action taken. In Senate Judiciary.

The bill proposes to expedite eviction cases by requiring an automatic hearing to be held within ten days of filing a motion for an order to pay rent into court (current law provides for a hearing only at the tenant's request). If a hearing is held and rent is determined to be due, the bill requires full payment of all past due rent to be ordered by the court. The landlord is entitled to a Writ of Possession if the tenant fails to pay all back due rent into court.

<u>H.38 - An Act Relating to Tax Credits for Charitable Investments in Housing</u>
Status: Introduced in 1993, but no action taken. In House Ways and Means.

The bill seeks to make the State Housing Investment Tax Credit Program more usable by setting a floor on the charitable investment rate for the purposes of claiming a tax credit.

S. 250 - An Act Relating to Foreclosure by Power of Sale of Commercial Property
Status: Introduced in 1993 by Senate Finance Committee. In Senate Judiciary.

The bill would allow property other than single or two family owner-occupied homes to be foreclosed by power of sale without going through a judicial foreclosure. At present, in a foreclosure, if a public sale is requested by the defendant-mortgagor, the sale may not occur until after the six month redemption period has passed. Since in a public sale, the mortgagor would get any proceeds above what the lender was owed, the mortgagor would be protected against losing his or her equity. Therefore, giving the mortgagor six months to redeem and then having a public sale is giving the mortgagor two bites of the apple. As drafted, this bill would only affect the Agency in multi-family foreclosures or when the property was not being occupied by the mortgagor, which happens fairly often. If the time period before the Agency takes possession of a property in a foreclosure can be shortened, it would cut down our losses on REOs.

S. 84 - An Act Relating to Seller's Property Information Report Certificate on Property Transfer Tax Return
Status: Introduced in 1993. Senator Webster, Chair of the Finance Committee, has the bill for a review and may want to have it redrafted.

The bill would include on the property transfer tax return a certification indicating that the seller of a one to four family house has, prior to entering into a purchase and sale agreement, given the buyer a seller's property information report addressing the condition of the property. The original bill has been amended to include the availability of a home energy audit on the seller's property information report. VHFA has been working with the Vermont Association of Realtors and Energy Rated Homes of Vermont on this bill.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commisioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: December 9, 1993

RE: Private Activity Bond Volume Cap

BACKGROUND:

Each year the Agency is allocated part of the State's $150 million annual volume cap for private activity bonds. So far this year the Agency has been allocated $26 million in volume cap and we expect to receive another $24 million when the Governor allocates the $24 million contingency near the end of the year. We have $34,615,000 in single family carryforward and $10 million in multi-family carryforward from previous years.

The Board must take action before the end of the year to carry forward the private activity volume cap the Agency has been allocated by the State. In addition, the Board must allocate the volume cap between single family (qualified mortgage bonds and mortgage credit certificates) and multi-family (exempt facility bonds) purposes. Staff recommends that all of the 1993 volume cap, whether in hand or to be received, be allocated to single family purposes since it has been several years since the Agency issued tax-exempt multi-family bonds and we have the $10 million in carryforward for multi-family purposes.

I would be happy to answer any questions that you may have.

REQUESTED ACTION:

Approval of the attached resolution.

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RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE AND CARRYFORWARD
1993 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated $26,000,000 in 1993 private activity bond volume cap by the State of Vermont and the Agency has not yet allocated any of the 1993 volume cap allocated to it by the State of Vermont between qualified mortgage bonds and mortgage credit certificates on the one hand and exempt facility bonds on the other; and

WHEREAS, the Agency may be allocated additional volume cap by the State of Vermont before the end of the calendar year; and

WHEREAS, the Agency desires to elect to utilize any additional volume cap for qualified mortgage bonds and mortgage credit certificates; and

WHEREAS, the Agency desires to carry forward any of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency hereby allocates $26,000,000 of 1993 private activity bond volume cap to issue qualified mortgage revenue bonds and mortgage credit certificates.

2. If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after December 1, 1993, it elects to allocate all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

3. The Vermont Housing Finance Agency elects to carry forward all of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

4. The Executive Director, Director of Finance, and the Director of Operations are directed, and each of them is authorized, to take all steps necessary to carry forward the Agency's unused volume cap, including, but not limited to preparation, execution, and delivery of a Carryforward Election of Unused Private Activity Volume Cap in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: December 13, 1993

RE: SUPPLEMENTAL BOARD PACKET

Enclosed please find two memorandums that should be brought to the December 16 Board meeting:

RESULTS OF 1993 MARKETING CAMPAIGN AND MARKET RESEARCH

PROPOSED 1994 BOARD MEETING SCHEDULE

I look forward to seeing you at 1:30 in Burlington December 16!

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Hollis Hope, Director of Communications
Cathleen Gent, Research Analyst

DATE: December 13, 1993

RE: Results of 1993 Marketing Campaign and Market Research

Mortgages for Vermonters (MOVE) Marketing Campaign

In early 1993, VHFA set very aggressive loan origination goals for the year based on our desire to utilize the remaining balance from the convertible option bonds issued in September of 1990 set to expire in February 1994. We then developed and launched a strong marketing and advertising campaign to help us achieve the following objectives:

- Reserve $47.5 million in MOVE loans between March 1 and December 1, 1993 (125% of $38 million available for purchase by February 15; allows for 25% fall-out due to applications which become inactive between time of reservation and purchase. December 1 was used as a cut-off date for reservations due to processing time between application and purchase by VHFA.)
- Increase calls to VHFA's hotline and improve the response rate from "under-served" counties, particularly the southern part of the state.

	Hotline Calls	Reservations
GOAL	4300	$47,500,000
ACTUAL	**3,908**	**$42,512,525**
% of Goal Reached	90%	91%

Based on past conversion rates of reservations to actual purchases, we anticipate that VHFA will realize at least 90% of its purchase goal of $38 million by February 15, 1994 (see the full color chart following Page 2).

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We are pleased with these results, particularly considering the following factors:
> The goals set in March were significantly higher than activity levels in the previous two years;
> Conventional interest rates were lower than VHFA's interest rate at the outset of the program, and steadily declined over the nine months of the advertising campaign; and
> No special incentive program was introduced during the Fall campaign as had been anticipated (the "second mortgage" initiative).

The campaign was executed in three phases: spring, summer and fall. Total hotline calls increased by five percent over the same period, March through November, in 1992. When reviewed in August, hotline calls were up by 27 percent with every month (March-August) showing an increase over the previous year's call volume. Calls and reservations decreased significantly in the fall. An attempt was made to target certain counties more heavily than others by altering where media dollars were being spent. While an improved rate of response was attained in Windham and Windsor counties, Bennington remained flat.

The spring and summer phases of the campaign were most successful due to the following factors:
> the anticipation and availability of 100% financing in June
> the real estate season is most active
> strong creative: VHFA's "baseball theme" ads were well received
> effective use of advertising dollars.

We attribute the decrease observed in both calls and reservation volume in the fall to:
> the continuing drop in conventional interest rates negatively impacting VHFA
> the creative may have been run beyond its useful life
> the seasonal slowing of the real estate market
> the lack of new or special incentives or features to enhance the MOVE program.

Finally, in spite of the continued decline in conventional interest rates, it is worth noting that VHFA loan reservation activity has already outpaced each of the two previous years' activity. Total reservations from January 1 through November 30, 1993 amount to over $57.5 million as compared to January-December totals of $52.4 in 1992 and $54.9 in 1991.

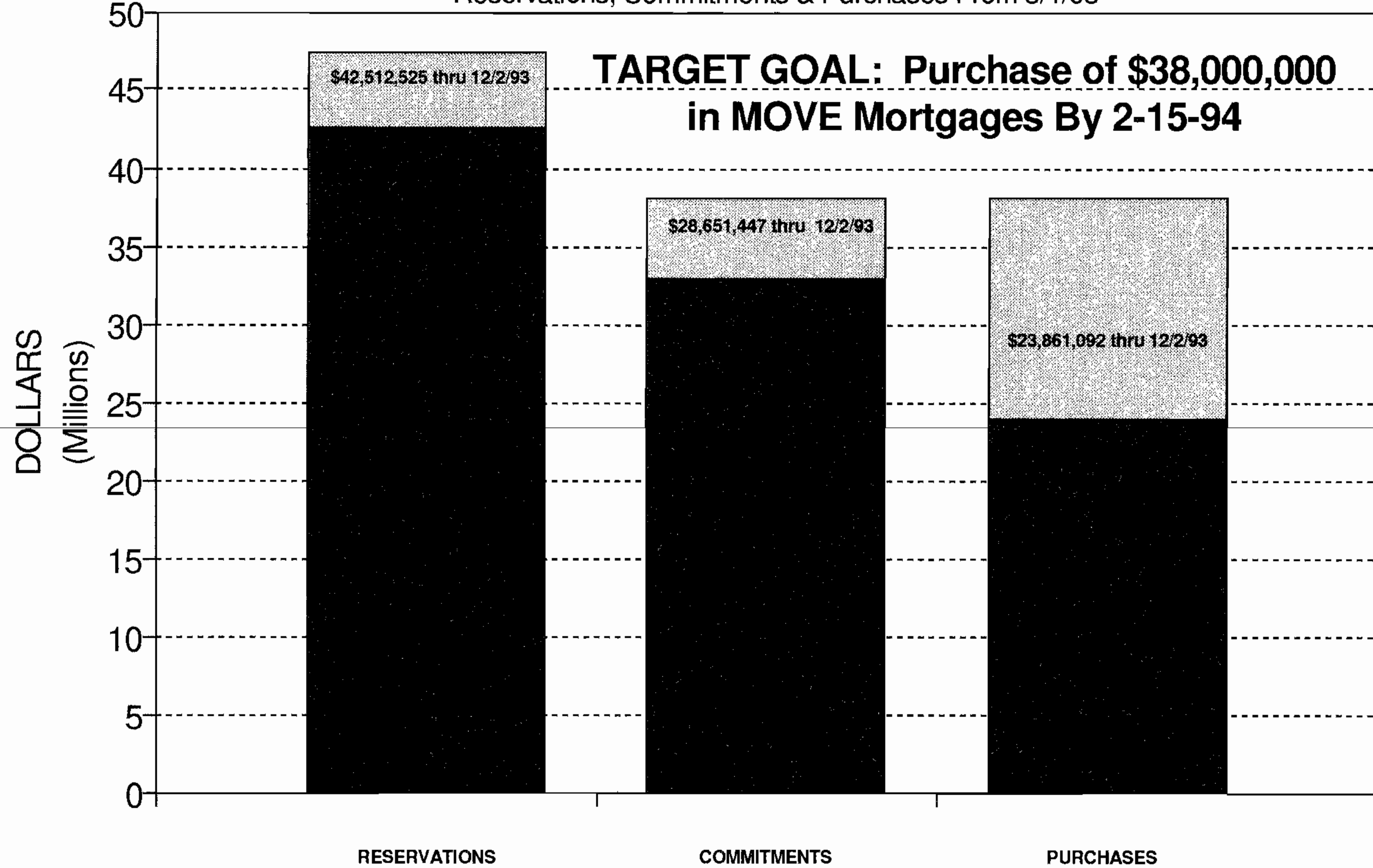
Market Research

In the last two years, VHFA has conducted surveys of renters, lenders and new homeowners to help us broaden our base of understanding about VHFA's role in the mortgage lending marketplace. Below, highlights of each of the three surveys are presented for your review. These data should help us identify ways to improve our

CUMULATIVE

MOVE 92B, 93A + 93B - FIRST-TIME BUYERS
ACTIVITY VS. MARKETING GOALS

Reservations, Commitments & Purchases From 3/1/93



service delivery to low- and moderate-income Vermonters, through better informed single family program development and marketing, education and outreach strategies.

I. RENTER SURVEY

In August 1993, VHFA conducted a telephone survey of renters in Vermont to examine numerous homeownership issues for renters, one year after conducting a similar survey. The survey results can be generalized to the 65,000 renter households in Vermont, using the error factors described below.

A total of 517 telephone interviews were completed, "over-sampling" the number of interview respondents in a number of counties. Macro International, Inc., of Burlington, Vermont, conducted the telephone interviewing, data entry, and computer computation.[1]

Table 1 shows that, despite a lagging economy and numerous obstacles encountered in attempting to obtain homeownership, Vermont renter households view homeownership very positively. The vast majority (82 percent) of Vermont renters would like to own homes someday, and half would like to own a home today. However, Vermont renters face a number of obstacles in trying to buy a residence, most notably financial-based difficulties. The primary barriers to homeownership include: lack of money for down payment and closing costs; insufficient incomes to cover monthly mortgage, tax, and insurance payments; and finding an affordable house in a desirable geographic area.

More than one-third of Vermont renter households contain one or more adults who have owned a residence before. Approximately 15 percent of renter households are shopping to buy a home now and 21 percent expect to own a residence in the next year. With respect to the kind of housing they would *most* like, the large majority (77%) of Vermont renters indicated a preference for single family detached dwellings.

VHFA's target income group for its single family program is $20,000 to $40,000. The statewide renter survey identified approximately 32 percent as having incomes between $20,000 and $40,000. This generalizes to 21,000 households statewide. *Table 1* also compares the responses for the VHFA target group with those of the whole state across income categories. Owning a home someday is considered very important to 85 percent of households in that income group, and 50 percent would like to own a home today. However, barriers also dissuade these "VHFA target" buyers in reaching that goal: having sufficient cash for down payment and closing, finding an affordable home in a desirable location, and having income for monthly payments.

---

1 The standard response rate for the survey is 55 percent and the margin of error is ±4.9 percent at a 95 percent confidence interval. When examining the data at county level, the margin of error increases. For Bennington, Windham, and Windsor counties, the margin of error is ±6.9 percent at a 95 percent confidence interval. The remaining counties have a margin of error of approximately ±10 percent at the 95 percent confidence interval.

Several differences emerge between the 1992 and the 1993 renter surveys. A review of the statewide data shows no significant differences between the results of the 1992 and the 1993 surveys. However, in looking at the results of households with incomes between $20,000 and $40,000, renters in the 1993 survey were more:

- likely to be renting in the same location for 2 or more years;
- likely to be shopping for a residence at the time of the survey;
- interested in owning a home both "today" and "sometime"

than renters in 1992. These results reflect the general current housing market in which prospects are good for moderate income new home buyers due to lower interest rates and more affordably priced homes for sale.

As mentioned above, the 1993 marketing campaign targeted the southern counties with increased media coverage with the goal of increasing general awareness about VHFA and, in the long-term, increased loan volume. In fact, general name recognition of VHFA and its function of providing financing for homes increased among Vermont renters between 1992 and 1993. Total name recognition rose 5 percent for all renters. Awareness among renters in southern Vermont rose dramatically, an increase of 15 percent. Knowledge about VHFA's financing role actually increased slightly statewide (3 percent), but rose 8 percent in southern Vermont. The marketing goal of increasing awareness was certainly reached in 1993, particularly in southern Vermont.

Table 1. Renter Survey 1992 & 1993: Summary of Results

	Income $20,000-$40,000		Total Statewide	
1990 Census Number of Renter Households	27,000		65,000	
	1993	**1992**	**1993**	**1992**
Total Number of Cases (Weighted)	**128**	**143**	**400**	**400**
Moved from a different county or state in last 6 months	9%	8%	8%	7%
Renting in current location 2 years or more	43%	33%	46%	41%
Owned a residence previously	29%	32%	31%	35%
Shopping to buy now	27%	18%	18%	17%
Expect to buy in next 12 months	29%	na	21%	na
Talked with lender/realtor in last 3 months	na	20%	na	14%
Attempted to buy in last 12 months	5%	na	6%	na
Owning a home is very important	49%	46%	46%	43%
Would always rather rent	10%	11%	19%	16%
Would like to own someday	93%	89%	82%	83%
Would like to own today	66%	53%	57%	54%
Want to live in single family residence	85%	84%	77%	80%
Current Marital Status - Married	41%	39%	33%	34%
Average Household Size	2.4	2.4	2.3	2.4
Average Rent	$460	$465	$427	$434
No funds available for down payment	39%	na	51%	na
Major Obstacles:				
Poor good credit rating	29%	24%	29%	27%
Monthly income	31%	32%	42%	42%
Money for down payment & closing	58%	59%	59%	58%
Knowing steps in buying	19%	25%	23%	29%
Job security	19%	22%	23%	25%
Uncertainty of staying in area	18%	18%	15%	15%
Finding affordable house in preferred location	37%	36%	37%	37%
Willing to:				
Accept Limited Appreciation: reduce profit in order to buy	na	55%	na	49%
Spend $300+ to learn about energy improvements for house	na	24%	na	24%
Borrow more in mortgage to make energy improvements	na	75%	na	68%

Table 2. VHFA Name Recognition

	Southern Vermont (Bennington, Windham, Windsor)			Vermont Total		
	1993	1992	Change 1992-1993	1993	1992	Change 1992-1993
Name recognition with no prompt	27%	19%	+8%	25%	17%	+8%
Name Recognition with prompt	59%	52%	+7%	50%	53%	-3%
Total name recognition	86%	71%	+15%	75%	70%	+5%
General knowledge of VHFA's functions	42%	34%	+8%	37%	34%	+3%
No. of weighted surveys	80	85	--	400	401	--

II. LENDER SURVEY

VHFA conducted a lender survey as part of the Agency's strategic planning work and to gather information about specific VHFA programs and procedures. In cooperation with Macro International of Burlington, approximately 470 written surveys were distributed to staff members of VHFA-participating lending institutions across Vermont; staff at all levels of operation and management were asked to complete the survey. As of December 6, 1993, 118 surveys have been completed and tabulated. Efforts are underway to gather additional lender surveys.

Preliminary lender survey results show a number of trends useful for program planning purposes and a few of the highlights are presented here.

Table 3 shows the percentage distribution of types of loans made to low- and moderate-income Vermonters. Most such loans are made through the institution's own conventional residential mortgage program (73%), followed by VHFA programs (MOVE and MCC combined with a conventional loan (17%), and the institution's own affordable housing program (6%). The Federal loan programs (VA, FHA, FmHA) have small shares of the distribution of residential mortgage loans made to low- and moderate-income households. The results of the survey appear to mirror VHFA's market share for the third quarter of 1993 (July 1-September 30). VHFA's market share of all primary residential sales below VHFA's purchase price limit of $110,000 was 16%, a market share much lower than any since 1987. This reduced market share is due primarily to the very competitive interest rates offered by lenders' conventional loan programs.

Table 3. Lender Survey: Percent Distribution of Mortgage Loan Programs for Low- and Moderate-Income Borrowers

Type of Program	Percent of Borrowers*
Own Institution's Affordable Housing Program	6%
Own Institution's Conventional Residential Mortgage Program	73%
Own Institution's Conventional Residential Mortgage Program with Mortgage Credit Certificate (MCC)	6%
VHFA Mortgage Programs (MOVE or HOUSE)	11%
Farmers' Home Administration (FmHA) Loan Program	1%
Veterans' Administration (VA) Loan Program	1%
Federal Housing Administration (FHA) Loan Program	1%
Other	1%

* Results based upon 118 surveys

In the survey, lenders were asked to give their opinions about strengths, weaknesses, and opportunities for improvement for VHFA. The primary strengths of VHFA named by respondents were:

- Specific program features (such as the MCC program, low fixed rates, zero point program)
- Flexible underwriting guidelines
- Qualifying assistance
- Helpful staff
- Helping people into housing

Weaknesses mentioned by lenders include:

- High interest rates
- Program underwriting restrictions
- Too much paperwork/documentation
- Income limits too low (2 person should be higher than one person limits)

Improvements to help VHFA programs reach potential borrowers cited by respondents include:

- More outreach/education
- Specific underwriting considerations (more flexible in qualifying)
- Specific program changes (such as reduce number of programs, raise loan or income limits)

Lenders were also asked to name unique challenges impacting their market share. The primary challenge named by lenders is the weak local economy (45%), regulations affecting banks (30%), and competition for out of state banks (19%).

III. NEW HOMEOWNER SURVEY

In October 1993, VHFA conducted a survey of homeowners who had purchased primary residences between April and August. The survey, in which owners were called by phone, was administered by Macro International. The standard response rate for the new homeowner survey was 59 percent. While a total of 354 surveys were completed, the weighted number used for analysis was 233, reflecting over-sampling.[2]

Certain questions were asked of both new homeowners and renters. While most of the discussion of the renter survey results is included above, some comparison is presented below. For instance, *Table 4* shows the difference in incomes for new homeowners and renters, according to the separate surveys conducted by VHFA. A marked contrast in income is seen for the two groups, with new homeowners having significantly higher incomes and renters having significantly lower incomes. The relatively low number of new homeowner households with incomes under $20,000 suggests that it is very difficult to gain homeownership at those income levels.

Table 4. Income Distribution for New Homeowners and Renters

Income Categories	Renters	New Homeowners
$10,000 or less	10%	1%
$10,000 - $15,000	16%	3%
$15,000 - $20,000	14%	5%
$20,000 - $25,000	11%	10%
$25,000 - $30,000	13%	11%
$30,000 - $35,000	7%	10%
$35,000 - $40,000	5%	12%
$40,000 - $45,000	5%	11%
$45,000 or more	10%	36%
Number of weighted responses	355	207

Table 5 shows some of the general findings of the New Homeowner Survey. It appears that most of the recent home purchasers had purchased a home previously, bought single family detached structures, and a significant majority (98%) purchased existing homes (as

[2] The survey was designed to be interpreted on a statewide basis, with a margin of error of ±6 percent. In general the results of the survey are not interpreted at the county level, with the exception of the southern Vermont counties of Bennington, Windham, and Windsor. The margin of error for analyzing the results of those counties is ±6.35 percent.

opposed to new construction). The process of buying a new house went fairly quickly: 71% spent less than 6 months from the time they began to look at residences to the time of the closing and the actual loan process took an average of five weeks. In comparison with the renter households (see *Table 1*), new homeowners faced few major obstacles. Unlike the renters who faced income-based obstacles, the new homeowners had difficulty finding an affordable house in a preferred location (21%) and had to sell previous residences (20%). This suggests that at least one-quarter of the new homeowners were in the "trade-up" market.

Table 5. Homeowner Survey: General Results

NEW HOMEOWNER SURVEY	
Owned A Residence Previously	59%
TYPE OF HOME PURCHASED	
Single Family Detached	83%
Condominium	7%
Mobile Home	6%
PURCHASED	
Existing Home	98%
New Home	2%
HOME BUYER PROFILE	
Spent Less Than 6 Months From Time Began Looking for House to Time of Closing	71%
Average Number of Weeks Application to Approval	Weeks = 5.4
Current Marital Status = Married	75%
Average Household Size	Persons = 3.1
MAJOR OBSTACLES	
Poor Credit Rating	10%
Low Monthly Income	8%
Lack of Down Payment and Closing Costs	16%
Didn't Know Steps in Home Buying	13%
Lack of Job Security	7%
Uncertainty of Remaining in Area	5%
Finding Affordable Home in Preferred Location	21%
Had to Sell Existing Home	20%

The primary source for down payments for new homeowners is personal earnings (53%), followed by the sale of a primary residence (24%), as seen in *Table 6*. Similarly, approximately 57% of renters suggested that their primary source of down payment would be personal savings, although one-half of renters indicated they had no money saved for a down payment (see *Table 1*).

Table 6. Homeowner Survey: Primary Source of Down Payment

PRIMARY SOURCE OF DOWN PAYMENT	
Number of Weighted Surveys	233
Personal Earnings	53%
Sale of Primary Residence	24%
Sale of Investments/Personal Property	3%
Inheritance	3%
Owner Financed	2%
Rent-to-own option (rent to buy later)	1%
Gifts/Loans from Parents	6%
Gifts/Loans from Other Family Members	2%
H.O. Program/No Down Payment	1%
No Down Payment Needed; Paid In Full	2%

The New Homeowner Survey yielded results similar to the Lender Survey and Vermont Tax Department market share information. New homeowners indicated that their primary source of a mortgage was a regular bank mortgage. *Table 7* shows that 77% of the survey respondents received their residential mortgage through a regular bank mortgage, and 5% through the bank's affordable housing program. Eight percent received mortgages through other mortgage programs, including VHFA's. The majority of respondents went to a bank or mortgage company (72%), and 8% have no mortgage on their property, 7% were seller or privately financed, and 4% went to a state or private credit union. The primary reason people chose their lender was because they offered the best deals or lowest interest rates (31%). About 5% of the new homeowners had attended an education workshop during the home-buying process.

Table 7. New Homeowner Survey: Selection of Mortgage

SOURCE OF MORTGAGE	
Regular Bank Mortgage	77%
Affordable Housing Mortgage (through bank)	5%
Other Type of Mortgage	8%
MORTGAGE LOAN THROUGH	
No Mortgage on Property	8%
Private/Seller Financed	7%
State/Private Credit Union	4%
Bank or Mortgage Company	72%
Other	8%
PRIMARY REASON BUYER SELECTED LENDER (Multiple Choices Allowed)	
Lowest Interest Rates/Best Deal	31%
Good to Work With	17%
Recommendation from Realtor	17%
Knew Lender Personally	14%
Convenience/Location	10%
Attended Educational Workshop During Process	5%

About 12% of new homeowners used VHFA in their home-buying process, either using MCCs with conventional loans or MOVE or HOUSE loans. This number may appear low by historical standards, but seems consistent with information gathered from the lender survey and Tax Department market share data.

Lenders mentioned VHFA programs during the home buying process to 39% of households with incomes below $40,000 and 24% to households with incomes over $40,000. It should be noted that these numbers are based on memories of the transactions, and thus might not represent the actual number of times VFHA was referenced by lenders.

Name recognition of VFHA and knowledge of its function were fairly high for new homeowners *(Table 8)*. Across Vermont, the percentage who knew of VHFA without any prompt was 31% and with a prompt was 54%. Unlike the renter survey where knowledge was higher (see *Table 2*), the number of respondents in southern Vermont who knew of VHFA was slightly lower than the state level. This may be due to the margin error of the survey, to the fact that the marketing campaign was reaching households *after* they already chose their loan program, or other factors. General knowledge of VHFA's function was high statewide, but lower for southern Vermont counties. General knowledge was also higher among renters than new homeowners, particularly in southern Vermont.

Table 8. Homeowner Survey: VHFA Name Recognition

	Southern Vermont (Bennington, Windham, Windsor Counties)	Vermont Total
Name recognition	20%	31%
Name recognition with prompt	56%	54%
Total name recognition	76%	85%
General knowledge of VHFA's functions	**59%**	**74%**
Number of weighted surveys	54	233

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

Allan

FROM: Allan S. Hunt, Executive Director

DATE: December 10, 1993

RE: PROPOSED BOARD MEETING SCHEDULE FOR 1994

I would like to propose the following schedule for Board meetings during 1994:

January 20	1:30	Montpelier
February 17	1:30	Burlington
March 17	1:30	Montpelier
April 21	1:30	Montpelier
May 19	1:30	Burlington
June 16	1:30	Burlington
July 21	1:30	Montpelier
August 18	1:30	Montpelier
September 22	1:30	Burlington
October 20	1:30	Montpelier
November 17	1:30	Montpelier
December 15	1:30	Burlington

These dates may change due to scheduling conflicts, but we will try to give you sufficient notice in order to avoid rescheduling difficulties.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866 • FAX: 802/864-5746 • TDD: 1-800/586-5832

A RESOLUTION RECOGNIZING THE CONTRIBUTIONS OF HOLLIS HOPE DURING HER TENURE AT THE VERMONT HOUSING FINANCE AGENCY

WHEREAS, the mission of the Vermont Housing Finance Agency is to expand the supply of funds available for affordable housing and to encourage an adequate supply of safe and decent housing at reasonable costs; and

WHEREAS, Hollis Hope has ably served the Vermont Housing Finance Agency and the affordable housing community since she joined VHFA in December of 1986; and

WHEREAS, Hollis has made outstanding contributions to VHFA and its clientele through her proficient direction and guidance of the Communications Department; and

WHEREAS, under Hollis' leadership, VHFA has greatly improved and enhanced its communications and outreach activities; and

WHEREAS, Hollis' specific efforts and contributions during her tenure at VHFA have included:

Her leadership regarding the organization and implementation of the annual Governor's Conference on Affordable Housing,

Her effective representation of VHFA in communicating with all facets of the Vermont media,

Her diligent efforts to advance the awareness of VHFA as a responsive and responsible provider of affordable housing,

Her overall commitment to the enhancement of VHFA's ability to better carry out its mission of enhancing affordable housing opportunities for all Vermonters,

Her vision and encouragement leading to VHFA's development of a strategic plan intended to redefine its mission as it prepares for future challenges,

NOW, THEREFORE, be it resolved that:

Hollis Hope is and shall be considered a friend of affordable housing and forever recognized as an important, key participant enabling the Vermont Housing Finance Agency to carry out its mission as a provider of affordable housing.

KUTAK ROCK
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102-2186
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NEW YORK
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PHOENIX
PITTSBURGH
WASHINGTON

December 13, 1993

Board of Commissioners
Vermont Housing Finance Agency
One Burlington Square
Burlington, VT 05401

Re: Legal Concerns - Proposed Legislation Appropriating Agency Funds

Ladies and Gentlemen:

We understand that officials of the State have discussed legislation which would require that the Vermont Housing Finance Agency transfer \$3,000,000 - 7,000,000 to the State to help fund a State budget deficit. The Agency presently does not have that amount in its General Fund, so to satisfy such legislation the Agency would have to withdraw moneys pursuant to its present bond resolutions, which secure the Agency's outstanding bonds. We understand that a study by an independent financial advisor has indicated that withdrawing and transferring that amount may impair the ability of the Agency to carry on its functions and continue to meet its bond debt service obligations.

We have been asked to apprise you of any legal concerns that such legislation may raise. The purpose of this letter is to respond to that request.

The Agency presently has approximately \$486,000,000 of outstanding bonds. More than 75% of such bonds are general obligations of the Agency, with particular Agency assets pledged to secure repayment of the bonds pursuant to the various bond resolutions or indentures. The fact that the bonds are general obligations means that the Agency is obligated to pay the bonds from any and all of its assets, and the bondholders can make a claim on all assets of the Agency (not just pledged assets) in the event of a shortage of funds to pay scheduled debt service on the bonds.

In the bond resolutions securing the bonds and under which the bonds are issued, the Agency has made various covenants or promises to the bondholders to protect their interests. These covenants are standard in the capital markets and are necessary to induce investors to purchase bonds. For example, the Home Mortgage Purchase Bond Resolution which secures approximately \$225,000,000 of bonds states:

01/71862.

> The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Mortgage Loans, Revenues and other moneys, securities and funds pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever. [Section 601]
>
> The Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Agency shall be qualified for their respective positions. [Section 609]

In addition, under the bond resolutions, and under common law principles, the bond trustee acts as a fiduciary for the bondholders, and is obligated to take such actions as are necessary to protect the rights and interests of the bondholders.

The legal principles applicable to the proposed legislation and the impact on the bondholders are old and very basic. Article I, Section 10 of the United States Constitution provides that "No state shall . . . pass any . . . law impairing the obligation of contracts." This is generally referred to as the "Contract Clause."

In 1977 the United States Supreme Court discussed in detail the application of the Contract Clause to municipal bonds and covenants securing them in United States Trust Co. of New York v. New Jersey, 431 U.S. 1, 97 S. Ct. 1505, 52 L.Ed.2d 92 (1977) (hereinafter referred to as "United States Trust"), which remains the method of analysis utilized by the courts when a state law is challenged under the Contract Clause. The facts in that case are analogous to your situation.

In United States Trust, the States of New York and New Jersey passed legislation, incorporated as a covenant in the bond resolutions of the Port Authority of New York and New Jersey, promising bondholders that certain toll bridge revenues pledged as security for the bonds would not be used in the future to finance unprofitable passenger railroad systems. Later, when toll bridge revenues proved to generate very substantial revenues clearly not needed to repay the bonds, the two states retroactively repealed the covenant so that the excess revenues could be used for rail service. The repeal of the covenant apparently caused a temporary market price decrease for the outstanding bonds, but not a reduction in the rating on the affected bonds. One of the bondholders sued claiming the repeal of the covenant violated the Contract Clause. To

"[A] finding that there has been a technical impairment [however] is merely a preliminary step in resolving the more difficult question whether that impairment is permitted under the Constitution," United States Trust, 431 U.S. at 21, 97 S.Ct. at 1517. For the proposed legislation to be valid under the Contract Clause, it must be determined that such legislation is "reasonable and necessary to serve an important public purpose," Id. at 25, 97 S.Ct. at 1519.

We assume that the State contends that eliminating a budgetary deficit - even though not mandated by your State Constitution - serves an important and legitimate public purpose.

The constitutional question, however, is whether the proposed legislation provides a reasonable and necessary method of achieving the goal of a balanced budget. The Supreme Court pointed out that private contracts (and the Contract Clause) cannot be used as a shield to prevent a State from adopting appropriate regulatory measures for the public good.

Normally the courts give substantial deference to legislative assessments of reasonableness and need. However, when considering an impairment of the State's own financial obligations heightened scrutiny is required. The Supreme Court in United States Trust stated:

> In applying this standard, however, complete deference to a legislative assessment of reasonableness and necessity is not appropriate because the State's self-interest is at stake. A governmental entity can always find a use for extra money, especially when taxes do not have to be raised. If a State could reduce its financial obligations whenever it wanted to spend the money for what it regarded as an important public purpose, the Contract Clause would provide no protection at all. Id. at 25-26, 97 S.Ct. at 1519.

The Supreme Court pointed out that only one time in this century had it permitted a modification of a municipal bond contract -- in a case where a local bankrupt municipality was in state receivership, over 85% of the bondholders approved the modification and the market value of all bonds increased substantially after the modification was announced.

Responding to the State's arguments in United States Trust that eliminating the covenant would promote a legitimate public good by encouraging mass transportation, energy conservation and environmental protection, the Supreme Court stated that "a State cannot refuse to meet its legitimate financial obligations simply because it would prefer to spend the money to promote the public good rather than the private welfare of its creditors." Id. at 29, 97 S.Ct. at 1521.

Needless to say, the facts in United States Trust case are strikingly similar to your situation. In fact, the level of impairment in your case seems to clearly exceed the level in United States Trust.

The foregoing legal principles, read in conjunction with Section 636 of the Agency Act and the covenants of the Agency in the bond resolutions, lead us to believe that if the proposed legislation is adopted such legislation would probably violate both the Contract Clause, as described above, and the provisions of Section 636 of the Act itself.

If the Commissioners have any reason to believe the legislation would in any way impair the rights or security of the bondholders, then under the bond resolutions the Agency is obligated to challenge the constitutionality of the legislation. Absent such a challenge the Agency could be deemed to be in default under its bond resolutions for violating its promise to protect the rights of the bondholders. Such a default would enable the bond trustees to take such remedies as they may deem appropriate, which include the ability to accelerate all debt and bonds of the Agency.

In addition, whether or not the Agency acts, the trustees under the various bond resolutions would probably be obligated by their fiduciary responsibilities to challenge the validity of the legislation to protect the bondholders (and the Agency would be obligated to pay all their costs of such litigation). It is also possible that the bondholders themselves may bring their own legal actions challenging the validity of the legislation.

I trust the foregoing is responsive to your inquiry. Because the Contract Clause and the United States Trust decision so clearly apply to your situation, we have not addressed in any detail the fact that passage of such legislation probably creates liability for the State under the Fifth Amendment of the United States Constitution and possibly under the federal securities laws. If you have further questions about any of the foregoing, please do not hesitate to contact me.

Very truly yours,

John J. Wagner

cmm

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