



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
and at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont*
Thursday, January 20, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Pat Loller, Gary Marini, Cindy Reid, Liza Smith-Vedder

Guests: Jeffrey Kantor (J.D. Kantor, Inc.)

Chair Randall called the meeting to order at 9:30 a.m.

BOARD MINUTES

Mr. Seelig made a motion to approve the December 16, 2004 Board of Commissioners meeting minutes with the following correction in reference to the Heineberg Senior Housing Project in Burlington:

Mr. Seelig announced that he would not participate in this Board action because of VHCB's role in this group of Participation Loans, which includes the Heineberg Project.

Mr. Beaulieu seconded the motion which was unanimously approved.

AUDIT/RISK MANAGEMENT COMMITTEE MINUTES

Mr. Candon made a motion to approve the December 16, 2004 Audit/Risk Management Committee meeting minutes. Ms. Randall requested that the following correction be made:

Ms. Randall mentioned that there is a risk-rating *system* available that can assist with assessing the condition of the portfolio.

Mr. Beaulieu seconded the motion which was unanimously approved.

CONSENT AGENDA

Ms. Canney made a motion to approve the item on the Consent Agenda (restated here):

~ Resolution Re: Proposed Allocation of Allocated Housing Credits for Oak & Homestead Housing, Brattleboro

Mr. Seelig seconded the motion which was unanimously approved.



ADMINISTRATIVE

VHFA Statute

Ms. Carpenter explained that the primary reason for proposing changes to the VHFA Act is to expand the Board from seven to nine members in order to increase its depth and breadth. Other minor changes are proposed to clarify the statute. She pointed out the distinction between the statute and the rules and added that the rules are amended via a different process and the Board may want to consider doing so at a later date.

Discussion ensued.

Mr. Candon made a motion to increase the number of members on the Board from seven to nine, with the idea that Mr. Candon will discuss with the Commissioner of BISHCA whether that position should remain an ex officio member and, if not, would result in the addition of another at large member, and to include the addition of one ex officio member (Executive Director of VHCB), pending discussion with the Governor's office. Mr. Beaulieu seconded the motion which was unanimously approved.

Ms. Canney stated that she would like to see geographically diverse representation on the Board. Ms. Randall asked Ms. Mullikin Drake to include a phrase in §611(b) to suggest that the Governor also consider geographically diverse representation when appointing at large members.

Ms. Mullikin Drake walked the Board through the other proposed changes to the VHFA Act.

- ~ Mr. Candon asked that "mortgage broker" be removed from §601(9) as the mortgage broker does not make the loan.
- ~ Ms. Reid pointed out a typo in §601(19).
- ~ Mr. Candon pointed out that, in §623(h)(2), the word Loan is missing from Federal Home Loan Mortgage Corporation.

Mr. Candon asked Ms. Mullikin Drake to expand on the fourth paragraph in her memo. Ms. Mullikin Drake explained that the Agency ultimately determines who qualifies based on the definition of low and moderate income in §611(11). Bond counsel has suggested, based on what they are seeing in other states, expanding the definition in the Act to include other classes of persons/families irrespective of income. Ms. Mullikin Drake offered to email a draft of what this would look like and requested feedback by 2:00 p.m. that afternoon.

Mr. Seelig made a motion to approve all other proposed changes, including the addition of a geographically diverse Board and removal of "mortgage broker" as described above, and based on the final wording being sent to Board members by Ms. Mullikin Drake with respect to the expansion of the Board and the changes relative to persons of low and moderate income. Mr. Beaulieu seconded the motion which was unanimously approved.

Audit/Risk Management and Human Resources Committees

Ms. Randall proposed the following assignment of Board members to the two committees of the Board, to be effective for the next twelve months. There were no objections.

Audit/Risk Management Committee	Human Resources Committee
Paul Beaulieu – <i>Chair</i>	Dagyne Canney – <i>Chair</i>
Tom Candon	Kevin Dorn
Beth Pearce	Gus Seelig

Ms. Randall reminded Board members that each can attend and participate in any committee meeting, whether or not the member is assigned. Along that vein, she asked Mr. Beaulieu and Mr. Marini to ensure that all Board members are informed of any Audit/Risk Management Committee meeting, and Ms. Canney and Ms. Loller to ensure that all Board members are informed of any Human Resources Committee meeting

Ms. Randall encouraged the use of conference calls for meetings when appropriate.

FINANCE

Funding of Short Term Bonds

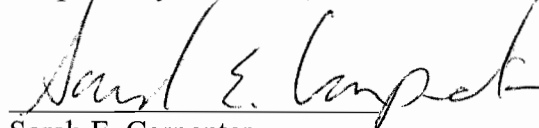
Mr. Marini reviewed his memo regarding the funding of short term bonds. He expects to have proposals from various financial institutions and be able to, in turn, review specific options with the Board at the February meeting.

ADJOURNMENT

Mr. Beaulieu made a motion to adjourn the meeting. Ms. Canney seconded the motion and the Board unanimously approved to adjourn the meeting at 10:30 a.m.

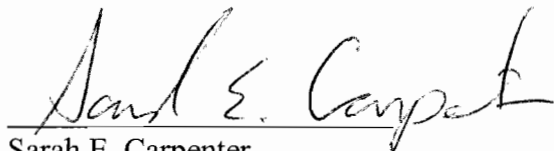
*Participation was also available from the originally noticed Montpelier location.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on January 20, 2005. The minutes were approved at a lawful meeting of the Commissioners held by telephone conference at Burlington, Vermont, on February 17, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
FOR OAK & HOMESTEAD HOUSING, BRATTLEBORO**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the acquisition and rehabilitation of fifteen (15) units of rental housing located in three (3) buildings in the Town of Brattleboro (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

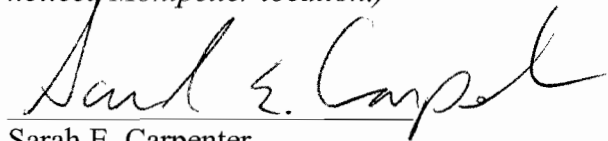
WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated January 12, 2005, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2004-2005 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$203,000 for the Oak & Homestead project in the Town of Brattleboro, Vermont.

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 by telephone conference at Burlington, Vermont, on January 20, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Eliza Smith-Vedder

DATE: January 12, 2005

RE: Request for Allocated Housing Credits

Name:	Oak & Homestead	Location:	Brattleboro
Housing Type:	Family and Transitional	Unit Type:	Multifamily Apartment buildings
Unit Count:	15 Total Units 14 Housing Credit Units	Unit Sizes:	7 one-bedroom 8 two-bedroom (all different sizes)
Total Cost:	\$ 2,516,160	Per S.F. Acquisition & Construction Cost:	\$193.73
Loan Requested:	n/a	Sponsor:	Brattleboro Area Community Land Trust (BACLT)
Housing Credits:	\$203,000 (Ceiling "9%" Credits)		
Other Funding:	HOME, VHCB, VHCB Feasibility and Lead funds, SEVCA Weatherization, Ventures, Efficiency Vermont, VCIL		

Recommendation: That the VHFA Board of Commissioners approve the attached resolution to authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: The project proposed is being developed and will be managed by BACLT, Jeffrey Kantor is the Development consultant, and Denny Frehsee is the architect. The development as it is proposed includes the acquisition and rehabilitation of three Brattleboro properties. The first, at 41 Oak Street, will provide six units of transitional housing for single and expectant mothers. This property is located one block west of Main Street, the Post Office and the Municipal Center. It is currently occupied and the residents will be permanently relocated with assistance from BACLT. BACLT is working with Morningside House, Inc. to create a "Life Skills Housing Program" that will allow residents to live in the housing for up to two years while developing the skills to maintain housing and family stability. This will benefit the community by providing more housing for single mothers who are at risk of homelessness, which will in turn free up many beds at Morningside Shelter. At any given time, three of Morningside's five rooms are taken up by single parent families. This is an expansion of the Service Enriched Housing Project that has been successfully operated by BACLT and Morningside House since 1993.

The second and third properties are at 19-21 and 25 Homestead Place. These are one block from BACLT's offices and very near multiple other BACLT multifamily rental properties. These two buildings will provide nine (9) units of permanent housing for individuals and families. Eight of these



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phone (802) 864-5743

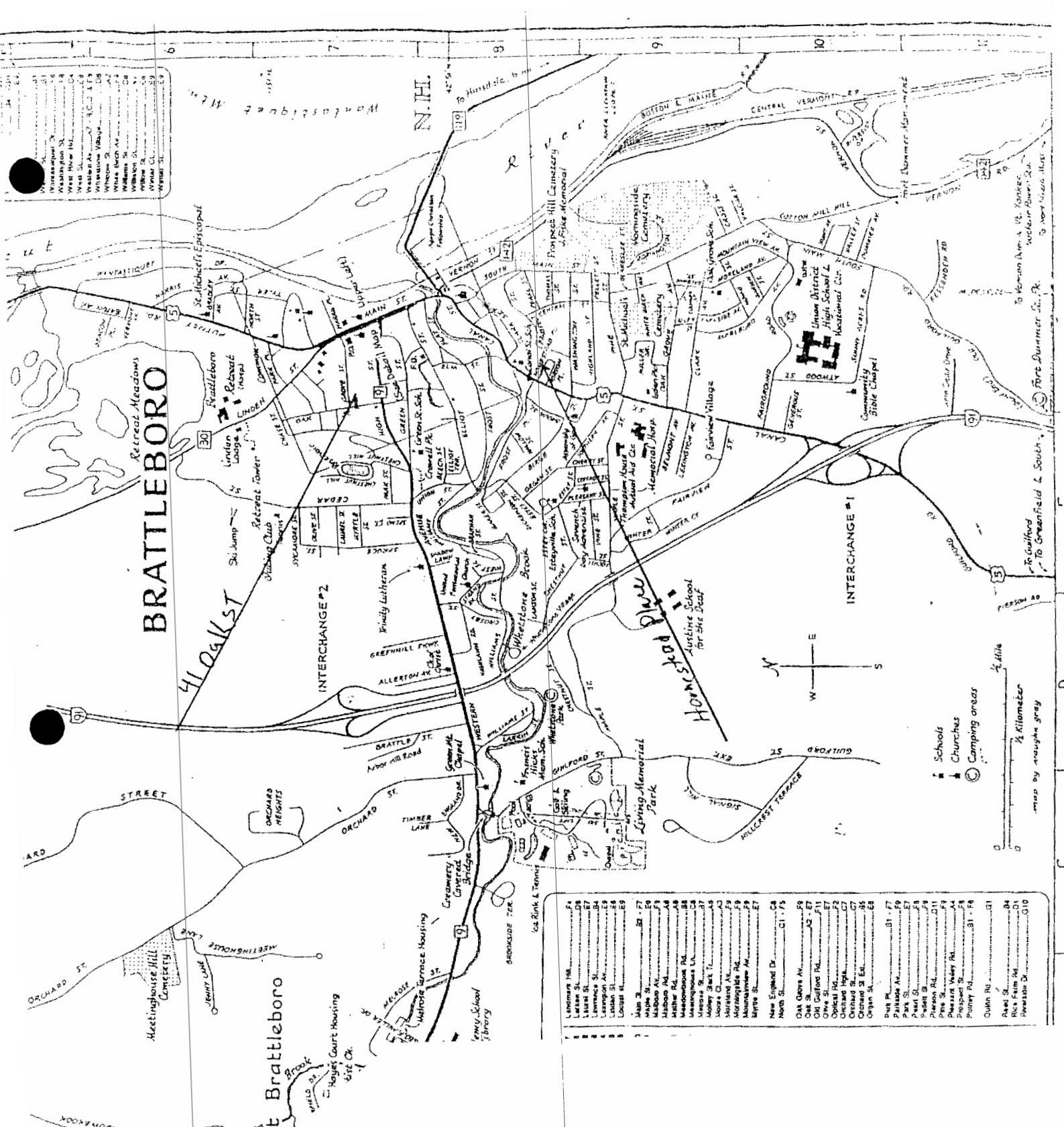
fax (802) 864-5746

www.vhfa.org



units are being rehabilitated, and one additional unit is being created. Two of these units will be fully accessible. These two properties are three blocks south of the downtown district. There is no Act 250 required for this project; BACLT hopes to begin construction in May 2005, and be complete in November of 2005. All funding is committed. BACLT is pursuing additional funding from the Federal Home Loan Bank's Affordable Housing Program (AHP) but has HOME funds committed in the event that they are unsuccessful in obtaining AHP funding.

Tax Credit Discussion: The Housing Credits (\$203,000) represents 5% of the 2004-2005 credit ceiling. After setting aside these credits there will be approximately \$864,970 in credits remaining (see attached status report). The proposal meets four top tier priorities of the "Consolidated Plan" criterion (rehabilitation, family housing, historic settlement pattern and adjacent to a designated downtown) and two of the lower tier criteria (mixed income and targets homeless). Of the fifteen units, five (5) will be occupied by households earning less than 50% of Area Median Income (AMI), nine (9) will be occupied by households earning less than 60% of AMI, and one (1) will be occupied by a household earning less than 80% AMI. A market study was submitted with the application and says that *"The project is very marketable. It is an excellent location for affordable housing in a community that does have a number of affordable housing units that are all full....There are a significant number of tax credit eligible households who are paying more than 30% of their income for rent...The proposed upgrades combined with the location should serve to keep this project at a high level of occupancy into the future."* The market study does meet VHFA standards. VHFA staff recommends approval of the requested \$203,000 in Housing Credits for this project.

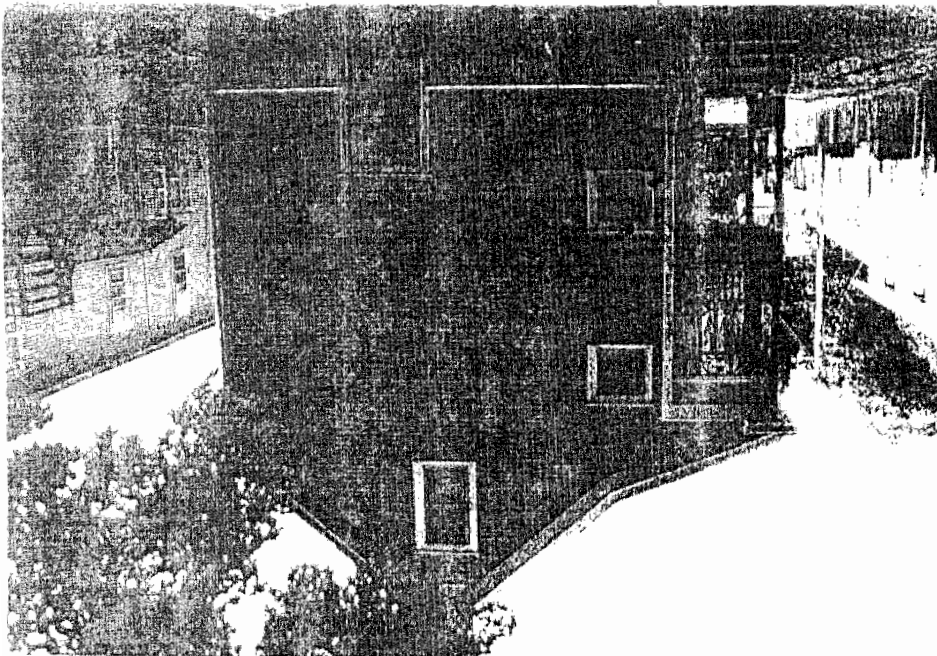
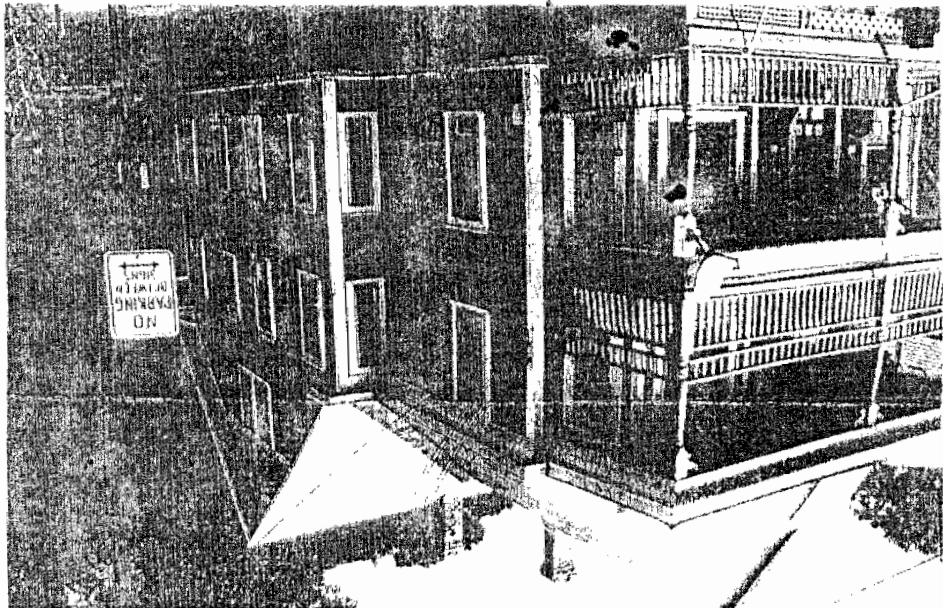


Homestead Place, Brattleboro, Vermont

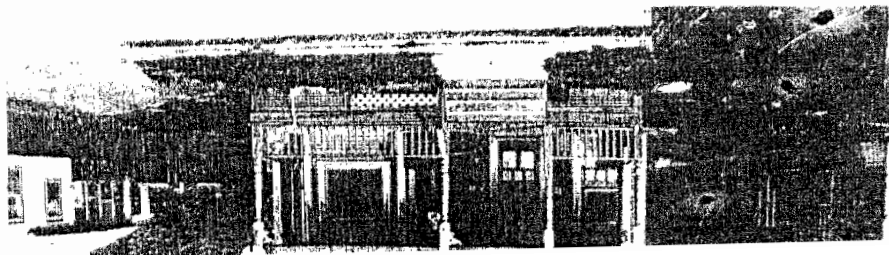


Front View from
Homestead Place

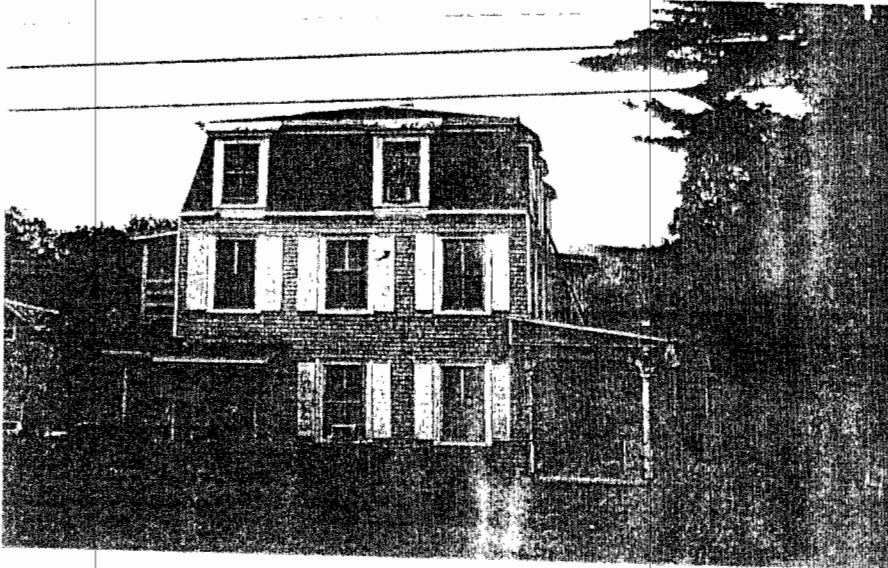
Side view



Rear view
from parking
lot

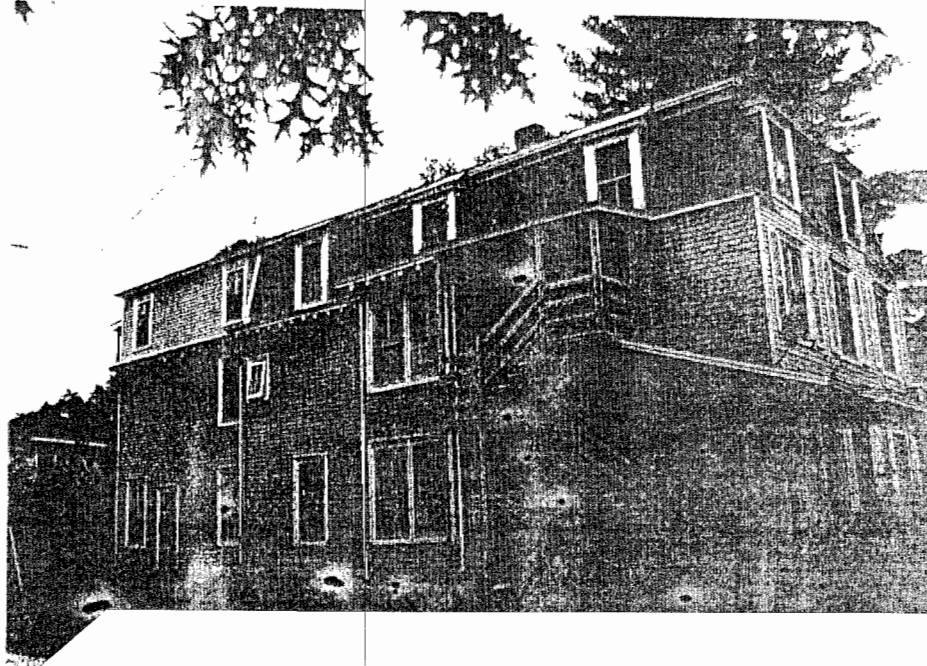


41 Oak Street, Brattleboro, Vermont

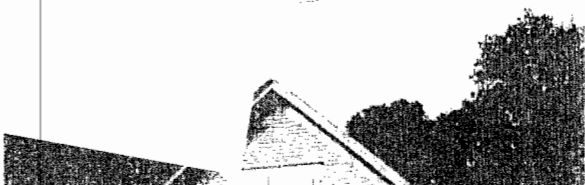


Front view from
Oak Street

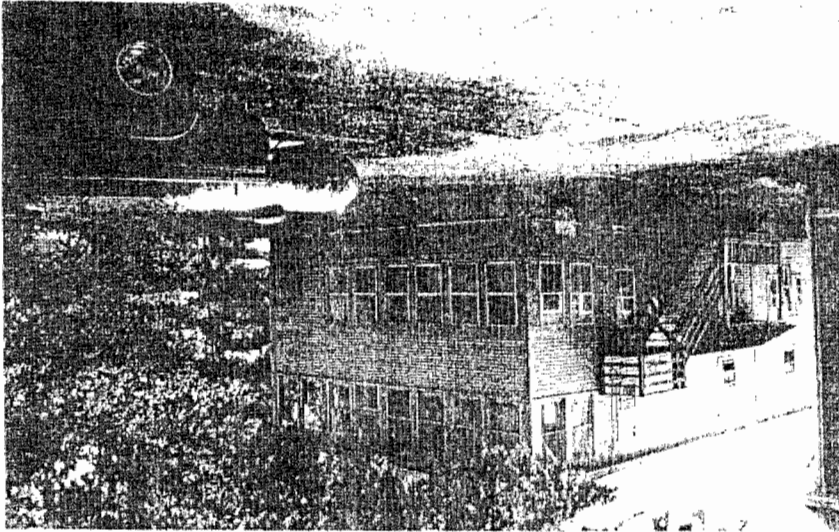
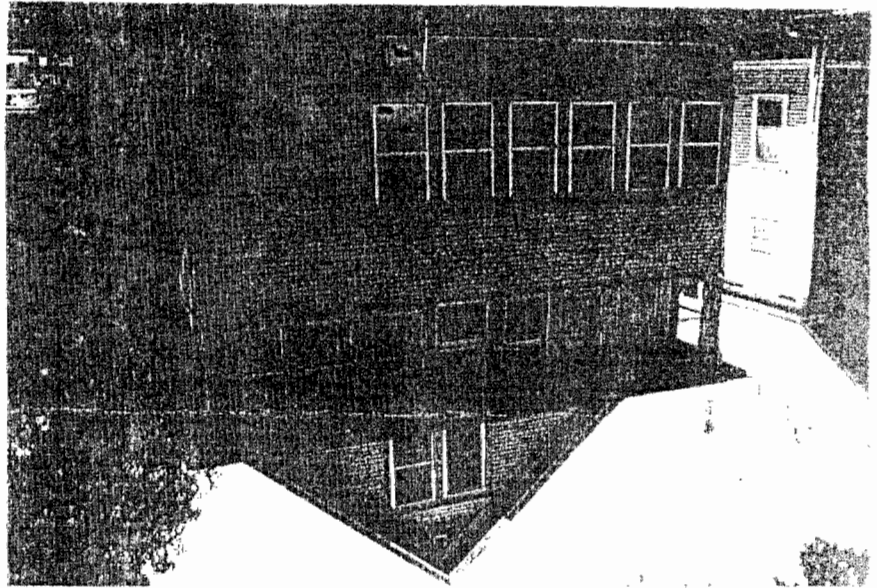
North view
from Grove
Street



25 Homestead Place, Brattleboro, Vermont

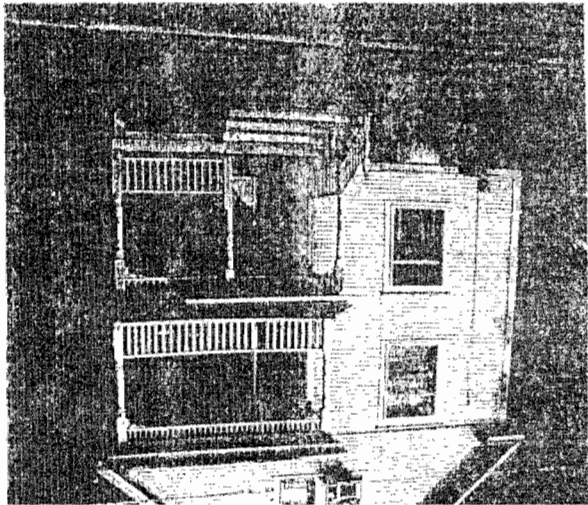


Rear view from
parking lot



Side-Rear
view from
parking lot

Front view from
Homestead Place



13-Jan-05 **Oak & Homestead, Brattleboro**

Total Residential Units:	15	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	14	Increase in Income from Other Sources:	1.50%
Percent Restricted:	93.33%	Increase in Income from Commercial:	0.00%
Total Development Cost:	2,516,160	Expense increase:	3.00%
Total Development Cost per Unit:	167,744	Vacancy Rate:	5%
Total Development Cost Per SF:	259	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	203,306	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	203,000		
State Credit			
LIHTC - 9%	7.99%	Jan 2005	
LIHTC - 4%	3.42%		

SOURCES		% of Total Development Cost	Interest Rate	Amortization	Term
Bank			0.00%	7.00%	15
			0.00%	0.00%	20
HOME	383,360	15.24%	6.00%	30	deferred
VHCB	375,000	14.90%	0.00%	30	deferred
VHCB Lead	37,500	1.49%	0.00%	25	deferred
VHCB Feasibility (GP Cap Contr	15,000	0.60%	N/A	N/A	Cap Contrib
Equity LP Contribution	1,675,000	66.57%	N/A	N/A	
Other	0				
Efficiency VT	8,500	0.34%	N/A	N/A	
SEVCA & VCIL	21,800	0.87%			Cap Contrib
	2,516,160	100.00%			

USES		
Acquisition	439,900	17.48%
Construction Hard Costs	1,445,090	57.43%
Soft Costs	631,170	25.08%
TOTAL USES	2,516,160	100%
Gap	0	

APPLICABLE FRACTION CALCULATION: See Credit Calc page

				Allocation of Sources					
	Budget	Per Unit	Per s.f.	VHCB Terms: _____	HOME	Feas/Lead Terms: _____	Foundation	Equity Terms: _____	REEP
									VCIL
ACQUISITION									
1 Land	55,000	3,667	5.65	55,000					
2 Purchase of Building(s)	380,000	25,333	39.05	320,000	49,000			11,000	
3 Demolition (without replacement)		0	0.00						
4 Property Appraisal	2,400	160	0.25			2,400			
5 Legal - Title and Recording	2,500	167	0.26		2,500				
Subtotal - Acquisition	439,900	29,327	45.21						
CONSTRUCTION HARD COSTS									
6 Rehabilitation	1,308,300	87,220	134.46		140,000			1,138,000	30,300
7 New Building(s)		0	0.00						
8 Accessory Buildings		0	0.00						
9 Sitework		0	0.00						
10 Insulation (net)		0	0.00						
11 General Requirements		0	0.00						
12 Contractor Overhead		0	0.00						
13 Contractor Profit		0	0.00						
14 Construction Contingency	70,290	4,686	7.22					70,290	
15 Construction Management		0	0.00						
16 Hazardous Materials Abatement	49,000	3,267	5.04			37,500		11,500	
17 Lead Abatement		0	0.00						
18 Off-Site Improvements		0	0.00						
19 Furnishings, Fixtures, & Equipment	17,500	1,167	1.80					17,500	
20 Other		0	0.00						
Subtotal - Hard Costs	1,445,090	96,339	148.52						
SOFT COSTS									
21 Architectural	91,313	6,088	9.38		52,035	8,100		31,178	
22 Engineering	63,217	4,214	6.50		35,000	4,500		23,717	
23 Legal/Accounting	22,500	1,500	2.31		4,500			18,000	
24 Relocation	41,500	2,767	4.27		20,000			21,500	
25 Environmental Assessment	3,200	213	0.33		3,200				
26 Asbestos survey	2,000	133	0.21		2,000				
27 Permits/Fees	5,625	375	0.58		5,625				
28 Survey	4,500	300	0.46		4,500				
29 Construction Period Insurance	6,800	453	0.70					6,800	
30 Construction Interest	41,715	2,781	4.29					41,715	
31 Construction Loan Origination Fee	12,500	833	1.28					12,500	
32 Taxes During Construction	5,600	373	0.58					5,600	
33 Clerk of the Works		0	0.00						
34 Marketing	500	33	0.05					500	
35 Tax Credit Fees	8,200	547	0.84					8,200	
36 Soft Cost Contingency	3,500	233	0.36					3,500	
37 Preservation Consult District		0	0.00						
38 Mark Study	1,500	100	0.15					1,500	
39 Preservation Consult Buildings									
40 Capital Needs Assessment	2,000							2,000	
41 Other (_____)		0	0.00						
SYNDICATION COSTS									
42 Organizational (Partnership)	1,500	100	0.15					1,500	
43 Bridge Loan Fees and Expenses	36,000	2,400	3.70					36,000	
44 Syndication Consultant	3,000	200	0.31					3,000	
45 Tax Opinion	500	33	0.05					500	
DEVELOPER'S FEES									
46 Developer's Fees	210,000	14,000	21.58		65,000			145,000	
47 Other Partnership Fees		0	0.00						
48 Consultant Fees	40,500	2,700	4.16					40,500	
RESERVES									
49 Working Capital	15,000	1,000	1.54					15,000	
50 Rent-up (Deficit Escrow) Reserve	3,500	233	0.36					3,500	
51 Other Operating Reserves		0	0.00						
52 Sinking Fund		0	0.00						
53 Replacement Reserves	5,000	333	0.51					5,000	
Subtotal - Soft Costs	631,170	42,078	64.87						
TOTAL DEVELOPMENT COSTS	2,516,160	167,744	259	375,000	383,360	52,500	0	1,675,000	30,300
				375,000	383,360	52,500	0	1,675,000	30,300
				0	0	0	0	0	0

ACQUISITION	TOTAL	Oak Street	Homestead
Land			
Purchase of Building(s)	435,000	220,000	215,000
Demolition (without replacement)			
Property Appraisal	2,400	800	1,600
Legal - Title and Recording	2,500	1,000	1,500
Subtotal - Acquisition	439,900		
CONSTRUCTION HARD COSTS			
Rehabilitation	1,308,300	538,500	769,800
New Building(s)			
Accessory Buildings	0		
Sitework	0		
Insulation (net)	0		
General Requirements	0		
Contractor Overhead	0		
Contractor Profit	0		
Construction Contingency	70,290	28,116	42,174
Construction Management	0		0
Hazardous Materials Abatement	49,000	19,600	29,400
Lead Abatement	0		0
Off-Site Improvements	0		0
Furnishings, Fixtures, & Equipment	17,500	7,000	10,500
Other	0		0
Subtotal - Hard Costs	1,445,090		
SOFT COSTS			
Architectural	91,313	36,525	54,788
Engineering	63,217	25,287	37,930
Legal/Accounting	22,500	9,000	13,500
Relocation	41,500	30,000	11,500
Environmental Assessment	3,200	1,280	1,920
Asbestos survey	2,000	800	1,200
Permits/Fees	5,625	2,250	3,375
Survey	4,500	1,800	2,700
Construction Period Insurance	6,800	2,720	4,080
Construction Interest	41,715	16,686	25,029
Construction Loan Origination	12,500	5,000	7,500
Taxes During Construction	5,600	2,240	3,360
Clerk of the Works	0		
Marketing	500	200	300
Tax Credit Fees	8,200	3,280	4,920
Soft Cost Contingency	3,500	1,400	2,100
Preservation Consult District	0	0	0
Market Study	1,500	600	900
Preservation Consult Building	0	0	0
Capital Needs Assessment	2,000	800	1,200
Other ()	0		
SYNDICATION COSTS			
Organizational (Partnership)	1,500	600	900
Bridge Loan Fees and Expenses	36,000	14,400	21,600
Syndication Consultant	3,000	1,200	1,800
Tax Opinion	500	200	300
DEVELOPER'S FEES			
Developer's Fees	210,000	84,000	126,000
Other Partnership Fees	0		
Consultant Fees	40,500	16,200	24,300
RESERVES			
Working Capital	15,000	6,000	9,000
Rent-up (Deficit Escrow) Fund	3,500	1,400	2,100
Other Operating Reserves	0		
Sinking Fund	0		
Replacement Reserves	5,000	2,000	3,000
Subtotal - Soft Costs	631,170		
TOTAL DEVELOPMENT	2,516,160	1,080,884	1,435,276

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION											
1 Land	55,000										
2 Purchase of Building(s)	380,000	215,000		215,000			220,000		220,000		
3 Demolition (without replacement)	0	0		0			0		0		
4 Property Appraisal	2,400	1,600		1,600			800		800		
5 Legal - Title and Recording	2,500	1,500		1,500			1,000		1,000		
Subtotal - Acquisition	439,900										
CONSTRUCTION HARD COSTS											
6 Rehabilitation	1,308,300		769,800	769,800			538,500	538,500			
7 New Building(s)	0		0	0			0	0			
8 Accessory Buildings	0		0	0			0	0			
9 Sitework	0		0	0			0	0			
10 Insulation (net)	0		0	0			0	0			
11 General Requirements	0		0	0			0	0			
12 Contractor Overhead	0		0	0			0	0			
13 Contractor Profit	0		0	0			0	0			
14 Construction Contingency	70,290		42,174	42,174			28,116	28,116			
15 Construction Management	0		0	0			0	0			
16 Hazardous Materials Abatement	49,000		29,400	29,400			19,600	19,600			
17 Lead Abatement	0		0	0			0	0			
18 Off-Site Improvements	0		0	0			0	0			
19 Furnishings, Fixtures, & Equipment	17,500		10,500	10,500			7,000	7,000			
20 Other	0	0	0	0		0	0	0		0	0
Subtotal - Hard Costs	1,445,090										
SOFT COSTS											
21 Architectural	91,313		54,788	54,788			36,525	36,525			
22 Engineering	63,217		37,930	37,930			25,287	25,287			
23 Legal/Accounting	22,500		13,500	13,500			9,000	9,000			
24 Relocation	41,500		11,500	11,500			30,000	30,000			
25 Environmental Assessment	3,200		1,920	1,920			1,280	1,280			
26 Asbestos survey	2,000		1,200	1,200			800	800			
27 Permits/Fees	5,625		3,375	3,375			2,250	2,250			
28 Survey	4,500		2,700	2,700			1,800	1,800			
29 Construction Period Insurance	6,800		4,080	4,080			2,720	2,720			
30 Construction Interest	41,715		25,029	25,029			16,686	16,686			
31 Construction Loan Origination Fee	12,500		7,500	7,500			5,000	5,000			
32 Taxes During Construction	5,600		3,360	3,360			2,240	2,240			
33 Clerk of the Works	0		0	0			0	0			
34 Marketing	500										
35 Tax Credit Fees	8,200		4,920	4,920			3,280	3,280			
36 Soft Cost Contingency	3,500		2,100	2,100			1,400	1,400			
37 Preservation Consult District	0		0	0			0	0			
38 Mark Study	1,500		900	900			600	600			
39 Preservation Consult Buildings	0		0	0			0	0			
40 Capital Needs Assessment	2,000		1,200	1,200			800	800			
41 Other ()	0		0	0			0	0			
SYNDICATION COSTS											
42 Organizational (Partnership)	1,500										
43 Bridge Loan Fees and Expenses	36,000										
44 Syndication Consultant	3,000										
45 Tax Opinion	500										
DEVELOPER'S FEES											
46 Developer's Fees	210,000		126,000	126,000			84,000	84,000			
47 Other Partnership Fees	0		0	0			0	0			
48 Consultant Fees	40,500		24,300	24,300			16,200	16,200			
RESERVES											
49 Working Capital	15,000										
50 Rent-up (Deficit Escrow) Reserve	3,500										
51 Other Operating Reserves	0										
52 Sinking Fund	0										
53 Replacement Reserves	5,000										
Subtotal - Soft Costs	631,170										
TOTALS	2,516,160	218,100	1,178,176	1,385,776	0		221,800	833,084	1,047,884	0	
LESS: Amount of Non-qualified Financing		0	16,800				0				
LESS: Adjustment for per unit cost limits	100.00%		0				0				
LESS: Historic tax Credit (Residential Portion)			0	0	20%		0	0	20% Historic Credit Rate		
Total Eligible Basis		218,100	1,161,376		0		221,800	833,084		0	Annual Historic Credit
TIMES: Adjusted for QCT/DDA	130.0%		1,509,789				1,083,009				
TIMES: Applicable Fraction	85.24%		185,914	1,286,980			221,800	1,083,009			
Total Qualified Basis		185,914	1,286,980	1,385,776	Long Term Depreciable Basis		221,800	1,083,009	1,047,884	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.42%	7.99%	27.5	Depreciation Schedule		3.42%	7.99%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		6,358	102,830	50,392	Annual Depreciation		7,586	86,532	38,105	Annual Depreciation	
Total Tax Credits Requested	203,000			10,500	Short Term Depreciable Basis				7,000	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,675,000			7	Depreciation Schedule				7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	82.50%			1,500	Annual Depreciation				1,000	Annual Depreciation	
Equity Gap	0										
Credits Needed to fill Equity Gap											
Homestead Total SF	6,924			Total Housing Credit	203,306						
Qualified Units	5,135			Total Long Depreciation	88,497						
Percentage Qualified Units	85.24%			Total Short Depreciation	2,500						
# Homestead Units	9										
# Qualified Units	8										
	88.89%										

13-Jan-05 **Oak & Homestead, Brattleboro**

HC Restricted Units

Bedrooms
19 Homestead

1 Br
1 Br
1 Br
1 Br

25 Homestead

2 BR
1 Br
2 Br
1 Br

41 Oak

2 Br
2 Br
2 Br
2 Br
1 Br
2 Br

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
60%	697	1	465	29	5,580
60%	638	1	465	29	5,580
60%	802	1	465	29	5,580
60%	494	1	465	29	5,580
					0
60%	709	1	510	44	6,120
60%	413	1	465	29	5,580
60%	678	1	510	44	6,120
60%	704	1	465	29	5,580
					0
50%	568	1	390	44	4,680
50%	673	1	390	44	4,680
50%	549	1	390	44	4,680
50%	722	1	390	44	4,680
60%	574	1	425	29	5,100
50%	620	1	390	44	4,680
Totals	8,841	14			74,220

Non-HC Restricted Units

Bedrooms
25 Homestead

2 BR

Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
					0
80%	889	1	575	44	6,900
					0
					0
					0
					0
					0
Totals	889	1			6,900

All Units

Grand Totals 9,730 15 81,120

Less Vacancy 5.00% (4,056)

NET RENT 77,064

OTHER INCOME

Laundry	0
Parking	0
Commercial Space Income	0
Other	0

TOTAL INCOME 77,064

form revision date: 2/27/97

13-Jan-05 **Oak & Homestead, Brattleboro**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	9,000	750	50	11.7%
Supportive Services		0	0	
Audit/Accounting	3,700	308	21	
Legal	400	33	2	
Compliance Monitoring	720	60	4	
Marketing	100	8	1	
Other	100	8	1	
TOTAL ADMINISTRATIVE	14,020	1,168	78	
Utilities				
Electricity	2,100	175	12	
Fuel	8,060	672	45	
Water and Sewer	2,800	233	16	
Fire Alarm / Emergency	0	0	0	
Other	300	25	2	
TOTAL UTILITIES	13,260	1,105	74	
Maintenance				
Maintenance / Janitor Payroll	12,460	1,038	69	
Janitor Supplies	150	13	1	
Exterminating		0	0	
Trash Removal	65	5	0	
Snow Removal	900		0	
Grounds	600	50	3	
Repairs Material	518	43	3	
Repairs Contract	1,872	156	10	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	300	25	2	
Other	1,872	156	10	
TOTAL MAINTENANCE	18,737	1,561	104	
Real Estate Taxes	10,500	875	58	<div>per unit month excl. ds & res. 340</div>
Property Insurance	4,630	386	26	
Replacement Reserves	6,300	525	35	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	67,447	5,621	375	

		State Consolidated Plan Priorities / Other Priorities Table													
2004-2005															
		First Tier								Second Tier					
		Rehab or Vacancy <3.5%	Family Housing	Settlement Pattern	Downtown or Village Center	Removal of Blight	Special Needs	Mixed Income	Unique Design	<30% or targets homeless	Public Housing	Eventual Tenant Ownership	Total		
Oak & Homestead		XX	XX	XX	XX			X		X			59%	\$ 203,000	
Central Block		XX	XX	XX	XX			X		X			59%	\$ 1,964,260	
Waugh Opera House		XX		XX	XX	XX		X	X				59%	\$ 233,600	
River Station		XX	XX	XX	XX			X					53%	\$ 460,000	
Whitcomb Terrace		XX		XX			XX	X	X	X			53%	\$ 168,000	
Stone Hill		XX	XX	XX	XX			X					53%	\$360,000	
Dorset Housing		XX	XX					X					33%	\$260,000	
2003 Round One		First Tier								Second Tier					
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested	
Roosevelt Apartments		XX	XX	XX	XX				X	X			59%	\$	387,189
Shelburne Family Housing		XX	XX	XX		X		X	X	X			59%	\$	272,000
203 Pearl Street		XX	XX	XX		X		X	X				53%	\$	350,143
Essex Village Family Housing		XX	XX	XX				X	X				47%	\$	580,000
Island Housing		XX	XX	XX				X					41%	\$	175,000
Whetstone Housing		XX		XX	XX				X				41%	\$	135,000
Tuttle Building		XX		XX	XX								35%	\$	160,000
Arbor Gardens Phase II		XX	XX						X				29%	\$	240,682
2003 Round Two		First Tier								Second Tier					
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested	
Roosevelt Apartments		XX	XX	XX	XX				X	X			59%	\$	387,079
Riverside Village		XX	XX	XX				X	X				47%	\$	580,000
Butterfield Commons Family		XX	XX	XX					X				41%	\$	119,000
Stony Creek		XX	XX	XX					X				41%	\$	271,374
Arbor Gardens Phase II		XX	XX					X	X				35%	\$	196,371
2002 Round One		First Tier								Second Tier					
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested	
Depot Street		XX	XX	XX	XX			X	X				59%	\$	415,000
Randolph Family Housing		X	XX	XX	XX			X	X	X			59%	\$	120,000
Templeton Court Rehab		XX	XX	XX					X	X	X		53%	\$	140,500
Burlington Family Rehab		XX		XX	XX				X	X			47%	\$	85,000
Old North End Renaissance		XX		XX	XX				X	X			47%	\$	127,000
Arbor Gardens		XX	XX						X				29%	\$	32,357
Park Village II		XX	X							X			24%	\$	352,369
Sunrise Settlement			XX	XX									24%	\$	363,530
2002 Round Two		First Tier								Second Tier					
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested	
Waterfront Housing		XX	XX	XX	XX			X	X				59%	\$	485,000
Roosevelt Apartments		XX	XX	XX	XX				X				53%	\$	374,422
203 Pearl Street		XX	XX	XX					X				41%	\$	369,713
Highgate Redevelopment		XX	XX	XX						X			41%	\$	310,000
Manchester Commons		XX	XX	XX					X				41%	\$	108,149
Arbor Gardens Phase II		XX	XX						X				29%	\$	244,060
Stowe Housing		XX	XX										24%	\$	505,000

Housing Credit Status Report

Total 2004 Available:	2,075,000
Total 2005 Available:	2,125,000
2004 Returns	732,620
2004 National Pool	16,020
Total Available, 2004 & 2005	4,948,640
Less: L.O.I. Res. CA issued from 04-05	3,880,670
Remaining Available from 2004-2005:	1,067,970
Remaining after Oak & Homestead	864,970

Project Name	City	County	MSA / Non MSA	Total # of Units	# of LIHTC Units	Project Type	Housing Credit Allocation	Status	Allocation Per Unit	Credit Year(s)	Sponsor	Non-Profit?
Portfolio												
New Construction - Family	Vergennes	Addison	Non MSA	40		New Construction	350,000					
New and Rehab	Johnson	Lamoille	Non MSA	25		mixed	275,000					
Howard Bank Property	Burlington	Chittenden	MSA	35		New Construction	375,000					
New Construction - Family	St Albans	Franklin	MSA	30		New Construction	325,000					
Pre-Application Meetings												
Oak & Homestead	Brattleboro	Windham	Non MSA	15	14	Acq/Rehab	203,000	Will apply in Jan 05				
Letter of Intent, Reservation, or Carryover Allocation Issued												
Dorset Housing	Dorset	Bennington	Non MSA	20	16	New Construction	260,000	Board Approved 12/04	13,000	2004 HVT	2004 HVT	Yes
Stone Hill	Middlebury	Addison	Non MSA	27	22	New Construction	360,000	Board Approved 12/04	13,333	2004 HVT, ACCT	2004 HVT, ACCT	Yes
Waugh Opera Block	St Albans	Franklin	MSA	20	16	Rehab	233,600	Board Approval 5/27/04	11,680	2004 HVT, LCHDC	2004 HVT, LCHDC	Yes
Whitcomb Terrace	Essex Junction	Chittenden	MSA	19	15	New Construction	168,000	Board Approval 5/27/04	8,842	2004 HVT, CSC	2004 HVT, CSC	Yes
River Station	Montpelier	Washington	Non MSA	36	29	New Construction	460,000	Board Approval 4/29/04	12,778	2004 HVT, CVCLT	2004 HVT, CVCLT	
Central Block	Winooski	Chittenden	MSA	232	116	New Construction	1,964,260	Board Approval 4/29/04		2004 HVT, CVCLT	2004 HVT, CVCLT	
Butterfield Family	West Dover	Windham	Non MSA	7	7	New Construction	147,500	Has 2004 Reservation	21,071	2004 BACLT	2004 BACLT	Yes
Stony Creek	Wilder	Windor	Non MSA	18	18	New Construction	271,374	Has 2004 Reservation	15,076	2004 HDI	2004 HDI	No
Templeton Court Rehab	White River Jct	Windor	Non MSA	10	10	Rehab	147,525	Has Carryover; Construction nearly done	14,753	2003 & 2004 HFI	2003 & 2004 HFI	Yes
Waterfront	Burlington	Chittenden	MSA	40	28	New Construction	485,000	Has Carryover; Construction Complete	12,125	2002 & 2003 HVT/BCLT	2002 & 2003 HVT/BCLT	Yes
Shelburne Interfaith	Shelburne	Chittenden	MSA	20	16	New Construction	272,000	Has Carryover; Construction Complete	13,600	2003 HVT/LCHDC	2003 HVT/LCHDC	Yes
Island Housing	Grand Isle	Grand Isle	MSA	16	15	New Construction	183,750	Has Carryover; Construction Complete	11,484	2003 HVT/LCHDC	2003 HVT/LCHDC	Yes
Monarch Apartments	Essex Jct	Chittenden	MSA	30	26	New Construction	366,722	Has Carryover; Under Construction	12,224	2003 HDI	2003 HDI	No
Tuttle Building	Rutland	Rutland	Non MSA	13	13	Rehab	160,000	Has Carryover	12,308	2003 HVT/RCLT	2003 HVT/RCLT	Yes
Hughgate	Barre	Washington	Non MSA	120	74	Rehab	325,500	Has Carryover; Construction Complete	2,713	2003 HVT/HHI	2003 HVT/HHI	Yes
Brantwood	Randolph	Orange	Non MSA	12	10	New Construction	126,000	Has Carryover; Construction Complete	10,500	2003 HVT/ACDC	2003 HVT/ACDC	Yes
Arlington Village Center	Arlington	Bennington	Non MSA	29	20	Rehab	172,297	Construction Complete; 8609s Issued	5,941	2001 & 2003 RAHC	2001 & 2003 RAHC	Yes
Arbor Gardens	Colchester	Chittenden	MSA	37	37	New Construction	389,362	Construction Complete; 8609s Issued	10,523	2001 & 2002 HDI	2001 & 2002 HDI	No
Westgate Allocated	Brattleboro	Windham	Non MSA	74	50	Acquisition/Rehab	512,000	Construction Complete; 8609s Issued	6,919	2000 & 2002 HVT/BACLT/WTI	2000 & 2002 HVT/BACLT/WTI	Yes
ECHO Scattered Sites	Burlington	Chittenden	MSA	20	18	Acquisition/Rehab	85,000	Construction Complete; 8609s Issued	4,250	2002 & 2004 HVT/BCLT	2002 & 2004 HVT/BCLT	Yes
ECHO North & North	Burlington	Chittenden	MSA	12	11	New Construction	127,000	Construction Complete; 8609s Issued	10,583	2002 HVT/LCHDC	2002 HVT/LCHDC	Yes
Park Village II	Brandon	Rutland	Non MSA	34	34	Acquisition/Rehab	369,316	Construction Complete; 8609s Issued	10,862	2002 Holmberg Properties Inc.	2002 Holmberg Properties Inc.	No
Sunrise Settlement	Quebec	Windor	Non MSA	22	22	New Construction	381,202	Construction Complete; 8609s Issued	17,327	2002 HDI	2002 HDI	No
Manchester Commons	Manchester	Bennington	Non MSA	15	10	New Construction	116,931	Construction Complete; 8609s Issued	7,795	2002 & 2003 RAHC	2002 & 2003 RAHC	Yes



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

by Telephone Conference

and at

Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont*
Thursday, January 20, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagne Canney, Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Pat Loller, Gary Marini, Cindy Reid, Liza Smith-Vedder

Guests: Jeffrey Kantor (J.D. Kantor, Inc.)

Chair Randall called the meeting to order at 9:30 a.m.

BOARD MINUTES

Mr. Seelig made a motion to approve the December 16, 2004 Board of Commissioners meeting minutes with the following correction in reference to the Heineberg Senior Housing Project in Burlington:

Mr. Seelig announced that he would not participate in this Board action because of VHCB's role in this group of Participation Loans, which includes the Heineberg Project.

Mr. Beaulieu seconded the motion which was unanimously approved.

AUDIT/RISK MANAGEMENT COMMITTEE MINUTES

Mr. Candon made a motion to approve the December 16, 2004 Audit/Risk Management Committee meeting minutes. Ms. Randall requested that the following correction be made:

Ms. Randall mentioned that there is a risk-rating *system* available that can assist with assessing the condition of the portfolio.

Mr. Beaulieu seconded the motion which was unanimously approved.

CONSENT AGENDA

Ms. Canney made a motion to approve the item on the Consent Agenda (restated here):

~ Resolution Re: Proposed Allocation of Allocated Housing Credits for Oak & Homestead Housing, Brattleboro

Mr. Seelig seconded the motion which was unanimously approved.



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ADMINISTRATIVE

VHFA Statute

Ms. Carpenter explained that the primary reason for proposing changes to the VHFA Act is to expand the Board from seven to nine members in order to increase its depth and breadth. Other minor changes are proposed to clarify the statute. She pointed out the distinction between the statute and the rules and added that the rules are amended via a different process and the Board may want to consider doing so at a later date.

Discussion ensued.

Mr. Candon made a motion to increase the number of members on the Board from seven to nine, with the idea that Mr. Candon will discuss with the Commissioner of BISHCA whether that position should remain an ex officio member and, if not, would result in the addition of another at large member, and to include the addition of one ex officio member (Executive Director of VHCB), pending discussion with the Governor's office. Mr. Beaulieu seconded the motion which was unanimously approved.

Ms. Canney stated that she would like to see geographically diverse representation on the Board. Ms. Randall asked Ms. Mullikin Drake to include a phrase in §611(b) to suggest that the Governor also consider geographically diverse representation when appointing at large members.

Ms. Mullikin Drake walked the Board through the other proposed changes to the VHFA Act.

- ~ Mr. Candon asked that "mortgage broker" be removed from §601(9) as the mortgage broker does not make the loan.
- ~ Ms. Reid pointed out a typo in §601(19).
- ~ Mr. Candon pointed out that, in §623(h)(2), the word Loan is missing from Federal Home Loan Mortgage Corporation.

Mr. Candon asked Ms. Mullikin Drake to expand on the fourth paragraph in her memo. Ms. Mullikin Drake explained that the Agency ultimately determines who qualifies based on the definition of low and moderate income in §611(11). Bond counsel has suggested, based on what they are seeing in other states, expanding the definition in the Act to include other classes of persons/families irrespective of income. Ms. Mullikin Drake offered to email a draft of what this would look like and requested feedback by 2:00 p.m. that afternoon.

Mr. Seelig made a motion to approve all other proposed changes, including the addition of a geographically diverse Board and removal of "mortgage broker" as described above, and based on the final wording being sent to Board members by Ms. Mullikin Drake with respect to the expansion of the Board and the changes relative to persons of low and moderate income. Mr. Beaulieu seconded the motion which was unanimously approved.

Audit/Risk Management and Human Resources Committees

Ms. Randall proposed the following assignment of Board members to the two committees of the Board, to be effective for the next twelve months. There were no objections.

Audit/Risk Management Committee	Human Resources Committee
Paul Beaulieu – <i>Chair</i>	Dagyne Canney – <i>Chair</i>
Tom Candon	Kevin Dorn
Beth Pearce	Gus Seelig

Ms. Randall reminded Board members that each can attend and participate in any committee meeting, whether or not the member is assigned. Along that vein, she asked Mr. Beaulieu and Mr. Marini to ensure that all Board members are informed of any Audit/Risk Management Committee meeting, and Ms. Canney and Ms. Loller to ensure that all Board members are informed of any Human Resources Committee meeting

Ms. Randall encouraged the use of conference calls for meetings when appropriate.

FINANCE

Funding of Short Term Bonds

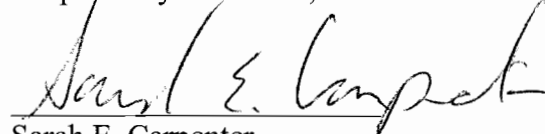
Mr. Marini reviewed his memo regarding the funding of short term bonds. He expects to have proposals from various financial institutions and be able to, in turn, review specific options with the Board at the February meeting.

ADJOURNMENT

Mr. Beaulieu made a motion to adjourn the meeting. Ms. Canney seconded the motion and the Board unanimously approved to adjourn the meeting at 10:30 a.m.

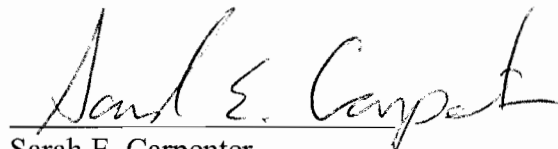
*Participation was also available from the originally noticed Montpelier location.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on January 20, 2005. The minutes were approved at a lawful meeting of the Commissioners held by telephone conference at Burlington, Vermont, on February 17, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
FOR OAK & HOMESTEAD HOUSING, BRATTLEBORO**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the acquisition and rehabilitation of fifteen (15) units of rental housing located in three (3) buildings in the Town of Brattleboro (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

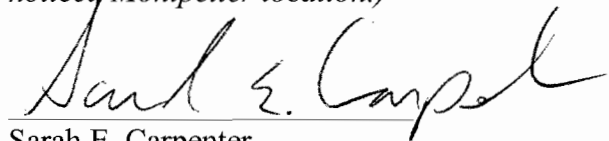
WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated January 12, 2005, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2004-2005 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$203,000 for the Oak & Homestead project in the Town of Brattleboro, Vermont.

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 by telephone conference at Burlington, Vermont, on January 20, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners
FROM: Eliza Smith-Vedder
DATE: January 12, 2005
RE: Request for Allocated Housing Credits

Name:	Oak & Homestead	Location:	Brattleboro
Housing Type:	Family and Transitional	Unit Type:	Multifamily Apartment buildings
Unit Count:	15 Total Units 14 Housing Credit Units	Unit Sizes:	7 one-bedroom 8 two-bedroom (all different sizes)
Total Cost:	\$ 2,516,160	Per S.F. Acquisition & Construction Cost:	\$193.73
Loan Requested:	n/a	Sponsor:	Brattleboro Area Community Land Trust (BACLT)
Housing Credits:	\$203,000 (Ceiling "9%" Credits)		
Other Funding:	HOME, VHCB, VHCB Feasibility and Lead funds, SEVCA Weatherization, Ventures, Efficiency Vermont, VCIL		

Recommendation: That the VHFA Board of Commissioners approve the attached resolution to authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: The project proposed is being developed and will be managed by BACLT, Jeffrey Kantor is the Development consultant, and Denny Frehsee is the architect. The development as it is proposed includes the acquisition and rehabilitation of three Brattleboro properties. The first, at 41 Oak Street, will provide six units of transitional housing for single and expectant mothers. This property is located one block west of Main Street, the Post Office and the Municipal Center. It is currently occupied and the residents will be permanently relocated with assistance from BACLT. BACLT is working with Morningside House, Inc. to create a "Life Skills Housing Program" that will allow residents to live in the housing for up to two years while developing the skills to maintain housing and family stability. This will benefit the community by providing more housing for single mothers who are at risk of homelessness, which will in turn free up many beds at Morningside Shelter. At any given time, three of Morningside's five rooms are taken up by single parent families. This is an expansion of the Service Enriched Housing Project that has been successfully operated by BACLT and Morningside House since 1993.

The second and third properties are at 19-21 and 25 Homestead Place. These are one block from BACLT's offices and very near multiple other BACLT multifamily rental properties. These two buildings will provide nine (9) units of permanent housing for individuals and families. Eight of these



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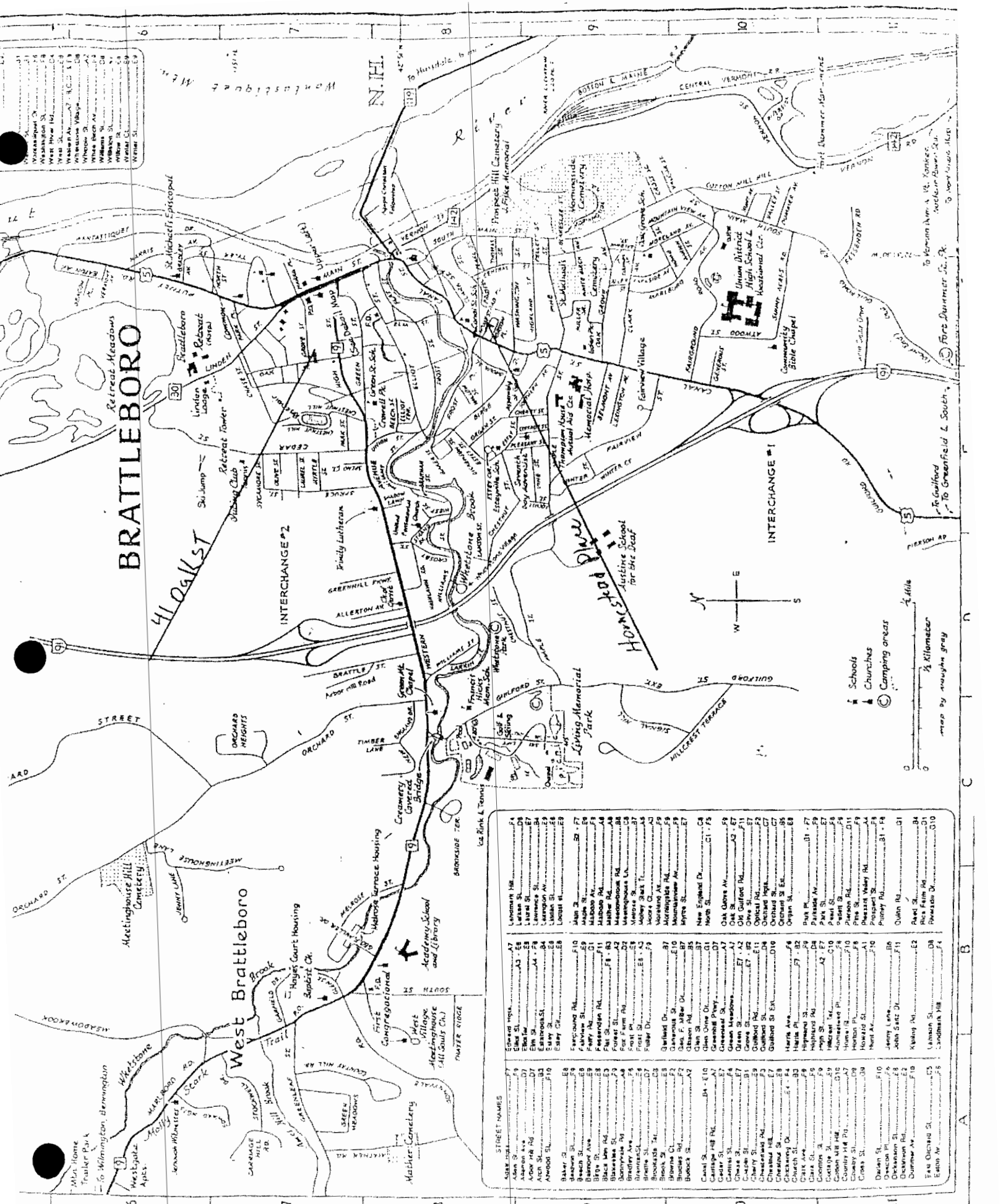
www.vhfa.org



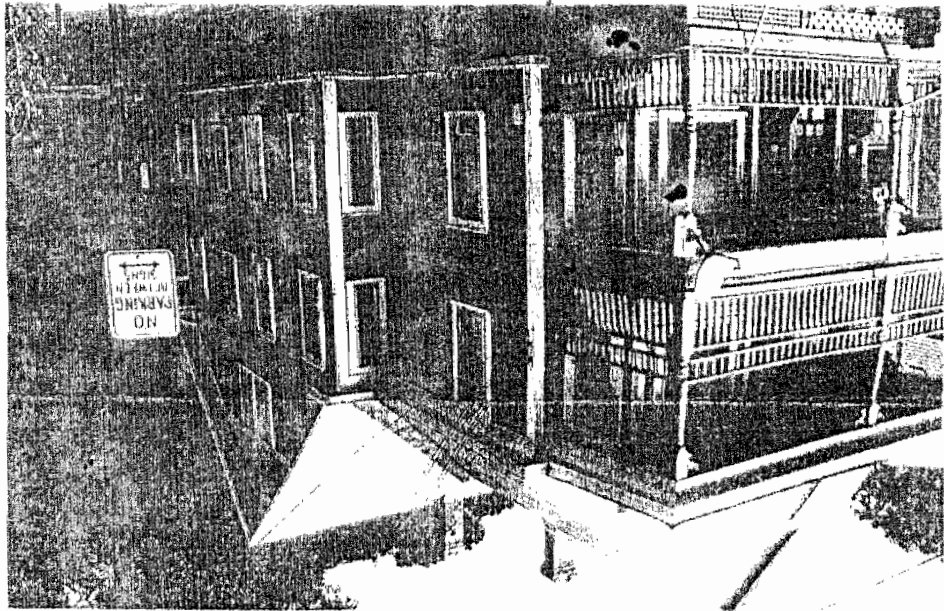
units are being rehabilitated, and one additional unit is being created. Two of these units will be fully accessible. These two properties are three blocks south of the downtown district. There is no Act 250 required for this project; BACLT hopes to begin construction in May 2005, and be complete in November of 2005. All funding is committed. BACLT is pursuing additional funding from the Federal Home Loan Bank's Affordable Housing Program (AHP) but has HOME funds committed in the event that they are unsuccessful in obtaining AHP funding.

Tax Credit Discussion: The Housing Credits (\$203,000) represents 5% of the 2004-2005 credit ceiling. After setting aside these credits there will be approximately \$864,970 in credits remaining (see attached status report). The proposal meets four top tier priorities of the "Consolidated Plan" criterion (rehabilitation, family housing, historic settlement pattern and adjacent to a designated downtown) and two of the lower tier criteria (mixed income and targets homeless). Of the fifteen units, five (5) will be occupied by households earning less than 50% of Area Median Income (AMI), nine (9) will be occupied by households earning less than 60% of AMI, and one (1) will be occupied by a household earning less than 80% AMI. A market study was submitted with the application and says that *"The project is very marketable. It is an excellent location for affordable housing in a community that does have a number of affordable housing units that are all full....There are a significant number of tax credit eligible households who are paying more than 30% of their income for rent...The proposed upgrades combined with the location should serve to keep this project at a high level of occupancy into the future."* The market study does meet VHFA standards. VHFA staff recommends approval of the requested \$203,000 in Housing Credits for this project.

BRATTLEBORO



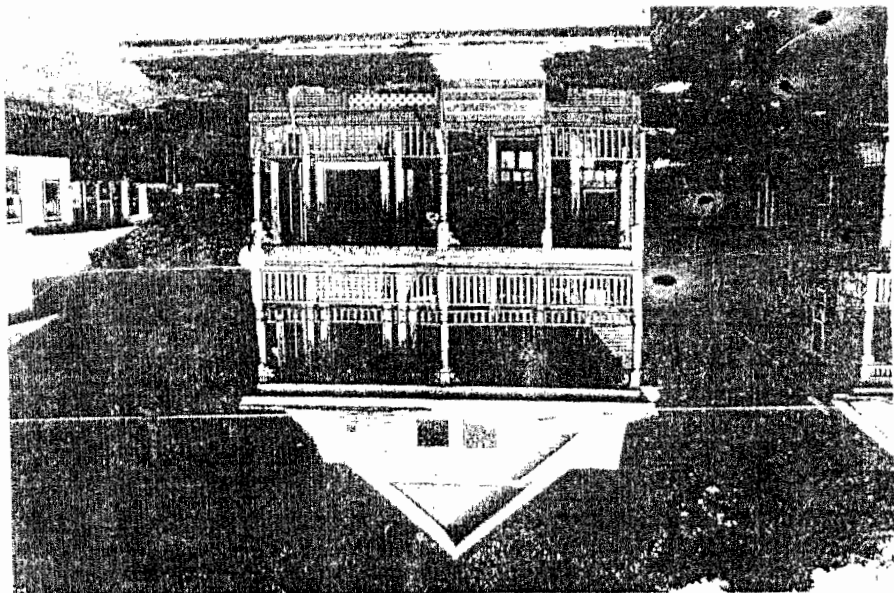
STREET NAMES	
Adams St.	F4
Adams St.	F5
Adams St.	F6
Adams St.	F7
Adams St.	F8
Adams St.	F9
Adams St.	F10
Adams St.	F11
Adams St.	F12
Adams St.	F13
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Adams St.	F15
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Adams St.	F93
Adams St.	F94
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Adams St.	F98
Adams St.	F99
Adams St.	F100



Side view



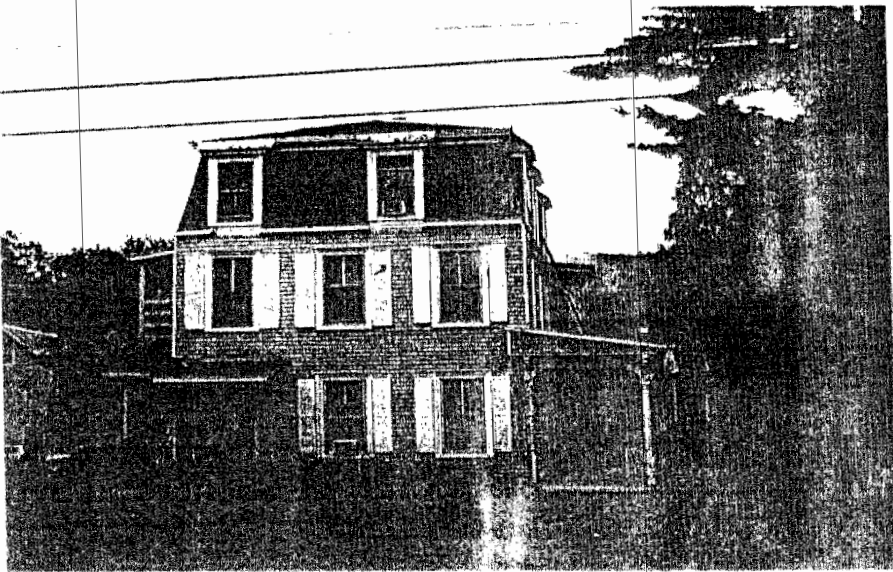
Rear view
from parking
lot



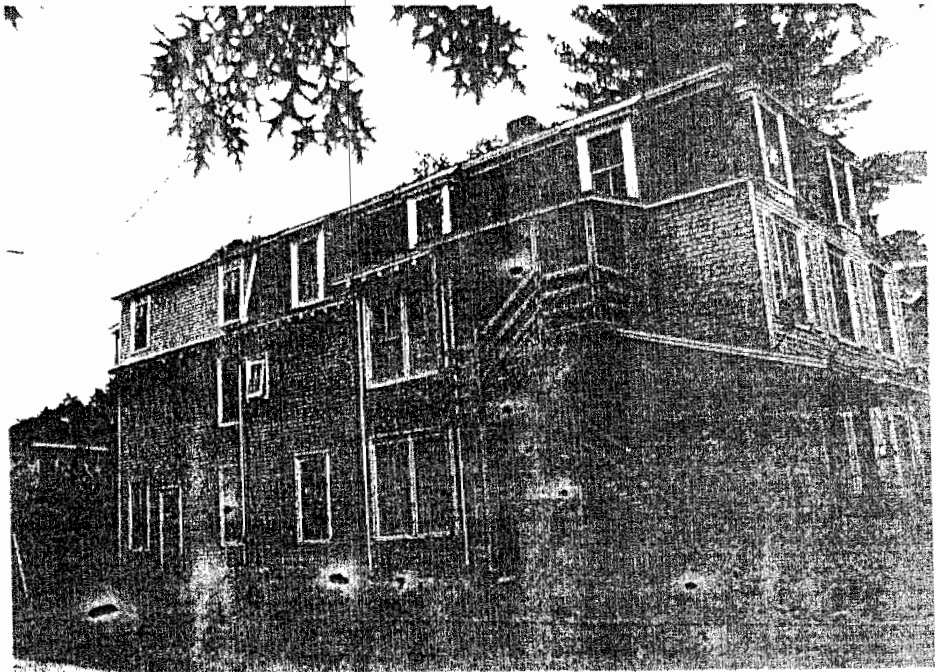
Front View from
Homestead Place

19 Homestead Place, Brattleboro, Vermont

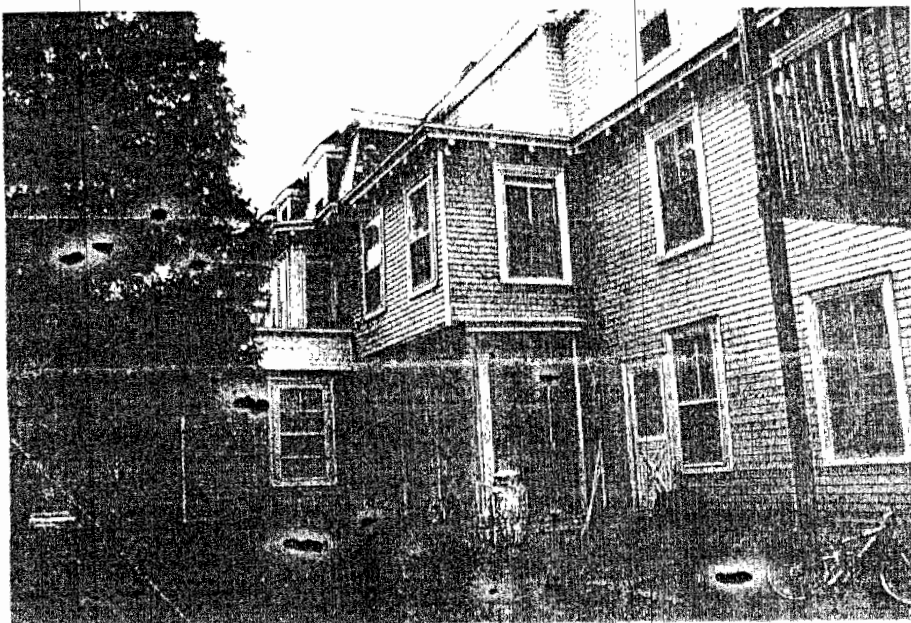
41 Oak Street, Brattleboro, Vermont



Front view from
Oak Street



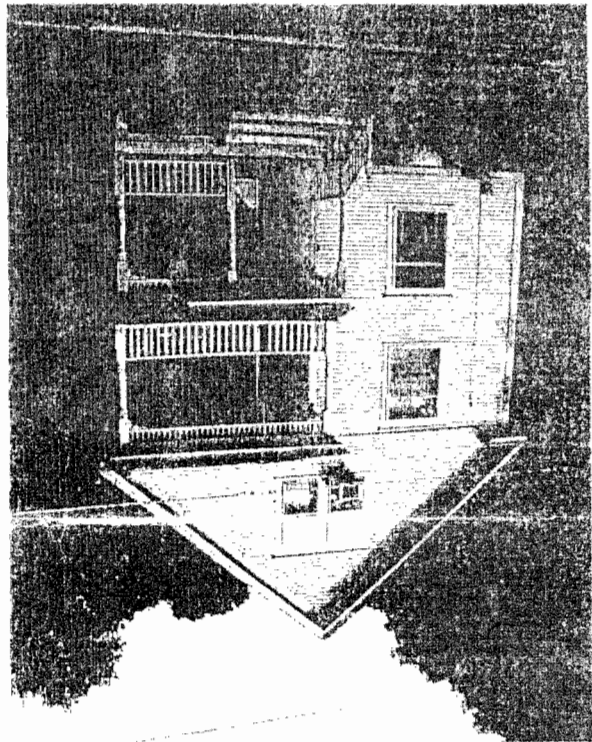
North view
from Grove
Street



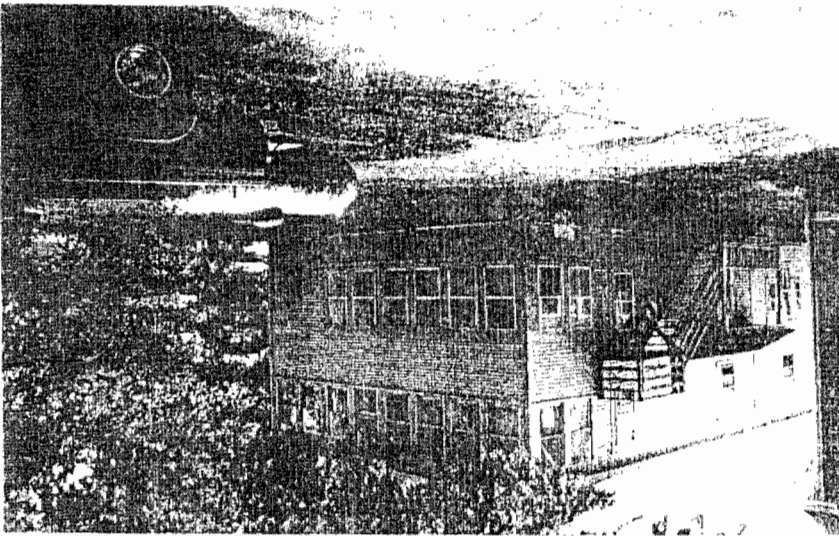
South side

25 Homestead Place, Brattleboro, Vermont

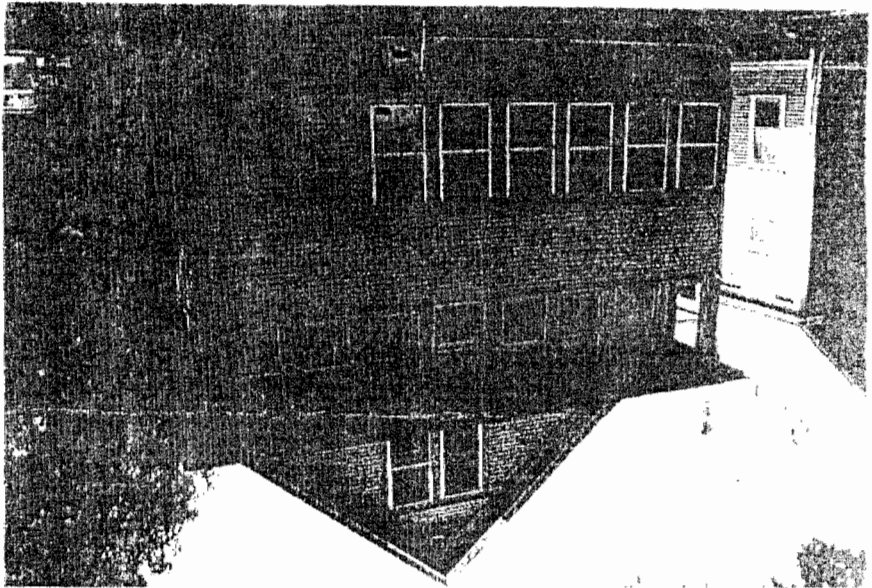
Front view from
Homestead Place



Side/Rear
view from
parking lot



Rear view from
parking lot



13-Jan-05 Oak & Homestead, Brattleboro

Total Residential Units:	15	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	14	Increase in Income from Other Sources:	1.50%
Percent Restricted:	93.33%	Increase in Income from Commercial:	0.00%
Total Development Cost:	2,516,160	Expense increase:	3.00%
Total Development Cost per Unit:	167,744	Vacancy Rate:	5%
Total Development Cost Per SF:	259	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	203,306	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	203,000		
State Credit			
LIHTC - 9%	7.99%	Jan 2005	
LIHTC - 4%	3.42%		

SOURCES		% of Total Development Cost	Interest Rate	Amortization	Term
Bank			0.00%	7.00%	15
			0.00%	0.00%	20
HOME	383,360	15.24%	6.00%	30	deferred
VHCB	375,000	14.90%	0.00%	30	deferred
VHCB Lead	37,500	1.49%	0.00%	25	deferred
VHCB Feasibility (GP Cap Contr	15,000	0.60%	N/A	N/A	Cap Contrib
Equity LP Contribution	1,675,000	66.57%	N/A	N/A	
Other	0				
Efficiency VT	8,500	0.34%	N/A	N/A	
SEVCA & VCIL	21,800	0.87%			Cap Contrib
	2,516,160	100.00%			

USES		
Acquisition	439,900	17.48%
Construction Hard Costs	1,445,090	57.43%
Soft Costs	631,170	25.08%
TOTAL USES	2,516,160	100%
Gap	0	

APPLICABLE FRACTION CALCULATION: See Credit Calc page

				Allocation of Sources						
	Budget	Per Unit	Per s.f.	VHCB Terms: _____	HOME	Feas/Lead Terms: _____	Foundation Terms: _____	Equity Terms: _____	REEP	
				VCIL						
ACQUISITION										
1	Land	55,000	3,667	5.65	55,000					
2	Purchase of Building(s)	380,000	25,333	39.05	320,000	49,000		11,000		
3	Demolition (without replacement)		0	0.00						
4	Property Appraisal	2,400	160	0.25			2,400			
5	Legal - Title and Recording	2,500	167	0.26		2,500				
Subtotal - Acquisition		439,900	29,327	45.21						
CONSTRUCTION HARD COSTS										
6	Rehabilitation	1,308,300	87,220	134.46		140,000		1,138,000	30,300	
7	New Building(s)		0	0.00						
8	Accessory Buildings		0	0.00						
9	Sitework		0	0.00						
10	Insulation (net)		0	0.00						
11	General Requirements		0	0.00						
12	Contractor Overhead		0	0.00						
13	Contractor Profit		0	0.00						
14	Construction Contingency	70,290	4,686	7.22				70,290		
15	Construction Management		0	0.00						
16	Hazardous Materials Abatement	49,000	3,267	5.04		37,500		11,500		
17	Lead Abatement		0	0.00						
18	Off-Site Improvements		0	0.00						
19	Furnishings, Fixtures, & Equipment	17,500	1,167	1.80				17,500		
20	Other		0	0.00						
Subtotal - Hard Costs		1,445,090	96,339	148.52						
SOFT COSTS										
21	Architectural	91,313	6,088	9.38		52,035	8,100	31,178		
22	Engineering	63,217	4,214	6.50		35,000	4,500	23,717		
23	Legal/Accounting	22,500	1,500	2.31		4,500		18,000		
24	Relocation	41,500	2,767	4.27		20,000		21,500		
25	Environmental Assessment	3,200	213	0.33		3,200				
26	Asbestos survey	2,000	133	0.21		2,000				
27	Permits/Fees	5,625	375	0.58		5,625				
28	Survey	4,500	300	0.46		4,500				
29	Construction Period Insurance	6,800	453	0.70				6,800		
30	Construction Interest	41,715	2,781	4.29				41,715		
31	Construction Loan Origination Fee	12,500	833	1.28				12,500		
32	Taxes During Construction	5,600	373	0.58				5,600		
33	Clerk of the Works		0	0.00						
34	Marketing	500	33	0.05				500		
35	Tax Credit Fees	8,200	547	0.84				8,200		
36	Soft Cost Contingency	3,500	233	0.36				3,500		
37	Preservation Consult District		0	0.00						
38	Mark Study	1,500	100	0.15				1,500		
39	Preservation Consult Buildings									
40	Capital Needs Assessment	2,000						2,000		
41	Other ()		0	0.00						
SYNDICATION COSTS										
42	Organizational (Partnership)	1,500	100	0.15				1,500		
43	Bridge Loan Fees and Expenses	36,000	2,400	3.70				36,000		
44	Syndication Consultant	3,000	200	0.31				3,000		
45	Tax Opinion	500	33	0.05				500		
DEVELOPER'S FEES										
46	Developer's Fees	210,000	14,000	21.58		65,000		145,000		
47	Other Partnership Fees		0	0.00						
48	Consultant Fees	40,500	2,700	4.16				40,500		
RESERVES										
49	Working Capital	15,000	1,000	1.54				15,000		
50	Rent-up (Deficit Escrow) Reserve	3,500	233	0.36				3,500		
51	Other Operating Reserves		0	0.00						
52	Sinking Fund		0	0.00						
53	Replacement Reserves	5,000	333	0.51				5,000		
Subtotal - Soft Costs		631,170	42,078	64.87						
TOTAL DEVELOPMENT COSTS		2,516,160	167,744	259	375,000	383,360	52,500	0	1,675,000	30,300
					375,000	383,360	52,500	0	1,675,000	30,300
					0	0	0	0	0	0

ACQUISITION	TOTAL	Oak Street	Homestead
Land			
Purchase of Building(s)	435,000	220,000	215,000
Demolition (without replacement)			
Property Appraisal	2,400	800	1,600
Legal - Title and Recording	2,500	1,000	1,500
Subtotal - Acquisition	439,900		
CONSTRUCTION HARD COSTS			
Rehabilitation	1,308,300	538,500	769,800
New Building(s)			
Accessory Buildings	0		
Sitework	0		
Insulation (net)	0		
General Requirements	0		
Contractor Overhead	0		
Contractor Profit	0		
Construction Contingency	70,290	28,116	42,174
Construction Management	0		0
Hazardous Materials Abatement	49,000	19,600	29,400
Lead Abatement	0		0
Off-Site Improvements	0		0
Furnishings, Fixtures, & Equipment	17,500	7,000	10,500
Other	0		0
Subtotal - Hard Costs	1,445,090		
SOFT COSTS			
Architectural	91,313	36,525	54,788
Engineering	63,217	25,287	37,930
Legal/Accounting	22,500	9,000	13,500
Relocation	41,500	30,000	11,500
Environmental Assessment	3,200	1,280	1,920
Asbestos survey	2,000	800	1,200
Permits/Fees	5,625	2,250	3,375
Survey	4,500	1,800	2,700
Construction Period Insurance	6,800	2,720	4,080
Construction Interest	41,715	16,686	25,029
Construction Loan Origination	12,500	5,000	7,500
Taxes During Construction	5,600	2,240	3,360
Clerk of the Works	0		
Marketing	500	200	300
Tax Credit Fees	8,200	3,280	4,920
Soft Cost Contingency	3,500	1,400	2,100
Preservation Consult District	0	0	0
Market Study	1,500	600	900
Preservation Consult Building	0	0	0
Capital Needs Assessment	2,000	800	1,200
Other ()	0		
SYNDICATION COSTS			
Organizational (Partnership)	1,500	600	900
Bridge Loan Fees and Expenses	36,000	14,400	21,600
Syndication Consultant	3,000	1,200	1,800
Tax Opinion	500	200	300
DEVELOPER'S FEES			
Developer's Fees	210,000	84,000	126,000
Other Partnership Fees	0		
Consultant Fees	40,500	16,200	24,300
RESERVES			
Working Capital	15,000	6,000	9,000
Rent-up (Deficit Escrow) Fund	3,500	1,400	2,100
Other Operating Reserves	0		
Sinking Fund	0		
Replacement Reserves	5,000	2,000	3,000
Subtotal - Soft Costs	631,170		
TOTAL DEVELOPMENT	2,516,160	1,080,884	1,435,276

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION											
1 Land	55,000										
2 Purchase of Building(s)	380,000	215,000		215,000			220,000		220,000		
3 Demolition (without replacement)	0	0		0			0		0		
4 Property Appraisal	2,400	1,600		1,600			800		800		
5 Legal - Title and Recording	2,500	1,500		1,500			1,000		1,000		
Subtotal - Acquisition	439,900										
CONSTRUCTION HARD COSTS											
6 Rehabilitation	1,308,300		769,800	769,800			538,500	538,500			
7 New Building(s)	0		0	0			0	0			
8 Accessory Buildings	0		0	0			0	0			
9 Sitework	0		0	0			0	0			
10 Insulation (net)	0		0	0			0	0			
11 General Requirements	0		0	0			0	0			
12 Contractor Overhead	0		0	0			0	0			
13 Contractor Profit	0		0	0			0	0			
14 Construction Contingency	70,290		42,174	42,174			28,116	28,116			
15 Construction Management	0		0	0			0	0			
16 Hazardous Materials Abatement	49,000		29,400	29,400			19,600	19,600			
17 Lead Abatement	0		0	0			0	0			
18 Off-Site Improvements	0		0	0			0	0			
19 Furnishings, Fixtures, & Equipment	17,500		10,500	10,500			7,000	7,000			
20 Other	0	0	0	0		0	0	0			0
Subtotal - Hard Costs	1,445,090										
SOFT COSTS											
21 Architectural	91,313		54,788	54,788			36,525	36,525			
22 Engineering	63,217		37,930	37,930			25,287	25,287			
23 Legal/Accounting	22,500		13,500	13,500			9,000	9,000			
24 Relocation	41,500		11,500	11,500			30,000	30,000			
25 Environmental Assessment	3,200		1,920	1,920			1,280	1,280			
26 Asbestos survey	2,000		1,200	1,200			800	800			
27 Permits/Fees	5,625		3,375	3,375			2,250	2,250			
28 Survey	4,500		2,700	2,700			1,800	1,800			
29 Construction Period Insurance	6,800		4,080	4,080			2,720	2,720			
30 Construction Interest	41,715		25,029	25,029			16,686	16,686			
31 Construction Loan Origination Fee	12,500		7,500	7,500			5,000	5,000			
32 Taxes During Construction	5,600		3,360	3,360			2,240	2,240			
33 Clerk of the Works	0		0	0			0	0			
34 Marketing	500										
35 Tax Credit Fees	8,200		4,920	4,920			3,280	3,280			
36 Soft Cost Contingency	3,500		2,100	2,100			1,400	1,400			
37 Preservation Consult District	0		0	0			0	0			
38 Mark Study	1,500		900	900			600	600			
39 Preservation Consult Buildings	0		0	0			0	0			
40 Capital Needs Assessment	2,000		1,200	1,200			800	800			
41 Other ()	0		0	0			0	0			
SYNDICATION COSTS											
42 Organizational (Partnership)	1,500										
43 Bridge Loan Fees and Expenses	36,000										
44 Syndication Consultant	3,000										
45 Tax Opinion	500										
DEVELOPER'S FEES											
46 Developer's Fees	210,000		126,000	126,000			84,000	84,000			
47 Other Partnership Fees	0		0	0			0	0			
48 Consultant Fees	40,500		24,300	24,300			16,200	16,200			
RESERVES											
49 Working Capital	15,000										
50 Rent-up (Deficit Escrow) Reserve	3,500										
51 Other Operating Reserves	0										
52 Sinking Fund	0										
53 Replacement Reserves	5,000										
Subtotal - Soft Costs	631,170										
TOTALS	2,516,160	218,100	1,178,176	1,385,776	0		221,800	833,084	1,047,884	0	
LESS: Amount of Non-qualified Financing		0	16,800				0				
LESS: Adjustment for per unit cost limits	100.00%		0				0				
LESS: Historic tax Credit (Residential Portion)			0	0	20%				0	20% Historic Credit Rate	
Total Eligible Basis		218,100	1,161,376		0		221,800	833,084		0	0 Annual Historic Credit
TIMES: Adjusted for QCT/DDA	130.0%		1,509,789					1,083,009			
TIMES: Applicable Fraction	85.24%	185,914	1,286,980				221,800	1,083,009			
Total Qualified Basis		185,914	1,286,980	1,385,776	Long Term Depreciable Basis		221,800	1,083,009	1,047,884	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.42%	7.99%	27.5	Depreciation Schedule		3.42%	7.99%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		6,358	102,830	50,392	Annual Depreciation		7,586	86,532	38,105	Annual Depreciation	
Total Tax Credits Requested	203,000			10,500	Short Term Depreciable Basis				7,000	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,675,000				7 Depreciation Schedule					7 Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	82.50%			1,500	Annual Depreciation				1,000	Annual Depreciation	
Equity Gap	0										
Credits Needed to fill Equity Gap											
Homestead Total SF 6,024											
Qualified Units 5,135											
Percentage Qualified Units 85.24%											
# Homestead Units 9											
# Qualified Units 8											
88.89%											
Total Housing Credit 203,306											
Total Long Depreciation 88,497											
Total Short Depreciation 2,500											

13-Jan-05 **Oak & Homestead, Brattleboro**

HC Restricted Units

Bedrooms
19 Homestead

1 Br
1 Br
1 Br
1 Br

25 Homestead

2 BR

1 Br

2 Br

1 Br

41 Oak

2 Br

2 Br

2 Br

2 Br

1 Br

2 Br

Type

Average
Square Feet

Number

Average
Rent

Utilities

Total
Annual Rent

60%	697	1	465	29	5,580
60%	638	1	465	29	5,580
60%	802	1	465	29	5,580
60%	494	1	465	29	5,580
					0
60%	709	1	510	44	6,120
60%	413	1	465	29	5,580
60%	678	1	510	44	6,120
60%	704	1	465	29	5,580
					0
50%	568	1	390	44	4,680
50%	673	1	390	44	4,680
50%	549	1	390	44	4,680
50%	722	1	390	44	4,680
60%	574	1	425	29	5,100
50%	620	1	390	44	4,680
Totals	8,841	14			74,220

Non-HC Restricted Units

Bedrooms

Type

Square Feet

Number

Rent

Utilities

Total
Annual Rent

25 Homestead

2 BR

					0
80%	889	1	575	44	6,900
					0
					0
					0
					0
					0
Totals	889	1			6,900

All Units

Grand Totals 9,730 15 81,120

Less Vacancy 5.00% (4,056)

NET RENT 77,064

OTHER INCOME

Laundry

Parking

Commercial Space Income

Other

0

0

0

0

TOTAL INCOME 77,064

Oak & Homestead, Brattleboro

Building #	Unit #	Check all Applicable								A				B						C											
		HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:										
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+					
41 Oak	101	X	X		X	X				2	568	390	44	434		X	X														
	102	X	X		X	X	X			2	673	390	44	434		X	X														
	201	X	X		X	X				2	549	390	44	434		X	X														
	202	X	X		X	X				2	722	390	44	434		X	X														
19 Homestead	301	X	X		X	X				1	574	425	29	454		X															
	302	X	X		X	X				2	620	390	29	419																	
	101	X	X		X	X				1	697	465	29	494																	
	102	X	X		X	X				1	638	465	29	494																	
25 Homestead	201	X	X		X	X				1	802	465	29	494																	
	202	X	X		X	X				1	494	465	29	494																	
	101	X	X		X	X	X			2	709	510	44	554																	
	102	X	X		X	X				1	430	465	29	494																	
	201	X	X		X	X				2	678	510	44	554																	
	202	X	X		X	X				1	704	465	29	494																	
	301	X	X		X					2	960	575	44	619					X												
Totals:		15	9								9,818	6,760		Total # Units:		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

13-Jan-05 **Oak & Homestead, Brattleboro**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	9,000	750	50	11.7%
Supportive Services		0	0	
Audit/Accounting	3,700	308	21	
Legal	400	33	2	
Compliance Monitoring	720	60	4	
Marketing	100	8	1	
Other	100	8	1	
TOTAL ADMINISTRATIVE	14,020	1,168	78	
Utilities				
Electricity	2,100	175	12	
Fuel	8,060	672	45	
Water and Sewer	2,800	233	16	
Fire Alarm / Emergency	0	0	0	
Other	300	25	2	
TOTAL UTILITIES	13,260	1,105	74	
Maintenance				
Maintenance / Janitor Payroll	12,460	1,038	69	
Janitor Supplies	150	13	1	
Exterminating		0	0	
Trash Removal	65	5	0	
Snow Removal	900		0	
Grounds	600	50	3	
Repairs Material	518	43	3	
Repairs Contract	1,872	156	10	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	300	25	2	
Other	1,872	156	10	
TOTAL MAINTENANCE	18,737	1,561	104	
Real Estate Taxes	10,500	875	58	<div>per unit month excl. ds & res. 340</div>
Property Insurance	4,630	386	26	
Replacement Reserves	6,300	525	35	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	67,447	5,621	375	

Oak & Homestead, Brattleboro

	13-Jan-05	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Operating Income		2,006	2,007	2,008	2,009	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020	2,021	2,022	2,023	2,024	2,025
Gross Rent		81,120	82,337	83,572	84,825	86,098	87,389	88,700	90,031	91,381	92,752	94,143	95,555	96,989	98,443	99,920	101,419	102,940	104,484	106,051	107,642
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(4,056)	(4,117)	(4,179)	(4,241)	(4,305)	(4,369)	(4,435)	(4,502)	(4,569)	(4,638)	(4,707)	(4,778)	(4,849)	(4,922)	(4,996)	(5,071)	(5,147)	(5,224)	(5,303)	(5,382)
Total Operating Income		77,064	78,220	79,393	80,584	81,793	83,020	84,265	85,529	86,812	88,114	89,436	90,777	92,139	93,521	94,924	96,348	97,793	99,260	100,749	102,260
Operating Expenses																					
Total Expenses (excl. Reserves)		61,147	62,981	64,871	66,817	68,821	70,886	73,013	75,203	77,459	79,783	82,176	84,642	87,181	89,796	92,490	95,265	98,123	101,067	104,099	107,222
Reserves		6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Total Operating Expense		67,447	69,281	71,171	73,117	75,121	77,186	79,313	81,503	83,759	86,083	88,476	90,942	93,481	96,096	98,790	101,565	104,423	107,367	110,399	113,522
Net Operating Income		9,617	8,939	8,222	7,467	6,671	5,834	4,952	4,026	3,053	2,031	959	(164)	(1,342)	(2,575)	(3,866)	(5,217)	(6,630)	(8,107)	(9,650)	(11,262)
Less Primary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Management Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		9,617	8,939	8,222	7,467	6,671	5,834	4,952	4,026	3,053	2,031	959	(164)	(1,342)	(2,575)	(3,866)	(5,217)	(6,630)	(8,107)	(9,650)	(11,262)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		9,617	8,939	8,222	7,467	6,671	5,834	4,952	4,026	3,053	2,031	959	(164)	(1,342)	(2,575)	(3,866)	(5,217)	(6,630)	(8,107)	(9,650)	(11,262)
DCR																					
Cumulative Cash Flow																					
Beginning Balance		18,500	28,213	37,805	46,866	55,345	63,190	70,346	76,755	82,356	87,087	90,880	93,667	95,376	95,941	95,285	93,324	89,974	85,143	78,740	70,665
Deposits		9,617	8,939	8,222	7,467	6,671	5,834	4,952	4,026	3,053	2,031	959	0	0	0	0	0	0	0	0	0
Interest		96	654	838	1,012	1,174	1,322	1,456	1,575	1,678	1,762	1,827	1,873	1,908	1,919	1,906	1,866	1,799	1,703	1,575	1,413
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	(164)	(1,342)	(2,575)	(3,866)	(5,217)	(6,630)	(8,107)	(9,650)	(11,262)
Ending Balance		28,213	37,805	46,866	55,345	63,190	70,346	76,755	82,356	87,087	90,880	93,667	95,376	95,941	95,285	93,324	89,974	85,143	78,740	70,665	60,816
Cumulative Replacement Reserves																					
Beginning Balance		5,000	11,463	18,055	24,779	31,638	38,634	45,769	53,048	60,472	68,044	75,768	83,646	91,682	99,879	108,240	116,767	125,466	134,338	143,388	152,619
Deposits		6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Interest		163	292	424	559	696	836	978	1,124	1,272	1,424	1,578	1,736	1,897	2,061	2,228	2,398	2,572	2,750	2,931	3,115
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		11,463	18,055	24,779	31,638	38,634	45,769	53,048	60,472	68,044	75,768	83,646	91,682	99,879	108,240	116,767	125,466	134,338	143,388	152,619	162,034
Net Operating Income		9,617	8,939	8,222	7,467	6,671	5,834	4,952	4,026	3,053	2,031	959	(164)	(1,342)	(2,575)	(3,866)	(5,217)	(6,630)	(8,107)	(9,650)	(11,262)
Plus Reserves		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less GP Management Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Interest Expense		(23,002)	(23,382)	(23,845)	(24,395)	(25,039)	(25,781)	(26,628)	(27,586)	(28,661)	(29,861)	(31,192)	(32,664)	(34,284)	(36,054)	(37,984)	(39,974)	(42,024)	(44,144)	(46,344)	(48,624)
Less Long Depreciation		(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)	(88,497)
Less Short Depreciation		(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Taxable Income (Loss)		(98,081)	(110,140)	(122,319)	(134,625)	(147,064)	(159,644)	(172,373)	(185,251)	(198,280)	(211,460)	(224,791)	(238,273)	(251,906)	(265,689)	(279,622)	(293,704)	(307,935)	(322,316)	(336,847)	(351,528)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		34,328	38,549	42,812	47,119	51,472	55,872	60,319	64,812	69,350	73,932	78,559	83,232	87,950	92,712	97,519	102,372	107,272	112,219	117,212	122,250
Plus Tax Credits		203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000
After Tax Cash Flow		237,328	241,549	245,812	249,619	252,972	256,191	259,291	262,282	265,162	267,932	270,591	273,140	275,589	277,932	280,171	282,304	284,331	286,250	288,061	289,762
Total Years		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Reinvestment Rate																					
Current After Tax Cash Flows		237,328	241,549	245,812	249,619	252,972	256,191	259,291	262,282	265,162	267,932	270,591	273,140	275,589	277,932	280,171	282,304	284,331	286,250	288,061	289,762
Future Value of Cash Flows at Yr 15:		237,328	241,549	245,812	249,619	252,972	256,191	259,291	262,282	265,162	267,932	270,591	273,140	275,589	277,932	280,171	282,304	284,331	286,250	288,061	289,762
Discount Rate:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Capital Contribution Number		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Date of Capital Contribution		15-Jun-06	01-Aug-06																		
Amount of Capital Contribution		850,000	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions:		850,000	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows (1,675,000)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRR:		1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000

Current After Tax Cash Flows	237,328	241,549	245,812	249,619	252,972	256,191	259,291	262,282	265,162	267,932	270,591	273,140	275,589	277,932	280,171	282,304	284,331	286,250	288,061	289,762
Future Value of Cash Flows at Yr 15:	237,328	241,549	245,812	249,619	252,972	256,191	259,291	262,282	265,162	267,932	270,591	273,140	275,589	277,932	280,171	282,304	284,331	286,250	288,061	289,762
Discount Rate:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Capital Contribution Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Date of Capital Contribution	15-Jun-06	01-Aug-06																		
Amount of Capital Contribution	850,000	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions:	850,000	800,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows (1,675,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRR:	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000

Losses 1,884,550
Cap Contrib 1,675,000
Gain 209,550
Exit Tax 73,342

	State Consolidated Plan Priorities / Other Priorities Table													
2004-2005														
		First Tier						Second Tier						
		Rehab or Vacancy <3.5%	Family Housing	Settlement Pattern	Downtown or Village Center	Removal of Blight	Special Needs	Mixed Income	Unique Design	<30% or targets homeless	Public Housing	Eventual Tenant Ownership	Total	
Oak & Homestead		XX	XX	XX	XX			X		X			59%	\$ 203,000
Central Block		XX	XX	XX	XX			X		X			59%	\$ 1,964,260
Waugh Opera House		XX		XX	XX	XX		X	X				59%	\$ 233,600
River Station		XX	XX	XX	XX			X					53%	\$ 460,000
Whitcomb Terrace		XX		XX			XX	X	X	X			53%	\$ 168,000
Stone Hill		XX	XX	XX	XX			X					53%	\$360,000
Dorset Housing		XX	XX					X					33%	\$260,000
2003 Round One														
		First Tier						Second Tier						
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Roosevelt Apartments		XX	XX	XX	XX				X	X			59%	\$ 387,189
Shelburne Family Housing		XX	XX	XX		X		X	X	X			59%	\$ 272,000
203 Pearl Street		XX	XX	XX		X		X	X				53%	\$ 350,143
Essex Village Family Housing		XX	XX	XX				X	X				47%	\$ 580,000
Island Housing		XX	XX	XX				X					41%	\$ 175,000
Whetstone Housing		XX		XX	XX				X				41%	\$ 135,000
Tuttle Building		XX		XX	XX								35%	\$ 160,000
Arbor Gardens Phase II		XX	XX						X				29%	\$ 240,682
2003 Round Two		First Tier						Second Tier						
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Roosevelt Apartments		XX	XX	XX	XX				X	X			59%	\$ 387,079
Riverside Village		XX	XX	XX				X	X				47%	\$ 580,000
Butterfield Commons Family		XX	XX	XX					X				41%	\$ 119,000
Stony Creek		XX	XX	XX					X				41%	\$ 271,374
Arbor Gardens Phase II		XX	XX					X	X				35%	\$ 196,371
2002 Round One		First Tier						Second Tier						
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Depot Street		XX	XX	XX	XX			X	X				59%	\$ 415,000
Randolph Family Housing		X	XX	XX	XX			X	X	X			59%	\$ 120,000
Templeton Court Rehab		XX	XX	XX					X	X	X		53%	\$ 140,500
Burlington Family Rehab		XX		XX	XX				X	X			47%	\$ 85,000
Old North End Renaissance		XX		XX	XX				X	X			47%	\$ 127,000
Arbor Gardens		XX	XX						X				29%	\$ 32,357
Park Village II		XX	X							X			24%	\$ 352,369
Sunrise Settlement			XX	XX									24%	\$ 363,530
2002 Round Two		First Tier						Second Tier						
		Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Waterfront Housing		XX	XX	XX	XX			X	X				59%	\$ 485,000
Roosevelt Apartments		XX	XX	XX	XX				X				53%	\$ 374,422
203 Pearl Street		XX	XX	XX					X				41%	\$ 369,713
Highgate Redevelopment		XX	XX	XX						X			41%	\$ 310,000
Manchester Commons		XX	XX	XX					X				41%	\$ 108,149
Arbor Gardens Phase II		XX	XX						X				29%	\$ 244,060
Stowe Housing		XX	XX										24%	\$ 505,000

Housing Credit Status Report

Total 2004 Available:	2,075,000
Total 2005 Available:	2,125,000
2004 Returns	732,620
2004 National Pool	16,020
Total Available 2004 & 2005	4,948,640
Less: LOI Res. CA issued from 04-05	3,880,670
Remaining Available from 2004-2005:	1,067,970
Remaining after Oak & Homestead	864,970

Project Name	City	County	MSA / Non MSA	Total # of Units	# of LIHTC Units	Project Type	Housing Credit Allocation	Status	Allocation Per Unit	Credit Year(s)	Sponsor	Non-Profit?
Pipeline												
New Construction - Family	Vergennes	Addison	Non MSA	40		New Construction	350,000					
New and Rehab	Johnson	Lamoille	Non MSA	25		mixed	275,000					
Howard Bank Property	Burlington	Chittenden	MSA	35		New Construction	375,000					
New Construction - Family	St Albans	Franklin	MSA	30		New Construction	325,000					
Pre-Application Meetings												
Oak & Homestead	Brattleboro	Windham	Non MSA	15	14	Acq/Rehab	203,000	Will apply in Jan 05				
Letter of Intent, Reservation, or Carryover Allocation Issued												
Dorset Housing	Dorset	Bennington	Non MSA	20	16	New Construction	260,000	Board Approved 12/04	13,000	2004 HVT	2004 HVT	Yes
Stone Hill	Middlebury	Addison	Non MSA	27	22	New Construction	360,000	Board Approved 12/04	13,333	2004 HVT, ACCT	2004 HVT, ACCT	Yes
Waugh Opera Block	St Albans	Franklin	MSA	20	16	Rehab	233,600	Board Approved 5/27/04	11,680	2004 HVT, LCHDC	2004 HVT, LCHDC	Yes
Whitcomb Terrace	Essex Junction	Chittenden	MSA	19	15	New Construction	168,000	Board Approved 5/27/04	8,842	2004 HVT, CSC	2004 HVT, CSC	Yes
River Station	Monpelier	Washington	Non MSA	36	29	New Construction	460,000	Board Approved 4/29/04	12,778	2004 HVT, CVCLT	2004 HVT, CVCLT	
Central Block	Winooski	Chittenden	MSA	232	116	New Construction	1,964,260	Board Approved 4/29/04	21,071	2004 HVT	2004 HVT	Yes
Burfield Family	West Dover	Windham	Non MSA	18	7	New Construction	147,500	Has 2004 Reservation	15,076	2004 HVT	2004 HVT	No
Stony Creek	Wilder	Windor	Non MSA	10	10	Rehab	271,374	Has 2004 Reservation	14,753	2003 & 2004 HFI	2003 & 2004 HFI	Yes
Templeton Court Rehab	White River Jct	Chittenden	MSA	40	28	New Construction	485,000	Has Carryover: Construction nearly done	12,125	2002 & 2003 HVT/BCLT	2002 & 2003 HVT/BCLT	Yes
Waterfront	Burlington	Chittenden	MSA	20	16	New Construction	272,000	Has Carryover: Construction Complete	13,600	2003 HVT/LCHDC	2003 HVT/LCHDC	Yes
Shelburne Interfaith	Shelburne	Grand Isle	MSA	16	15	New Construction	183,750	Has Carryover: Construction Complete	11,484	2003 HVT/LCHDC	2003 HVT/LCHDC	Yes
Island Housing	Grand Isle	Chittenden	MSA	30	26	New Construction	366,722	Has Carryover: Under Construction	12,224	2003 HVT	2003 HVT	No
Monarch Apartments	Essex Jct	Chittenden	MSA	13	11	Rehab	160,000	Has Carryover	12,308	2003 HVT/RCCLT	2003 HVT/RCCLT	Yes
Tuttle Building	Rutland	Rutland	Non MSA	120	74	Rehab	325,500	Has Carryover: Construction Complete	2,713	2003 HVT/HFI	2003 HVT/HFI	Yes
Branchwood	Barre	Washington	Non MSA	12	10	New Construction	126,000	Has Carryover: Construction Complete	10,500	2003 HVT/ACDC	2003 HVT/ACDC	Yes
Arlington Village Center	Randolph	Orange	Non MSA	29	20	Rehab	177,297	Construction Complete; 8609% Issued	5,941	2001 & 2003 RAHC	2001 & 2003 RAHC	Yes
Arbor Gardens	Arlington	Bennington	Non MSA	37	37	New Construction	389,362	Construction Complete; 8609% Issued	10,523	2001 & 2002 HDI	2001 & 2002 HDI	No
Wesgate Allocated	Colchester	Chittenden	MSA	74	50	Acquisition/Rehab	512,000	Construction Complete; 8609% Issued	6,919	2000 & 2001 & 2002 HVT/BACLT/WTI	2000 & 2001 & 2002 HVT/BACLT/WTI	Yes
ECHO Scattered Sites	Brattleboro	Windham	Non MSA	20	18	Acquisition/Rehab	85,000	Construction Complete; 8609% Issued	4,250	2002 & 2004 HVT/BCLT	2002 & 2004 HVT/BCLT	Yes
ECHO North & North	Burlington	Chittenden	MSA	12	11	New Construction	127,000	Construction Complete; 8609% Issued	10,583	2002 HVT/LCHDC	2002 HVT/LCHDC	Yes
Park Village II	Burlington	Rutland	Non MSA	34	34	Acquisition/Rehab	369,116	Construction Complete; 8609% Issued	10,862	2002 Holmberg Properties Inc.	2002 Holmberg Properties Inc.	No
Sunrise Settlement	Brandon	Windor	Non MSA	22	22	New Construction	381,202	Construction Complete; 8609% Issued	17,327	2002 HDI	2002 HDI	No
Manchester Commons	Quechee	Bennington	Non MSA	15	10	New Construction	116,931	Construction Complete; 8609% Issued	7,795	2002 & 2003 RAHC	2002 & 2003 RAHC	Yes



Vermont Housing Finance Agency

January 20, 2005

The Honorable Brian E. Dubie
Lieutenant Governor/President of Senate
State House
115 State Street
Montpelier, Vermont 05633-5401

Re: Certificate pursuant to 10 V.S.A. §632(d) from Chair of Vermont
Housing Finance Agency

Dear Lt. Governor Dubie:

In accordance with 10 V.S.A. §632(d), the undersigned Chair of the Vermont Housing Finance Agency (the "Agency"), hereby certifies that as of the above date, the amounts in the Debt Service Reserve Funds of the Agency are equal to or exceed the Debt Service Requirements established by the various resolutions of the Agency. Based upon the foregoing, no funds are requested to be appropriated to restore the Debt Service Reserve Funds to the aforesaid amounts.

Respectfully Submitted,

Lisa M. Randall
Chair

CERTIFICATE

The undersigned, Secretary of the Vermont Housing Finance Agency, hereby certifies that the foregoing is a true and correct copy of the required certification of the Chair.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of this Agency this 30th day of January 2005.

Sarah E. Carpenter
Secretary

mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org





Vermont Housing Finance Agency

January 20, 2005

The Honorable James H. Douglas
Governor, State of Vermont
109 State Street
Pavilion
Montpelier, Vermont 05609-0101

Re: Certificate pursuant to 10 V.S.A. §632(d) from Chair of Vermont
Housing Finance Agency

Dear Governor Douglas:

In accordance with 10 V.S.A. §632(d), the undersigned Chair of the Vermont Housing Finance Agency (the "Agency"), hereby certifies that as of the above date, the amounts in the Debt Service Reserve Funds of the Agency are equal to or exceed the Debt Service Requirements established by the various resolutions of the Agency. Based upon the foregoing, no funds are requested to be appropriated to restore the Debt Service Reserve Funds to the aforesaid amounts.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Lisa M. Randall".

Lisa M. Randall
Chair

CERTIFICATE

The undersigned, Secretary of the Vermont Housing Finance Agency, hereby certifies that the foregoing is a true and correct copy of the required certification of the Chair.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of this Agency this 30th day of January 2005.

Sarah E. Carpenter
Secretary





Vermont Housing Finance Agency

January 20, 2005

The Honorable Gaye Symington
Speaker of The House
State House
115 State Street, Drawer 33
Montpelier, Vermont 05633-5201

Re: Certificate pursuant to 10 V.S.A. §632(d) from Chair of Vermont
Housing Finance Agency

Dear Ms. Speaker:

In accordance with 10 V.S.A. §632(d), the undersigned Chair of the Vermont Housing Finance Agency (the "Agency"), hereby certifies that as of the above date, the amounts in the Debt Service Reserve Funds of the Agency are equal to or exceed the Debt Service Requirements established by the various resolutions of the Agency. Based upon the foregoing, no funds are requested to be appropriated to restore the Debt Service Reserve Funds to the aforesaid amounts.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Lisa M. Randall".

Lisa M. Randall
Chair

CERTIFICATE

The undersigned, Secretary of the Vermont Housing Finance Agency, hereby certifies that the foregoing is a true and correct copy of the required certification of the Chair.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of this Agency this 30th day of January 2005.

A handwritten signature in black ink, appearing to read "Sarah E. Carpenter".

Sarah E. Carpenter
Secretary



mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364

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VERMONT HOUSING FINANCE AGENCY
BOND RESERVE REQUIREMENT ANALYSIS
12/31/2004

SHORT TERM INVESTMENTS

Short Term Trust Accounts	798,946	824,622	1,486,786	7,839
Investment Agreements		20,266,359	4,458,793	2,303,465
Surety Bond		1,570,000		

LONG TERM INVESTMENTS

Face amt

UST Bonds	8.75%	05/15/17	2,545,000	2,560,528		
UST Bonds	7.50%	11/15/16	2,110,000	2,041,549		
FHLMC	6.75%	03/15/31	1,058,000	1,117,177		
FNMA	8.20%	03/10/16	475,000 811,000		466,203	
FNMA	6.80%	08/27/12	445,000			444,432
FNMA #12900	9.10%	02/01/20	1,608,225		1,564,279	
Accrued Interest				1,083	291,862	61,303
TOTAL VALUATION				800,029	28,672,097	2,817,039
RESERVE REQUIREMENT				(794,099)	(22,113,356)	(2,748,465)
VALUATION IN EXCESS OF REQUIREMENT				5,930	6,558,741	68,574



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
and at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont*
Thursday, February 17, 2005 at 11:00 a.m.

VHFA Board Members Present:

Lisa Randall – Chair, Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig
Dagyne Canney (11:05 a.m.)

VHFA Board Members Absent:

Paul Beaulieu, Thomas Candon (designee for Crowley)

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Sam Falzone, Pat Loller, Gary Marini, Liza Smith-Vedder

Chair Randall called the meeting to order at 11:00 a.m. She noted that, because the Audit/Risk Management Meeting scheduled for 9:30 a.m. this same day was cancelled, the Board would postpone addressing two items on the Agenda: Whistle Blower Policy and Multifamily Excess Yield Pool.

BOARD MINUTES

Mr. Seelig made a motion to approve the January 20, 2005 Board of Commissioners meeting minutes. Mr. Dorn seconded the motion which was unanimously approved.

CONSENT AGENDA

Mr. Dorn made a motion to approve the item on the Consent Agenda (restated here):

- ~ Resolution Re: Bridge Financing for Green Mountain Habitat for Humanity, City of Burlington

Mr. Seelig seconded the motion which was unanimously approved.

ADMINISTRATIVE

VHFA Act

Ms. Pearce made a motion to approve and ratify the changes to the VHFA Act to be proposed to the Vermont Legislature for adoption. Mr. Seelig seconded the motion which was unanimously approved.

Ms. Carpenter explained that a request has been submitted to Legislative Council by Jim Condos, the chair of Senate Government Operations, to draft these changes into a bill. A request was also

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made to remove the sunset provision on the Property Transfer Tax Exemption for VHFA borrowers.

Strategic Planning

Ms. Carpenter explained that the new format of the Strategic Plan, as presented, will facilitate keeping it current. In addition, Ms. Collins will be working with Senior Management to this end. Quarterly updates will be provided to the Board.

Ms. Randall observed that the outcomes of the risk management discussion at the October 2004 Board Retreat were not easily identifiable in the Plan. Discussion ensued resulting in the decision to add to the Plan a section on Risk Management. Business activities currently listed in the plan that are associated with Risk Management will be moved to this area and a new activity, "Evaluation of a loan loss reserve for MF portfolio" will be added.

Ms. Randall asked that this revised plan be on the March 2005 Agenda.

FINANCE

December 2004 Financial Statements

Mr. Marini explained that the Agency is on target with its financials. He further explained that the Finance Department will forecast, in the next quarter, where the Agency will wind up for the year and examine the impact on next year's budget process. The Agency's income in FY2004 was about \$2 million. Currently (at the 6 month mark of FY2005), the Agency's income is about \$15k, essentially breaking even. He noted that nothing has yet been accrued for the zero percent loans and that the Agency has stopped accrual of the VHCB loans, which represented a large part of FY2004's income.

Revolving Credit Facility and Tax-Exempt Credit Line (KeyBank)

Mr. Seelig made a motion to approve the "Vermont Housing Finance Agency Regarding KeyBank Borrowings" resolution. Ms. Canney seconded the motion and the resolution was unanimously approved. Ms. Pearce noted that the pricing for this line of credit was quite favorable as compared to what she has been seeing for the State.

Tax-Exempt Credit Line (Banknorth)

Ms. Pearce made a motion to approve the "Resolution Re: Banknorth Borrowing for Short-Term Construction Loans." Ms. Canney seconded the motion and the Resolution was unanimously approved.

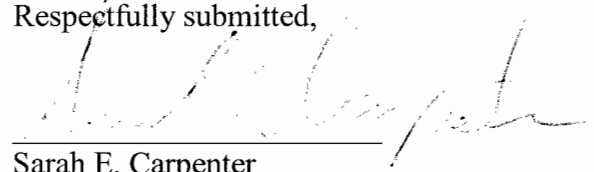
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ADJOURNMENT

Mr. Seelig made a motion to adjourn the meeting. Ms. Canney seconded the motion and the Board unanimously approved to adjourn the meeting at 11:20 a.m.

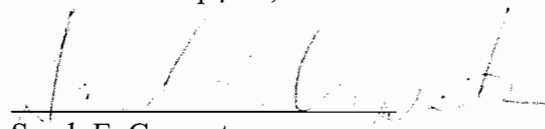
*Participation was also available from the originally noticed Montpelier location.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on February 17, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Montpelier, Vermont on March 17, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RE: BRIDGE FINANCING
FOR GREEN MOUNTAIN HABITAT FOR HUMANITY, CITY OF BURLINGTON**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Green Mountain Habitat for Humanity (the "Borrower") involving the bridge financing of land for the rehabilitation/construction of single family home(s) in the City of Burlington (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for bridge financing of the land and improvements for the Development with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the Borrower qualifies 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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated February 8, 2005, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

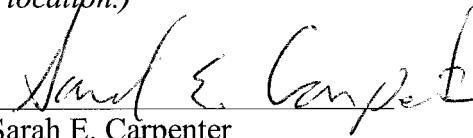
1. The Development is primarily for occupancy by persons and families of low and moderate income.
2. The acquisition and construction costs to be incurred by the Borrower are for housing development costs within the meaning of the Act.
3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.
4. The Borrower undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

6. The Borrower is financially responsible and is a qualified housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the Borrower for the bridge financing of the land and improvements for the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Borrower in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the bridge financing of the land and improvements for the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower 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 and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies 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 by telephone conference at Burlington, Vermont, on February 17, 2005 (and for which participation was also available from the originally noticed Montpelier location.)


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Eliza Smith-Vedder, Multifamily Development Underwriter *en*

DATE: February 8, 2005

RE: Bridge Financing: 24 Voltz Street; Burlington

Name:	24 Voltz Street	Location:	Burlington
Housing Type:	Single Family For-Sale General Occupancy	Unit Type:	Single Family Detached
Total Units:	2	Unit Sizes:	n/a
Total Cost:	\$281,075	Loan Requested:	\$171,075
Other Funding:	HOME, VHCB (Habitat and Lead Funds), Burlington Housing Trust Fund, Habitat General Funds		
Housing Developer:	Green Mountain Habitat for Humanity (GMHFH)		

Recommendations: Staff recommend that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property purchase upon satisfactory completion of staff underwriting and due diligence.

Overview: GMHFH is proposing to create two single family homes at 24 Voltz Street in the Old North End of Burlington. They have a P&S on the site and have begun receiving verbal commitments for grants; however, the seller would like to close by the end of February and the project will not have its funding in hand by then. They are requesting from VHFA a short-term (eighteen month) bridge loan of \$171,075 to help facilitate the acquisition. The property has been appraised for \$205,000.

The project will be phased. After acquisition, the rehabilitation of an existing duplex to a single family home will begin. The goal is to have the home completed and sold by fall 2005. The lot will be subdivided at that time and in spring 2006 construction of a second single family home will begin, with completion slated for the fall of 2006. As with all Habitat projects, the potential owners will need to contribute 500 hours of labor or "sweat equity" and the homes will be sold to families at or below 50% of Area Median Income. The sales price will be approximately \$80,000. On this particular project GMHFH is partnering with the Recycle North Youth Build Program as well as local volunteers to get construction done. Youth Build Burlington will use the construction sites for hands on teaching and building trade construction. GMHFH will do all of the organization and management of the project, and Duncan Wisniewski will be the architect. The loan will



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

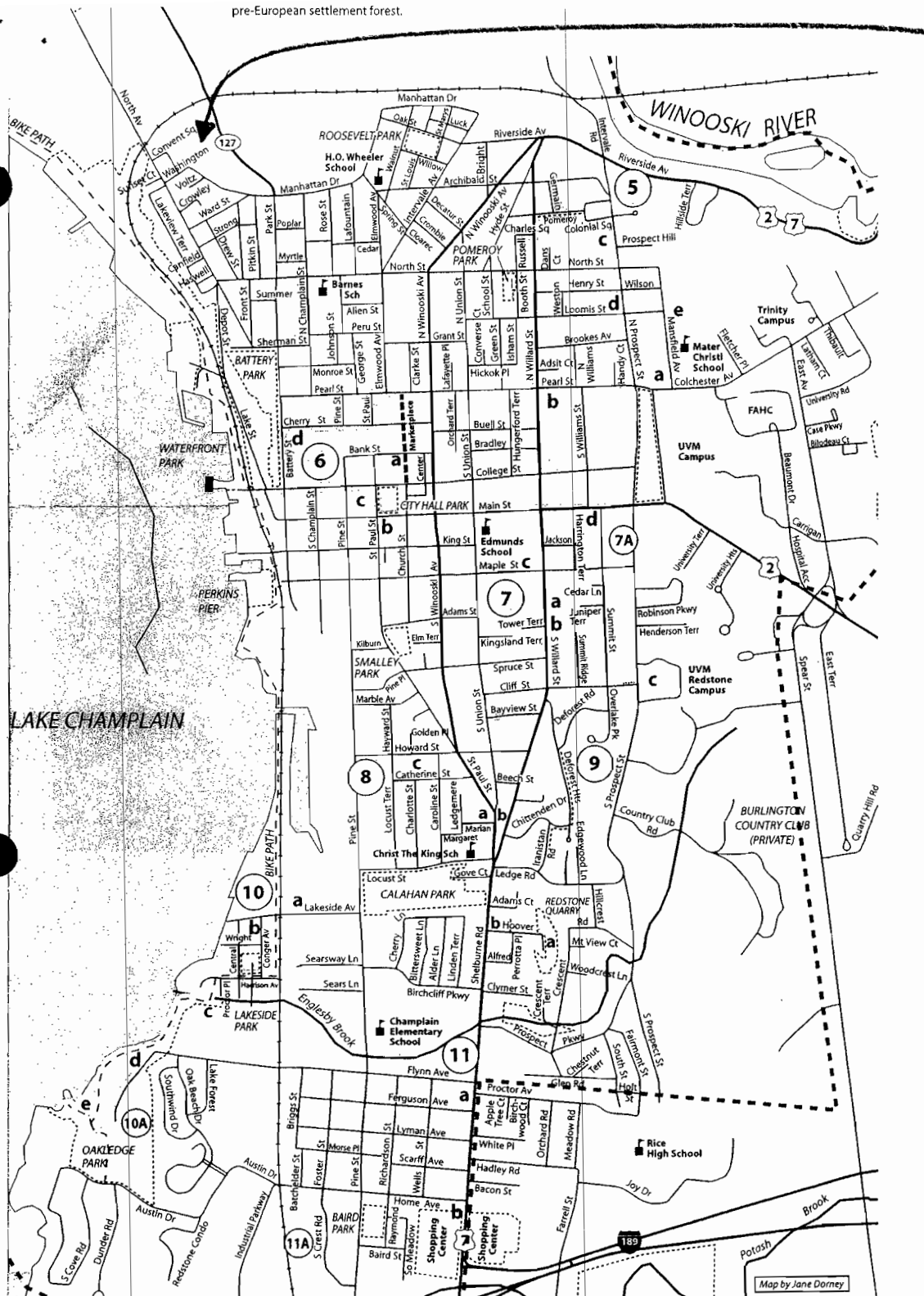
delivery address 164 Saint Paul St., Burlington, VT 05401-4364

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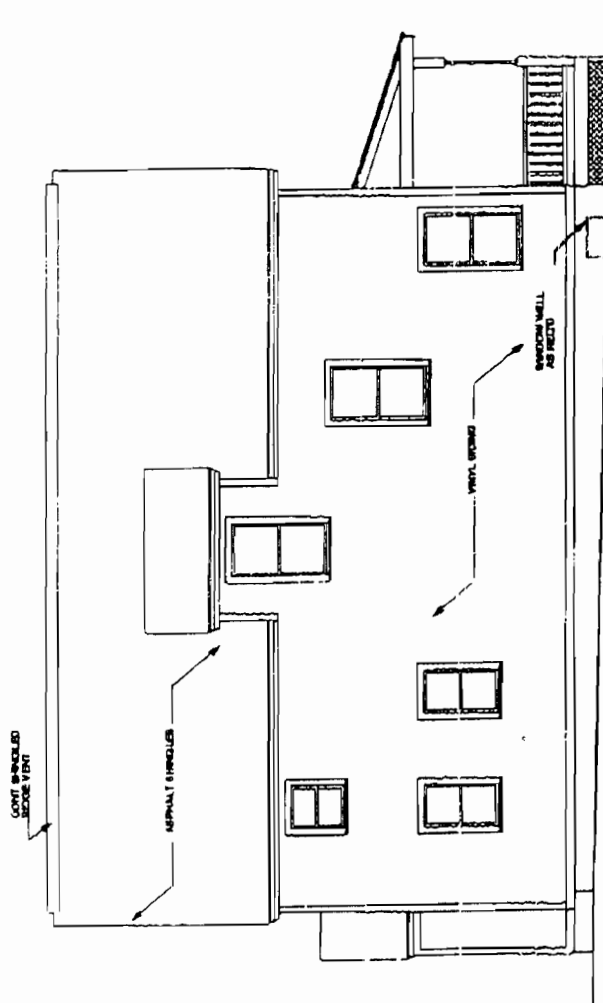
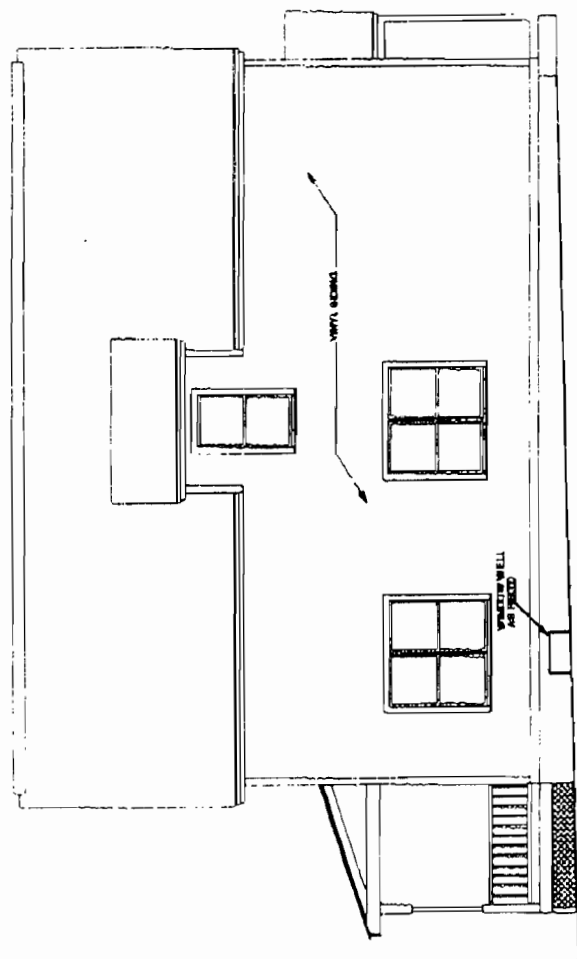
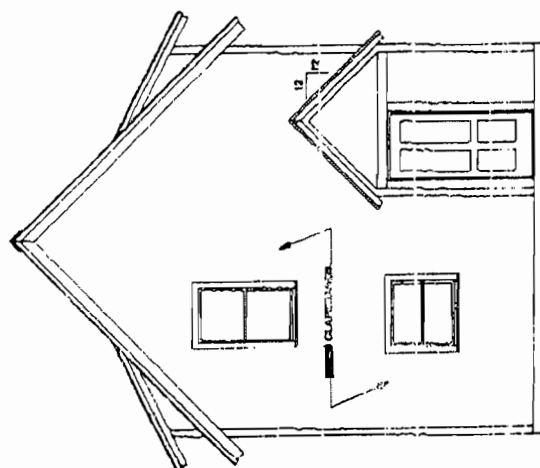
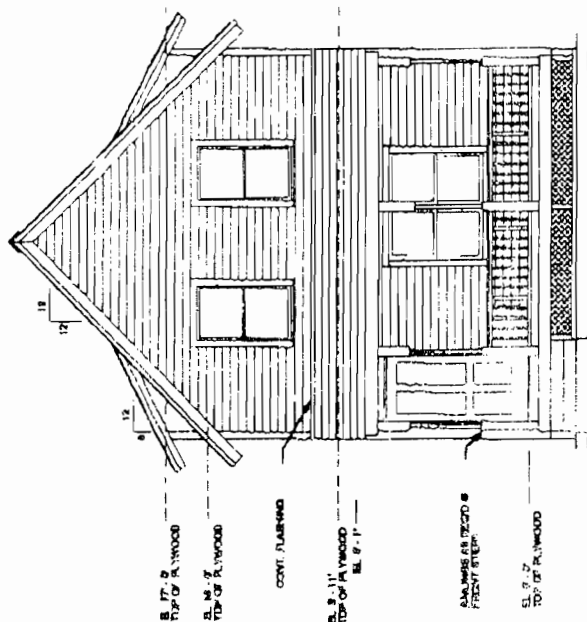
management of the project, and Duncan Wisniewski will be the architect. The loan will be secured by a mortgage on the property. As funds are received the loan will be paid down. At the time of the sale of the first home and subdivision of the property, we will require that the loan has been paid down by at least \$100,000. The remainder of our loan will be secured by the second lot.



VOLTZ ST.

BURLINGTON

Map by Jane Dorney



New House to be built HABITAT FOR HUMANITY

204.669.3

DUNCAN • WISNIEWSKI
ARCHITECTURE •
155 SOUTH CHAMPLAIN STREET, 22nd FLOOR, VERMONT, 05401 (802) 754-6601

COMPTON & SON, LTD. 11, GILBERT STREET, LONDON, E.C. 4
DUCKAM & WATSON, 25, ABINGTON ROAD, LONDON, E.C. 4

DATE JUL 17, 2020

Vermont Housing Finance Agency

**RESOLUTION RE: BANKNORTH BORROWING
FOR SHORT-TERM CONSTRUCTION LOANS**

WHEREAS, the Agency has received a term sheet from Banknorth for a line of credit for short term construction loans ("Construction Line of Credit"); and

WHEREAS, the Construction Line of Credit will be used to fund loans approved by the Board of Commissioners within the outstanding authority to issue multi-family housing bonds; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Gary Marini dated February 10, 2005, containing information and recommendations about the Construction Line of Credit (the "Memorandum"); and

WHEREAS, the Agency wishes to authorize the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, respectively, to do all actions necessary, including the execution of documents, to obtain the Construction Line of Credit and to extend and/or renew the Construction Line of Credit at similar terms in the future;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the terms of the Construction Line of Credit substantially in the form presented.
2. That the Agency hereby authorizes the Executive Director and the Chief Financial Officer, individually, in their capacities as Secretary and Treasurer of the Agency, respectively, to do all actions necessary, including the execution and delivery of necessary documents, to obtain the Construction Line of Credit and to extend and/or renew the Construction Line of Credit at similar terms in the future.
3. That, in connection with the above resolutions, any one of the following officers or employees of VHFA (each acting singly) be, and hereby are, authorized to, from time to time to prepare, execute and submit to the Bank requisitions and other requests for advances and disbursements of funds pursuant to or in connection with such line of credit facility: Executive Director, Chief Financial Officer or Chief of Program Operations or their designees, and to direct and instruct the Bank as to the payment or disbursement thereof, and to certify to the Bank from time to time the name(s) and title(s) of such officer(s) and employees, and to modify and amend such certifications from time to time.

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 by telephone conference at Burlington, Vermont, on February 17, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY ("VHFA")

REGARDING KEYBANK BORROWINGS

WHEREAS, VHFA desires to complete the financing transaction as quickly as possible and, therefore, believes it to be in VHFA's best interests to authorize the transaction at this Board meeting so that the transaction does not have to be delayed beyond the next scheduled Board meeting; and

WHEREAS, in the event the Board (or persons designated by the Board) select KeyBank National Association to provide the credit facilities, the Board desires to properly authorize said facilities with KeyBank at this meeting;

NOW, THEREFORE, the following resolutions are hereby unanimously adopted:

I. REGARDING KEYBANK TRANSACTION IN GENERAL

RESOLVED: That the Chief Financial Officer of Vermont Housing Finance Agency ("VHFA") or the Executive Director of VHFA, be, and each hereby is authorized for, in the name of, and on behalf of VHFA (each acting singly), to execute and deliver to KeyBank National Association (the "Bank") a commitment letter outlining the key terms of the two credit facilities, being described as a \$10,000,000 revolving line of credit and a \$15,000,000 purpose and ability line of credit, substantially in the form of the Bank's letter dated as of January 24, 2005 (a copy of which is attached hereto and incorporated herein by reference); and that VHFA is hereby authorized to enter into a financing transaction with the Bank consistent with the terms of said commitment letter.

II. REGARDING \$10,000,000 REVOLVING LINE OF CREDIT

RESOLVED: That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to borrow the maximum principal amount of Ten Million Dollars (\$10,000,000.00) under a revolving line of credit from the Bank to provide funds for costs associated with predevelopment and other related projects and for general working capital purposes.

RESOLVED: That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to obtain from the Bank a line of credit facility in the maximum amount of Ten Million Dollars (\$10,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA.

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of

any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Line of Credit Documents"); such Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

That, in connection with the above resolutions, any one of the following officers or employees of VHFA (each acting singly) be, and hereby are, authorized to, from time to time to prepare, execute and submit to the Bank requisitions and other requests for advances and disbursements of funds pursuant to or in connection with such line of credit facility: Executive Director, Chief Financial Officer or Chief of Program Operations or their designees, and to direct and instruct the Bank as to the payment or disbursement thereof, and to certify to the Bank from time to time the name(s) and title(s) of such officer(s) and employees, and to modify and amend such certifications from time to time.

III. REGARDING \$15,000,000 PURPOSE AND ABILITY LINE OF CREDIT

RESOLVED:

That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to borrow the maximum principal amount of Fifteen Million Dollars (\$15,000,000.00) from the Bank (a) to provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing, (b) to provide for both taxable and tax-exempt advances, and (c) to provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation, and construction with respect to individual projects.

RESOLVED:

That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to obtain from the Bank a line of credit facility in the maximum amount of Fifteen Million Dollars (\$15,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA. In addition, VHFA is hereby authorized to provide or obtain a negative pledge for the real property and improvements for each project that is funded under this loan facility.

RESOLVED:

That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Ability Line Documents"); such Ability Line Documents to contain such terms and

conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

That, in connection with the above resolutions, any one of the following officers or employees of VHFA (each acting singly) be, and hereby are, authorized to, from time to time to prepare, execute and submit to the Bank requisitions and other requests for advances and disbursements of funds pursuant to or in connection with such credit facility: Executive Director, Chief Financial Officer or Chief of Program Operations or their designees, and to direct and instruct the Bank as to the payment or disbursement thereof, and to certify to the Bank from time to time the name(s) and title(s) of such officer(s) and employees, and to modify and amend such certifications from time to time.

IV. REGARDING ALL RESOLUTIONS

RESOLVED:

That the following resolutions shall apply to all Resolutions stated herein and, generally, to VHFA's relationship with the Bank.

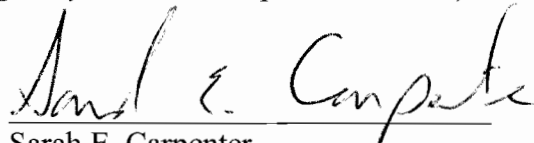
RESOLVED:

That each of the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees, is hereby authorized, acting singly or jointly, to do any and all other things and perform any and all other actions necessary to effectuate the issuance, execution and delivery of any and all additional agreements, documents, certificates, financing statements or other parts as may be necessary to effectuate any of the foregoing, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

That the Secretary or the Treasurer of VHFA be, and hereby is, authorized and directed to certify, from time to time, to the Bank the contents of these Resolutions; to certify that the provisions hereof are in conformity with the Vermont Housing Finance Agency Act (Title 10 Chapter 25), By-Laws and other documents governing the conduct of the business of VHFA, all as amended; and to certify and attest to the names of the officers of VHFA and their respective specimen signatures.

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 by telephone conference at Burlington, Vermont, on February 17, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

Vermont Housing Finance Agency
January 24, 2005
1 of 1



MS: VT-41-14-0325
149 Bank Street
Burlington, VT 05401

Tel: 802-660-4477
Fax: 802 864-6908
E-Mail: tony_f_martin@keybank.com

Mr. Gary P. Marini
Chief Financial Officer
Vermont Housing Finance Agency
PO Box 408
Burlington, VT 05401

Dear Mr. Marini:

KeyBank National Association (hereinafter called the "Bank") is pleased to present a commitment for the following credit facilities to The Vermont Housing Finance Agency (hereinafter called "Obligor"), subject to the following terms and conditions.

Facility No. I	Revolving Line of Credit.
Line Amount:	\$10,000,000.00.
Purpose:	To provide funds to the Obligor for costs associated with predevelopment and other related projects and for general working capital purposes.
Collateral/Security:	General revenue pledge of the Obligor.
Maturity:	The term of the credit facility for Facility No. I will expire 24 months after the Closing Date.
Interest Rate:	<p>One (1), two (2), or three (3) month LIBOR + 50 Basis Points.</p> <p>Advances under the LIBOR Option would be subject to the following:</p> <p>Minimum advances of \$100,000.</p> <p>Notice of two (2) business days for LIBOR Option advances with same day availability for Base Rate Option advances.</p> <p>LIBOR Option borrowings may not be repaid prior to the applicable interest rate period without indemnification for funding losses. Base Rate Option borrowings may be repaid at any time.</p> <p>A base rate for overnight borrowing will be set at KeyBank N.A. Prime Rate plus zero (0).</p>
Commitment Fee:	The Bank will assess a ten basis point annual unused Commitment fee paid quarterly on the unused balance of the facility.
Interest Payment:	Monthly Interest Payments.
Principal Payment:	All outstanding principal, together with all accrued and unpaid interest and other charges, shall be due and payable in full at Maturity.
Prepayment Penalty:	Principal payments may be made on any monthly LIBOR reset date without penalty.

Facility No. II Purpose and Ability Line of Credit.

Line Amount: \$15,000,000.00.

Purpose: To provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing. Facility No. II will provide for both taxable and tax-exempt advances. Combined taxable and tax-exempt advances outstanding at any one time will not exceed \$15,000,000.00. Tax-exempt advances will be considered non-bank-qualified, unless otherwise disclosed. Facility No. II will provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation and construction with respect to individual projects. The proceeds of Facility No. II will not be used for operating purposes and will be limited to the foregoing permitted uses.

Collateral/Security: General revenue pledge of the Obligor. A negative pledge for the Real Property and Improvements will be required for each project that is funded.

Maturity: The maturity date for Credit Facility No. II will expire 12 months after the Closing Date, however, principal draws can extend for a period of up to 24 months or the term of the project, whichever is less.

Interest Rate: The Obligor will be allowed to Borrow at either a variable rate or a fixed rate. Advances under the facilities may be either variable rate or fixed rate at the option of the obligor. The Bank will maintain a spread equivalent to 115 basis points on all of the transactions and advances. This will be accomplished as follows:

Taxable: (Variable) one-month LIBOR plus 115 basis points per annum.

Taxable: (Fixed) Bank's Internal Cost of Funds (FTP) rate for the term of the loan or advance plus 115 basis points per annum.

Tax-Exempt Non-Bank-Qualified: (Variable) Interest will be calculated based on the one-month LIBOR. The interest rate will be determined according to the following formula:

$(\text{One-month LIBOR plus 198 basis points}) \times 0.65$.

Based on the one-month LIBOR of 2.46% on January 11, 2005 the rate to the Authority would be calculated as follows:

$(2.46\% + 1.98\%) \times 0.65 = 2.89\%$

Tax-Exempt Non-Bank Qualified: (Fixed) Interest will be calculated based on the Bank's Internal Cost of Funds (FTP) for the term of the loan or advance. The interest rate will be determined according to the following formula:

$(\text{FTP}) + 1.98\% \times 0.65$

Based on the one-year FTP of 3.20% on January 11th, 2005 the rate to the Authority would be calculated as follows:

$(3.22\% + 1.98\%) \times 0.65 = 3.38\%$

Under the above options, all interest will be computed on a 30/360 day basis.

- Interest Payment:** Monthly payments of interest based on the balance outstanding.
- Principal Payment:** Principal is due at maturity of the project advance as disclosed by the Obligor.
- Prepayment Penalty:** Principal payments may be made on any LIBOR reset date without penalty, provided the project facility is a Variable Rate obligation. Prepayment of Fixed Rate obligation will be charged a breakage fee.
- Financial Reporting:** The Obligor will deliver to the Bank annually, within 180 days of the fiscal year end, audited financial statements; and quarterly, within 60 days of each quarter end upon request, internally prepared financial statements.
- Required Documentation:** Requests for advances shall be in writing, accompanied by a description of the purpose for which proceeds will be used and based on the following conditions:
- Certain Conditions and Covenants:**
1. For any projects funded under the tax-exempt option under Facility No. II, the Obligor, at its own expense, must provide a tax opinion of its counsel attesting to this tax-exempt status and to such other related matters as the Bank may reasonably require prior to the making of any advance by the Bank. Prior to the Closing Date, Obligor shall also cause its counsel to deliver to the Bank an opinion letter as to such matters as the Bank may reasonably require.
Upon the sale or refinance of any project, the advances of Facility No. II made with respect to such project shall be repaid in full.
 2. The Obligor will maintain a Moody's equivalent Bond Rating at no less than (A3).
- Closing Conditions:** It shall be a condition to the obligations of the Bank hereunder to close and fund either of the contemplated credit facilities that (a) Obligor shall have delivered to the Bank all documents and items required hereunder together with such other documents and items as may be required by the Bank, in form and substance satisfactory to the Bank, and (b) all loan documents required by the Bank to evidence or secure the contemplated credit facilities shall be in form and substance satisfactory to the Bank.
- Financial Condition:** It shall be a condition of the obligations of the Bank hereunder to close and fund the contemplated credit facilities that Obligor shall not have suffered a material adverse change in financial condition prior to the Closing Date.
- Deposit Relationship:** A depository relationship will be established with the Bank.
- Expenses:** Obligor shall pay all reasonable out-of-pocket costs and expenses incurred by the Bank relating to a closing, the credit facilities contemplated hereby, the closing thereof or the collateral therefor, including, but not limited to, costs and expenses of the Bank's outside counsel.

Vermont Housing Finance Agency
January 24, 2005
4 of 4

Sincerely,

KEYBANK NATIONAL ASSOCIATION

By: _____
Name: Tony F. Martin
Title: Vice President, Commercial Banking

If the terms and conditions are agreeable, please acknowledge below in the space provided.

VERMONT HOUSING FINANCING AGENCY

By: _____
Name: Gary Marini
Title: Chief Financial Officer



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

AARP, Chittenden Bank Building
112 State Street, 5th Floor, Montpelier
Thursday, March 17, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Randall – Chair, Paul Beaulieu, Dagyne Canney, Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:

Thomas Candon (designee for Crowley)

Staff: Dave Adams, Scott Baker, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, John Fairbanks, Becky Greenough, Gary Marini

Guests: UBS Financial Services: Jeff Sula, Kimberly Welsh, Jeff Ziglar
Piper Jaffray: Chris Flannery, Al Hans
Cathleen Gent (Consultant)

Chair Randall called the meeting to order at 9:50 a.m.

BOARD MINUTES

Mr. Seelig made a motion to approve the February 17, 2005 Board of Commissioners meeting minutes. Mr. Dorn seconded the motion which was approved by all except Mr. Beaulieu who abstained.

CONSENT AGENDA

Mr. Beaulieu made a motion to approve the items on the Consent Agenda (restated here):

- ~ Resolution Re: Bridge Financing for Wilder Building, Brattleboro
- ~ Approval of \$100,000 zero-percent deferred loan to continue support of VHCB Lead Paint Program
- ~ Resolution Re: Banknorth Borrowing for Short-Term Construction Loans

Mr. Seelig seconded the motion. The motion was approved by all except for a selective abstention by Mr. Seelig regarding the loan to the VHCB Lead Paint Program.

HOMEOWNERSHIP

Market Share in 2004

Ms. Collins reviewed her and Ms. Crady's memo regarding Market Share in 2004. She explained that the reduction in VHFA's market share in 2004 was misleading and was due to

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increased Purchase Price Limits which increased the total number of home sales to which VHFA compares its volume. She also explained that the year 2000 was an anomaly as VHFA had a big rate advantage and therefore purchased more loans. She added that staff, therefore, does not see cause for concern.

Ms. Crady explained that staff continues to enhance the process for lenders and will soon begin offering delegated underwriting with the option for VHFA underwriting input. However, she added that the major influence of market share is VHFA's interest rate.

Discussion followed. Mr. Seelig suggested three ways to increase market share:

1. Marketing which targets those that can afford to purchase at the higher end of the Agency's Purchase Price limits;
2. Marketing the \$500 Transfer Tax savings; and
3. Promoting single family projects that cater to the Agency's market share.

Ms. Crady responded that she is working on a marketing plan for next year and will likely ask for an increased amount in the budget.

Recommendations for New Income and Purchase Price Limits

Ms. Crady reviewed her and Ms. Collins' memo regarding recommendations for new Income and Purchase Price Limits.

Mr. Seelig made a motion to approve the Income and Purchase Price Limits outlined in the memo presented. Ms. Canney seconded the motion. Further discussion followed before the motion was unanimously approved.

FINANCE

Structure of Single Family Series 22 Bond Issue

By way of introduction to the guests' presentations, Mr. Marini explained that it may make sense at this time to increase the level of the variable component in future Single Family Bond issues.

Mr. Jeff Sula and Mr. Jeff Ziglar, of UBS Financial Services, distributed a written presentation entitled *Derivative Products Overview for the Board of Commissioners* and reviewed the concepts of variable rate bonds and the evolution of swaps.

Mr. Al Hans, of Piper Jaffray, distributed a written presentation entitled *Summary of Interest Rate Swaps/Presentation to: Vermont Housing Finance Agency* and reviewed the four swaps that VHFA currently has in its portfolio (Series 17, 19, 20 and 21.) He explained that the ideal is that the Agency could obtain full spread with a fixed rate Bond. In the event that it could not, a variable component could be considered to achieve full spread and a competitive rate. Since the Board had previously adopted a policy allowing staff to structure bond issues with up to a 25% variable component, the matter before the Board today was whether to change this policy by increasing the percentage. Mr. Marini added that increasing the percentage would not increase the risk substantially.

Ms. Randall asked whether increasing the percentage of the swap component meant increasing its life. Mr. Sula and Mr. Ziglar explained that the two factors are independent and that either or both can be increased to ultimately reduce the lending rate.

Mr. Beaulieu asked whether the Agency reported on the performance risk of its swaps. Mr. Sula indicated that UBS sends mark-to-market values to VHFA quarterly. Mr. Marini offered to build these into the Agency's quarterly financial reports via footnote.

Mr. Seelig made a motion to amend the current policy to allow staff to structure the next two Single Family Bond issues by increasing the variable component by up to 40% and then to report back to the Board. Mr. Beaulieu seconded the motion. Ms. Pearce explained that she believes a policy should have a longer life (than the next two issues) and would feel more comfortable with a conservative policy which had a provision for staff to seek exceptions from the Board. Mr. Seelig accepted Ms. Pearce's input as a friendly amendment, changing the current policy so that staff could ask for exceptions from the Board, and granting an exception to the current policy for the next two issues by allowing staff to structure the bond issue with up to a 40% variable component. He also requested that the Audit/Risk Management Committee review the Swap Management Plan in detail. The amended motion was unanimously approved.

Ms. Mullikin Drake added that she can modify the Swap Management Plan to be specific to Series 22 and also prepare an umbrella policy to be reviewed by the Audit/Risk Management Committee. The Series Certificate for Series 22, which is signed at closing, will reference the details of the Swap Management Plan for Series 22.

Ms. Collins will add to the Strategic Plan an item under Risk Management for the Audit/Risk Management Committee to address: Look at the average life and pricing of variable rate components of bond issues.

Private Activity Volume Cap

Mr. Seelig made a motion to adopt the "Resolution Re: Allocation of 2005 Private Activity Bond Volume Cap" and Mr. Beaulieu seconded the motion. Ms. Mullikin Drake explained that, in the event the Agency decides the issue will consist of bonds and notes, the amount of \$75mm indicated in the Resolution would need to be increased to \$90mm. Both Mr. Seelig and Mr. Beaulieu accepted the change and the motion was unanimously approved.

Single Family Series 22 Bond Resolution

The Single Family Series 22 Bond Resolution was distributed to the Board. Mr. Baker announced that Moody's may upgrade the Agency's Single Family Housing Bonds. Ms. Mullikin Drake explained that the implication is that the Agency may be able to forego the need for bond insurance. Mr. Seelig made a motion to adopt the "Twenty-Sixth Supplemental Single Family Housing Bond Resolution." Ms. Canney seconded the motion which was unanimously approved.

STATEWIDE HOUSING NEEDS ASSESSMENT

As Ms. Cathleen Gent, consultant and member of a team working on the housing needs assessment, had to leave the meeting, Ms. Collins presented the topic.

Ms. Collins explained that the Department of Housing and Community Affairs (DHCA) must conduct a statewide housing needs assessment in conjunction with the five-year Consolidated

Plan. VHFA is interested in the results for obvious reasons and also because the Qualified Allocation Plan should be aligned with the results of the needs assessment.

To ensure a very comprehensive needs assessment, one of the team's tasks has been to analyze the over 140 pieces of information maintained on the Housing Data web site (www.housingdata.org), to identify trends. Ms. Collins emphasized VHFA's involvement (including financial support, quality control and data sharing) and announced that, once the study is completed, she will be receiving all of the data and will be able to conduct further analysis. The assessment report, which identifies housing needs for the period 2005 – 2010, is due out later this month.

Ms. Collins distributed a handout which highlighted some of the findings that will appear in the report:

- ~ The rate of households that prefer to own will increase faster than households preferring to rent, in part because of the aging of baby boomers. However, these will likely not be first-time homebuyers and so should not be the focus of VHFA.
- ~ The pressure to find affordable housing will continue to increase on low-income households.
- ~ In general, and especially for renters, household size will continue to decline, exerting more pressure on Vermont's housing market.
- ~ HUD recalculates the State's median income each year, which grows faster than actual. This means that more households will become eligible for VHFA financing.

Ms. Carpenter would like to see the Department of Taxes collect a couple more bits of information to enhance analysis. Mr. Dorn offered to facilitate this.

Ms. Canney suggested that Ms. Collins could use the Homestead Exemptions database to assist with analysis.

FINANCE

Whistle Blower Policy

Mr. Beaulieu reported to the Board the decision of the Audit/Risk Management Committee - to recommend adoption of the policy contained in the memo to the Board with the exception of the last line. Mr. Dorn expressed concern about the fact that this policy did not delineate responsibilities of the receiver of the whistle blower's information. Mr. Beaulieu concurred, explaining that this "policy" is actually more of a statement. Discussion followed. Ms. Randall asked the Audit/Risk Management Committee to reconsider its proposal.

Multifamily Excess Yield Pool

As the Audit/Risk Management Committee does not yet have a recommendation for the Board, the issue was deferred to a future meeting.

ADMINISTRATIVE

Housing Agencies Meeting

Ms. Carpenter explained that Mr. Dorn had convened a meeting of the State housing agencies: Vermont Housing Finance Agency, Vermont State Housing Authority, Housing Vermont,

Department of Housing and Community Affairs and Vermont Housing & Conservation Board. The purpose was to brainstorm about what could be done better to coordinate activities. A follow-up meeting will be scheduled. The primary issues discussed were:

1. Development of a single funding application to be used by any/all agencies;
2. Determination as to whether a project can be jointly underwritten; and
3. Consolidation of compliance monitoring.

Strategic Planning

Ms. Collins referred the Board to the updated Strategic Plan in the packet and explained that the changes requested by the Board at the last meeting had been made. She added that Senior Management had their first meeting utilizing this new work plan and that it was positive and energized. Ms. Collins will next report to the Board on the Plan at the August meeting (as there is no July meeting scheduled.)

Annual Meeting

Ms. Randall explained to the Board that she had asked Mr. Seelig to again be Vice-Chair, and that Mr. Seelig had accepted. Mr. Beaulieu made a motion to adopt the "Resolutions Adopted at the Annual Meeting of Vermont Housing Finance Agency, March 17, 2005." Ms. Canney seconded the motion which was unanimously approved.

Pension Plan Resolution

Ms. Carpenter reviewed the memo regarding the Pension Plan Resolution. Ms. Canney made a motion to approve the "Vermont Housing Finance Agency Resolution Re: The Adoption of Required Automatic Rollover for 401(k) Plan." Mr. Beaulieu seconded the motion which was unanimously approved.

OTHER

RFP Audit

The Audit/Risk Management Committee will formally present its recommendation to the Board regarding choice of Auditor at the next Board meeting.

Legislative

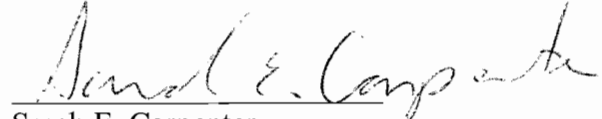
Ms. Carpenter explained that in recent weeks she has testified before the House Ways and Means Committee about a proposal regarding a methodology for assessing affordable housing projects. She also said that Mr. Adams is reviewing what appears to be flawed legislation introduced to clarify mobile home legislation and which has to do with declaring mobile homes as real estate, with the goal of increasing financing opportunities.

Mr. Fairbanks distributed Bill S.127 which lists the changes to the VHFA Act. The provision to drop the sunset on the partial exemption from the property transfer tax for VHFA borrowers was favorably received by the House Ways and Means Committee, with some discussion about raising the limit.

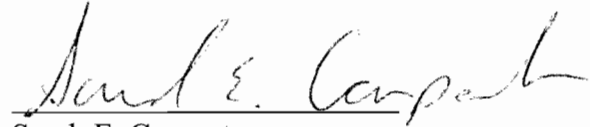
ADJOURNMENT

Mr. Seelig made a motion to adjourn the meeting. Mr. Dorn seconded the motion and the Board unanimously approved to adjourn the meeting at 1:30 p.m.

Respectfully submitted,


Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on March 17, 2005. The minutes were approved at a lawful meeting of the Commissioners held by telephone conference at Burlington, Vermont, on April 14, 2005 (and for which participation was also available from the originally noticed Montpelier location.)


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RE: BRIDGE FINANCING
FOR WILDER BUILDING, BRATTLEBORO**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Borrower") involving the bridge financing for stabilization and debris removal in anticipation of the rehabilitation/construction of the Wilder Building in the Town of Brattleboro (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds (the "Bonds") to finance a loan to the Borrowers; and

WHEREAS, the application contemplates a mortgage loan for bridge financing for stabilization and debris removal for the Development with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the Borrower qualifies 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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated March 10, 2005, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

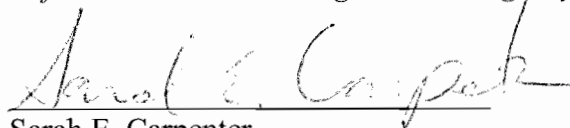
1. The Development is primarily for occupancy by persons and families of low and moderate income.
2. The acquisition and construction costs to be incurred by the Borrower are for housing development costs within the meaning of the Act.
3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.
4. The Borrower undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

6. The Borrower is financially responsible and is a qualified housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the Borrower for the bridge financing for stabilization and debris removal for the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Borrower in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the bridge financing for stabilization and debris removal for the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.
4. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsor, the Borrower or any other person for its refusal to do so.
5. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.

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 17, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Housing Development Underwriter *CR*

DATE: March 10, 2005

RE: Request for \$220,000 Bridge Loan for the Wilder Building, Brattleboro

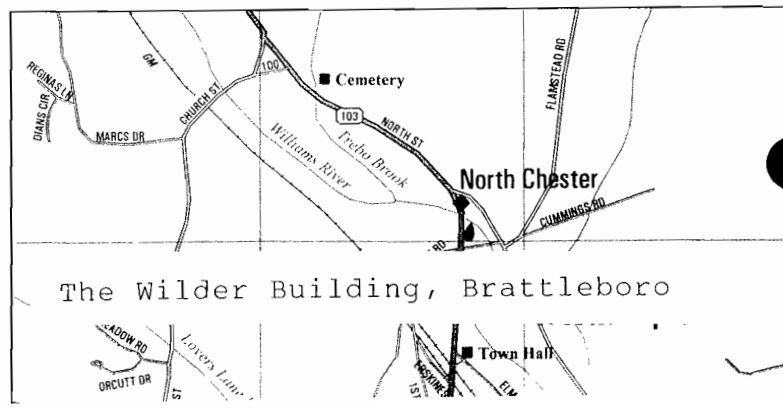
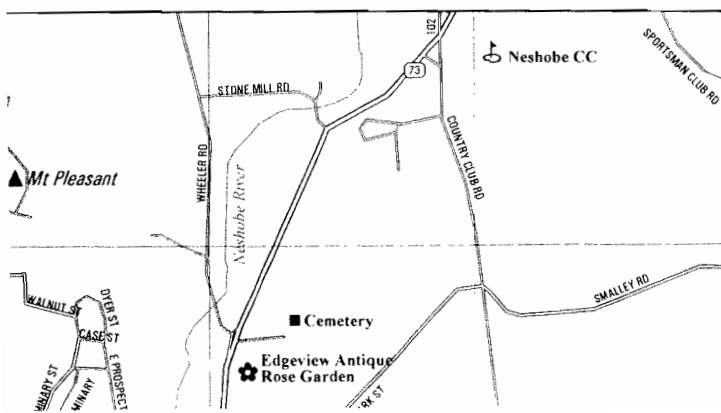
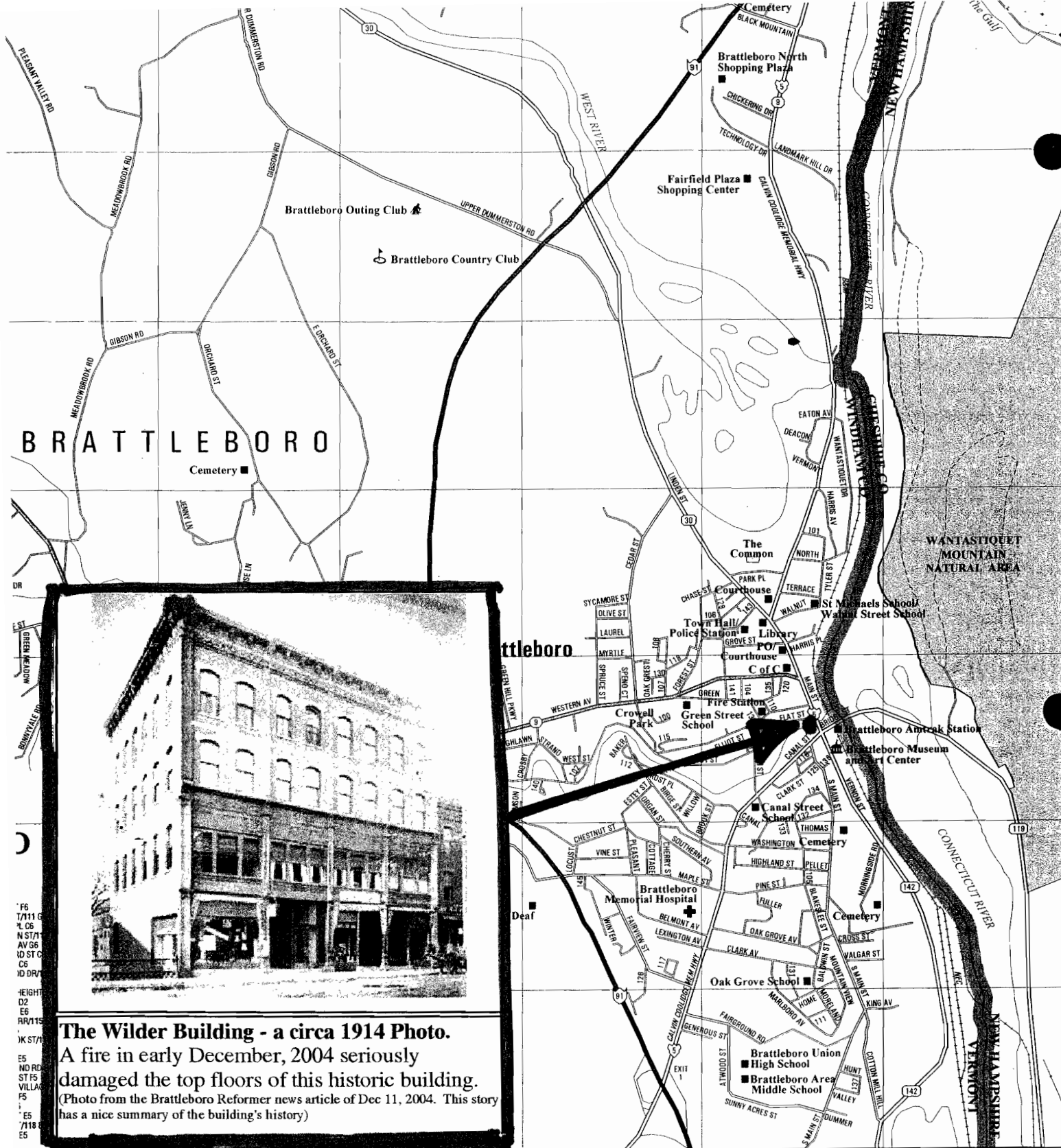
Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence.

Summary of Request: In December 2004 fire caused significant damage to the Wilder Building, a historic (c. 1875) downtown building located at 32 Main Street in Brattleboro. Brattleboro Area Community Land Trust (BACLT) purchased the property for \$1.00 from its owner in February and plans to re-develop it. The building previously contained seven residential units on two floors and commercial uses on two floors. BACLT plans to partner with Housing Vermont to re-configure the building to contain twelve residential units on three floors and commercial use on the first floor.

BACLT plans to complete the building's stabilization and clean-up now. To that end, BACLT has applied to VHCB and VCDP for a total of \$290,000 in funding for debris removal and stabilization of the building. Decisions on these requests will be made March 11 and April 1 respectively. BACLT owes the seller of the property \$142,000 for stabilization expenses he incurred and this debt is due April 15. BACLT has requested a \$220,000 bridge loan from VHFA to cover expenses until other funding is available. The loan would be a pre-payable 15-month loan, and would be repaid out of funding proceeds to be obtained by BACLT (most likely VHCB and VCDP). In the event VHCB or VCDP pre-development funds are not forthcoming, VHFA's loan will remain out until construction and permanent sources have been obtained. The loan will be made out of VHFA's General Fund and secured by a mortgage on the property.

The longer term planning for re-development, project feasibility and design is underway. Once the re-development plan is further along, BACLT will apply for construction and permanent sources of funding. BACLT will be applying for bond or ceiling credits from VHFA in the near future. Staff has asked Dave Anderson to review the engineering and architectural work to date and review the plans to salvage the building, with an eye to structural integrity and cost effectiveness.





Vermont Housing Finance Agency

**RESOLUTION RE: BANKNORTH BORROWING
FOR SHORT-TERM CONSTRUCTION LOANS**

WHEREAS, the Agency approved a borrowing with Banknorth, N.A. on February 17, 2005 (the "February 17, 2005 Resolution"); and

WHEREAS, the Agency wishes to expand the February 17, 2005 Resolution by the inclusion of the underlined language below at the request of Banknorth, N.A.:

WHEREAS, the Agency has received a Commitment Letter dated February 8, 2005 from Banknorth for a line of credit for short term construction loans ("Construction Line of Credit"); and

WHEREAS, the Construction Line of Credit will be used to fund loans approved by the Board of Commissioners within the outstanding authority to issue multi-family housing bonds; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Gary Marini dated February 10, 2005, containing information and recommendations about the Construction Line of Credit (the "Memorandum"); and

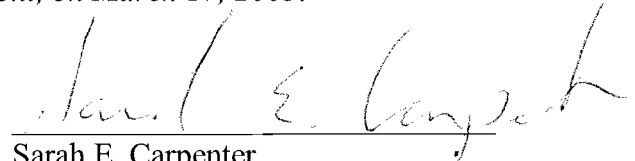
WHEREAS, the Agency wishes to authorize the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, respectively, to take all actions necessary, including the execution of documents, to obtain the Construction Line of Credit and to extend and/or renew the Construction Line of Credit at similar terms in the future;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the terms of the Construction Line of Credit substantially in the form presented.
2. That the Agency hereby authorizes the Executive Director and the Chief Financial Officer, individually, in their capacities as Secretary and Treasurer of the Agency, respectively, to do all actions necessary, including the execution and delivery of necessary documents, to obtain the Construction Line of Credit and to extend and/or renew the Construction Line of Credit at similar terms in the future and/or to secure the Construction Line of Credit by executing and delivering an Assignment of Mortgages and Other Project Loan Documents substantially in the form attached to the Business Loan Agreement as Exhibit A.

3. That, in connection with the above resolutions, any one of the following officers or employees of VHFA (each acting singly) be, and hereby are, authorized to, from time to time to prepare, execute and submit to the Bank requisitions and other requests for advances and disbursements of funds pursuant to or in connection with such line of credit facility: Executive Director, Chief Financial Officer or Chief of Program Operations or their designees, and to direct and instruct the Bank as to the payment or disbursement thereof, and to certify to the Bank from time to time the name(s) and title(s) of such officer(s) and employees, and to modify and amend such certifications from time to time.

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 17, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RE: ALLOCATION OF 2005 PRIVATE ACTIVITY BOND
VOLUME CAP**

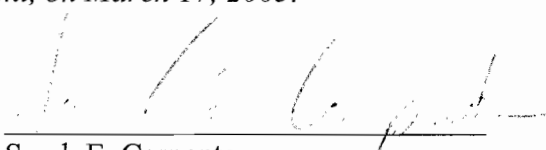
WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated a total of \$122,000,000 in 2005 private activity bond volume cap by the State of Vermont Emergency Board ("2005 Allocation"); and

WHEREAS, the Agency desires to elect to utilize a portion of the 2005 Allocation in the amount of \$90,000,000 for qualified mortgage bonds and mortgage credit certificates;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. The Agency elects to allocate a portion of its 2005 Allocation in the amount of \$90,000,000 pursuant to Section 146 of the Internal Revenue Code of 1986 as amended for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

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 17, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

**TWENTY-SIXTH SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION**

Adopted March 17, 2005

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EXHIBIT A DIRECTION TO TENDER

TWENTY-SIXTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

BE IT RESOLVED by the Vermont Housing Finance Agency, and the Commissioners thereof, as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution is hereinafter sometimes referred to as the “Twenty-Sixth Supplemental Resolution.”

Section 1.02. 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 Section 101 of the Resolution.

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

“*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 2.03(a)(iv) hereof.

“*Adjusted Rate Bonds*” means all Series 22 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 22 Bonds authenticated and delivered under the Resolution thereafter upon transfer of, or in exchange or substitution for, any such Bonds.

“*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 22 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 2.03(a)(ii) hereof.

“*Adjustment Option Period*” means the period set forth in the Series Certificate during which the Agency may exercise its right to cause the mandatory tender of Series 22 Bonds in accordance with Section 2.03 hereof.

“*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 22 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 2.03(a)(vi) 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 22 Tender Bonds will not cause such Nationally Recognized Credit Rating Agency to change the unenhanced 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 22 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 22 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 the adjustment of the interest rate on the Series 22 Tender Bonds on the Adjustment Date will not adversely affect the excludability of interest on the Series 22 Bonds from the gross income of the holders thereof for federal income tax purposes and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

“Authenticating Agent” with respect to all Series 22 Bonds, means the Trustee.

“Beneficial Owner” means the person or entity that is considered to be the beneficial owner of any Series 22 Bond pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

“Bond Counsel” means Kutak Rock LLP, or any successor firm of attorneys or such other firm of nationally recognized bond attorneys designated by the Agency.

“Bond Depository” means The Depository Trust Company, and its successors and any replacement depository appointed pursuant to Section 2.02 hereof.

“Bond Insurer” means the provider of municipal bond insurance with respect to the Series 22 Bonds, if any, as shall be set forth in the Series Certificate.

“Bond Year” means the twelve month period beginning on each April 1 and ending on the following March 31; provided that the initial Bond Year shall commence on the date of issuance of the Series 22 Bonds and end on March 31, 2006.

“Business Day” means any calendar day other than a Saturday, a Sunday or a day on which banks in Burlington, Vermont or New York, New York, are authorized or required to be closed.

“Calculation Date” means the date, if any, on which the Adjusted Interest Rate is determined, which date shall be any Business Day selected by the Tender

Bond Remarketing Agent with the approval of the Agency not earlier than 15 days prior to the Adjustment Date and not later than seven days prior to the Adjustment Date.

“*Code*” means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 22 Bonds.

“*Hedge Agreement*” shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency authorized by the Agency’s then current Swap Management Plan and a Qualified Institution providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of the Series 22 Bonds or any assets pledged under the Resolution.

“*Liquidity Facility*” means, if applicable, the facility pursuant to which any Variable Rate Bonds are purchased if such Variable Rate Bonds are tendered for purchase and are not remarketed by the Remarketing Agent, all as shall be set forth in the Series Certificate.

“*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 22 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 22 Loan Loss Claim Fund.

“*Loan Loss Claim Fund Withdrawals*” means amounts withdrawn from the Series 22 Loan Loss Claim Fund pursuant to Section 3.06(b) hereof on account of a Loan Loss.

“Municipal Bond Insurance Policy” means, to the extent required by the Series Certificate, the municipal bond insurance policy issued by the Bond Insurer insuring the scheduled payment when due of the principal of and interest on all or a portion of the Series 22 Bonds as provided therein.

“Municipal Bond Insurance Policy Premium” means the premium payable to the Bond Insurer with respect to the Municipal Bond Insurance Policy, if any, required by the Series Certificate, payable at the times and in the amount set forth in the Series Certificate. Such Municipal Bond Insurance Policy Premium shall be deemed a Program Expense for all purposes under the Resolution.

“Notice Date” means the Business Day which is 30 days prior to the Adjustment Date.

“Official Statement” means the Official Statement of the Agency describing the Series 22 Bonds, dated the date of execution of the Purchase Contract.

“Participant” means securities brokers or dealers, banks, trust companies, clearing corporations and various other entities, some of whom and/or their representatives own the Bond Depository.

“Principal Amount” for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 22 Bond, the stated principal amount thereof.

“Pro-Forma Adjusted Interest Rate” shall have the meaning given such term in Section 2.03(a)(i) hereof.

“Pro-Forma Tender Bonds” shall have the meaning given such term in Section 2.03(a)(i) hereof.

“Purchase Contract” means the Series 22 Bond Purchase Contract.

“Qualified Institution” shall mean (i) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Hedge Agreement is entered into by the Agency are either (a) rated at least as high as the Series 22 Bonds (without giving effect to the

existence of a municipal bond insurance policy or other credit enhancement thereon) by each Nationally Recognized Credit Rating Agency which rates such obligations or (b) such that entering into a Hedge Agreement with such entity will not adversely effect the then current ratings, if any, assigned to the Series 22 Bonds by each Nationally Recognized Credit Rating Agency or (ii) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality, the obligations of which are backed by the full faith and credit of the United States of America.

“Record Date” with respect to the payment of interest on a Series 22 Bond, means, except as may otherwise be provided in the Series Certificate, the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 22 Bond or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 22 Bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 22 Bonds Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten days before the special record date or in such other time and manner as the Trustee may deem appropriate.

“Remarketing Agent” means the investment banking firm or firms selected by the Agency to remarket any of the Series 22 Bonds that are issued as Variable Rate Bonds, as shall be set forth in the Series Certificate.

“Remarketing Agreement” means the Remarketing Agreement, if any, executed in connection with the issuance of any Series 22 Bonds as Variable Rate Bonds.

“Remarketing Projection of Revenues” means a Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) 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 2.03(a)(v) hereof.

“Representation Letter” means, with respect to the Series 22 Bonds held in book-entry only form with the Bond Depository, the Blanket Letter of Representations of the Agency dated April 4, 1995.

“Resolution” means the resolution of the Agency adopted September 20, 1990, entitled “Single Family Housing Bond Resolution.”

“Series Certificate” means the Series Certificate of the Chair or Vice Chairman and Executive Director and Secretary of the Agency dated on or before

the date of issuance of the Series 22 Bonds which Series Certificate shall establish certain terms of the Series 22 Bonds as provided herein.

“Series 21 Bonds” means the \$28,760,000 aggregate principal amount of the Agency’s Single Family Housing Bonds, Series 21A and the \$18,180,000 aggregate principal amount of the Agency’s Single Family Housing Bonds, Series 21B, each issued on November 30, 2004.

“Series 22 Bond Purchase Contract” means the Purchase Contract, or Contracts, by and among the Agency, the Underwriters named therein and the direct institutional purchaser of the Series 22 Bonds, if any, providing for the terms and conditions of the sale of the Series 22 Bonds in substantially the form of the Bond Purchase Contract executed in connection with the Agency’s Series 21 Bonds; provided, however, that if the Series Certificate provides for the issuance of Series 22 Notes or Variable Rate Bonds, the Agency may execute additional Purchase Contracts as provided in Section 5.07 hereof.

“Series 22 Bond Reserve Requirement” means an amount with respect to the Series 22 Bonds at least equal to the lesser of (i) 50% of the maximum amount of Debt Service payable on all Series 22 Bonds Outstanding in the current or any subsequent Fiscal Year and (ii) 10% of the original net proceeds of the Series 22 Bonds.

“Series 22 Bonds” means the Series 22 Bonds of the Agency authorized to be issued in one or more Series by this Twenty-Sixth Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, (i) a portion of the Series 22 Bonds may be issued as a separate issue for federal tax purposes and shall be designated as Series 23 Bonds and (ii) the Agency may issue one or more series of short term obligations to be designated as the Series 22 Notes. References herein to the Series 22 Bonds shall be deemed to include the Series 23 Bonds and the Series 22 Notes, if any.

“Series 22 Contingency Account” means the account in the Redemption Fund so designated and created pursuant to Section 3.01(e) hereof.

“Series 22 Contingency Account Deposits” means the Series 22 Contingency Account Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 22 Contingency Account will not adversely affect the then current unenhanced 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 22 Contingency Account.

“Series 22 Contingency Account Surety Bond” means the irrevocable surety bond issued by the Series 22 Contingency Account Deposit Provider to be held for the credit of the Series 22 Contingency Account and any extension thereof or substitute surety bond therefor deposited with the Trustee pursuant to Section 3.02(c) thereof.

“Series 22 Contingency Account Deposit Provider” means the provider of any other Series 22 Contingency Account Deposit as shall be provided in the Series Certificate

“Series 22 Cost of Issuance Account” means the account in the Program Fund so designated and created by Section 3.01(c) hereof.

“Series 22 Funded Loan Loss Claim Fund Requirement” means, at any date of computation, an amount equal to the Series 22 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Series 22 Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 22 Loan Loss Claim Fund.

“Series 22 Loan Loss Claim Fund” means the fund so designated and created pursuant to Section 3.01(a) hereof.

“Series 22 Loan Loss Claim Fund Deposit Provider” means the provider of any other Series 22 Loan Loss Claim Fund Deposit as shall be provided in the Series Certificate.

“Series 22 Loan Loss Claim Fund Deposits” means cash or any one or more of the following to the extent its deposit in the Series 22 Loan Loss Claim Fund will not adversely affect the then current unenhanced 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 22 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

“Series 22 Loan Loss Claim Fund Requirement” means, as of any date of computation, (i) an amount at least equal to (A) one and eighty-five hundredths percent (1.85%) of the sum of (1) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 22 Program Account plus (2) the aggregate amount, if any, then held in the Series 22 Program Account which may be applied to the purchase of such Loans, less (B) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 22 Loan Loss Claim Fund, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to

the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

“Series 22 Loan Loss Claim Fund Surety Bond” means, if so provided in the Series Certificate, the irrevocable surety bond issued by the Bond Insurer to be held for the credit of the Series 22 Loan Loss Claim Fund and any extension thereof or substitute surety bond deposited with the Trustee pursuant to Section 3.02(b) hereof.

“Series 22 Program Account” means the one or more Series 22 Bonds Program Accounts authorized to be established in the Series Certificate.

“Series 22 Rebate Account” means the account in the Rebate Fund so designated and created pursuant to Section 3.01(f) hereof.

“Series 22 Rebate Requirement” with respect to the Series 22 Bonds, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 3.05 hereof.

“Series 22 Reimbursement Agreements” means, as applicable, (i) the agreement by and between the Agency and the Series 22 Loan Loss Claim Fund Deposit Provider in connection with the Series 22 Loan Loss Claim Fund Deposit, (ii) the agreement by and between the Agency and the Series 22 Contingency Account Deposit Provider in connection with the Series 22 Contingency Account Deposit and, (iii) the agreement by and between the Agency and the provider of a Liquidity Facility in connection with the issuance of any Variable Rate Bonds and, in each case, as such agreement or agreements may be amended from time to time in accordance therewith.

“Series 22 Tender Bonds” means the Series 22 Bonds selected in accordance with Section 2.03(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

“Series 22 Tender Bonds Proceeds Subaccount” means the Series 22 Program Account Tender Bonds Proceeds Subaccount established pursuant to Section 3.01(b) hereof.

“Tender Bond Remarketing Agent” means, collectively, UBS Financial Services Inc., Citigroup Global Markets Inc. and A.G. Edwards & Sons, Inc. or any other investment banking firm, financial institution or other entity at the time acting in the capacity of Tender Bond Remarketing Agent under the Tender Bond Remarketing Agreement.

“Tender Bond Remarketing Agreement” means the Remarketing Agreement executed in connection with the remarketing of Series 22 Tender Bonds, in such form as shall be approved by the Agency prior to the Adjustment Date.

“*Trustee*” means Banknorth, N.A., Burlington, Vermont, or its successor in trust under the Resolution.

“*Underwriters*” means, collectively, UBS Financial Services Inc., Citigroup Global Markets Inc. and A.G. Edwards & Sons, Inc., as underwriters of the Series 22 Bonds; provided, however, that if the Series Certificate provides for the issuance of Series 22 Notes or Variable Rate Bonds, such Series 22 Notes or Variable Rate Bonds initially may be sold to one or more of the Underwriters.

“*Yield*” means the yield on the Series 22 Bonds or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 22 Bonds calculated as required by Sections 148(h) and 143(g) of the Code.

(c) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Twenty-Sixth Supplemental Resolution, the term “Interest Payment Date” shall mean (i) with respect to the Series 22 Bonds issued as Fixed Rate Bonds, May 1 and November 1 of each year commencing on November 1, 2005, (ii) with respect to any Series 22 Bonds issued as Variable Rate Bonds, such dates as shall be set forth in the Series Certificate, (iii) with respect to the Series 22 Notes, if any, such dates as shall be set forth in the Series Certificate and (iv) with respect to all Series 22 Bonds, any redemption date of any Series 22 Bonds and any other date on which interest on the Series 22 Bonds is required or permitted by the Resolution to be paid.

Section 1.03. Authority. This Twenty-Sixth Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701 of the Resolution and in accordance with the Act.

ARTICLE II

AUTHORIZATION OF SERIES 22 BONDS

Section 2.01. Series 22 Bonds; Authorization; Purpose; Findings.

(a) The Agency hereby authorizes the issuance of one or more Series of Bonds in an aggregate Principal Amount not to exceed \$90,000,000 to be designated “Single Family Housing Bonds, Series 22” for the purpose of funding mortgage loans, costs of issuance and reserve funds. Each separate Series of Bonds shall have its own letter designation (i.e. Series 22A, Series 22B, Series 22C, etc.) as shall be set forth in the Series Certificate. In addition, in order to distinguish between Bonds of different tax plans for federal tax purposes, the Bonds of such Series may be designated (as herein provided and as may be provided in the Series Certificate or Certificates delivered in connection with such Bonds) as Series 23 Bonds, and, within such designation, may be further designated as Series 23A, Series 23B, and so forth. The Agency may designate that a portion of the Series 22 Bonds be issued as short term obligations with a maturity of less than three years from the date of issuance thereof, the proceeds of which shall not be made available for the funding of mortgage loans until such obligations have been

refunded with a series of long-term Bonds. Any such short term obligations may be designated (as herein provided and as may be provided in the Series Certificate or Certificates delivered in connection with such Bonds) as the Series 22 Notes, and, within such designation, may be further designated as Series 22A, Series 22B, and so forth. References herein to the Series 22 Bonds shall be deemed to include the Series 22 Bonds, if any. The Agency hereby determines (i) that the original aggregate Principal Amount of the Series 22 Bonds is necessary to provide sufficient funds to be used and expended for the Program, (ii) that Loans made on behalf of the Agency with moneys allocable to the Series 22 Bonds can be issued bearing 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 and (iii) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 22 Bonds as provided herein sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 22 Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 22 Bonds are being issued. For purposes of Section 204(B) of the Resolution, the Series 22 Bonds may be issued as "Fixed Rate Bonds" as described in Section 203(B) of the Resolution or as "Variable-Rate Bonds" as described in Section 203(C) of the Resolution (or any combination of Fixed-Rate Bonds and Variable-Rate Bonds) and all or a portion of the Series 22 Bonds shall be issued as "Tender Bonds" as described in Section 203(D) of the Resolution.

If the Series Certificate provides for the issuance of Variable-Rate Bonds, the Series Certificate shall establish the requirements with respect to such Variable-Rate Bonds as provided in Section 203(C) of the Resolution.

(b) The Series 22 Bonds are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in one or more of the Series 22 Program Account, the Series 22 Cost of Issuance Account, the Series 22 Capitalized Interest Account, the Debt Service Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution. The amounts of the deposits described in this paragraph (b) shall be as set forth in the Series Certificate.

(c) Except as may otherwise be provided in the Series Certificate with respect to the issuance of Variable-Rate Bonds and subject to Section 2.02 hereof, all Series 22 Bonds shall be issued only in the form of fully registered bonds each in the denomination of \$5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letters "RA," "RB" or "RC," etc., as applicable, and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(d) The Series 22 Bonds shall be dated as shall be set forth in the Series Certificate. Subject to Section 2.03 hereof, the Series 22 Bonds shall mature on the dates and in the Principal Amounts and shall bear interest at the rates set forth in the Series Certificate; provided, however, that in no event shall the Yield on the Series 22 Bonds exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to

be financed with the proceeds of the Series 22 Bonds in excess of 7.50% per annum nor may the final maturity date of the Series 22 Bonds be later than November 1, 2040.

(e) The Principal Amount and Redemption Price of the Series 22 Bonds shall be payable at the Principal Office of the Trustee. Interest on the Series 22 Bonds shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 22 Bond on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 22 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (e) to the contrary, if at any time the Series 22 Bonds are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 2.02 hereof, the Principal Amount and Redemption Price of and interest on the Series 22 Bonds of any registered owner of Series 22 Bonds of \$1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 22 Bonds on account of which such payment is made.

(f) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 22 Bond a fee sufficient to reimburse the Agency for the cost of preparing each new Series 22 Bond delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 2.02. Book Entry System. Notwithstanding the foregoing provisions of Section 2.01 hereof and anything in Article III of the Resolution to the contrary:

(a) The Series 22 Bonds shall be initially issued in the form of a single separate fully registered bond for each Series and maturity of the Series 22 Bonds in the amount of such maturity. Upon initial issuance, the ownership of the Series 22 Bonds shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 22 Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 22 Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 22 Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any

other person, other than the Bond Depository, of any notice with respect to the Series 22 Bonds, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 22 Bonds. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 22 Bonds only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 22 Bonds to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 22 Bond evidencing the obligation of the Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." in this Twenty-Sixth Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(b) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 22 Bonds shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the owners transferring or exchanging Series 22 Bonds shall designate, in accordance with the provisions of the Resolution.

(c) In the event the Agency determines that Beneficial Owners should be able to obtain certificates for the Series 22 Bonds, the Agency shall notify the Bond Depository and the Trustee of the availability of such certificates. In such event, the Trustee shall issue, transfer and exchange certificates as requested by the Bond Depository (or, pursuant to Section 2.02(b) hereof, any other owner of Series 22 Bonds) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the certificates to any Participant having Series 22 Bonds credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 22 Bonds.

(d) Notwithstanding any other provision of this Twenty-Sixth Supplemental Resolution to the contrary, so long as any Series 22 Bond is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 2.03. Adjusted Rate Bonds.

(a) The Series 22 Bonds are issued subject to the provision that all or part of such Series 22 Bonds issued as Fixed-Rate Bonds (other than any Series 22 Bonds designated as Series 22 Notes) may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 22 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 2.03.

(i) If at any time and from time to time during the Adjustment Option Period (but not less than 40 days prior to the end of the Adjustment Option Period) any amount attributable to the Series 22 Bonds remains on deposit in the Series 22 Program Account and the Agency has determined (A) that the rate of interest to be borne by Loans allocable to Series 22 Bonds bearing interest at the rates set forth in the Series Certificate either (1) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (2) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans for the Agency or (B) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 22 Bonds bearing interest at the rates set forth in the Series Certificate 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 Tender Bond Remarketing Agent a certificate of an Authorized Officer directing the Tender Bond Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than two Business Days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 22 Bonds which are Fixed-Rate Bonds (not in excess of the amount then on deposit in the Series 22 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 Tender Bond 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 Tender Bond 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.

(ii) If on or after any Certification Date (A) 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 1/2 of 1% lower than the yield on the Series 22 Bonds (calculated as of the original date of authentication and delivery of the Series 22 Bonds) and (B) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 22 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 22 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (C) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 22 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 (D) 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 Tender Bond Remarketing Agent to call a Principal Amount of Series 22 Bonds which are Fixed-Rate 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. 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 33 days after the date such certificate is delivered to the Trustee.

(iii) If the Agency shall have elected to call a Principal Amount of Series 22 Bonds which are Fixed-Rate Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (ii) of this Section 2.03, the Trustee shall select the Outstanding Series 22 Bonds which are Fixed-Rate Bonds (hereinafter referred to as "Series 22 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 22 Bonds specified by the Agency pursuant to Paragraph (a)(ii) of this Section 2.03). If less than all Series 22 Bonds which are Fixed-Rate Bonds are to be tendered, Series 22 Bonds which are Fixed-Rate 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 22 Bonds which are Fixed-Rate Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 22 Bonds which are Fixed-Rate Bonds of all maturities Outstanding. If less than all Series 22 Bonds which are Fixed-Rate Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 22 Bonds which are Fixed-Rate 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 22 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). A copy of

such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any Bonds Outstanding. In addition to the purposes provided in this Section 2.03, the notice of tender shall also constitute a notice of redemption of the Series 22 Tender Bonds on the Adjustment Date in whole or in part pursuant to Section 2.04(d) and Section 3.03(c) to the extent the conditions provided in Paragraphs (a)(iv) or (vii) of this Section 2.03 shall occur. Each such notice shall state in effect:

(A) the Principal Amount of Series 22 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(B) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (iv) or Paragraph (vii) of this Section 2.03(a) shall occur, Series 22 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 22 Tender Bonds for which they were exchanged;

(C) that the Holders of Series 22 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 22 Tender Bonds retained as provided in Section 2.03(b)(iii) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(D) that each Series 22 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 22 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 (iii) of Section 2.03(b);

(E) the date by which a Holder making the election described in Section 2.03(b)(iii) hereof must notify the Trustee of such election and the address and facsimile number to which a Holder making the election may deliver notice of such election;

(F) that if the Series 22 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);

(G) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of such Bondholder's Series 22 Tender Bonds in accordance with Section 2.03(b)(iii), unless such Bonds are registered in the name of the Bond Depository or its nominee, such Bondholder 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 22 Tender Bonds); and

(H) that if no adjustment of interest rate takes place as a result of a failure of or inability of the Tender Bond 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 such Bondholder's Series 22 Tender Bonds, all of such Series 22 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(iv) On the Calculation Date the Tender Bond Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (v) of this Section 2.03(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 interest rate which, in the judgment of the Tender Bond 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 Tender Bond Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 22 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Tender Bond 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, facsimile or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (vii) of this Section 2.03(a), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 22 Tender Bonds purchased pursuant to subparagraph (b)(iii) 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 (1) an Arbitrage Projection Certificate, (2) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (vi) of this Section 2.03(a), (iii) an Adjustment Rating Certificate and (3) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 22 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 22 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(v) On the Certification Date and on the Calculation Date, the Tender Bond 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 2.01 and 2.04(d) hereof for the Series 22 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 Tender Bond Remarketing Agent pursuant to Section 2.04(d) hereof 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 22 Bonds of such maturity.

(vi) 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 (v) of this Section 2.03(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 22 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 22 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 22 Tender Bonds in accordance with Section 2.04(b) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 22 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 22 Bonds not later than five 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 3.03(c) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Series 22 Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Series 22 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 22 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 22 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Series 22 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, Series 22 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 22 Bond Outstanding.

(vii) If on or prior to the second Business Day immediately preceding the Adjustment Date either (A) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (iv) of this Section 2.03(a) or (B) either (1) 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 (2) 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 in a principal amount sufficient to fully apply all proceeds allocable to the Adjusted Rate Bonds as herein provided, or (3) 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 without the assistance of the Agency, the Series 22 Tender Bonds (or such portion of the Principal Amount thereof as the Agency shall determine is necessary to satisfy the provisions of this Paragraph (vii)) 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 2.04(B) hereof.

(b) (i) Subject to Paragraph (b)(iii) of this Section 2.03, all Series 22 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 22 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 3.04(c) hereof at a purchase price equal to the Principal Amount thereof (including any initial issue premium paid with respect to the related maturity of the Series 22 Bonds) plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(A) Series 22 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (ii) hereof;

(B) Series 22 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (c) hereof not to purchase the same; or

(C) Series 22 Tender Bonds issued in exchange for or upon the transfer of Series 22 Tender Bonds referred to in the preceding subclauses (A) or (B).

(ii) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 3.04(c) hereof, the purchase price of Series 22 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of sale of the Adjusted Rate Bonds to a person or persons designated by the Remarketing Agent (who may but need not be the Tender Bond Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Tender Bond 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 Tender Bond Remarketing Agent, acting pursuant to the Tender Bond Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the third 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.

(A) Any Series 22 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 22 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 Resolution, but shall have only the right to receive the purchase price thereof.

(B) For all Series 22 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 22 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.

(iii) Any Holder of Series 22 Tender Bonds who has received notice that such Holder's Series 22 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or facsimile 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 fifteenth (15th) 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 such Holder's Series 22 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 22 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 22 Tender Bonds for an amount of Adjusted Rate Bonds equal in Principal Amount to the Series 22 Tender Bonds tendered for exchange and of the same maturity as the Series 22 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 22 Tender Bonds for Adjusted Rate Bonds in the case of Series 22 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 Fifteenth (15th) 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 22 Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(iv) Unless otherwise agreed to by the Trustee with respect to Series 22 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 22 Tender Bonds described in subparagraph (iii) of this Section 2.03(b) shall be substantially in the form of Exhibit A hereto and shall state:

(A) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 22 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 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall occur, such Holder's Series 22 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(B) that such person is the owner of the Series 22 Tender Bonds to be exchanged for Adjusted Rate Bonds.

(v) Series 22 Tender Bonds purchased with moneys on deposit in the Debt Service Fund pursuant to Section 2.03(b)(i) hereof shall be cancelled by the Trustee.

(vi) Notwithstanding anything herein to the contrary, the aggregate principal amount of Adjusted Rate Bonds may be in an amount which exceeds the aggregate principal amount of Series 22 Tender Bonds (which increased amount reflects the unamortized premium paid with respect to any Series 22 Tender Bonds) upon receipt by the Trustee and the Agency of an opinion of Bond Counsel to the effect that the remarketing of the Adjusted Rate Bonds in such

amount will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 22 Bond.

Section 2.04. Redemption Provisions.

(a) The Series 22 Bonds shall be subject to optional redemption as set forth in the Series Certificate.

(b) All Series 22 Tender Bonds shall be subject to redemption prior to maturity in whole or in part on the Adjustment Date as provided in Section 2.03(a)(iv) and Section 2.03(a)(vii) hereof from moneys deposited in the Special Redemption Account pursuant to Section 3.04(b) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(c) The Series 22 Bonds shall be subject to special redemption as set forth in the Series Certificate upon compliance with the provisions of Section 509 of the Resolution.

(d) If so provided in the Series Certificate, Series 22 Bonds maturing on the dates set forth in the Series Certificate shall be subject to redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 22 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

(e) Except as otherwise provided herein, notice of redemption of Series 22 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 22 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than 60 days and not less than 30 days prior to the redemption date to the registered owners of all Series 22 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 22 Bonds or portions thereof given to the registered owner of \$1,000,000 or more Principal Amount of Series 22 Bonds Outstanding shall, upon the prior written request of such owner to the Trustee, be mailed by certified mail, return receipt requested. Failure to mail any redemption notice as herein provided with respect to a Series 22 Bond or any defect therein shall not affect the redemption of any other Series 22 Bonds for which the required notice of redemption shall have been given. Not less than two Business Days prior to the giving of any notice of redemption of Series 22 Bonds to the registered owners thereof, the Agency shall also give notice of such redemption to at least two national information services who customarily disseminate information concerning the redemption of bonds (provided failure to give such notice or any defect therein shall not affect the redemption of such Series 22 Bonds on the redemption date therefor). If any Series 22 Bonds called for redemption as provided herein are not presented for payment within 60 days of the redemption date, the Trustee shall mail an additional notice of the

redemption of such Series 22 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 22 Bonds on the redemption date therefor.

Section 2.05. Sale of Series 22 Bonds.

(a) The Series 22 Bonds shall be sold to the Underwriters and any other direct purchasers of the Series 22 Bonds on the terms and conditions, and upon the representations set forth in the Purchase Contract (or Purchase Contracts), which Purchase Contract (or Purchase Contracts) may be executed and delivered on behalf of the Agency by the Chair, the Executive Director and Secretary, or any other Authorized Officer in such form as shall be approved by Counsel to the Agency; provided, however, that in no event shall the Yield on the Series 22 Bonds exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 22 Bonds in excess of 7.50% per annum nor may any Series 22 Bond mature later than November 1, 2040.

(b) The distribution of the preliminary Official Statement in a form comparable to the forms previously used by the Agency and acceptable to Counsel to the Agency is hereby authorized in all respects. The final Official Statement in substantially the form of the preliminary Official Statement, as modified and supplemented to reflect the pricing of the Series 22 Bonds, is hereby approved and the execution and delivery thereof to the Underwriters and any other direct purchasers is hereby authorized in all respects.

(c) The Series 22 Bonds shall be delivered upon compliance with the provisions of Section 204 of the Resolution, at the time and place provided by the related Purchase Contract.

(d) The proceeds of the good faith check received by the Agency under any Purchase Contract shall be deposited with the Trustee in a special account established by the Agency and invested in Investment Obligations, subject to the terms of the related Purchase Contract.

ARTICLE III

**ESTABLISHMENT OF ACCOUNTS AND
APPLICATION OF PROCEEDS OF SERIES 22 BONDS**

Section 3.01. Establishment of Funds and Accounts.

(a) In accordance with Section 502 of the Resolution, the Series 22 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 22 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 22 Bonds within the meaning and with the effect given by Section 207 of the Resolution, and the Series 22 Loan Loss Claim Fund Surety Bond, Investment Obligations and Series 22 Loan Loss Claim Fund Deposits held in such Fund shall be used for the purposes and as provided in Section 3.06 of this Twenty-Sixth Supplemental Resolution.

(b) There are hereby ordered to be established in the Program Fund one or more separate accounts to be designated as "Program Accounts" and "Premium Accounts" moneys in each of which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 3.03 of this Twenty-Sixth Supplemental Resolution. The actual number of such Program Accounts and Premium Accounts shall be set forth in the Series Certificate. There shall also be established within any Program Account relating to the Series 22 Bonds a separate subaccount designated the "Series 22 Tender Bonds Proceeds Subaccount," moneys in which shall be used solely for the purposes and as authorized by Section 3.04 hereof. Except as provided in Section 3.04 hereof, amounts on deposit in the Series 22 Tender Bonds Proceeds Subaccount shall be considered for all purposes of the Resolution as on deposit in the related Program Account for such Series 22 Bonds.

(c) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 22 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(d) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 22 Capitalized Interest Account," moneys in which shall be used for the purposes and as authorized by Section 505(B) of the Resolution.

(e) 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 22 Contingency Account," the amounts in which shall be used for the purposes and as authorized by Section 3.05 of this Twenty-Sixth Supplemental Resolution. The Series 22 Contingency Account shall be deemed to be Additional Security for the Series 22 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(f) There is hereby established in the Rebate Fund a separate account designated the "Series 22 Rebate Account," moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 3.07 of this Twenty-Sixth Supplemental Resolution.

(g) The Series Certificate may establish such additional funds or accounts as may be required upon the issuance of any Series 22 Notes, Variable-Rate Bonds or upon the execution of any Hedge Agreement.

Section 3.02. Application of Proceeds and Other Moneys.

(a) Upon the authentication and delivery of the Series 22 Bonds, the proceeds of sale of the Series 22 Bonds shall be deposited by the Trustee as provided in the Series Certificate.

(b) On or before the original delivery date of the Series 22 Bonds, the Agency shall deliver to the Trustee cash, the Series 22 Loan Loss Claim Fund Surety Bond or

Series 22 Loan Loss Claim Fund Deposits, in an aggregate stated amount equal to the Series 22 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 22 Loan Loss Claim Fund, as provided in Section 3.06 hereof.

(c) On or before the original delivery date of the Series 22 Bonds, the Agency shall deliver cash, the Series 22 Contingency Account Surety Bond or Series 22 Contingency Account Deposits to the Trustee in the amount provided in the Series Certificate. If a Series 22 Contingency Account Deposit is other than cash, the Series 22 Contingency Account Deposit shall have an initial term of at least five years from its date and shall be held by the Trustee for the credit of the Series 22 Contingency Account.

Section 3.03. Application of Certain Amounts in Series 22 Program Accounts.

(a) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided or as otherwise provided in the Series Certificate, amounts deposited in any Program Account created with respect to the Series 22 Bonds in accordance with the Series Certificate 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 Series Certificate and in Section 504 of the Resolution. Amounts deposited in any Program Account created with respect to the Series 22 Bonds as provided herein, in the Series Certificate or in the Resolution 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 (i) the Agency shall furnish 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, and (ii) 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 unenhanced 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 22 Bonds in accordance with Section 207 of the Resolution.

(b) Amounts on deposit in any Program Account allocable to the Series 22 Bonds shall be applied by the Agency to the purchase or origination of Loans bearing interest at rates not less than the rates set forth in the Series Certificate for each type of Loan authorized by the Series Certificate. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restriction 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 the Series 22 Bonds.

(c) Amounts, if any, of deposit in any Premium Account allocable to the Series 22 Bonds of the Program Fund shall be applied by the Agency to provide down payment and closing cost assistance to borrowers who elect to receive Downpayment Assistance Loans as described in the Series Certificate. Notwithstanding the foregoing, the Agency may use amounts on deposit in any Premium Account allocable to the Series 22 Bonds to purchase or make Loans which do not constitute Downpayment Assistance Loans if at or prior to the purchase or making of such Loans to the Agency delivers to the Trustee the Protection of Revenues and opinion of Bond Counsel described in clause (i) and (ii) of paragraph (b) of this Section 3.03.

Upon the mandatory tender of Series 22 Bonds pursuant to Section 2.03(b) hereof, the redemption of Series 22 Tender Bonds pursuant to Section 2.04(b) hereof or the redemption of Series 22 Bonds from unexpended proceeds pursuant to Section 2.04(c) hereof, amounts on deposit in the Series 22 Premium Account allocable to the initial issue premium, if any, paid with respect to the Series 22 Bonds, shall be transferred to the Series 22 Tender Bonds Proceeds Subaccount or the Special Redemption Account, as applicable, to pay a portion of the tender price or redemption price, as applicable, of the Series 22 Bonds.

Section 3.04. Application of Series 22 Tender Bond Proceeds Subaccount.

(a) 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 2.03(a)(ii) hereof to the effect that the Agency has elected to call a Principal Amount of Series 22 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw (i) from the Program Accounts allocable to the Series 22 Bonds and deposit in the Series 22 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 22 Bonds so certified and (ii) from any Premium Account allocable to the Series 22 Bonds and deposit in the Series 22 Tender Bonds Proceeds Subaccount an amount equal to the initial issue premium paid with respect to any Series 22 Tender Bonds. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (b) and (c) of this Section 3.04.

(b) Notwithstanding anything in Section 504 of the Resolution to the contrary, if the conditions specified in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall have occurred, the Trustee shall transfer from the Series 22 Tender Bonds Proceeds Subaccount to the Series 22 Special Redemption Account in the Redemption Fund all or such portion of such funds on deposit in the Series 22 Tender Bonds Proceeds Subaccount as shall be directed by the Agency for application to the redemption of all Series 22 Tender Bonds in accordance with Section 2.04(b) hereof.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 22 Tender Bonds have not been remarketed as

Adjusted Rate Bonds in accordance with Section 2.03(b)(ii) hereof, the Trustee shall transfer from the Series 22 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the sum of (i) the Principal Amount of all such Series 22 Tender Bonds not so remarketed and (ii) the initial issue premium allocable to any Series 22 Tender Bonds issued with such premium not so remarketed. The amounts so transferred shall be applied on the Adjustment Date to the purchase of Series 22 Tender Bonds as provided in Section 2.03(b)(i) hereof.

(d) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (b) and (c) of this Section 3.04, the Trustee shall return the entire balance then remaining in the Series 22 Tender Bonds Proceeds Subaccount to the related Program Account allocable to the Series 22 Bonds and any Premium Account allocable to the Series 22 Bonds, as applicable, for application thereafter as provided in Section 504 of the Resolution and Section 3.03 hereof.

Section 3.05. Application of Series 22 Contingency Account.

(a) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of Bonds with funds on deposit in a Special Redemption Account 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 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 cash deposited by the Agency, the Series 22 Contingency Account Surety Bond or the Series 22 Contingency Account Deposit, as applicable, for the credit of the Series 22 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 22 Bonds (and, to the extent provided in the Series Certificate, any other Bonds of the Agency) as described in Paragraph (a) of this Section 3.05 and, to the extent provided in the applicable Supplemental Resolution and, if the Agency has provided a Series 22 Contingency Account Deposit, with the prior approval of the Series 22 Contingency Account Deposit Provider, upon the redemption of any other Series of Bonds Outstanding under the Resolution. The Agency hereby instructs the Trustee, as applicable, to withdraw funds on deposit in the Series 22 Contingency Account or to give notice to the Series 22 Contingency Account Deposit Provider and to draw upon the Series 22 Contingency Account Deposit 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 22 Contingency Account Deposit and amounts on deposit in or held for the credit of the Series 22 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (a) of this Section 3.05 or the related provision of any applicable Supplemental

Resolution set forth in the Series Certificate 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 22 Bonds (and any other Bonds of the Agency set forth in the Series Certificate) as described in Paragraph (a) of this Section 3.05. Any such certificate shall include instructions to the Trustee to draw upon the Series 22 Contingency Account Deposit 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 a Series 22 Contingency Account Deposit is held under the Resolution for the account of the Series 22 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 22 Contingency Account Deposit and return it to the Series 22 Contingency Account Deposit Provider 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 unenhanced ratings then assigned to any Bonds Outstanding. In the event the Agency has deposited cash with the Trustee in lieu of a Series 22 Contingency Account Deposit, the Agency may direct the Trustee to withdraw any or all funds on deposit in the Series 22 Contingency Account and return such funds to the Agency upon the same conditions as a reduction or cancellation of the Series 22 Contingency Account Deposit.

(d) If the Trustee shall receive a notice from the Series 22 Contingency Account Deposit Provider pursuant to the Series 22 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 22 Reimbursement Agreement and the Series 22 Contingency Account Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the stated and unpaid amount of the Series 22 Contingency Account Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 22 Contingency Account.

(e) Subject to the provisions of Paragraph (c) of this Section 3.05, not less than five Business Days prior to the date of expiration of the Series 22 Contingency Account Deposit the Agency shall deposit with the Trustee an extension thereof or a substitute Series 22 Contingency Account Deposit therefor (the deposit of which will not adversely affect the unenhanced 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 initial Series 22 Contingency Account Deposit. If the Agency shall fail to deposit such extension or substitute letter of credit, not less than three Business Days prior to the expiration date of the Series 22 Contingency Account Deposit the Trustee shall draw upon the Series 22 Contingency Account Deposit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 22 Contingency Account. If at any time thereafter the Agency shall certify to the Trustee in accordance with Paragraph (c) of this Section 3.05 that all or a portion of the amount on deposit in the Series 22 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 22 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(f) Withdrawals from the Series 22 Contingency Account pursuant to Paragraphs (b) or (c) of this Section 3.05 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 22 Contingency Account and *second*, from amounts drawn on any Series 22 Contingency Account Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 22 Contingency Account 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 22 Contingency Account 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 22 Contingency Account 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 22 Contingency Account Deposit.

(g) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 22 Contingency Account shall be transferred by the Trustee to the Agency.

Section 3.06. Application of Series 22 Loan Loss Claim Fund.

(a) The Trustee shall deposit in the Series 22 Loan Loss Claim Fund (i) the amount, if any, set forth in the Series Certificate, (ii) all amounts drawn on the Series 22 Loan Loss Claim Fund Deposit, if any, in accordance with this Section 3.06, (iii) any amount deposited therein from the Revenue Fund pursuant to Section 3.08 of this Twenty-Sixth Supplemental Resolution, (iv) all interest and other earnings on investment or deposit of amounts on deposit in the Series 22 Loan Loss Claim Fund and (v) 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 22 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 22 Loan Loss Claim Fund Deposit, shall be used solely for the purposes provided in Paragraphs (b) and (c) of this Section 3.06.

(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 22 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 22 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 3.05(b) hereof shall occur and the amount on deposit in or held for the credit of the Series 22 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Series 22 Loan Loss Claim Fund Deposit Provider and shall draw the amount of the deficiency from the Series 22 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 3.05(b) hereof the

amount on deposit in the Series 22 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 22 Loan Loss Claim Fund Deposit, if any, shall be not less than the Series 22 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 22 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 3.05(b) hereof.

(d) Withdrawals from the Series 22 Loan Loss Claim Fund pursuant to Paragraphs (b) or (c) of this Section 3.06 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 22 Loan Loss Claim Fund and *second*, from amounts drawn on any 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 22 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 22 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 22 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 22 Loan Loss Claim Fund Deposit.

(e) Notwithstanding the foregoing provisions of this Section 3.06, nothing in the Resolution or this Twenty-Sixth Supplemental Resolution shall obligate the Agency to deposit in the Series 22 Loan Loss Claim Fund an amount which would cause the balance in the Series 22 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 22 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 (i) 1.85% of the sum of (A) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in any Program Account allocable to the Series 22 Bonds plus (B) the aggregate amount, if any, then held in any Program Account allocable to the Series 22 Bonds which may be applied to the purchase of such Loans, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(f) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 22 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 22 Loan Loss Claim Fund provided that prior to any such withdrawal the Agency shall deliver to the Trustee (i) one or more Reserve Deposits in an aggregate amount available to be drawn thereunder, together with any moneys to remain on deposit in the Series 22 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 22 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee)

confirming that such withdrawal will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 22 Loan Loss Claim Fund.

(g) Subject to Paragraph (h) of this Section 3.06, if at any time the amount of cash and Investment Obligations on deposit in the Series 22 Loan Loss Claim Fund exceeds the Series 22 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.

(h) If at any time (i) the amount of cash and Investment Obligations in the Series 22 Loan Loss Claim Fund exceeds the Series 22 Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 22 Loan Loss Claim Fund Deposit exceeds the Series 22 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Series 22 Loan Loss Claim Fund Deposit Provider of a reduction in the stated amount of the Series 22 Loan Loss Claim Fund Deposit; provided that if any such excess has resulted from a decrease in the Series 22 Loan Loss Claim Fund Requirement other than due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 3.06, 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 22 Loan Loss Claim Fund Deposit will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(i) If the Trustee shall receive a notice from the Series 22 Loan Loss Claim Fund Deposit Provider pursuant to the Series 22 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 22 Reimbursement Agreement and the Series 22 Loan Loss Claim Fund Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 22 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 22 Loan Loss Claim Fund Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 22 Loan Loss Claim Fund.

(j) Not less than five Business Days prior to the date of expiration of the Series 22 Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 22 Loan Loss Claim Fund Deposit in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 22 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 22 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 22 Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 22 Loan Loss Claim Fund Deposit with the Trustee, not less than three Business

Days prior to the expiration date of the Series 22 Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 22 Loan Loss Claim Fund Deposit and deposit in the Series 22 Loan Loss Claim Fund an amount sufficient to cause the Series 22 Funded Loan Loss Claim Fund Requirement to equal the Series 22 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 22 Loan Loss Claim Fund Deposit.

(k) Notwithstanding anything herein or in the Resolution to the contrary, the Series 22 Loan Loss Claim Fund Requirement shall be reduced to zero 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 22 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys on deposit in any Program Account allocable to the Series 22 Bonds 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 22 Loan Loss Claim Fund requirement will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

Section 3.07. Series 22 Rebate Account.

(a) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a yield equal to the Yield on the Series 22 Bonds, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 22 Rebate Account and available therefor is sufficient for such payment, and to establish such accounting procedures as are required to determine the amount of such excess investment earnings and the Series 22 Rebate Requirement.

(b) Within 30 days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 22 Rebate Requirement for such Bond Year.

(c) Within 60 days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 22 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment.

Within 60 days after the Series 22 Bonds have been paid in full, the Trustee shall pay to the United States from the Series 22 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, 1600 W. 1200 S., Ogden, UT 84201 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038-T (or other similar information reporting form).

(d) In the event that, at the time of any required payment of the Series 22 Rebate Requirement, the amount in the Series 22 Rebate Account available for such payment shall be insufficient to make such payment, the Agency shall pay the amount of the deficiency from the General Fund or from any other moneys available to the Agency and not pledged under the Resolution to the Bonds.

(e) In the event that on any Interest Payment Date of the Series 22 Bonds the amount on deposit in the Series 22 Rebate Account exceeds the Series 22 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

(f) For purposes of this Section 3.07, the term "Nonpurpose Investments" shall have the meaning given in Section 148(f) of the Code. Nonpurpose Investments shall be valued at accreted value or market value, as appropriate for the purposes of this Section 3.07. In determining the aggregate amount earned on Nonpurpose Investments, any gain or loss on the disposition of such Investments shall be taken into account.

(g) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 22 Bonds.

(h) The purpose of this Section 3.07 is to satisfy the requirements of Section 148(f) of the Code and any applicable regulations thereunder or official interpretations thereof. Accordingly, this section shall be construed so as to meet such requirements.

Section 3.08. 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 the Series 22 Bonds, after satisfying the requirements of Clauses (i) through (vii), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 22 Bonds to the Series 22 Loan Loss Claim Fund to the extent the amount therein is less than the Series 22 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 22 Bonds that may be

applied to the payment or reimbursement of Program Expenses in any one Fiscal Year pursuant to such Section 506(B)(7) shall not exceed the sum of (i) \$10,000 plus (ii) the sum of the fees and reimbursement amounts payable to the Series 22 Loan Loss Claim Fund Deposit Provider in connection with the Series 22 Loan Loss Claim Fund Deposit, the fees and reimbursement amounts payable to the Series 22 Contingency Account Deposit Provider in connection with the Series 22 Contingency Account Deposit, the expenses and reimbursements payable to the Bond Insurer in connection with the Municipal Bond Insurance Policy, the amount of the Municipal Bond Insurance Policy Premium, any fees, expenses and reimbursements payable to the provider of any Hedge Agreement, any fees, expenses and reimbursements payable to the providers of any Liquidity Facility and any fees, expenses and reimbursements payable with respect to the issuance of Variable-Rate Bonds 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 unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(c) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 22 Bonds shall be transferred to the General Fund pursuant to such Section 506(B)(viii) unless (i) there are no amounts owed to the Series 22 Loan Loss Claim Fund Deposit Provider or the Series 22 Contingency Account Deposit Provider under either of the Series 22 Reimbursement Agreements, (ii) there are no amounts owed to the provider of any Hedge Agreement or Liquidity Facility, and (iii) the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(viii) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 22 Bonds, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 22 Bonds, other than amounts held in the Rebate Fund, the Series 22 Contingency Account and the Series 22 Loan Loss Claim Fund and the amounts attributable to the Series 22 Bonds then to be paid to the Agency in accordance with said Section 506(B)(viii), are at least equal to 101% of the Principal Amount of all Series 22 Bonds plus all interest accrued and unpaid thereon as of such date.

(d) The Agency hereby acknowledges and agrees that amounts payable under each of the Series 22 Reimbursement Agreements and any fees, expenses or reimbursements under any Hedge Agreement constitute Program Expenses and shall be paid in accordance with Section 506(B)(7) of the Resolution and Section 3.08(b) hereof.

ARTICLE IV

FORM OF SERIES 22 BONDS

Section 4.01. Form of Series 22 Bonds.

(a) All Series 22 Bonds authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not

inconsistent with the Resolution or this Twenty-Sixth Supplemental Resolution, as the Chair, Executive Director and Secretary or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 22 Bonds hereunder.

(b) The Adjusted Rate Bonds shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution and this Twenty-Sixth Supplemental Resolution, as the Chair, Executive Director and Secretary or other Authorized Officer of the Agency shall determine and certify to the Trustee on or before the Adjustment Date.

ARTICLE V

MISCELLANEOUS

Section 5.01. Authorization of Officers. The Chair, Vice Chairman or any other Commissioner of the Agency, Executive Director and Secretary, Chief Financial Officer and Treasurer, Chief of Program Operations, Director of Homeownership Programs of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any all documents, certificates and other instruments necessary or desirable to effectuate the transaction contemplated by this Twenty-Sixth Supplemental Resolution, the Resolution, the Purchase Contract, the Tender Bond Remarketing Agreement, the Continuing Disclosure Agreement, the Official Statement or any other document contemplated herein.

Section 5.02. Series Certificate. The Chair or Vice-Chairman and the Executive Director and Secretary are hereby authorized to execute the Series Certificate in such form as shall be approved by Counsel to the Agency and to deliver the same to the Trustee.

Section 5.03. Reimbursement Agreement. The Chair, Vice-Chairman, or any other Commissioner, Executive Director and Secretary, Chief Financial Officer and Treasurer or Chief of Program Operations are hereby authorized to execute the Series 22 Reimbursement Agreements in such form as shall be approved by Counsel to the Agency and to deliver the same to the Series 22 Loan Loss Claim Fund Deposit Provider, the Series 22 Contingency Account Deposit Provider and the provider of any Liquidity Facility, as applicable.

Section 5.04. Hedging Transactions.

(a) In furtherance of the powers of the Agency granted in the Act, the Agency is hereby authorized to enter into a Hedge Agreement in connection with the issuance of the Series 22 Bonds so long as the Hedge Agreement and the terms thereof is consistent with the Agency's then existing Swap Management Plan and so long as the provider of the Hedge Agreement is, at the time the Agency enters into the Hedge Agreement, a Qualified Institution or the provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution;

(b) If the Agency shall enter into any Hedge Agreement with respect to the Series 22 Bonds, then during the term of the Hedge Agreement and so long as the provider of the Hedge Agreement is not in default:

(i) for purposes of any calculation of Debt Service, the interest rate on the Series 22 Bonds with respect to which the Hedge Agreement applies shall be determined as if such Series 22 Bonds had interest payments equal to the interest payable on those Series 22 Bonds less any payments reasonably expected to be made to the Agency by the provider and plus any payments reasonably expected to be made by the Agency to the provider in accordance with the terms of the Hedge Agreement (other than fees or termination payments payable to such provider for providing the Hedge Agreement);

(ii) any such payments (other than fees and termination payments) required to be made by the Agency to the provider pursuant to such Hedge Agreement shall be made from amounts on deposit in the Debt Service Fund on a parity basis with the payment of principal and interest on the Bonds and, as permitted by Section 207 of the Resolution, the obligation of the Agency to make such payments (other than fees and termination payments) shall be secured by a lien on and pledge of the Revenues, Loans, Reserve Deposits and other moneys, securities and rights under the Resolution on a parity with the pledge provided to the Owners of the Bonds as set forth in Section 501 of the Resolution;

(iii) any such payments received by or for the account of the Agency from the provider pursuant to such Hedge Agreement shall be deposited in the Debt Service Fund; and

(iv) fees and termination payments, if any, payable to the provider of the Hedge Agreement shall be treated as Program Expenses and shall be paid in accordance with Section 3.08(d) hereof.

Section 5.05. Tender Bond Remarketing Agent.

(a) The Tender Bond Remarketing Agent is hereby appointed by the Agency to serve as Tender Bond Remarketing Agent hereunder.

(b) Any corporation, association, partnership or firm which succeeds to the business of the Tender Bond Remarketing Agent (collectively, the "Agents") as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of such Agent under the Resolution. Such successor Agent shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and predecessor Agent shall from time to time execute, deliver, record and file such instruments as the incumbent Agent may reasonably require to confirm or perfect any succession hereunder.

(c) In the event that an Agent shall resign or be dissolved, or if the property or affairs of an Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Agency, by certificate of an Authorized Officer filed with the Trustee, shall appoint a successor. If in any such case the Agency shall fail to appoint a successor, the Trustee shall appoint a successor.

Section 5.06. Continuing Disclosure Agreement. The Continuing Disclosure Agreement is hereby approved in substantially the form of the Continuing Disclosure Agreement executed in connection with the issuance by the Agency of its Series 21 Bonds with such changes, omissions, insertions and revisions thereto as the Chair, the Executive Director and Secretary or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Continuing Disclosure Agreement and, upon such execution, to deliver it to the Continuing Disclosure Agent.

Section 5.07. Additional Documents and Agreements. The Chair, Vice-Chairman, or any other Commissioner, Executive Director and Secretary, Chief Financial Officer and Treasurer or Chief of Program Operations are hereby authorized and directed to execute and deliver any other document, agreement or certificate contemplated by this Supplemental Resolution, including, without limitation, any Hedge Agreement, Liquidity Facility or Remarketing Agreement and any other document, agreement or certificate related thereto, in such forms as shall be approved by Counsel to the Agency.

Section 5.08. Private Activity Volume Cap. The Agency hereby authorizes the use of its available private activity volume cap in an amount not to exceed \$90,000,000 in connection with the issuance of the Series 22 Bonds. The actual amount of private activity volume cap to be utilized for the Series 22 Bonds shall be set forth in the Series Certificate.

Section 5.09. Agency Contribution. The Agency is hereby authorized to contribute to the Resolution available funds of the Agency in an amount not to exceed three percent (3%) of the aggregate principal amount of the Series 22 Bonds for such purposes as shall be set forth in the Series Certificate, including, but without limitation, the payment of Costs of Issuance and capitalized interest.

Section 5.10. Effective Date. This Twenty-Sixth Supplemental Resolution shall take effect immediately.

ARTICLE VI

MUNICIPAL BOND INSURANCE POLICY

Section 6.01. Municipal Bond Insurance Policy. If the Series Certificate provides for the acquisition of a Municipal Bond Insurance Policy in connection with all or a portion of the Series 22 Bonds, the Agency shall deposit such Municipal Bond Insurance Policy with the Trustee on the date of issuance of the Series 22 Bonds.

Section 6.02. Payment Procedures. Except as shall otherwise be provided in the Series Certificate, as long as any such Municipal Bond Insurance Policy shall be in full force and effect, the Agency and the Trustee agree to comply with the following provisions:

- (a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Resolution, moneys

sufficient to pay the principal of and interest on the Series 22 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or facsimile of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 22 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 22 Bonds and the amount required to pay principal of the Series 22 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) In the event the claim to be made is for a Sinking Fund Installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Series 22 Bonds a new Series 22 Bond or Series 22 Bonds in the aggregate principal amount equal to the unredeemed portion of the Series 22 Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 22 Bonds paid by the Bond Insurer, whether by virtue of Sinking Fund Redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 22 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 22 Bond to the Insurer, registered in the name of the Bond Insurer or its designee, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 22 Bond shall have no effect on the amount of principal or interest payable by the Agency on any Series 22 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Series 22 Policy Payments Account of the Debt Service Fund (which Series 22 Policy Payments Account is hereby created) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 22 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the Series 22 Bonds referred to herein as the "Series 22 Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of holders of the Series 22 Bonds and shall deposit any such amount in the Series 22 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Series 22 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 22 Bonds under the sections hereof

regarding payment of Series 22 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Funds held in the Series 22 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee or of any other person or entity.

(f) Any funds remaining in the Series 22 Policy Payments Account following a payment date with respect to the Series 22 Bonds shall promptly be remitted to the Bond Insurer.

(g) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 22 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy.

Section 6.03. Notices to the Bond Insurer.

(a) While any Municipal Bond Insurance Policy is in effect, the Agency shall cause to be furnished to the Bond Insurer:

(i) as soon as practicable after the filing thereof, a copy of any financial statement of the Agency and a copy of any audit and annual report of the Agency;

(ii) a copy of any notice to be given to the registered owners of the Series 22 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 22 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 22 Bonds;

(iii) any notice or certificate given to a Nationally Recognized Credit Rating Agency;

(iv) notice of any draw upon the Bond Reserve Fund within two Business Days after knowledge thereof other than (A) withdrawals of amounts in excess of the Bond Reserve Requirement and (B) withdrawals in connection with a refunding of Bonds;

(v) notice of any default known to the Trustee within five Business Days after knowledge thereof;

(vi) prior notice of the advance refunding or redemption of any of the Series 22 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(vii) notice of the resignation or removal of the Trustee, Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(viii) notice of the commencement of any proceeding by or against the Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(ix) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 22 Bonds;

(x) any data, cash flow schedules or other information relating to the Agency, the Resolution or the trust estate pledged under the Resolution as Financial Security may reasonably request;

(xi) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Resolution, the Twenty-Sixth Supplemental Resolution or any other document executed in connection with issuance of the Series 22 Bonds;

(xii) all reports, notices and correspondence with respect to the Series 22 Bonds to be delivered under the terms of the Resolution, the Twenty-Sixth Supplemental Resolution or any other document executed in connection with the issuance of the Series 22 Bonds;

(xiii) such additional information it may reasonably request; and

(xiv) all notices, documents and certificates furnished the Bond Insurer in accordance with this Section 6.03(a) shall be delivered to such address as shall be designated by the Bond Insurer. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) The Trustee shall notify the Bond Insurer of any failure of the Agency to provide any notice, certificate or other document required under the Resolution.

(c) The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 22 Bonds with appropriate officers of the Agency. The Trustee and the Agency will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 22 Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Agency's expense, and the Agency's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 22 Bonds.

(e) Notwithstanding any other provision of the Resolution, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 22 Bonds as required and immediately upon the occurrence of any Event of Default with respect to the Series 22 Bonds.

Section 6.04. Consent of the Bond Insurer. While any Municipal Bond Insurance Policy is in effect, no modification, amendment or supplement to the Resolution, the Twenty-Sixth Supplemental Resolution or any other document executed in connection with the Series 22 Bonds that requires the consent of the owners of the Series 22 Bonds may become effective except upon obtaining the prior written consent of the Bond Insurer. Additionally, no amendment, modification or supplement to the Resolution or the Twenty-Sixth Supplemental Resolution shall be permitted unless the Bond Insurer receives a written confirmation from Standard and Poor's and Moody's that, after giving effect to such amendment, modification or supplement, the Series 22 Bonds will be rated no less than "A+" and "A1" respectively (without giving effect to the Municipal Bond Insurance Policy). Copies of any modification or amendment to the Resolution, the Twenty-Sixth Supplemental Resolution or any other document executed in connection with the Series 22 Bonds shall be sent to each Nationally Recognized Credit Rating Agency at least 10 days prior to the effective date thereof.

Section 6.05. Consent of the Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Agency must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Series 22 Bondholders absent a default by the Bond Insurer under the Municipal Bond Insurance Policy.

Section 6.06. Rights of Bond Insurer. The Bond Insurer shall be deemed to be the sole holder of the Series 22 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 22 Bonds insured by it are entitled to take pursuant to Article IX (pertaining to defaults and remedies) and Article X (pertaining to the Trustee) of the Resolution. The Trustee shall take no action with respect to the Series 22 Bonds pursuant to such Article IX and Article X except with the consent, or at the direction, of the Bond Insurer.

In addition, in the event the maturity of the Series 22 Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such Series 22 Bonds shall be fully discharged.

Section 6.07. Defeasance of Series 22 Bonds. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 22 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 22 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Resolution and all covenants, agreements and other obligations of the Agency to the registered owners of the

Series 22 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Notwithstanding anything in Article XI of the Resolution to the contrary, only (a) cash and (b) non-callable direct obligations of the United States of America shall be authorized to be used to effect defeasance of the Series 22 Bonds unless the Bond Insurer otherwise approves. In addition, in order to accomplish a defeasance the Agency shall cause to be delivered to the Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 22 Bonds in full on the Bond maturity and redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 22 Bonds are no longer "Outstanding" under the Resolution; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency, the Trustee and the Bond Insurer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. The Series 22 Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

Section 6.08. Payment of Municipal Bond Insurance Premium; Expenses.

Notwithstanding any provision of Section 506 of the Resolution to the contrary, amounts on deposit in the Revenue Fund and allocable to the Series 22 Bonds shall be used to pay the Municipal Bond Insurance Policy Premium prior to being deposited in the Bond Reserve Fund to replenish any deficiency therein as provided in Section 506(B)(2) of the Resolution.

In addition, the Agency shall pay or reimburse the Bond Insurer as a Program Expense pursuant to Section 5.06(B)(7) of the Resolution, but only to the extent of the trust estate pledged under the Resolution, any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (a) the administration, enforcement, defense or preservation of any rights or security under the Resolution, this Twenty-Sixth Supplemental Resolution or any other document executed in connection with the issuance of the Series 22 Bonds; (b) the pursuit of any remedies under the Resolution, this Twenty-Sixth Supplemental Resolution or any other document executed in connection with the issuance of the Series 22 Bonds or otherwise afforded by law or equity, (c) any amendment, waiver or other action with respect to, or related to, the Resolution, this Twenty-Sixth Supplemental Resolution or any other document executed in connection with the issuance of the Series 22 Bonds whether or not executed or completed, (d) the violation by the Agency of any law, rule or regulation, or any judgment, order or decree applicable to it or (e) any litigation or other dispute in connection with the Resolution, this Twenty-Sixth Supplemental Resolution or any other document executed in connection with the issuance of the Series 22 Bonds or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Municipal Bond Insurance Policy. The Agency acknowledges that the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or

consent proposed in respect of the Resolution, this Twenty-Sixth Supplemental Resolution or any other document executed in connection with the issuance of the Series 22 Bonds.

Section 6.09. Payments by Bond Insurer. The Bond Insurer shall be entitled to pay principal or interest on the Series 22 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the Series 22 Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

Section 6.10. Additional Bonds. No additional parity Bonds may be issued under the Resolution unless (a) the Bond Insurer receives written confirmation that the rating assigned to such bonds by S&P and Moody's shall be no less than "A+" and "A1" respectively (without giving effect to a municipal bond insurance policy or any other credit enhancement) and (b) the Bond Insurer receives a copy of the Projection of Revenues (as defined in the Resolution); provided, however, that failure to comply with this Section 6.10 shall not relieve the Bond Insurer of any of its obligations under the Municipal Bond Insurance Policy.

Section 6.11. The Bond Insurer as Beneficiary Hereof. To the extent that this Twenty-Sixth Supplemental Resolution confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Resolution, the Bond Insurer is hereby explicitly recognized as being a beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 6.12. Parties Interested Herein; References to Ratings. Nothing in this Twenty-Sixth Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 22 Bonds, any right, remedy or claim under or by reason of this Twenty-Sixth Supplemental Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Twenty-Sixth Supplemental Resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 22 Bonds.

Notwithstanding anything in the Resolution or this Twenty-Sixth Supplemental Resolution to the contrary, any reference in the Resolution or the Twenty-Sixth Supplemental Resolution with respect to the ratings maintained in the Series 22 Bonds by any Nationally Recognized Credit Rating Agency shall mean the unenhanced credit rating on the Series 22 Bonds.

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 17, 2005.

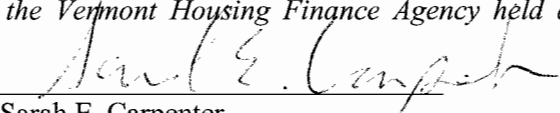

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

EXHIBIT A

DIRECTION TO TENDER

VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS
Series 22 Tender Bonds Selected
For Tender on _____

Banknorth, N.A.
Burlington, VT 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 22 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 22 Tender Bonds which we have elected to retain in exchange for Adjusted Rate Bonds and the maturity date or dates thereof are listed below:

Series	Maturity	Amount
--------	----------	--------

[Remainder of page intentionally left blank]

We acknowledge that if certain conditions described in the Agency's Twenty-Sixth Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 22 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., a nominee of The Depository
Trust Company

Signature

Name

Date

**RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF
VERMONT HOUSING FINANCE AGENCY, MARCH 17, 2005**


RESOLVED, Gustave ("Gus") Seelig is hereby elected to serve as Vice Chair of the Agency until his successor is elected and qualified.

RESOLVED, Gary P. Marini is hereby elected to serve as Treasurer of the Agency until his successor is elected and qualified.

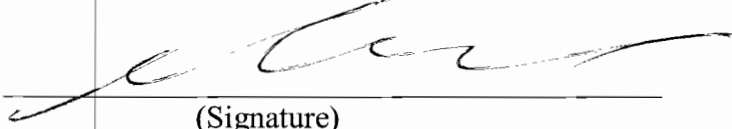
RESOLVED, that any and all prior actions of the officers of the Agency since the last annual meeting are hereby authorized, ratified and confirmed.

RESOLVED, the following persons shall be authorized to sign checks drawn against any of the Agency's accounts:

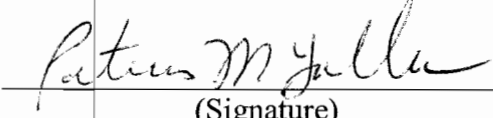
Executive Director


(Signature)
Sarah E. Carpenter

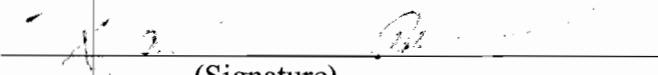
Chief Financial Officer


(Signature)
Gary P. Marini

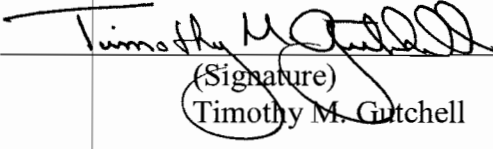
Director of Administration


(Signature)
Patricia M. Loller

Chief of Program Operations


(Signature)
David S. Adams

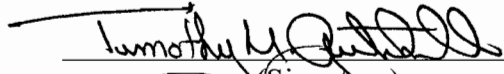
Controller


(Signature)
Timothy M. Gutchell


Any check in an amount over \$10,000 payable against any of the Agency's accounts 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, 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:

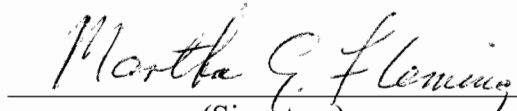
Controller:


(Signature)
Timothy M. Gutchell

Lender Accounting Coordinator:


(Signature)
Susan B. Joachim

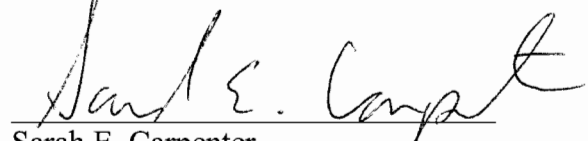
Loan Portfolio Specialist:


(Signature)
Martha G. Fleming

Financial Analyst:


(Signature)
Lisa Clark

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 17, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**VERMONT HOUSING FINANCE AGENCY
RESOLUTION RE: THE ADOPTION OF REQUIRED AUTOMATIC ROLLOVER
FOR 401(k) PLAN**

WHEREAS, the Agency wishes to amend its 401(k) Retirement Plan to include automatic rollovers of mandatory distributions;

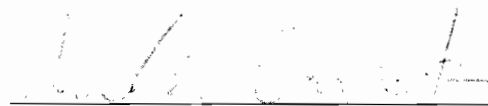
NOW, THEREFORE, IT IS:

RESOLVED that the attached Amendment presented to this meeting to adopt the requirement of section 401(a)(31)(B) of the Internal Revenue Code regarding automatic rollover of mandatory distributions pursuant to IRS Notice 2005-5 is approved. Such amendment will be effective March 27, 2005.

RESOLVED, that the proper officers of the Employer shall act as soon as possible to notify employees of the Employer of the adoption of this amendment.

RESOLVED, that the proper officers of the Employer be, and they hereby are, authorized and directed to execute any and all such documents and to perform any and all such acts as may be necessary and proper to effect the foregoing.

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 17, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

Vermont Housing Finance Agency 401(k) Retirement Plan

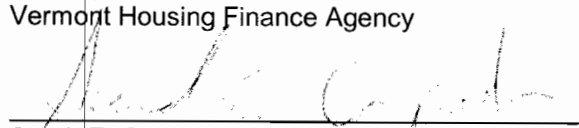
Automatic Rollovers

Adoption and Effective Date. For purposes of determining automatic rollover requirements of section 401(a)(31)(B) of the Internal Revenue Code, Vermont Housing Finance Agency adopts the following amendment to its Vermont Housing Finance Agency 401(k) Retirement Plan effective for distributions made after March 27, 2005.


Notwithstanding anything in the Plan to the contrary, the mandatory distribution provisions of the Plan shall apply to Participants with accrued benefits of \$1,000 or less. These mandatory distributions will not be subject to the automatic rollover requirements of 401(a)(31)(B) of the Code.


Employer:

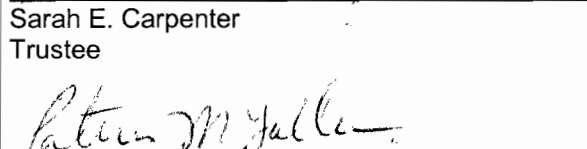
Vermont Housing Finance Agency



Sarah E. Carpenter
Executive Director

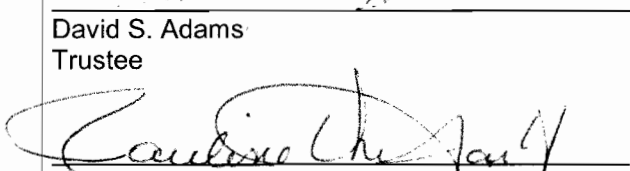
Trustee:

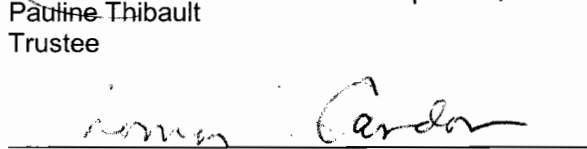

Gary P. Marini
Trustee


Sarah E. Carpenter
Trustee


Patricia M. Loller
Trustee


David S. Adams
Trustee


Pauline Thibault
Trustee


Thomas Candon
Trustee



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

by Telephone Conference

and at

Vermont Housing Finance Agency

164 St. Paul Street, Burlington, Vermont*

Thursday, April 14, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Pat Crady, Pat Loller, Gary Marini, Liza Smith-Vedder

Guests: Andy Broderick (Housing Vermont)

Chair Randall called the meeting to order at 9:35 a.m. A quorum of the Board was in attendance.

BOARD MINUTES

Mr. Beaulieu made a motion to approve the March 17, 2005 Board of Commissioners meeting minutes. Mr. Seelig seconded the motion which was approved by all except Mr. Candon who abstained.

CONSENT AGENDA

Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):

- ~ Resolution Re: Increased Allocation of Allocated Housing Credits for Oak & Homestead Housing, Brattleboro
- ~ Audit/Risk Management Committee's recommendation to engage KPMG to conduct the audit for fiscal year 2005

Mr. Candon seconded the motion which was unanimously approved.

2006 BOARD MEETING CALENDAR

Ms. Carpenter asked for feedback regarding the proposal to change the Board Meetings from Thursdays to Mondays in calendar year 2006. Discussion followed. Ms. Randall asked that if a Board member had an objection, he/she should email Ms. Couture by Tuesday, April 19th.

DEVELOPMENT

Groton Village

Ms. Smith-Vedder reviewed her memo regarding the request for an increase in construction financing and an allocation of State Housing Credits for the Groton Community Housing Project.



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org



Mr. Broderick explained that the \$750k increase in construction financing is being requested in order to meet the 51% test to qualify for 4% bond credits. The total cost of construction was underestimated by about \$600k. However, only about ½ of this is attributed to the affordable housing part of the project, for which the total construction costs estimate is currently about \$3.6mm.

Mr. Seelig made a motion to approve the “Resolution Re: Construction Financing and Proposed Allocation of State Housing Credits for Groton Village, Town of Groton.” Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

Single Family Housing Bond Resolution

Mr. Marini explained the need for the amendment to the Twenty-Sixth Supplemental Single Family Housing Bond Resolution approved at the March 2005 Board Meeting. He added that the next bond issue is on hold until the market improves.

Ms. Pearce made a motion to approve the “First Amendment to Twenty-Sixth Supplemental Single Family Housing Bond Resolution.” Mr. Seelig seconded the motion which was unanimously approved.

Interim Budget Reports

Ms. Carpenter explained that the Interim Budget Reports would not be ready until the 15th of the month at which time they would be emailed.

OTHER

Legislative Update

Ms. Carpenter provided the following updates:

1. The removal of the sunset provision on the Property Transfer Tax Bill has passed the House as part of the Miscellaneous Tax Bill. Upon review, the Senate Finance Committee seems amenable to also approving it.
2. The proposed methodology to provide consistency when assessing subsidized housing, also part of the Miscellaneous Tax Bill, will need to be discussed with Senate Finance. (The methodology does not look at the stream of benefits from Tax Credits but uses a specified income approach to value. At least one dozen states are fixing this appraisal issue legislatively. Vermont also has the complication of Housing Subsidy Covenants which limit the back end sale value.)
3. With regard to changes to the VHFA Act, a few bankers have expressed concern about whether the clause regarding broader lending for public employees and military personnel would create competition. Ms. Carpenter explained that a change in Rules would be needed before the Agency could pursue this broader lending. She added that she will meet with Senator Ann Cummings, Chair of the Committee, before a formal hearing is scheduled. Mr. Adams added that he had reviewed the draft with Mr. D’Elia, President of the Vermont Bankers Association, and Carolann Spafford, President of the Vermont Mortgage Bankers Association, before it was submitted.

Groton Village

Mr. Dorn expressed concern regarding the last minute distribution of the Groton resolution and the large discrepancy between the initial construction estimate and the current one. Mr. Seelig explained that underestimates of the rehabilitation of historic buildings are not unheard of but that it is important to

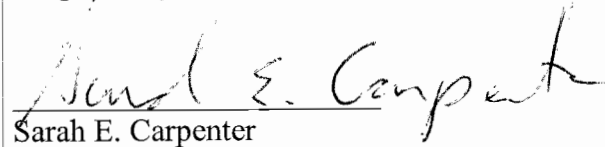
understand why. He added that his motivation to act today was to preserve the 130% tax credit basis. Ms. Randall asked Mr. Adams to relay Mr. Dorn's concerns to the developer. Mr. Adams agreed to do so but added that the Agency is not taking on additional risk as the construction loan will be secured.

ADJOURNMENT

Mr. Beaulieu made a motion to adjourn the meeting. Mr. Seelig seconded the motion and the Board unanimously approved to adjourn the meeting at 10:15 a.m.

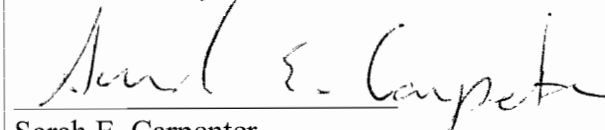
*Participation was also available from the originally noticed Montpelier location.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on April 14, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Montpelier, Vermont on May 19, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: INCREASED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR OAK & HOMESTEAD HOUSING, BRATTLEBORO

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits and State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners approved an allocation of federal Housing Credits in the amount of \$203,000 on January 20, 2005; and

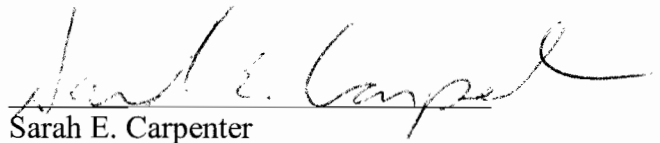
WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated April 7, 2005, containing information and recommendations about an increased allocation of federal Housing Credits for the Oak & Homestead project in Brattleboro (the "Memorandum");

WHEREFORE, it is hereby:

RESOLVED, that the recommendations contained in the Memorandum which is attached and incorporated by this reference be approved;

RESOLVED, that the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2004-2005 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the total amount of up to \$224,000 for the Oak & Homestead project in the Town of Brattleboro, Vermont.

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 by telephone conference at Burlington, Vermont, on April 14, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Eliza Smith-Vedder, Multifamily Development Underwriter

DATE: April 7, 2005

RE: Request for Increase in Allocated Housing Credits - **Oak & Homestead**

Recommendation: That the VHFA Board of Commissioners approve the attached resolution to authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

The Brattleboro Area Community Land Trust (BACLT) is requesting an increase in the amount of allocated credits that was previously approved for its fifteen (15) unit project, Oak & Homestead in Brattleboro. As a reminder, this is a three building project that includes one building of transitional housing for single mothers; the other two buildings are comprised of standard tax-credit units (and one market rate unit). As the project plans progressed, the architect discovered that there was unused attic space at 19 Homestead Place that could be rehabilitated in order to create an additional two-bedroom tax-credit unit. The requested amount of credit increase is \$21,000. If this increase is approved, the total credits for the project will be \$224,000. There is sufficient credit ceiling to support the request; please see the Tax Credit Report included in the Board packet. And, the market study shows sufficient market to support an additional two-bedroom unit.



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**RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED ALLOCATION OF
STATE HOUSING CREDITS FOR
GROTON VILLAGE, TOWN OF GROTON**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, application changes have been submitted to the Agency by Housing Vermont and Gilman Housing Trust (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the rehabilitation of eighteen (18) units of rental housing in the Town of Groton (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Agency administers the allocation of the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated April 13, 2005, containing information and recommendations about the Development (the "Memorandum");

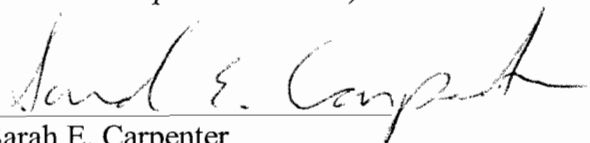
The determinations and findings made and the "official action" taken by the Board of Commissioners on June 24, 2004 remain in effect. The June 24, 2004 Resolution is amended only by the increase in the construction loan amount, the change in number of units and the allocation of State Housing Credits.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the additional recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the additional recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors 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 and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.
4. The recommendations for the allocation of State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2004-2005 Qualified Allocation Plan regarding the proposed allocation of State Housing Credits in the amount of \$44,000 for the Groton Village project in the Town of Groton, Vermont.

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 by telephone conference at Burlington, Vermont, on April 14, 2005 (and for which participation was also available from the originally noticed Montpelier location.)


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Eliza Smith-Vedder, Multifamily Development Underwriter

DATE: April 13, 2005

RE: Request for Increase in Construction Financing and
Allocation of State Housing Credits for Groton Community Housing

Recommendation: That the VHFA Board of Commissioners approve, upon satisfactory completion of staff underwriting and due diligence: 1) an increase in the construction loan amount to a total of \$2,350,000; 2) an allocation of State Housing Credit request to a total of \$44,000.

Housing Vermont has written VHFA staff in the past week to request some changes to the loan and credit package that the Board previously approved for the Groton Community Housing Project on June 17, 2004. As you may remember, this was a five building project that was planned in order to create 19 units of housing, a new library and some new commercial space in the center of Groton. As the bidding process progressed, it became clear that the estimates to repair the historic buildings were too low, as were the sitework estimates. The project has been reconfigured to compensate for these costs, which includes removing the Goodine House from the plans. This building would have held the library and one market rate unit. Funding sources include RD, VHCB, VCDP, VCIL, AHP, and HOME. Housing Vermont is requesting that the board approve the following changes:

1. Increase the construction loan amount from \$1,600,000 to \$2,350,000 in order to meet the 50% test for the 4% Bond credits [a project needs to be financed 50% or more by tax-exempt financing in order to obtain the 4% credits]. Increased tax-credit equity will cover most of the increase in expense;
2. Approve an allocation of \$44,000 in Vermont State Housing Credit; and
3. Approve the project as 18 units; the project was initially approved at 19.

The reason staff is requesting Board review with such short notice is due to the constraints of the Low Income Housing Tax-Credit program. Groton was formerly considered a "Difficult to Develop Area" (DDA) and was slated to receive the 130% boost to their credit amount. Because Groton is no longer considered a DDA, they have only until May 9th, 2005 to close on their construction loan in order to still receive the boost, which is crucial to the project's feasibility.



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**FIRST AMENDMENT TO TWENTY-SIXTH SUPPLEMENTAL
SINGLE FAMILY HOUSING BOND RESOLUTION**

BE IT RESOLVED by the Vermont Housing Finance Agency, and the Commissioners thereof, as follows:

Section 1.01 Amendment to Twenty-Sixth Supplemental Single Family Housing Bond Resolution. The first sentence of Section 2.01(a) of the Twenty-Sixth Supplemental Single Family Housing Bond Resolution adopted by the Agency on March 17, 2005, is hereby amended to read as follows:

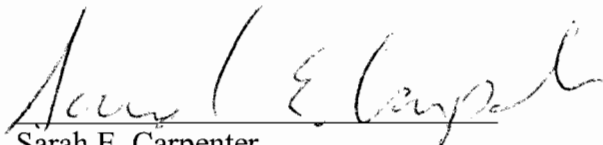
“(a) The Agency hereby authorizes the issuance of one or more Series of Bonds in the aggregate Principal Amount not to exceed \$110,000,000 to be designated “Single Family Housing Bonds, Series 22” for the purpose of refunding existing Bonds and funding mortgage loans, costs of issuance and reserve funds.”

Section 1.02. Confirmation. Except as otherwise provided herein, all provisions of the Twenty-Sixth Supplemental Single Family Housing Bond Resolution not inconsistent herewith are hereby confirmed and shall remain in full force and effect.

Section 1.03. Effective Date. This First Amendment to the Twenty-Sixth Supplemental Single Family Housing Bond Resolution shall take effect immediately.

Dated: April 14, 2005

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 by telephone conference at Burlington, Vermont, on April 14, 2005 (and for which participation was also available from the originally noticed Montpelier location.)



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

AARP, Chittenden Bank Building
112 State Street, 5th Floor, Montpelier
Thursday, May 19, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, John Hall (designee for Dorn), Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, John Fairbanks, Pat Loller, Gary Marini, Cindy Reid

Guests: Steve Coble (Department of Housing and Community Affairs), Jeffrey Kantor (J.D. Kantor Inc.), Connie Snow (Brattleboro Area Community Land Trust)

Chair Randall called the meeting to order at 9:35 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Beaulieu made a motion to approve the April 14, 2005 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

CONSENT AGENDA

Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):

- ~ Resolution Re: Permanent Financing for Canterbury Inn, St. Johnsbury
- ~ Resolution Re: Increased Allocation of State Housing Credits for Vernon Senior Housing, Vernon

Ms. Canney seconded the motion which was unanimously approved.

DEVELOPMENT

Sadawga Springs Apartments, Whitingham

Ms. Reid introduced Connie Snow (BACLT) and Jeff Kantor (consultant). She then reviewed her memo regarding the request for an allocation of Allocated and State Housing Credits for Sadawga Springs Apartments in Whitingham, adding that the allocation of State Credits would be a forward commit of 2007 credits.

Mr. Beaulieu asked what would be the alternative if the hoped for Historic Credits did not pan out. Ms. Snow explained that she was very optimistic that they would. Mr. Kantor added that the project would qualify for a little more in Allocated Credits although he wasn't sure if it would be enough to fill the resulting gap.



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Mr. Dorn expressed concern about the high total development cost per unit (\$198,611). Mr. Kantor explained that there isn't an economy of scale and that the project needs very substantial rehabilitation, which is expensive. Ms. Snow added that developing a private water supply is adding to cost.

Mr. Dorn asked for confirmation that the project is not paying for the entire amount of the fees for the consultant assisting with documentation and approval of a Historic District. Ms. Snow replied that the town is paying \$7,000 and the developer is paying \$5,000 of this cost.

Mr. Seelig remarked that the cost of this project is not out of the norm for what it is and that there is public benefit in community revitalization. He pointed out that the budgeted development fee is not the maximum allowed. Mr. Kantor confirmed, adding that he and the sponsor are cognizant of cost.

Mr. Beaulieu made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits and State Housing Credits for Sadawga Springs Apartments, Whitingham." Ms. Canney seconded the motion which was unanimously approved.

Discussion followed about the issue surrounding market studies (lack of qualified analysts), as the market study completed for this project was costly and not up-to-standard. The main points of the discussion were as follows:

1. Ms. Randall explained that the Agency has set a standard, therefore owns the problem. She encouraged staff to take steps to resolve the issue. (Many possible solutions were discussed.)
2. Mr. Seelig explained that it behooves all funders to resolve the issue and offered that VHCB would be willing to work together with VHFA staff to do so.
3. Ms. Collins reminded the Board and staff that 60% - 70% of the data required in a market study is available on the Housing Data web site, www.housingdata.org, and that the Agency has developed a document to assist analysts with knowing where to find the rest of the data.
4. Regional Planning Commissions are not an adequate source of data as they prefer to not be site specific and may not be able to remain objective.

STATEWIDE NEEDS ASSESSMENT CONSOLIDATED PLAN ("ConPlan") UPDATE

Ms. Collins introduced Mr. Steve Coble with the Department of Housing and Community Affairs (DHCA). She then explained that the ConPlan was still in draft form (albeit close to final form) and that the numbers hadn't changed substantively since she last addressed the Board two months before on this topic, but that she wanted to ensure that the Board understood the numbers and how the ConPlan Advisory Group was proceeding.

Ms. Randall pointed out the awkward wording in the 4th of the second set of bullets on page 1 of the Executive Summary ("Only 1,150 houses sold of \$75,000..."). She also asked for clarification as to whether this number (1,150) includes mobile homes on rented land. Ms. Collins agreed to confirm.

Ms. Randall asked whether the Continuums of Care and other homeless planning groups would use the data from the ConPlan to develop a plan to address homelessness. Ms. Collins explained that they would use the regional data on low income and special needs families, but that there also is another avenue being pursued (via a congressional directive to homeless providers via HUD) to create one state-wide, non-duplicative database containing homeless persons statistics, called HMIS (Homeless Management Information System.) The HMIS numbers are in the ConPlan, but are not yet reliable.

Once HMIS data is reliable, it will be of more interest to homeless providers than the subset of data in the ConPlan.

Ms. Collins explained how demographics and rates of renters and homeownership are expected to change over the next five years. In short, population growth is expected to slow, the aging of the population will be dramatic, and the rate of new homeownership households will increase faster than the rate of renters.

Mr. Hall expanded on the first bullet on page 1 of the Executive Summary ("The estimated number of affordable apartments ... currently falls short of demand by at least 21,000 units.") He explained that this does not mean that 21,000 additional rental units are needed, but that 21,000 family units currently live in housing that is not affordable to them. Ms. Collins added that a portion of the 21,000 units consists of new units in order to return the vacancy rate to a healthier level.

By way of example, Mr. Coble explained that Claritas (the firm from which the State bought its demographic data) has estimated that there will be a demand for approximately 900 additional rental units by 2010 that are affordable to household incomes at or less than 30% of area median income ("AMI"). He added that he'd like to obtain from the three agencies (DHCA, VHCB and VHFA) a consensus of the number of new units required for *each* of the identified AMI categories. Ms. Collins added that, in addition to increasing rental stock, care needs to be taken to ensure its affordability.

The Board also discussed the implications of having half of the state's "affordable" rental stock occupied by households who appear to be able to afford to pay higher rents because of their higher gross incomes. Ms. Carpenter explained that the gross income calculation does not include deductions for medical bill payments, student loans, car payments, other personal debt, or payments to another household for child support or alimony.

Mr. Seelig asked whether households living in mobile homes on rented lots are considered owners or renters and whether the lot rent is included in the cost burden. Ms. Collins replied that all mobile home are counted as owners and that the affordability calculation includes lot rent.

Mr. Seelig asked Ms. Collins to address expected family vs. elder rental needs and the data in the ConPlan. Ms. Collins distributed a copy of a letter from Ms. Carpenter (in the capacity of member of the ConPlan Advisory Group) to Mr. Hall providing her comments on the ConPlan and referred the Board to the chart on page two. She explained that there is unmet need in both categories but that the need is far greater for families.

Ms. Randall suggested that the Board determine a direction (in terms of development of products and services) in reaction to the ConPlan, once it is complete, at its September or October meeting.

QUALIFIED ALLOCATION PLAN ("QAP")

Ms. Reid explained that the Joint Committee on Tax Credits ("JCTC") met on May 5, 2005 and agreed to recommend to the VHFA Board that the proposed changes to the QAP (as presented in the memo before the Board today) be adopted, with the exception of Developer Fee Limits. The JCTC met again just prior to the Board meeting (May 19, 2005) to discuss Developer Fee Limits and decided they wanted more time to review the recommendations.

Mr. Dorn questioned whether the Board should adopt changes to the QAP before the ConPlan is complete as the QAP should be consistent with the ConPlan. He asked if there was urgency. Ms.

Carpenter explained that a couple of the changes were somewhat urgent but that a June adoption would be soon enough.

Ms. Carpenter reviewed the proposed changes to the Developer Fee Limits, which take into account input received from developers. A memo explaining these (mailed to the JCTC and the Board for the JCTC May 19, 2005 meeting) was distributed along with a chart for illustration. She explained that the point of changing the fee structure is to be able to consistently reward risk, with consideration to industry standards. She added that it is a complex task to assess what comprises risk and she asked the Board for feedback on the stated goals and outcomes.

Mr. Dorn put forth a notion of recapturing, whereby an adjustment in Developer Fees is made once the project is complete and actual assumed risk is determined.

Ms. Canney stated that she has no issues with the proposed Developer Fee Limits.

Mr. Seelig stated that one cannot always anticipate the risks and so there needs to be the option to make more money on the easier projects to “even out” the unforeseen risks on what turns out to be the more difficult projects. He added that he is not looking for further changes to the proposed Developer Fee Limits.

Mr. Hall would like the Boards of VHCB and VCDP to review the proposal, as these Boards also deal with developer fees. Ms. Carpenter commented that at an earlier meeting of representatives of the stakeholders it was agreed that the JCTC would be the appropriate place to decide on this as the QAP is the only plan that requires this action and as all the funders are represented on that Committee. She also noted neither of the other Boards would meet before June 9th, the next VHFA Board meeting.

Ms. Randall proposed the following

- 1) All Board members should email Mr. Erdelyi, and copy Ms. Carpenter and Mr. Adams, with any concerns regarding the proposed changes to QAP language, including Developer Fees.
- 2) At the June 9th meeting, the Board will vote on the proposed QAP, unless there is substantial reason not to proceed.
- 3) If others agencies have concerns thereafter (specifically with regards to Developer Fee Limits), the Board can revisit.

Investor Service Fees

Mr. Adams distributed and briefly reviewed his memo regarding the “DRAFT Policy covering Investor Service Fees and Distribution from Surplus Cash” and explained to the Board that he will request adoption at the June 9th Board meeting. Ms. Carpenter added that this policy, which will expand on the related section of the QAP, will drive the payout of fees below the line as an incentive to meet budget.

EMPLOYER ASSISTED HOUSING (“EAH”)

Ms. Collins explained that she, along with Pat Peterson (DHCA) and Ignatius MacLellan (Fannie Mae), met with a human resources (“HR”) forum in Chittenden County to discuss EAH. The presentation was well received. She distributed and briefly reviewed a memo provided to these HR professionals and added that the plan is to do similar presentations to Chambers and other groups. (Any ideas for forums should be forwarded to Ms. Collins.) Ms. Collins also briefly described Fannie Mae’s free, comprehensive technical assistance with EAH.

Ms. Randall asked whether VHFA offered EAH. Ms. Collins and Ms. Loller replied that the Agency has begun to research the possibilities.

FINANCE

Mr. Marini distributed his memo (with attachments) regarding the March 2005 Financial Statements. He explained that the Agency is, in general, on target, operationally. He added that the financials may be impacted with significant entries related to excess yield loans.

Ms. Carpenter added that multifamily fee/yield income will be down going forward indefinitely because (in addition to the change in accounting for origination fees on construction loans) of the size of the loans and types of transactions. There are not a lot of big loans in the pipeline.

OTHER

The following handouts were also distributed:

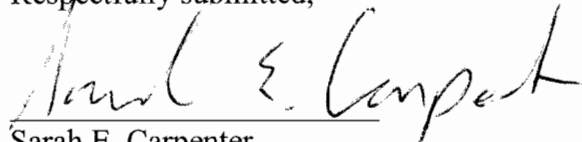
- Homeownership Delinquency Reports
- 2006 Board Meeting Calendar

Referencing the Report of Homeownership Centers Activity CY2004, Mr. Seelig asked about the volume of Homeownership Center (HOC) loans utilizing the 1% RD financing. Ms. Crady will research this and get back to Mr. Seelig, but she was estimating it to be around 15%. She went on to mention that 40% of the HOC loans were through VHFA in 2004. Mr. Seelig also asked about the funding for the HOCs for FY2005. Funding will be at the same level as FY2005, however, there is an additional center to fund this year for a total subsidy to the HOCs of \$279,000.

ADJOURNMENT

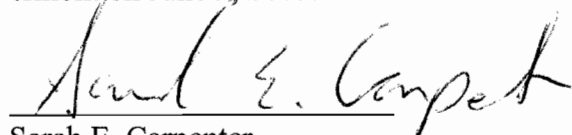
Mr. Candon made a motion to adjourn the meeting. Mr. Seelig seconded the motion and the Board unanimously approved to adjourn the meeting at 12:45 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on May 19, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Burlington, Vermont, on June 9, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PERMANENT FINANCING
FOR CANTERBURY INN, ST. JOHNSBURY**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Northern Community Care Corporation (the "Borrower") involving refinancing of permanent debt and rehabilitation financing of one (1) building containing a total of thirty-six (36) units of senior housing in the Town of St. Johnsbury (the "Development"); and

WHEREAS, the application contemplates a new mortgage loan for permanent and rehabilitation financing for the Development with the new mortgage interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Borrower qualifies 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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated May 12, 2005, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

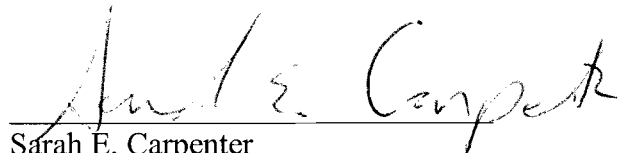
1. The Development is primarily for persons and families of low and moderate income.
2. The acquisition and construction costs to be incurred by the Borrower are for housing development costs within the meaning of the Act.
3. There exists, or without the proposed residential housing there will exist, 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 Borrower undertaking the Development will maintain the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

6. The Borrower is financially responsible and is a qualified housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a new mortgage loan to the Borrower for the permanent financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Borrower in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a new mortgage loan to the Borrower for the permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower 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 and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines.

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 May 19, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Eliza Smith-Vedder *ESV*

DATE: May 12, 2005

RE: Request Construction and Permanent financing

Name:	Canterbury Inn	Location:	St. Johnsbury
Housing Type:	Licensed Level III Residential Care Home	Unit Type:	Single and Double Rooms
Unit Count:	36 Units; 42 Beds	Unit Sizes:	8 Private room, ½ bath- \$1,995 23 Private room, \$1,855 5 Double rooms- \$520-910
Total Cost:	\$833,511	Per S.F Acquisition & Construction Cost:	\$185
Loan Requested:	\$340,000 Tax-Exempt \$100,000 0% Deferred Funds	Sponsor:	Northern Care Community Corp
Housing Credits:	n/a		
Other Funding:	Northern Community Investment Corporation (NCIC) , Urban Development Action Grant (UDAG), Rural Development Action Grant (RDAG)		

Recommendation:

Project Summary: The Canterbury Inn is a 36 room, 42 bed Licensed Level III Residential Care Home in St. Johnsbury owned by Northern Care Community Corporation (NCCC) and managed by Bill and Wanda Waugh. This twenty year old project is currently part of VHFA's portfolio and is dealing with a crumbling retaining wall on the property that is nearing "catastrophic failure". In order to fix the wall, the non-profit owner is requesting that we finance the repair work as well as refinance their existing loan. Kim Tanner of the Northern Community Investment Corporation (NCIC is the umbrella organization of NCCC) has hired development consultant Norman Etkind to assist with the project. NCCC has contracted with general contractor Ray Heath to do the site work, and HTE Northeast Inc. to do the engineering work. They are ready to begin work immediately.

Since 1992, the Waugh's have leased the facility and have acted as facility managers and caretakers. The home has been run profitably and has maintained near full occupancy with a wait list. The facility is comprised of a combination of market rate rooms, rooms whose rates are income sensitive, and a minimum of six Medicaid units, as per the VHFA regulatory agreement. However, the Waughs have served an average of 14 Medicaid tenants per year, which is more than double VHFA's requirement. Originally, the acquisition and construction of the Inn was financed by VHFA and the town of St. Johnsbury through a RDAG and a UDAG loan. Currently, the project owes approximately \$213,500



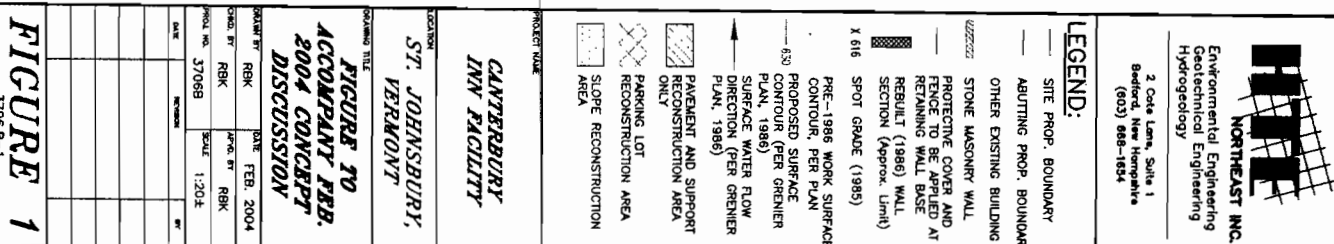
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on its VHFA loan. The other loans are, and will continue to be, subordinated debts that are paid annually to the town only if the building has surplus cash and VHFA approves a distribution. The new application requests a total of \$340,000 in new debt at a rate of 6.5% for 30 years. We would also like to make a \$100,000 zero percent deferred loan to the project. This will provide the project with a savings of \$10,000 a year in reduced debt service payments. We will require that these savings be applied to the replacement reserve account. These funds will then be available to the project to use in updating the facility. Currently, the Inn has six double occupancy rooms, and a majority of the bathrooms are shared. We expect that market forces will necessitate that units be converted over time into private rooms with private bathrooms in order for the project to remain feasible. Staff has also reviewed a recently completed CNA by Tom Dillon, and NCCC is prepared to address all the work recommended in the report.



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: INCREASED ALLOCATION OF STATE HOUSING CREDITS
FOR VERNON SENIOR HOUSING, VERNON**

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits and State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners approved an allocation of State Housing Credits in the amount of \$25,000 on May 27, 2004; and

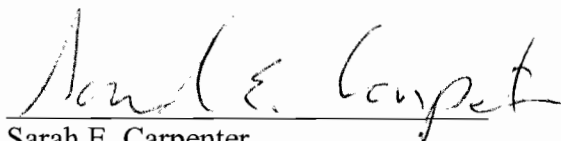
WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated May 12, 2005, containing information and recommendations about an increased allocation of State Housing Credits for the Vernon Senior Housing project in Vernon (the "Memorandum");

WHEREFORE, it is hereby:

RESOLVED, that the recommendations contained in the Memorandum which is attached and incorporated by this reference be approved;

RESOLVED, that the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2004-2005 Qualified Allocation Plan regarding the proposed allocation of State Housing Credits in the total amount of up to \$50,000 for the Vernon Senior Housing project in the Town of Vernon, Vermont.

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 May 19, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Housing Development Underwriter *CR*

DATE: May 12, 2005

RE: Request for Increase in State Credit: Vernon Senior Housing, Vernon

Recommendation: That the VHFA Board of Commissioners approve additional State Affordable Housing Credits of \$25,000 to Housing Vermont (HVT) for the Vernon Senior Housing Development.

Summary of Request: See attached letter from Nancy Owens at Housing Vermont. Staff recommends the additional State Credit request of \$25,000 for the 24 units of senior rental housing, "Vernon Senior Housing" in Vernon. The project has had issues obtaining adequate water (it now has); and working out wrinkles associated with mixing HUD 202 with Housing Credits (we have been meeting an on ongoing basis and strategizing how best to work with HUD and the IRS on this to move the project forward). Housing Vermont, Brattleboro Area Community Land Trust, and the local Vernon Senior group are anxious to begin construction this summer. The Act 250 permit could be issued in late May, and HVT is awaiting HUD's approval of the construction budget as well as additional 202 funds. A general contractor has been selected, and all other funding sources have been committed. Staff recommends an additional \$25,000 in State Credits, bringing the total State Credit commitment to \$50,000 for this project. There is \$25,000 available from the 2002 State Credit Pool. VHFA will provide \$2.3 million in tax-exempt construction financing and a permanent loan of \$340,000, both of which were approved in May of 2004.



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HOUSING VERMONT

**HOUSING VERMONT
MEMORANDUM**

To: Cindy Reid
From: Nancy Owens
Date: May 4, 2005

RE: Vernon Senior Housing

On behalf of Vernon Senior Housing, I am requesting an additional \$25,000 in state low income housing tax credits. As you know, this project has faced several hurdles over the past year, some of which have driven the overall cost up \$107,000 from our original budget of \$4.18M to \$4.25M. One hurdle has been that we drilled additional wells and incurred additional engineering and permit fees in our search for water to serve the project. This search is complete and we have secured the water supply and wastewater permit.

The general contractor who bid the project held his bid through Nov. 2004. With construction delayed through the winter and spring we needed to negotiate a new contract price. The result is a 3.7% increase for construction.

Other project updates are that we have received a partial determination on the Act 250 permit with regard to agricultural soils that was in our favor. Now that we have the water permits, ANR will issue the complete Act 250 permit. We expect to see the Act 250 permit before the end of May 2005.

We've submitted the Firm Commitment to HUD for processing and we're awaiting their review and approval of our budgets for construction. As part of that submittal we've also requested additional funds from HUD. These funds are necessary because we've had to reduce the amount of our permanent loan from VHFA as HUD has determined that the PRAC cannot be used for debt service.

I've attached a current budget for your review. Please call me with any questions.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
AND STATE HOUSING CREDITS FOR SADAWGA SPRINGS APARTMENTS,
WHITINGHAM**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the acquisition and rehabilitation of nine (9) units of rental housing located in one (1) building in the Town of Whitingham (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

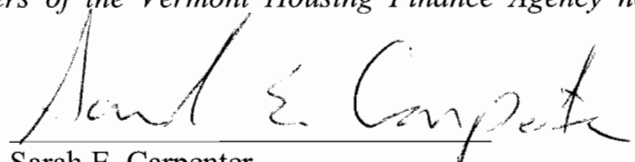
WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated May 12, 2005, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits and State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2004-2005 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$107,000 and the allocation of State Housing Credits in the amount of \$47,000 for the Sadawga Springs Apartments project in the Town of Whitingham, Vermont.

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 May 19, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: May 12, 2005

RE: Request for Allocated Housing Credits: Sadawga Springs Apartments, Whitingham

Name:	Sadawga Springs Apartments	Location:	Whitingham
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	9 Total Units 7 Housing Credit Units	Unit Sizes:	0-Br @ 459 s.f. 1 Br @ 571 s.f. avg. 2 Br @ 693 s.f. avg. 3 Br @ 896 s.f. avg.
Total Cost:	\$1,787,500	Per S.F. Acquisition & Construction Cost:	\$166
Loan Requested:	\$0	Sponsors:	Brattleboro Area Community Land Trust
Housing Credits:	\$107,000 (Ceiling "9%" Credits)	State Housing Credits:	\$47,000
Other Funding:	HOME, VHCB (including VHCB feasibility & Lead), REEP, SEVCA (weatherization), VCIL (accessibility), Federal Historic Credit		

Recommendation: That the VHFA Board of Commissioners approve the attached resolution to authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: The Brattleboro Area Community Land Trust (BACLT) proposes to acquire and rehabilitate the "Sadawga Springs Hotel" building in the center of the Village of Whitingham. This property was once a hotel and most recently a 5-unit apartment building, which is now uninhabitable due to neglect and life safety problems. The Town requested BACLT's involvement in this project, and is fully supporting BACLT's efforts to re-develop the blighted building into a useable, attractive structure, as well as to create affordable housing in the community. The building is in the center of the village and its resurrection will have a significant impact. The Town has applied for a municipal planning grant in order to develop a larger revitalization plan, and also, recently obtained "Village Designation Status" from the Vermont Downtown Board. BACLT proposes to create one efficiency unit, three one-bedroom units, three two-bedroom units, and two three-bedroom units. Seven of the nine units will be tax credit units; three serving households at or below 50% of area median income, and four at 60% of area median income, and two will be affordable to households at 60% of area median income, but will be available for residents up to 100% of area median income. Two units will be handicapped accessible. BACLT is applying for VHCB and HOME funding (June decision). The building is not listed on the State or National Historic Register. However, BACLT is working to document and have approved a historic district in the Village, and then obtain a "contributing structure" status for the building that would allow the partnership to utilize Historic Credits. If this is not achievable, the developer will need to fill the gap (approximately \$300,000) with a different source. The project does not need an Act 250 permit, and has obtained a zoning variance

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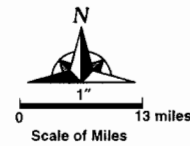
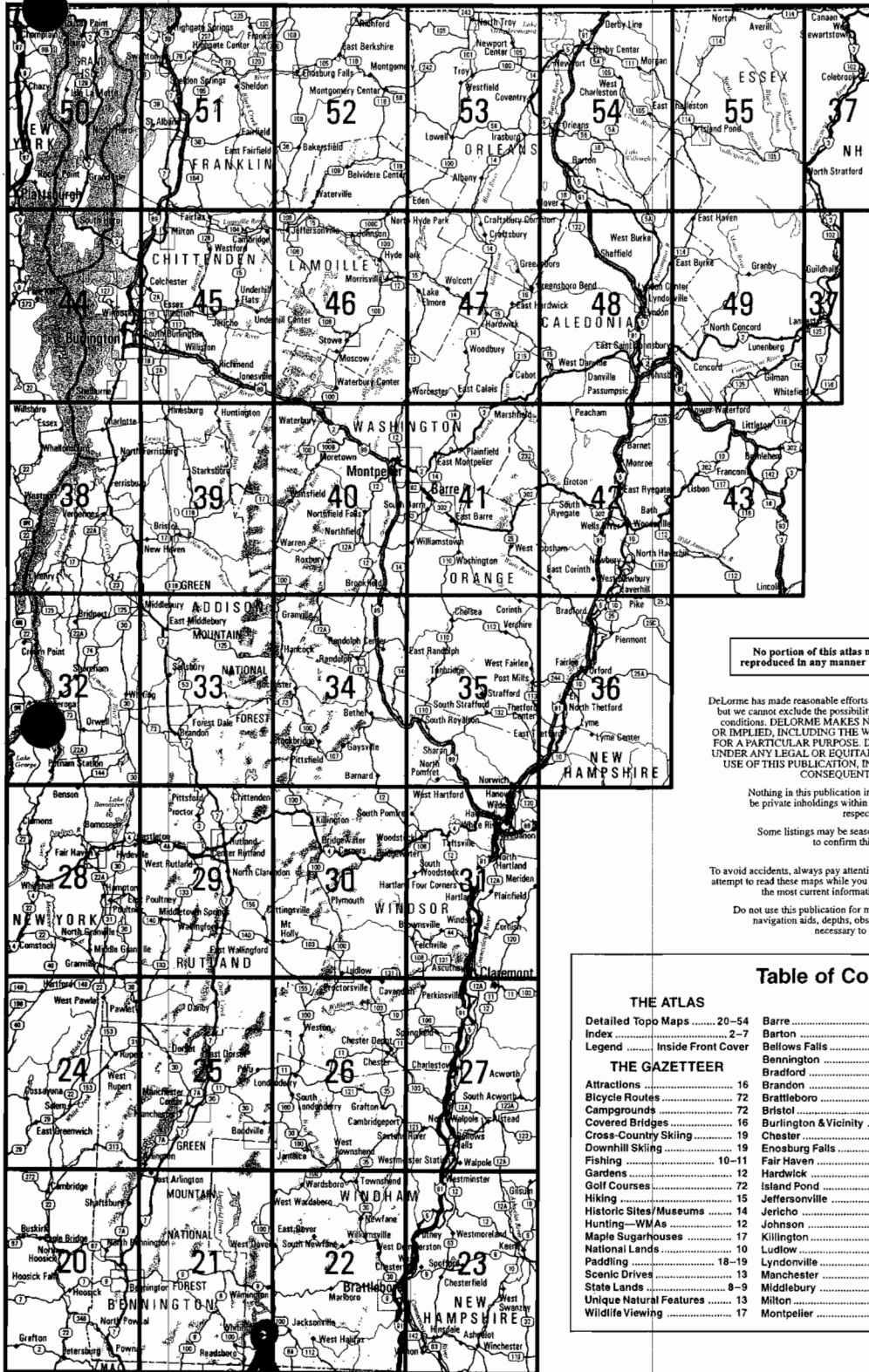


due to the number of units being proposed. BACLT also obtained a variance for the number of parking spaces needed. Rather than the normally required 14 spaces, nine will be required, and there is adequate space on site for nine. The building is on municipal sewer and has a well. BACLT will create a limited partnership for tax credit purposes, and be the general partner as well as the property manager. If all funding is obtained on schedule, the partnership will acquire the property in July (BACLT has had the property under contract for 18 months) construction will begin in November, and be completed by late next summer.

Tax Credit Summary: The project meets five top tier and one second tier criteria (which more than meets the minimum tax credit application requirement): (1) rehabilitation {including lead abatement, accessibility improvements and energy efficiency upgrades}; (2) family housing; (3) the project meets the historic settlement pattern of the Village; (4) the property is in a Village having "Village Designation Status"; (5) the project proposes removal of blight; and 6) the project is mixed income, with seven Housing Credit units and two market units. The market study indicates support for the project. In addition, staff followed up on some market concerns, and received additional information from BACLT, the Whitingham Health Officer, the Windham Regional Planning Commission, and the market study analyst, all indicating support for this project. There is a net of four new units being created, and a lack of decent affordable rental housing in the primary market area. BACLT has created quality well-designed housing over the years, and they have hired architect Denny Frehsee to do initial evaluation and building design.

VERMONT ATLAS & GAZETTEER™

Grid numbers refer to detailed map pages



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WHITINGHAM



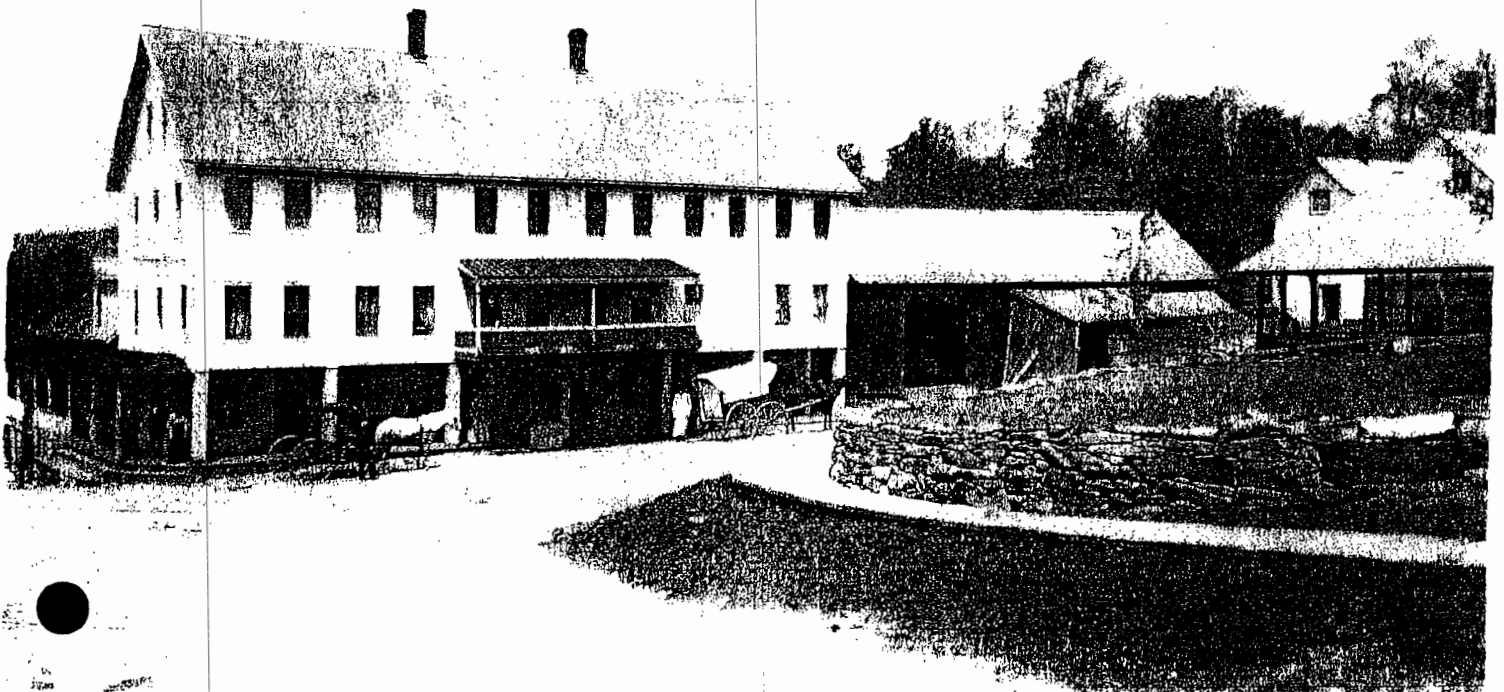
SADANGA
SPRINGS
APTS.

Sadagwa Springs, Whitingham, Vermont



Front view

Historic Photo



STEVENS & ASSOCIATES, P.C.

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WILLIAMS & PREHSE
INC.

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OLD HOTEL

9 SCHOOL STREET
BRATTLEBORO, VT

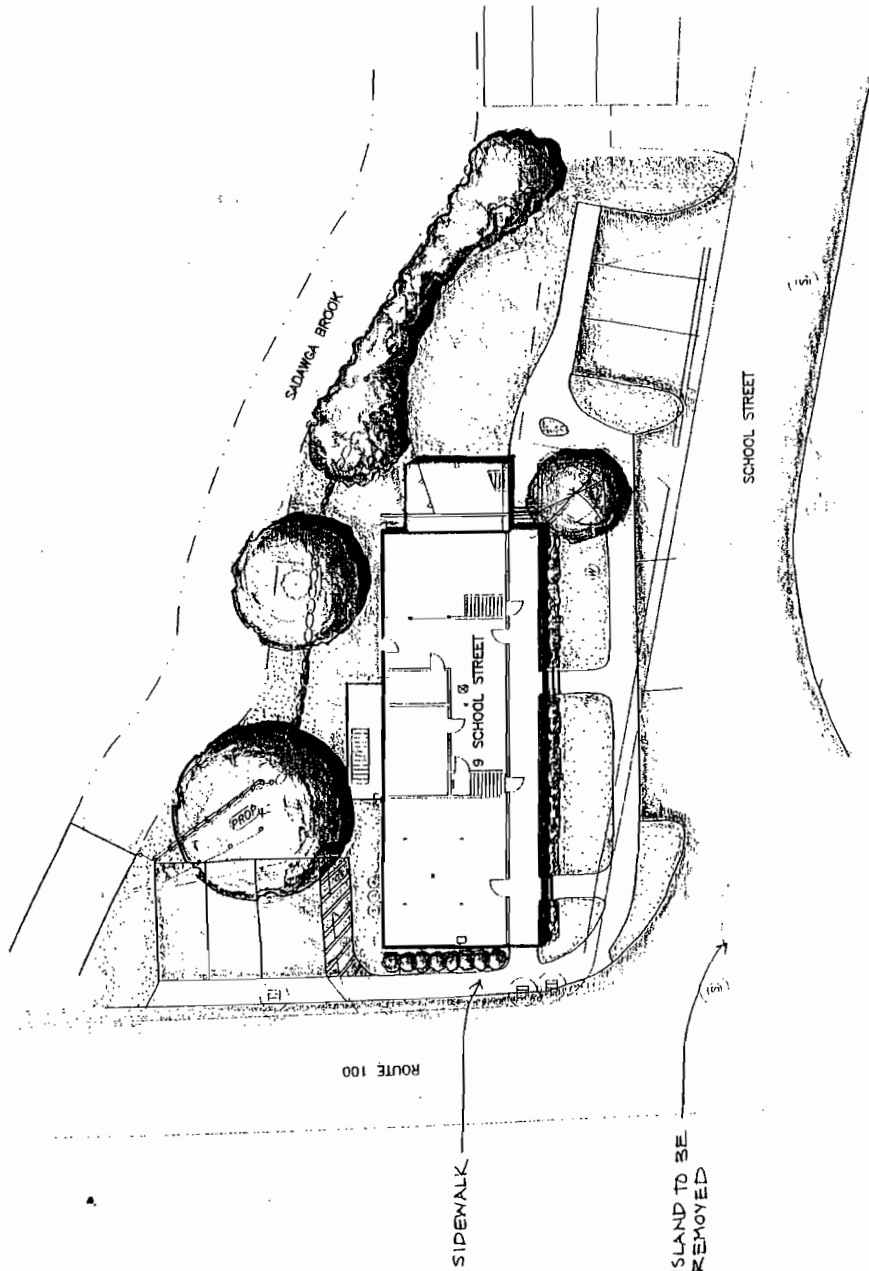
PREPARED FOR:
BRATTLEBORO AREA
COMMUNITY LAND
TRUST
100 Main St.
Brattleboro, VT

DATE: 08/24/04

PRESENTATION
PLAN

DATE: 08/24/04
DRAWN BY: [blank]
CHECKED BY: [blank]
SCALE: 1"=50'
PROJECT NAME: [blank]
SHEET NO: [blank]

P-1



11-May-05 Old Hotel, Whitingham

Total Residential Units:	9	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	7	Increase in Income from Other Sources:	1.50%
Percent Restricted:	77.78%	Increase in Income from Commercial:	0.00%
Total Development Cost:	1,787,500	Expense increase:	3.00%
Total Development Cost per Unit:	198,611	Vacancy Rate:	6%
Total Development Cost Per SF:	227	Partner's Tax Rate:	35%
Historic Tax Credit	317,313	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	107,493	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	107,000		
State Credit	47,000		
LIHTC - 9%	8.06%	May 05	
LIHTC - 4%	3.45%	May 05	

SOURCES		% of Total Development Cost	Interest Rate	Amortization	Term
Bank			0.00%	7.00%	20
			0.00%	0.00%	20
HOME	190,000	10.63%	5.00%	30	deferred
VHCB	225,000	12.59%	0.00%	30	deferred
VHCB Lead	22,500	1.26%	0.00%	25	deferred
VHCB Feasibility (GP Cap Contr	10,000	0.56%	N/A	N/A	Cap Contrib
Equity LP Contribution	1,150,000	64.34%	N/A	N/A	
State Credit Equity	170,000	9.51%			
Efficiency VT	5,000	0.28%	N/A	N/A	Cap Contrib
SEVCA Wx & VCIL	15,000	0.84%			Cap Contrib
	1,787,500	100.00%			

USES		
Acquisition	117,400	6.57%
Construction Hard Costs	1,184,400	66.26%
Soft Costs	485,700	27.17%
TOTAL USES	1,787,500	100%

Gap 0

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	7
Total Units	9
Unit Fraction	77.78%
Tax Credit Square Footage	6,610
Total Residential Square Footage	7,863
Square Footage Fraction	84.06%
Applicable Fraction	77.78%

	Budget	Per Unit	Per s.f.	VHCB Terms: _____	HOME	Allocation of Sources Feas/Lead Bank Equity Terms: _____		REEP, VCIL	TOTAL SOURCES
ACQUISITION									
1 Land	15,000	1,667	1.91	15,000					15,000
2 Purchase of Building(s)	97,000	10,778	12.34	97,000					97,000
3 Demolition (without replacement)		0	0.00						0
4 Property Appraisal	2,400	267	0.31	1,400		1,000			2,400
5 Legal - Title and Recording	3,000	333	0.38	3,000					3,000
Subtotal - Acquisition	117,400	13,044	14.93						
CONSTRUCTION HARD COSTS									
6 Rehabilitation	1,074,366	119,374	136.64		165,000		889,366	20,000	1,074,366
7 New Building(s)		0	0.00						0
8 Accessory Buildings		0	0.00						0
9 Sitework		0	0.00						0
10 Insulation (net)		0	0.00						0
11 General Requirements		0	0.00						0
12 Contractor Overhead		0	0.00						0
13 Contractor Profit		0	0.00						0
14 Construction Contingency	65,000	7,222	8.27				65,000		65,000
15 Construction Management		0	0.00						0
16 Hazardous Materials Abatement	29,000	3,222	3.69			22,500	6,500		29,000
17 Lead Abatement		0	0.00						0
18 Off-Site Improvements	5,034	559	0.64				5,034		5,034
19 Furnishings, Fixtures, & Equipment	10,000	1,111	1.27				10,000		10,000
20 Other	1,000	111	0.13				1,000		1,000
Subtotal - Hard Costs	1,184,400	131,600	150.63						
SOFT COSTS									
21 Architectural	83,000	9,222	10.56	6,000	42,900	5,000	29,100		83,000
22 Engineering	60,000	6,667	7.63	48,000		4,000	8,000		60,000
23 Legal/Accounting	12,500	1,389	1.59	2,500			10,000		12,500
24 Relocation	0	0	0.00						0
25 Environmental Assessment	3,200	356	0.41	3,200					3,200
26 Asbestos survey	2,500	278	0.32	2,500					2,500
27 Permits/Fees	10,500	1,167	1.34	10,500					10,500
28 Survey	4,000	444	0.51	4,000					4,000
29 Construction Period Insurance	6,500	722	0.83				6,500		6,500
30 Construction Interest	35,000	3,889	4.45				35,000		35,000
31 Construction Loan Origination Fee	10,500	1,167	1.34				10,500		10,500
32 Taxes During Construction	2,500	278	0.32				2,500		2,500
33 Clerk of the Works	0	0	0.00						0
34 Marketing	500	56	0.06				500		500
35 Tax Credit Fees	6,000	667	0.76	6,000					6,000
36 Soft Cost Contingency	3,500	389	0.45		3,500				3,500
37 Preservation Consult District	5,000	556	0.64	5,000					5,000
38 Mark Study	3,000	333	0.38	3,000					3,000
39 Preservation Consult Buildings	3,500			3,500					3,500
40 Capital Needs Assessment	1,500			1,500					1,500
41 Other (_____)		0	0.00						0
SYNDICATION COSTS									
42 Organizational (Partnership)	1,500	167	0.19				1,500		1,500
43 Bridge Loan Fees and Expenses	12,000	1,333	1.53				12,000		12,000
44 Syndication Consultant	3,000	333	0.38		3,000				3,000
45 Tax Opinion	500	56	0.06		500				500
DEVELOPER'S FEES									
46 Developer's Fees	143,000	15,889	18.19	12,900	50,100		80,000		143,000
47 Other Partnership Fees		0	0.00						0
48 Consultant Fees	40,000	4,444	5.09				40,000		40,000
RESERVES									
49 Working Capital	22,500	2,500	2.86				22,500		22,500
50 Rent-up (Deficit Escrow) Reserve	5,000	556	0.64				5,000		5,000
51 Other Operating Reserves		0	0.00						0
52 Sinking Fund		0	0.00						0
53 Replacement Reserves	5,000	556	0.64				5,000		5,000
Subtotal - Soft Costs	485,700	53,967	61.77						
TOTAL DEVELOPMENT COSTS	1,787,500	198,611	227	225,166	265,000	32,500	0 1,245,000	20,000	1,787,500

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	15,000					
2 Purchase of Building(s)	97,000	97,000		97,000		
3 Demolition (without replacement)	0	0		0		
4 Property Appraisal	2,400	2,400		2,400		
5 Legal - Title and Recording	3,000	3,000		3,000		
Subtotal - Acquisition	117,400					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	1,074,366		1,074,366	1,074,366	1,074,366	
7 New Building(s)	0		0	0	0	
8 Accessory Buildings	0		0	0	0	
9 Sitework	0		0	0	0	
10 Insulation (net)	0		0	0	0	
11 General Requirements	0		0	0	0	
12 Contractor Overhead	0		0	0	0	
13 Contractor Profit	0		0	0	0	
14 Construction Contingency	65,000		65,000	65,000	65,000	
15 Construction Management	0		0	0	0	
16 Hazardous Materials Abatement	29,000		29,000	29,000	29,000	
17 Lead Abatement	0		0	0	0	
18 Off-Site Improvements	5,034		5,034	5,034		
19 Furnishings, Fixtures, & Equipment	10,000		10,000	10,000		
20 Other	1,000		1,000	1,000		0
Subtotal - Hard Costs	1,184,400					
SOFT COSTS						
21 Architectural	83,000		83,000	83,000	83,000	
22 Engineering	60,000		60,000	60,000	60,000	
23 Legal/Accounting	12,500		12,500	12,500	12,500	
24 Relocation	0		0	0	0	
25 Environmental Assessment	3,200		3,200	3,200	3,200	
26 Asbestos survey	2,500		2,500	2,500	2,500	
27 Permits/Fees	10,500		10,500	10,500	10,500	
28 Survey	4,000		4,000	4,000	4,000	
29 Construction Period Insurance	6,500		6,500	6,500	6,500	
30 Construction Interest	35,000		35,000	35,000	35,000	
31 Construction Loan Origination Fee	10,500		10,500	10,500	10,500	
32 Taxes During Construction	2,500		2,500	2,500	2,500	
33 Clerk of the Works	0		0	0	0	
34 Marketing	500				0	
35 Tax Credit Fees	6,000					
36 Soft Cost Contingency	3,500		3,500	3,500	3,500	
37 Preservation Consult District	5,000		5,000	5,000	5,000	
38 Mark Study	3,000		3,000	3,000	3,000	
39 Preservation Consult Buildings	3,500		3,500	3,500	3,500	
40 Capital Needs Assessment	1,500					
41 Other ()	0		0	0		
SYNDICATION COSTS						
42 Organizational (Partnership)	1,500					
43 Bridge Loan Fees and Expenses	12,000					
44 Syndication Consultant	3,000					
45 Tax Opinion	500					
DEVELOPER'S FEES						
46 Developer's Fees	143,000		143,000	143,000	143,000	
47 Other Partnership Fees	0		0	0	0	
48 Consultant Fees	40,000		40,000	40,000	40,000	
RESERVES						
49 Working Capital	22,500					
50 Rent-up (Deficit Escrow) Reserve	5,000					
51 Other Operating Reserves	0					
52 Sinking Fund	0					
53 Replacement Reserves	5,000					
Subtotal - Soft Costs	485,700					
TOTALS	1,787,500	102,400	1,612,600	1,705,000	1,596,566	
LESS: Amount of Non-qualified Financing		0	10,000	10,000	10,000	1,586,566
LESS: Adjustment for per unit cost limits	100.00%		0			1,481,550
LESS: Historic tax Credit (Residential Portion)			317,313	317,313	20% Historic Credit Rate	105,016
Total Eligible Basis		102,400	1,285,287		317,313 Annual Historic Credit	
TIMES: Adjusted for QCT/DDA	130.0%		1,670,873			
TIMES: Applicable Fraction	77.78%	79,644	1,299,568			
Total Qualified Basis		79,644	1,299,568	1,377,687	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.45%	8.06%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		2,748	104,745	50,098	Annual Depreciation	
Total Tax Credits Requested	107,000		107,493	10,000	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,150,000				7 Depreciation Schedule	
Estimated Yield - Housing Credit Syndication					1,429 Annual Depreciation	
Equity Gap	0					
Credits Needed to fill Equity Gap						

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
2 Br	50%	593	1	460	44	5,520
3 Br	60%	803	1	550	59	6,600
2 Br	60%	740	1	500	29	6,000
3 Br	60%	988	1	600	59	7,200
2 Br	50%		0	500	44	0
1 BR	60%		0	450	44	0
1 Br	60%	495	1	450	44	5,400
0 Br	60%	459	1	400	13	4,800
1 Br	50%	710	1	450	29	5,400
						0
Common Area		1,822				0
						0
						0
						0
Totals		6,610	7			40,920

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	80-100%	507	1	500		6,000
2 BR	80-100%	746	1	560	44	6,720
						0
						0
						0
						0
						0
Totals		1,253	2			12,720

All Units

Grand Totals	7,863	9	53,640
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Less Vacancy 6.00% (3,218)

NET RENT 50,422

OTHER INCOME

Laundry	0
Parking	0
Commercial Space Income	0
Other	0

TOTAL INCOME 50,422

11-May-05

Old Hotel, Whittingham

Check all Applicable										A				B						C								
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:							
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+		
9 School St	101	X	X		X	X	X			2	593	460	44	504		X							X					
	102	X	X		X		X			3	803	550	59	609		X							X					
	201	X	X		X		X			2	740	500	44	544			X						X					
	202	X	X		X		X			3	988	600	59	659		X							X					
	301	X	X		X		X			2	746	550	44	594		X							X					
	302	X	X		X		X			1	507	450	29	479		X							X					
	303	X	X		X		X			1	495	450	29	479		X							X					
	401	X	X		X		X			0	459	400	13	413		X							X					
	402	X	X		X		X			1	710	450	29	479		X							X					
Total # Units	9	5								Totals:	6,041	4,410		Total # Units:		0	0	0	0	0	0	0	0	0	0	0	0	0

11-May-05 **Old Hotel, Whitingham**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	5,400	450	50	10.7%
Supportive Services		0	0	
Audit/Accounting	3,200	267	30	
Legal	300	25	3	
Compliance Monitoring	432	36	4	
Marketing	300	25	3	
Other	500	42	5	
TOTAL ADMINISTRATIVE	10,132	844	94	
Utilities				
Electricity	1,100	92	10	
Fuel	5,200	433	48	
Water and Sewer	1,500	125	14	
Fire Alarm / Emergency	500	42	5	
Other	225	19	2	
TOTAL UTILITIES	8,525	710	79	
Maintenance				
Maintenance / Janitor Payroll	3,200	267	30	
Janitor Supplies		0	0	
Exterminating		0	0	
Trash Removal	1,500	125	14	
Snow Removal	800		0	
Grounds	350	29	3	
Repairs Material	550	46	5	
Repairs Contract	1,200	100	11	
HVAC Repairs / Maintenance	800	67	7	
Elevator Contract / Repairs		0	0	
Painting and Decorating	1,100	92	10	
Other	800	67	7	
TOTAL MAINTENANCE	10,300	858	95	
Real Estate Taxes	5,500	458	51	per unit month excl. ds & res. 363
Property Insurance	4,800	400	44	
Replacement Reserves	4,300	358	40	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	43,557	3,630	403	

11-May-05		Old Hotel, Whittingham															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Operating Income		2,005	2,006	2,007	2,008	2,009	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020
Gross Rent		53,640	54,445	55,261	56,090	56,932	57,786	58,652	59,532	60,425	61,331	62,251	63,185	64,133	65,095	66,071	67,062
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(3,218)	(3,267)	(3,316)	(3,365)	(3,416)	(3,467)	(3,519)	(3,572)	(3,626)	(3,680)	(3,735)	(3,791)	(3,848)	(3,906)	(3,964)	(4,024)
Total Operating Income		50,422	51,178	51,946	52,725	53,516	54,318	55,133	55,960	56,800	57,652	58,516	59,394	60,285	61,189	62,107	63,039
Operating Expenses		39,257	40,435	41,648	42,897	44,184	45,510	46,875	48,281	49,730	51,221	52,758	54,341	55,971	57,650	59,380	61,161
Total Expenses (excl. Reserves)		4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Reserves		43,557	44,735	45,948	47,197	48,484	49,810	51,175	52,581	54,030	55,521	57,058	58,641	60,271	61,950	63,680	65,461
Total Operating Expense		6,865	6,443	5,998	5,528	5,032	4,509	3,958	3,379	2,770	2,130	1,458	753	14	(761)	(1,573)	(2,422)
Net Operating Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Primary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Management Fee		6,865	6,443	5,998	5,528	5,032	4,509	3,958	3,379	2,770	2,130	1,458	753	14	(761)	(1,573)	(2,422)
Annual Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Subsidies / Sinking Fund		6,865	6,443	5,998	5,528	5,032	4,509	3,958	3,379	2,770	2,130	1,458	753	14	(761)	(1,573)	(2,422)
Net Cash		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR																	
Cumulative Cash Flow																	
Beginning Balance		27,500	34,433	41,630	48,520	55,073	61,257	67,036	72,374	77,234	81,577	85,360	88,540	91,071	92,907	94,004	94,311
Deposits		6,865	6,443	5,998	5,528	5,032	4,509	3,958	3,379	2,770	2,130	1,458	753	14	(761)	(1,573)	(2,422)
Interest		69	753	893	1,026	1,152	1,270	1,380	1,481	1,572	1,653	1,722	1,778	1,822	1,858	1,886	1,886
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		34,433	41,630	48,520	55,073	61,257	67,036	72,374	77,234	81,577	85,360	88,540	91,071	92,907	94,004	94,311	93,775
Cumulative Replacement Reserves																	
Beginning Balance		5,000	5,143	5,589	14,124	18,749	23,467	28,279	33,188	38,195	43,302	48,511	53,824	59,243	64,771	70,410	76,161
Deposits		4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Interest		143	146	235	325	418	512	609	707	807	909	1,013	1,119	1,228	1,338	1,451	1,566
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		5,143	9,589	14,124	18,749	23,467	28,279	33,188	38,195	43,302	48,511	53,824	59,243	64,771	70,410	76,161	82,027
Net Operating Income		6,865	6,443	5,998	5,528	5,032	4,509	3,958	3,379	2,770	2,130	1,458	753	14	(761)	(1,573)	(2,422)
Plus Reserves		4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Less GP Management Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Interest Expense		(9,500)	(19,975)	(12,974)	(10,997)	(11,547)	(12,125)	(12,731)	(13,367)	(14,036)	(14,738)	(15,474)	(16,248)	(17,061)	(17,914)	(18,809)	(19,750)
Less Long Depreciation		(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)	(50,098)
Less Short Depreciation		(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)	(1,429)
Taxable Income (Loss)		(49,862)	(60,758)	(54,202)	(52,696)	(53,742)	(54,842)	(55,999)	(57,064)	(58,405)	(59,614)	(61,293)	(62,844)	(64,472)	(66,180)	(67,970)	(69,842)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		17,452	21,265	18,971	18,444	18,810	19,195	19,600	19,525	19,972	20,442	20,935	21,452	21,996	22,565	23,163	23,789
Plus Tax Credits		424,313	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000
After Tax Cash Flow		441,765	128,265	125,971	125,444	125,810	126,195	126,600	126,525	126,972	127,442	127,912	128,387	128,861	129,335	129,809	130,283
Total Years		15															
Reinvestment Rate		9.00%															
Current After Tax Cash Flows		441,765	128,265	125,971	125,444	125,810	126,195	126,600	126,525	126,972	127,442	127,912	128,387	128,861	129,335	129,809	130,283
Future Value of Cash Flows at Yr 15:		1,644,164	437,962	394,613	360,515	331,713	308,255	280,949	257,600	237,165	218,387	20,941	20,941	20,941	20,941	20,941	20,941
Discount Rate:		4.00%															
Capital Contribution Number		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Date of Capital Contribution		30-Jul-05	30-Jul-06	15-Oct-06													
Amount of Capital Contribution		20,000	200,000	410,000	520,000	0	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions:		194,003	393,007	495,081	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows (1,102,090)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRR:		10.06%															
		1,150,000															
		1,150,000															



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
164 St. Paul Street, Burlington
Thursday, June 9, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), John Hall (designee for Dorn), Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Members Absent:

Dagyne Canney

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Joe Erdelyi, Elizabeth Mullikin Drake, John Fairbanks, Sam Falzone, Pat Loller, Gary Marini, Cindy Reid, Liza Smith-Vedder

Guests: Roger Allbee (Grace Cottage Hospital Board), Ken Braverman (The Braverman Company), Andy Broderick (Housing Vermont), Andy Burnes (HallKeen), Bob Crego (Valley Cares/Otis Health Care Center), James McIntyre (UBS Financial Services, Inc.), John Nopper (Valley Cares), Nancy Owens (Housing Vermont), Dave Pennock (Grace Cottage Foundation), Jeff Staudinger (Rockingham Area Community Land Trust)

Chair Randall called the meeting to order at 9:40 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Candon made a motion to approve the May 19, 2005 Board of Commissioners meeting minutes. Mr. Beaulieu seconded the motion which was unanimously approved.

CONSENT AGENDA

Mr. Seelig made a motion to approve the item on the Consent Agenda (restated here):

~ Whistleblower Policy (Regarding Reporting Questionable Accounting or Auditing Matters)

Mr. Hall seconded the motion which was unanimously approved.

DEVELOPMENT

West River Valley Senior Housing, Townshend

Ms. Reid introduced Nancy Owens and Bob Crego, the project developer for Otis Health Care Center (OHCC) and development agent for Valley Cares. Other guests representing this project included John Nopper, Board of OHCC (d/b/a Grace Cottage Hospital) and President of Valley Cares, Inc., an affiliate of OHCC and owner/manager of this project, Dave Pennock, Board of OHCC and President of Grace Cottage Foundation, and Roger Allbee, Board of OHCC.



Mr. Nopper reviewed the evolution of this project and emphasized that the project is consistent with the State of Vermont's public policy (including Act 160 and the Health Resource Allocation Plan with regard to community based long-term care services) and State economist Jeff Carr's *Vermont Outlook Spring 2005*.

Mr. Crego reviewed the site plan and other details and benefits of the project, including established support services programs (which are being transferred from Otis Health Care to Valley Cares) and continuum of care. Mr. Nopper added that Valley Cares' close affiliation with the hospital presents a critical marketing tool. Ms. Reid reported that the selectboard is very supportive of this project.

Mr. Candon asked where the closest similar project exists. Mr. Crego replied that the closest is 25 miles away. Mr. Nopper added that, of 164 assisted living units available in Vermont, only 16% are available to people using Medicaid.

Ms. Randall announced that she had received a letter from Mr. Stephan Morse, President of the Windham Foundation, in support of this project.

Mr. Candon asked for an explanation of the annual support of "up to \$50k" that Valley Cares would receive from Grace Cottage Hospital. Mr. Crego explained that the hospital has guaranteed \$25k per year and, in the event Valley Cares experiences losses, the hospital will contribute up to another \$25k to cover these. Ms. Owens added that the proforma submitted to VHFA included only \$25k from the hospital.

Mr. Beaulieu asked whether the Boards of the three entities are separate. Mr. Nopper explained that Grace Cottage Foundation is a subsidiary of OHCC and that three of Valley Cares' (an affiliate of OHCC) Board members are nominated by OHCC.

Mr. Candon asked about groundbreaking. Ms. Owens replied that it is scheduled for Spring 2006 but that funding commitments are needed now to engage architects and engineers for work related to Act 250 permitting.

Mr. Hall asked whether one-half of the developer's fees being repaid from cash flow is reflected in the primary or secondary debt service payments shown in the proforma. Ms. Owens replied that it is not. Mr. Hall then questioned the 2% interest on cumulative cash and replacement reserve accounts, adding that it looked like 1% to him. Mr. Erdelyi explained that replacement reserves dollars are added monthly and drawn out over time so that the 2% interest is not based on a stagnant annual amount.

Mr. Seelig explained his reasons for supporting this project, including the value of the HUD 202 award as these funds are difficult to obtain.

Mr. Candon made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits for West River Valley Senior Housing, Townshend." Mr. Beaulieu seconded the motion which was unanimously approved.

Southview Apartments, Springfield

Ms. Reid introduced Jeff Staudinger and Andy Broderick, agents of the project sponsors. She then explained that another option for Southview would have been to use 4% (Bond) Housing Credits as the

project has some acquisition value. However, 2005 9% (Allocated) Credits are available; and all 2005 Credits should be used to avoid losing national pool credits.

Mr. Staudinger described the location and context of the project, the renovations completed in 1991 and the rehabilitation to take place over the next year, which includes new, energy-efficient and effective heating systems. He added that there is strong demand; the project manager receives at least two calls per day asking about vacancies.

Mr. Broderick explained, with respect to the cost of \$92k - \$93k per unit, which includes the original acquisition cost, the 1991 renovations, and the proposed renovations, that there has been no loss of investment and that the cost is lower than other projects he is currently seeing. He added that the residents of this project have very low incomes.

Mr. Hall asked to be "walked through the money." Mr. Broderick explained that the acquisition costs are composed of the debt and the documented payables due to Rockingham Area Community Land Trust (about \$120k). Ms. Carpenter pointed out that this project has a lot of debt. Mr. Broderick handed Mr. Hall a schedule and further explained the numbers.

Mr. Hall asked whether public infrastructure cost is included in the total development cost. Mr. Broderick replied that it is. Mr. Staudinger explained that the Town of Springfield is contributing to the extent that it can with a \$50k loan from a revolving loan fund, \$26.5k in in-kind labor for sidewalk construction, and by continuing to defer a \$257k loan from the 1991 renovations. Discussion followed regarding municipalities not paying for the cost of public infrastructure. Ms. Carpenter commented that towns often don't pay for infrastructure and increasingly charge impact fees. Mr. Broderick added that the Town of Springfield will not charge impact fees and will own the upkeep of the infrastructure.

Mr. Candon asked when this project would next need money for rehabilitation. Ms. Reid explained that a CNA has been done and, to the best of everyone's knowledge, this project should not be back. Ms. Carpenter described the balance that must be struck to keep sufficient, but not too much, money in reserves. She explained that many such projects need new capital at some point and that this one may be back in 20 years, but in a less resource-intensive way.

Mr. Beaulieu made a motion to approve the "Resolution Re: Construction Financing and Proposed Allocation of Allocated Housing Credits for Southview Apartments, Springfield." Mr. Seelig seconded the motion which was unanimously approved.

Dorset Housing

Ms. Smith-Vedder explained that the Board saw this project in December 2004 when it approved 9% (Allocated) Credits. She then reviewed the unit mix and explained that a shared-equity formula will be applied to the four for-sale condominiums upon resale. (The four condominiums are each 1200 s.f., 3-bedroom, single-family homes set up with a condominium ownership structure as the result of a town subdivision requirement.) Mr. Broderick was present to answer questions.

Ms. Smith-Vedder explained that since she had written her memo she had learned that the borrower would like to (with sufficient proof of pre-sales) use some of the construction loan proceeds for the construction of the single family homes with the intention of repaying with proceeds from the home sales. Ms. Carpenter added that she is comfortable with this scenario on the condition that the funds are not released for the construction of the homes until staff is comfortable with the market.

Mr. Broderick described the location and the site of the project. Construction is expected to begin August 1st. Regional Affordable Housing Corporation will participate as a co-general partner in the apartment partnership and will play a role in single family housing resales to protect their affordability under the covenant.

Mr. Candon asked how the “draw” will work with the construction of the single family homes. Mr. Broderick envisions that the terms of loan agreement will allow a predetermined amount to be drawn for construction of the apartments and all sitework. Then, once VHFA approves documentation of sales, it will authorize construction funds to go forward unrestricted on all aspects of the development.

Mr. Beaulieu made a motion to approve the “Resolution Re: Construction and Permanent Financing and Proposed Allocation of Allocated Housing Credits for East Dorset Housing, Dorset.” Mr. Seelig seconded the motion which was unanimously approved.

Barlow Square, Winooski

Mr. Erdelyi introduced Andy Burnes and Ken Braverman. He then described a new proposed ownership structure for Barlow Square (formerly known as Central Block) that would be two condominiums: one condo unit would be composed of the 96 tax credit units disbursed among the four buildings of Barlow Square and the second would be composed of the commercial space, parking and market rate units. The goal of such a structure is to simplify management of the tax credit units and to segregate financing, increasing investment options. Mr. Erdelyi further explained that he has heard this concept discussed at national forums and does not have a problem with it as long as the market rate units are indistinguishable from the tax credit units.

Mr. Erdelyi explained that the developer is again asking for the same waiver of the developer fee cap (stipulated by the Qualified Allocation Plan) that the Board granted in April, 2004. He further explained that, although the total fee is \$6.4mm, \$4mm of it will be deferred and, in addition, the developer will make a \$1mm permanent equity contribution to the project. Mr. Erdelyi believes the level of risk of this project and the depth of experience of the developer warrant the waiver request.

Mr. Burnes explained that the architecture has been difficult due to site grade changes and a fixed perimeter. He then described the physical changes to the project such as facades, the addition of townhouses and lofts with views, and the addition of substantial common area and community space on the ground floor of each of the four buildings.

Mr. Burnes explained that he has been struggling with how to finance the project. He has not yet committed to one of two options: a HUD 221(d)(4) loan or a permanent loan from Freddie Mac and a construction loan from a letter of credit bank. He added that if the condominium structure is used, there will probably be just one loan to an upper tier entity related to the two condo owners and he will be back to present the details once known.

Mr. Burnes explained that the plans for the project should be finalized within days and he expects final pricing within six to seven weeks, with a closing shortly thereafter. Construction costs have been rising and he has been working diligently to control project costs. He is hoping to close as soon as possible as interest rates are currently reasonable and equity yields on tax credits are very high.

Mr. Erdelyi asked Mr. Burnes to address the loss of the 12 project-based Section 8 units. Ms. Carpenter explained that she thought the City of Winooski asked that they be eliminated and added that there is pressure on local housing authorities not to project-base.

Mr. Erdelyi asked Mr. Burnes to address the \$1mm permanent equity contribution. Mr. Burnes replied that investors are willing to invest long-term equity in the market-rate condo and that the final sources and uses could show more permanent equity.

Mr. Candon wondered if residential rents would be affected by the increase in commercial space. Mr. Burnes doesn't believe they have been or will be.

Mr. Seelig asked whether the lofts and townhouses will be both market rate and affordable. Mr. Burnes replied that a final decision has not been made but that the more luxury units (larger and/or with views) will most likely fall into the market rate condo. Ms. Carpenter explained that the expectation is that the affordable and market rate units will be integrated.

Mr. Seelig asked whether the number of bathrooms had changed with the downsizing of the units. Mr. Burnes replied that they had not; that all 2-bedroom units will have two bathrooms.

Mr. Seelig asked, in relation to the condo structure, whether there is more risk with the market rate condo and, if so, how this affects the [HUD 108] loan guarantee. Mr. Burnes replied that the market rate condo is actually less risky because there are more willing investors. Mr. Erdelyi explained that there is less operational risk with this structure (in terms of the "next available [tax credit] unit rule"). He did express concern that market rate rents may be too high, but added that the risk is mitigated by the financing and ownership structure (the risk is being borne by the owner and the entity that provides the \$19mm in debt, and not the Agency.)

Ms. Randall asked whether rents include parking. Mr. Burnes replied that they do not. There is one space reserved for each unit and each will cost \$70 - \$80 per month. More discussion followed regarding parking and allocation of spaces. Mr. Erdelyi explained that when a tax credit tenant is charged for something other than rent, in order for that additional charge to be considered optional, there must be a practical alternative; otherwise, it is considered part of the tax credit rent, for which there are limits.

Mr. Beaulieu asked about a timeline. Mr. Burnes explained that a decision about permanent financing is expected in days and a decision about syndicators is expected in 2 - 3 weeks. Final plans are expected in about 6 weeks with a contract following shortly thereafter and a closing tentatively scheduled for early August. The City must then deliver a site ready for construction. And, the construction is expected to take about 13 - 18 months.

Ms. Randall asked Mr. Erdelyi what his recommendation is to the Board. Mr. Erdelyi replied that there is substantial market risk but that this is not VHFA's risk and that when allocating credits, the Agency must determine that the project is financially feasible. According to Mr. Erdelyi, this determination includes the fact that a shortfall in market rents will be corrected by the investors. Ms. Carpenter added that, although staff might not feel comfortable recommending full financing of this project with some of the current market rent assumptions, staff is comfortable recommending the tax credit allocation.

Both Ms. Pearce and Mr. Seelig expressed concern about the 108 Guarantee. Ms. Carpenter explained the unlikely chain of financing events that would lead to a problem. Mr. Erdelyi added that in the event of a default on the project's loan, taxes needed to repay the HUD 108 loan will have preference over a remedy for the project's lender.

Mr. Seelig put forth that the Board really made the decision awhile ago in terms of the commitment of the State to the project and that it would create more risk by not supporting the re-allocation of tax credits today.

Mr. Seelig made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits for Barlow Square (previously known as Central Block), Winooski" with the following conditions:

1. that a statement be added to the Resolution regarding waiving the 10% developer fee, allowing up to 15%; and
2. that staff review and approve the distribution of unit types between the tax credit units and the market units and the related financial sustainability.

Mr. Candon seconded the motion which was unanimously approved.

2005 – 2006 QUALIFIED ALLOCATION PLAN ("QAP") and INVESTOR SERVICE FEES

Ms. Carpenter briefly recapped and addressed the issues raised at the May 5th and May 19th Joint Committee on Tax Credits meetings and the May 19th Board meeting regarding the changes to the QAP (the QAP's alignment with the Consolidated Plan and proposed changes to Developer's Fees.) Mr. Erdelyi distributed a letter received from Bob Marcellino of Homestead Design, Inc. (after the mailing of the Board packet) supporting the proposed changes to Developer's Fees.

Mr. Adams briefly reviewed the proposed Investor Service Fees Policy. Ms. Carpenter explained that the intent of the policy is to encourage owners to invest adequate resources in property operations.

Mr. Beaulieu made a motion to approve the *2005 – 2006 Allocation Plan / Federal Housing Credit Program / Vermont Affordable Housing Tax Credit Program / State of Vermont* as presented at the May 19th Board meeting and to approve the "Policy Regarding Investor Service Fees and Distributions from Surplus Cash." Mr. Candon seconded the motion which was unanimously approved.

MULTIFAMILY RISK MANAGEMENT POLICY

Mr. Beaulieu explained that the Audit/Risk Management Committee has been reviewing the method of analysis of the multifamily portfolio in an attempt to identify risks to the portfolio. The risks have been identified and incorporated into the policy before the Board. Going forward, the Committee will monitor, on a quarterly basis, projects identified as at-risk and will track the amount of financial resources the Agency infuses.

Mr. Adams described the Watch List to be presented to the Committee quarterly. Mr. Seelig suggested that the spreadsheet should have gradations (from serious to easily correctable.) Ms. Carpenter added that projects which continuously have the same problems should not appear on the list unless something changes.

Mr. Seelig suggested that staff be cognizant of “organizational risk.” Discussion ensued with the conclusion that staff would be able to flag projects at-risk due to organizational risk for the Watch List.

Ms. Pearce made a motion to approve the “Multifamily Risk Management Policy” with the understanding that Mr. Adams will rework the third bullet under “Programmatic Risk” on page 3 for clarity. Mr. Candon seconded the motion which was unanimously approved.

FINANCE

Multifamily Excess Yield Pool – Policy Update

Mr. Marini reviewed his memo regarding the temporary suspension of the policy for issuing Excess Yield Loans and Grants. Ms. Carpenter added that the temporary suspension (until the August Board meeting) does not jeopardize anything in the pipeline.

Ms. Pearce made a motion to approve the temporary suspension of the policy for issuing Excess Yield Loans and Grants (with the exception of zero-percent loans issued to projects generating excess yield and which remain with the same borrowers.) Mr. Candon seconded the motion which was unanimously approved.

FY2006 Budget

At its May 23rd meeting, the Audit/Risk Management Committee (Committee) reviewed a proposed budget. The Committee recommends that the Board approve the FY2006 Budget as submitted to the full Board, which includes changes requested by the Committee.

Mr. Seelig made a motion to approve the FY2006 Budget. Mr. Beaulieu seconded the motion which was unanimously approved

OTHER

Changes to VHFA Act – S.127 / Misc. Tax Bill – H.521

Ms. Carpenter informed the Board that S.127, the bill containing changes to the VHFA Act, did not pass because of both timing issues and because it appeared that some lenders didn’t fully understand the Agency’s proposed broader lending power (staff will follow up on the latter). However, some of the amendments to the Act did pass with the Miscellaneous Tax Bill, H.521. Specifically:

1. The number of Board members has been increased from 7 to 9;
2. The Executive Director of VHCB is now an ex officio member of the VHFA Board;
3. The Agency has been given explicit authority to do swaps; and
4. Clarification was made regarding sovereign immunity for VHFA, VHCB and other quasi-governmental agencies.

Also in the Miscellaneous Tax Bill and of interest to the Board are the following:

1. The sunset of the property transfer tax exemption for VHFA-financed housing has been repealed;
2. A methodology for assessing projects with housing subsidy covenants was adopted; and
3. State Housing Tax Credits have been expanded to allow credits against insurance premiums taxes.

Investment Policy

Ms. Pearce informed Mr. Marini that the legislature passed a change in state investments policy and, since VHFA's investment policy mirrors the State's, Ms. Pearce will send a copy of the updated policy guidelines to Mr. Marini so that he can ensure continued consistency.

VHFA Staff Changes

Ms. Carpenter announced that Ms. Collins will be working 3 days per week after her maternity leave which begins in November. She added that the Agency has hired Leslie Black-Plumeau who will work 4 mornings per week beginning in September.

Future meetings

Staff was asked to schedule the August meeting at the Highgate project [subsequently changed] and the September meeting at the Converse Home. The Board retreat will take place on October 20 - 21 (Thursday/Friday).

EXECUTIVE SESSION

At 1:35 p.m., Mr. Seelig made a motion to go into Executive Session to evaluate the Executive Director. Mr. Candon seconded the motion, which was unanimously approved.

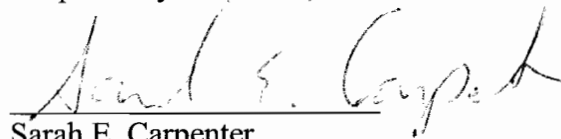
Mr. Seelig made a motion to come out of Executive Session. Mr. Beaulieu seconded the motion which was unanimously approved. Executive Session adjourned at 1:50 p.m.

Mr. Seelig made a motion to approve a salary increase and other related benefits for Ms. Carpenter consistent with the Executive Session discussion. Mr. Beaulieu seconded the motion, which was unanimously approved.

ADJOURNMENT

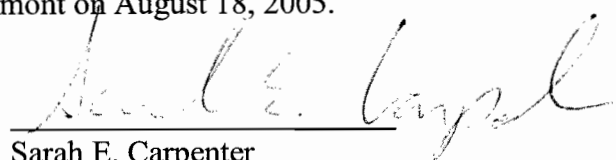
Mr. Seelig made a motion to adjourn the meeting. Mr. Beaulieu seconded the motion and the Board unanimously approved to adjourn the meeting at 1:55 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on June 9, 2005. The minutes were approved at a lawful meeting of the Commissioners held at East Middlebury, Vermont on August 18, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
FOR WEST RIVER VALLEY SENIOR HOUSING, TOWNSHEND**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Valley Cares (the "Sponsors") on behalf of a to be formed limited partnership in which a nonprofit affiliate of Valley Cares will be the general partner (the "Borrower") involving the construction of fifty-two (52) units of senior rental housing in the Town of Townshend (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

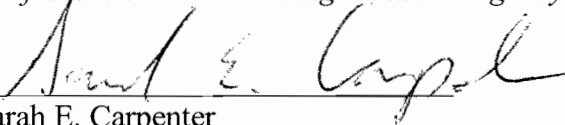
WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan and will be presented with a new Qualified Allocation Plan for 2005-2006; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated June 2, 2005, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the applicable Qualified Allocation Plan regarding the proposed allocation of Allocated Housing Credits in an amount not to exceed \$430,000 for the West River Valley Senior Housing project in the Town of Townshend, Vermont.

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 June 9, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: June 2, 2005

RE: Request for Allocated Housing Credits: West River Valley Senior Housing, Townshend

Name:	West River Valley Senior Housing	Location:	Townshend
Housing Type:	Assisted Living (28 units) Independent Senior Apartments (24 units)	Unit Type:	Flats
Unit Count:	52 Total Units 34 Housing Credit Units	Unit Sizes:	44 1-Br @ 493 s.f. avg. 8 2-Br @ 821 s.f. avg.
Total Cost:	\$8,337,725	Per S.F. Acquisition & Construction Cost:	\$172
Loan Requested:	N/A	Sponsors:	Valley Cares & Housing Vermont
Housing Credits:	\$430,000 (Ceiling "9%" Credits)		
Other Funding:	HUD 202, HOME, VHCB, VCDP, AHP, HUD Special Purpose, Foundations & Grants, REEP		

Recommendation: That the VHFA Board of Commissioners approve the attached resolution to authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

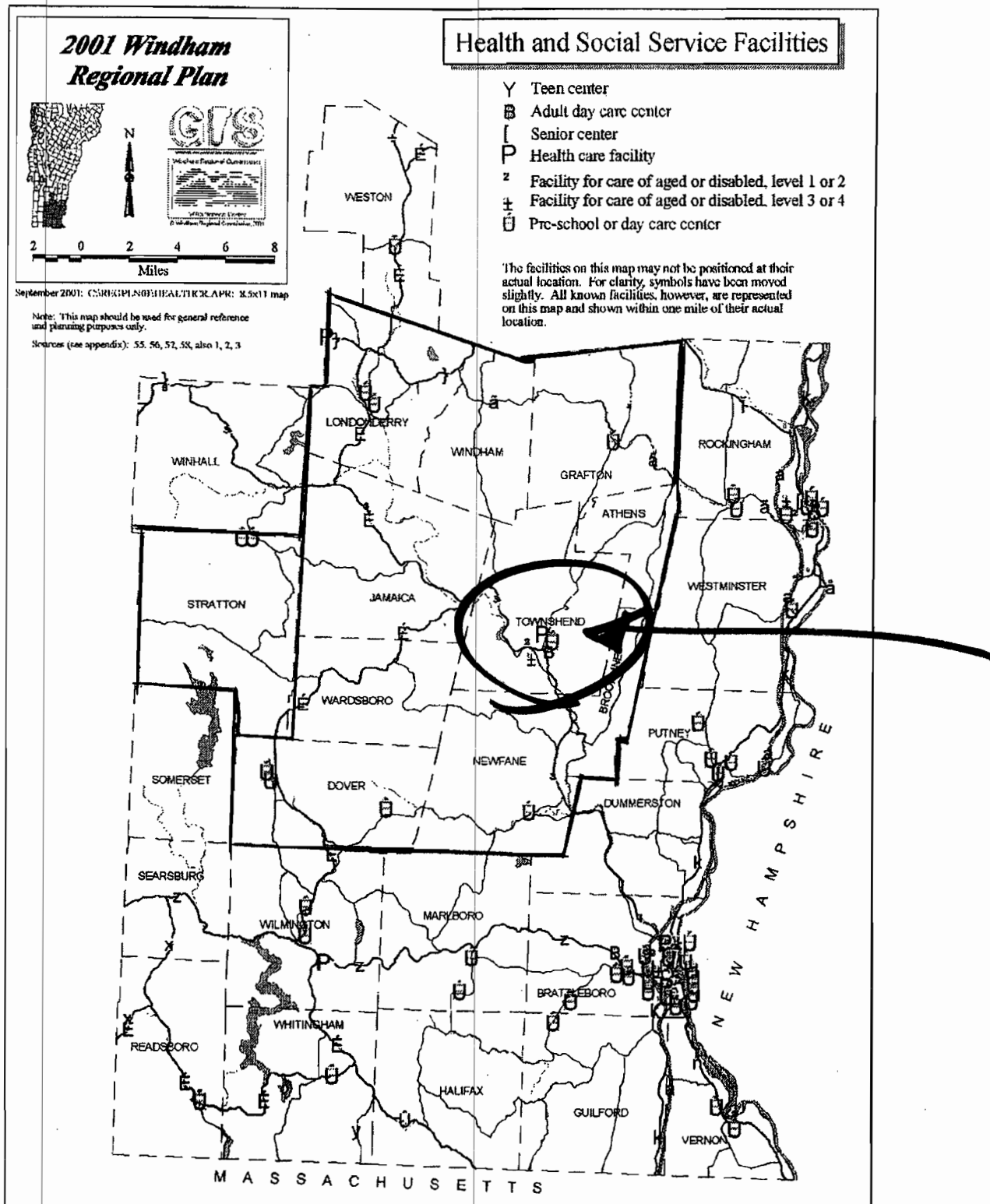
Project Summary: Valley Cares (VC) is a 501(c)3 organization affiliated with Otis Health Care Center (OHCC) in Townshend which proposes to build a senior living community consisting of 28 units of assisted living, and 24 units of independent senior housing with supportive services. VC, working with Housing Vermont, obtained a HUD 202 commitment for a capital advance and project rental assistance contract. VC has also obtained private funding to perform feasibility for the proposal on several parcels of land close to Grace Cottage Hospital, which operates under the auspices of OHCC, and serves an 11-town area in Windham County. John Ryan, a market feasibility analyst, worked with VC to review the needs and demands of this region. In addition VC has engaged in a thorough planning process to get to this proposal, and has conferred frequently with the Department of Aging and Independent Living (DAIL) staff. DAIL also made a private consultant available to the sponsor who is experienced in developing and operating assisted living facilities. VC will build the development on a 9.8-acre parcel that is 500-yards from Grace Cottage Hospital. In addition to the 24 senior apartments and the 28 units of assisted living, a small historic building that currently exists on the parcel will house the Valley Health Council and Grace Cottage Adult Day (both OHCC programs) to provide prevention and wellness services to residents. VC, through its affiliation with OHCC, has experience in providing residential care to frail seniors. They currently operate the Heins Home, a dated residential care home. The Heins Home will be closed after this project opens, as it has become an antiquated facility due to its small size and physical plant restrictions

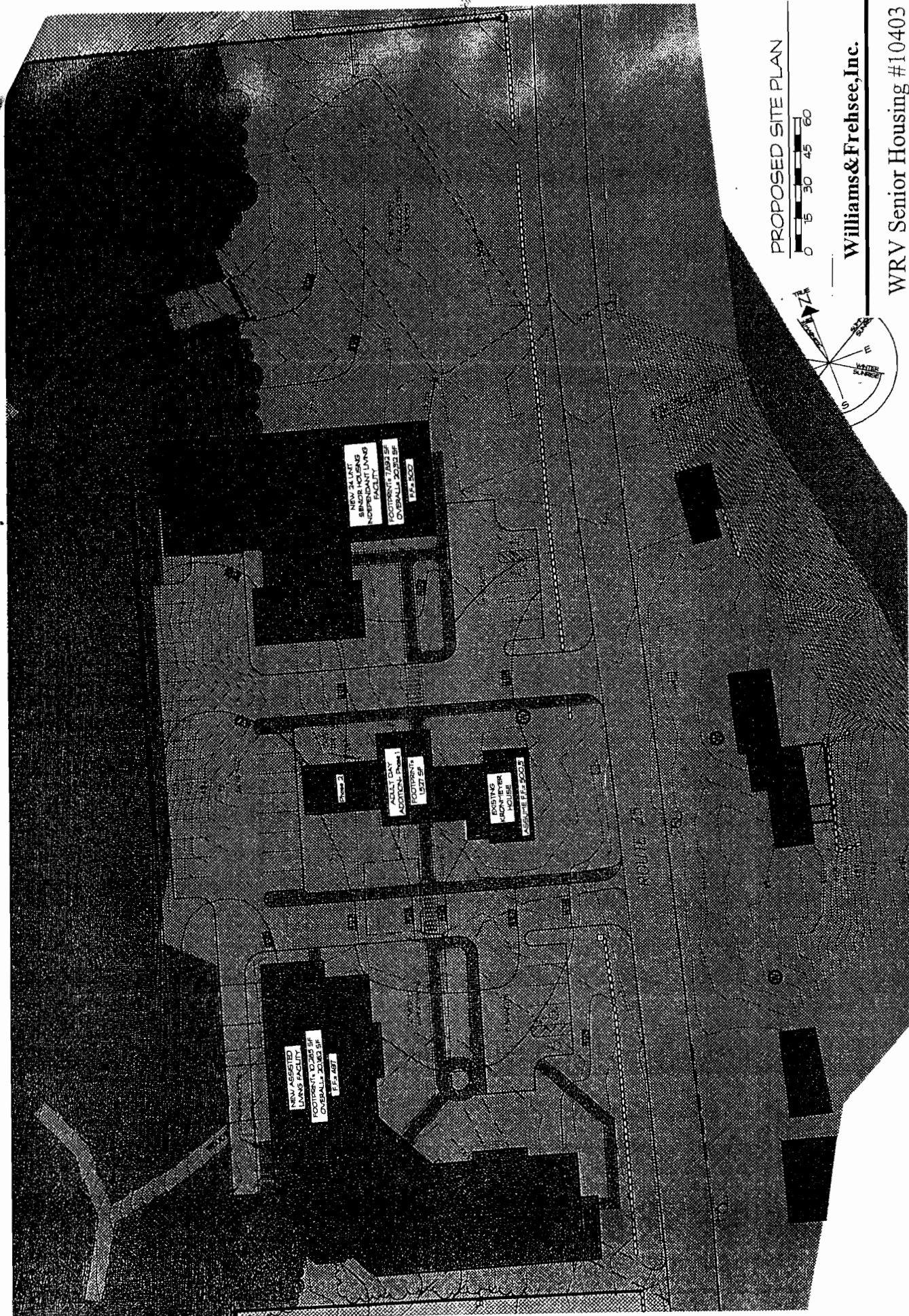


that prohibit it from being enlarged and modernized. VC, in partnership with Housing Vermont, bring both the service experience and housing development experience to undertake such a challenging project. In addition to the HUD 202 commitment and private fundraising, the sponsors are applying for VHCB/HOME, VCDP and AHP, all of which have June funding decisions. In addition, the sponsors are working on obtaining HUD Special Purpose funds through Senator Leahy's office. VC is applying for 9% Housing Credits. Due to the number of market units, the basis does not generate sufficient credit using the 4% Credit, resulting in a significant gap. The development fee in the budget is 9% - which is below the program limit. Grace Cottage Hospital has committed to providing up to \$50,000 annually for a 15-year period to cover any operating deficits associated with the assisted living portion of the project. The sponsors have hired architect Denny Frehsee to do initial evaluation and building design. There is no municipal water or sewer, so the sponsor will have private water and septic systems constructed. The sponsors intend to apply for Act 250 this summer, and need no local permits.

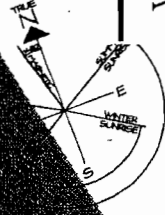
Tax Credit Summary: The project meets three top tier and two second tier criteria (which more than meets the minimum tax credit application requirement): (1) the project meets the historic settlement pattern of the Village; (2) the property is close to a Village having "Village Designation Status"; (3) it incorporates a majority of special needs populations and provides service-enriched housing; 4) it is mixed income, with 35% of the units over 60% of area median income; and 5) the project incorporates units which will be affordable to residents at or below 30% of area median income, with the combination of the HUD 202 rental assistance and Medicaid. The market study indicates strong support for the project.

APPENDIX I — WEST RIVER VALLEY (service area outlined)





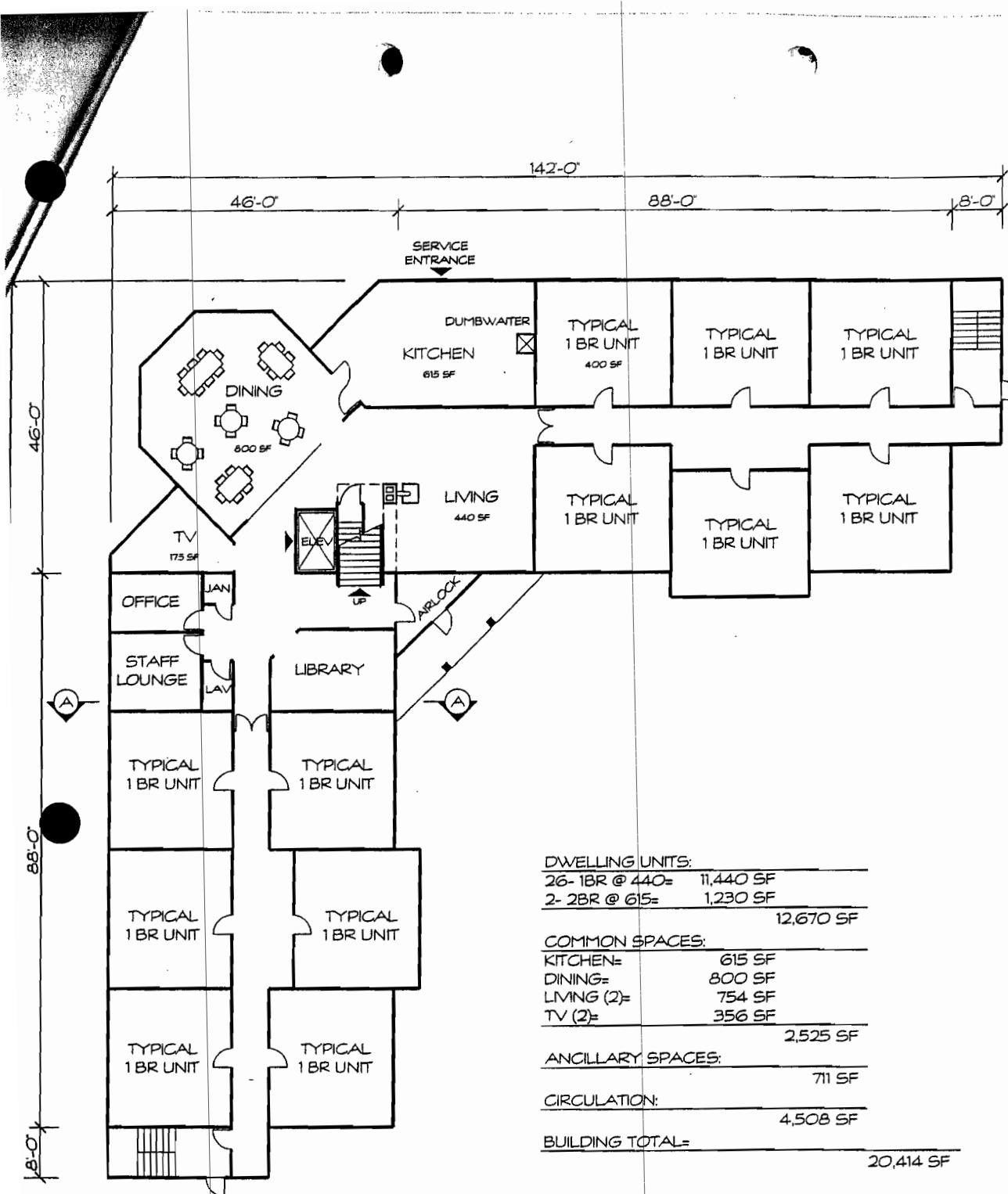
PROPOSED SITE PLAN



Williams & Frehsee, Inc.

WRV Senior Housing #10403
SITE PLAN

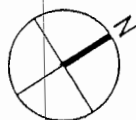
April 6, 2005



DWELLING UNITS:	
26- 1BR @ 440=	11,440 SF
2- 2BR @ 615=	1,230 SF
	12,670 SF
COMMON SPACES:	
KITCHEN=	615 SF
DINING=	800 SF
LIVING (2)=	754 SF
TV (2)=	356 SF
	2,525 SF
ANCILLARY SPACES:	
	711 SF
CIRCULATION:	
	4,508 SF
BUILDING TOTAL=	20,414 SF

CHEMATIC DESIGN #1a
 1ST FLOOR PLAN- 10,411 SF

12 24 36 48 1/24" = 1'-0"



79



West & Frehse, Inc.
 Main Street, Suite 309
 Lebanon, Vermont 05301
 257-1311 Fax: 802-257-9429

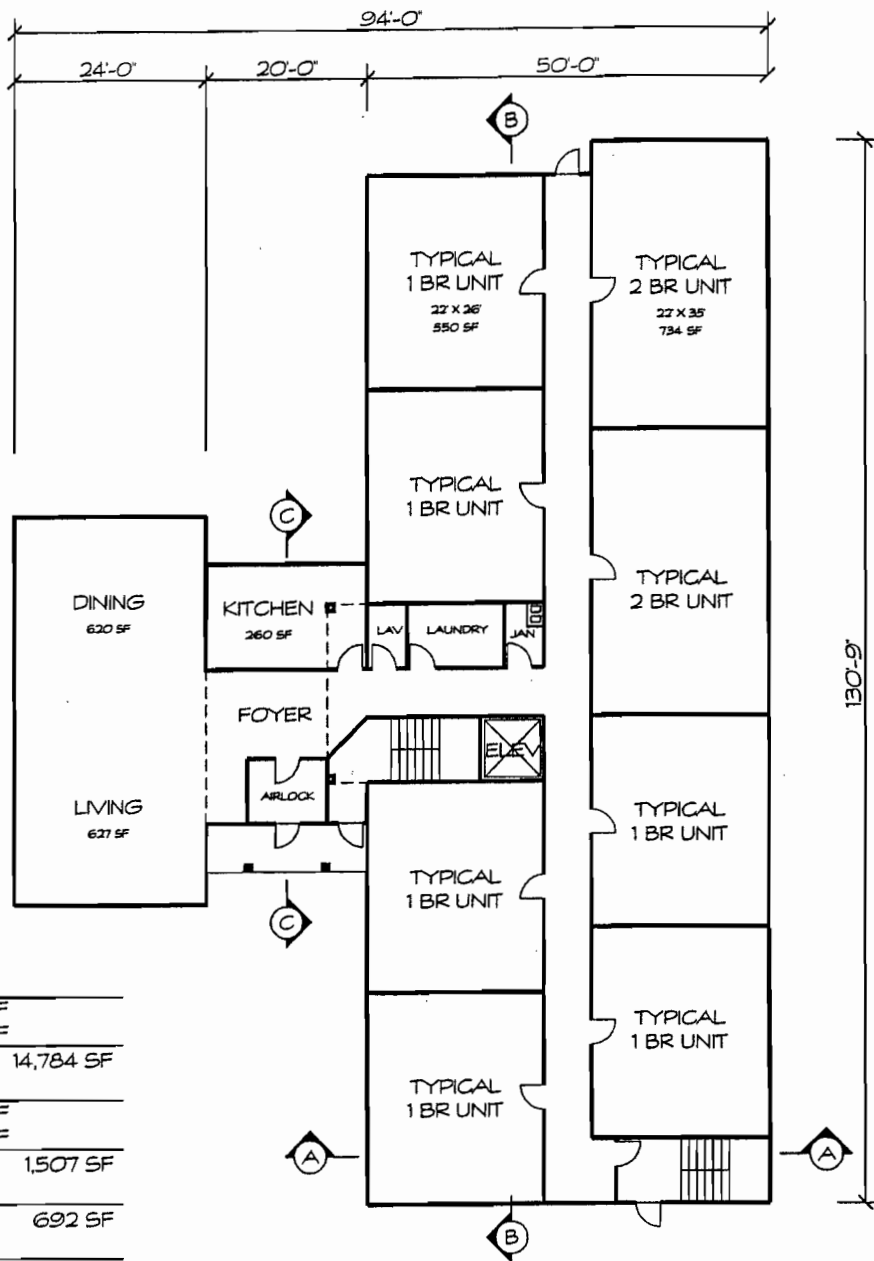
West River Valley Senior Housing
 ASSISTED LIVING FACILITY
 Townshend, Vermont

Valley Green

WVF JOB: WRV Assisted 10403
 DRAWN BY: MKU
 CHECKED BY:
 DATE: APRIL 6, 2005

FIRST
 FLOOR PLAN

A-101



DWELLING UNITS:

18- 1BR @ 567= 10,206 SF

6- 2BR @ 763= 4,578 SF

14,784 SF

COMMON SPACES:

KITCHEN= 260 SF

LIVING / DINING= 1,247 SF

1,507 SF

ANCILLARY SPACES:

692 SF

CIRCULATION:

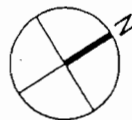
4,297 SF

BUILDING TOTAL=

21,280 SF

SCHEMATIC DESIGN #2e
FIRST FLOOR PLAN- 8,218 SF

12 24 36 48 1/24"= 1'-0"



83



Williams & Fehse, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301

West River Valley Senior Housing
INDEPENDENT LIVING FACILITY
Townshend, Vermont

WFI JOB: WRV Assisted 10403

DRAWN BY: MKU

CHECKED BY:

DATE: APRIL 6, 2005

FIRST
FLOOR PLAN

A-101

02-Jun-05 **West River Valley Senior Housing, Townshend**

Total Residential Units:	52	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	34	Increase in Income from Other Sources:	2.00%
Percent Restricted:	65.38%	Increase in Income from Commercial:	2.00%
Total Development Cost:	8,337,725	Expense increase:	3.00%
Total Development Cost per Unit:	160,341	Vacancy Rate:	7.5%
Total Development Cost Per SF:	194	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	453,451	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	430,000	Sponsor's Estimated Yield:	81.55%

LIHTC - 9%	8.00%	June 2005
LIHTC - 4%	3.43%	

SOURCES

		% of Total	Development Cost	Interest Rate	Amortization	Term
First Mortgage - AHP	380,000		4.56%	2.50%	30	20
HOME	315,000		3.78%	3.75%	deferred	30
VCDP	590,000		7.08%	3.85%	deferred	30
HUD SP	500,000		6.00%	385.00%	N/A	30
HUD 202	951,900		11.42%	385.00%	N/A	40
AHP grant	300,000		3.60%	0.00%	N/A	30
Developer Loan	340,000		4.08%	5.00%	15	15
REEP	28,600		0.34%	0.00%	30	30
VHCB Loan	510,000		6.12%	0.00%	deferred	30
Foundation funding	950,593		11.40%	0.00%	0	30
Tax Credit Equity	3,471,632		41.64%	N/A	N/A	
TOTAL SOURCES	8,337,725		100.00%			

USES

Acquisition	361,695	4.34%
Construction Hard Costs	6,288,673	75.42%
Soft Costs	1,687,357	20.24%
TOTAL USES	8,337,725	100.00%

Gap 0

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units		
0 Br	84,390	0	0	
1 Br	90,140	44	3,966,160	
2 Br	95,890	8	767,120	
3 Br	101,637	0	0	
4 Br	107,390	0	0	
Maximum cost allowed under the per unit cost limits		52	4,733,280	
Projected total cost, excluding cash accounts			8,100,101	Cost Overage % 58%
	(over)/under		(3,366,821)	

General Partner's Capital Contribution	35,067	1.00%
Limited Partner's Capital Contribution	3,471,632	99.00%
Total Equity	3,506,699	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	34
Total Units	52
Unit Fraction	65.38%
Tax Credit Square Footage	18,088
Total Residential Square Footage	28,264
Square Footage Fraction	64.00%
Applicable Fraction	64.00%

02-Jun-05 West River Valley Senior Housing, Townshend

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	182,000					
2 Purchase of Building(s)	172,000			172,000		
3 Demolition (without replacement)	0					
4 Property Appraisal	1,995			1,995		
5 Legal - Title and Recording	5,700			5,700		
Subtotal - Acquisition	361,695					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	180,000		180,000	180,000		
7 New Building(s)	5,200,870		5,200,870	5,200,870		
8 Accessory Buildings	0					
9 Sitework	486,570		486,570	486,570		
10 Commercial Space Costs (if any)	0					
11 General Requirements	0					
12 Contractor Overhead	0					
13 Contractor Profit	0					
14 Construction Contingency	289,833		289,833	289,833		
15 Construction Management	0					
16 Construction Bond Fee	0					
17 Hazardous Materials Abatement	0					
18 Off-Site Improvements	0					
19 Furnishings, Fixtures, & Equipment	131,400		131,400			
20 Other ()	0					
Subtotal - Hard Costs	6,288,673					
SOFT COSTS						
21 Architectural	444,091		444,091	444,091		
22 Engineering	0					
23 Legal/Accounting	30,500		30,500	30,500		
24 Relocation	0					
25 Environmental Assessment	4,500		4,500	4,500		
26 Energy Assessment	0					
27 Permits/Fees	68,885		68,885	68,885		
28 Independent Market Study	7,903		7,903	7,903		
29 Construction Period Insurance	18,024		18,024	18,024		
30 Construction Interest	75,466		75,466	75,466		
31 Construction Loan Origination Fee	66,599		66,599	66,599		
32 Taxes During Construction	7,000		7,000	7,000		
33 Clerk of the Works	14,819		14,819	14,819		
34 Marketing	97					
35 Tax Credit Fees	19,115			19,115		
36 Soft Cost Contingency	12,734		12,734	12,734		
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	0					
39 Other ()	0					
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	680,000		680,000	680,000		
45 Other Partnership Fees	0					
46 Consultant Fees	0					
RESERVES						
47 Working Capital	0					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	237,624					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	1,687,357					
TOTALS	8,337,725	0	7,705,875	7,786,604	0	
LESS: Amount of Non-qualified Financing			892,850			
LESS: Adjustment for per unit cost limits						
LESS: Historic tax Credit (Residential Portion)				0	20% Historic Credit Rate	
Total Eligible Basis		0	6,813,025		0 Annual Historic Credit	
TIMES: Adjusted for QCT/DDA	130.0%		8,856,933			
TIMES: Applicable Fraction	64.00%	0	5,668,136			
Total Qualified Basis		0	5,668,136	7,786,604	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.43%	8.00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		0	453,451	283,149	Annual Depreciation	
Total Tax Credits Requested	430,000			131,400	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (excluding historic credit equity)	3,471,632			7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	81.55%			18,771	Annual Depreciation	
Equity Gap	3,471,632					
Credits Needed to fill Equity Gap	430,000					

02-Jun-05 West River Valley Senior Housing, Townshend

				43,002 Allocation of Sources												TOTAL	
Budget	Per Unit	Per s.f.		VHCB	HOME	VCDP	AHP	Debt	Equity	HUD 202	HUD SP	AHP	Foundation	Dev.	Loan	Other	
				Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	
ACQUISITION																	
1 Land	182,000	3,500	4.23	179,795	0	0	0	0	0	0	0	0	0	2,205	0	0	
2 Purchase of Building(s)	172,000	3,308	3.99	0	0	0	0	0	0	0	0	0	0	172,000	0	0	
3 Demolition (without replacement)	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Property Appraisal	1,995	38	0.05	1,600	0	0	0	0	0	0	0	0	0	395	0	0	
5 Legal - Title and Recording	5,700	110	0.13	5,600	0	0	0	0	0	0	0	0	0	100	0	0	
Subtotal - Acquisition	361,695	6,956	8.40														
CONSTRUCTION HARD COSTS																	
6 Rehabilitation	180,000	3,462	4.18	0	0	0	0	0	0	0	0	0	180,000	0	0	0	
7 New Building(s)	5,200,870	100,017	120.78	0	315,000	590,000	380,000	1,611,870	951,900	500,000	300,000	523,500	0	28,600	0	0	
8 Accessory Buildings	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Slewwork	486,570	9,357	11.30	0	0	0	0	464,125	0	0	0	22,445	0	0	0	0	
10 Commercial Space Costs (if any)	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 General Requirements	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Contractor Overhead	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Contractor Profit	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Construction Contingency	289,833	5,574	6.73	0	0	0	0	289,650	0	0	0	0	0	0	0	0	
15 Construction Management	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Construction Bond Fee	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Hazardous Materials Abatement	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Off-Site Improvements	0	2,527	3.05	0	0	0	0	0	0	0	0	0	0	0	0	0	
19 Furnishings, Fixtures, & Equipment	131,400	0.00	0.00	0	0	0	0	131,400	0	0	0	0	0	0	0	0	
20 Other ()	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
Subtotal - Hard Costs	6,288,673	120,936	146.04														
SOFT COSTS																	
21 Architectural	444,091	8,540	10.31	277,468	0	0	0	144,832	0	0	0	21,791	0	0	0	0	
22 Engineering	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Legal/Accounting	30,500	587	0.71	14,000	0	0	0	13,500	0	0	0	3,000	0	0	0	0	
24 Relocation	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
25 Environmental Assessment	4,500	87	0.10	1,500	0	0	0	1,500	0	0	0	1,500	0	0	0	0	
26 Energy Assessment	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
27 Permits/Fees	68,885	1,325	1.60	30,037	0	0	0	36,918	0	0	0	1,930	0	0	0	0	
28 Independent Market Study	7,903	152	0.18	0	0	0	0	7,903	0	0	0	0	0	0	0	0	
29 Construction Period Insurance	18,024	347	0.42	0	0	0	0	17,115	0	0	0	909	0	0	0	0	
30 Construction Interest	75,466	1,451	1.75	0	0	0	0	70,798	0	0	0	4,668	0	0	0	0	
31 Construction Loan Origination Fee	66,599	1,281	1.55	0	0	0	0	63,520	0	0	0	3,079	0	0	0	0	
32 Taxes During Construction	7,000	135	0.16	0	0	0	0	4,000	0	0	0	3,000	0	0	0	0	
33 Clerk of the Works	14,819	285	0.34	0	0	0	0	14,819	0	0	0	0	0	0	0	0	
34 Marketing	97	2	0.00	0	0	0	0	0	0	0	0	97	0	0	0	0	
35 Tax Credit Fees	19,115	368	0.44	0	0	0	0	19,115	0	0	0	0	0	0	0	0	
36 Soft Cost Contingency	12,734	245	0.30	0	0	0	0	11,000	0	0	0	1,734	0	0	0	0	
37 Permanent Loan Origination Fee	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
38 Lender's Counsel's Fee	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
39 Other ()	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
SYNDICATION COSTS																	
40 Organizational (Partnership)	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
41 Bridge Loan Fees and Expenses	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
42 Syndication Consultant	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
43 Tax Opinion	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
DEVELOPER'S FEES																	
44 Developer's Fees	680,000	13,077	15.79	0	0	0	0	339,486	0	0	0	8,240	332,274	0	0	0	
45 Other Partnership Fees	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
46 Consultant Fees	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
RESERVES																	
47 Working Capital	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
48 Rent-up (Deficit Escrow) Reserve	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
49 Other Operating Reserves	237,624	4,570	5.52	0	0	0	0	229,898	0	0	0	7,726	0	0	0	0	
50 Sinking Fund	0	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	
51 Replacement Reserves	1,687,357	32,449	39.18	0	0	0	0	0	0	0	0	0	0	0	0	0	
Subtotal - Soft Costs	8,337,725	160,341	193.62														
TOTAL DEVELOPMENT COSTS				510,000	315,000	590,000	380,000	3,471,449	951,900	500,000	300,000	950,593	340,000	28,600	0	0	

	Budget	Per Unit	Per s.f.	Allocation of Sources										TOTAL SOURCES
				VHCB	HOME	VCDP	AHPDebt	Equity	HUD 202	HUD SP	AHP	Foundations Dev.	Loan Other	
				Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	
ACQUISITION														
1 Land	90,863	3,786	4.41	90,863										90,863
2 Purchase of Building(s)		0	0.00											0
3 Demolition (without replacement)		0	0.00											0
4 Property Appraisal	800	33	0.04	800										800
5 Legal - Title and Recording	2,800	117	0.14	2,800										2,800
Subtotal - Acquisition	94,463	3,936	4.59											
CONSTRUCTION HARD COSTS														
6 Rehabilitation		0	0.00											0
7 New Buildings	2,533,757	105,573	123.00		315,000	300,000		800,657	951,900		155,000		13,200	2,533,757
8 Accessory Buildings		0	0.00											0
9 Slewwork	234,465	9,769	11.38					234,465						234,465
10 Commercial Space Costs (if any)		0	0.00											0
11 General Requirements		0	0.00											0
12 Contractor Overhead		0	0.00											0
13 Contractor Profit		0	0.00											0
14 Construction Contingency	146,380	6,099	7.11					146,380						146,380
15 Construction Management		0	0.00											0
16 Construction Bond Fee		0	0.00											0
17 Hazardous Materials Abatement		0	0.00											0
18 Off-Site Improvements		0	0.00											0
19 Furnishings, Fixtures, & Equipment	24,000	1,000	1.17					24,000						24,000
20 Other ()		0	0.00											0
Subtotal - Hard Costs	2,938,602	122,442	142.63											
SOFT COSTS														
21 Architectural	213,429	8,893	10.36	190,000				23,429						213,429
22 Engineering		0	0.00											0
23 Legal/Accounting	14,000	583	0.68	14,000										14,000
24 Relocation		0	0.00											0
25 Environmental Assessment	1,500	63	0.07	1,500										1,500
26 Energy Assessment		0	0.00											0
27 Permits/Fees	33,837	1,410	1.64	30,037				3,800						33,837
28 Independent Market Study	3,994	166	0.19					3,994						3,994
29 Construction Period Insurance	8,671	361	0.42					8,671						8,671
30 Construction Interest	35,779	1,491	1.74					35,779						35,779
31 Construction Loan Origination Fee	32,101	1,338	1.56					32,101						32,101
32 Taxes During Construction	2,000	83	0.10					2,000						2,000
33 Clerk of the Works	7,489	312	0.36					7,489						7,489
34 Marketing		0	0.00											0
35 Tax Credit Fees	9,660	403	0.47					9,660						9,660
36 Soft Cost Contingency	5,500	229	0.27					5,500						5,500
37 Permanent Loan Origination Fee		0	0.00											0
38 Lender's Counsel's Fee		0	0.00											0
39 Other ()		0	0.00											0
SYNDICATION COSTS														
40 Organizational (Partnership)		0	0.00											0
41 Bridge Loan Fees and Expenses		0	0.00											0
42 Syndication Consultant		0	0.00											0
43 Tax Opinion		0	0.00											0
DEVELOPER'S FEES														
44 Developer's Fees	339,486	14,145	16.48					339,486						339,486
45 Other Partnership Fees		0	0.00											0
46 Consultant Fees		0	0.00											0
RESERVES														
47 Working Capital		0	0.00											0
48 Rent-up (Deficit Escrow) Reserve		0	0.00											0
49 Other Operating Reserves	36,030	1,501	1.75					36,030						36,030
50 Sinking Fund		0	0.00											0
51 Replacement Reserves		0	0.00											0
Subtotal - Soft Costs	743,476	30,978	36.09											
TOTAL DEVELOPMENT COSTS	3,776,541	157,356	183.33	330,000	315,000	300,000		1,713,441	951,900	0	153,000	0	13,200	3,776,541

	Budget	Per Unit	Per s.f.	Allocation of Sources												TOTAL
				VHCB	HOMAE	VCDP	AHP Debt	Equity	HUD 202	HUD SP	AHP	Foundation Dev.	Loan	Other	SOURCES	
				Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:	Terms:		
ACQUISITION																
1 Land	88,932	3,176	4.41	88,932											88,932	
2 Purchase of Building(s)		0	0.00												0	
3 Demolition (without replacement)		0	0.00												0	
4 Property Appraisal	800	29	0.04	800											800	
5 Legal - Title and Recording	2,800	100	0.14	2,800											2,800	
Subtotal - Acquisition	92,532	3,305	4.59													
CONSTRUCTION HARD COSTS																
6 Rehabilitation		0	0.00												0	
7 New Building(s)	2,621,060	93,609	130.00			290,000	380,000	811,213		500,000	147,000	477,447		15,400	2,621,060	
8 Accessory Buildings		0	0.00												0	
9 Sitework	229,660	8,202	11.39					229,660							229,660	
10 Commercial Space Costs (if any)		0	0.00												0	
11 General Requirements		0	0.00												0	
12 Contractor Overhead		0	0.00												0	
13 Contractor Profit		0	0.00												0	
14 Construction Contingency	143,270	5,117	7.11					143,270							143,270	
15 Construction Management		0	0.00												0	
16 Construction Bond Fee		0	0.00												0	
17 Hazardous Materials Abatement		0	0.00												0	
18 Off-Site Improvements		0	0.00												0	
19 Furnishings, Fixtures, & Kitchen Equip	107,400	3,836	5.33					107,400							107,400	
20 Other ()		0	0.00												0	
Subtotal - Hard Costs	3,101,390	110,764	153.82													
SOFT COSTS																
21 Architectural	208,871	7,460	10.36					121,403							208,871	
22 Engineering		0	0.00												0	
23 Legal/Accounting	13,500	482	0.67					13,500							13,500	
24 Relocation		0	0.00												0	
25 Environmental Assessment	1,500	54	0.07					1,500							1,500	
26 Energy Assessment		0	0.00												0	
27 Permit/Fees	33,118	1,183	1.64					33,118							33,118	
28 Independent Market Study		140	0.19					3,909							3,909	
29 Construction Period Insurance	8,444	302	0.42					8,444							8,444	
30 Construction Interest	35,019	1,251	1.74					35,019							35,019	
31 Construction Loan Origination Fee	31,419	1,122	1.56					31,419							31,419	
32 Taxes During Construction	2,000	71	0.10					2,000							2,000	
33 Clerk of the Works	7,330	262	0.36					7,330							7,330	
34 Marketing		0	0.00												0	
35 Tax Credit Fees	9,455	338	0.47					9,455							9,455	
36 Soft Cost Contingency		196	0.27					5,500							5,500	
37 Permanent Loan Origination Fee	5,500	0	0.00												0	
38 Lender's Counsel's Fee		0	0.00												0	
39 Other ()		0	0.00												0	
SYNDICATION COSTS																
40 Organizational (Partnership)		0	0.00												0	
41 Bridge Loan Fees and Expenses		0	0.00												0	
42 Syndication Consultant		0	0.00												0	
43 Tax Opinion		0	0.00												0	
DEVELOPER'S FEES																
44 Developer's Fees	332,274	11,867	16.48												332,274	
45 Other Partnership Fees		0	0.00												0	
46 Consultant Fees		0	0.00												0	
RESERVES																
47 Working Capital		0	0.00												0	
48 Rain-up (Deficit Escrow) Reserve		0	0.00												0	
49 Other Operating Reserves	201,594	7,200	10.00					193,868							201,594	
50 Sinking Fund		0	0.00												0	
51 Replacement Reserves		0	0.00												0	
Subtotal - Soft Costs	893,933	31,926	44.34													
TOTAL DEVELOPMENT COSTS	4,087,835	145,995	202.75	180,000	0	290,000	380,000	1,738,008	0	500,000	147,000	477,447	340,000	15,400	4,087,835	

Budget		Per Unit	Per s.f.	Allocation of Sources					Allocation of Sources					TOTAL SOURCES
				VHCB	HOME	VCDP	Debt	Equity	HUD 202	HUD SP	AHP	Foundation	Dev.	
				Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____	Terms: _____
ACQUISITION														
1	Land	2,205	0.80										2,205	2,205
2	Purchase of Building(s)	172,000	62.55										172,000	172,000
3	Demolition (without replacement)		0.00										0	0
4	Property Appraisal	395	0.14										395	395
5	Legal - Title and Recording	100	0.04										100	100
Subtotal - Acquisition				174,700	63.53									
CONSTRUCTION HARD COSTS														
6	Rehabilitation Phase 1	180,000	65.45										180,000	180,000
7	Rehabilitation Phase 2	46,053	16.75										46,053	46,053
8	Accessory Buildings		0.00										0	0
9	Sitework	22,445	8.16										22,445	22,445
10	Commercial Space Costs (if any)		0.00										0	0
11	General Requirements		0.00										0	0
12	Contractor Overhead		0.00										0	0
13	Contractor Profit		0.00										0	0
14	Construction Contingency		0.00										0	0
15	Construction Management		0.00										0	0
16	Construction Bond Fee		0.00										0	0
17	Hazardous Materials Abatement		0.00										0	0
18	Off-Site Improvements		0.00										0	0
19	Furnishings, Fixtures, & Equipment		0.00										0	0
20	Other (0.00										0	0
Subtotal - Hard Costs				248,498	90.36									
SOFT COSTS														
21	Architectural	21,791	7.92										21,791	21,791
22	Engineering		0.00										0	0
23	Legal/Accounting	3,000	1.09										3,000	3,000
24	Relocation		0.00										0	0
25	Environmental Assessment	1,500	0.55										1,500	1,500
26	Energy Assessment		0.00										0	0
27	Permits/Fees	1,930	0.70										1,930	1,930
28	Independent Market Study		0.00										0	0
29	Construction Period Insurance	909	0.33										909	909
30	Construction Interest	4,668	1.70										4,668	4,668
31	Construction Loan Origination Fee	3,079	1.12										3,079	3,079
32	Taxes During Construction	3,000	1.09										3,000	3,000
33	Clerk of the Works		0.00										0	0
34	Marketing	97	0.04										97	97
35	Tax Credit Fees		0.00										0	0
36	Soft Cost Contingency	1,734	0.63										1,734	1,734
37	Permanent Loan Origination Fee		0.00										0	0
38	Lender's Counsel's Fee		0.00										0	0
39	Other (0.00										0	0
SYNDICATION COSTS														
40	Organizational (Partnership)		0.00										0	0
41	Bridge Loan Fees and Expenses		0.00										0	0
42	Syndication Consultant		0.00										0	0
43	Tax Opinion		0.00										0	0
DEVELOPER'S FEES														
44	Developer's Fees	8,240	3.00										8,240	8,240
45	Other Partnership Fees		0.00										0	0
46	Consultant Fees		0.00										0	0
RESERVES														
47	Working Capital		0.00										0	0
48	Rent-up (Deficit Escrow) Reserve		0.00										0	0
49	Other Operating Reserves		0.00										0	0
50	Sinking Fund		0.00										0	0
51	Replacement Reserves		0.00										0	0
Subtotal - Soft Costs				49,948	18.16									
TOTAL DEVELOPMENT COSTS				473,146	172.05	0	0	0	0	0	0	0	473,146	473,146

02-Jun-05 **West River Valley Senior Housing, Townshend**HC Restricted Units
Bedrooms

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br	0	0	0	0	0
1 Br	509	32	511	0	196,358
2 Br	900	2	652	0	15,648
3 Br	0	0	0	0	0
4+ Br	0	0	0	0	0
Totals	18,088	34			212,006

Non-HC Restricted Units
Bedrooms

Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br	0	0	0	0	0
1 Br	451	12	551	0	79,344
2 Br	794	6	733	0	52,776
3 Br	0	0	0	0	0
4+ Br	0	0	0	0	0
Totals	10,176	18			132,120

All Units

Grand Totals	28,264	52			344,126
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Less Vacancy	7.50%				(25,809)
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NET RENT	318,317
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OTHER INCOME

Laundry	1,296
Parking	0
Commercial Space Income	
Other	594,564

TOTAL INCOME	914,177
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02-Jun-05 **West River Valley Senior Housing, Townshend**

	Annual	Monthly	Per Unit Per Month	Indep. Liv.	Assisted
Administration					
Management Fee	25,920	2,160	42	15,840	10,080
Supportive Services	564,484	47,040	905	8,928	555,556
Audit/Accounting	8,704	725	14	4,000	4,704
Legal	3,080	257	5	1,400	1,680
Compliance Monitoring	1,632	136	3	912	720
Marketing	2,208	184	4	864	1,344
Other	3,744	312	6	2,304	1,440
TOTAL ADMINISTRATIVE	609,772	50,814	977	34,248	575,524
Utilities					
Electricity	18,720	1,560	30	8,640	10,080
Fuel	30,960	2,580	50	15,840	15,120
Water and Sewer	6,240	520	10	2,880	3,360
Fire Alarm / Emergency	3,120	260	5	1,440	1,680
Other	2,427	202	4	0	2,427
TOTAL UTILITIES	61,467	5,122	99	28,800	32,667
Maintenance					
Maintenance / Janitor Payroll	24,960	2,080	40	11,520	13,440
Janitor Supplies	4,560	380	7	2,880	1,680
Exterminating	1,248	104	2	576	672
Trash Removal	5,568	464	9	2,880	2,688
Snow Removal	7,488	624	12	3,456	4,032
Grounds	7,488	624	12	3,456	4,032
Repairs Material	0	0	0	0	0
Repairs Contract	0	0	0	0	0
HVAC Repairs / Maintenance	3,728	311	6	1,728	2,000
Elevator Contract / Repairs	6,240	520	10	2,880	3,360
Painting and Decorating	2,496	208	4	1,152	1,344
Other	0	0	0	0	0
TOTAL MAINTENANCE	63,776	5,315	102	30,528	33,248
Real Estate Taxes	28,080	2,340	45	12,960	15,120
Property Insurance	15,600	1,300	25	7,200	8,400
Replacement Reserves	18,000	1,500	29	0	18,000
Primary Debt Service	21,788	1,816	35	10,368	11,420
Other "must pay" debt service	0	0	0	0	0
Other	0	0	0	0	0
Total	818,483	68,207	1,312	30,528	52,940

West River Valley Senior Housing, Townshend																
02-Jun-05	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		344,126	349,288	354,528	359,846	365,243	370,722	376,283	381,927	387,656	393,471	399,373	405,363	411,444	417,615	423,880
Other Income		595,860	607,777	619,933	632,331	644,978	657,878	671,035	684,456	698,145	712,108	726,350	740,877	755,695	770,808	786,225
Vacancy and other losses		(25,809)	(26,197)	(26,590)	(26,988)	(27,393)	(27,804)	(28,221)	(28,645)	(29,074)	(29,510)	(29,953)	(30,402)	(30,858)	(31,321)	(31,791)
Total Operating Income		914,177	930,869	947,871	965,189	982,828	1,000,795	1,019,097	1,037,738	1,056,727	1,076,068	1,095,770	1,115,838	1,136,280	1,157,103	1,178,313
Operating Expenses																
Total Expenses (excl. Reserves)		778,695	802,056	826,118	850,901	876,428	902,721	929,803	957,697	986,428	1,016,020	1,046,501	1,077,896	1,110,233	1,143,540	1,177,846
Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Total Operating Expense		796,695	820,326	844,662	869,723	895,533	922,112	949,485	977,674	1,006,704	1,036,601	1,067,391	1,099,099	1,131,754	1,165,384	1,200,018
Net Operating Income		117,482	110,543	103,209	95,465	87,295	78,683	69,612	60,064	50,022	39,467	28,379	16,739	4,526	(8,281)	(21,704)
Less Primary Debt Service		18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018
Less Secondary Debt Service		11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813	11,813
Annual Cash Flow		87,652	80,713	73,379	65,635	57,465	48,853	39,782	30,234	20,192	9,637	(1,451)	(13,091)	(25,304)	(38,111)	(51,534)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	1,451	13,091	25,304	38,111	51,534
Net Cash		87,652	80,713	73,379	65,635	57,465	48,853	39,782	30,234	20,192	9,637	0	0	0	0	0
DCR		393.84%	370.58%	345.99%	320.03%	292.64%	263.77%	233.36%	201.36%	167.69%	132.31%	95.14%	56.11%	15.17%	-27.76%	-72.76%
Cumulative Cash Flow																
Beginning Balance		237,624	328,529	413,334	491,580	562,788	626,456	682,062	729,063	766,890	794,953	812,636	819,311	814,413	797,253	767,115
Deposits		87,652	80,713	73,379	65,635	57,465	48,853	39,782	30,234	20,192	9,637	0	0	0	0	0
Interest	2.0%	3,253	4,092	4,867	5,572	6,203	6,753	7,218	7,593	7,871	8,046	8,126	8,193	8,144	7,973	7,671
Withdrawals		0	0	0	0	0	0	0	0	0	0	(1,451)	(13,091)	(25,304)	(38,111)	(51,534)
Ending Balance		328,529	413,334	491,580	562,788	626,456	682,062	729,063	766,890	794,953	812,636	819,311	814,413	797,253	767,115	723,252
Cumulative Replacement Reserves																
Beginning Balance		0	18,180	36,633	55,362	74,373	15,668	35,253	55,132	75,309	95,789	12,575	33,674	55,089	76,826	98,888
Deposits		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Interest	2.0%	180	183	185	188	191	194	197	200	203	206	209	212	215	218	222
Withdrawals		0	0	0	0	0	0	0	0	0	(104,000)	0	0	0	0	(104,000)
Ending Balance		18,180	36,633	55,362	74,373	15,668	35,253	55,132	75,309	95,789	12,575	33,674	55,089	76,826	98,888	17,281
Net Operating Income		117,482	110,543	103,209	95,465	87,295	78,683	69,612	60,064	50,022	39,467	28,379	16,739	4,526	(8,281)	(21,704)
Plus Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Less Interest Expense		(43,929)	(44,586)	(45,271)	(45,985)	(46,729)	(47,506)	(48,315)	(49,159)	(50,039)	(50,956)	(51,912)	(52,908)	(53,947)	(55,029)	(56,156)
Less Long Depreciation		(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)	(283,149)
Less Short Depreciation		(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)	(18,771)
Taxable Income (Loss)		(210,368)	(217,694)	(225,438)	(233,618)	(242,250)	(251,352)	(260,942)	(252,267)	(262,889)	(274,057)	(285,792)	(298,115)	(311,049)	(324,615)	(338,838)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		73,629	76,193	78,903	81,766	84,788	87,973	91,330	88,293	92,011	95,920	100,027	104,340	108,867	113,615	118,593
Plus Tax Credits		430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000
After Tax Cash Flow		503,629	506,193	508,903	511,766	514,788	517,973	521,330	518,293	522,011	525,920	530,027	534,340	538,867	543,593	548,453
Total Years		15														
Reinvestment Rate		10.00%														
Current After Tax Cash Flows		503,629	506,193	508,903	511,766	514,788	517,973	521,330	518,293	522,011	525,920	530,027	534,340	538,867	543,593	548,453
Future Value of Cash Flows at Yr 15:		2,103,782	1,922,266	1,756,872	1,606,142	1,468,749	1,343,489	1,229,268	1,111,008	1,017,252	931,700	861,095	796,765	734,902	674,474	618,453
Discount Rate:		4.00%														
Capital Contribution Number:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Date of Capital Contribution:		30-Jun-06	30-Jun-07	30-Jun-08	02-Jun-09	02-Jun-10	02-Jun-11	02-Jun-12	02-Jun-13	02-Jun-14	02-Jun-15	02-Jun-16	02-Jun-17	02-Jun-18	02-Jun-19	02-Jun-20
Amount of Capital Contribution:		3,472	2,777,306	690,855	0	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions:		3,472	2,666,930	643,508	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows		(3,313,910)														
IRR:		10.70%														
Equity Yield:		78%														

**RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED ALLOCATION OF
ALLOCATED HOUSING CREDITS FOR SOUTHVIEW APARTMENTS, SPRINGFIELD**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Rockingham Area Community Land Trust (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the rehabilitation of a total of sixty-nine (69) units of general occupancy rental housing in eighteen (18) buildings located in the Town of Springfield (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for rehabilitation financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds (the "Bonds") to finance a loan to the Borrowers; and

WHEREAS, the Borrower 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

WHEREAS, the Agency administers the allocation and use of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan and will be presented with a new Qualified Allocation Plan for 2005 and 2006; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated June 2, 2005, containing information and recommendations about the Development (the "Memorandum");

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 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 sponsors undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

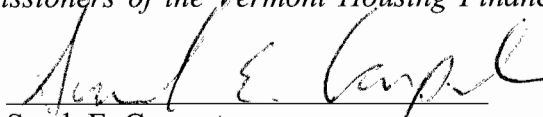
WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the limited partnership to be created by the Sponsors for the rehabilitation financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the rehabilitation financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.
4. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its

absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsors, the Borrower or any other person for its refusal to do so.

5. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
6. That the recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference be approved.
7. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the applicable Qualified Allocation Plan regarding the use of federal Allocated Housing Credits in an amount not to exceed \$329,000 for the Southview Apartments project in the Town of Springfield, Vermont.

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 June 9, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: June 2, 2005

RE: Request for Allocated Housing Credits & Construction Financing: Southview Apartments, Springfield

Name:	Southview Apartments	Location:	Springfield
Housing Type:	General Occupancy	Unit Type:	Townhouses & Flats
Unit Count:	69 Total Units 54 Housing Credit Units	Unit Sizes:	1 0-Br @ 600 s.f. 11 1-Br @ 700 s.f. 22 2-Br @ 1000 s.f. 29 3-Br @ 1100 s.f. 6 4-Br @ 1200 s.f.
Total Cost:	\$6,503,114	Per S.F. Acquisition & Construction Cost:	\$81.02
Loan Requested:	\$2,800,000 Construction Loan	Sponsors:	Rockingham Area Community Land Trust & Housing Vermont
Housing Credits:	Up to \$329,000 (Ceiling "9%" Credits)		
Other Funding:	HOME, VHCB, AHP, REEP, Neighborworks, Town of Springfield, Rental Rehab, Historic Credit Equity		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: The Rockingham Area Community Land Trust (RACLT) is proposing the re-development of "Southview Apartments" in Springfield, a 69-unit family development. Southview consists of 69 apartments in 18 buildings on 14 acres. The neighborhood was originally built in 1942 and RACLT purchased it and did selective rehab in 1991. The buildings are in need of new heating systems, energy efficiency improvements, some structural repairs, kitchen and bathroom upgrades, and the area desperately needs improved drainage and sitework. Southview is in a residential area within walking distance of downtown, is across the street from the high school, and is on the bus line. The residents are primarily lower income families with children, and there is a high occupancy history. There are a number of residents who have lived there for decades. Sixteen households benefit from project-based Section 8 rental assistance. Northern Community Management Corporation (NCMC) is the property manager, and there is an on-site resident manager. There is a community building in the middle of the development, and a playground that will be improved as part of the re-development. Housing Vermont is partnering with



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org



RACLT. The sponsors are applying for VCDP funding (June decision); all other funding is committed. If the sponsors do not receive a VCDP commitment the project will need \$329,000 in Housing Credits. If they do receive VCDP funding, the sponsors will need \$295,000 in Housing Credits. VCDP is very over-subscribed in this next round, so staff is recommending an approval of up to \$329,000. There is 2005 Ceiling Credit available. (Note: the figures above include all re-development costs. The value and costs associated with the original investment of \$2.048 million made in 1991 is being assumed (as soft and amortizing debt) by the limited partnership, thus the total development cost of the project from both "phases" is represented in the above figures). The development fee is 5.22% of the development cost, which is below the proposed new limits set forth in a separate memo to the Board (and previously discussed at the May 19th meeting). The sponsors plan to go out to bid in July, begin construction in August and complete it in one year.

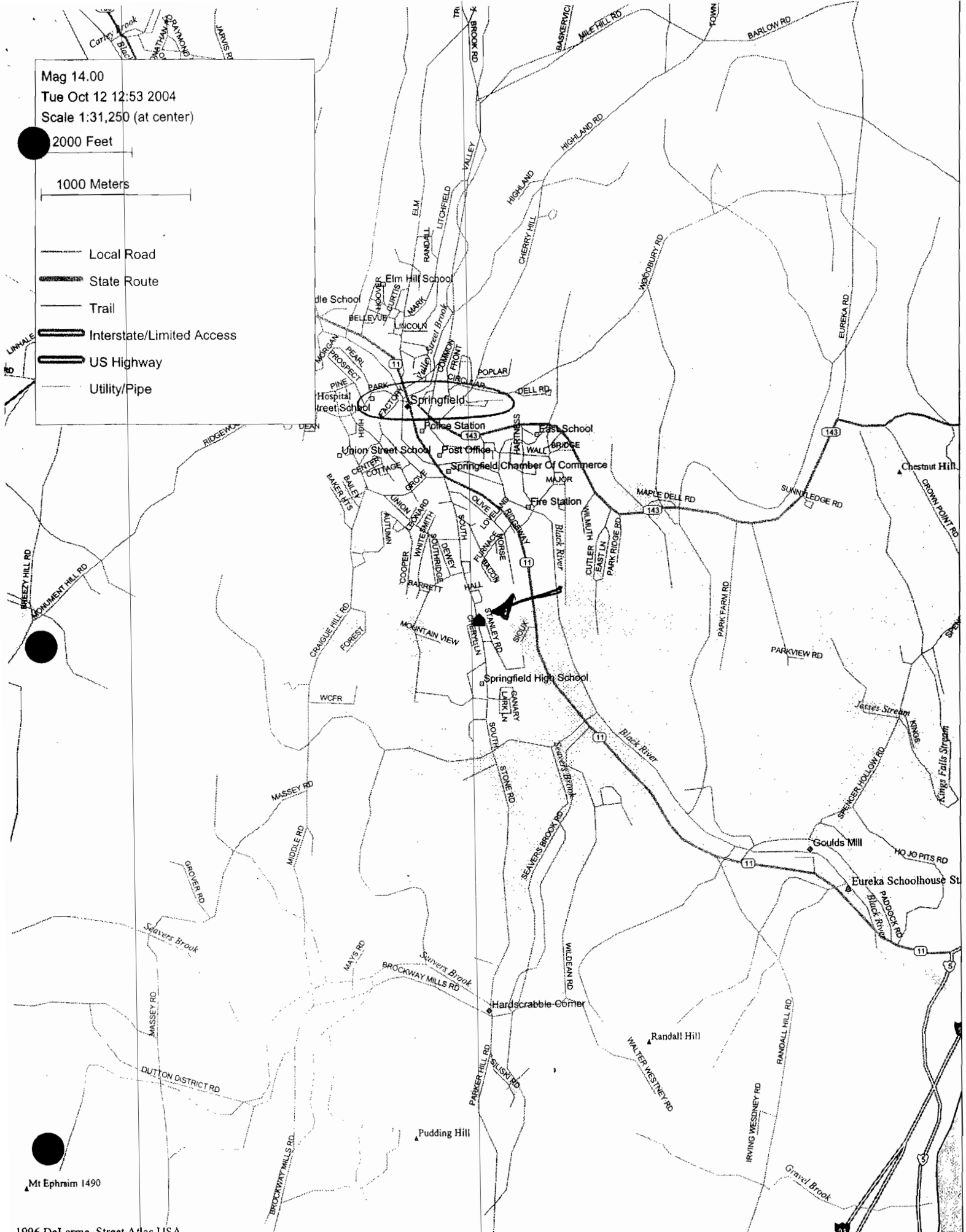
Tax Credit Summary: The project meets four top tier and two second tier criteria (which more than meets the minimum tax credit application requirement): (1) rehabilitation {including lead abatement, accessibility improvements and energy efficiency upgrades}; (2) family housing; (3) the project meets the historic settlement pattern of the Village; (4) it is near a designated downtown; 5) it is mixed income (over 20% of the units are above 60% of area median income); and 6) some of the units are affordable to households < 30% of area median income, with 16 project-based Section 8 rental subsidies. The market study indicates support for the re-development, and cautions that if the proposed improvements are not done, Southview will become less competitive in the market due to the dated, rough condition of the development.

Mag 14.00
Tue Oct 12 12:53 2004
Scale 1:31,250 (at center)

2000 Feet

1000 Meters

- Local Road
- State Route
- Trail
- Interstate/Limited Access
- US Highway
- Utility/Pipe

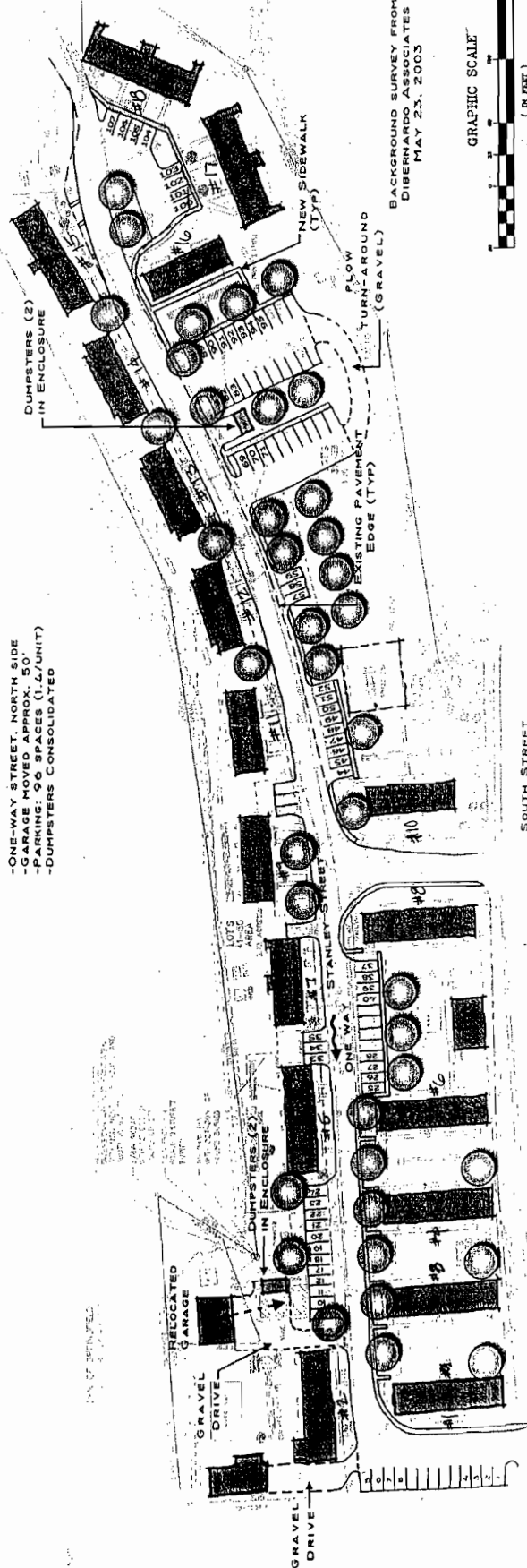


▲ Mt Ephraim 1490



CONCEPT SKETCH

- ONE-WAY STREET, NORTH SIDE
- GARAGE MOVED APPROX. 50'
- PARKING: 96 SPACES (1.4/UNIT)
- DUMPSTERS CONSOLIDATED

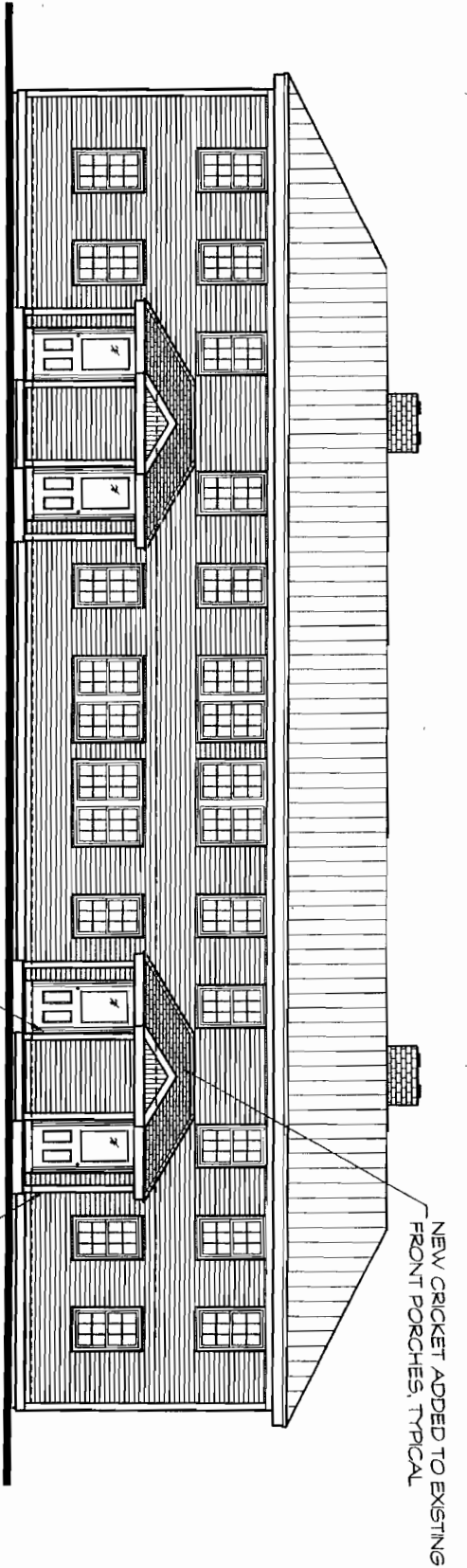


CONCEPTUAL LAYOUT SKETCH

DECEMBER 15, 2004

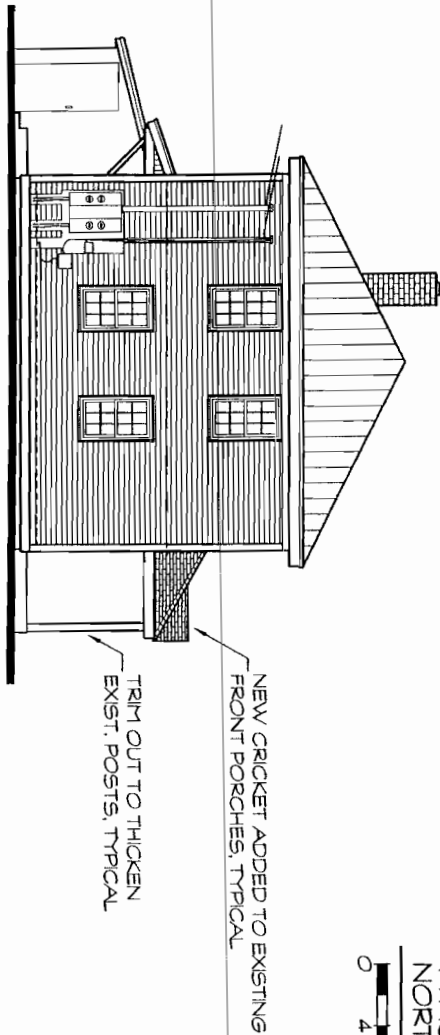
SOUTHVIEW APARTMENTS
SPRINGFIELD, VERMONT





TYPICAL
NORTH ELEVATION (front)

0 4 8 12 16 1/8" = 1'-0"



TYPICAL
EAST ELEVATION (left)

0 4 8 12 16 1/8" = 1'-0"

Williams & Frehse, Inc.
Phone 802-257-1311 www.wfivt.com
SOUTHVIEW APARTMENTS
Springfield, Vermont
R.A.C.L.T. & Housing Vermont
TYPICAL ELEVATIONS

A-201

01-Jun-05 Southview Apartments, Springfield

Total Residential Units:	69	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	54	Increase in Income from Other Sources:	2.00%
Percent Restricted:	78.26%	Increase in Income from Commercial:	0.00%
Total Development Cost:	6,503,114	Expense increase:	2.50%
Total Development Cost per Unit:	94,248	Vacancy Rate:	5%
Total Development Cost Per SF:	94	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	327,781	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	329,000	Sponsor's Estimated Yield:	84.70%

LIHTC - 9%	8.00%	(June 2005)
LIHTC - 4%	3.43%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	370,000	5.69%	7.50%	30	30
Chittenden AHP	456,664	7.02%	7.00%	30	18
VHCB	675,000	10.38%	0.00%	30	30
Neighborworks	207,000	3.18%	0.00%	0	0
REEP	40,000	0.62%	0.00%	30	30
Town of Springfield	50,000	0.77%	3.00%	20	20
Existing Soft & Acquisition Debt	1,102,031	16.95%	3.00%	30	30
Gap/ Devel Loan	80,219	1.23%	1.00%	10	10
Historic equity		0.00%	N/A	N/A	
Tax Credit Equity	3,522,200	54.16%	N/A	N/A	
TOTAL SOURCES	6,503,114	100.00%			

VHFA Construction Loan	2,800,000	2,048,695			18 months
		4,454,419	8,551,809	123,939	

USES

Acquisition	2,056,895	31.63%
Construction Hard Costs	3,371,500	51.84%
Soft Costs	1,074,719	16.53%
TOTAL USES	6,503,114	100.00%

Gap 0

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units	
0 Br	84,390	1	84,390
1 Br	90,140	11	991,540
2 Br	95,890	22	2,109,580
3 Br	101,637	29	2,947,473
4 Br	107,390	6	644,340
Maximum cost allowed under the per unit cost limits		69	6,777,323
Projected total cost, excluding cash accounts			6,351,114
			Cost Overage % 107%
	(over)/under		426,209

General Partner's Capital Contribution	27,867	1.00%
Limited Partner's Capital Contribution	2,758,851	99.00%
Total Equity	2,786,718	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	54
Total Units	69
Unit Fraction	78.26%
Tax Credit Square Footage	53,700
Total Residential Square Footage	69,400
Square Footage Fraction	77.38%
Applicable Fraction	77.38%

1991 Development Cost

Acquisition	1,035,000
Construction Hard Costs	810,000
Soft Costs	203,695
Total Costs	2,048,695

2005 Development Cost

Acquisition	2,056,895
Construction Hard Costs	3,371,500
Soft Costs	1,074,719
TOTAL USES	6,503,114

	Budget	Per Unit	Per s.f.
	1,434,087		
ACQUISITION			
1 Land	307,304	4,454	4.43
2 Purchase of Building(s)	1,741,391	25,238	25.09
3 Demolition (without replacement)		0	0.00
4 Property Appraisal	2,000	29	0.03
5 Legal - Title and Recording	6,200	90	0.09
Subtotal - Acquisition	2,056,895	29,810	29.64
CONSTRUCTION HARD COSTS			
6 Rehabilitation	2,520,000	36,522	36.31
7 New Building(s)		0	0.00
8 Accessory Buildings		0	0.00
9 Sitework	565,000	8,188	8.14
10 Commercial Space Costs (if any)		0	0.00
11 General Requirements		0	0.00
12 Contractor Overhead		0	0.00
13 Contractor Profit		0	0.00
14 Construction Contingency	252,000	3,652	3.63
15 Construction Management		0	0.00
16 Construction Bond Fee		0	0.00
17 Hazardous Materials Abatement		0	0.00
18 Off-Site Improvements		0	0.00
19 Furnishings, Fixtures, & Equipment	34,500	500	0.50
20 Other ()		0	0.00
Subtotal - Hard Costs	3,371,500	48,862	48.58
SOFT COSTS			
21 Architectural	337,150	4,886	4.86
22 Engineering		0	0.00
23 Legal/Accounting	26,500	384	0.38
24 Relocation	50,000	725	0.72
25 Environmental Assessment	4,500	65	0.06
26 Energy Assessment		0	0.00
27 Permits/Fees	24,519	355	0.35
28 Independent Market Study	3,000	43	0.04
29 Construction Period Insurance	52,500	761	0.76
30 Construction Interest	79,000	1,145	1.14
31 Construction Loan Origination Fee		0	0.00
32 Taxes During Construction		0	0.00
33 Clerk of the Works		0	0.00
34 Marketing	4,500	65	0.06
35 Tax Credit Fees	5,550	80	0.08
36 Soft Cost Contingency	5,500	80	0.08
37 Permanent Loan Origination Fee	15,000	217	0.22
38 Lender's Counsel's Fee		0	0.00
39 Other ()		0	0.00
SYNDICATION COSTS			
40 Organizational (Partnership)		0	0.00
41 Bridge Loan Fees and Expenses		0	0.00
42 Syndication Consultant		0	0.00
43 Tax Opinion		0	0.00
DEVELOPER'S FEES			
44 Developer's Fees - HVT	230,000	3,333	3.31
45 Other Partnership Fees - RACLT	85,000	1,232	1.22
46 Consultant Fees		0	0.00
RESERVES			
47 Working Capital	60,000	870	0.86
48 Rent-up (Deficit Escrow) Reserve		0	0.00
49 Other Operating Reserves	92,000	1,333	1.33
50 Sinking Fund		0	0.00
51 Replacement Reserves		0	0.00
Subtotal - Soft Costs	1,074,719	15,576	15.49
TOTAL DEVELOPMENT COSTS	6,503,114	94,248	94

01-Jun-05 **Southview Apartments, Springfield**

HC Restricted Units
Bedrooms

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br	600	1	484	0	5,808
1 Br	700	10	484	0	58,080
2 Br	1,000	16	536	0	102,912
3 Br	1,100	23	599	0	165,324
4+ Br	1,200	4	639	0	30,672
Totals	53,700	54			362,796

Non-HC Restricted Units
Bedrooms

Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br	600	0	0	0	0
1 Br	700	1	499	0	5,988
2 Br	1,000	6	536	0	38,592
3 Br	1,100	6	604	0	43,488
4+ Br	1,200	2	649	0	15,576
Totals	15,700	15			103,644

All Units

Grand Totals 69,400 69 466,440

Less Vacancy 5.00% (23,322)

NET RENT 443,118

OTHER INCOME

Laundry
Parking
Commercial Space Income
Other

100	1,200
	0

TOTAL INCOME 444,318

01-Jun-05 **Southview Apartments, Springfield**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	41,400	3,450	50
Supportive Services		0	0
Office Expense	4,968		
Audit/Accounting	3,312	276	4
Legal	2,484	207	3
Compliance Monitoring	2,592	216	3
Marketing		0	0
Other - Investor Services Fee	6,624	552	8
TOTAL ADMINISTRATIVE	61,380	5,115	74
Utilities			
Electricity	6,624	552	8
Fuel - Oil	45,540	3,795	55
Water and Sewer	31,464	2,622	38
Fire Alarm / Emergency	828	69	1
Other		0	0
TOTAL UTILITIES	84,456	7,038	102
Maintenance			
Maintenance / Janitor Payroll	45,540	3,795	55
Janitor Supplies	4,140	345	5
Exterminating	828	69	1
Trash Removal	11,592	966	14
Snow Removal	11,592	966	14
Grounds	4,968	414	6
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	2,484	207	3
Elevator Contract / Repairs		0	0
Painting and Decorating	3,312	276	4
Other		0	0
TOTAL MAINTENANCE	84,456	7,038	102
Real Estate Taxes			
Real Estate Taxes	54,648	4,554	66
Property Insurance	8,280	690	10
Replacement Reserves	33,120	2,760	40
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	326,340	27,195	394

01-Jun-05

Southview Apartments, Springfield

Year

1

2

3

4

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12

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15

Operating Income

Gross Rent 466,440 471,104 475,815 480,574 485,379 490,233 495,135 500,087 505,088 510,139 515,240 520,392 525,596 530,852 536,161
Other Income 1,200 1,224 1,248 1,273 1,299 1,325 1,351 1,378 1,406 1,434 1,463 1,492 1,522 1,552 1,583
Vacancy and other losses (23,322) (23,555) (23,791) (24,029) (24,269) (24,512) (24,757) (25,004) (25,254) (25,507) (25,762) (26,020) (26,280) (26,543) (26,808)
Total Operating Income 444,318 448,773 453,273 457,818 462,409 467,046 471,730 476,461 481,239 486,066 490,941 495,865 500,838 505,862 510,936

Operating Expenses

Total Expenses (excl. Reserves) 293,220 300,551 308,064 315,766 323,660 331,752 340,045 348,546 357,260 366,192 375,346 384,730 394,348 404,207 414,312
Reserves 33,120 33,451 33,786 34,124 34,465 34,809 35,158 35,509 35,864 36,223 36,585 36,951 37,320 37,694 38,071
Total Operating Expense 326,340 334,002 341,850 349,889 358,125 366,561 375,203 384,056 393,124 402,414 411,931 421,681 431,669 441,901 452,383

Net Operating Income

117,978 114,771 111,423 107,929 104,284 100,485 96,527 92,405 88,115 83,651 79,009 74,184 69,170 63,961 58,553

Less Primary Debt Service 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045 31,045
Less Secondary Debt Service 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458 36,458
Annual Cash Flow 50,475 47,268 43,920 40,425 36,781 32,982 29,024 24,902 20,611 16,148 11,506 6,680 1,666 0 0
Operating Subsidies / Sinking Fund 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Net Cash 50,475 47,268 43,920 40,425 36,781 32,982 29,024 24,902 20,611 16,148 11,506 6,680 1,666 0 0

Cumulative Cash Flow

DCR 174.77% 170.02% 165.06% 159.89% 154.49% 148.86% 143.00% 136.89% 130.53% 123.92% 117.04% 109.90% 102.47% 94.75% 86.74%
Beginning Balance 46,000 97,855 148,058 196,420 242,738 286,801 328,387 367,262 403,182 435,889 465,113 490,572 511,970 528,995 541,323
Deposits 50,475 47,268 43,920 40,425 36,781 32,982 29,024 24,902 20,611 16,148 11,506 6,680 1,666 0 0
Interest 1,380 2,936 4,442 5,893 7,282 8,604 9,852 11,018 12,095 13,077 13,953 14,717 15,359 15,870 16,240
Withdrawals 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Ending Balance 97,855 148,058 196,420 242,738 286,801 328,387 367,262 403,182 435,889 465,113 490,572 511,970 528,995 541,323 548,612

Cumulative Replacement Reserves

Beginning Balance 0 33,451 67,237 101,360 135,825 5,035 40,192 75,701 111,566 147,788 18,774 55,724 93,045 130,739 168,809
Deposits 33,120 33,451 33,786 34,124 34,465 34,809 35,158 35,509 35,864 36,223 36,585 36,951 37,320 37,694 38,071
Interest 331 335 338 342 345 348 352 355 359 362 366 370 373 377 381
Withdrawals 0 0 0 0 0 (165,600) 0 0 0 (165,600) 0 0 0 0 (165,600)
Ending Balance 33,451 67,237 101,360 135,825 5,035 40,192 75,701 111,566 147,788 18,774 55,724 93,045 130,739 168,809 41,660

Net Operating Income 117,978 114,771 111,423 107,929 104,284 100,485 96,527 92,405 88,115 83,651 79,009 74,184 69,170 63,961 58,553
Plus Reserves 33,120 33,451 33,786 34,124 34,465 34,809 35,158 35,509 35,864 36,223 36,585 36,951 37,320 37,694 38,071
Less Interest Expense (60,954) (60,399) (59,800) (59,155) (58,459) (57,709) (56,901) (56,031) (55,092) (54,082) (52,993) (51,820) (50,557) (49,197) (47,732)
Less Long Depreciation (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969) (43,969)
Less Short Depreciation (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929) (4,929)
Taxable Income (Loss) 41,247 38,927 36,511 34,000 31,393 28,688 25,886 27,915 24,918 21,824 18,633 15,346 11,964 8,489 4,923

Cash Flow 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Plus Tax Savings (14,436) (13,624) (12,779) (11,900) (10,987) (10,041) (9,060) (9,770) (8,721) (7,638) (6,521) (5,371) (4,187) (2,971) (1,723)
Plus Tax Credits 861,250 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000 329,000
After Tax Cash Flow 846,814 315,376 316,221 317,100 318,013 318,959 319,940 319,230 320,279 321,362 (6,521) (5,371) (4,187) (2,971) (1,723)

Total Years 15
Reinvestment Rate 12.00%

Current After Tax Cash Flows 846,814 315,376 316,221 317,100 318,013 318,959 319,940 319,230 320,279 321,362 (6,521) (5,371) (4,187) (2,971) (1,723)
Future Value of Cash Flows at Yr 15: 4,653,090 1,541,276 1,379,828 1,235,414 1,106,222 990,639 887,218 790,401 708,034 634,311 (11,493) (8,451) (5,883) (3,727) (1,930)

Discount Rate: 6.00%

Capital Contribution Number: 1 2 3 4 5 6 7 8
Date of Capital Contribution: 30-Sep-05 30-Sep-06 31-Mar-07 01-Jun-05 01-Jun-05 01-Jun-05 01-Jun-05 01-Jun-05
Amount of Capital Contribution: 2,465,177 1,056,404 0 0 0 0 0 0
Present Value of Contributions: 100 2,319,694 964,362 0 0 0 0 0 0 0 0 0 0 0 0

Cash Flows (3,284,156) 0 0 0 0 0 0 0 0 0 0 0 0 0 0

IRR: 10.08%
Equity Yield: 8.7%

Southview Apartments, Springfield
Construction Flow of Funds

Source:	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06
	Month:															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
YHEA Construction Loan	370,000															
Farm Mortgage	456,664															
Chittenden AHP	495,007															
YHECB	50,220															
Neighborsworks	100,000															
REIP	40,000															
Town of Springfield	50,000															
Chittenden AHP & Acquisition Debt	1,102,031															
Chittenden AHP	1,102,031															
Cap. Tax Loan	80,219															
Historic equity																
Tax Credit Equity																
TOTALS:	3,522,200															
	157,220	354,800	354,849	366,717	353,357	353,190	264,301	263,223	247,145	371,461	3,270,195	257,234	65,990	0	0	0
UNES - -	2,523,702	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Difference - -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative - -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uses:																
Land	307,304															
Building of Building(s)	1,741,391															
Permitting (without replacement)	0															
Property Appraisal	2,000															
Legal - Title and Recording	6,200															
CONSTRUCTION HARD COSTS																
Rehabilitation	2,520,000															
New Building(s)	0															
Accessory Buildings	0															
Sitework	565,000															
Commercial Space Costs (if any)	0															
Construction Contingency	0															
Construction Management	0															
Construction Bond Fee	0															
Hazardous Materials Abatement	0															
Off-Site Improvements	0															
Furnishings, Fixtures, & Equipment	34,500															
Other ()	0															
SOFT COSTS																
Architectural	337,150															
Engineering	0															
Legal/Accounting	26,500															
Recreation	50,000															
Environmental Assessment	4,500															
Energy Assessment	0															
Permit Fees	24,519															
Independent Market Study	3,000															
Construction Period Insurance	52,500															
Construction Interest	79,000															
Construction Management Fee	0															
Taxes During Construction	0															
Clerk of the Works	0															
Marketing	4,500															
Tax Credit Fees	5,550															
Soft Cost Contingency	5,500															
Permanent Loan Origination Fee	15,000															
Lender's Counsel's Fee	0															
Other ()	0															
SYNDICATION COSTS																
Organization (Partnership)	0															
Bridge Loan Interest Expenses	0															
Syndication Consultant	0															
Tax Opinion	0															
DEVELOPERS FEES																
Developer's Fees - HVT	230,000															
Other Partnership Fees - R-A-L-T	85,000															
Consultant Fees	0															
RESERVES																
Working Capital	60,000															
Read-up/Deficit (Excess) Reserve	0															
Construction Loan Interest Reserve	92,000															
Staging Fund	0															
Replacement Reserves	0															
Regap Construction Loan	0															
TOTAL DEVELOPMENT COSTS	6,503,114															
	2,523,702	157,220	354,800	366,717	353,357	353,190	264,301	263,223	247,145	371,461	3,270,195	257,234	57,027	4,708	175,785	
Construction Loan Balance	370,000															
Construction Loan Interest	0															
Bridge Interest (Cumulative)	0															

**RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING AND
PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR
EAST DORSET HOUSING, DORSET**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Housing Vermont and the Affordable Housing Subcommittee of the Dorset Planning Commission (the "Sponsors") involving the construction financing of twenty (20) units of general occupancy rental housing in seven (7) buildings and four (4) condominiums located in the Town of Dorset (the "Development"). The request for construction financing on the general occupancy rental housing was submitted on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners while a portion of the construction financing may be used for the condominiums by the Sponsors or the partnership (collectively, the "Borrower"); and

WHEREAS, the application contemplates a mortgage loan for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds (the "Bonds") to finance a loan to the Borrowers; and

WHEREAS, the Borrower 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

WHEREAS, the Agency administers the allocation and use of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan and will be presented with a new Qualified Allocation Plan for 2005 and 2006; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Smith-Vedder dated June 2, 2005, containing information and recommendations about the Development (the "Memorandum");

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 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 sponsors undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

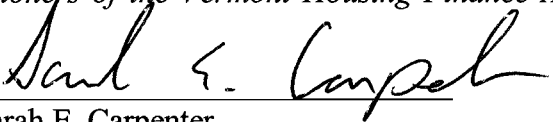
6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsors, the Borrower or any other person for its refusal to do so.
5. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
6. That the recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference be approved.
7. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the applicable Qualified Allocation Plan regarding the use of federal Allocated Housing Credits in an amount not to exceed \$273,000 for the East Dorset Housing project in the Town of Dorset, Vermont.

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 June 9, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Eliza Smith-Vedder, Multifamily Development Underwriter

DATE: May 26, 2005

RE: Request for Construction and Permanent Financing: Dorset Housing, East Dorset

Name:	Dorset Housing	Location:	East Dorset
Housing Type:	General Occupancy	Unit Type:	Townhouses and Flats
Unit Count:	20 Total Multifamily Units 16 Housing Credit Units 4 for-sale Condominiums	Unit Sizes:	6 one-bedrooms@ 670 sq. ft. 10 two-bedrooms@ 840 sq. ft. 4 three-bedrooms @ 1100 sq. ft.
Total Cost:	\$3,735,077 (Apartments only)	Per S.F. Acquisition & Construction Cost:	\$177.33
Loan Requested:	\$2,700,000 Construction \$260,000 Permanent (Both Taxable)	Sponsors:	Housing Vermont and the Affordable Housing Subcommittee of the Dorset Planning Commission.
Housing Credits:	\$273,000 (Ceiling "9%" Credits)		
Other Funding:	HOME, VHCB, VCDP, REEP, AHP, Debt		

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

Project Summary: Housing Vermont and the Affordable Housing Subcommittee of the Dorset Planning Commission are requesting permanent and construction financing for the East Dorset Housing Project. The project has previously been awarded \$273,000 in 9% credits. The project will be built on an 8.99 acre site that is comprised of four adjacent parcels of an existing commercial subdivision. The zoning allows for multifamily housing, and currently the only other uses of the subdivision are a veterinarian's office and the office of a civil engineer. The development team is comprised of representatives from both Housing Vermont and the Affordable Housing Subcommittee. The architect will be Gary Corey of Centerline Architects, the civil engineer will be Ellis Speath, and the borrower's counsel will be Gensburg, Atwell & Broderick. A property manager has not yet been selected; the RFP will be circulated in September.

Overview: This development is the outcome of a three year project of Dorset's Affordable Housing Subcommittee. Their charge was to first identify unmet housing needs in Dorset, and then to explore some solutions. In 2002 they received VCDP funds to "present plausible and parcel- specific affordable housing" options for Dorset. A market study showed a need for both affordable starter homes as well as affordable rentals; from there the committee put together a development team to research the feasibility of various sites. This particular site was chosen for its "superior potential for being successfully developed." The site itself is off Route 7a, just to the south of East Dorset Cemetery.

There will be twenty apartments in seven buildings, and four condominium for-sale units. The apartment buildings will include six triplexes and one duplex, with two units in each triplex being townhouses, and the

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third being a flat. Existing residents of Dorset will be given a priority in renting or purchasing any of the units. The construction loan is primarily for the development of the apartments. However, the developer would also like to use some of these funds to do sitework for the condominiums. The construction loan will be secured by a mortgage on the entire parcel.

The site will need on-site water and sewer, as Dorset does not have municipal services. The developer intends to work with Efficiency Vermont and has submitted the energy efficiency checklist. Their plans are to meet nearly all of Efficiency Vermont's recommendations with the exception of only a few small items. The developers hope to go out to bid this June, and start construction in July. The buildings will be complete in June 2006. Because the permanent loan is so small, the developers have requested a pre-payable loan. For this reason, we should consider making this \$260,000 loan out of our general funds.

Market Study: The market study was completed by Mad River Research. It points out that this will be only the second new subsidized rental housing in the Primary Market Area (PMA) built in the last ten years. Between 1990 and 2000, Dorset actually lost 26 rental units. All other subsidized units in the area show near 100% occupancy rates and the regional vacancy rate is between 2-3%. The study projected that the units would be at full occupancy within three months, as the need for affordable housing in Dorset is acute.

02-Jun-05

Total Residential Units:	20	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	16	Increase in Income from Other Sources:	1.50%
Percent Restricted:	80.00%	Increase in Income from Commercial:	1.50%
Total Development Cost:	3,735,077	Expense increase:	3.00%
Total Development Cost per Unit:	186,754	Vacancy Rate:	5%
Total Development Cost Per SF:	223	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	279,426	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	275,482	Sponsor's Estimated Yield:	84.34%

LIHTC - 9%	8.06%	5/1/2005
LIHTC - 4%	3.45%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	260,000	6.96%	7.50%	30	30
HOME	350,000	9.37%	5.75%	30	30
VCDP	525,000	14.06%	0.00%	30	30
REEP			0	0	30
Home Sales		0.00%	N/A	N/A	N/A
VHCB	300,000	8.03%	0	0	30
Developer Loan		0.00%	N/A	N/A	15
VHCB planning			N/A	N/A	Grant
Tax Credit Equity	2,300,077	61.58%	N/A	N/A	N/A
Total	3,735,077	100.00%			

Acquisition	346,878	9.29%
Construction Hard Costs	2,622,820	70.22%
Soft Costs	765,379	20.49%
TOTAL USES	3,735,077	100%

Gap 0

General Partner's Capital Contribution	0	1.00%
Limited Partner's Capital Contribution	2,300,077	99.00%
Total Equity	2,300,077	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	16
Total Units	20
Unit Fraction	80.00%
Tax Credit Square Footage	14,174
Total Residential Square Footage	16,746
Square Footage Fraction	84.64%
Applicable Fraction	80.00%

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	337,810					
2 Purchase of Building(s)	0					
3 Demolition (without replacement)	0					
4 Property Appraisal	5,318		5,318	5,318		
5 Legal - Title and Recording	3,750		3,750	3,750		
Subtotal - Acquisition	346,878					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0					
7 New Building(s)	1,958,918		1,958,918	1,958,918		
8 Accessory Buildings	0		0	0		
9 Sitework	412,500		412,500	412,500		
10 Commercial Space Costs (if any)	0					
11 General Requirements	0					
12 Contractor Overhead	0					
13 Contractor Profit	0					
14 Construction Contingency	221,277		221,277	221,277		
15 Construction Management	0					
16 Construction Bond Fee	0					
17 Hazardous Materials Abatement	0					
18 Off-Site Improvements	0					
19 Furnishings, Fixtures, & Equipment	20,000		20,000			
20 utilities	10,125		10,125	10,125		
Subtotal - Hard Costs	2,622,820					
SOFT COSTS						
21 Architectural	260,791		260,791	260,791		
22 Engineering	0		0	0		
23 Legal/Accounting	13,750		13,750	13,750		
24 Relocation	0		0	0		
25 Environmental Assessment	1,267		1,267	1,267		
26 Energy Assessment	0		0	0		
27 Permits/Fees	24,518		0	0		
28 Independent Market Study	2,179		0	0		
29 Construction Period Insurance	6,250		6,250	6,250		
30 Construction Interest	72,917		72,917	72,917		
31 Construction Loan Origination Fee	0		0	0		
32 Taxes During Construction	0		0	0		
33 Clerk of the Works	0		0	0		
34 Marketing	3,750		0	0		
35 Tax Credit Fees	0		0	0		
36 Soft Cost Contingency	4,583		4,583	4,583		
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	12,167		12,167	12,167		
39 VCDP GA and PM	3,333		3,333	3,333		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 CDBG/LIHTC Apps	5,708		5,708	5,708		
DEVELOPER'S FEES						
44 Developer's Fees	262,500		262,500	262,500		
45 Other Partnership Fees	58,333		58,333	58,333		
46 Consultant Fees	0					
RESERVES						
47 Working Capital	33,333					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	0					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	765,379					
TOTALS	3,735,077	0	3,333,487	3,313,487	0	
LESS: Amount of Non-qualified Financing						
LESS: Adjustment for per unit cost limits	0		0			
LESS: Historic tax Credit (Residential Portion)			0	0		
Total Eligible Basis		0	3,333,487			
TIMES: Adjusted for QCT/DDA	130.0%		4,333,533			
TIMES: Applicable Fraction	80.00%	0	3,466,826			
Total Qualified Basis		0	3,466,826			
TIMES: Applicable Percentage		3.43%	8.06%			
Total Annual Credit Qualified		0	279,426			
Total Tax Credits Requested	273,000					
Estimated Net Syndication Proceeds (excluding historic credit equity)	2,300,077					
Estimated Yield - Housing Credit Syndication	84.34%	3,735,077				
Equity Gap	2,300,077	1,435,000				
Credits Needed to fill Equity Gap	275,482	2,300,077				
				3,313,487	Long Term Depreciable Basis	
				27.5	Depreciation Schedule	
				120,490	Annual Depreciation	
				20,000	Short Term Depreciable Basis	
				7	Depreciation Schedule	
				2,857	Annual Depreciation	

MULTIFAMILY	Budget	Per Unit	Per S.F.	VHCB	HOME	Allocation of Sources		Equity	TOTAL
						VCDP	VHFA		SOURCES
ACQUISITION				300,000	350,000	\$25,000	260,000	2,275,559	
1 Land	337,810	16,891	20.17	237,500				100,310	337,810
2 Purchase of Building(s)		0	0.00						0
3 Demolition (without replacement)		0	0.00						0
4 Property Appraisal	5,318	266	0.32					5,318	5,318
5 Legal - Title and Recording	3,750	188	0.22					3,750	3,750
Subtotal - Acquisition	346,878	17,344	20.71						
CONSTRUCTION HARD COSTS									
6 Rehabilitation		0	0.00						0
7 New Building(s)	1,958,918	97,946	116.98	62,500	350,000	\$25,000	256,250	765,167	1,958,917
8 Accessory Buildings		0	0.00						0
9 Sitemap	412,500	20,625	24.63					412,500	412,500
10 Commercial Space Costs (if any)		0	0.00						0
11 General Requirements		0	0.00						0
12 Contractor Overhead		0	0.00						0
13 Contractor Profit		0	0.00						0
14 Construction Contingency	221,277	11,064	13.21					221,277	221,277
15 Construction Management		0	0.00						0
16 Construction Bond Fee		0	0.00						0
17 Hazardous Materials Abatement		0	0.00						0
18 Off-Site Improvements		0	0.00						0
19 Furnishings, Fixtures, & Equipment	20,000	1,000	1.19					20,000	20,000
20 Utilities	10,125	506	0.60					10,125	10,125
Subtotal - Hard Costs	2,622,820	131,141	156.62						
SOFT COSTS									
21 Architectural	260,791	13,040	15.57					260,791	260,791
22 Engineering		0	0.00						0
23 Legal/Accounting	13,750	688	0.82					13,750	13,750
24 Relocation		0	0.00						0
25 Environmental Assessment	1,267	63	0.08					1,267	1,267
26 Energy Assessment		0	0.00						0
27 Permits/Fees	24,518	1,226	1.46					24,518	24,518
28 Independent Market Study	2,179	109	0.13					2,179	2,179
29 Construction Period Insurance	6,250	313	0.37					6,250	6,250
30 Construction Interest	72,917	3,646	4.35					72,917	72,917
31 Construction Loan Origination Fee		0	0.00						0
32 Taxes During Construction		0	0.00						0
33 Clerk of the Works		0	0.00						0
34 Marketing	3,750	188	0.22					3,750	3,750
35 Tax Credit Fees		0	0.00						0
36 Soft Cost Contingency	4,583	229	0.27					4,583	4,583
37 Permanent Loan Origination Fee		0	0.00						0
38 Lenders' Counsel's Fee	12,167	608	0.73					12,167	12,167
39 VCDP GA & MP	3,333	167	0.20					3,333	3,333
SYNDICATION COSTS									
40 Organizational (Partnership)		0	0.00						0
41 Bridge Loan Fees and Expenses		0	0.00						0
42 Syndication Consultant		0	0.00						0
43 CDBG/LHTC Fee	5,708	285	0.34					5,708	5,708
DEVELOPER'S FEES									
44 Developer's Fees	262,500	13,125	15.68					262,500	262,500
45 Other Partnership Fees	58,333	2,917	3.48					58,333	58,333
46 Consultant Fees		0	0.00						0
RESERVES									
47 Operating Reserve	33,333	1,667	1.99					33,334	33,334
48 Rent-up (Deficit Escrow) Reserve		0	0.00						0
49 Other Operating Reserves		0	0.00						0
50 Sinking Fund		0	0.00						0
51 Replacement Reserves		0	0.00						0
Subtotal - Soft Costs	765,379	38,269	45.71						
TOTAL DEVELOPMENT COSTS	3,335,077	186,754	223	304,000	350,000	\$25,000	260,000	2,700,077	3,735,077

02-Jun-05

0

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		643	2	486	0	11,664
2 Br		900	10	635	0	76,200
3 Br		972	4	698	0	33,504
4+ Br		0	0	0	0	0
Totals		14,174	16			121,368

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		643	4	677	0	32,496
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		2,572	4			32,496

All Units

Grand Totals	16,746	20	153,864
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Less Vacancy 5.00% (7,693)

NET RENT 146,171

OTHER INCOME

Laundry	900
Parking	500
Commercial Space Income	
Other	

TOTAL INCOME 147,571

02-Jun-05

0

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	12,000	1,000	50
Supportive Services		0	0
Audit/Accounting	3,840	320	16
Legal	1,200	100	5
Compliance Monitoring	720	60	3
Marketing	480	40	2
Other	1,920	160	8
TOTAL ADMINISTRATIVE	20,160	1,680	84
Utilities			
Electricity	3,600	300	15
Fuel	13,200	1,100	55
Water and Sewer	4,800	400	20
Fire Alarm / Emergency		0	0
Other	720	60	3
TOTAL UTILITIES	22,320	1,860	93
Maintenance			
Maintenance / Janitor Payroll	9,600	800	40
Janitor Supplies	1,680	140	7
Exterminating	480	40	2
Trash Removal	3,360	280	14
Snow Removal	6,000	500	25
Grounds	5,760	480	24
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	2,640	220	11
Elevator Contract / Repairs		0	0
Painting and Decorating	1,200	100	5
Other		0	0
TOTAL MAINTENANCE	30,720	2,560	128
Real Estate Taxes			
Real Estate Taxes	24,000	2,000	100
Property Insurance	7,200	600	30
Replacement Reserves	8,400	700	35
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	112,800	9,400	470

02-Jun-05																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent	153,864	156,172	158,515	160,892	163,306	165,755	168,242	170,765	173,327	175,927	178,565	181,244	183,963	186,722	189,523	
Other Income	1,400	1,421	1,442	1,464	1,486	1,508	1,531	1,554	1,577	1,601	1,625	1,649	1,674	1,699	1,724	
Vacancy and other losses	(7,693)	(7,809)	(7,926)	(8,045)	(8,165)	(8,288)	(8,412)	(8,538)	(8,666)	(8,796)	(8,928)	(9,062)	(9,198)	(9,336)	(9,476)	
Total Operating Income	147,571	149,784	152,031	154,312	156,626	158,976	161,360	163,781	166,237	168,731	171,262	173,831	176,438	179,085	181,771	
Operating Expenses																
Total Expenses (excl. Reserves)	104,400	107,532	110,758	114,081	117,503	121,028	124,659	128,399	132,251	136,218	140,305	144,514	148,849	153,315	157,914	
Reserves	8,400	8,526	8,654	8,784	8,915	9,049	9,185	9,323	9,463	9,604	9,749	9,895	10,043	10,194	10,347	
Total Operating Expense	112,800	116,058	119,412	122,864	126,419	130,077	133,844	137,722	141,713	145,823	150,053	154,409	158,893	163,509	168,261	
Net Operating Income																
	34,771	33,726	32,619	31,447	30,208	28,898	27,516	26,059	24,524	22,908	21,209	19,422	17,546	15,576	13,510	
Less Primary Debt Service																
Less Secondary Debt Service	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	21,815	
Annual Cash Flow	12,955	11,911	10,804	9,632	8,392	7,083	5,701	4,244	2,709	1,093	(607)	(2,393)	(4,270)	(6,239)	(8,305)	
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	607	2,393	4,270	6,239	8,305	
Net Cash	12,955	11,911	10,804	9,632	8,392	7,083	5,701	4,244	2,709	1,093	0	0	0	0	0	
Cumulative Cash Flow																
DCR	159.39%	154.60%	149.52%	144.15%	138.47%	132.47%	126.13%	119.45%	112.42%	105.01%	97.22%	89.03%	80.43%	71.40%	61.93%	
Beginning Balance																
Deposits	33,333	47,085	60,056	72,169	83,341	93,483	102,507	110,315	116,807	121,879	125,420	127,322	127,475	125,754	122,030	
Interest	12,955	11,911	10,804	9,632	8,392	7,083	5,701	4,244	2,709	1,093	0	0	0	0	0	
Withdrawals	796	1,061	1,309	1,540	1,751	1,940	2,107	2,249	2,363	2,449	2,508	2,546	2,549	2,515	2,441	
Ending Balance	0	0	0	0	0	0	0	0	0	0	(607)	(2,393)	(4,270)	(6,239)	(8,305)	
Cumulative Replacement Reserves																
Beginning Balance	0	8,484	17,265	26,351	35,749	(4,531)	4,518	13,885	23,579	33,607	(6,020)	3,706	13,773	24,193	34,972	
Deposits	8,400	8,526	8,654	8,784	8,915	9,049	9,185	9,323	9,463	9,604	9,749	9,895	10,043	10,194	10,347	
Interest	84	255	432	615	804	(0)	182	371	566	768	(23)	173	376	586	803	
Withdrawals	0	0	0	0	(50,000)	0	0	0	0	(50,000)	0	0	0	0	(50,000)	
Ending Balance	8,484	17,265	26,351	35,749	(4,531)	4,518	13,885	23,579	33,607	(6,020)	3,706	13,773	24,193	34,972	(3,878)	
Net Operating Income																
Plus Reserves	34,771	33,726	32,619	31,447	30,208	28,898	27,516	26,059	24,524	22,908	21,209	19,422	17,546	15,576	13,510	
Less Interest Expense	8,400	8,526	8,654	8,784	8,915	9,049	9,185	9,323	9,463	9,604	9,749	9,895	10,043	10,194	10,347	
Less Long Depreciation	(39,544)	(39,358)	(39,157)	(38,941)	(38,708)	(38,457)	(38,187)	(37,895)	(37,581)	(37,243)	(36,878)	(36,485)	(36,062)	(35,606)	(35,114)	
Less Short Depreciation	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	(120,490)	
Less Short Depreciation	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	(2,857)	
Taxable Income (Loss)	(119,721)	(120,453)	(121,232)	(122,058)	(122,933)	(123,857)	(124,833)	(125,804)	(126,885)	(127,921)	(128,912)	(129,859)	(130,763)	(131,626)	(132,447)	
Cash Flow																
Plus Tax Savings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Credits	41,902	42,159	42,431	42,720	43,026	43,350	43,692	44,051	44,430	44,827	45,244	45,681	46,137	46,614	47,112	
After Tax Cash Flow	317,384	317,640	317,913	318,202	318,508	318,832	319,173	318,533	318,912	319,309	44,244	44,681	45,137	45,614	46,112	

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
FOR BARLOW SQUARE (previously known as Central Block), WINOOSKI**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a new application has been submitted to the Agency by HallKeen LLC (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its affiliate will be the general partner (the "Borrower") involving the construction of two hundred thirteen (213) units of general occupancy rental housing in the City of Winooski (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2004-2005 Qualified Allocation Plan and will be presented with a new Qualified Allocation Plan for 2005-2006; and

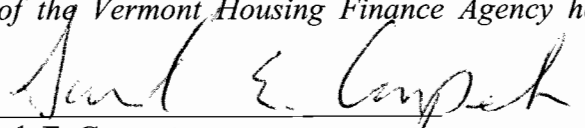
WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated June 2, 2005, containing information and recommendations about the Development (the "Memorandum");

This resolution supercedes in its entirety a resolution of the Board of Commissioners dated April 29, 2004.

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved including the waiver of the developer fee limit under the applicable Qualified Allocation Plan to be no more than 15% of total development cost as defined in the applicable Qualified Allocation Plan;
2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the applicable Qualified Allocation Plan regarding the proposed allocation of Allocated Housing Credits in an amount not to exceed \$1,964,260 for the Barlow Square (previously known as Central Block) project in the City of Winooski, Vermont.


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 June 9, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer 

DATE: June 2, 2005

RE: Request for Allocated Housing Credits

Name:	Barlow Square / Central Block	Location:	Winooski
Housing Type:	General Occupancy	Unit Type:	Flats Mixed
Unit Count:	213 Total Units 96 Housing Credit Units	Unit Sizes:	48 1-BR @ 650-740 s.f. 145 2-BR @ 800-1,300 s.f. 20 3-BR @ 1,210 s.f.
Total Cost:	\$50,118,442	Per S.F. Acquisition & Construction Cost:	\$129.17
Loan Requested:	\$0	Sponsor:	HallKeen LLC
Housing Credits:	\$1,964,260 (Ceiling "9%" Credits)		
Other Funding:	HOME, CDBG, Debt Financing, Deferred Developer's Fees, City Financing		

Recommendation: That the VHFA Board of Commissioners consider the risks and issues raised in this memo, and upon accepting them, approve the attached resolution to authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan

Project Summary: The development being proposed consists of four buildings in the Winooski Downtown Redevelopment area (see attached drawings). Compared to the proposal the Board approved in April, 2004, the current proposal has more commercial/retail space (4,850 square feet vs. 1,600), fewer total units (213 vs. 232), fewer tax credit units (96 vs. 116), and has no units with project-based Section 8 (the previous proposal had 12 PBA units). The development budget has gone up (from approximately \$45 million), and the unit mix and unit square footages have changed as follows:

	Old unit count	Current unit count	Old s.f.	Current s.f.
1 br	66	48	715-930	650-740
2 br	142	145	1,040-1,350	800-1,300
3 br	24	20	1,360	1,210

The project still consists of brick-clad towers with six residential levels over a level and a half of covered parking, with a mix of rental housing units and commercial/retail space.



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Tax Credit Discussion: The Housing Credits (\$1,964,260) represent approximately 30% of the 2005-2006 credit ceiling (combined). After setting aside these credits there will be approximately \$2.08 million in credits available from the 2005-2006 credits (see enclosed status report). The proposal meets four top-tier priorities of the "Consolidated Plan" criteria and one second-tier priority. The income targeting for the 96 housing credit-restricted units sets the rent at the maximum allowed, affordable to a household earning 60% of area median gross income. It seems reasonable that these rents can be achieved in the market. There are 31 units (of the 96 Housing Credit units) with lower rents because of the HOME program requirements.

This project is re-applying to VHFA for credits due to the change in published Difficult Development Areas (DDAs). The change removed Winooski from the list of areas eligible to receive the 130% boost in eligible basis, but, after the publication, HUD (under pressure from many program users) implemented a transition rule. The rule allows projects that have applied for credits to be treated as though they are still in the qualifying area. The developer was in between this pressure to start on the one hand, and was unable to start due to the ongoing infrastructure work in Winooski on the other hand. By reapplying for credits, the developer is able to narrowly work between these two issues.

The development submitted a market study in the summer of 2003 and staff have reviewed it. The project has evolved since then, but the fundamental issues remain the same. Staff have engaged Steve Allen of Allen and Brooks to review the market study as part of VHFA's evaluation of the overall downtown redevelopment. Staff intend to continue to use his services in evaluating the redevelopment, including Barlow Square / the Central Block. Staff's greatest concern about this development is the rent levels for the unrestricted units, and the total number of those units. If those rents are achieved, the project is financially feasible over the long term. The rental housing market has a few comparable higher-end rental developments. The per square foot rent of those developments is close to the rents shown for about 20% of the Central Block unrestricted units. The remaining Central Block unrestricted rents, on a per square foot basis, are higher than Steve Allen's review of the market would indicate. Also, unlike commercial space, apartments do not rent by the square foot, and tenant perception of the overall rent would need to acknowledge the larger-than-typical unit size, for the units to be competitive. The sponsor is confident that the combination of the new construction, the finishes and amenities, and the downtown location will support their proposed rents. The sponsor is projecting a period of approximately one year for construction (from August 2005 to September 2006) and full lease-up by September 2007. These issues have been raised before and we continue to disagree with the sponsor on these market issues; however, we are relying on the expected ownership and financing structure to be responsible for any shortfalls resulting from this disagreement.

The sponsor has reviewed the design standards and has represented that all of the required design elements will be built into the project. In addition, some of the recommended design elements, such as covered parking and site selection, are met by the development.

02-Jun-05		Central Block, Winooski				
Total Residential Units:	213	Increase in Income from Rental Units:	1.50%			
Housing Credit Restricted Units:	96	Increase in Income from Other Sources:	1.50%			
Percent Restricted:	45.07%	Increase in Income from Commercial:	1.50%			
Total Development Cost:	51,118,443	Expense increase:	3.00%			
Total Development Cost per Unit:	239,993	Vacancy Rate:	5.00%			
		Vacancy Rate (Commercial):	10.00%			
Total Development Cost Per SF:	178	Partner's Tax Rate:	35%			
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years			
Max Credit Potential:	1,962,153	Short Depreciation Schedule:	7 years			
Credit Amount Allocated:	1,964,260	Sponsor's Estimated Yield:	97.98%			
LIHTC - 9%	8.00%	(June 2005)				
LIHTC - 4%	3.43%					
SOURCES						
		% of Total Development Cost	Interest Rate	Amortization	Term	
First Mortgage 1	15,393,539	30.11%	6.25%	40	40	
First Mortgage 2	4,308,881	8.43%				
HOME	1,500,000	2.93%	0.00%	30	int. only	
VCDP	1,500,000	2.93%	0.00%	30	grant	
permanent equity	1,000,000	1.96%				
city loan 1	2,000,000	3.91%				
capitalized interest	465,444	0.91%				
operating surplus	1,828,119	3.58%	N/A	N/A		
Deferred Developer's Fee	4,069,137	7.96%	3.00%	30	30	
Tax Credit Equity	19,053,322	37.27%	N/A	N/A		
TOTAL SOURCES	51,118,442	100.00%				
USES						
Acquisition	2,557,500	5.00%				
Construction Hard Costs	34,612,500	67.71%				
Soft Costs	13,948,443	27.29%				
TOTAL USES	51,118,443	100%				
Gap	1					
General Partner's Capital Contribution			0	1.00%		
Limited Partner's Capital Contribution			19,053,322	99.00%		
Total Equity			19,053,322			
APPLICABLE FRACTION CALCULATION						
		Tax Credit Restricted Units	96			
		Total Units	213			
		Unit Fraction	45.07%			
		Tax Credit Square Footage	88,385			
		Total Residential Square Footage	202,380			
		Square Footage Fraction	43.67%			
		Applicable Fraction	43.67%			

02-Jun-05	Central Block, Winooski		129.17	19,702,430	1,500,000	1,500,000	1,500,000	2,000,000	465,444	1,828,119	1,000,000	4,069,137	19,053,322
	Budget	Per Unit	Per s.f.	Debt	HOME	VCDP	City Loan	Cap. Int.	Op Surplus	permanent equity	Fee Note	Equity	TOTAL SOURCES
ACQUISITION													
1	Land	2,500,000	11,737	8.69	500,000		2,000,000						2,500,000
2	Parking space acquisition?		0	0.00									0
3	Demolition (without replacement)		0	0.00									0
4	Property Appraisal	30,000	141	0.10	30,000								30,000
5	Legal - Title and Recording	27,500	129	0.10	27,500								27,500
	Subtotal - Acquisition	2,557,500	12,007	8.89									
CONSTRUCTION HARD COSTS													
6	Rehabilitation		0	0.00									0
7	New Building(s)	32,500,000	152,582	112.95	13,592,200	1,500,000	1,500,000			1,000,000		14,907,800	32,500,000
8	Accessory Buildings		0	0.00									0
9	Sitework		0	0.00									0
10	Commercial Space Costs (if any)		0	0.00									0
11	General Requirements		0	0.00									0
12	Contractor Overhead		0	0.00									0
13	Contractor Profit		0	0.00									0
14	Construction Contingency	2,112,500	9,918	7.34	1,269,405							843,095	2,112,500
15	Construction Management		0	0.00									0
16	Construction Bond Fee		0	0.00									0
17	Hazardous Materials Abatement		0	0.00									0
18	Off-Site Improvements		0	0.00									0
19	Furnishings, Fixtures, & Equipment		0	0.00									0
20	Other ()		0	0.00									0
	Subtotal - Hard Costs	34,612,500	162,500	120.29									
SOFT COSTS													
21	Architectural	918,337	4,311	3.19	780,662							137,675	918,337
22	Engineering	739,226	3,471	2.57	739,226							739,226	739,226
23	Legal/Accounting	24,000	113	0.08	24,000								24,000
24	Relocation		0	0.00									0
25	Environmental Assessment	20,000	94	0.07								20,000	20,000
26	Energy Assessment		0	0.00									0
27	Permits/Fees	753,575	3,538	2.62	714,064							39,511	753,575
28	Independent Market Study		0	0.00									0
29	Construction Period Insurance	195,000	915	0.68	195,000								195,000
30	Construction Interest	2,858,180	13,419	9.93				465,444	1,828,119			564,617	2,858,180
31	Construction Loan Origination Fee	197,024	925	0.68	197,024								197,024
32	Taxes During Construction	150,000	704	0.52	150,000								150,000
33	Clerk of the Works	124,000	582	0.43	124,000								124,000
34	Marketing	24,000	113	0.08	24,000								24,000
35	Tax Credit Fees	80,000	376	0.28	80,000								80,000
36	Soft Cost Contingency	120,000	563	0.42	120,000								120,000
37	Permanent Loan Origination Fee	232,024	1,089	0.81	232,024								232,024
38	Legal	100,000	469	0.35	100,000								100,000
39	Other ()		0	0.00									0
SYNDICATION COSTS													
40	Organizational (Partnership)		0	0.00									0
41	Bridge Loan Fees and Expenses		0	0.00									0
42	Syndication Consultant		0	0.00									0
43	Tax Opinion	30,000	141	0.10	30,000								30,000
DEVELOPERS FEES													
44	Developer's Fees	6,446,319	30,264	22.40								4,069,137	6,446,319
45	Other Partnership Fees		0	0.00									0
46	Consultant Fees		0	0.00									0
RESERVES													
47	Working Capital	465,444	2,185	1.62	465,444								465,444
48	Rent-up (Deficit Escrow) Reserve		0	0.00									0
49	Other Operating Reserves	307,871	1,445	1.07	307,871								307,871
50	op deficit during construction	163,443	767	0.57								163,443	163,443
51	Replacement Reserves		0	0.00									0
	Subtotal - Soft Costs	13,948,443	65,486	48.47									
	TOTAL DEVELOPMENT COSTS	51,118,443	239,993	177.65	19,702,420	1,500,000	1,500,000	2,000,000	465,444	1,828,119	1,000,000	4,069,137	51,118,443
		43,735,366			0	0	0	0	0	0	0	0	(1)(51,118,443)
		6,446,319											
		14.74%											

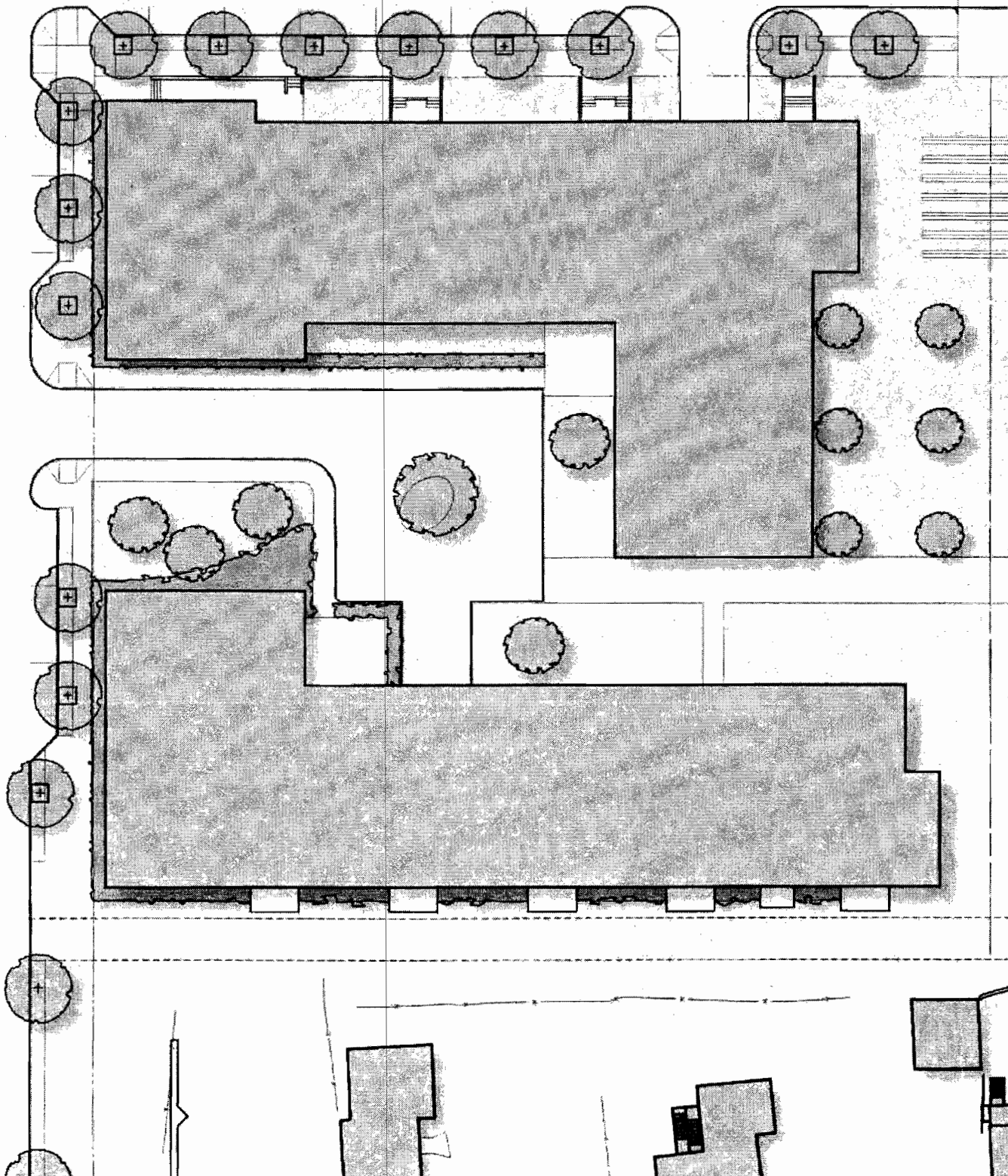
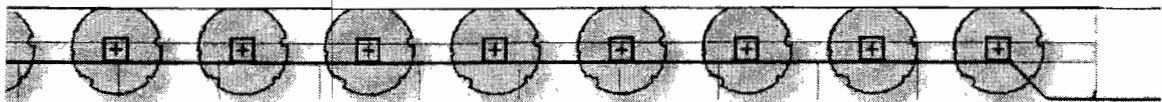
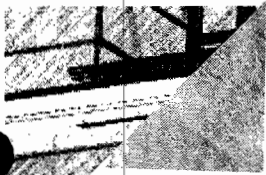
02-Jun-05	Central Block, Winooski							
		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	
	ACQUISITION							
1	Land	2,500,000						
2	Parking space acquisition?	0		0				
3	Demolition (without replacement)	0						
4	Property Appraisal	30,000		30,000				
5	Legal - Title and Recording	27,500		27,500				
	Subtotal - Acquisition	2,557,500						
	CONSTRUCTION HARD COSTS							
6	Rehabilitation	0						
7	New Building(s)	32,500,000		31,084,750				
8	Accessory Buildings	0						
9	Sitework	0		0				
10	Commercial Space Costs (if any)	0						
11	General Requirements	0		0				
12	Contractor Overhead	0		0				
13	Contractor Profit	0		0				
14	Construction Contingency	2,112,500		2,020,509				
15	Construction Management	0						
16	Construction Bond Fee	0		0				
17	Hazardous Materials Abatement	0						
18	Off-Site Improvements	0						
19	Furnishings, Fixtures, & Equipment	0		0				
20	Other ()	0		0				
	Subtotal - Hard Costs	34,612,500						
	SOFT COSTS							
21	Architectural	918,337		918,337				
22	Engineering	739,226		739,226				
23	Legal/Accounting	24,000		24,000				
24	Relocation	0		0				
25	Environmental Assessment	20,000		20,000				
26	Energy Assessment	0		0				
27	Permits/Fees	753,575		753,575				
28	Independent Market Study	0		0				
29	Construction Period Insurance	195,000		195,000				
30	Construction Interest	2,858,180		1,030,061				
31	Construction Loan Origination Fee	197,024		197,024				
32	Taxes During Construction	150,000		150,000				
33	Clerk of the Works	124,000		124,000				
34	Marketing	24,000		24,000				
35	Tax Credit Fees	80,000		80,000				
36	Soft Cost Contingency	120,000		120,000				
37	Permanent Loan Origination Fee	232,024						
38	Legal	100,000		100,000				
39	Other ()	0						
	SYNDICATION COSTS							
40	Organizational (Partnership)	0						
41	Bridge Loan Fees and Expenses	0						
42	Syndication Consultant	0						
43	Tax Opinion	30,000						
	DEVELOPER'S FEES							
44	Developer's Fees	6,446,319		5,097,055				
45	Other Partnership Fees	0		0				
46	Consultant Fees	0						
	RESERVES							
47	Working Capital	465,444		465,444				
48	Rent-up (Deficit Escrow) Reserve	0						
49	Other Operating Reserves	307,871						
50	op deficit during construction	163,443						
51	Replacement Reserves	0						
	Subtotal - Soft Costs	13,948,443						
	TOTALS	51,118,443	0	43,200,481	0	0		
	LESS: Amount of Non-qualified Financing							
	LESS: Adjustment for per unit cost limits							
	LESS: Historic tax Credit (Residential Portion)			0	0			
	Total Eligible Basis		0	43,200,481		20% Historic Credit Rate		
	TIMES: Adjusted for QCT/DDA	130.0%		56,160,625		0 Annual Historic Credit		
	TIMES: Applicable Fraction	43.67%	0	24,526,914				
	Total Qualified Basis		0	24,526,914	0	Long Term Depreciable Basis		
	TIMES: Applicable Percentage		3.43%	8.00%	27.5	Depreciation Schedule		
	Total Annual Credit Qualified		0	1,962,153	0	Annual Depreciation		
	Total Tax Credits Requested	1,964,260			0	Short Term Depreciable Basis		
	Estimated Net Syndication Proceeds (excluding historic credit equity)	19,053,322			7	Depreciation Schedule		
	Estimated Yield - Housing Credit Syndication	97.98%		9,526,661	0	Annual Depreciation		
	Equity Gap	19,053,323		34%				
	Credits Needed to fill Equity Gap	1,964,260						

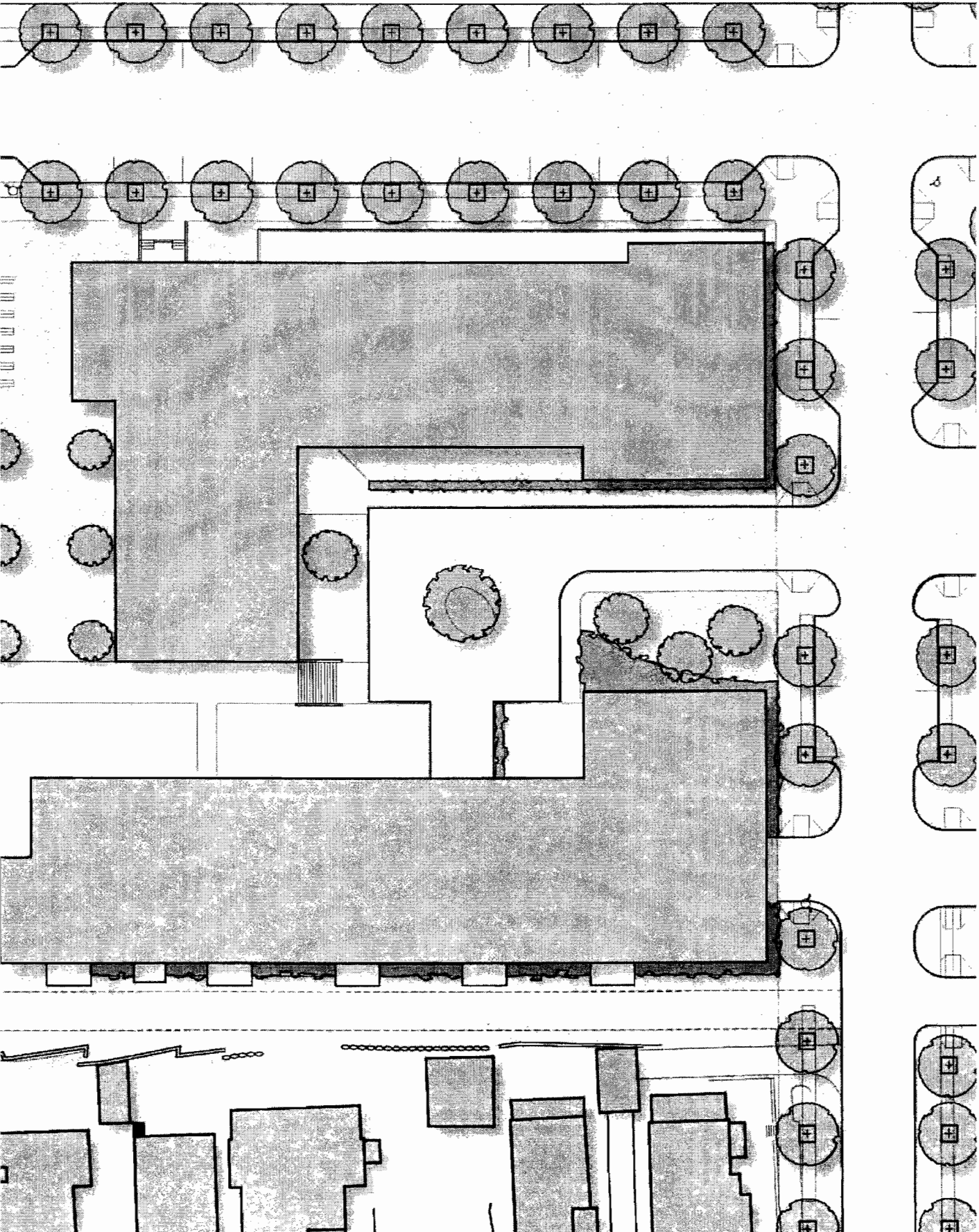
02-Jun-05	Central Block, Winooski						CD App.
HC Restricted Units		Average		Average		Total	
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent	
						0	
1 Br		650	24	774		222,912	
						0	
2 Br	HOME	975	25	810		243,000	
2 Br		975	36	928		400,896	
						0	
						0	
3 Br	HOME	1,210	6	894		64,368	
3 Br		1,210	5	1,073		64,380	
	Totals	88,385	96			995,556	1,215,744
Non-HC Restricted Units						Total	
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent	
						0	
1 Br		650	22	950		250,800	
1 +		740	2	1,100		26,400	
2 Br loft		800	8	1,200		115,200	
2 Br		975	55	1,300		858,000	
2 TH		1,300	21	1,450		365,400	
3 Br		1,210	9	1,500		162,000	
						0	
	Totals	113,995	117			1,777,800	1,594,080
total of residential units		202,380					
Commercial		4,850					
parking & storage							
common space		85,370					
	Grand Totals	380,985	213			2,773,356	2,809,824
		Less Vacancy	5.00%			(138,668)	(140,491)
					NET RENT	2,634,688	2,669,333
		OTHER INCOME					
		Laundry				30,672	32,832
		Parking				184,800	222,600
		Commercial Space Income				77,600	130,325
		Commercial Space vacancy				(3,880)	(6,518)
		loss of other income from vacancy					
					TOTAL INCOME	2,923,880	3,048,572

	02-Jun-05	Central Block, Winooski			
				Per Unit	10.54%
		Annual	Monthly	Per Month	cd app
Administration					
Management Fee		108,336	9,028	42	111,727
Payroll		184,032	15,336	72	
Audit/Accounting			0	0	
Legal			0	0	
Compliance Monitoring			0	0	
Marketing			0	0	
Parking & comm OH		44,000	3,667	17	
Other (Commercial)		14,550	1,213	6	196,992
TOTAL ADMINISTRATIVE		350,918	29,243	137	308,719
Utilities					
Electricity			0	0	298,224
Fuel		278,604	23,217	109	
Water and Sewer		58,788	4,899	23	62,928
Fire Alarm / Emergency			0	0	
Other			0	0	24,441
TOTAL UTILITIES		337,392	28,116	132	385,593
Maintenance					
Maintenance / Janitor Payroll		120,888	10,074	47	
Janitor Supplies			0	0	
Exterminating		1,200	100	0	
Trash Removal		25,080	2,090	10	
Snow Removal			0	0	
Grounds		10,500	875	4	
Repairs Material		15,360	1,280	6	
Repairs Contract		22,320	1,860	9	
HVAC Repairs / Maintenance			0	0	
Elevator Contract / Repairs			0	0	
Painting and Decorating		6,800	567	3	
Other		31,087	2,591	12	
TOTAL MAINTENANCE		233,235	19,436	91	249,660
Real Estate Taxes		232,200	19,350	91	232,200
Property Insurance		74,550	6,213	29	79,800
Replacement Reserves		70,290	5,858	28	75,240
Primary Debt Service			0	0	
Other "must pay" debt service			0	0	
Other			0	0	53,000
Total		1,298,585	108,215	508	1,384,212

02-Jun-05		Central Block, Winooski															
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income	2,881,628																
	Gross Rent	2,773,356	2,814,956	2,857,181	2,900,038	2,943,539	2,987,692	3,032,507	3,077,995	3,124,165	3,171,027	3,218,593	3,266,872	3,315,875	3,365,613	3,416,097	
	Laundry Income	30,672	31,132	31,599	32,073	32,554	33,042	33,538	34,041	34,552	35,070	35,596	36,130	36,672	37,222	37,780	
	Commercial Income	77,600	78,764	79,945	81,145	82,362	83,597	84,851	86,124	87,416	88,727	90,058	91,409	92,780	94,172	95,584	
	Parking Income	184,800	187,572	190,386	193,241	196,140	199,082	202,068	205,099	208,176	211,298	214,468	217,685	220,950	224,264	227,628	
	Commercial Vacancy	(3,880)	(7,876)	(7,995)	(8,114)	(8,236)	(8,360)	(8,485)	(8,612)	(8,742)	(8,873)	(9,006)	(9,141)	(9,278)	(9,417)	(9,558)	
	Vacancy and other losses	(138,668)	(140,748)	(142,859)	(145,002)	(147,177)	(149,385)	(151,625)	(153,900)	(156,208)	(158,551)	(160,930)	(163,344)	(165,794)	(168,281)	(170,805)	
	Total Operating Income	2,923,880	2,963,800	3,008,257	3,053,381	3,099,182	3,145,670	3,192,855	3,240,747	3,289,359	3,338,699	3,388,779	3,439,611	3,491,205	3,543,573	3,596,727	
	Operating Expenses	Total Expenses (excl. Reserves)	1,184,295	1,219,824	1,256,419	1,294,111	1,332,934	1,372,922	1,414,110	1,456,533	1,500,229	1,545,236	1,591,593	1,639,341	1,688,521	1,739,177	1,791,352
		Parking Expense	44,000	45,320	46,680	48,080	49,522	51,008	52,538	54,114	55,738	57,410	59,132	60,906	62,733	64,615	66,554
Reserves		70,290	71,344	72,415	73,501	74,603	75,722	76,858	78,011	79,181	80,369	81,574	82,798	84,040	85,301	86,580	
Total Operating Expense		1,298,585	1,336,488	1,375,513	1,415,692	1,457,060	1,499,653	1,543,507	1,588,659	1,635,149	1,683,015	1,732,300	1,783,046	1,835,295	1,889,093	1,944,487	
Net Operating Income	Net Operating Income	1,625,295	1,627,312	1,632,745	1,637,689	1,642,122	1,646,017	1,649,348	1,652,088	1,654,210	1,655,684	1,656,479	1,656,566	1,655,910	1,654,480	1,652,240	
	Less Primary Debt Service	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	1,048,743	
	Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Annual Cash Flow	576,553	578,569	584,002	588,947	593,379	597,274	600,605	603,346	605,468	606,941	607,737	607,823	607,168	605,738	603,498	
	Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash	Net Cash	576,553	578,569	584,002	588,947	593,379	597,274	600,605	603,346	605,468	606,941	607,737	607,823	607,168	605,738	603,498	
	DCR	154.98%	155.17%	155.69%	156.16%	156.58%	156.95%	157.27%	157.53%	157.73%	157.87%	157.95%	157.96%	157.89%	157.76%	157.54%	

1 OCTOBER, 2004







Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Waybury Inn

457 East Main Street (Route 125), East Middlebury

Thursday, August 18, 2005 at 11:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Members Absent:

Dagyne Canney

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, John Fairbanks, Sam Falzone, Pat Loller, Gary Marini, Cindy Reid

Guests: Cory Hoepfner and Michael Koessel (Citigroup Global Markets, Inc.)
Andy Gurley and Jeff Sula (UBS Financial Services, Inc.)
Rob Alberts (Eastview Project Director), Anne Gardner (Atlantic Retirement Communities)
Jeff Kantor (J.D. Kantor Inc.), Amy Wright (Cathedral Square Corporation)

Chair Randall called the meeting to order at 11:20 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Dorn made a motion to approve the June 9, 2005 Board of Commissioners meeting minutes. Mr. Seelig seconded the motion which was unanimously approved.

CONSENT AGENDA

Ms. Pearce made a motion to approve the items on the Consent Agenda (restated here):

- ~ Federal Home Loan Bank of Boston Blanket Resolution for Advances, Letters of Credit, and Interest Rate Swaps;
- ~ Multifamily Underwriting Guidelines, as amended;
- ~ Multifamily Risk Management Policy, as amended;
- ~ Lending Policy for Multifamily Excess Yield Pool, as amended;
- ~ Ratification of Executive Staff's action to increase the developer fee for the Cabot Commons project by \$20,000; and
- ~ Resolution Re: Increased Allocation of State Housing Credits for Vernon Senior Housing, Vernon

Mr. Candon seconded the motion which was unanimously approved.

DEVELOPMENT

Eastview at Middlebury

Ms. Carpenter introduced Ms. Gardner, development consultant, and Mr. Alberts, project director. Ms. Gardner reviewed the details of the project as reported in Ms. Reid's memo.



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Discussion followed. Ms. Carpenter asked the Commissioners for feedback on how aggressively staff should pursue this permanent loan and whether interest would continue if the loan was made without affordability restrictions as outlined in Scenario I in Ms. Reid's memo.

Mr. Seelig believes there are enough benefits to proceed. This project would provide the Agency with an opportunity to learn about this line of business, including its risks. He expressed concern that the development of affordable assisted living has been difficult to achieve. He also suggested that staff check with DAIL (Department of Disabilities, Aging and Independent Living) to ensure it is not intending to cut funding for Helen Porter Nursing Home.

Mr. Candon agreed with Mr. Seelig's concerns and recommendations.

Mr. Dorn favors the idea of an organization subsidizing a low-income facility (Helen Porter Nursing Home) without the use of public funds. However, he noted that the Consolidated Plan (Plan) does not prioritize senior housing. Ms. Carpenter responded that the priority of the Plan speaks to the use of public subsidy for independent senior housing and does prioritize assisted living and housing for frail elders.

Mr. Beaulieu asked whether staff anticipates opposition to VHFA's proposed more expansive statutory lending authority for senior housing and employer assisted housing (reference Scenario I in Ms. Reid's memo). Ms. Carpenter did not rule this out; however, she pointed out that other state issuing agencies can issue 501(c)(3) bonds like Wake Robin and Eastview, and hoped that smaller projects that needed to use the Agency's credit would not be penalized. She expects to begin a dialog with legislators soon.

Based on Commissioners' feedback, Ms. Randall encouraged staff to move forward on this project with consideration to the questions and concerns raised. Ms. Carpenter stated that staff would likely bring a formal loan package to the Board at its November or December meeting.

Farrell Street Senior Housing, South Burlington

Ms. Reid introduced Ms. Wright, Development Director, and Mr. Kantor, consultant, and reviewed the details of the project as outlined in her memo. Ms. Wright elaborated on the site plan and financing of the project. Discussion followed.

Mr. Seelig announced that Senator Jeffords did succeed in including the HUD Special Purpose grant in the Senate version of the budget. Historically, this money has not been lost when the bill goes to Congress.

Mr. Beaulieu made a motion to approve the "Resolution Re: Construction and Permanent Financing, Proposed Use of Bond Housing Credits and Allocation of State Housing Credits for Farrell Street Senior Housing, City of South Burlington." Mr. Seelig seconded the motion which was unanimously approved.

ADMINISTRATIVE

Amendment of Bylaws

Ms. Drake summarized the changes to the Bylaws: 1) the number of Commissioners was increased by two to nine per a recent legislative change; 2) gender language was updated; and 3) references to the deputy director position were deleted.

Mr. Seelig made a motion to approve the Resolution Re: Amendment of Bylaws. Mr. Beaulieu seconded the motion which was unanimously approved.

Housing Vermont Board Appointees

Ms. Carpenter reviewed her memo regarding VHFA appointments to Housing Vermont's Board.

Mr. Seelig made a motion to approve the re-appointments of Chip Hart and Rita Markley, and to delegate the appointment of a third member to Ms. Carpenter in consultation with the VHFA Board Chair, Ms. Randall. Ms. Randall suggested that the name of the proposed replacement, once known, be emailed to all Commissioners. An absence of objections would be interpreted as approval. The Board would then ratify the appointment at its September Board meeting. Ms. Seelig accepted this suggestion as a friendly amendment to his motion. Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

Multifamily Excess Yield Pool

Ms. Carpenter recapped Mr. Marini's memo, explaining that the excess yield loans will be treated as a contingent liability. The Audit/Risk Management Board Committee, which met just prior to this meeting, recommended that staff discuss with KPMG a set-aside against equity resulting in a restricted equity line item for this contingent liability on the balance sheet.

VHCB Participation Loans

Ms. Carpenter referred the Commissioners to Mr. Marini's memo and explained that staff, having received feedback from the Audit/Risk Management Board Committee meeting just prior to this meeting, will continue to research, together with KPMG, how to properly account for these loans. It is expected that the accounting will be similar to that of the excess yield loans.

HOMEOWNERSHIP

Program Changes

Ms. Crady reviewed the criteria outlined in her memo that would control which VHFA single family loan applicants' credit decisions could be determined by FannieMae's and Freddie Mac's automated underwriting systems (DU and LP, respectively).

Mr. Adams explained that the one criterion to which lenders may object is that requiring a full appraisal. Ms. Randall suggested that, because appraisals are costly and time-consuming, and because the Agency should strive to remain competitive, staff should consider waiving the full appraisal if an applicant meets a certain threshold of the other criteria. Ms. Crady explained that staff will monitor this criterion, including asking lenders for feedback.

New Program Being Considered

Ms. Crady reviewed her memo regarding two new loan products being considered: a 40-year mortgage and a 5/30 mortgage in which the borrower would pay only interest, taxes and insurance during the first five years after which the loan would convert to a 30-year amortizing mortgage. Ms. Crady then asked the Commissioners for feedback. Ms. Randall provided positive feedback. She prefers the 5/30 product to the 40-year mortgage. She believes this program would open the doors to homeownership for more people and that the Agency's risk is limited with only minimal appreciation (2% annually). She favors the idea of allocating a small piece of a bond issue to such a program in order to test the waters. She also believes this product could offer an alternative to some families who would otherwise have to rent and receive no equity.

Addressing the 5/30 product, Mr. Seelig does not like the idea in light of talk of a potential housing bubble burst and the fact that the average homeowner owns his home for only six years. (Ms. Carpenter explained that the "6-year" number indicates the length of time borrowers own their mortgages. Mr.

Seelig asked staff to research the length of time borrowers own their homes.) He also would be nervous about using the HOMELAND product in conjunction with such loans. However, he believes it may be an idea whose time has come and may be willing to approve a small test.

Ms. Carpenter reminded the Commissioners that it would be important to qualify the borrower (discussion of specific criteria is ongoing), and that the 5/30 product could be pulled if the rate of appreciation flattened. She added that the risk to the Agency could be offset by production. She further explained that this seems to be a product supported by even our most conservative lenders and that it is increasingly important for VHFA to have good product consistent with the marketplace.

Mr. Candon is not in favor of the 5/30 product in particular. He believes interest-only products entice people into debt beyond their means and fears that VHFA's reputation might suffer.

Mr. Beaulieu also expressed concern about the welfare of the borrower and the fact that no HFA has experience with an interest-only type of product in a down market. However, he is in favor of considering the product.

Ms. Pearce would not object to more exploration [of the 5/30 product] and making it a small part of the next bond offering but she does have concerns about the welfare of the borrower and the risk to the Agency.

Ms. Crady agreed to conduct more research with regards to criteria which might limit the pool of borrowers qualified for the 5/30 product. She also agreed to provide a few case examples (varying property value appreciation and/or change in borrower income). Ms. Carpenter explained that staff hoped to bring this additional information to the next meeting as the next bond issue is in September.

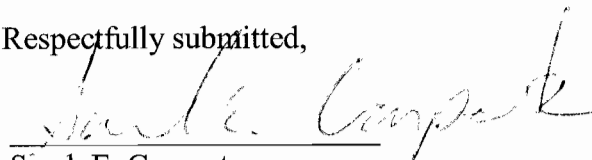
OTHER

Ms. Carpenter distributed information regarding the Vermont Economic Progress Council's Annual Meeting on September 8th. She also reminded the Commissioners about the NCSHA Conference in Boston beginning September 24th.

ADJOURNMENT

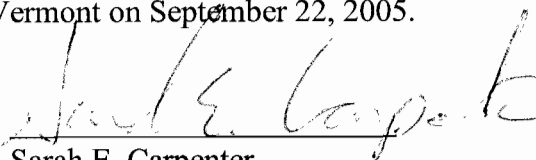
Mr. Beaulieu made a motion to adjourn the meeting. Mr. Seelig seconded the motion and the Board unanimously approved to adjourn the meeting at 2:07 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on August 18, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Burlington, Vermont on September 22, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



FEDERAL HOME LOAN BANK OF BOSTON
BLANKET RESOLUTION

FOR ADVANCES, LETTERS OF CREDIT, AND INTEREST RATE SWAPS —B

"RESOLVED. That

Sarah Elizabeth Carpenter

(Name)

Sarah Elizabeth Carpenter

(Signature)

the duly qualified Executive Director and Secretary and such other officers of the institution or
(Title)

other employees as may be designated in writing from time to time by him/her, 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 to execute Letters of Credit Agreements and Interest Rate Swap Agreements; to apply for Letters of Credit to secure Interest Rate Swaps, mortgage-related activity, issuance of other borrowings, or for any other uses; 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 said 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, Sarah Elizabeth Carpenter, hereby certify that I am the duly elected, qualified and acting secretary of
(Name)

Vermont Housing Finance Agency

(Name of Institution)

164 St. Paul St. / PO Box 408 / Burlington, VT 05402

(Location)

and that the above and foregoing resolution was duly adopted by the Board of Directors of said Institution at a regular meeting or duly called special meeting held on the 18th day of August, 2005, at which a quorum was present, and that the said resolution was adopted in accordance with statutory and charter 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 Institution this 19th day of August, 2005.

(CORPORATE SEAL)

Sarah E. Carpenter

(Secretary)

**FEDERAL HOME LOAN BANK OF BOSTON
DELEGATION OF AUTHORITY****PURSUANT TO THE FEDERAL HOME LOAN BANK OF BOSTON
BLANKET RESOLUTION FOR ADVANCES, LETTERS OF CREDIT AND INTEREST RATE SWAPS**


Pursuant to the authority vested in me by a Resolution adopted at a meeting of the Board of Directors of
Vermont Housing Finance Agency ("Institution") adopting the Federal Home Loan Bank of
(Institution)

Boston ("Bank") Blanket Resolution for Advances, Letters of Credit and Interest Rate Swaps duly held
on August 18, 2005, at which a quorum was present and acting throughout, I hereby
(Date)

designate the individuals listed below, each of whom holds the position indicated opposite his/her name,
to act for and on behalf of said Institution in any of its business with the Bank, within the authority
prescribed in the Resolution. Further, I hereby certify that the signatures set forth above each typed
name are the true and genuine signatures of said individuals.

Chief Financial Officer

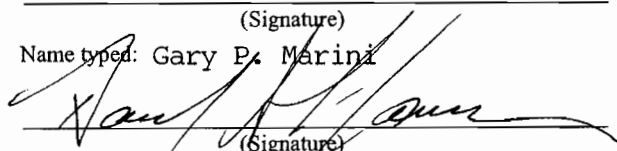
(Title)


(Signature)

Name typed: Gary P. Marini

Chief of Program Operations

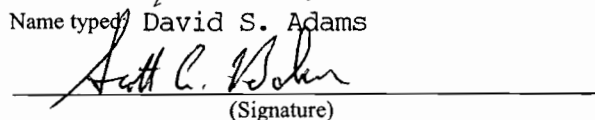
(Title)


(Signature)

Name typed: David S. Adams

Senior Financial Analyst

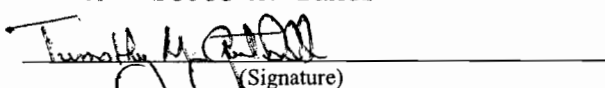
(Title)


(Signature)

Name typed: Scott A. Baker

Controller

(Title)

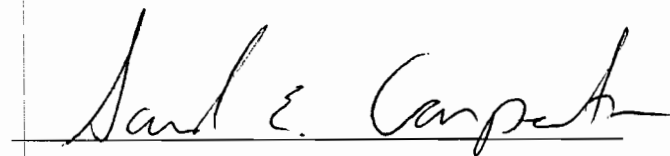

(Signature)

Name typed: Timothy M. Gutchell

All previous delegations of authority are hereby rescinded. This authorization shall continue in effect
until receipt by the Bank of written notice of its amendment or revocation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of

August, 2005.



By: Sarah E. Carpenter

Title: Executive Director and Secretary

**FEDERAL HOME LOAN BANK OF BOSTON
WIRE TRANSFER AUTHORIZED SIGNATURE CARD**

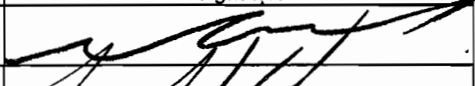
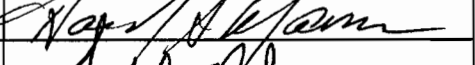
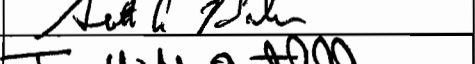
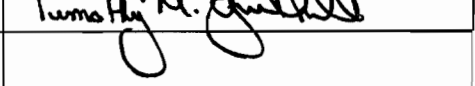
BANK NAME Vermont Housing Finance Agency	DOCKET NUMBER 99002	DATE 7-18-05
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TO THE FEDERAL HOME LOAN BANK OF BOSTON:

YOU ARE HEREBY AUTHORIZED TO HONOR *4 SIGNATURES WRITTEN BELOW. WE WILL NOTIFY YOU IMMEDIATELY IN WRITING OF ANY CHANGES IN THE FOLLOWING LIST.

*WRITE IN THE NUMBER OF SIGNATURES AUTHORIZED. RULE OUT ALL SPACES NOT USED.

Authorized Personnel (to initiate and/or verify Outgoing Wire Transfers)


	Name	Title	Signature
1	Gary P. Marini	Chief Financial Officer	
2	David S. Adams	Chief of Program Operations	
3	Scott A. Baker	Senior Financial Analyst	
4	Timothy M. Gutchell	Controller	
5			
6			
7			
8			
9			
10			

(over)

mailed in pre-addressed envelope to:

FHLB Boston
PO Box 990411
Boston MA 02199-9910

Wire Dept.

Repetitive Wires Only (yes or no)	Dollar Limit (Per Wire)	Verify Wires (yes or no)	Other Limits (i.e. verify wire transfers only)
1 N	Unlimited	<u>Verify</u> Y	N
2 N	Unlimited	<u>Verify</u> Y	N
3 N	Unlimited	<u>Verify</u> Y	N
4 N	Unlimited	<u>Verify</u> Y	N
5			
6			
7			
8			
9			
10			
Authorized by Name(Please Print) Gary P. Marini			For FHLB use only
Treasurer's signature 			Received by Date
Date 8-23-2005			Title

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: INCREASED ALLOCATION OF STATE HOUSING CREDITS
FOR VERNON SENIOR HOUSING, VERNON**

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits and State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners approved an allocation of State Housing Credits in the amount of \$25,000 on May 27, 2004 and an additional allocation of \$25,000 on May 19, 2005; and

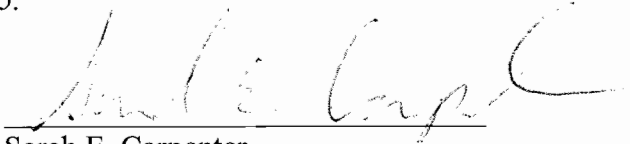
WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated August 11, 2005, containing information and recommendations about an increased allocation of State Housing Credits for the Vernon Senior Housing project in Vernon (the "Memorandum");

WHEREFORE, it is hereby:

RESOLVED, that the recommendations contained in the Memorandum which is attached and incorporated by this reference be approved;

RESOLVED, that the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of State Housing Credits in the total amount of up to \$79,000 for the Vernon Senior Housing project in the Town of Vernon, Vermont.

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 East Middlebury, Vermont, on August 18, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Housing Development Underwriter *CR*

DATE: August 11, 2005

RE: Request for Additional State Credit: Vernon Senior Housing, Vernon

Recommendation: That the VHFA Board of Commissioners approve additional State Affordable Housing Credits of \$29,000 to Housing Vermont (HVT) for the Vernon Senior Housing Development.

Summary of Request: See attached letter from Nancy Owens at Housing Vermont. To date the project has \$50,000 in State Housing Credits committed to it; this request will bring the total to \$79,000. The reason for the request is outlined in the attached letter. The project has been delayed due to several factors: the length of time it took to secure an adequate water source, the amount of time being taken by the IRS to approve Vernon Senior Housing Inc.'s 501(c)(3) request, and complications associated with combining the HUD 202 and Housing Credit programs. Construction costs have gone up in the meantime, and Housing Vermont does not believe they would do better if they went out to bid again (provided they begin construction this year). The increase in pricing is in line with the inflation factor used by their cost estimator. The total cost increase over the past year is \$270,000. The project's sponsors plan to fill the gap through a combination of an increase in HUD 202 funds and additional equity from both State and 4% Housing Credits. Staff recommends the additional State Credit request of \$29,000 for the 24-unit Vernon Senior Housing development.



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delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org





HOUSING VERMONT

**HOUSING VERMONT
MEMORANDUM**

To: Cindy Reid
From: Nancy Owens
Date: August 2, 2005

RE: Vernon Senior Housing

On behalf of Vernon Senior Housing, I am requesting an additional \$30,000 in state low income housing tax credits. This project has faced several hurdles over the past year which have driven the overall cost up \$270,000 from \$4.25M to \$4.52M.

The general contractor who bid the project in August 2004 held his bid through Nov. 2004. With construction delayed through the winter and spring and then delayed again this summer we needed to negotiate a new contract price. The result is an overall construction cost increase from the original bid one year ago of about 10%. In comparing this project with others recently bid, it seems reasonable to continue to work with Russell Construction Corp. based on these numbers. In other words, we don't think we'd do better to re-bid the project at this time.

Our plan to fill the funding gap is to generate additional equity from the state credits, additional equity from the increased budget, and a request of \$85,000 to HUD.

We have all permits in place and are prepared to start construction upon closing with the financing.

The HUD Firm Commitment has been processed and is ready to be issued pending a few items. I've made a request to HUD for an additional \$85,000 to help cover the cost of construction increases and I'm awaiting their review and approval of this request. As you know, we are still awaiting approval from the IRS of the tax-exempt status for Vernon Senior Housing, Inc. and without this we cannot close with HUD. We're working with Senator Leahy's office, and contacts Bob Gensburg has as at the IRS, to bring attention to this issue.

I've sent you a current budget by email for your review. Please call me with any questions.

123 St. Paul Street
Burlington, Vermont 05401
phone: 802.863.8424
fax: 802.660.9034
www.housingvermont.org

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING,
PROPOSED USE OF BOND HOUSING CREDITS AND
ALLOCATION OF STATE HOUSING CREDITS FOR
FARRELL STREET SENIOR HOUSING, CITY OF SOUTH BURLINGTON**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Cathedral Square Corporation for itself (the "Sponsor") and on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the construction of sixty-three (63) units of senior rental housing and both housing-related and non-housing facilities in the City of South Burlington (the "Development"); and

WHEREAS, the application contemplates one or more mortgage loans for financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Sponsor qualifies 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

WHEREAS, the Agency administers the use of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated August 11, 2005, containing information and recommendations about the Development (the "Memorandum");

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 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 increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

6. The Sponsor is financially responsible and is a qualified housing sponsor within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

7. More than 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.

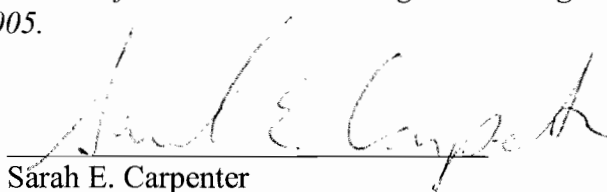
8. The non-housing facilities to be acquired and/or rehabilitated or constructed in connection with the Development, and which are not designed primarily for the benefit of the occupants of the dwelling units, are necessary in order to render the lease of the dwelling units economically feasible for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. After due consideration of the Memorandum, the Board hereby grants a waiver of the rehabilitation requirement under Chapter Four of the Grants, Loans, and Advances rules of the Agency for the new construction of the Development and the non-housing facilities to avoid the undue hardship that compliance with the rehabilitation requirement would cause the Sponsor.
2. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the Sponsor and/or the limited partnership to be created by the Sponsor for the construction and/or permanent financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

3. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Sponsor and/or the limited partnership to be created by the Sponsor for the construction and/or permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor or its affiliate as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
4. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.
5. The recommendations for the use of Bond Housing Credits and the allocation of State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
6. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility and the allocation of State Housing Credits in an amount up to \$74,000 for the Farrell Street Senior Housing project in the City of South Burlington, Vermont.

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 East Middlebury, Vermont, on August 18, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: August 11, 2005

RE: Request for Construction and, possibly, Permanent Financing, Bond and State Housing Credits: Farrell Street Senior Housing, South Burlington

Name:	Farrell Street Senior Housing	Location:	South Burlington
Housing Type:	Senior Housing	Unit Type:	Flats
Unit Count:	63 Total Units 63 Housing Credit Units	Unit Sizes:	57 1-Br @ 611 avg sf 6 2-Br @ 753 avg sf
Total Cost:	\$9,801,789 (residential only) \$1,765,091 (commercial only)	Per S.F. Acquisition & Construction Cost:	\$138 (residential only) \$127 (commercial only)
Loan Requested:	\$8,000,000 Construction Loan (tax-exempt) (possibly, a construction/permanent loan of up to \$1,500,000 (taxable))	Sponsor:	Cathedral Square Corporation
Housing Credits:	\$385,000 (Bond "4%" Credits)	State Housing Credits:	\$74,000
Other Funding:	HUD 202, HUD Special Purpose, VCDP, HOME, VHCB, AHP, REEP, VCIL		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) waive the VHFA Rules on Grants, Loans and Advances as described in the resolution; 2) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 3) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Cathedral Square Corporation (CSC) is proposing the development of "Farrell Street Senior Housing & Service Center" which will be one four-story building with 63 senior apartments on the upper three floors, commercial space on the first floor, and underground resident parking beneath. The commercial space will include: common area for the residents (kitchen, dining, activity/library space); office space for CSC and HomeShare Vermont, an Adult Day Center operated by the Visiting Nurses Association, a Senior Housing Resource Center, and United Way of Chittenden County. The offices occupied by HomeShare Vermont and United Way will be two separate condominiums (to be sold to those respective organizations at completion); the apartments and the balance of the commercial and housing common space will be a third condominium.

Since the property will be new construction and mixed use (residential and commercial), this financing would necessitate a waiver from the section of VHFA Rules on Grants, Loans and Advances regarding Mixed Use Developments, which permit financing mixed-use buildings only in the case of rehabilitation.



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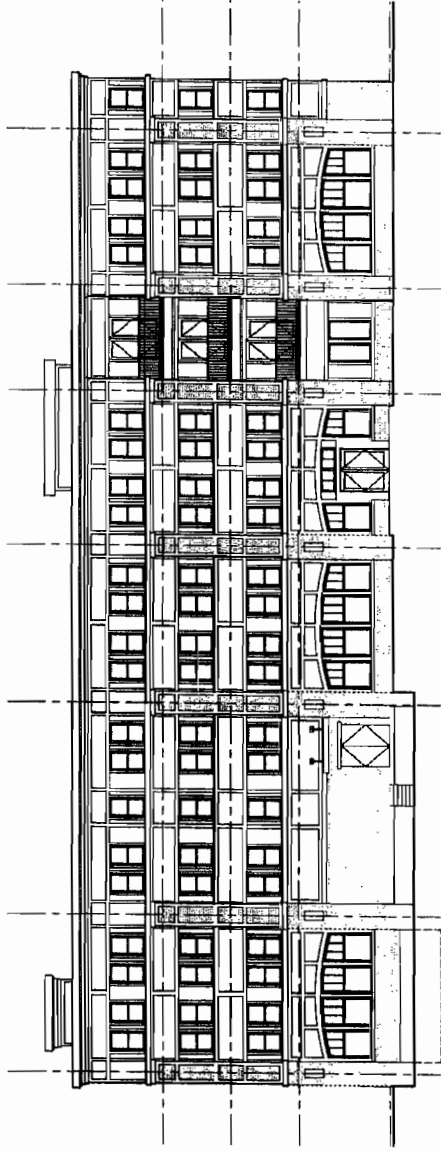


The Board has waived this rule previously (enabling the Agency to finance a new construction mixed-use property), for Victoria Place in Burlington. This project complies with other requirements of the mixed-use rules, in that the housing portion of the project comprises more than half of both the floor space and the development cost. In summary, approving this financing necessitates that the Board waive the rehabilitation requirement of the rules on Mixed Use Development.

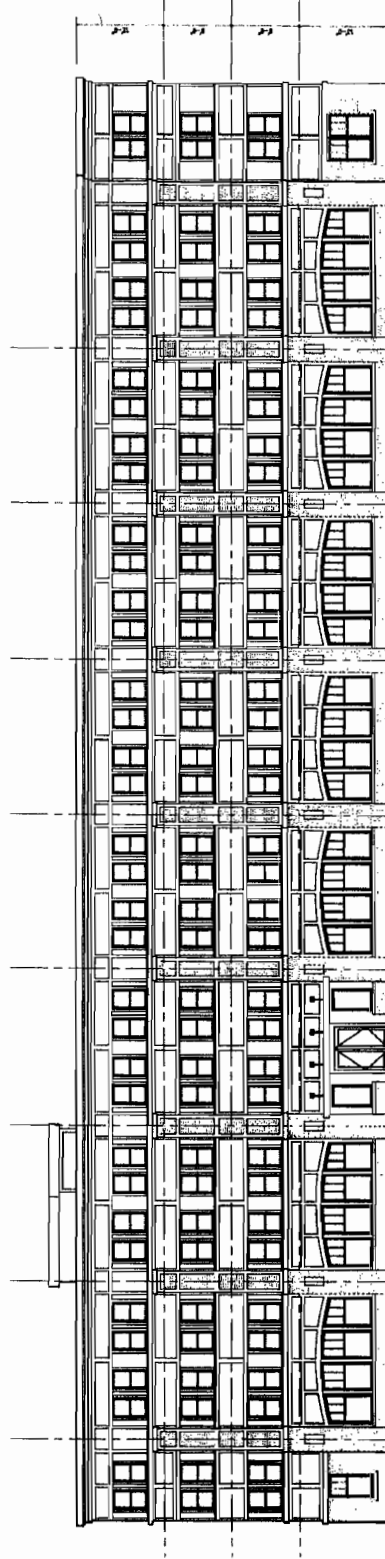
This project, including the collaboration among non-profit commercial uses, has been planned for years with support from the City of South Burlington. The project is part of the larger planned unit development that Farrell & Morrissey (F & M Development Corporation) created which includes the O'Dell Apartments. The project has commitments for all funding except for HUD Special Purpose, which is in process but not yet finalized. The project has been permitted but is seeking approval for amendments to the umbrella permit both locally and from Act 250 (approval for both anticipated in September). There are supportive services included in the rent for the senior housing including: resident service coordination, an on-call resident manager and nurse consultation. Additionally there are optional on-site services that residents can pay for including an adult day center and a meals program. Forty-two of the units will have HUD 202 rental assistance, meaning that households at or below 50% of area median income will be eligible for the apartments, and will only need to pay 30% of their income for monthly rent. A market study was submitted with the application and supports the project. It states that the combination of affordability, location, and on-site services are assets that should make the project very marketable.

Staff is recommending the Board approve up to \$8,000,000 in tax-exempt construction financing for the residential portion of the project, and up to \$1,500,000 in taxable financing for the commercial portion of the project. Sources of take out for VHFA's loans include the HUD 202 loan, the AHP loan, tax credit equity, soft money, and proceeds from the sale of the two commercial condos. There is a possibility that VHFA's construction loan on the commercial portion would remain as permanent financing for United Way. Staff is requesting board approval for this structure, though it is not certain yet that the commercial financing will be needed. The sponsor would prefer to have one lender, for efficiency and simplicity, finance both the residential and commercial. If VHFA provides the construction financing on the commercial portion, and if it converts to a permanent loan for United Way, the interest rate would be locked, and therefore there would be less uncertainty for CSC and United Way.

The logistics of putting together this financing package have been complicated. CSC is waiting for the IRS to approve Farrell Street Senior Housing, Inc.'s 501(c)(3) tax-exempt status. The project will need to close by mid-December, in order to take advantage of an interim HUD rule that extended the "Difficult Development Area" designation and allows a 130% increase in basis (failure to meet that timeline could cost the project in tax credit basis, worth approximately \$750,000). CSC is planning to go out to bid, as HUD disallowed Farrell & Morrissey (the Seller) from constructing the project due to identity of interest. The architectural firm is Lemay & Youkel. CSC will manage the project once it is complete. Staff has not yet received an Environmental Site Assessment or an as-built appraisal. As with all other projects, the plans and specifications and construction itself will be reviewed by Dave Anderson. The project will need to comply with VHFA's design and energy standards. CSC plans to close in early December, immediately begin construction, complete the project by December 2006, with full lease up by June 2007.



WEST ELEVATION
SCALE 1/8" = 1'-0"



SOUTH ELEVATION
SCALE 1/8" = 1'-0"

DATE	BY	DESCRIPTION
01/15/00	W. J. BROWN	PRELIMINARY
02/15/00	W. J. BROWN	REVISED
03/15/00	W. J. BROWN	REVISED
04/15/00	W. J. BROWN	REVISED
05/15/00	W. J. BROWN	REVISED
06/15/00	W. J. BROWN	REVISED
07/15/00	W. J. BROWN	REVISED
08/15/00	W. J. BROWN	REVISED
09/15/00	W. J. BROWN	REVISED
10/15/00	W. J. BROWN	REVISED
11/15/00	W. J. BROWN	REVISED
12/15/00	W. J. BROWN	REVISED

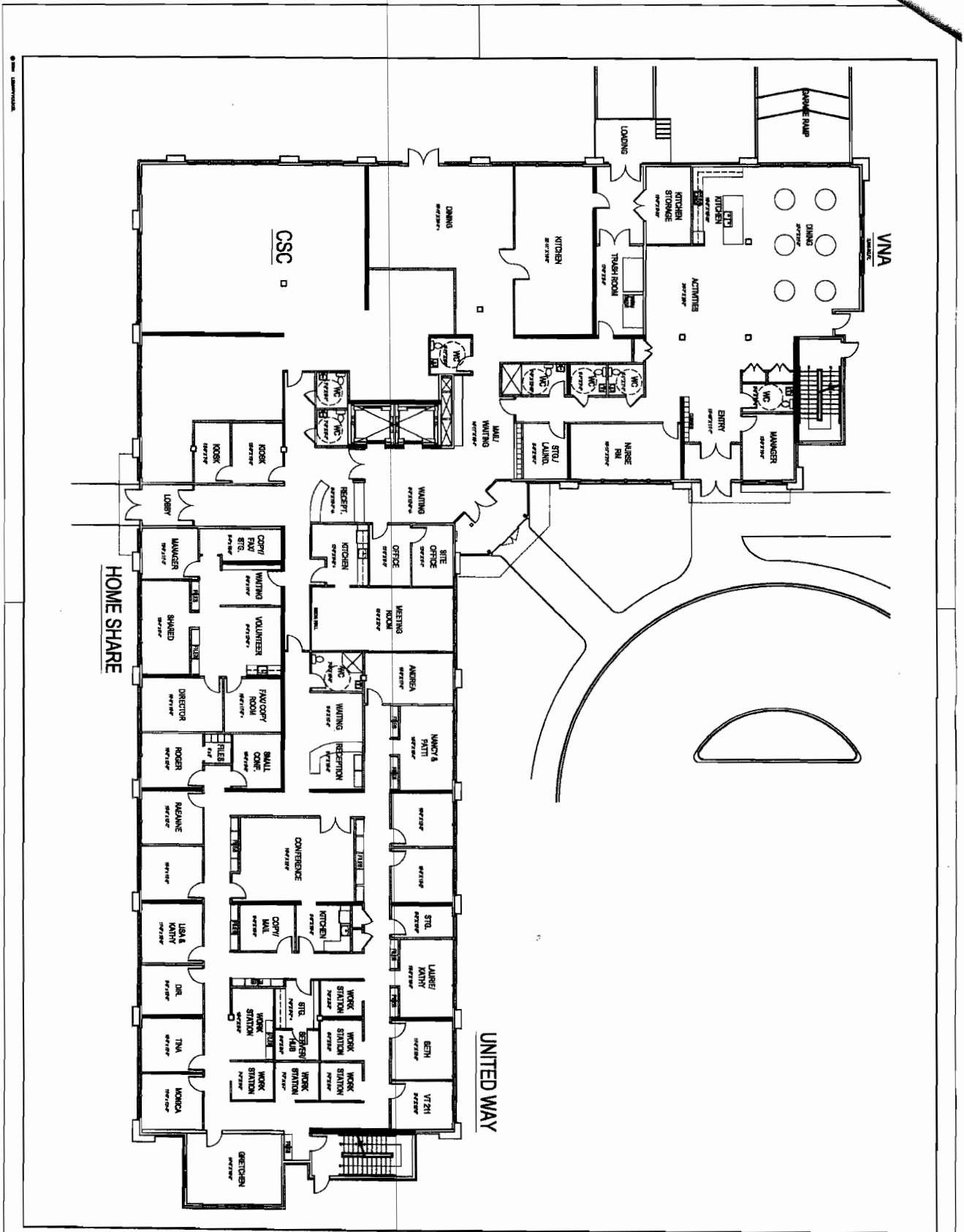
W. J. BROWN
ARCHITECT

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SENIORS' HOUSING

ELEVATIONS

PROJECT NUMBER	FILE NAME
04-1118	ELEVATIONS 2/26/00.dwg
DATE	BY
04/26/00	W. J. BROWN
DESIGN NUMBER	REVISION
A-701	01



PROJECT NAME SENIOR HOUSING		PROJECT NUMBER A-301	
DESIGNER E. J. JONES		DATE April 20, 2000	
GROUND FLOOR PLAN		SCALE 1/4" = 1'-0"	
NOTES		REVISIONS	
1. All dimensions are in feet and inches.		1. All dimensions are in feet and inches.	
2. All dimensions are to the center of the wall.		2. All dimensions are to the center of the wall.	
3. All dimensions are to the center of the door.		3. All dimensions are to the center of the door.	
4. All dimensions are to the center of the window.		4. All dimensions are to the center of the window.	
5. All dimensions are to the center of the staircase.		5. All dimensions are to the center of the staircase.	
6. All dimensions are to the center of the elevator.		6. All dimensions are to the center of the elevator.	
7. All dimensions are to the center of the parking lot.		7. All dimensions are to the center of the parking lot.	
8. All dimensions are to the center of the building.		8. All dimensions are to the center of the building.	
9. All dimensions are to the center of the site.		9. All dimensions are to the center of the site.	
10. All dimensions are to the center of the road.		10. All dimensions are to the center of the road.	

TOTAL COSTS

Total Residential Units:	63	Increase in Income: HUD Rental Units:	3.00%
Housing Credit Restricted Units:	63	Increase in Income: Non HUD units	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	2.50%
Total Development Cost:	11,566,880	Expense increase:	3.00%
		Vacancy Rate:	5%
Total Development Cost Per SF:	172.09	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	389,542	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	385,000		
State Credit	75,000		
LIHTC - 4%	3.41%	August 2005	
LIHTC - 4%	3.41%		

SOURCES**% of Total Development Cost****Interest Rate****Amortization****Term**

Bank AHP Advance	1,398,000	12.09%	3.00%	30	20
HUD 202	3,540,080	30.61%	0.00%	30	deferred
HOME	421,000	3.64%	4.60%	30	deferred
VHCB	450,000	3.89%	0.00%	30	deferred
Equity LP Contribution	3,465,000	29.96%			Equity
VT Housing Credit Equity	290,000	2.51%			Equity
HUD SP	250,000	2.16%	0.00%	30	deferred
AHP	230,000	1.99%	0.00%	30	deferred
VCDP	450,000	3.89%	0.00%	30	deferred
VHCB Feasibility (GP Cap Contrib)	10,000	0.09%			GP Capital
VCDP Planning Grant	39,800	0.34%			GP Capital
Efficiency VT & VCIL	18,000	0.16%			GP Capital

Housing Sub Total 10,561,880

Bank Loan Commercial		0.00%			
VCDP		0.00%			
Sale of Commercial Condo's	1,005,000	8.69%			Equity
Efficiency VT & VCIL					

Commercial Sub Total 1,005,000

11,566,880 100.00%

USES

Acquisition	1,469,576	12.71%
Construction Hard Costs	7,775,622	67.22%
Soft Costs	2,321,682	20.07%
TOTAL USES	11,566,880	100.00%

Gap 0

Farrell ST Senior Housing & Service Center

Square Feet
Percent Area57,263
81.93%12,629
18.07%

	TOTAL	HOUSING	Per Unit	Per SF	Commercial
ACQUISITION					
Land	925,000	757,859	12,030	13.65	167,141
Site Improvements in Basis	306,397	251,033	3,985	4.52	55,364
Fee to F&M for site improvements	218,603	179,103	2,843	3.23	39,500
Property Appraisal	4,500	3,687	59	0.07	813
Legal - Title and Recording	15,076	12,352	196	0.22	2,724
Subtotal - Acquisition	1,469,576		19,112	21.69	
CONSTRUCTION HARD COSTS					
Rehabilitation	5,567,046	5,567,046	88,366	100.30	
Commercial	1,153,435		0	0.00	1,153,435
Additional construction	480,000	393,267	6,242	7.09	86,733
Sitework	0	0	0	0.00	0
Insulation (net)	0	0	0	0.00	0
General Requirements	0	0	0	0.00	0
Contractor Overhead	0	0	0	0.00	0
Contractor Profit	0	0	0	0.00	0
Construction Contingency	437,089	358,110	5,684	6.45	78,979
Construction Management	0	0	0	0.00	0
Hazardous Materials Abatement	0	0	0	0.00	0
Lead Abatement	0	0	0	0.00	0
Off-Site Improvements	0	0	0	0.00	0
Furnishings, Fixtures, & Equipment	138,052	113,107	1,795	2.04	24,945
Other	0	0	0	0.00	0
Subtotal - Hard Costs	7,775,622		102,088	115.88	
SOFT COSTS					
Architectural	244,655	200,448	3,182	3.61	44,207
Engineering	12,110	9,922	157	0.18	2,188
Legal/Accounting	20,000	16,386	260	0.30	3,614
Cost Cert & HUD Cost cert	10,500	8,603	137	0.15	1,897
Environmental Assessment	5,179	4,243	67	0.08	936
Permits & Fees F&M	129,000	105,691	1,678	1.90	23,309
Permits/Fees	76,292	62,507	992	1.13	13,785
Survey	3,500	2,868	46	0.05	632
Construction Period Insurance	24,220	19,844	315	0.36	4,376
Construction Interest	406,733	406,733	6,456	7.33	
Construction Loan Origination Fee	0	0	0	0.00	
Taxes During Construction	18,165	14,883	236	0.27	3,282
Clerk of the Works	60,549	49,608	787	0.89	10,941
Marketing	12,110	9,922	157	0.18	2,188
Tax Credit Fees	19,376	19,376	308	0.35	
Soft Cost Contingency	30,274	24,804	394	0.45	5,470
Preservation Consult District	0	0	0	0.00	0
Market Study	21,100	17,287	274	0.31	3,813
Preservation Consult Buildings	0	0	0	0.00	0
Capital Needs Assessment	2,500	2,048	33	0.04	452
Other (VCDP Admin)	30,370	30,370	482	0.55	
SYNDICATION COSTS					
Organizational (Partnership)	3,000	2,458	39	0.04	542
Bridge Loan Fees and Expenses	75,000	61,448	975	1.11	13,552
Syndication Consultant	10,500	10,500	167	0.19	
Tax Opinion	1,500	1,229	20	0.02	271
DEVELOPER'S FEES					
Developer's Fees	489,000	489,000	7,762	8.81	0
Other Partnership Fees	396,000	396,000	6,286	7.13	
Consultant Fees	84,500	84,500	1,341	1.52	
RESERVES					
Working Capital	85,549	85,549	1,358	1.54	0
Rent-up (Deficit Escrow) Reserve	35,000	30,000	476	0.54	5,000
Other Operating Reserves	15,000	0	0	0.00	15,000
Sinking Fund	0	0	0	0.00	0
Replacement Reserves	0	0	0	0.00	0
Subtotal - Soft Costs	2,321,682		34,385	39.03	
TOTAL DEVELOPMENT COSTS	11,566,880	9,801,789	155,584	176.60	1,765,091

	Budget
ACQUISITION	
1 Land	757,859
2 Site Improvements in Basis	251,033
3 Fee to F&M for site improvements	179,103
4 Property Appraisal	3,687
5 Legal - Title and Recording	12,352
Subtotal - Acquisition	1,204,034
CONSTRUCTION HARD COSTS	
6 New Construction Residential	5,567,046
7 Commercial	0
8 Additional construction	393,267
9 Sitework	0
10 Insulation (net)	0
11 General Requirements	0
12 Contractor Overhead	0
13 Contractor Overhead & Profit	0
14 Construction Contingency	358,110
15 Construction Management	0
16 Hazardous Materials Abatement	0
17 Lead Abatement	0
18 Off-Site Improvements	0
19 Furnishings, Fixtures, & Equipment	113,107
20 Other	0
Subtotal - Hard Costs	6,431,530
SOFT COSTS	
21 Architectural	200,448
22 Engineering	9,922
23 Legal/Accounting	16,386
24 Cost Cert & HUD Cost cert	8,603
25 Environmental Assessment	4,243
26 Permits & Fees F&M	105,691
27 Permits/Fees	62,507
28 Survey	2,868
29 Construction Period Insurance	19,844
30 Construction Interest	406,733
31 Interim Loan fee	0
32 Taxes During Construction	14,883
33 Clerk of the Works	49,608
34 Marketing	9,922
35 Tax Credit Fees	19,376
36 Soft Cost Contingency	24,804
37 Preservation Consult District	0
38 Market Study	17,287
39 Preservation Consult Buildings	0
40 Capital Needs Assessment	2,048
41 Other (VCDP Admin.)	30,370
SYNDICATION COSTS	
42 Organizational (Partnership)	2,458
43 Bridge Loan Fees and Expenses	61,448
44 Syndication Consultant	10,500
45 Tax Opinion	1,229
DEVELOPER'S FEES	
46 Developer's Fees	489,000
47 Other Partnership Fees (F&M)	396,000
48 Consultant Fees	84,500
RESERVES	
49 Working Capital	85,549
50 Rent-up (Deficit Escrow) Reserve	30,000
51 Other Operating Reserves	0
52 Sinking Fund	0
53 Replacement Reserves	0
Subtotal - Soft Costs	2,166,225
TOTALS	9,801,789
LESS: Amount of Non-qualified Financing	
LESS: Adjustment for per unit cost limits	100.00%
LESS: Historic tax Credit (Residential Portion)	
Total Eligible Basis	
TIMES: Adjusted for QCT/DDA	130.0%
TIMES: Applicable Fraction	100.00%
Total Qualified Basis	
TIMES: Applicable Percentage	
Total Annual Credit Qualified	
Total Tax Credits Requested	385,000
Estimated Net Syndication Proceeds (excluding historic credit equity)	3,465,000
Estimated Yield - Housing Credit Syndication	90.00%
Equity Gap	0
Credits Needed to fill Equity Gap	
Total SF	39,315
Qualified Units	39,315
Percentage Qualified Units	100.00%
# Units	63
# Qualified Units	63
	100.00%

Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Commercial
	251,033	251,033		23,841
	179,103	179,103		17,010
3,687		3,687		350
12,352		12,352		1,173
	5,567,046	5,567,046		0
	0	0		496,697
	393,267	393,267		37,349
	0	0		0
	0	0		0
	0	0		0
	0	0		0
	0	0		0
	358,110	358,110		34,010
	0	0		0
	0	0		0
	0	0		0
	0	0		0
	113,107	113,107		0
0	0	0		0
	200,448	200,448		19,037
	9,922	9,922		942
	16,386	16,386		1,556
	8,603	8,603		817
	4,243	4,243		403
	105,691	105,691		10,038
	62,507	62,507		5,936
	2,868	2,868		272
	19,844	19,844		1,885
	406,733	406,733		0
	0	0		0
	14,883	14,883		1,413
	49,608	49,608		4,711
				942
	0	0		0
	24,804	24,804		2,356
	0	0		0
	17,287	17,287		1,642
	0	0		0
	0	0		0
	0	0		0
	489,000	489,000		0
	396,000	396,000		0
	84,500	84,500		0
16,039	8,774,991	8,677,923	0	662,381
0				
0				
16,039	8,774,991			
11,407,489				
16,039	11,407,489			
16,039	11,407,489	8,677,923	Long Term Depreciable Basis	
3.41%	3.41%	27.5	Depreciation Schedule	
547	388,995	315,561	Annual Depreciation	
389,542		113,107	Short Term Depreciable Basis	
		7	Depreciation Schedule	
		16,158	Annual Depreciation	
		662,381.2	Long Term Commercial Basis	
		31.5	Commercial Schedule	
		21,028.0	Annual Depreciation	

11-Aug-05 **Farrell ST Senior Housing & Service Center**

HC Restricted Units
Bedrooms

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 Br					0
1 Br	HUD 50%	600	42	440	221,760
1 Br	HC 60%	640	15	675	121,500
2 Br	HC 60%	775	5	775	46,500
2Br	Res Mngr	640	1	0	0
					0
					0
Common Area	16,188				0
Totals	55,503	63			389,760

Non-HC Restricted Units
Bedrooms

Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
1 Br					0
1 Br			700		0
2 Br			810		0
					0
					0
Totals	0	0			0

All Units

Grand Totals	55,503	63		389,760
Commercial SF	11,710			
Total SF	67,213			
Less Vacancy		5.00%		(19,488)

NET RENT 370,272

OTHER INCOME

Laundry	5,000
VNA	38,000
CSC	34,000
Interest	500

TOTAL INCOME 447,772

11-Aug-05 **Farrell ST Senior Housing & Service Center**

	Annual	Monthly	Per Unit Per Month		CSC &VNA
Administration					
Management Fee	34,020	2,835	45	7.6%	1,500
Supportive Services	20,000	1,667	26		
Audit/Accounting	4,600	383	6		
Legal	1,500	125	2		
Compliance Monitoring	3,024	252	4		
Marketing	1,000	83	1		
Other (on site staff)	28,000	2,333	37		
TOTAL ADMINISTRATIVE	92,144	7,679	122		
Utilities					
Electricity	35,000	2,917	46		7,200
Fuel	26,000	2,167	34		5,000
Water and Sewer	9,000	750	12		300
Fire Alarm / Emergency	4,000	333	5		300
Other	0	0	0		
TOTAL UTILITIES	74,000	6,167	98		
Maintenance					
Maintenance / Janitor Payroll	27,000	2,250	36		3,618
Janitor Supplies	1,000	83	1		232
Exterminating	1,440	120	2		0
Trash Removal	4,000	333	5		500
Snow Removal	6,000	500	8		1,000
Grounds	3,000	250	4		
Repairs Material	9,000	750	12		232
Repairs Contract	10,000	833	13		464
HVAC Repairs / Maintenance	1,000	83	1		464
Elevator Contract / Repairs	2,500	208	3		
Painting and Decorating	1,000	83	1		232
Other	500	42	1		
TOTAL MAINTENANCE	66,440	5,537	88		
Real Estate Taxes	49,140	4,095	65	per unit month excl. ds & res.	4,500
Property Insurance	21,000	1,750	28	400	3,500
Replacement Reserves	30,000	2,500	40		2,500
Primary Debt Service		0	0		
Other "must pay" debt service		0	0		
Other		0	0		
Total	332,724	27,727	440		31,542

11-Aug-05 **Farrell ST Senior Housing & Service Center**

	Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income															
HUD Budget Based Rent	221,760	228,413	235,265	242,323	249,593	257,081	264,793	272,737	280,919	289,347	298,027	306,968	316,177	325,662	335,432
Rent Non HUD units	168,000	170,520	173,078	178,309	180,984	183,698	186,454	189,251	192,090	194,971	197,895	200,864	203,877	206,935	209,935
Other Income & Commercial	77,500	79,438	81,423	83,459	85,545	87,684	89,876	92,123	94,426	96,787	99,207	101,687	104,229	106,835	109,505
Vacancy and other losses	(12,275)	(12,498)	(12,725)	(12,957)	(13,193)	(13,433)	(13,679)	(13,929)	(14,184)	(14,444)	(14,709)	(14,979)	(15,255)	(15,536)	(15,822)
Total Operating Income	454,985	465,872	477,041	488,499	500,255	512,315	524,689	537,385	550,412	563,779	577,495	591,571	606,015	620,838	636,050
Operating Expenses															
Total Expenses (excl. Reserves)	302,724	311,806	321,160	330,795	340,719	350,940	361,468	372,312	383,482	394,986	406,836	419,041	431,612	444,560	457,897
Commercial Expense CSC & VNA	31,542	32,488	33,463	34,467	35,501	36,566	37,663	38,793	39,956	41,155	42,390	43,662	44,971	46,320	47,710
Reserves	32,500	33,475	34,479	35,514	36,579	37,676	38,807	39,971	41,170	42,405	43,677	44,988	46,337	47,727	49,159
Total Operating Expense	366,766	377,769	389,102	400,775	412,798	425,182	437,938	451,076	464,608	478,546	492,903	507,690	522,921	538,608	554,786
Net Operating Income	88,219	88,103	87,939	87,724	87,456	87,133	86,751	86,309	85,804	85,233	84,593	83,881	83,094	82,240	81,284
Less Primary Debt Service															
Less Secondary Debt Service															
GP Management Fee															
Annual Cash Flow															
Operating Subsidies / Sinking Fund															
Net Cash	17,491	17,375	17,211	16,996	16,728	16,404	16,023	15,581	15,076	14,504	13,864	13,153	12,366	11,501	10,556
Cumulative Cash Flow															
Beginning Balance	124,735	124,579	124,339	124,035	123,658	123,199	122,658	122,036	121,341	120,581	119,760	118,881	117,948	116,966	115,922
Deposits	85,549	103,215	122,828	142,667	162,687	182,836	203,061	223,306	243,508	263,605	283,526	303,200	322,548	341,488	359,934
Interest	175	2,238	2,629	3,023	3,421	3,821	4,221	4,622	5,021	5,417	5,809	6,196	6,575	6,945	7,304
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	103,215	122,828	142,667	162,687	182,836	203,061	223,306	243,508	263,605	283,526	303,200	322,548	341,488	359,934	377,794
Cumulative Replacement Reserves															
Beginning Balance	15,000	48,125	82,897	119,379	157,636	197,733	224,741	208,431	207,970	193,711	195,414	228,437	278,443	330,812	385,633
Deposits	32,500	33,475	34,479	35,514	36,579	37,676	38,807	39,971	41,170	42,405	43,677	44,988	46,337	47,727	49,159
Interest	625	1,297	2,003	2,743	3,519	4,331	4,883	4,568	4,371	4,298	4,345	5,019	6,032	7,094	8,204
Withdrawals	0	0	0	0	0	(15,000)	(60,000)	(45,000)	(60,000)	(45,000)	(15,000)	0	0	0	(70,000)
Ending Balance	48,125	82,897	119,379	157,636	197,733	224,741	208,431	207,970	193,711	195,414	228,437	278,443	330,812	385,633	372,997
Net Operating Income	88,219	88,103	87,939	87,724	87,456	87,133	86,751	86,309	85,804	85,233	84,593	83,881	83,094	82,240	81,284
Plus Reserves	32,500	33,475	34,479	35,514	36,579	37,676	38,807	39,971	41,170	42,405	43,677	44,988	46,337	47,727	49,159
Less GP Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Interest Expense	(60,907)	(60,019)	(59,104)	(58,162)	(57,190)	(56,190)	(55,158)	(54,096)	(53,001)	(51,873)	(50,710)	(49,512)	(48,278)	(47,006)	(45,695)
Less Long Depreciation	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)	(315,561)
Less Commercial Depreciation	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)	(21,028)
Less Short Depreciation	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)	(16,158)
Taxable Income (Loss)	(292,935)	(291,188)	(289,433)	(287,671)	(285,902)	(284,127)	(282,347)	(280,561)	(278,770)	(276,974)	(275,173)	(273,366)	(271,553)	(269,738)	(267,918)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	102,527	101,916	101,301	100,685	100,066	99,445	98,822	98,196	97,566	96,931	96,291	95,646	95,000	94,353	93,705
Plus Tax Credits	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000
After Tax Cash Flow	487,527	486,916	486,301	485,685	485,066	484,445	483,822	483,196	482,566	481,931	481,291	480,646	480,000	479,353	478,705
Total Years	15														
Reinvestment Rate															
Current After Tax Cash Flows	487,527	486,916	486,301	485,685	485,066	484,445	483,822	483,196	482,566	481,931	481,291	480,646	480,000	479,353	478,705
Future Value of Cash Flows at Yr 15:	487,527	486,916	486,301	485,685	485,066	484,445	483,822	483,196	482,566	481,931	481,291	480,646	480,000	479,353	478,705
Discount Rate															
Capital Contribution Number	1	2	3	4	5	6	7	8							
Date of Capital Contribution	15-Jan-07	15-Jul-07	15-Nov-07	15-Mar-08											
Amount of Capital Contribution	15,000	840,000	850,000	910,000	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions	15,000	840,000	850,000	850,000	0	0	0	0	0	0	0	0	0	0	0
Cash Flows (2,555,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRR:	3,465,000														



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

by Telephone Conference

initiated at

Vermont Housing Finance Agency

164 St. Paul Street, Burlington, Vermont

Thursday, September 8, 2005 at 3:30 p.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Dagyne Canney, Thomas Candon (designee for Crowley), John Hall (designee for Dorn), Beth Pearce (designee for Spaulding)

VHFA Board Members Absent:

Paul Beaulieu, Gus Seelig

Staff: Sarah Carpenter, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Pat Loller, Gary Marini

Chair Randall called the meeting to order at 3:30 p.m. Discussion about the next Single Family Bond issue ensued until a quorum of the Board was in attendance.

FINANCE

Single Family Series 23 – Supplemental Resolution

Ms. Carpenter explained that the Resolution before the Board is standard, but that the Official Statement contains a disclosure which gives the Agency the ability to allocate some of this bond issue to a 5/30 program (where the borrower would pay only interest, taxes and insurance during the first five years, after which the loan would convert to a 30-year amortizing mortgage) should the Board choose.

Ms. Pearce voted in favor of a motion which might be made to approve the “Twenty-Seventh Supplemental Single Family Housing Bond Resolution” and asked to be contacted should the expected motion include an amendment. Ms. Pearce left the meeting.

Mr. Candon made a motion to approve the “Twenty-Seventh Supplemental Single Family Housing Bond Resolution”. Mr. Hall seconded the motion and the Resolution was unanimously approved.

ADJOURNMENT

Mr. Candon made a motion to adjourn the meeting. Mr. Hall seconded the motion and the Board unanimously approved to adjourn the meeting at 3:52 p.m.

[Certification follows on next page]



mailing address P.O. Box 408, Burlington, VT 05402-0408

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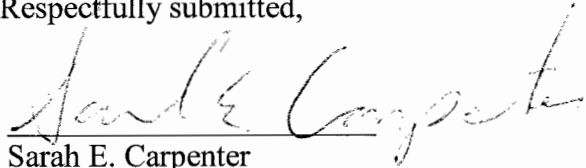
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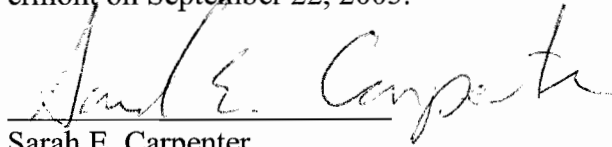


Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on September 8, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Burlington, Vermont on September 22, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

**TWENTY-SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION**

Adopted September 8, 2005

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EXHIBIT A DIRECTION TO TENDER

TWENTY-SEVENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

BE IT RESOLVED by the Vermont Housing Finance Agency, and the Commissioners thereof, as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution is hereinafter sometimes referred to as the "Twenty-Seventh Supplemental Resolution."

Section 1.02. 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 Section 101 of the Resolution.

(b) In this Twenty-Seventh Supplemental Resolution unless a different meaning clearly appears from the context:

"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 2.03(a)(iv) hereof.

"Adjusted Rate Bonds" means all Series 23 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 23 Bonds authenticated and delivered under the Resolution thereafter upon transfer of, or in exchange or substitution for, any such Bonds.

"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 23 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 2.03(a)(ii) hereof.

"Adjustment Option Period" means the period set forth in the Series Certificate during which the Agency may exercise its right to cause the mandatory tender of Series 23 Bonds in accordance with Section 2.03 hereof.

"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 23 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 2.03(a)(vi) 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 23 Tender Bonds will not cause such Nationally Recognized Credit Rating Agency to change the unenhanced 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 23 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 23 Obligations 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 the adjustment of the interest rate on the Series 23 Tender Bonds on the Adjustment Date will not adversely affect the excludability of interest on the Series 23 Obligations from the gross income of the holders thereof for federal income tax purposes and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"Authenticating Agent" with respect to all Series 23 Obligations, means the Trustee.

"Beneficial Owner" means the person or entity that is considered to be the beneficial owner of any Series 23 Obligation pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

"Bond Counsel" means Kutak Rock LLP, or any successor firm of attorneys or such other firm of nationally recognized bond attorneys designated by the Agency.

"Bond Depository" means The Depository Trust Company, and its successors and any replacement depository appointed pursuant to Section 2.02 hereof.

"Bond Insurer" means the provider of municipal bond insurance with respect to the Series 23 Bonds, if any, as shall be set forth in the Series Certificate.

"Bond Year" means the twelve month period beginning on each April 1 and ending on the following March 31; provided that the initial Bond Year shall commence on the date of issuance of the Series 23 Obligations and end on March 31, 2006.

"Business Day" means any calendar day other than a Saturday, a Sunday or a day on which banks in Burlington, Vermont or New York, New York, are authorized or required to be closed.

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

"Code" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 23 Obligations.

"Hedge Agreement" shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency authorized by the Agency's then current Swap Management Plan and a Qualified Institution providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of the Series 23 Bonds or any assets pledged under the Resolution.

"Liquidity Facility" means, if applicable, the facility pursuant to which any Variable Rate Bonds are purchased if such Variable Rate Bonds are tendered for purchase and are not remarketed by the Remarketing Agent, all as shall be set forth in the Series Certificate.

"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 23 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 23 Loan Loss Claim Fund.

“Loan Loss Claim Fund Withdrawals” means amounts withdrawn from the Series 23 Loan Loss Claim Fund pursuant to Section 3.06(b) hereof on account of a Loan Loss.

“Municipal Bond Insurance Policy” means, to the extent required by the Series Certificate, the municipal bond insurance policy issued by the Bond Insurer insuring the scheduled payment when due of the principal of and interest on all or a portion of the Series 23 Bonds as provided therein.

“Municipal Bond Insurance Policy Premium” means the premium payable to the Bond Insurer with respect to the Municipal Bond Insurance Policy, if any, required by the Series Certificate, payable at the times and in the amount set forth in the Series Certificate. Such Municipal Bond Insurance Policy Premium shall be deemed a Program Expense for all purposes under the Resolution.

“Notice Date” means the Business Day which is 30 days prior to the Adjustment Date.

“Official Statement” or *“Official Statements”* means any Official Statement of the Agency describing the Series 23 Bonds or the Series 23 Notes, dated the date of execution of the related Purchase Contract.

“Participant” means securities brokers or dealers, banks, trust companies, clearing corporations and various other entities, some of whom and/or their representatives own the Bond Depository.

“Principal Amount” for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 23 Obligation, the stated principal amount thereof.

“Pro-Forma Adjusted Interest Rate” shall have the meaning given such term in Section 2.03(a)(i) hereof.

“Pro-Forma Tender Bonds” shall have the meaning given such term in Section 2.03(a)(i) hereof.

“Purchase Contracts” means the Series 23 Bond Purchase Contract and the Series 23 Note Purchase Contract.

“Qualified Institution” shall mean (i) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political

subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Hedge Agreement is entered into by the Agency are either (a) rated at least as high as the Series 23 Bonds (without giving effect to the existence of a municipal bond insurance policy or other credit enhancement thereon) by each Nationally Recognized Credit Rating Agency which rates such obligations or (b) such that entering into a Hedge Agreement with such entity will not adversely effect the then current ratings, if any, assigned to the Series 23 Bonds by each Nationally Recognized Credit Rating Agency or (ii) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality, the obligations of which are backed by the full faith and credit of the United States of America.

"Record Date" with respect to the payment of interest on a Series 23 Obligation, means, except as may otherwise be provided in the Series Certificate, the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 23 Obligation or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 23 Obligation other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 23 Obligations Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"Remarketing Agent" means the investment banking firm or firms selected by the Agency to remarket any of the Series 23 Bonds that are issued as Variable Rate Bonds, as shall be set forth in the Series Certificate.

"Remarketing Agreement" means the Remarketing Agreement, if any, executed in connection with the issuance of any Series 23 Bonds as Variable Rate Bonds.

"Remarketing Projection of Revenues" means a Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) 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 2.03(a)(v) hereof.

"Representation Letter" means, with respect to the Series 23 Obligations held in book-entry only form with the Bond Depository, the Blanket Letter of Representations of the Agency dated April 4, 1995.

“Resolution” means the resolution of the Agency adopted September 20, 1990, entitled “Single Family Housing Bond Resolution.”

“Series Certificate” means the Series Certificate of the Chair or Vice Chairman and Executive Director and Secretary of the Agency dated on or before the date of issuance of the Series 23 Obligations which Series Certificate shall establish certain terms of the Series 23 Obligations as provided herein.

“Series 22 Bonds” means the \$41,960,000 aggregate principal amount of the Agency’s Single Family Housing Bonds, Series 22C issued on June 8, 2005.

“Series 22 Notes” means the \$15,000,000 aggregate principal amount of the Agency’s Single Family Housing Bonds, Series 22A and the \$15,000,000 aggregate principal amount of the Agency’s Single Family Housing Bonds, Series 22B, each issued on April 28, 2005.

“Series 23 Bond Purchase Contract” means the Purchase Contract, or Contracts, by and among the Agency, the Underwriters named therein and the direct institutional purchaser of the Series 23 Bonds, if any, providing for the terms and conditions of the sale of the Series 23 Bonds in substantially the form of the Bond Purchase Contract executed in connection with the Agency’s Series 22 Bonds; provided, however, that if the Series Certificate provides for the issuance of Series 23 Notes or Variable Rate Bonds, the Agency may execute additional Purchase Contracts as provided in Section 5.07 hereof.

“Series 23 Bond Reserve Requirement” means an amount with respect to the Series 23 Obligations at least equal to the lesser of (i) 50% of the maximum amount of Debt Service payable on all Series 23 Bonds Outstanding in the current or any subsequent Fiscal Year and (ii) 10% of the original net proceeds of the Series 23 Bonds.

“Series 23 Bonds” means the Series 23 Bonds of the Agency authorized to be issued in one or more Series by this Twenty-Seventh Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, a portion of the Series 23 Bonds may be issued as a separate issue for federal tax purposes and shall be designated as Series 24 Bonds. References herein to the Series 23 Bonds shall be deemed to include the Series 24 Bonds, if any.

“Series 23 Contingency Account” means the account in the Redemption Fund so designated and created pursuant to Section 3.01(e) hereof.

“Series 23 Contingency Account Deposits” means the Series 23 Contingency Account Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 23 Contingency Account will not adversely affect the then current unenhanced 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 23 Contingency Account.

"Series 23 Contingency Account Surety Bond" means the irrevocable surety bond issued by the Series 23 Contingency Account Deposit Provider to be held for the credit of the Series 23 Contingency Account and any extension thereof or substitute surety bond therefor deposited with the Trustee pursuant to Section 3.02(c) thereof.

"Series 23 Contingency Account Deposit Provider" means the provider of any other Series 23 Contingency Account Deposit as shall be provided in the Series Certificate

"Series 23 Cost of Issuance Account" means the account in the Program Fund so designated and created by Section 3.01(c) hereof.

"Series 23 Funded Loan Loss Claim Fund Requirement" means, at any date of computation, an amount equal to the Series 23 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Series 23 Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 23 Loan Loss Claim Fund.

"Series 23 Loan Loss Claim Fund" means the fund so designated and created pursuant to Section 3.01(a) hereof.

"Series 23 Loan Loss Claim Fund Deposit Provider" means the provider of any other Series 23 Loan Loss Claim Fund Deposit as shall be provided in the Series Certificate.

"Series 23 Loan Loss Claim Fund Deposits" means cash or any one or more of the following to the extent its deposit in the Series 23 Loan Loss Claim Fund will not adversely affect the then current unenhanced 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 23 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"Series 23 Loan Loss Claim Fund Requirement" means, as of any date of computation, (i) an amount at least equal to (A) one and eighty-five hundredths percent (1.85%) of the sum of (1) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 23

Program Account plus (2) the aggregate amount, if any, then held in the Series 23 Program Account which may be applied to the purchase of such Loans, less (B) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 23 Loan Loss Claim Fund, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

"Series 23 Loan Loss Claim Fund Surety Bond" means, if so provided in the Series Certificate, the irrevocable surety bond issued by the Bond Insurer to be held for the credit of the Series 23 Loan Loss Claim Fund and any extension thereof or substitute surety bond deposited with the Trustee pursuant to Section 3.02(b) hereof.

"Series 23 Note Purchase Contract" means the Purchase Contract, or Contracts, between the Agency and UBS Financial Services Inc., providing for the terms and conditions of the sale of the Series 23 Notes in substantially the form of the Note Purchase Contract executed in connection with the Agency's Series 22 Notes.

"Series 23 Notes" means the Series 23 Notes of the Agency authorized to be issued in one or more Series by this Twenty-Seventh Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, a portion of the Series 23 Notes may be issued as a separate issue for federal tax purposes and shall be designated as Series 24 Notes. References herein to the Series 23 Notes shall be deemed to include the Series 24 Notes, if any.

"Series 23 Obligations" means, collectively, the Series 23 Bonds and the Series 23 Notes.

"Series 23 Program Account" means the one or more Series 23 Obligations Program Accounts authorized to be established in the Series Certificate.

"Series 23 Rebate Account" means the account in the Rebate Fund so designated and created pursuant to Section 3.01(f) hereof.

"Series 23 Rebate Requirement" with respect to the Series 23 Obligations, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 3.05 hereof.

"Series 23 Reimbursement Agreements" means, as applicable, (i) the agreement by and between the Agency and the Series 23 Loan Loss Claim Fund Deposit Provider in connection with the Series 23 Loan Loss Claim Fund Deposit, (ii) the agreement by and between the Agency and the Series 23 Contingency Account Deposit Provider in connection with the Series 23 Contingency Account

Deposit and, (iii) the agreement by and between the Agency and the provider of a Liquidity Facility in connection with the issuance of any Variable Rate Bonds and, in each case, as such agreement or agreements may be amended from time to time in accordance therewith.

"Series 23 Tender Bonds" means the Series 23 Bonds selected in accordance with Section 2.03(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"Series 23 Tender Bonds Proceeds Subaccount" means the Series 23 Program Account Tender Bonds Proceeds Subaccount established pursuant to Section 3.01(b) hereof.

"Tender Bond Remarketing Agent" means, collectively, UBS Financial Services Inc., Citigroup Global Markets Inc. and A.G. Edwards & Sons, Inc. or any other investment banking firm, financial institution or other entity at the time acting in the capacity of Tender Bond Remarketing Agent under the Tender Bond Remarketing Agreement.

"Tender Bond Remarketing Agreement" means the Remarketing Agreement executed in connection with the remarketing of Series 23 Tender Bonds, in such form as shall be approved by the Agency prior to the Adjustment Date.

"Trustee" means TD Banknorth, N.A., Burlington, Vermont, or its successor in trust under the Resolution.

"Underwriters" means, collectively, UBS Financial Services Inc., Citigroup Global Markets Inc. and A.G. Edwards & Sons, Inc., as underwriters of the Series 23 Bonds and UBS Financial Services Inc. as underwriter of the Series 23 Notes; provided, however, that if the Series Certificate provides for the issuance of Variable Rate Bonds, such Variable Rate Bonds initially may be sold to one or more of the Underwriters.

"Yield" means the yield on the Series 23 Obligations or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 23 Obligations calculated as required by Sections 148(h) and 143(g) of the Code.

(c) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Twenty-Seventh Supplemental Resolution, the term "Interest Payment Date" shall mean (i) with respect to the Series 23 Bonds issued as Fixed Rate Bonds, May 1 and November 1 of each year commencing on November 1, 2005, (ii) with respect to any Series 23 Bonds issued as Variable Rate Bonds, such dates as shall be set forth in the Series Certificate, (iii) with respect to the Series 23 Notes, if any, such dates as shall be set forth in the Series Certificate and (iv) with respect to all Series 23 Bonds, any redemption date of any Series 23 Bonds and any other date on

which interest on the Series 23 Bonds is required or permitted by the Resolution to be paid.

Section 1.03. Authority. This Twenty-Seventh Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701 of the Resolution and in accordance with the Act.

ARTICLE II

AUTHORIZATION OF SERIES 23 OBLIGATIONS

Section 2.01. Series 23 Obligations; Authorization; Purpose; Findings.

(a) The Agency hereby authorizes the issuance of one or more Series of Bonds to be designated "Single Family Housing Bonds, Series 23" for the purpose of funding mortgage loans, costs of issuance, reserve funds and the refunding of certain obligations of the Agency. Each separate Series of Bonds shall have its own letter designation (i.e. Series 23A, Series 23B, Series 23C, etc.) as shall be set forth in the Series Certificate. In addition, the Agency hereby authorizes the issuance of one or more Series of Notes to be designated "Single Family Housing Notes, Series 23;" such Series of Notes shall be issued as short term obligations with a maturity of less than three years from the date of issuance thereof, the proceeds of which shall not be made available for the funding of mortgage loans until such obligations have been refunded with a series of long-term Bonds. Each Series of Notes shall have its own letter designation as shall be set forth in the Series Certificate (i.e. Series 23A, Series 23B, Series 23C, etc.). In addition, in order to distinguish between Bonds and Notes of different tax plans for federal tax purposes, the Bonds of such Series or the Notes of such Series may be designated (as herein provided and as may be provided in the Series Certificate or Certificates delivered in connection with such Bonds) as Series 24 Bonds and as the Series 24 Notes, and, within such designation(s), may be further designated as Series 24A, Series 24B, and so forth. References herein to the Series 23 Bonds and the Series 23 Notes shall be deemed to include the Series 24 Bonds and Series 24 Notes, if any.

Collectively, the aggregate Principal Amount of the Series 23 Bonds and the Series 23 Notes shall not to exceed \$105,000,000. The Agency hereby determines (i) that the original aggregate Principal Amount of the Series 23 Obligations is necessary to provide sufficient funds to be used and expended for the Program, (ii) that Loans made on behalf of the Agency with moneys allocable to the Series 23 Bonds can be issued bearing 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 and (iii) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 23 Bonds as provided herein and from the investment of the proceeds of the Series 23 Notes sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 23 Obligations and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 23 Obligations are being issued. For purposes of Section 204(B) of the Resolution, the Series 23 Bonds may be issued as

"Fixed Rate Bonds" as described in Section 203(B) of the Resolution or as "Variable-Rate Bonds" as described in Section 203(C) of the Resolution (or any combination of Fixed-Rate Bonds and Variable-Rate Bonds) and all or a portion of the Series 23 Bonds shall be issued as "Tender Bonds" as described in Section 203(D) of the Resolution.

If the Series Certificate provides for the issuance of Variable-Rate Bonds, the Series Certificate shall establish the requirements with respect to such Variable-Rate Bonds as provided in Section 203(C) of the Resolution.

(b) The Series 23 Obligations are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in one or more of the Series 23 Program Accounts, the Series 23 Cost of Issuance Account, the Series 23 Capitalized Interest Account, the Debt Service Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution. The amounts of the deposits described in this paragraph (b) shall be as set forth in the Series Certificate.

(c) Except as may otherwise be provided in the Series Certificate with respect to the issuance of Variable-Rate Bonds and subject to Section 2.02 hereof, all Series 23 Obligations shall be issued only in the form of fully registered bonds each in the denomination of \$5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letters "RA," "RB" or "RC," etc., as applicable, and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(d) The Series 23 Obligations shall be dated as shall be set forth in the Series Certificate. Subject to Section 2.03 hereof, the Series 23 Obligations shall mature on the dates and in the Principal Amounts and shall bear interest at the rates set forth in the Series Certificate; provided, however, that in no event shall the Yield on the Series 23 Obligations exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 23 Bonds in excess of 7.50% per annum nor may the final maturity date of the Series 23 Bonds be later than November 1, 2040.

(e) The Principal Amount and Redemption Price of the Series 23 Obligations shall be payable at the Principal Office of the Trustee. Interest on the Series 23 Obligations shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 23 Obligation on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 23 Obligations shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (e) to the contrary, if at any time the Series 23 Obligations are not restricted to being registered in the registry books of the Agency in the name of Cede &

Co., as nominee of the Bond Depository, as provided in Section 2.02 hereof, the Principal Amount and Redemption Price of and interest on the Series 23 Obligations of any registered owner of Series 23 Obligations of \$1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 23 Obligations on account of which such payment is made.

(f) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 23 Obligation a fee sufficient to reimburse the Agency for the cost of preparing each new Series 23 Obligation delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 2.02. Book Entry System. Notwithstanding the foregoing provisions of Section 2.01 hereof and anything in Article III of the Resolution to the contrary:

(a) The Series 23 Obligations shall be initially issued in the form of a single separate fully registered bond for each Series and maturity of the Series 23 Obligations in the amount of such maturity. Upon initial issuance, the ownership of the Series 23 Obligations shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 23 Obligations registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 23 Obligations. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 23 Obligations, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 23 Obligations, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 23 Obligations. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 23 Obligations only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 23 Obligations to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 23 Obligation evidencing the obligation of the Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of

Cede & Co., the words "Cede & Co." in this Twenty-Seventh Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(b) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 23 Obligations shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the owners transferring or exchanging Series 23 Obligations shall designate, in accordance with the provisions of the Resolution.

(c) In the event the Agency determines that Beneficial Owners should be able to obtain certificates for the Series 23 Obligations, the Agency shall notify the Bond Depository and the Trustee of the availability of such certificates. In such event, the Trustee shall issue, transfer and exchange certificates as requested by the Bond Depository (or, pursuant to Section 2.02(b) hereof, any other owner of Series 23 Obligations) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the certificates to any Participant having Series 23 Obligations credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 23 Obligations.

(d) Notwithstanding any other provision of this Twenty-Seventh Supplemental Resolution to the contrary, so long as any Series 23 Obligation is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 2.03. Adjusted Rate Bonds.

(a) The Series 23 Bonds are issued subject to the provision that all or part of such Series 23 Bonds issued as Fixed-Rate Bonds (other than any Series 23 Bonds designated as Series 23 Notes) may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 23 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 2.03.

(i) If at any time and from time to time during the Adjustment Option Period (but not less than 40 days prior to the end of the Adjustment Option Period) any amount attributable to the Series 23 Bonds remains on deposit in the Series 23 Program Account and the Agency has determined (A) that the rate of interest to be borne by Loans allocable to Series 23 Bonds bearing interest at the rates set forth in the Series Certificate either (1) exceeds that rate which the

Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (2) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans for the Agency or (B) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 23 Bonds bearing interest at the rates set forth in the Series Certificate 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 Tender Bond Remarketing Agent a certificate of an Authorized Officer directing the Tender Bond Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than two Business Days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 23 Bonds which are Fixed-Rate Bonds (not in excess of the amount then on deposit in the Series 23 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 Tender Bond 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 Tender Bond 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.

(ii) If on or after any Certification Date (A) 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 1/2 of 1% lower than the yield on the Series 23 Bonds (calculated as of the original date of authentication and delivery of the Series 23 Bonds) and (B) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 23 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 23 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (C) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 23 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 (D) 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 Tender Bond Remarketing Agent to call a Principal Amount of Series 23 Bonds which are Fixed-Rate 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. 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 33 days after the date such certificate is delivered to the Trustee.

(iii) If the Agency shall have elected to call a Principal Amount of Series 23 Bonds which are Fixed-Rate Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (ii) of this Section 2.03, the Trustee shall select the Outstanding Series 23 Bonds which are Fixed-Rate Bonds (hereinafter referred to as "Series 23 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 23 Bonds specified by the Agency pursuant to Paragraph (a)(ii) of this Section 2.03). If less than all Series 23 Bonds which are Fixed-Rate Bonds are to be tendered, Series 23 Bonds which are Fixed-Rate 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 23 Bonds which are Fixed-Rate Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 23 Bonds which are Fixed-Rate Bonds of all maturities Outstanding. If less than all Series 23 Bonds which are Fixed-Rate Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 23 Bonds which are Fixed-Rate 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 23 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). A copy of such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any Bonds Outstanding. In addition to the purposes provided in this Section 2.03, the notice of tender shall also constitute a notice of redemption of the Series 23 Tender Bonds on the Adjustment Date in whole or in part pursuant to Section 2.04(d) and Section 3.03(c) to the extent the conditions provided in Paragraphs (a)(iv) or (vii) of this Section 2.03 shall occur. Each such notice shall state in effect:

(A) the Principal Amount of Series 23 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(B) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (iv) or Paragraph (vii) of this Section 2.03(a) shall occur, Series 23 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 23 Tender Bonds for which they were exchanged;

(C) that the Holders of Series 23 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 23 Tender Bonds retained as provided in Section 2.03(b)(iii) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(D) that each Series 23 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 23 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 (iii) of Section 2.03(b);

(E) the date by which a Holder making the election described in Section 2.03(b)(iii) hereof must notify the Trustee of such election and the address and facsimile number to which a Holder making the election may deliver notice of such election;

(F) that if the Series 23 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);

(G) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of such Bondholder's Series 23 Tender Bonds in accordance with Section 2.03(b)(iii), unless such Bonds are registered in the name of the Bond Depository or its nominee, such Bondholder 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 23 Tender Bonds); and

(H) that if no adjustment of interest rate takes place as a result of a failure of or inability of the Tender Bond 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 such

Bondholder's Series 23 Tender Bonds, all of such Series 23 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(iv) On the Calculation Date the Tender Bond Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (v) of this Section 2.03(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 interest rate which, in the judgment of the Tender Bond 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 Tender Bond Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 23 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Tender Bond 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, facsimile or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (vii) of this Section 2.03(a), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 23 Tender Bonds purchased pursuant to subparagraph (b)(iii) 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 (1) an Arbitrage Projection Certificate, (2) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (vi) of this Section 2.03(a), (iii) an Adjustment Rating Certificate and (3) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 23 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 23 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(v) On the Certification Date and on the Calculation Date, the Tender Bond 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 2.01 and 2.04(d) hereof for the Series 23 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 Tender Bond Remarketing Agent pursuant to Section 2.04(d) hereof 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 23 Bonds of such maturity.

(vi) 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 (v) of this Section 2.03(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 23 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 23 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 23 Tender Bonds in accordance with Section 2.04(b) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 23 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 23 Bonds not later than five 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 3.03(c) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Series 23 Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Series 23 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 23 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 23 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Series 23 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, Series 23 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 23 Obligation Outstanding.

(vii) If on or prior to the second Business Day immediately preceding the Adjustment Date either (A) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (iv) of this Section 2.03(a) or (B) either (1) 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 (2) 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 in a principal amount sufficient to fully apply all proceeds allocable to the Adjusted Rate Bonds as herein provided, or (3) 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 without the assistance of the Agency, the Series 23 Tender Bonds (or such portion of the Principal Amount thereof as the Agency shall determine is necessary to satisfy the provisions of this Paragraph (vii)) 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 2.04(B) hereof.

(b) (i) Subject to Paragraph (b)(iii) of this Section 2.03, all Series 23 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 23 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 3.04(c) hereof at a purchase price equal to the Principal Amount thereof (including any initial issue premium paid with respect to the related maturity of the Series 23 Bonds) plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(A) Series 23 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (ii) hereof;

(B) Series 23 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (c) hereof not to purchase the same; or

(C) Series 23 Tender Bonds issued in exchange for or upon the transfer of Series 23 Tender Bonds referred to in the preceding sub clauses (A) or (B).

(ii) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 3.04(c) hereof, the purchase price of Series 23 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of sale of the Adjusted Rate Bonds to a person or persons designated by the Remarketing Agent (who may but need not be the Tender Bond Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Tender Bond 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 Tender Bond Remarketing Agent, acting pursuant to the Tender Bond Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the third 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.

(A) Any Series 23 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 23 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 Resolution, but shall have only the right to receive the purchase price thereof.

(B) For all Series 23 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 23 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.

(iii) Any Holder of Series 23 Tender Bonds who has received notice that such Holder's Series 23 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or facsimile 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 fifteenth (15th) 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 such Holder's Series 23 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 23 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 23 Tender Bonds for an amount of Adjusted Rate Bonds equal in Principal Amount to the Series 23 Tender Bonds tendered for exchange and of the same maturity as the Series 23 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 23 Tender Bonds for Adjusted Rate Bonds in the case of Series 23 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 Fifteenth (15th) 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 23 Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(iv) Unless otherwise agreed to by the Trustee with respect to Series 23 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 23 Tender Bonds described in subparagraph (iii) of this Section 2.03(b) shall be substantially in the form of Exhibit A hereto and shall state:

(A) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 23 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 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall occur, such Holder's Series 23 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(B) that such person is the owner of the Series 23 Tender Bonds to be exchanged for Adjusted Rate Bonds.

(v) Series 23 Tender Bonds purchased with moneys on deposit in the Debt Service Fund pursuant to Section 2.03(b)(i) hereof shall be cancelled by the Trustee.

(vi) Notwithstanding anything herein to the contrary, the aggregate principal amount of Adjusted Rate Bonds may be in an amount which exceeds the aggregate principal amount of Series 23 Tender Bonds (which increased amount reflects the unamortized premium paid with respect to any Series 23 Tender Bonds) upon receipt by the Trustee and the Agency of an opinion of Bond Counsel to the effect that the remarketing of the Adjusted Rate Bonds in such amount will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 23 Obligation.

Section 2.04. Redemption Provisions.

(a) The Series 23 Bonds shall be subject to optional redemption as set forth in the Series Certificate.

(b) All Series 23 Tender Bonds shall be subject to redemption prior to maturity in whole or in part on the Adjustment Date as provided in Section 2.03(a)(iv) and Section 2.03(a)(vii) hereof from moneys deposited in the Special Redemption Account pursuant to Section 3.04(b) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(c) The Series 23 Bonds shall be subject to special redemption as set forth in the Series Certificate upon compliance with the provisions of Section 509 of the Resolution.

(d) If so provided in the Series Certificate, Series 23 Bonds maturing on the dates set forth in the Series Certificate shall be subject to redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 23 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

(e) Except as otherwise provided herein, notice of redemption of Series 23 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 23 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than 60 days and not less than 30 days prior to the redemption date to the registered owners of all Series 23 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 23 Bonds or portions thereof given to the registered owner of \$1,000,000 or more Principal Amount of Series 23 Bonds Outstanding shall, upon the prior written request of such owner to the Trustee, be mailed by certified mail, return receipt requested. Failure to mail any redemption notice as herein provided with respect to a Series 23 Bond or any defect therein shall not affect the redemption of any other Series 23 Bonds for which the required notice of redemption shall have been given. Not less than two Business Days prior to the giving of any notice of redemption of Series 23 Bonds to the registered owners thereof, the Agency shall also give notice of such redemption to at least two national information services who customarily disseminate information concerning the redemption of bonds (provided failure to give such notice or any defect therein shall not affect the redemption of such Series 23 Bonds on the redemption date therefor). If any Series 23 Bonds called for redemption as provided herein are not presented for payment within 60 days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 23 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 23 Bonds on the redemption date therefor.

Section 2.05. Sale of Series 23 Obligations.

(a) The Series 23 Obligations shall be sold to the Underwriters and any other direct purchasers of the Series 23 Obligations on the terms and conditions, and upon the representations set forth in the related Purchase Contract, which Purchase Contract (or Purchase Contracts) may be executed and delivered on behalf of the Agency by the Chair, the Executive Director and Secretary, or any other Authorized Officer in such form as shall be approved by Counsel to the Agency; provided, however, that in no event shall the Yield on the Series 23 Obligations exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 23 Bonds in excess of 7.50% per annum nor may any Series 23 Bond mature later than November 1, 2040.

(b) The distribution of the preliminary Official Statements in a form comparable to the forms previously used by the Agency and acceptable to Counsel to the Agency is hereby authorized in all respects. The final Official Statements in substantially the form of the related preliminary Official Statement, as modified and supplemented to reflect the pricing of the Series 23 Obligations, is hereby approved and the execution and delivery thereof to the Underwriters and any other direct purchasers is hereby authorized in all respects.

(c) The Series 23 Obligations shall be delivered upon compliance with the provisions of Section 204 of the Resolution, at the time and place provided by the related Purchase Contract.

(d) The proceeds of the good faith check received by the Agency under any Purchase Contract shall be deposited with the Trustee in a special account established by the Agency and invested in Investment Obligations, subject to the terms of the related Purchase Contract.

ARTICLE III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF PROCEEDS OF SERIES 23 OBLIGATIONS

Section 3.01. Establishment of Funds and Accounts.

(a) In accordance with Section 502 of the Resolution, the Series 23 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 23 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 23 Bonds within the meaning and with the effect given by Section 207 of the Resolution, and the Series 23 Loan Loss Claim Fund Surety Bond, Investment Obligations and Series 23 Loan Loss Claim Fund Deposits held in such Fund shall be used for the purposes and as provided in Section 3.06 of this Twenty-Seventh Supplemental Resolution.

(b) There are hereby ordered to be established in the Program Fund one or more separate accounts to be designated as "Program Accounts" and "Premium Accounts" moneys in each of which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 3.03 of this Twenty-Seventh Supplemental Resolution. The actual number of such Program Accounts and Premium Accounts shall be set forth in the Series Certificate. There shall also be established within any Program Account relating to the Series 23 Bonds a separate subaccount designated the "Series 23 Tender Bonds Proceeds Subaccount," moneys in which shall be used solely for the purposes and as authorized by Section 3.04 hereof. Except as provided in Section 3.04 hereof, amounts on deposit in the Series 23 Tender Bonds Proceeds Subaccount shall be considered for all purposes of the Resolution as on deposit in the related Program Account for such Series 23 Bonds.

(c) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 23 Cost of Issuance

Account,” moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(d) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the “Series 23 Capitalized Interest Account,” moneys in which shall be used for the purposes and as authorized by Section 505(B) of the Resolution.

(e) 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 23 Contingency Account,” the amounts in which shall be used for the purposes and as authorized by Section 3.05 of this Twenty-Seventh Supplemental Resolution. The Series 23 Contingency Account shall be deemed to be Additional Security for the Series 23 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(f) There is hereby established in the Rebate Fund a separate account designated the “Series 23 Rebate Account,” moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 3.07 of this Twenty-Seventh Supplemental Resolution.

(g) The Series Certificate may establish such additional funds or accounts as may be required upon the issuance of any Series 23 Notes, Variable-Rate Bonds or upon the execution of any Hedge Agreement.

Section 3.02. Application of Proceeds and Other Moneys.

(a) Upon the authentication and delivery of the Series 23 Obligations, the proceeds of sale of the Series 23 Obligations shall be deposited by the Trustee as provided in the Series Certificate.

(b) On or before the original delivery date of the Series 23 Obligations, the Agency shall deliver to the Trustee cash, the Series 23 Loan Loss Claim Fund Surety Bond or Series 23 Loan Loss Claim Fund Deposits, in an aggregate stated amount equal to the Series 23 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 23 Loan Loss Claim Fund, as provided in Section 3.06 hereof.

(c) On or before the original delivery date of the Series 23 Obligations, the Agency shall deliver cash, the Series 23 Contingency Account Surety Bond or Series 23 Contingency Account Deposits to the Trustee in the amount provided in the Series Certificate. If a Series 23 Contingency Account Deposit is other than cash, the Series 23 Contingency Account Deposit shall have an initial term of at least five years from its date and shall be held by the Trustee for the credit of the Series 23 Contingency Account.

Section 3.03. Application of Certain Amounts in Series 23 Program Accounts.

(a) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided or as otherwise provided in the Series Certificate, amounts deposited in any Program Account created with respect to the Series 23 Bonds in accordance with

the Series Certificate 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 Series Certificate and in Section 504 of the Resolution. Amounts deposited in any Program Account created with respect to the Series 23 Bonds as provided herein, in the Series Certificate or in the Resolution 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 (i) the Agency shall furnish 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, and (ii) 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 unenhanced 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 23 Obligations in accordance with Section 207 of the Resolution.

(b) Amounts on deposit in any Program Account allocable to the Series 23 Bonds shall be applied by the Agency to the purchase or origination of Loans bearing interest at rates not less than the rates set forth in the Series Certificate for each type of Loan authorized by the Series Certificate. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restriction 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 the Series 23 Obligations.

(c) Amounts on deposit in any Program Account allocable to the Series 23 Notes shall be retained therein and applied to the payment of principal and interest on the applicable Series of Series 23 Notes.

(d) Amounts, if any, of deposit in any Premium Account allocable to the Series 23 Bonds of the Program Fund shall be applied by the Agency to provide down payment and closing cost assistance to borrowers who elect to receive Downpayment Assistance Loans as described in the Series Certificate. Notwithstanding the foregoing, the Agency may use amounts on deposit in any Premium Account allocable to the Series 23 Bonds to purchase or make Loans which do not constitute Downpayment Assistance Loans if at or prior to the purchase or making of such Loans to the Agency delivers to the

Trustee the Protection of Revenues and opinion of Bond Counsel described in clause (i) and (ii) of paragraph (b) of this Section 3.03.

Upon the mandatory tender of Series 23 Bonds pursuant to Section 2.03(b) hereof, the redemption of Series 23 Tender Bonds pursuant to Section 2.04(b) hereof or the redemption of Series 23 Bonds from unexpended proceeds pursuant to Section 2.04(c) hereof, amounts on deposit in the Series 23 Premium Account allocable to the initial issue premium, if any, paid with respect to the Series 23 Bonds, shall be transferred to the Series 23 Tender Bonds Proceeds Subaccount or the Special Redemption Account, as applicable, to pay a portion of the tender price or redemption price, as applicable, of the Series 23 Bonds.

Section 3.04. Application of Series 23 Tender Bond Proceeds Subaccount.

(a) 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 2.03(a)(ii) hereof to the effect that the Agency has elected to call a Principal Amount of Series 23 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw (i) from the Program Accounts allocable to the Series 23 Bonds and deposit in the Series 23 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 23 Bonds so certified and (ii) from any Premium Account allocable to the Series 23 Bonds and deposit in the Series 23 Tender Bonds Proceeds Subaccount an amount equal to the initial issue premium paid with respect to any Series 23 Tender Bonds. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (b) and (c) of this Section 3.04.

(b) Notwithstanding anything in Section 504 of the Resolution to the contrary, if the conditions specified in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall have occurred, the Trustee shall transfer from the Series 23 Tender Bonds Proceeds Subaccount to the Series 23 Special Redemption Account in the Redemption Fund all or such portion of such funds on deposit in the Series 23 Tender Bonds Proceeds Subaccount as shall be directed by the Agency for application to the redemption of all Series 23 Tender Bonds in accordance with Section 2.04(b) hereof.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 23 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 2.03(b)(ii) hereof, the Trustee shall transfer from the Series 23 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the sum of (i) the Principal Amount of all such Series 23 Tender Bonds not so remarketed and (ii) the initial issue premium allocable to any Series 23 Tender Bonds issued with such premium not so remarketed. The amounts so transferred shall be applied on the Adjustment Date to the purchase of Series 23 Tender Bonds as provided in Section 2.03(b)(i) hereof.

(d) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (b) and (c) of this Section 3.04, the Trustee shall return the entire balance then remaining in the Series 23 Tender Bonds Proceeds

Subaccount to the related Program Account allocable to the Series 23 Bonds and any Premium Account allocable to the Series 23 Bonds, as applicable, for application thereafter as provided in Section 504 of the Resolution and Section 3.03 hereof.

Section 3.05. Application of Series 23 Contingency Account.

(a) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of Bonds with funds on deposit in a Special Redemption Account 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 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 cash deposited by the Agency, the Series 23 Contingency Account Surety Bond or the Series 23 Contingency Account Deposit, as applicable, for the credit of the Series 23 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 23 Bonds (and, to the extent provided in the Series Certificate, any other Bonds of the Agency) as described in Paragraph (a) of this Section 3.05 and, to the extent provided in the applicable Supplemental Resolution and, if the Agency has provided a Series 23 Contingency Account Deposit, with the prior approval of the Series 23 Contingency Account Deposit Provider, upon the redemption of any other Series of Bonds Outstanding under the Resolution. The Agency hereby instructs the Trustee, as applicable, to withdraw funds on deposit in the Series 23 Contingency Account or to give notice to the Series 23 Contingency Account Deposit Provider and to draw upon the Series 23 Contingency Account Deposit 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 23 Contingency Account Deposit and amounts on deposit in or held for the credit of the Series 23 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (a) of this Section 3.05 or the related provision of any applicable Supplemental Resolution set forth in the Series Certificate 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 23 Bonds (and any other Bonds of the Agency set forth in the Series Certificate) as described in Paragraph (a) of this Section 3.05. Any such certificate shall include instructions to the Trustee to draw upon the Series 23 Contingency Account Deposit 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 a Series 23 Contingency Account Deposit is held under the Resolution for the account of the Series 23 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 23 Contingency Account

Deposit and return it to the Series 23 Contingency Account Deposit Provider 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 unenhanced ratings then assigned to any Bonds Outstanding. In the event the Agency has deposited cash with the Trustee in lieu of a Series 23 Contingency Account Deposit, the Agency may direct the Trustee to withdraw any or all funds on deposit in the Series 23 Contingency Account and return such funds to the Agency upon the same conditions as a reduction or cancellation of the Series 23 Contingency Account Deposit.

(d) If the Trustee shall receive a notice from the Series 23 Contingency Account Deposit Provider pursuant to the Series 23 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 23 Reimbursement Agreement and the Series 23 Contingency Account Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the stated and unpaid amount of the Series 23 Contingency Account Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 23 Contingency Account.

(e) Subject to the provisions of Paragraph (c) of this Section 3.05, not less than five Business Days prior to the date of expiration of the Series 23 Contingency Account Deposit the Agency shall deposit with the Trustee an extension thereof or a substitute Series 23 Contingency Account Deposit therefor (the deposit of which will not adversely affect the unenhanced 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 initial Series 23 Contingency Account Deposit. If the Agency shall fail to deposit such extension or substitute letter of credit, not less than three Business Days prior to the expiration date of the Series 23 Contingency Account Deposit the Trustee shall draw upon the Series 23 Contingency Account Deposit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 23 Contingency Account. If at any time thereafter the Agency shall certify to the Trustee in accordance with Paragraph (c) of this Section 3.05 that all or a portion of the amount on deposit in the Series 23 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 23 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(f) Withdrawals from the Series 23 Contingency Account pursuant to Paragraphs (b) or (c) of this Section 3.05 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 23 Contingency Account and *second*, from amounts drawn on any Series 23 Contingency Account Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 23 Contingency Account 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 23 Contingency Account 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 23 Contingency Account 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 23 Contingency Account Deposit.

(g) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 23 Contingency Account shall be transferred by the Trustee to the Agency.

Section 3.06. Application of Series 23 Loan Loss Claim Fund.

(a) The Trustee shall deposit in the Series 23 Loan Loss Claim Fund (i) the amount, if any, set forth in the Series Certificate, (ii) all amounts drawn on the Series 23 Loan Loss Claim Fund Deposit, if any, in accordance with this Section 3.06, (iii) any amount deposited therein from the Revenue Fund pursuant to Section 3.08 of this Twenty-Seventh Supplemental Resolution, (iv) all interest and other earnings on investment or deposit of amounts on deposit in the Series 23 Loan Loss Claim Fund and (v) 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 23 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 23 Loan Loss Claim Fund Deposit, shall be used solely for the purposes provided in Paragraphs (b) and (c) of this Section 3.06.

(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 23 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 23 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 3.05(b) hereof shall occur and the amount on deposit in or held for the credit of the Series 23 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Series 23 Loan Loss Claim Fund Deposit Provider and shall draw the amount of the deficiency from the Series 23 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 3.05(b) hereof the amount on deposit in the Series 23 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 23 Loan Loss Claim Fund Deposit, if any, shall be not less than the Series 23 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 23 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 3.05(b) hereof.

(d) Withdrawals from the Series 23 Loan Loss Claim Fund pursuant to Paragraphs (b) or (c) of this Section 3.06 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 23 Loan Loss Claim Fund

and *second*, from amounts drawn on any 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 23 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 23 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 23 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 23 Loan Loss Claim Fund Deposit.

(e) Notwithstanding the foregoing provisions of this Section 3.06, nothing in the Resolution or this Twenty-Seventh Supplemental Resolution shall obligate the Agency to deposit in the Series 23 Loan Loss Claim Fund an amount which would cause the balance in the Series 23 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 23 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 (i) 1.85% of the sum of (A) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in any Program Account allocable to the Series 23 Bonds plus (B) the aggregate amount, if any, then held in any Program Account allocable to the Series 23 Bonds which may be applied to the purchase of such Loans, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(f) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 23 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 23 Loan Loss Claim Fund provided that prior to any such withdrawal the Agency shall deliver to the Trustee (i) one or more Reserve Deposits in an aggregate amount available to be drawn thereunder, together with any moneys to remain on deposit in the Series 23 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 23 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 23 Loan Loss Claim Fund.

(g) Subject to Paragraph (h) of this Section 3.06, if at any time the amount of cash and Investment Obligations on deposit in the Series 23 Loan Loss Claim Fund exceeds the Series 23 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.

(h) If at any time (i) the amount of cash and Investment Obligations in the Series 23 Loan Loss Claim Fund exceeds the Series 23 Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 23 Loan Loss Claim Fund Deposit exceeds the Series 23 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Series 23 Loan Loss Claim Fund Deposit Provider of a reduction in the stated amount of the Series 23 Loan Loss Claim Fund Deposit; provided that if any such excess has resulted from a decrease in the Series 23 Loan Loss Claim Fund Requirement other than due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 3.06, 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 23 Loan Loss Claim Fund Deposit will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(i) If the Trustee shall receive a notice from the Series 23 Loan Loss Claim Fund Deposit Provider pursuant to the Series 23 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 23 Reimbursement Agreement and the Series 23 Loan Loss Claim Fund Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 23 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 23 Loan Loss Claim Fund Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 23 Loan Loss Claim Fund.

(j) Not less than five Business Days prior to the date of expiration of the Series 23 Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 23 Loan Loss Claim Fund Deposit in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 23 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 23 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 23 Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 23 Loan Loss Claim Fund Deposit with the Trustee, not less than three Business Days prior to the expiration date of the Series 23 Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 23 Loan Loss Claim Fund Deposit and deposit in the Series 23 Loan Loss Claim Fund an amount sufficient to cause the Series 23 Funded Loan Loss Claim Fund Requirement to equal the Series 23 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 23 Loan Loss Claim Fund Deposit.

(k) Notwithstanding anything herein or in the Resolution to the contrary, the Series 23 Loan Loss Claim Fund Requirement shall be reduced to zero 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 23 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys on deposit in any Program Account allocable to the Series 23 Bonds 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 23 Loan Loss Claim Fund requirement will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

Section 3.07. Series 23 Rebate Account.

(a) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a yield equal to the Yield on the Series 23 Obligations, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 23 Rebate Account and available therefor is sufficient for such payment, and to establish such accounting procedures as are required to determine the amount of such excess investment earnings and the Series 23 Rebate Requirement.

(b) Within 30 days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 23 Rebate Requirement for such Bond Year.

(c) Within 60 days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 23 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within 60 days after the Series 23 Obligations have been paid in full, the Trustee shall pay to the United States from the Series 23 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, 1600 W. 1200 S., Ogden, UT 84201 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038-T (or other similar information reporting form).

(d) In the event that, at the time of any required payment of the Series 23 Rebate Requirement, the amount in the Series 23 Rebate Account available for such payment shall be insufficient to make such payment, the Agency shall pay the amount of the deficiency from the General Fund or from any other moneys available to the Agency and not pledged under the Resolution to the Bonds.

(e) In the event that on any Interest Payment Date of the Series 23 Obligations the amount on deposit in the Series 23 Rebate Account exceeds the Series 23 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

(f) For purposes of this Section 3.07, the term "Nonpurpose Investments" shall have the meaning given in Section 148(f) of the Code. Nonpurpose Investments shall be valued at accreted value or market value, as appropriate for the purposes of this Section 3.07. In determining the aggregate amount earned on Nonpurpose Investments, any gain or loss on the disposition of such Investments shall be taken into account.

(g) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 23 Obligations.

(h) The purpose of this Section 3.07 is to satisfy the requirements of Section 148(f) of the Code and any applicable regulations thereunder or official interpretations thereof. Accordingly, this section shall be construed so as to meet such requirements.

Section 3.08. 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 the Series 23 Obligations, after satisfying the requirements of Clauses (i) through (vii), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 23 Bonds to the Series 23 Loan Loss Claim Fund to the extent the amount therein is less than the Series 23 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 23 Obligations that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year pursuant to such Section 506(B)(7) shall not exceed the sum of (i) \$10,000 plus (ii) the sum of the fees and reimbursement amounts payable to the Series 23 Loan Loss Claim Fund Deposit Provider in connection with the Series 23 Loan Loss Claim Fund Deposit, the fees and reimbursement amounts payable to the Series 23 Contingency Account Deposit Provider in connection with the Series 23 Contingency Account Deposit, the expenses and reimbursements payable to the Bond Insurer in connection with the

Municipal Bond Insurance Policy, the amount of the Municipal Bond Insurance Policy Premium, any fees, expenses and reimbursements payable to the provider of any Hedge Agreement, any fees, expenses and reimbursements payable to the providers of any Liquidity Facility and any fees, expenses and reimbursements payable with respect to the issuance of Variable-Rate Bonds 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 unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(c) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 23 Obligations shall be transferred to the General Fund pursuant to such Section 506(B)(viii) unless (i) there are no amounts owed to the Series 23 Loan Loss Claim Fund Deposit Provider or the Series 23 Contingency Account Deposit Provider under either of the Series 23 Reimbursement Agreements, (ii) there are no amounts owed to the provider of any Hedge Agreement or Liquidity Facility, and (iii) the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(viii) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 23 Obligations, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 23 Obligations, other than amounts held in the Rebate Fund, the Series 23 Contingency Account and the Series 23 Loan Loss Claim Fund and the amounts attributable to the Series 23 Obligations then to be paid to the Agency in accordance with said Section 506(B)(viii), are at least equal to 101% of the Principal Amount of all Series 23 Obligations plus all interest accrued and unpaid thereon as of such date.

(d) The Agency hereby acknowledges and agrees that amounts payable under each of the Series 23 Reimbursement Agreements and any fees, expenses or reimbursements under any Hedge Agreement constitute Program Expenses and shall be paid in accordance with Section 506(B)(7) of the Resolution and Section 3.08(b) hereof.

ARTICLE IV

FORM OF SERIES 23 OBLIGATIONS

Section 4.01. Form of Series 23 Obligations.

(a) All Series 23 Obligations authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution or this Twenty-Seventh Supplemental Resolution, as the Chair, Executive Director and Secretary or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 23 Obligations hereunder.

(b) The Adjusted Rate Bonds shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution and this Twenty-Seventh

Supplemental Resolution, as the Chair, Executive Director and Secretary or other Authorized Officer of the Agency shall determine and certify to the Trustee on or before the Adjustment Date.

ARTICLE V

MISCELLANEOUS

Section 5.01. Authorization of Officers. The Chair, Vice Chairman or any other Commissioner of the Agency, Executive Director and Secretary, Chief Financial Officer and Treasurer, Chief of Program Operations, Director of Homeownership Programs of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any all documents, certificates and other instruments necessary or desirable to effectuate the transaction contemplated by this Twenty-Seventh Supplemental Resolution, the Resolution, the Purchase Contracts, the Tender Bond Remarketing Agreement, the Continuing Disclosure Agreement, the Official Statement or any other document contemplated herein.

Section 5.02. Series Certificate. The Chair or Vice-Chairman and the Executive Director and Secretary are hereby authorized to execute the Series Certificate in such form as shall be approved by Counsel to the Agency and to deliver the same to the Trustee.

Section 5.03. Reimbursement Agreement. The Chair, Vice-Chairman, or any other Commissioner, Executive Director and Secretary, Chief Financial Officer and Treasurer or Chief of Program Operations are hereby authorized to execute the Series 23 Reimbursement Agreements in such form as shall be approved by Counsel to the Agency and to deliver the same to the Series 23 Loan Loss Claim Fund Deposit Provider, the Series 23 Contingency Account Deposit Provider and the provider of any Liquidity Facility, as applicable.

Section 5.04. Hedging Transactions.

(a) In furtherance of the powers of the Agency granted in the Act, the Agency is hereby authorized to enter into a Hedge Agreement in connection with the issuance of the Series 23 Bonds so long as the Hedge Agreement and the terms thereof is consistent with the Agency's then existing Swap Management Plan and so long as the provider of the Hedge Agreement is, at the time the Agency enters into the Hedge Agreement, a Qualified Institution or the provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution;

(b) If the Agency shall enter into any Hedge Agreement with respect to the Series 23 Bonds, then during the term of the Hedge Agreement and so long as the provider of the Hedge Agreement is not in default:

(i) for purposes of any calculation of Debt Service, the interest rate on the Series 23 Bonds with respect to which the Hedge Agreement applies shall be determined as if such Series 23 Bonds had interest payments equal to the interest payable on those Series 23 Bonds less any payments reasonably expected to be made to the Agency by the provider and plus any payments reasonably expected to be made by the Agency to the provider in accordance with the terms of the

Hedge Agreement (other than fees or termination payments payable to such provider for providing the Hedge Agreement);

(ii) any such payments (other than fees and termination payments) required to be made by the Agency to the provider pursuant to such Hedge Agreement shall be made from amounts on deposit in the Debt Service Fund on a parity basis with the payment of principal and interest on the Bonds and, as permitted by Section 207 of the Resolution, the obligation of the Agency to make such payments (other than fees and termination payments) shall be secured by a lien on and pledge of the Revenues, Loans, Reserve Deposits and other moneys, securities and rights under the Resolution on a parity with the pledge provided to the Owners of the Bonds as set forth in Section 501 of the Resolution;

(iii) any such payments received by or for the account of the Agency from the provider pursuant to such Hedge Agreement shall be deposited in the Debt Service Fund; and

(iv) fees and termination payments, if any, payable to the provider of the Hedge Agreement shall be treated as Program Expenses and shall be paid in accordance with Section 3.08(d) hereof.

Section 5.05. Tender Bond Remarketing Agent.

(a) The Tender Bond Remarketing Agent is hereby appointed by the Agency to serve as Tender Bond Remarketing Agent hereunder.

(b) Any corporation, association, partnership or firm which succeeds to the business of the Tender Bond Remarketing Agent (collectively, the "Agents") as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of such Agent under the Resolution. Such successor Agent shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and predecessor Agent shall from time to time execute, deliver, record and file such instruments as the incumbent Agent may reasonably require to confirm or perfect any succession hereunder.

(c) In the event that an Agent shall resign or be dissolved, or if the property or affairs of an Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Agency, by certificate of an Authorized Officer filed with the Trustee, shall appoint a successor. If in any such case the Agency shall fail to appoint a successor, the Trustee shall appoint a successor.

Section 5.06. Continuing Disclosure Agreement. The Continuing Disclosure Agreement is hereby approved in substantially the form of the Continuing Disclosure Agreement executed in connection with the issuance by the Agency of its Series 22 Bonds with such changes, omissions, insertions and revisions thereto as the Chair, the Executive Director and Secretary or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned

officers of the Agency are, and each of them is, hereby authorized to execute the Continuing Disclosure Agreement and, upon such execution, to deliver it to the Continuing Disclosure Agent.

Section 5.07. Additional Documents and Agreements. The Chair, Vice-Chairman, or any other Commissioner, Executive Director and Secretary, Chief Financial Officer and Treasurer or Chief of Program Operations are hereby authorized and directed to execute and deliver any other document, agreement or certificate contemplated by this Supplemental Resolution, including, without limitation, any Purchase Contract, Hedge Agreement, Liquidity Facility or Remarketing Agreement and any other document, agreement or certificate related thereto, in such forms as shall be approved by Counsel to the Agency.

Section 5.08. Private Activity Volume Cap. The Agency hereby authorizes the use of its available private activity volume cap in an amount not to exceed \$75,000,000 in connection with the issuance of the Series 23 Obligations. The actual amount of private activity volume cap to be utilized for the Series 23 Obligations shall be set forth in the Series Certificate.

Section 5.09. Agency Contribution. The Agency is hereby authorized to contribute to the Resolution available funds of the Agency in an amount not to exceed three percent (3%) of the aggregate principal amount of the Series 23 Obligations for such purposes as shall be set forth in the Series Certificate, including, but without limitation, the payment of Costs of Issuance and capitalized interest.

Section 5.10. Effective Date. This Twenty-Seventh Supplemental Resolution shall take effect immediately.

ARTICLE VI

MUNICIPAL BOND INSURANCE POLICY

Section 6.01. Municipal Bond Insurance Policy. If the Series Certificate provides for the acquisition of a Municipal Bond Insurance Policy in connection with all or a portion of the Series 23 Bonds, the Agency shall deposit such Municipal Bond Insurance Policy with the Trustee on the date of issuance of the Series 23 Bonds.

Section 6.02. Payment Procedures. Except as shall otherwise be provided in the Series Certificate, as long as any such Municipal Bond Insurance Policy shall be in full force and effect, the Agency and the Trustee agree to comply with the following provisions:

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Series 23 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or facsimile of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 23 Bonds due on such Payment

Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 23 Bonds and the amount required to pay principal of the Series 23 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) In the event the claim to be made is for a Sinking Fund Installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Series 23 Bonds a new Series 23 Bond or Series 23 Bonds in the aggregate principal amount equal to the unredeemed portion of the Series 23 Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 23 Bonds paid by the Bond Insurer, whether by virtue of Sinking Fund Redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 23 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 23 Bond to the Insurer, registered in the name of the Bond Insurer or its designee, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 23 Bond shall have no effect on the amount of principal or interest payable by the Agency on any Series 23 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Series 23 Policy Payments Account of the Debt Service Fund (which Series 23 Policy Payments Account is hereby created) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 23 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the Series 23 Bonds referred to herein as the "Series 23 Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of holders of the Series 23 Bonds and shall deposit any such amount in the Series 23 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Series 23 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 23 Bonds under the sections hereof regarding payment of Series 23 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Funds held in the Series 23 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee or of any other person or entity.

(f) Any funds remaining in the Series 23 Policy Payments Account following a payment date with respect to the Series 23 Bonds shall promptly be remitted to the Bond Insurer.

(g) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 23 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy.

Section 6.03. Notices to the Bond Insurer.

(a) While any Municipal Bond Insurance Policy is in effect, the Agency shall cause to be furnished to the Bond Insurer:

(i) as soon as practicable after the filing thereof, a copy of any financial statement of the Agency and a copy of any audit and annual report of the Agency;

(ii) a copy of any notice to be given to the registered owners of the Series 23 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 23 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 23 Bonds;

(iii) any notice or certificate given to a Nationally Recognized Credit Rating Agency;

(iv) notice of any draw upon the Bond Reserve Fund within two Business Days after knowledge thereof other than (A) withdrawals of amounts in excess of the Bond Reserve Requirement and (B) withdrawals in connection with a refunding of Bonds;

(v) notice of any default known to the Trustee within five Business Days after knowledge thereof;

(vi) prior notice of the advance refunding or redemption of any of the Series 23 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(vii) notice of the resignation or removal of the Trustee, Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(viii) notice of the commencement of any proceeding by or against the Agency commenced under the United States Bankruptcy Code or any other

applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(ix) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 23 Bonds;

(x) any data, cash flow schedules or other information relating to the Agency, the Resolution or the trust estate pledged under the Resolution as Financial Security may reasonably request;

(xi) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Resolution, the Twenty-Seventh Supplemental Resolution or any other document executed in connection with issuance of the Series 23 Bonds;

(xii) all reports, notices and correspondence with respect to the Series 23 Bonds to be delivered under the terms of the Resolution, the Twenty-Seventh Supplemental Resolution or any other document executed in connection with the issuance of the Series 23 Bonds;

(xiii) such additional information it may reasonably request; and

(xiv) all notices, documents and certificates furnished the Bond Insurer in accordance with this Section 6.03(a) shall be delivered to such address as shall be designated by the Bond Insurer. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) The Trustee shall notify the Bond Insurer of any failure of the Agency to provide any notice, certificate or other document required under the Resolution.

(c) The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 23 Bonds with appropriate officers of the Agency. The Trustee and the Agency will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 23 Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Agency's expense, and the Agency's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 23 Bonds.

(e) Notwithstanding any other provision of the Resolution, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 23 Bonds as required and immediately upon the occurrence of any Event of Default with respect to the Series 23 Bonds.

Section 6.04. Consent of the Bond Insurer. While any Municipal Bond Insurance Policy is in effect, no modification, amendment or supplement to the Resolution, the Twenty-Seventh Supplemental Resolution or any other document executed in connection with the Series 23 Bonds that requires the consent of the owners of the Series 23 Bonds may become effective except upon obtaining the prior written consent of the Bond Insurer. Additionally, no amendment, modification or supplement to the Resolution or the Twenty-Seventh Supplemental Resolution shall be permitted unless the Bond Insurer receives a written confirmation from Standard and Poor's and Moody's that, after giving effect to such amendment, modification or supplement, the Series 23 Bonds will be rated no less than "A+" and "A1" respectively (without giving effect to the Municipal Bond Insurance Policy). Copies of any modification or amendment to the Resolution, the Twenty-Seventh Supplemental Resolution or any other document executed in connection with the Series 23 Bonds shall be sent to each Nationally Recognized Credit Rating Agency at least 10 days prior to the effective date thereof.

Section 6.05. Consent of the Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Agency must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Series 23 Bondholders absent a default by the Bond Insurer under the Municipal Bond Insurance Policy.

Section 6.06. Rights of Bond Insurer. The Bond Insurer shall be deemed to be the sole holder of the Series 23 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 23 Bonds insured by it are entitled to take pursuant to Article IX (pertaining to defaults and remedies) and Article X (pertaining to the Trustee) of the Resolution. The Trustee shall take no action with respect to the Series 23 Bonds pursuant to such Article IX and Article X except with the consent, or at the direction, of the Bond Insurer.

In addition, in the event the maturity of the Series 23 Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such Series 23 Bonds shall be fully discharged.

Section 6.07. Defeasance of Series 23 Bonds. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 23 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 23 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Resolution and all covenants, agreements and other obligations of the Agency to the registered owners of the

Series 23 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Notwithstanding anything in Article XI of the Resolution to the contrary, only (a) cash and (b) non-callable direct obligations of the United States of America shall be authorized to be used to effect defeasance of the Series 23 Bonds unless the Bond Insurer otherwise approves. In addition, in order to accomplish a defeasance the Agency shall cause to be delivered to the Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 23 Bonds in full on the Bond maturity and redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 23 Bonds are no longer "Outstanding" under the Resolution; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency, the Trustee and the Bond Insurer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. The Series 23 Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

Section 6.08. Payment of Municipal Bond Insurance Premium; Expenses. Notwithstanding any provision of Section 506 of the Resolution to the contrary, amounts on deposit in the Revenue Fund and allocable to the Series 23 Bonds shall be used to pay the Municipal Bond Insurance Policy Premium prior to being deposited in the Bond Reserve Fund to replenish any deficiency therein as provided in Section 506(B)(2) of the Resolution.

In addition, the Agency shall pay or reimburse the Bond Insurer as a Program Expense pursuant to Section 5.06(B)(7) of the Resolution, but only to the extent of the trust estate pledged under the Resolution, any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (a) the administration, enforcement, defense or preservation of any rights or security under the Resolution, this Twenty-Seventh Supplemental Resolution or any other document executed in connection with the issuance of the Series 23 Bonds; (b) the pursuit of any remedies under the Resolution, this Twenty-Seventh Supplemental Resolution or any other document executed in connection with the issuance of the Series 23 Bonds or otherwise afforded by law or equity, (c) any amendment, waiver or other action with respect to, or related to, the Resolution, this Twenty-Seventh Supplemental Resolution or any other document executed in connection with the issuance of the Series 23 Bonds whether or not executed or completed, (d) the violation by the Agency of any law, rule or regulation, or any judgment, order or decree applicable to it or (e) any litigation or other dispute in connection with the Resolution, this Twenty-Seventh Supplemental Resolution or any other document executed in connection with the issuance of the Series 23 Bonds or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Municipal Bond Insurance Policy. The Agency acknowledges that the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or

consent proposed in respect of the Resolution, this Twenty-Seventh Supplemental Resolution or any other document executed in connection with the issuance of the Series 23 Bonds.

Section 6.09. Payments by Bond Insurer. The Bond Insurer shall be entitled to pay principal or interest on the Series 23 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the Series 23 Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

Section 6.10. Additional Bonds. No additional parity Bonds may be issued under the Resolution unless (a) the Bond Insurer receives written confirmation that the rating assigned to such bonds by S&P and Moody's shall be no less than "A+" and "A1" respectively (without giving effect to a municipal bond insurance policy or any other credit enhancement) and (b) the Bond Insurer receives a copy of the Projection of Revenues (as defined in the Resolution); provided, however, that failure to comply with this Section 6.10 shall not relieve the Bond Insurer of any of its obligations under the Municipal Bond Insurance Policy.

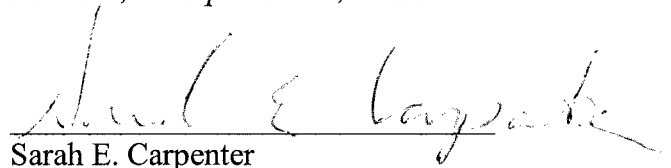
Section 6.11. The Bond Insurer as Beneficiary Hereof. To the extent that this Twenty-Seventh Supplemental Resolution confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Resolution, the Bond Insurer is hereby explicitly recognized as being a beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 6.12. Parties Interested Herein; References to Ratings. Nothing in this Twenty-Seventh Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 23 Obligations, any right, remedy or claim under or by reason of this Twenty-Seventh Supplemental Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Twenty-Seventh Supplemental Resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 23 Obligations.

Notwithstanding anything in the Resolution or this Twenty-Seventh Supplemental Resolution to the contrary, any reference in the Resolution or the Twenty-Seventh Supplemental Resolution with respect to the ratings maintained in the Series 23 Obligations by any Nationally Recognized Credit Rating Agency shall mean the unenhanced credit rating on the Series 23 Obligations.

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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 by telephone conference at Burlington, Vermont, on September 8, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

EXHIBIT A

DIRECTION TO TENDER

**VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS**

Series 23 Tender Bonds Selected
For Tender on _____

TD Banknorth, N.A.
Burlington, VT 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 23 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 23 Tender Bonds which we have elected to retain in exchange for Adjusted Rate Bonds and the maturity date or dates thereof are listed below:

Series	Maturity	Amount
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[Remainder of page intentionally left blank]

We acknowledge that if certain conditions described in the Agency's Twenty-Seventh Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 23 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., a nominee of The Depository
Trust Company

Signature

Name

Date



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Converse Home

272 Church Street, Burlington

Thursday, September 22, 2005 at 10:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, John Hall (designee for Dorn), Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Craig Bailey, Scott Baker, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Tim Gutchell, Pat Loller, Gary Marini, Cindy Reid, Liza Plantilla

Guest: Ken Deon and Marysue (Missy) Kelsen (KPMG LLP), Michael Koessel (Citigroup Global Markets, Inc.)

Chair Randall called the meeting to order at 11:20 a.m. following a tour of Converse Home led by Tom Little (Chair), Mary Ellen Spencer (Vice Chair), Anita Chaisty (Executive Director), and Kandace Benedini (Marketing Director). A quorum of the Board was present.

BOARD MINUTES

Mr. Beaulieu made a motion to approve the August 18, 2005 Board of Commissioners meeting minutes. Mr. Seelig seconded the motion which was approved by all except Ms. Canney who abstained.

Mr. Beaulieu made a motion to approve the September 8, 2005 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was approved by all except Mr. Seelig who abstained.

CONSENT AGENDA

Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):

- ~ Ratification of final version of Bylaws reflecting recent statutory changes
- ~ Ratification of appointment of Janet Spitler to the Housing Vermont Board
- ~ Resolution Re: Construction Financing and Proposed Allocation of Allocated Housing Credits for Main Street Mill Redevelopment, Richford
- ~ Resolution Re: Proposed Allocation of Allocated Housing Credits for Wilder Block, Brattleboro

Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

FY2005 Draft Financials

A new draft of the financial statements dated 9/21/2005 was distributed.



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org



Mr. Marini introduced Ken Deon, Audit Engagement Partner and Managing Partner of KPMG/Burlington, and Missy Kelsen, Audit Engagement Manager, of KPMG. He thanked them, Mr. Baker and Mr. Gutchell for all of their hard work on the financial statements. Mr. Deon recognized Mr. Marini for his efforts as well.

Mr. Deon discussed KPMG's responsibilities in the audit and reviewed required communications per Generally Accepted Auditing Standards. KPMG is responsible for obtaining reasonable assurance that the financial statements are free of material misstatements caused by error or fraud and for ensuring that the unaudited Management's Discussion and Analysis (MD & A) is consistent with the financial statements. Although KPMG is not required to render an opinion on internal controls, it does spend time looking at these and believes the Agency's internal controls are very strong. As no deficiencies were found, KPMG is not required to issue a Management Letter. KPMG also found management's judgments and accounting estimates to be reasonable and accurate.

Mr. Deon explained that KPMG is required to communicate to the Board that the Agency adopted a new accounting disclosure policy known as GASB # 40, which does not impact the Agency's net assets.

Mr. Deon further explained that he is required to confirm to the Board KPMG's independence from VHFA under all relevant professional and regulatory standards and did so.

Ms. Randall explained that the Audit/Risk Management Committee reviewed the draft financials in detail at its meeting just prior to this and accepted the audit with a minor adjustment. Ms. Pearce recapped her motion explaining this adjustment (see Mr. Candon's motion below). Ms. Randall also thanked Mr. Deon, Ms. Kelsen and VHFA staff for their efforts, which resulted in a smooth process.

Ms. Carpenter explained that the net loss of \$1.9 million is due to the creation of a loan loss reserve of \$3.5 million, comprised of excess yield loans, coincidentally, and VHCB Participation Loans that we may not collect, \$1.5 million and \$2 million respectively.

Mr. Candon made a motion to approve the FY05 draft financials dated 9/21/2005 with the following adjustments and conditions:

1. Note 12 on page 23, with respect to the \$9.4 million (the third paragraph of the note) will be moved to Note 2(b) on page 12 [subsequently moved to Note 2(d), a nonmaterial change].
2. This same paragraph will be repeated in the MD & A note disclosures at the bottom of page 4, just before the section with the heading "Summary of Revenues, Expenses and Changes in Net Assets."
3. Approval will be subject to the second partner's (an industry specialist) review and only if this review does not result in material changes to the statements.

Ms. Canney seconded the motion which was unanimously approved.

Series 23 Update

Mr. Marini reported that the Series 23 Single Family Housing Bonds were priced the day before this meeting. The price was slightly lower than projected resulting in a mortgage rate of approximately 5.125% at full spread [later determined to be 5.02%]. However, staff plans to initially keep the rate at 5.45% and create a zero-percent excess yield pool.

Volume Cap

Mr. Marini reviewed his memo regarding private activity volume cap.

Mr. Beaulieu made a motion to approve the "Resolution Re: Allocation of 2005 Private Activity Bond Volume Cap and Election to Carryforward 2005 Private Activity Bond Volume Cap Allocation." Mr. Seelig seconded the motion which was unanimously approved.

Interim Budget Report

The Interim General Fund Budget Report – Fiscal Year 2006 through August 31, 2005, including a memo of explanation by Mr. Gutchell, was distributed. There was no discussion.

KATRINA RESPONSE

Mr. Adams distributed and reviewed his and Ms. Mullikin Drake's memo regarding the IRS's temporary suspension of Federal Low Income Housing Tax Credit compliance requirements in response to Hurricane Katrina. Ms. Carpenter added that managers and owners were reminded that they can post vacancies on the Directory of Affordable Rental Housing Web site (www.housingdata.org), but she does not expect a huge influx of evacuees because of low vacancy rates.

DIFFICULT TO DEVELOP AREAS (DDAs)

Mr. Seelig asked Ms. Carpenter whether VHFA staff was working with the Vermont Congressional delegation to rectify the loss of DDAs in Vermont. Ms. Carpenter replied that she is not aware of any efforts that specifically target the Vermont delegation but that NCSHA is working on the issue (which many east and west coast states are experiencing). She added that the problem is getting proposed legislation on a tax vehicle (vs. an appropriations bill.)

Mr. Erdelyi distributed a map showing the dramatic loss of DDAs. He explained that, although Vermont will continue to receive the same amount of tax credit dollars, each project will need more soft money. He reminded the Commissioners about the one year transition rule.

Mr. Seelig suggested that a unifying strategy would be to move to a process whereby states have more control over determining their own DDAs.

HOMEOWNERSHIP

Homeownership Delinquency Report

Ms. Crady distributed the Homeownership Delinquency Report. There was no discussion.

5/30 Mortgage

Mr. Adams reviewed a PowerPoint presentation (copies of slides distributed) which detailed and reinforced the points of his, Ms. Crady's and Ms. Collins's memo regarding a mortgage product where one would pay interest only for the first five years and then pay a 30 year amortizing loan. The rate would be set at the time of initial closing. He explained that staff, after conducting a thorough analysis, believes this is a good product, and he reiterated staff's recommendation to pilot the program. Discussion followed.

Mr. Candon explained that he continues to have concerns about the Agency enabling its marginal borrowers to stretch themselves too thin, fearing market values and/or income could stagnate.

Ms. Pearce echoed some of Mr. Candon's concerns.

Mr. Seelig explained his competing thoughts. He recognizes that there is more risk to the borrower and the Agency. However, he believes that there may be a need and that safety valves could be built-in to lessen the risk. He is not opposed to the recommendation.

Mr. Hall believes the Agency needs to move forward with this product as young people are missing out on the housing boom.

Ms. Canney stated that she likes the product and believes the Agency needs to offer it as an alternative. However, she feels very strongly that it should be marketed as something other than an "interest only" product. She also made the distinction between low-income borrowers and borrowers with credit issues, adding that VHFA caters to the former. She added that the Agency should make it a priority to address eliminating mortgage insurance so that the borrower could apply more dollars towards equity.

Mr. Beaulieu asked whether there was any kind of history with these products. Mr. Koessel explained that Hong Kong has history and that people don't walk away from their homes. Ms. Carpenter believes there won't be any real data from other states for another five years.

Mr. Hall made a motion to approve staff's recommendation to offer up to \$5 million in Interest Only Mortgages from the Series 23 Single Family Housing Bonds. Ms. Canney seconded the motion which was approved by five of the Commissioners present. Ms. Pearce and Mr. Candon were opposed.

Ms. Randall asked that staff track profiles (including, but not limited to, profession, purchase price, household income, credit scores, number in household) of the "Interest Only" borrowers to help determine the future of this product.

Accessory Apartments

Ms. Canney asked for clarification regarding VHFA's treatment of accessory apartments. She explained that, since we were a leader in getting this legislation through, we should ensure our programs accommodate accessory apartments. Ms. Carpenter agreed to look at this.

Reverse Mortgage Options for VHFA

Ms. Randall opened the floor to questions for Mr. Adams and Ms. Collins regarding Reverse Mortgage Options for VHFA as outlined in their memo in which they conclude that, although the Agency should not offer reverse mortgages, it may be able to play a role in promoting reverse mortgages by helping to educate people about them.

Mr. Candon supports the conclusion that VHFA should not offer reverse mortgages. Ms. Pearce concurred.

Ms. Randall agreed that VHFA should not get into the reverse mortgage business today but would like to revisit the possibility regularly so as to avoid missing out on what may become a viable business opportunity. Ms. Canney agreed.

Ms. Randall asked whether management has considered sending a member of staff to training. Ms. Crady replied that she hadn't but will give it some thought. She added that she would like to see the Homeownership Centers develop in-house expertise via the HUD HECM counselor training.

In summary, Ms. Randall affirmed that the Board will let the issue stand on staff's recommendation and will revisit as appropriate. Ms. Collins added that the roles the Agency could play with reverse mortgages, as listed in the memo, will be included in the Strategic Plan.

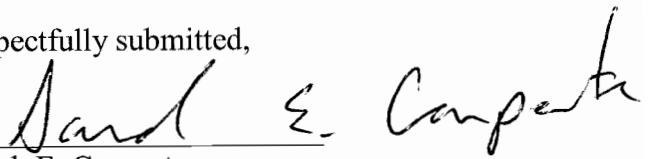
OTHER

Ms. Carpenter announced that she will be participating in the VHCB and VDCP Board Retreats in October and will brief the Board subsequently.

ADJOURNMENT

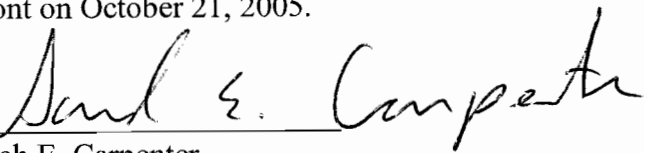
Mr. Seelig made a motion to adjourn the meeting. Ms. Canney seconded the motion and the Board unanimously approved to adjourn the meeting at 1:48 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on September 22, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Randolph, Vermont on October 21, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED ALLOCATION OF
ALLOCATED HOUSING CREDITS FOR MAIN STREET MILL REDEVELOPMENT,
RICHFORD**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Richford Renaissance Corporation (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the rehabilitation of one floor of one building creating twelve (12) units of general occupancy rental housing in the Town of Richford (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Borrower 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

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated September 15, 2005, containing information and recommendations about the Development (the "Memorandum");

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 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 sponsors undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

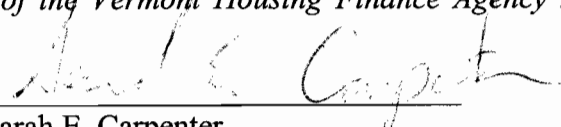
5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors 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 and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.
4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$162,500 for the Main Street Mill Redevelopment project in the Town of Richford, Vermont.

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 22, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: September 15, 2005

RE: Request for Construction Financing and Ceiling Housing Credits: Main Street Mill Redevelopment, Richford

	Name:	Main Street Mill		Location:	Richford
	Housing Type:	General Occupancy		Unit Type:	Flats (elevator)
	Unit Count:	12 Total Units 12 Housing Credit Units		Unit Sizes:	8 1-Br @ 760 s.f. 4 2-Br @ 950 s.f.
	Total Cost:	\$2,273,957		Per S.F. Acquisition & Construction Cost:	\$155
	Loan Requested:	\$1,650,000 Construction Loan (taxable)		Sponsor:	Housing Vermont & Richford Renaissance Corporation
	Housing Credits:	\$162,500 (Ceiling "9%" Credits)			
	Other Funding:	HOME, VHCB, State & Federal Historic Credits			

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Housing Vermont (HVT), in partnership with Richford Renaissance Corporation (RRC), is proposing to acquire and rehabilitate the third floor of the historic former Sweat-Comings furniture factory (now known as the Main Street Mill), and create 12 residential rental units. The four-story cement block building was constructed in 1923 in downtown Richford, has been vacant for over a decade and is in a blighted state. Other buildings of the Mill surrounding this particular building were previously demolished and hazardous materials removed. This residential project is part of a larger renovation project of the building that involves other partners - Northern Tier Center for Health (NOTCH) and the Hartland Group. The first floor proposal consists of a pharmacy run by NOTCH, possibly a small supermarket and a bank; NOTCH offices will occupy the second floor. The third floor will be owned separately, by a to-be-formed partnership involving HVT and RRC, and consist of 12 residential rental units. The fourth floor will be 'mothballed' and developed at a later time when there is a feasible use and funds to support it (the Border Patrol is a possibility). The redevelopment of this site has been one of Richford's main community development challenges for quite some time. The goal of the project is to continue the work of transforming Richford from a village of vacant boarded-up buildings to a more vibrant community.



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

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www.vhfa.org



The 12-unit third floor will contain 8 one-bedroom units and 4 two-bedroom units. All units will be affordable to households at or below 60% of area median income; three of the units will be affordable to households at or below 50% of area median income.

A Limited Liability Company consisting of NOTCH, the Hartland Group and Housing Vermont, or their respective subsidiaries, will develop the building as a whole, and then sell the third floor to the to-be-formed partnership consisting of HVT and RRC. There will be one construction contract for the renovation of the building and the third floor will be sold as a 'turnkey' to the partnership.

The sponsors have an application in for VHCB/HOME funding, which will be decided this month. Local permitting is in place, and Act 250 approval is anticipated at the end of October. The proposed timeline of this project is to begin construction in November and complete it in August 2006. Lake Champlain Housing Ventures will manage the property once completed (they currently manage the other rental housing developed in Richford by HVT & RRC). Level I and Level II Environmental Site Assessments were completed, and the sponsors have been working with the Department of Environmental Conservation on appropriate abatement and monitoring of the site over the past several years. An as-built appraisal has not been submitted yet.

Tax Credit Discussion:

The application meets four top tier priorities of the Allocation Plan: it is a rehab project; it meets the historic settlement pattern of the Town; the Town has submitted an application for Village Center Designation (to be decided upon on 9/26/05); the project involves the removal of blight. A commitment of Credits would need to be made conditional upon receiving the Village Center Designation status, in order for the application to meet the number of criteria needed, as well as for the project to qualify for State Historic Credits. The project will meet the design and energy standards. The market study indicates that there is a lack of supply of rental housing in Richford and demonstrates support for this project, yet, articulates that one of the challenges will be overcoming the perceived stigma Richford has regarding crime. The market study provided some recommendations to the owner, which, in the consultant's opinion, would enhance marketability. According to Richford Renaissance Corporation leaders, there is a waiting list of prospective tenants who are over-income for the recently completed rental housing in Richford, financed by VHFA and Rural Development, and that housing was targeted to tenants at or below 50% of median. So the RRC representatives strongly believe this housing will serve an important need in the community. The project is able to utilize 2005 ceiling credits, and there is credit available to fund this project.

15-Sep-05 Main Street Mill Redevelopment, Richford

Total Residential Units:	12	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	12	Increase in Income from Other Sources:	1.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	1.00%
Total Development Cost:	2,273,957	Expense increase:	2.50%
Total Development Cost per Unit:	189,496	Vacancy Rate:	5%
Total Development Cost Per SF:	197	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	175,970	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	162,500	Sponsor's Estimated Yield:	88.00%

LIHTC - 9%	8.01%	(Sept 2005)
LIHTC - 4%	3.43%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHCB	240,000	10.55%	0.00%	Deferred	30
HOME	180,000	7.92%	5.34%	Deferred	30
State Historic Credit Equity	55,268	2.43%	N/A	N/A	
Historic Equity	382,989	16.84%	N/A	N/A	
Tax Credit Equity	1,415,700	62.26%	N/A	N/A	
TOTAL SOURCES	2,273,957	100.00%			

VHFA Construction Loan 1,650,000

USES

Acquisition	132,901	5.84%
Construction Hard Costs	1,656,599	72.85%
Soft Costs	484,457	21.30%
TOTAL USES	2,273,957	100.00%

Gap 0

General Partner's Capital Contribution	14,157	1.00%
Limited Partner's Capital Contribution	1,401,543	99.00%
Total Equity	1,415,700	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	12
Total Units	12
Unit Fraction	100.00%
Tax Credit Square Footage	9,880
Total Residential Square Footage	9,880
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

	Budget	Per Unit	Per s.f.
ACQUISITION			
1 Land	19,148	1,596	1.66
2 Purchase of Building(s)	108,503	9,042	9.42
3 Demolition (without replacement)		0	0.00
4 Property Appraisal	2,500	208	0.22
5 Legal - Title and Recording	2,750	229	0.24
Subtotal - Acquisition	132,901	11,075	11.54
CONSTRUCTION HARD COSTS			
6 Rehabilitation	680,676	56,723	59.09
7 Residential Work	618,566	51,547	53.69
8 Accessory Buildings		0	0.00
9 Sitework	97,500	8,125	8.46
10 Commercial Space Costs (if any)		0	0.00
11 General Requirements		0	0.00
12 Contractor Overhead		0	0.00
13 Contractor Profit		0	0.00
14 Construction Contingency	249,657	20,805	21.67
15 Construction Management		0	0.00
16 Construction Bond Fee		0	0.00
17 Hazardous Materials Abatement		0	0.00
18 Off-Site Improvements		0	0.00
19 Furnishings, Fixtures, & Equipment	10,200	850	0.89
20 Other ()		0	0.00
Subtotal - Hard Costs	1,656,599	138,050	143.80
SOFT COSTS			
21 Architectural	97,772	8,148	8.49
22 Engineering		0	0.00
23 Legal/Accounting	16,500	1,375	1.43
24 Relocation		0	0.00
25 Environmental Assessment		0	0.00
26 Energy Assessment	4,500	375	0.39
27 Permits/Fees	12,000	1,000	1.04
28 Independent Market Study	3,000	250	0.26
29 Construction Period Insurance	7,500	625	0.65
30 Construction Interest	40,000	3,333	3.47
31 Construction Loan Origination Fee	15,000	1,250	1.30
32 Taxes During Construction		0	0.00
33 Clerk of the Works	15,000	1,250	1.30
34 Marketing	4,500	375	0.39
35 Tax Credit Fees	3,500	292	0.30
36 Soft Cost Contingency	5,185	432	0.45
37 Permanent Loan Origination Fee		0	0.00
38 Lender's Counsel's Fee		0	0.00
39 Other ()		0	0.00
SYNDICATION COSTS			
40 Organizational (Partnership)		0	0.00
41 Bridge Loan Fees and Expenses		0	0.00
42 Syndication Consultant		0	0.00
43 Tax Opinion		0	0.00
DEVELOPER'S FEES			
44 Developer's Fees	110,000	9,167	9.55
45 Other Partnership Fees	110,000	9,167	9.55
46 Consultant Fees		0	0.00
RESERVES			
47 Working Capital	40,000	3,333	3.47
48 Rent-up (Deficit Escrow) Reserve		0	0.00
49 Other Operating Reserves		0	0.00
50 Sinking Fund		0	0.00
51 Replacement Reserves		0	0.00
Subtotal - Soft Costs	484,457	40,371	42.05
TOTAL DEVELOPMENT COSTS	2,273,957	189,496	197

220,000 Devel Fee
2,013,957 Adjusted TDC
10.92% % Fee

15-Sep-05 Main Street Mill Redevelopment, Richford

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	19,148					
2 Purchase of Building(s)	108,503	108,503				
3 Demolition (without replacement)	0					
4 Property Appraisal	2,500	2,500			2,500	
5 Legal - Title and Recording	2,750	2,750				
Subtotal - Acquisition	132,901					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	680,676		680,676	680,676	680,676	
7 Residential Work	618,566		618,566	618,566	618,566	
8 Accessory Buildings	0					
9 Sitework	97,500		97,500	97,500	24,375	
10 Commercial Space Costs (if any)	0					
11 General Requirements	0					
12 Contractor Overhead	0					
13 Contractor Profit	0					
14 Construction Contingency	249,657		249,657	249,657	249,657	
15 Construction Management	0					
16 Construction Bond Fee	0					
17 Hazardous Materials Abatement	0					
18 Off-Site Improvements	0					
19 Furnishings, Fixtures, & Equipment	10,200		10,200			
20 Other ()	0					
Subtotal - Hard Costs	1,656,599					
SOFT COSTS						
21 Architectural	97,772		97,772	97,772	97,772	
22 Engineering	0					
23 Legal/Accounting	16,500		16,500	16,500	16,500	
24 Relocation	0					
25 Environmental Assessment	0					
26 Energy Assessment	4,500		4,500	4,500	4,500	
27 Permits/Fees	12,000		12,000	12,000	12,000	
28 Independent Market Study	3,000		3,000	3,000	3,000	
29 Construction Period Insurance	7,500		7,500	7,500	7,500	
30 Construction Interest	40,000		40,000	40,000	40,000	
31 Construction Loan Origination Fee	15,000		15,000	15,000	15,000	
32 Taxes During Construction	0					
33 Clerk of the Works	15,000		15,000	15,000	15,000	
34 Marketing	4,500					
35 Tax Credit Fees	3,500			3,500	3,500	
36 Soft Cost Contingency	5,185		5,185	5,185	5,185	
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	0					
39 Other ()	0					
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	110,000		110,000	110,000	110,000	
45 Other Partnership Fees	110,000		110,000	110,000	110,000	
46 Consultant Fees	0					
RESERVES						
47 Working Capital	40,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	0					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	484,457					
TOTALS	2,273,957	113,753	2,093,056	2,086,356	2,015,731	
LESS: Amount of Non-qualified Financing						
LESS: Adjustment for per unit cost limits						
LESS: Historic tax Credit (Residential Portion)			403,146	403,146		
Total Eligible Basis		113,753	1,689,910			
TIMES: Adjusted for QCT/DDA	130.0%		2,196,883			
TIMES: Applicable Fraction	100.00%	113,753	2,196,883			
Total Qualified Basis		113,753	2,196,883	1,683,210		
TIMES: Applicable Percentage		3.43%	8.01%	27.5		
Total Annual Credit Qualified		0	175,970	61,208		
Total Tax Credits Requested	162,500					
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,415,700					
Estimated Yield - Housing Credit Syndication	88.00%		382,989			
Equity Gap	1,415,700					
Credits Needed to fill Equity Gap	162,500		1,430,000			
				0		
				7		
				0		

15-Sep-05 Main Street Mill Redevelopment, Richford

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		760	8	526	0	50,496
2 Br		950	4	609	0	29,232
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		9,880	12			79,728

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		950	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		0	0			0

All Units	Common Area	1,640				
Grand Totals		11,520	12			79,728

Less Vacancy 5.00% (3,986)

NET RENT 75,742

OTHER INCOME

Laundry	50	600
Parking		0
Commercial Space Income		
Other		

TOTAL INCOME 76,342

15-Sep-05

Main Street Mill Redevelopment, Richford

Check all Applicable										A				B						C											
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:										
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+					
	1				1	1				1	760	502		40	542			1						1							
	2					1	1			1	760	502		40	542			1						1							
	3					1	1			2	950	602		49	651			1						1							
	4					1	1			2	950	602		49	651			1						1							
	5					1	1			1	760	485		40	525			1						1							
	6					1	1			2	950	585		49	634			1						1							
	7					1	1			1	760	485		40	525			1						1							
	8					1	1			1	760	502		40	542			1						1							
	9					1	1			1	760	502		40	542			1						1							
	10					1	1			1	760	502		40	542			1						1							
	11					1	1			2	950	602		49	651			1						1							
	12					1	1			1	760	502		40	542			1						1							
Total # Units	12	3	0	0	12	12	0	0	0	Totals:	9,880	6,373		Total # Units:		0	3	8	0	0	0	0	0	3	8	0	0	0	0	0	0

15-Sep-05 **Main Street Mill Redevelopment, Richford**

	Annual	Monthly	Per Unit Per Month	Assoc Dues Annual	PUM
Administration					
Management Fee	0	0	0	5,826	40
Supportive Services		0	0		0
Audit/Accounting	2,304	192	16		0
Legal	720	60	5		0
Compliance Monitoring	576	48	4		0
Marketing	288	24	2		0
Other	1,152	96	8		0
TOTAL ADMINISTRATIVE	5,040	420	35	5,826	40
Utilities					
Electricity	2,160	180	15	847	6
Fuel - oil	7,920	660	55	847	6
Water and Sewer	2,880	240	20	530	4
Fire Alarm / Emergency		0	0	530	4
Other	432	36	3		0
TOTAL UTILITIES	13,392	1,116	93	2,754	19
Maintenance					
Maintenance / Janitor Payroll	5,760	480	40	3,178	22
Janitor Supplies	1,008	84	7		0
Exterminating	288	24	2		0
Trash Removal	2,016	168	14		0
Snow Removal		0	0	2,648	18
Grounds		0	0	2,118	15
Repairs Material		0	0		0
Repairs Contract		0	0		0
HVAC Repairs / Maintenance	1,584	132	11	530	4
Elevator Contract / Repairs		0	0	530	4
Painting and Decorating	720	60	5		0
Other		0	0		0
TOTAL MAINTENANCE	11,376	948	79	9,004	63
Real Estate Taxes	7,500	625	52	2,783	19
Association Dues	25,133	2,094	175		0
Replacement Reserves	5,040	420	35	1,589	11
Primary Debt Service		0	0		0
Other "must pay" debt service		0	0		0
Insurance		0	0	3,178	22
Total	67,481	5,623	469	25,134	175

Main Street Mill Redevelopment, Richford																
15-Sep-05																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		79,728	80,525	81,331	82,144	82,965	83,795	84,633	85,479	86,334	87,197	88,069	88,950	89,840	90,738	91,645
Other Income		600	606	612	618	624	631	637	643	650	656	663	669	676	683	690
Vacancy and other losses		(3,986)	(4,026)	(4,067)	(4,107)	(4,148)	(4,190)	(4,232)	(4,274)	(4,317)	(4,360)	(4,403)	(4,448)	(4,492)	(4,537)	(4,582)
Total Operating Income		76,342	77,105	77,876	78,655	79,441	80,236	81,038	81,849	82,667	83,494	84,329	85,172	86,024	86,884	87,753
Operating Expenses																
Total Expenses (excl. Reserves)		62,441	64,002	65,602	67,242	68,923	70,646	72,412	74,223	76,078	77,980	79,930	81,928	83,976	86,076	88,227
Reserves		5,040	5,090	5,141	5,193	5,245	5,297	5,350	5,404	5,458	5,512	5,567	5,623	5,679	5,736	5,793
Total Operating Expense		67,481	69,092	70,743	72,435	74,168	75,943	77,762	79,626	81,536	83,492	85,497	87,551	89,655	91,812	94,021
Net Operating Income		8,861	8,013	7,133	6,220	5,274	4,292	3,276	2,222	1,131	1	(1,168)	(2,379)	(3,632)	(4,928)	(6,268)
Less Primary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		8,861	8,013	7,133	6,220	5,274	4,292	3,276	2,222	1,131	1	(1,168)	(2,379)	(3,632)	(4,928)	(6,268)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		8,861	8,013	7,133	6,220	5,274	4,292	3,276	2,222	1,131	1	0	0	0	0	0
Cumulative Cash Flow																
DCR		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Beginning Balance		0	8,949	17,221	24,769	31,547	37,504	42,590	46,750	49,929	52,070	53,113	53,007	51,688	49,090	45,144
Deposits		8,861	8,013	7,133	6,220	5,274	4,292	3,276	2,222	1,131	1	0	0	0	0	0
Interest	2.0%	89	259	416	558	684	793	885	957	1,010	1,041	1,062	1,060	1,034	982	903
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	(1,168)	(2,379)	(3,632)	(4,928)
Ending Balance		8,949	17,221	24,769	31,547	37,504	42,590	46,750	49,929	52,070	53,113	53,007	51,688	49,090	45,144	39,779
Cumulative Replacement Reserves																
Beginning Balance		0	5,090	10,334	15,733	21,292	2,815	8,222	13,789	19,523	25,426	7,301	13,070	19,011	25,127	31,423
Deposits		5,040	5,090	5,141	5,193	5,245	5,297	5,350	5,404	5,458	5,512	5,567	5,623	5,679	5,736	5,793
Interest	2.0%	50	153	258	367	478	589	699	808	915	1,020	1,123	1,224	1,323	1,420	1,515
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		5,090	10,334	15,733	21,292	2,815	8,222	13,789	19,523	25,426	7,301	13,070	19,011	25,127	31,423	37,703
Net Operating Income		8,861	8,013	7,133	6,220	5,274	4,292	3,276	2,222	1,131	1	(1,168)	(2,379)	(3,632)	(4,928)	(6,268)
Plus Reserves		5,040	5,090	5,141	5,193	5,245	5,297	5,350	5,404	5,458	5,512	5,567	5,623	5,679	5,736	5,793
Less Interest Expense		(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)	(9,612)
Less Long Depreciation		(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)	(61,208)
Less Short Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(56,919)	(57,717)	(58,546)	(59,407)	(60,301)	(61,230)	(62,194)	(63,194)	(64,231)	(65,306)	(66,421)	(67,576)	(68,772)	(70,011)	(71,294)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		19,922	20,201	20,491	20,792	21,106	21,431	21,768	22,118	22,481	22,857	23,247	23,652	24,070	24,504	24,953
Plus Tax Credits		162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500
After Tax Cash Flow		182,422	182,701	182,991	183,292	183,606	183,931	184,268	184,618	184,981	185,357	23,247	23,652	24,070	24,504	24,953
Total Years	15															
Reinvestment Rate	12.00%															
Current After Tax Cash Flows		182,422	182,701	182,991	183,292	183,606	183,931	184,268	184,618	184,981	185,357	23,247	23,652	24,070	24,504	24,953
Future Value of Cash Flows at Yr. 15:		998,497	892,879	798,480	714,103	638,681	571,260	510,989	457,107	408,934	365,862	40,970	37,216	33,817	30,738	27,947
Discount Rate:	6.00%															
Capital Contribution Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Date of Capital Contribution:	31-Dec-05	30-Jun-06	31-Mar-07	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05	15-Sep-05
Amount of Capital Contribution:	1,678	645,750	1,031,028	0	0	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions:	1,678	626,562	955,739	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows	(1,583,979)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,527,481

Main Street Mill Redevelopment, Richford Construction Flow of Funds

Sources:	Month:												Substantial Completion
	Closing Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Sep-06	Oct-06	Nov-06	Dec-06	
Construction Loan	1,650,000												
VHCB Loan	240,000	41,900	291,200	341,533	266,505	269,381	140,408	157,006	142,067				
HOME	180,000	130,700	49,300										
LP Cap. Contrib.	1,853,957	200									539,647		
TOTALS:	3,923,957	370,900	291,200	341,533	266,505	269,381	140,408	157,006	1,456,177	0	539,647	0	
USES ->		91,200	291,200	341,533	266,505	269,381	140,408	157,006	232,346	1,694,153	9,400	59,500	424
Uses:													
ACQUISITION													
Land	19,148												
Purchase of Building(s)	108,503												
Demolition (without replacement)	0												
Property Appraisal	2,500												
Legal - Title and Recording	2,750												
CONSTRUCTION HARD COSTS													
Rehabilitation	680,676												
Residential Work	618,566												
Accessory Buildings	0												
Sitework	97,500												
General Requirements	0												
Contractor Overhead	0												
Contractor Profit	0												
Construction Contingency	249,657												
Construction Management	0												
Construction Bond Fee	0												
Hazardous Materials Abatement	0												
Off-Site Improvements	0												
Furnishings, Fixtures, & Equipment	10,200												
Other ()	0												
SOFT COSTS													
Architectural	97,772												
Engineering	0												
Legal/Accounting	16,500												
Relocation	0												
Environmental Assessment	0												
Energy Assessment	4,500												
Permits/Fees	12,000												
Independent Market Study	3,000												
Construction Period Insurance	7,500												
Construction Interest	40,000												
Construction Loan Origination Fee	15,000												
Taxes During Construction	0												
Clerk of the Works	15,000												
Marketing	4,500												
Tax Credit Fees	3,500												
Soft Cost Contingency	5,185												
Permanent Loan Origination Fee	1,000												
Lender's Counsel's Fee	0												
Other ()	0												
SYNDICATION COSTS													
Organizational (Partnership)	0												
Bridge Loan Fees and Expenses	0												
Syndication Consultant	0												
Tax Opinion	0												
DEVELOPER'S FEES													
Developer's Fees	110,000												
Other Partnership Fees	110,000												
Consultant Fees	0												
RESERVES													
Working Capital	40,000												
Rent-up (Deficit Escrow) Reserve	0												
Other Operating Reserves	0												
Sinking Fund	0												
Replacement Reserves	0												
Ready Construction Loan	0												
TOTAL DEVELOPMENT COSTS	2,273,957	370,900	291,200	341,533	266,505	269,381	140,408	157,006	332,346	1,694,153	9,400	59,500	424
Construction Loan Balance	0	41,900	333,100	674,633	941,138	1,210,519	1,350,927	1,507,933	1,650,000	0	0	0	0
Construction Loan Interest	0	0	0	244	3,935	5,490	7,061	7,880	8,796	0	0	0	0
Bridge Interest (Cumulative)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

Send To Printer

Back To TerraServer

Change to 11x17 Print Size

Show Grid Lines

Change to Landscape

USGS 2 km N of Richford, Vermont, United States 01 Jul 1986

8

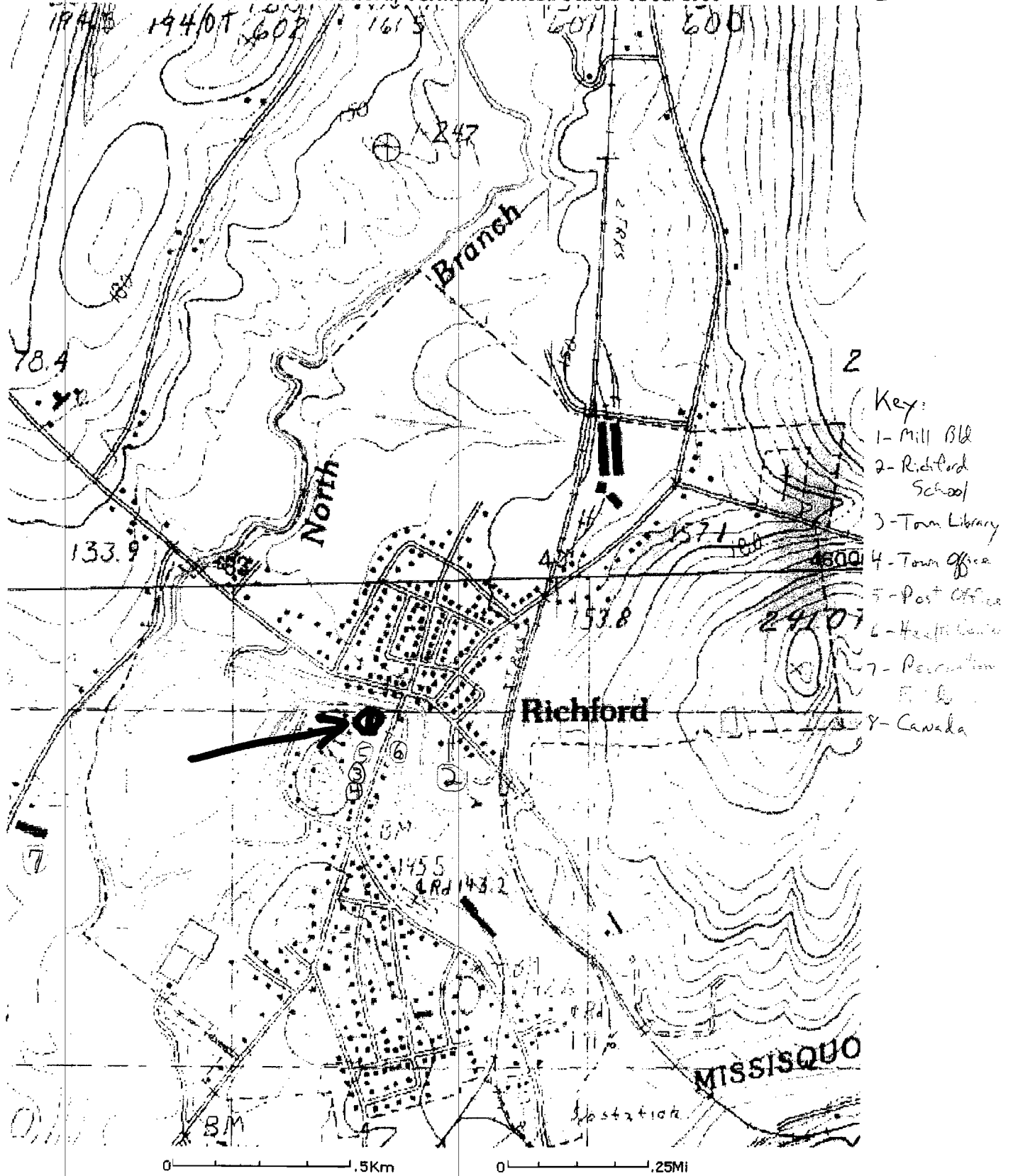


Image courtesy of the U.S. Geological Survey
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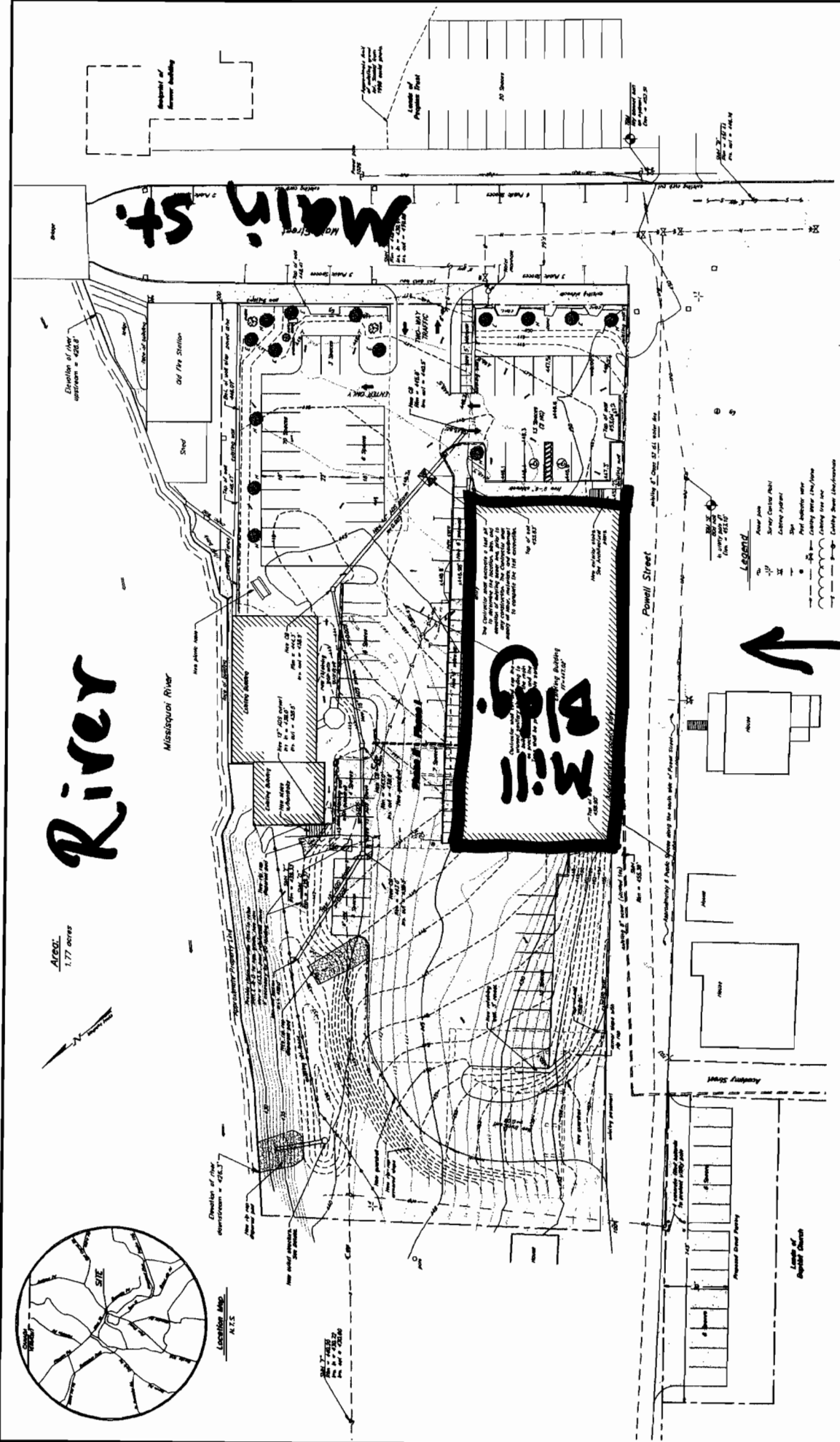
MAIN ST. MILL, RICHFORD



Area:
1.77 acres

River

Missisquoi River



Legend

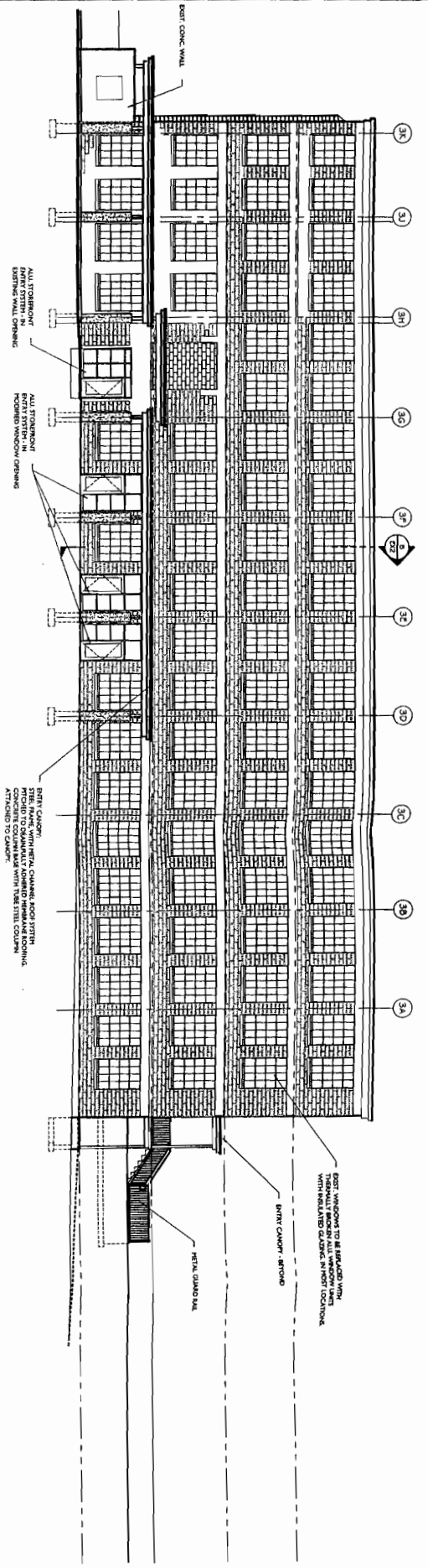
- Proposed building
- Proposed parking lot
- Proposed driveway
- Proposed sidewalk
- Proposed street
- Proposed utility line
- Proposed easement
- Proposed right-of-way
- Proposed boundary
- Proposed lot line
- Proposed corner
- Proposed centerline
- Proposed edge of pavement
- Proposed edge of shoulder
- Proposed edge of ditch
- Proposed edge of field
- Proposed edge of forest
- Proposed edge of wetland
- Proposed edge of water
- Proposed edge of road
- Proposed edge of fence
- Proposed edge of wall
- Proposed edge of gate
- Proposed edge of gatepost
- Proposed edge of gate latch
- Proposed edge of gate handle
- Proposed edge of gate lock
- Proposed edge of gate keyhole
- Proposed edge of gate handle
- Proposed edge of gate lock
- Proposed edge of gate keyhole

1. The plan shows the proposed building and parking lot. The plan also shows the proposed driveway, sidewalk, street, utility line, easement, right-of-way, boundary, lot line, corner, centerline, edge of pavement, edge of shoulder, edge of ditch, edge of field, edge of forest, edge of wetland, edge of water, edge of road, edge of fence, edge of wall, edge of gate, edge of gatepost, edge of gate latch, edge of gate handle, edge of gate lock, edge of gate keyhole.

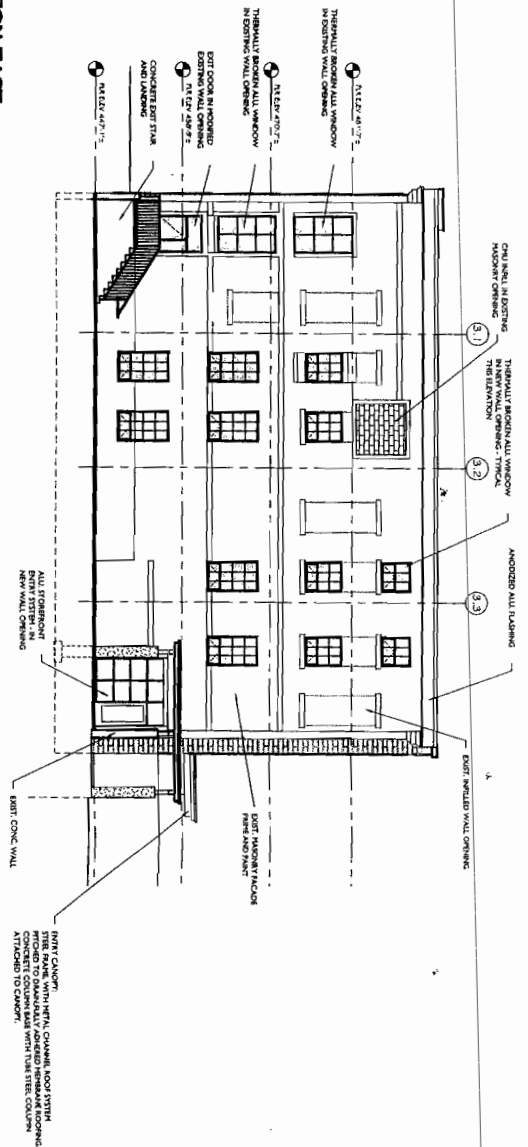


FOR PERMIT REVIEW

Project No.	0001
Design	1/1/00
Drawn	1/1/00
Scale	1" = 30'
Date	August 4, 2000
Project	0001
Client	ARLENE & LANSING Consulting Engineers, Inc.
Address	168 Main Street, Colchester, Vermont 05446
Sheet No.	1



1
ELEVATION NORTH
1/8"=1'-0"



2
ELEVATION EAST
1/8"=1'-0"

PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE: 05/05
DRAWN: JRM
REVISIONS: 01

<p>Scale: AS SHOWN</p> <p>Project: MAIN STREET MILL RENOVATION PROJECT 30 MAIN STREET, RICHFORD, VERMONT</p> <p>Drawn by: JRM Date: 05/05 File: M&L-K2003</p> <p>Drawn by: JRM Date: 05/05 File: M&L-K2003</p>	<p>Drwg. No. A4.1</p> <p>Sheet 1 of 1</p>
	<p>Project: MAIN STREET MILL RENOVATION PROJECT 30 MAIN STREET, RICHFORD, VERMONT</p> <p>Drwg. Title: PROPOSED EXTERIOR ELEVATIONS</p>

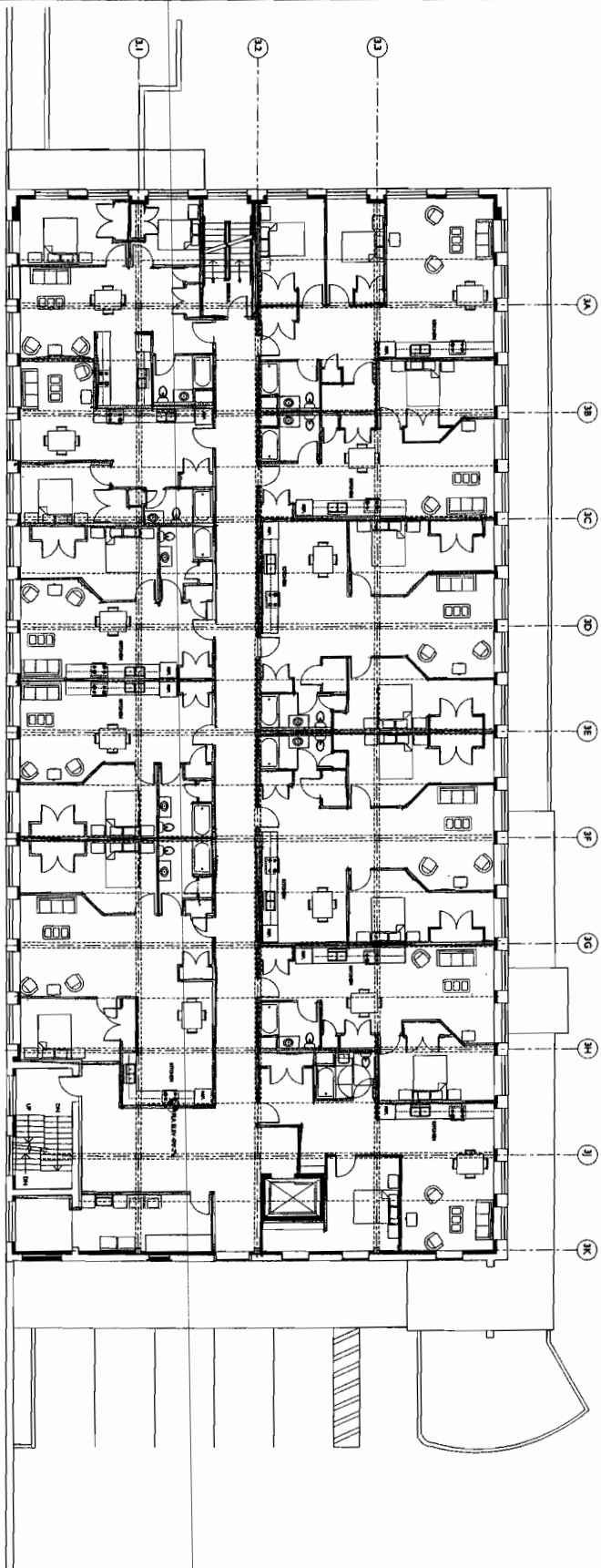
30 main street east richford vermont 05466
p. 802.879.920 f. 802.872.2764

architecture
planning
interiors

EXISTING BOOK OPENING



1/8" = 1'-0"
THIRD FLOOR PLAN



PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE: 7/14/05

Sheet **A2.3** of **-**

draw. no.	
scale	AS SHOWN
project no.	44-11
drawn by	WJH
checked by	WJH
date	7/14/05
revisions	

project	MAIN STREET MILL RENOVATION PROJECT 30 MAIN STREET, RICHFORD, VERMONT
draw. title	BUILDING #3 PROPOSED FLOOR PLANS

30 main street mill renovation project 05-05
p. 802.679.5153 f. 802.672.2764
architects
planning
interiors

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
FOR WILDER BLOCK, BRATTLEBORO**

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Brattleboro Area Community Land Trust (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the rehabilitation of the Wilder Block for eight (8) units of general occupancy rental housing and commercial space in the Town of Brattleboro (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Plantilla dated September 9, 2005, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED that:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$118,500 for the Wilder Block project in the Town of Brattleboro, Vermont.


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 22, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

FROM: Liza Plantilla, Multifamily Development Underwriter 

DATE: September 9, 2005

RE: Request for Allocated Credit: Wilder Block, Brattleboro

Name:	Wilder Block	Location:	Brattleboro
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	8 Total Multifamily Units	Unit Sizes:	8 one-bedrooms @ 619 sq. ft.
Total Cost:	\$1,367,113 (Apartments only)	Per S.F. Acquisition & Construction Cost:	\$210.76 (Housing) \$228.66 (Project wide)
Housing Credits:	\$118,500 (Ceiling "9%" Credits)	Sponsors:	Housing Vermont & Brattleboro Area Community Land Trust
Other Funding:	Town of Brattleboro, VHCB GF Loan & Preservation Grant, VCDP Loan & Slum & Blight Grant, HUD Economic Development Initiative, REEP		

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: The Wilder Building (c.1875) which is situated in downtown Brattleboro's Historic District experienced a devastating fire in December 2004. The top two floors of this four story building were totally burned, leaving only the exterior shell and façade. The Brattleboro Area Community Trust (BACLT) purchased the building in February of 2005 and stabilized it. In March, VHFA made a bridge loan to BACLT to help cover the cost of the stabilization of the building. Now, the building is ready to be restored to its mixed use, pre-fire condition. BACLT is partnering with Housing Vermont; the architect is Williams & Frehsee. The contract drawings will be complete and the project will go out to bid in October, and construction will begin in November 2005.

Overview: This building, prior to the fire, was a mixed use space which housed seven (7) apartments and three (3) commercial spaces. The current redevelopment plan proposes two (2) ground floor commercial spaces, five (5) offices spaces on the second floor and eight (8) LIHTC units on the top two floors. As such, the spaces being offered in the new building are not entirely new to the market. The building will be served by an elevator. This unit mix would mean that the building would be 100% tax credit housing. Permitting required will include Labor & Industry, water/wastewater and local zoning, but no Act 250 will be required. Funding sources are in place with the exception of VCDP which meets in late September. The project meets four of the Top Tier Evaluation Criteria: Rehabilitation, Maintaining Historic Settlement Patterns, Designated Downtown and Removal of Blight.

Market Study: The market study was completed in July 2005 by Douglas Kennedy of LandVest and meets VHFA's Market Study Standards. The study anticipates that "the project's residential units would be completely filled upon the completion of construction" assuming that leasing activity begins four months prior to when the project is ready for occupancy. In terms of the commercial space, the study says, "we project that all of these spaces will be filled within seven months of the completion of construction."



13-Sep-05 **Wilder Block- Brattleboro**

Total Residential Units: 8
 Housing Credit Restricted Units: 8
 Percent Restricted: 100.00%
 Total MF Development Cost: 1,367,113
 Total Development Cost per MF Unit: 170,889
 Total Development Cost Per SF: 276

Max Credit Potential: 122,107
 Credit Amount Allocated: 118,500

LIHTC - 9% 8.01% Sept. 2005
 LIHTC - 4% 3.43%

Increase in Income from Rental Units:
 Increase in Income from Other Sources:
 Increase in Income from Commercial:
 Expense increase:
 Vacancy Rate:
 Partner's Tax Rate:
 Long Depreciation Schedule:
 Short Depreciation Schedule:
 Sponsor's Estimated Yield:

1.00%
1.00%
1.00%
2.50%
5%
35%
27.5 years
7 years
128.40%

SOURCES

	Total	Multifamily	Stabilization	% of Total Development Cost	Interest Rate	Amortization	Term
Town RLF	40,000	0	40,000	1.50%	2.50%	15	15
VHCB GF Loan	200,000	200,000		7.48%	0.00%	30	30
VCDP Loan	295,000	295,000		11.03%	0.00%	30	30
HUD Edi	384,100	184,100		14.36%	0.00%	30	30
VHCB Preservation	62,500		62,500	2.34%	0.00%	30	30
REEP	7,500	7,500		0.28%	0.00%	30	30
VCDP Slum & blight	180,000		180,000	6.73%	0	30	30
Tax Credit Equity	1,506,365	680,512		56.32%	N/A	N/A	
TOTAL SOURCES	2,675,465	1,367,112	282,500	100.04%			

USES

Acquisition	33,501	1.25%
Construction Hard Costs	2,055,542	76.86%
Soft Costs	585,444	21.89%
TOTAL USES	2,674,487	100%

Gap (978)

General Partner's Capital Contribution
 Limited Partner's Capital Contribution
 Total Equity

15,216	1.00%
1,506,365	99.00%
1,521,581	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units 8
 Total Units 8
 Unit Fraction 100.00%

 Tax Credit Square Footage 4,950
 Total Residential Square Footage 4,950
 Square Footage Fraction 100.00%

 Applicable Fraction 100.00%

13-Sep-05 **Wilder Block- Brattleboro**

HC Restricted Units
Bedrooms

	Average Square Feet	Number	Total Annual Rent
0 Br	0	0	0
1 Br	0	8	46,176
2 Br	0	0	0
3 Br	0	0	0
4+ Br	0	0	0
Totals	4,952	8	46,176

Commercial Income
Bedrooms

Type	Square Feet	Number	Total Annual Rent
Retail	1,041	2	31,224
Studio	422	5	20,040
Totals	4,192	7	51,264

All Units

Grand Totals	9,144	15	97,440
Less Vacancy		5.00%	(2,309)
		25.00%	(12,816)
			82,315

13-Sep-05 **Wilder Block- Brattleboro**

		Per Unit	
		Monthly	Per Month
Administration	0		
Management Fee	6,240	520	65
Supportive Services		0	0
Audit/Accounting	3,360	280	35
Legal	960	80	10
Compliance Monitoring	384	32	4
Marketing	480	40	5
Other	768	64	8
TOTAL ADMINISTRATIVE	12,192	1,016	127
Utilities			
Electricity	2,160	180	23
Fuel	7,200	600	75
Water and Sewer	2,160	180	23
Fire Alarm / Emergency	480	40	5
Other		0	0
TOTAL UTILITIES	12,000	1,000	125
Maintenance			
Maintenance / Janitor Payroll	3,840	320	40
Janitor Supplies	1,200	100	13
Exterminating	240	20	3
Trash Removal	1,248	104	13
Snow Removal	384	32	4
Grounds		0	0
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	720	60	8
Elevator Contract / Repairs	1,440	120	15
Painting and Decorating	960	80	10
Other		0	0
TOTAL MAINTENANCE	10,032	836	105
			0
Real Estate Taxes	4,560	380	48
Property Insurance	2,400	200	25
Replacement Reserves	4,800	400	50
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	45,984	3,832	479

Wilder Block- Brattleboro

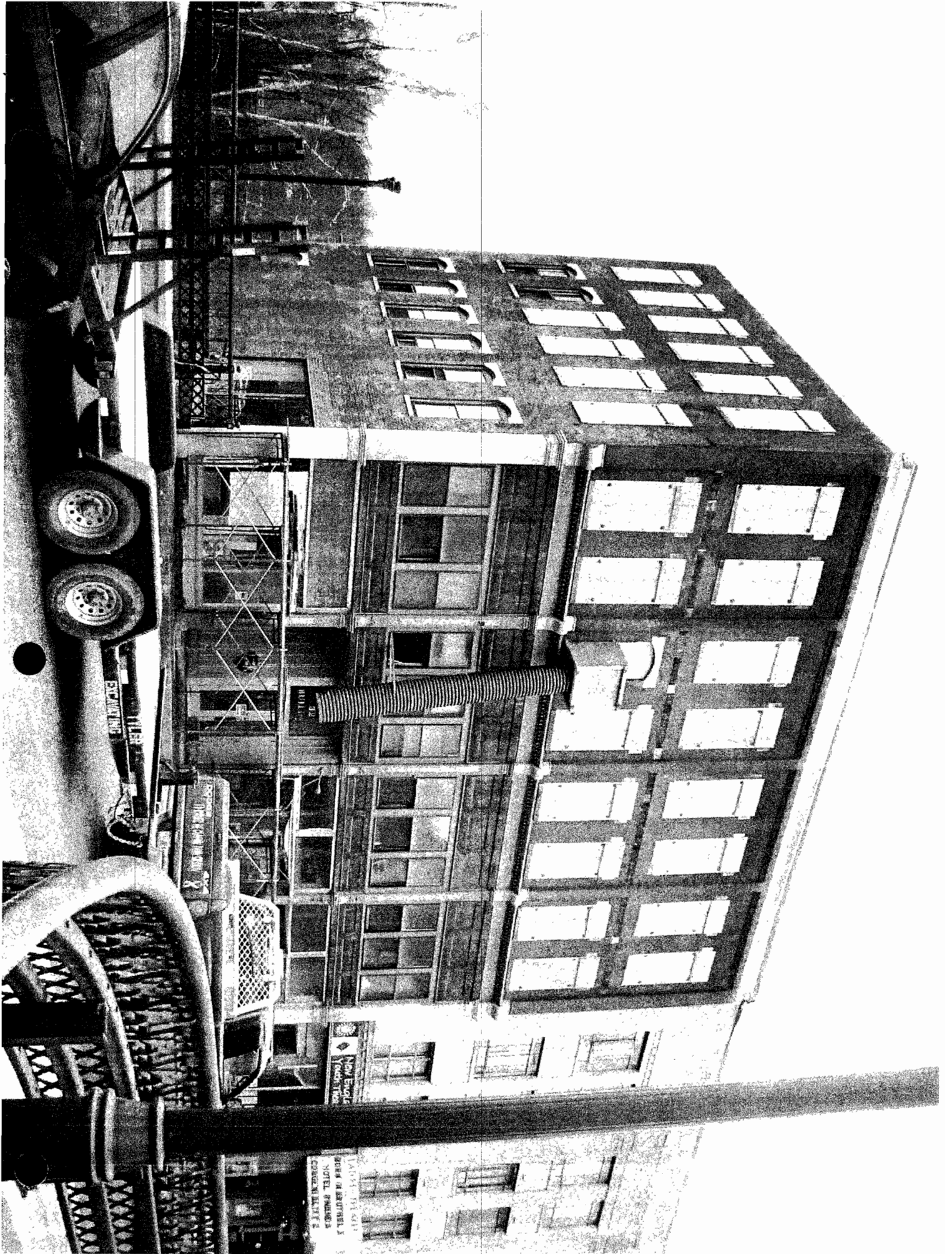
form revision date: 2/27/97

13-Sep-05 Wilder Block- Brattleboro

	Budget	Acquisition Basis	Residential Depreciation	Historic Credit Basis	Other
1 Land	0				
2 Purchase of Building(s)	0	0	0	0	
3 Fire Clean up	29,000				
4 Property Appraisal	0				
5 Legal - Title and Recording	3,854	3,854	3,854	3,854	
Subtotal - Acquisition	32,854				
CONSTRUCTION HARD COSTS					
6 Demo & Stabilization	228,884		228,884	228,884	
7 New Building(s)	930,000		930,000	930,000	
8 Accessory Buildings	0		0	0	
9 Sitework	11,494		11,494	11,494	
10 Commercial Space Costs (if any)	0		0	0	
11 General Requirements	0		0	0	
12 Contractor Overhead	0		0	0	
13 Contractor Profit	0		0	0	
14 Construction Contingency	94,149		94,149	94,149	
15 Construction Management	0		0	0	
16 Construction Bond Fee	0		0	0	
17 Hazardous Materials Abatement	0		0	0	
18 Off-Site Improvements	0		0	0	
19 Furnishings, Fixtures, & Equipment	7,200		7,200	7,200	
20 Other ()	0		0	0	
Subtotal - Hard Costs	1,271,727				
SOFT COSTS					
21 Architectural	94,149		94,149	94,149	
22 Engineering	2,561		2,561	2,561	
23 Legal/Accounting	13,815		13,815	13,815	
24 Relocation	0		0	0	
25 Environmental Assessment	3,000		3,000	3,000	
26 Energy Assessment	0		0	0	
27 Permits/Fees	4,757		4,757	4,757	
28 Independent Market Study	1,992		1,992	1,992	
29 Construction Period Insurance	18,131		18,131	18,131	
30 Construction Interest	14,088		14,088	14,088	
31 Construction Loan Origination Fee	17,758		17,758	17,758	
32 Taxes During Construction	0		0	0	
33 Clerk of the Works	0		0	0	
34 Marketing	0				
35 Tax Credit Fees	5,760				
36 Soft Cost Contingency	3,131		3,131	3,131	
37 Permanent Loan Origination Fee	0				
38 Lender's Counsel's Fee	0				
39 VCDP GA & PM	5,000		5,000	5,000	
SYNDICATION COSTS					
40 Organizational (Partnership)	0				
41 Bridge Loan Fees and Expenses	0				
42 Syndication Consultant	2,277				
43 Tax Opinion	0				
DEVELOPER'S FEES					
44 Developer's Fees	73,997		73,997	73,997	
45 Other Partnership Fees	73,997		73,997	73,997	
46 Consultant Fees	0				
RESERVES					
47 Working Capital	10,619				
48 Rent-up (Deficit Escrow) Reserve	0				
49 Other Operating Reserves	0				
50 Sinking Fund	0				
51 Replacement Reserves	0				
Subtotal - Soft Costs	345,032				
TOTALS	1,649,613	3,854	1,594,757	1,601,957	
LESS: Amount of Non-qualified Financing					
LESS: Adjustment for per unit cost limits	1				
LESS: Historic tax Credit (Residential Portion)			320,391		
Total Eligible Basis		3,854			
TIMES: Adjusted for QCT/DDA	130.00%				
TIMES: Applicable Fraction	100.00%	3,854			
	70.00%				
Total Qualified Basis		3,854	1,274,366		Long Term Depreciable Basis
TIMES: Applicable Percentage	3.43%		27.5		Depreciation Schedule
Total Annual Credit Qualified		132	46,341		Annual Depreciation
Total Tax Credits Requested 118,500					
Estimated Net Syndication Proceeds (excluding historic credit equity) 1,506,365					
Estimated Yield - Housing Credit Syndication 128.40%					
Equity Gap 1,505,387					
Credits Needed to fill Equity Gap 118,423					
7,200 Short Term Depreciable Basis					
7 Depreciation Schedule					
1,029 Annual Depreciation					

Revision date: 2/27/97

13-Sep-05															
Wilder Block- Brattleboro															
	Year														
	1	2	5	6	7	8	9	10	11	12	13	14	15		
Operating Income	8														
Gross Rent	46,176	46,638	48,051	48,531	49,017	49,507	50,002	50,502	51,007	51,517	52,032	52,553	53,078		
Commercial Income	51,264	51,777	53,346	53,879	54,418	54,962	55,512	56,067	56,627	57,194	57,766	58,343	58,927		
Commercial Vacancy	(12,816)	(12,944)	(13,336)	(13,470)	(13,604)	(13,740)	(13,878)	(14,017)	(14,157)	(14,298)	(14,441)	(14,586)	(14,732)		
MF Vacancy	(2,309)	(2,332)	(2,403)	(2,427)	(2,451)	(2,475)	(2,500)	(2,525)	(2,550)	(2,576)	(2,602)	(2,628)	(2,654)		
Total Operating Income	82,315	83,138	85,658	86,514	87,379	88,253	89,136	90,027	90,927	91,836	92,755	93,682	94,619		
Operating Expenses															
Total Expenses (excl. Reserves)	58,848	60,319	64,957	66,581	68,246	69,952	71,701	73,493	75,330	77,214	79,144	81,123	83,151		
Reserves	8,000	8,080	8,325	8,408	8,492	8,577	8,663	8,749	8,837	8,925	9,015	9,105	9,196		
Total Operating Expense	66,848	68,399	73,282	74,989	76,738	78,529	80,363	82,243	84,167	86,139	88,159	90,227	92,346		
Net Operating Income	15,467	14,739	12,376	11,525	10,641	9,724	8,772	7,784	6,760	5,697	4,596	3,455	2,273		
Less Primary Debt Service	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201		
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0		
Annual Cash Flow	12,267	11,539	9,175	8,324	7,441	6,524	5,572	4,584	3,559	2,497	1,396	254	(928)		
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0		
Net Cash	12,267	11,539	9,175	8,324	7,441	6,524	5,572	4,584	3,559	2,497	1,396	254	0		
DCR	483.26%	460.51%	386.66%	360.09%	332.48%	303.82%	274.08%	243.22%	211.20%	178.01%	143.61%	107.95%	71.01%		
Cumulative Cash Flow															
Beginning Balance	10,619	23,141	61,816	71,701	80,825	89,149	96,629	103,223	108,884	113,568	117,226	119,807	121,262		
Deposits	12,267	11,539	9,175	8,324	7,441	6,524	5,572	4,584	3,559	2,497	1,396	254	0		
Interest	255	631	710	800	883	957	1,022	1,078	1,124	1,161	1,186	1,201	1,213		
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	(928)		
Ending Balance	23,141	39,922	71,701	80,825	89,149	96,629	103,223	108,884	113,568	117,226	119,807	121,262	121,547		
Cumulative Replacement Reserves															
Beginning Balance	0	18,380	12,701	10,936	9,238	7,607	6,046	4,556	3,139	1,796	528	(662)	(1,773)		
Deposits	8,000	8,080	8,325	8,408	8,492	8,577	8,663	8,749	8,837	8,925	9,015	9,105	9,196		
Interest	80	265	210	193	177	162	147	133	120	107	95	84	74		
Withdrawals	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300		
Ending Balance	18,380	16,425	10,936	9,238	7,607	6,046	4,556	3,139	1,796	528	(662)	(1,773)	(2,803)		
Net Operating Income	15,467	14,739	12,376	11,525	10,641	9,724	8,772	7,784	6,760	5,697	4,596	3,455	2,273		
Plus Reserves	8,000	8,080	8,325	8,408	8,492	8,577	8,663	8,749	8,837	8,925	9,015	9,105	9,196		
Less Interest Expense	(975)	(741)	(741)	(679)	(615)	(549)	(482)	(414)	(343)	(271)	(197)	(121)	(43)		
Less Long Depreciation	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)	(46,341)		
Less Short Depreciation	(1,029)	(1,029)	(1,029)	(1,029)	(1,029)	0	0	0	0	0	0	0	0		
Taxable Income (Loss)	(24,877)	(25,468)	(27,410)	(28,115)	(28,850)	(28,589)	(29,388)	(30,220)	(31,087)	(31,989)	(32,927)	(33,902)	(34,915)		
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0		
Plus Tax Savings	8,707	8,914	9,593	9,840	10,098	10,006	10,286	10,577	10,880	11,196	11,524	11,866	12,220		
Plus Tax Credits	118,500	118,500	118,500	118,500	118,500	118,500	118,500	118,500	118,500	118,500	118,500	118,500	118,500		
After Tax Cash Flow	127,207	127,414	128,093	128,340	128,598	128,506	128,786	129,077	10,880	11,196	11,524	11,866	12,220		



99

NEW METAL CORNICE

INSTALL ALL NEW DOUBLE HUNG 2 OVER 2 WOOD WINDOW UNITS (SASH & FRAME) ON UPPER 2 LEVELS

SELECTIVELY REPOINT & RESTORE EXISTING BR TO HISTORIC STANDARDS

PAINT CAST IRON COLUMNS

EXISTING SASH TO REMAIN & BE RESTORED ON FRONT FACADE ONLY AT SECOND FLOOR

INSTALL NEW TEMPERED / INSULATED GLASS IN STOREFRONTS



4th FLOOR

3rd FLOOR

2nd FLOOR

1st FLOOR

BASEMENT

MAIN STREET BRIDGE

EAST ELEVATION



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WILDER BLOCK FEASIBILITY #10505

Brattleboro, Vermont

Brattleboro Area Community Land Trust

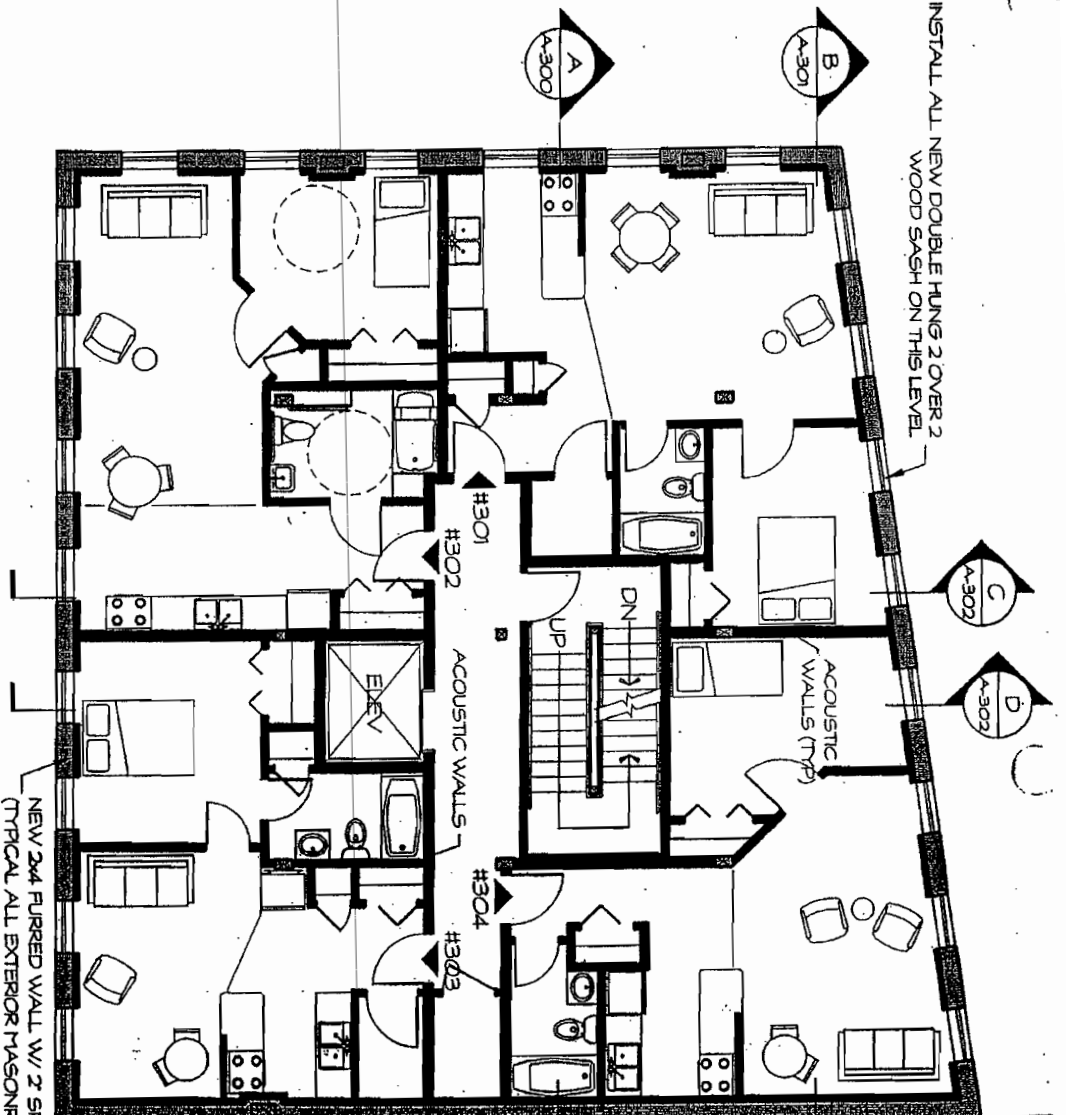
April 7, 2005

SCHEMATIC DESIGN #1b

#1b A-200

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INSTALL ALL NEW DOUBLE HUNG 2 OVER 2
WOOD SASH ON THIS LEVEL



WALL KEY

- ORIGINAL EXISTING WALLS
- DEMOLISHED WALLS
- NEW WALLS (thicker walls are acoustic)

FLOOR PLAN AREAS

UNIT #301	636 SF
UNIT #302	627 SF
UNIT #303	573 SF
UNIT #304	652 SF

2,488 SF

CIRCULATING	358 SF
STAIRS	0 SF
FLOOR TOTALS	358 SF

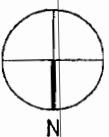
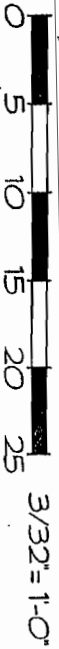
2,846 SF

NOTE

1. UNIT KITCHENS, ENTRIES, BATHROOMS, & STORAGE TO BE VINYL FINISHED FLOOR TYPICAL
2. UNIT BEDROOMS & LIVING / DINING AREAS TO BE WOOD FINISHED FLOOR TYPICAL

NEW 2x4 FURRED WALL W/ 2" SPRAY FOAM INSULATION IN CAVITY
(TYPICAL ALL EXTERIOR MASONRY PERIMETER WALLS)

PROPOSED THIRD FLOOR PLAN



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WILDER BLOCK FEASIBILITY #10505

Brattleboro, Vermont

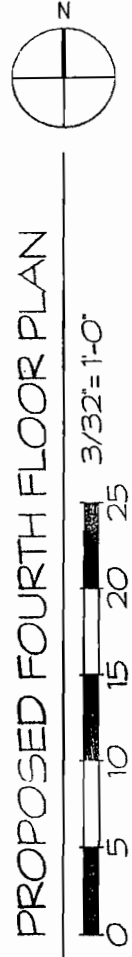
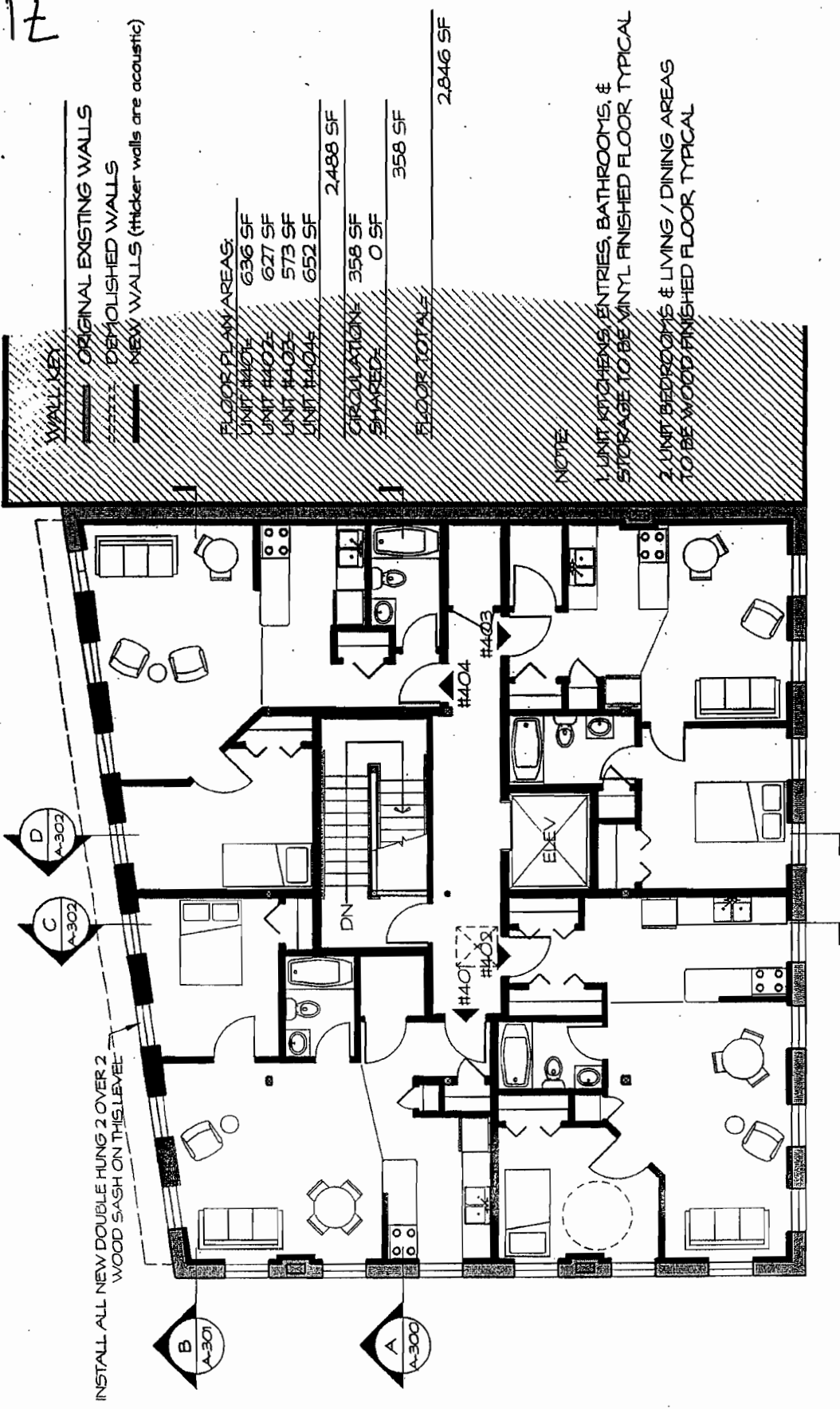
Brattleboro Area Community Land Trust

April 7, 2005

SCHEMATIC DESIGN #1b

#1b A-103

17



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WILDER BLOCK FEASIBILITY #10505

Brattleboro, Vermont

Brattleboro Area Community Land Trust

April 7, 2005

SCHEMATIC DESIGN #1b

#1b A-104

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**RESOLUTION RE: ALLOCATION OF 2005 PRIVATE ACTIVITY BOND
VOLUME CAP AND ELECTION TO CARRYFORWARD
2005 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated a total of \$122,000,000 in 2005 private activity bond volume cap by the State of Vermont Emergency Board ("2005 Allocation"); and

WHEREAS, the Agency desires to allow the Executive Director to determine the appropriate use of the 2005 Allocation; and

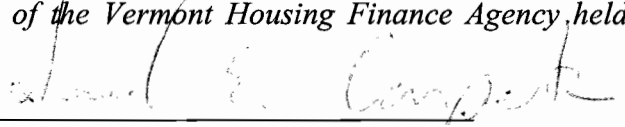
WHEREAS, the Agency wishes to accept any additional allocation of 2005 private activity volume cap from the State of Vermont and to allow the Executive Director to designate its use for either qualified mortgage bonds and/or mortgage credit certificates or exempt facility bonds or a combination of both; and

WHEREAS, the Agency desires to carryforward 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 authorizes the Executive Director to allocate the remainder of its 2005 Allocation pursuant to Section 146 of the Internal Revenue Code of 1986 as amended for the purposes of issuing exempt facility bonds or qualified mortgage bonds and/or mortgage credit certificates or a combination of both.
2. If the Agency is allocated any additional volume cap in 2005 by the State of Vermont, it authorizes the Executive Director to allocate any additional volume cap for the purposes of issuing exempt facility bonds or qualified mortgage bonds and/or mortgage credit certificates or a combination of both.
3. The Agency elects to carryforward all of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes consistent with its allocation of such carryforward between exempt facility bonds and qualified mortgage bonds and/or mortgage credit certificates.
4. The Executive Director and Chief Financial Officer are directed, and each of them is authorized, to take all steps necessary to carryforward 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 September 22, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

by Telephone Conference
initiated at

Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Friday, October 7, 2005 at 8:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), John Hall (designee for Dorn), Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:

Dagyne Canney

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Elizabeth Mullikin Drake, Joe Erdelyi, Pat Loller, Gary Marini, Cindy Reid

Guest: Andy Broderick (Housing Vermont), Andy Burnes (HallKeen)

Chair Randall called the meeting to order at 8:05 a.m. A quorum of the Board was present.

DEVELOPMENT

Housing Credit Status Report

Mr. Erdelyi explained that the loss of so many Difficult Development Area designations in Vermont (reference September 22, 2005 Board minutes) has created a rush on Allocated Housing Tax Credits as developers seek to take advantage of the one-year transition rule. To that end, the demand for 2006 tax credits now exceeds supply. Ms. Carpenter explained that, in order for the Barlow Square, Winooski, project to proceed, it needs an additional \$250,000 in tax credits, which will force other projects to use 2007 tax credits (and forego the 130% tax basis, with the exception of Callahan Housing, Burlington.) Discussion ensued about the readiness of the projects in the pipeline.

Barlow Square, Winooski

Mr. Burnes explained the request for an additional \$250,000 in tax credits for Barlow Square, Winooski. Four days before Hurricane Katrina, the project was put out to bid. Following the hurricane, the cost of materials increased and the bids have come in around the \$36.6 million range, which is \$4.0 million over the previous budget. Both developer and contractor are working to reduce this number without compromising quality, major design elements, materials, layout and configuration (and market appeal) by looking at structural components and site finishes. Even so, there is the need for additional tax credits. More detail can be found in Mr. Erdelyi's memo.



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Mr. Hall made a motion to approve an additional \$250,000 in Allocated Housing Credits for Barlow Square, Winooski, subject to the conditions outlined in the memo from Mr. Erdelyi dated October 5, 2005, bringing the total allocated for this project to \$2,214,260. Mr. Beaulieu seconded the motion which was unanimously approved.

Southview Apartments, Springfield

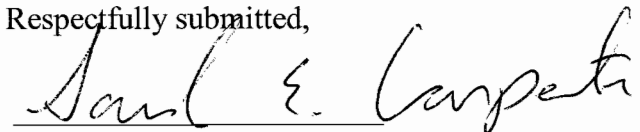
Ms. Carpenter reviewed Ms. Reid's memo regarding the request for additional Allocated Tax Credits for Southview Apartments, Springfield. She pointed out that the contractor with the lowest bid lacked capacity at this time to handle the job. Mr. Broderick added that Housing Vermont felt that the lowest bidder's bid was not fully qualified.

Mr. Seelig made a motion to approve an additional \$14,550 in Allocated Housing Credits for Southview Apartments, Springfield, bringing the total allocated for this project to \$360,000. Mr. Candon seconded the motion which was unanimously approved.

ADJOURNMENT

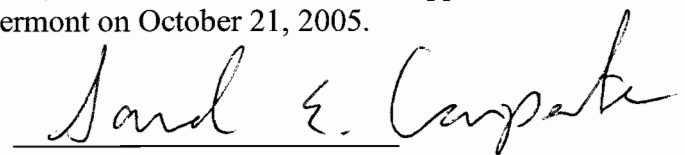
Mr. Beaulieu made a motion to adjourn the meeting. Mr. Hall seconded the motion and the Board unanimously approved to adjourn the meeting at 8:40 a.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on October 7, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Randolph, Vermont on October 21, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development *JE*

DATE: October 5, 2005

RE: Barlow Square, Winooski (formerly the Central Block)

Recommendation:

That the Board approve the request for additional Housing Credits in the amount not to exceed \$250,000, subject to the sponsor submitting a financially feasible proposal with at least 213 rental units. This award is conditioned upon: 1) review of the negotiated construction scope of work and budget by VHFA; 2) ongoing review of the overall capital budget, with the understanding that should additional sources be found (or other assumptions change), this allocation may be decreased.

Overview:

HallKeen ("HK") has been working with their general contractor (Wright and Morrissey) to come to a realistic and solid construction number. In doing this Wright and Morrissey gave HK a guaranteed maximum price contract figure, with an agreement to replace this number with a lower "lump-sum" contract figure after getting firm prices from subcontractors and suppliers. (This allowed HK to proceed to negotiate with their debt providers, their equity investor, and to proceed on several other fronts.) In the aftermath of Hurricane Katrina some commodities markets were in an upheaval, and as a result Wright and Morrissey took their guaranteed maximum price off the table. Staff met with HK and representatives from the City of Winooski and DHCA to discuss the situation, and the City granted HK a brief extension on its deadline for closing on the acquisition, to work out these issues.

Last week Wright and Morrissey gave HK a lump-sum price, and also identified areas where some value engineering might result in cost savings. They will hold this price for 30 days. After looking extensively at the numbers and making some changes (without radically altering the product in the market) HK is looking at a hard cost of \$36.6 million. This is about \$4.1 million above the budget number they had been carrying. By looking at all aspects of the capital budget and making cuts where they could, HK has ended up with a final cost of \$53.7 million, up from \$51.1 million. With an amortizing debt of approximately \$19.7 million, HK has negotiated a good equity rate from their investor, yielding \$0.97 for every dollar of Housing Credit allocated. The upshot of all this is that there is a gap of just over \$3 million to be filled, with equity or subsidies.

In order to make the development feasible without using more credits or other scarce resources, HK has proposed alternate scenarios, including: two of the four buildings be built and sold as condos. This would result in a smaller number of rental units, and a decrease in the amount of credits used overall. However, both staff and HK would prefer to see the rental development built as originally proposed. HK presented a scenario in which an additional allocation of credits of \$325,000 would enable the development to proceed with 213 total rentals, of which 102 would be tax-credit restricted.

Issues for Discussion:

Staff have questioned HK and looked at their analysis and assumptions. This development design as it was last presented to the Board will cost more to build than originally budgeted. Within the 5% increase in



credits the Board has authorized staff to give, the credit amount could be increased by approximately \$98,000. Staff believe that, while this would help, even after this increase and further changes to the construction specifications, the project would not be able to proceed. HK is taking a 15% developers fee but is deferring about 80% of it – were they to defer any more and their ability to call it part of the project's eligible basis is jeopardized. The debt level is quite high already, and the equity terms are good.

Changing the project from all rentals to a mix of for-sale condos and rentals is a solution. The resources already allocated (HOME, CDBG, and Housing Credits) contemplated an all-rental development, and to the extent that is scaled back, the funders will have to evaluate whether to scale back their awards, or allow the subsidy per rental unit to be higher, or allow their resources be used for the creation of for-sale condos rather than affordable rentals.

At the last Board meeting staff raised the issue of VT losing many counties that currently get the so-called 130% difficult development area ("DDA") designation. When such an area changes its designation, there is a one-year transition period, and complete applications made in 2005 will still enable projects to get the boost in basis – but only if they use 2006 credit ceiling. The transition period is one year, and the rules are specific. The tax credit status report (sent concurrently with this memo) lists a pipeline of projects, many of which intend to apply in 2005 in pursuit of this increase in basis. This pipeline totals \$4.3 million, and is probably not the entire universe of future applicants. The available credits from 2005-2006 is \$1.76 million, before giving any increases to Southview or Barlow Square. The pipeline listed would use all credits through the 2007 credit ceiling, and some of 2008.

06-Oct-05		Central Block, Winooski				
Total Residential Units:	213	Increase in Income from Rental Units:		1.50%		
Housing Credit Restricted Units:	102	Increase in Income from Other Sources:		1.50%		
Percent Restricted:	47.89%	Increase in Income from Commercial:		1.50%		
Total Development Cost:	53,412,241	Expense increase:		3.00%		
Total Development Cost per Unit:	250,762	Vacancy Rate:		5.00%		
		Vacancy Rate (Commercial):		10.00%		
Total Development Cost Per SF:	182	Partner's Tax Rate:		35%		
Credit Election:	40/60	Long Depreciation Schedule:		27.5	years	
Max Credit Potential:	2,422,084	Short Depreciation Schedule:		7	years	
Credit Amount Allocated:	2,214,260	Sponsor's Estimated Yield:		97.10%		
LIHTC - 9%	7.98%	(Oct 2005)				
LIHTC - 4%	3.42%					
SOURCES						
		% of Total Development Cost	Interest Rate	Amortization	Term	
First Mortgage 1	14,350,000	26.87%	6.70%	40	40	
First Mortgage 2	5,550,000	10.39%				
HOME	1,500,000	2.81%	0.00%	30	int. only	
VCDP	1,500,000	2.81%	0.00%	30	grant	
permanent equity	1,000,000	1.87%				
city loan 1	0	0.00%				
capitalized interest	150,000	0.28%				
operating surplus	1,921,555	3.60%	N/A	N/A		
Deferred Developer's Fee	5,234,864	9.80%	3.00%	30	30	
Tax Credit Equity	21,478,322	40.21%	N/A	N/A		
TOTAL SOURCES	52,684,741	98.64%				
USES						
Acquisition	565,000	1.06%				
Construction Hard Costs	38,100,000	71.33%				
Soft Costs	14,747,241	27.61%				
TOTAL USES	53,412,241	100%				
Gap	727,500					
General Partner's Capital Contribution			0	0.10%		
Limited Partner's Capital Contribution			21,478,322	99.90%		
Total Equity			21,478,322			
APPLICABLE FRACTION CALCULATION						
		Tax Credit Restricted Units	102			
		Total Units	213			
		Unit Fraction	47.89%			
		Tax Credit Square Footage	93,585			
		Total Residential Square Footage	202,380			
		Square Footage Fraction	46.24%			
		Applicable Fraction	46.24%			

06-Oct-05	Central Block, Winooski			
		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	500,000	2,347	1.70
2	Parking space acquisition?		0	0.00
3	Demolition (without replacement)		0	0.00
4	Property Appraisal	30,000	141	0.10
5	Legal - Title and Recording	35,000	164	0.12
	Subtotal - Acquisition	565,000	2,653	1.92
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	36,600,000	171,831	124.62
8	Accessory Buildings		0	0.00
9	Sitework		0	0.00
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency	1,500,000	7,042	5.11
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment		0	0.00
20	Other ()		0	0.00
	Subtotal - Hard Costs	38,100,000	178,873	129.73
	SOFT COSTS			
21	Architectural	997,975	4,685	3.40
22	Engineering	816,525	3,833	2.78
23	Legal/Accounting	75,000	352	0.26
24	Relocation		0	0.00
25	Environmental Assessment	20,000	94	0.07
26	Energy Assessment		0	0.00
27	Permits/Fees	802,400	3,767	2.73
28	Independent Market Study		0	0.00
29	Construction Period Insurance	219,600	1,031	0.75
30	Construction Interest	2,475,554	11,622	8.43
31	Construction Loan Origination Fee		0	0.00
32	Taxes During Construction	100,000	469	0.34
33	Clerk of the Works	145,000	681	0.49
34	Marketing	50,000	235	0.17
35	Tax Credit Fees	80,000	376	0.27
36	Soft Cost Contingency	60,000	282	0.20
37	Permanent Loan Origination Fee	286,250	1,344	0.97
38	Legal	255,000	1,197	0.87
39	Other ()	10,000	47	0.03
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion	30,000	141	0.10
	DEVELOPER'S FEES			
44	Developer's Fees	7,180,292	33,710	24.45
45	Other Partnership Fees		0	0.00
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital	421,220	1,978	1.43
48	Rent-up (Deficit Escrow) Reserve		0	0.00
49	Other Operating Reserves	500,000	2,347	1.70
50	op deficit during construction	222,425	1,044	0.76
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	14,747,241	69,236	50.21
	TOTAL DEVELOPMENT COSTS	53,412,241	250,762	181.86



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: October 6, 2005

RE: Request for Additional Allocated Housing Credit: Southview Apartments, Springfield

Recommendation: That the VHFA Board of Commissioners approve additional Allocated Housing Credits of \$14,550 to Housing Vermont (HVT) for Southview Apartments in Springfield.

Summary of Request: The lowest bidder at Southview Apartments is the same contractor currently working on another project we are financing that is undergoing some problems. Due to the nature of the problems, and the architect's and Dave Anderson's (VHFA's construction inspector) assessments, we came to the conclusion that the contractor should not carry out the Southview job at this time. (As an aside, the work is proceeding and is being monitored closely by the architect, clerk of the works, owner, and Dave Anderson.) HVT informed the contractor that HVT could not accept the bid for Southview.

HVT has been working with the next lowest bidder. They have been value engineering and looking at different sub-contractors, and the resulting gap is in the range of \$150,000 to \$180,000. For two main reasons, the project's sponsors want to sign a contract with the next lowest bidder and begin work as soon as possible: (1) Rockingham Area Community Land Trust (RACLT) has been keeping vacancies open for quite some time in anticipation of beginning the rehab, causing an operating shortfall that is covered in the development budget; and (2) prices continue to rise, both materials and labor.

HVT is requesting \$14,550 in additional Allocated Housing Credit to bridge the gap. Staff had previously approved a 5% increase, from \$329,000 (board-approved amount from July) to \$345,450 in response to the bids coming in higher than budgeted. At that time, VHCB and Neighborworks also increased their funding. The new request of \$14,550, combined with the staff-approved 5% increase, is a total increase of 9% over what the board originally committed to.

For these reasons, staff recommends the additional credit request, which would bring the total amount allocated to Southview to \$360,000.





Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Three Stallion Inn
665 Stock Farm Road, Randolph, Vermont
Friday, October 21, 2005 at 9:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Dayne Canney, Thomas Candon (designee for Crowley), Kevin Dorn, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Pat Loller, Gary Marini

Guest: John Wagner (Kutak Rock)

Chair Randall called the meeting to order at 9:28 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Beaulieu made a motion to approve the September 22, 2005 Board of Commissioners meeting minutes. Mr. Candon seconded the motion which was unanimously approved.

Mr. Seelig made a motion to approve the October 7, 2005 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

CONSENT AGENDA

Mr. Seelig made a motion to approve the item on the Consent Agenda (restated here):

~ Resolution Regarding Line of Credit for Housing Vermont

Mr. Beaulieu seconded the motion which was unanimously approved.

ADJOURNMENT

Mr. Candon made a motion to adjourn the meeting until after lunch when the board may consider other business. Ms. Pearce seconded the motion and the Board unanimously approved to adjourn the meeting at 9:31 a.m.

Chair Randall reopened the previously adjourned meeting at 1:08 p.m. A quorum of the Board was present.

Chair Randall requested that the Board take a vote to accept the Governor's draft of proposed housing initiatives outlined in the HOMES FOR VERMONTERS document distributed by Mr. Dorn. Some concerns were raised about accepting the document without knowing more about the details. After some discussion, Ms. Canney made a motion to: Commend the Governor and support his policy of making affordable housing an important initiative for the State. This supports VHFA's mission and VHFA looks



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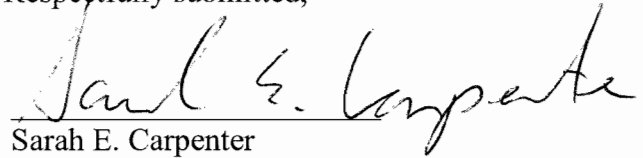


forward to collaborating with him to develop the details. Mr. Beaulieu seconded the motion which was unanimously approved.

ADJOURNMENT

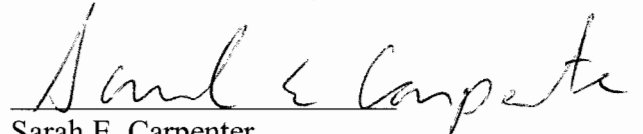
Ms. Canney made a motion to adjourn the meeting. Ms. Pearce seconded the motion and the Board unanimously approved to adjourn the meeting at 1:14 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on October 21, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Winooski, Vermont on November 10, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION REGARDING LINE OF CREDIT
FOR HOUSING VERMONT

WHEREAS, Housing Vermont, a non-profit corporation organized under the laws of the State of Vermont, (the "Borrower") has requested that the Agency renew its line of credit for bridge loans while it awaits the receipt of equity funds from limited partners of the limited partnerships that are the owners of developments where the Borrower has acted as the developer for the development; and

WHEREAS, in the past the Agency has made such bridge loans to Housing Vermont; and

WHEREAS, the Agency wishes to accommodate Housing Vermont's request, which is authorized under 10 V.S.A. § 621 (5);

NOW, THEREFORE, the Agency RESOLVES:

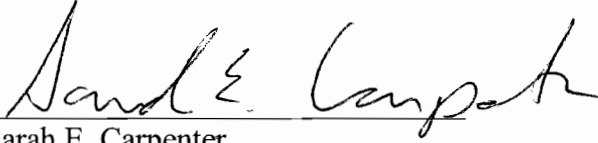
1. The request of Housing Vermont for a credit line for the purposes set forth above is granted. The maximum amount of credit that may be extended to the Borrower at any time is ONE MILLION FIVE HUNDRED THOUSAND (\$1,500,000) DOLLARS.

2. The interest rate on any extensions of credit to the Borrower will be the Agency's short term reinvestment rate, plus one percent per annum.

3. Each extension of credit to the Borrower must be evidenced by a promissory note in form satisfactory to the Executive Director and/or the Chief Financial Officer of the Agency and such other security as the Executive Director or Chief Financial Officer deems adequate.

4. This line of credit will expire November 1, 2006.

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 Randolph, Vermont, on October 21, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Champlain Mill, Third Floor

One Main Street, Winooski

Thursday, November 10, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Gus Seelig

VHFA Board Member Absent:

Paul Beaulieu, Beth Pearce (designee for Spaulding)

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Pat Loller, Gary Marini, Liza Plantilla, Cindy Reid

Guest: Ken Braverman (HallKeen), Andy Broderick (Housing Vermont), Representative Avis Gervais (Franklin-4), Michael Koessel (Citigroup Global Markets, Inc.), Jay Ladd (Community Development Director, City of Winooski), Sheryl Larsen (Chair, VCDP Board), Michael Manahan (Village of Enosburg Trustee), Gerry Myers (Winooski Downtown Redevelopment Project Manager/City Manager)

Following introductions and a warm welcome to newly appointed Board member, Bart Frisbie, and prior to a tour of the Winooski Downtown Redevelopment Project ("Project"), Mr. Myers reviewed the segments of the Project and their timelines.

Chair Randall called the meeting to order at 10:50 a.m. following a tour of the Project led by Mr. Myers and Mr. Braverman. A quorum of the Board was present.

BOARD MINUTES

Mr. Dorn made a motion to approve the October 21, 2005 Board of Commissioners meeting minutes. Mr. Seelig seconded the motion which was approved by all except Mr. Frisbie who abstained.

DEVELOPMENT

Housing Credit Status Report

Mr. Erdelyi distributed a map of Vermont showing the loss of Difficult Development Areas (DDAs) in 2006. DDAs are published annually by HUD and allow for a 130% increase in tax credit basis. The one-year transition rule allows for an allocation of the following year's tax credits (2006 in this case), using 130% of basis for projects in areas losing the DDA designation,

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for up to one year after an application is received, as long as the application is received before the loss of the DDA designation. However, to be eligible for an allocation, the developer must have closed on the property and spent 10% of project costs before the end of that year.

The loss of DDAs has created a demand that exceeds supply. However, not all projects will be ready for an allocation by the end of December, 2006. Discussion ensued about the readiness of the projects in the pipeline.

Ms. Randall expressed concern about the pipeline consisting primarily of Housing Vermont projects. Mr. Broderick explained that Housing Vermont has partnered with various local sponsors of the projects in the pipeline. Most of the projects Housing Vermont represents are ones that originated with a community group. Staff assured Ms. Randall that conversations with other tax credit users have been ongoing. Ms. Carpenter asked Mr. Erdelyi and Ms. Reid to double-check with the development community about their pipeline prior to the December meeting.

Enosburg Falls Housing

Ms. Reid introduced Representative Gervais and Village Trustee Mr. Manahan. Ms. Reid also distributed pictures of and an article about the burned-out block in Enosburg, and reviewed other details of her memo. Discussion followed.

Mr. Seelig explained that he considers this kind of project (fire damage in a community) to be a high priority. Given changing demographics, he likes the smaller units but that they are not age-segregated. He likes that the Merchants Bank is donating the top two floors of its building. And, he sees an opportunity to learn about New Market Tax Credits. He also mentioned that Senator Jeffords has arranged an earmark for this project.

Mr. Dorn asked whether a negotiation occurs around development fees. Ms. Carpenter explained that the developer fee is derived from an application of a percentage per the developer fees policy. Mr. Erdelyi explained that staff does not, generally, try to negotiate. Rather, staff relies on the policy to objectively determine risk. Ms. Carpenter explained that the developer fees policy was reviewed last spring but that it can be revisited. [Reference minutes of the May 5, 2005 and May 19, 2005 Joint Committee on Tax Credits meetings and the May 19, 2005 and June 9, 2005 VHFA Board Meetings.]

Ms. Randall expressed concern about the high cost per unit. Mr. Broderick acknowledged that costs are high. Mr. Seelig suggested that staff could pull together builders, developers, and architects to brainstorm, in general, about ways to lower costs. He suspects, however, that costs will continue to be higher post-Hurricane Katrina.

Mr. Manahan advocated for rebuilding the downtown of Enosburg Falls. Representative Gervais explained that Enosburg Falls is the hub for five surrounding towns, that there is a need for retail space and housing and that it is critical that this project gets off the ground.

Mr. Candon made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits for Enosburg Falls Housing, Enosburg." Mr. Seelig seconded the motion which was approved by all except Mr. Frisbie who abstained.

CONSENT AGENDA

Mr. Seelig made a motion to approve the item on the Consent Agenda (restated here):

- ~ Resolution Re: Construction Financing and Proposed Use of Bond Housing Credits for Glover Senior Housing, Glover

Ms. Canney seconded the motion which was unanimously approved.

LEGISLATIVE PRIORITIES – 2006 SESSION

VHFA Act

Ms. Carpenter reminded the Board of the discussion at the retreat regarding the Agency's proposed statutory change during the last session that would have given it "broader lending authority" and the resulting concern about competition among bankers. Staff has since determined that, within the current statute, there is some flexibility which would allow the Agency to address the housing needs of more Vermonters. In addition, staff has identified a statutory change that would focus on increasing the supply of homes priced under \$240 thousand.

Ms. Mullikin Drake explained that the flexibility which exists in the current statute is in the definition of "low and moderate income," which is determined by the Board. She reviewed her memo, explaining that an analysis of the average home price in Vermont indicates that an income of 140% of area median income (AMI) is needed to afford it. If a source of capital other than funds from Mortgage Revenue Bonds (for which income limits fall under federal guidelines) was to be made available for a specialized single family home product (construction of and/or lending for targeted populations), staff would like to recommend that the Board allow the definition of "low and moderate income" to include incomes of up to 140% of AMI. This is already allowed in some parts of the state under some current rules and programs.

One of the issues for VHFA is that if we decide to finance the construction of more market units, including a subdivision of homes, under our current rules, 51% of the homes would have to meet the low or moderate income definition since anything other than a homeownership loan to an individual operates under our multifamily rules. Ms. Mullikin Drake explained that the proposed statutory change would be to allow the resolutions for multifamily projects (which include certain single family construction projects) to determine the following:

The residential housing qualifies for financing with proceeds of federally tax-exempt obligations or at least 20% of the units will be occupied by persons and families of low and moderate income.

(The resolutions currently determine that projects will be occupied *primarily* by persons and families of low and moderate income.)

Mr. Seelig believes the above proposals are responsive to the Governor's housing initiatives and he intends to support them. However, he is concerned that redefining "affordable housing" will shift the focus from creating truly "affordable housing." He concedes that it will result in more housing and will help the Agency's bottom line, allowing for reinvestment in people who are really struggling. Ms. Carpenter commented that the Federal MRB rules only call for a 20% low and moderate income requirement and that is the statute in many states.

Ms. Canney expressed concern about not maintaining affordability upon resale of primary housing created with initial affordability restrictions. Ms. Carpenter explained that a resale restrictions policy can be addressed by the Board and does not need to be addressed by statute.

Mr. Seelig made a motion to adopt the proposal to modify the current statute as described in the third paragraph of this section. Ms. Canney seconded the motion which was unanimously approved.

Ms. Mullikin Drake explained that S.127 is in Senate Finance. It will be rewritten to include the change just approved by the Board and then Ms. Carpenter will find a sponsor to bring it to the House.

Homeownership Tax Credit Program

Ms. Carpenter explained that a Homeownership Development Tax Credit Program and an Employer Assisted Housing Program are programs the Agency may want to consider pursuing in an effort to promote production. At this point they are presented for discussion only, as more input from the Agency's partners is necessary before decisions can be made.

Mr. Erdelyi reviewed his memo regarding the concept of a State Homeownership Tax Credit program and the various parameters due consideration. He asked Board members for their input, their goals. Discussion followed.

Regarding the type of housing (mobile homes, duplexes, single family detached, and condos):

- Mr. Seelig would support using tax credits for any of these types except mobile homes.
- Ms. Randall prefers single family detached.
- Ms. Canney pointed out that southern Vermont could use more condos.
- Mr. Candon prefers single family detached or duplexes.
- Mr. Frisbie believes a garden-style home (single family detached with condo-style maintenance) is very appropriate as the population ages. He suggested building smaller homes on smaller lots to improve affordability, adding that zoning to allow increased density may be the challenge.

Regarding level of subsidy (affordability vs. number of units):

- Mr. Dorn explained that the objective should be to maximize the number of housing units created, as increasing supply would open up more affordable units and ease price escalation.
- Mr. Seelig understands that increasing supply will temper the market but he would like to see the Agency focus on entry level housing (for the \$12 - \$20/hour income earners.) He then expressed concern about a duplication of effort if this program were to offer substantial subsidies.
- Ms. Canney would like to see resale restrictions to maintain affordability, or tax credit recycling. Mr. Seelig also supports tax credit recycling.

Employer Assisted Housing (EAH) Program

Ms. Collins stated that Vermont Businesses for Social Responsibility (VBSR) has taken on affordable housing as a policy issue in the next legislative session. And, the HomeOwnership Centers (HOCs) hope to pilot with a few employers to test different models of EAH benefits. They have reserved title for an Employer Assisted Housing tax credit and would like VHFA and its Board to partner with them in the effort. Ms. Collins requested that Board members let her know now whether they would be opposed to such a partnership since it will involve substantial time on the part of staff. Ms. Carpenter added that she'd like to see the Agency play a leadership role in this effort.

Ms. Randall only asks that staff seeks a broad range of input (e.g., from large employers, ski resorts, and those with experience in offering an EAH benefit.)

Ms. Seelig questioned whether this is the right model for the expenditure of public funds as it may advantage one employer over another when one is in a better position to use it. He wondered whether these public funds could be used to more positively impact the overall housing market. Ms. Carpenter commented that there would need to be assurance that the credit could be used against a variety of tax liabilities so that it benefited the most employers. She also commented that the current State Housing Credits have become very efficient.

Property Transfer Tax Exemption

In reference to Ms. Collins memo regarding raising the property transfer tax exemption amount for VHFA borrowers, there seemed to be consensus in pursuing this. Her memo regarding raising the property transfer tax rate on vacation homes was included in the Board packet for information only and not as a proposed legislative priority.

GOVERNOR'S HOUSING INITIATIVES (Initiatives) - Homes for Vermonters

Mr. Dorn explained that he's been speaking to many groups about the Initiatives. The information has been well received and has resulted in more ideas.

Ms. Loller asked how long the Initiatives would be in draft form. Mr. Dorn replied that Mr. John Kessler (ACCD) is currently drafting legislative language which needs to be submitted to legislative council soon. A bill will be introduced in January. He added that not everything in the document will require a legislative review.

Surrounding a discussion about Capital Needs Assessments (page 8 of Initiatives regarding streamlining functions of the three primary funding entities), Mr. Dorn explained that he will, as authorized by the Con Plan, soon appoint a Housing Preservation Committee (to include VHFA, VHCB, CD and other members).

Ms. Randall asked that the Board be brought up-to-date at the next meeting on efforts to streamline the application and underwriting processes among agencies. Mr. Erdelyi agreed to 1) update the Board on efforts to consolidate the application; 2) review VHFA underwriting standards; and 3) review the process that project applicants go through when applying to many agencies (including evaluations and underwriting processes.)

Mr. Seelig indicated that there is concern among nonprofits about a de-emphasis on Preservation. He believes that a dialog is necessary to discuss the value of preservation and the high cost of replacement.

OTHER

Ms. Randall again asked staff to work proactively to expand the pool of developers, including for-profit developers, with which the Agency works. She also asked that staff list the local nonprofits on the Tax Credit Report to remind the Board that VHFA is serving the local communities and organizations which have partnered with Housing Vermont. Mr. Seelig added that more could be done to encourage additional partnership opportunities.

Ms. Loller reminded the Commissioners that they are welcome to attend the Agency's holiday luncheon to be held December 16th.

Ms. Loller mentioned that tickets for the Agency's quilt raffle to raise money for United Way of Chittenden County can be purchased online at www.vhfa.org.

ADJOURNMENT

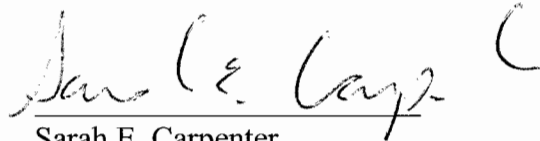
Mr. Seelig made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Board unanimously approved to adjourn the meeting at 2:15 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on November 10, 2005. The minutes were approved at a lawful meeting of the Commissioners held at Burlington, Vermont on December 15, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS
FOR ENOSBURG FALLS HOUSING, ENOSBURG**

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the rehabilitation and construction of a total of twenty-eight (28) units of general occupancy rental housing in two (2) buildings in the Town of Enosburg (the "Development"); and

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

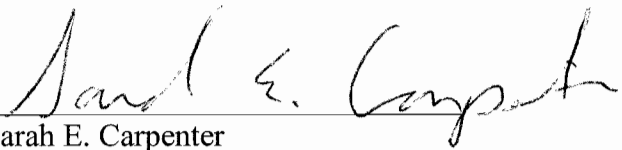
WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated November 3, 2005, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. That the recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$509,250.00 for the Enosburg Falls project in the Town of Enosburg, Vermont.

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 Winooski, Vermont, on November 10, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: November 3, 2005

RE: Request for Ceiling Housing Credits: Enosburg Falls Housing, Enosburg Falls

Name:	Enosburg Falls Housing	Location:	Enosburg Falls
Housing Type:	General Occupancy	Unit Type:	Flats (elevator)
Unit Count:	28 Total Units 25 Housing Credit Units	Unit Sizes:	23 1-Br @ 695 s.f. 5 2-Br @ 960 s.f.
Total Cost:	\$5,998,586 (residential only)	Per S.F. Acquisition & Construction Cost:	\$179
Housing Credits:	\$509,250 (Ceiling "9%" Credits)	Sponsors:	Housing Vermont & Lake Champlain Housing Development Corporation
Other Funding:	HOME, VHCB, VCDP, AHP, HUD Special Purpose, Neighborworks, REEP, Bank Debt, State & Federal Historic Credits, New Markets Tax Credit		

Recommendation: Staff recommends that the VHFA Board of Commissioners approve the attached resolution and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Housing Vermont (HVT), in partnership with Lake Champlain Housing Development Corporation (LCHDC), and with the sponsorship of the Village of Enosburg Falls, is proposing to acquire a burned-out block on Main Street in Enosburg Falls and construct a 3-story building, with 22 apartments on the upper two floors and four commercial spaces on the first floor. The building that had been there burned to the ground in February of 2005, and the project's sponsors have worked closely with members of the community and town leaders to design a development that will fit in with the community. Four of the previous commercial tenants will return, and include: a jeweler, a sporting goods store, a restaurant, and a furniture store. The Merchants Bank is located in the closest building to the north of the block, in a historic brick building. The Bank has its offices in the first floor, and is donating the second and third floors to the project sponsors for an additional six residential rental units that will also be part of this project. The two upper floors have been vacant for some time and need a complete renovation. Once completed, both buildings together will have six units affordable to households at or below 50% of area median income, 19 units affordable to households at or below 60% of area median income, and three units affordable to households at or below 80% of area median income. The new building will be served by an elevator; eight units will be handicapped accessible.

The sponsors have applications in for VHCB/HOME, HUD Special Purpose, VCDP and AHP funding. All of these funding decisions will be made prior to or in December. Neighborworks funding will be decided upon in February. In addition, Enosburg Falls is in an area that is eligible for the New Markets Tax Credit



Program. Housing Vermont is working with two potential New Markets Tax Credits investors to fund the commercial space. Local permitting is in place, and Act 250 approval is anticipated in January. The sponsors hope to begin construction in April, complete the commercial spaces by November 2006 and the residential units by January 2007. The commercial tenants would like to be open by the 2006 holiday season. Lake Champlain Housing Ventures will manage the property once completed.

Tax Credit Discussion:

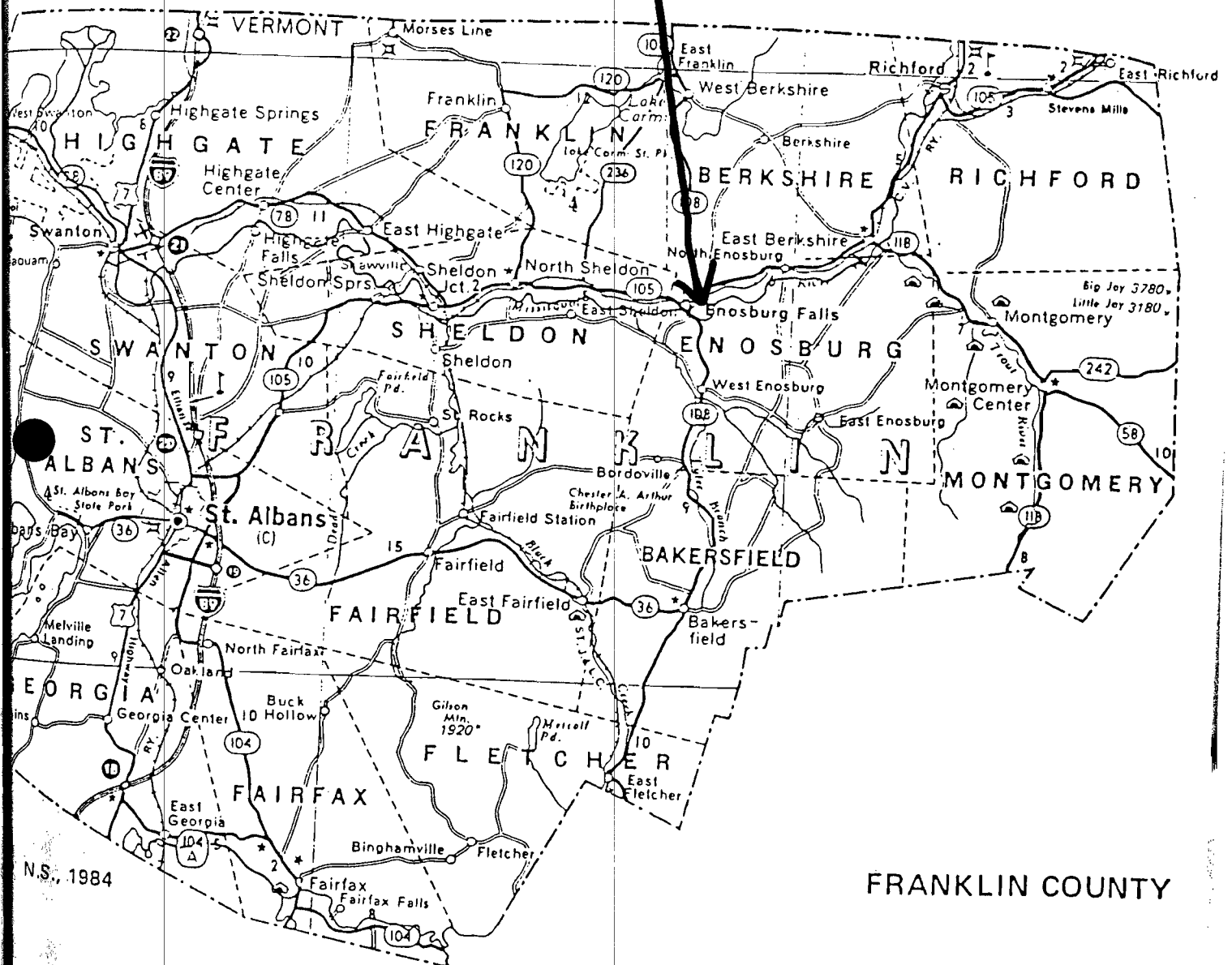
The application meets three top tier priorities of the Allocation Plan: it meets the historic settlement pattern of the Town; the Town has submitted an application for Village Center designation (to be decided upon in November); and the project involves the removal of blight (the burned-out block currently is a giant fenced-in hole, and the upper floors of the Merchants Banks building are uninhabitable in their current condition). A commitment of Credits would be made conditional upon receiving the Village Center designation status, in order for the application to meet the number of criteria needed, as well as for Merchants Bank building to qualify for State Historic Credits. In addition, staff has determined that the project meets the unique design criteria – it is a mixed-use construction project of an entire block, designed to fit in appropriately with the village center, and it provides underground parking. The building that had been located there previously was designated historic by the State Division of Historic Preservation, as is the Merchants Bank building. The re-development seeks to replace residential units that were destroyed by fire, create new housing units, rehabilitate an underutilized portion of a building that is being donated, and provide commercial spaces for local merchants that lost their businesses due to fire.

The project will meet the design standards except for the creation of a playground. There is limited area surrounding the building for recreation space. The sponsors have requested a waiver from the playground requirement citing the availability of recreation areas within walking distance, including a school playground and school playing fields. The project will meet the energy standards.

The market study raises some market issues; however, the sponsors have made changes to the project that address market concerns. Some of the market study issues are as follows: There is little to compare to in the market, as much of the area's affordable housing is for seniors and not for general occupancy. It is a rural area, the unemployment rate tends to be one of the highest in the state, and the wages tend to be lower. Public transportation is not available in Enosburg. However, there are factors that help the project. Twenty one percent of the primary market area is comprised of renter households. The majority of affordable rental housing in the area is for seniors, and the family rental housing market appears underserved. The market area is considered more desirable than other more rural areas. Enosburg Falls will be considered part of the Burlington Metropolitan Statistical Area (MSA) in early 2006, which will expand the pool of income eligible renters (thereby widening the market). There are benefits to the location: underground parking, access to services, retail, groceries, banks, churches schools, medical and dental offices. The development isn't adding 28 units to the market, but a net of 19 units (nine units were burned and are being replaced). The sponsors have added an on-site laundry, and will pursue the availability of project-based Section 8 rental assistance. The lease up may take longer than a typical development, but the project's sponsors are budgeting for that. Staff will condition the Housing Credit allocation on the pledging of a portion of the developer fee, or the posting of a letter of credit, to increase the lease-up reserve for the housing units in an amount to be determined by the Agency if needed when the project obtains its certificate of occupancy.

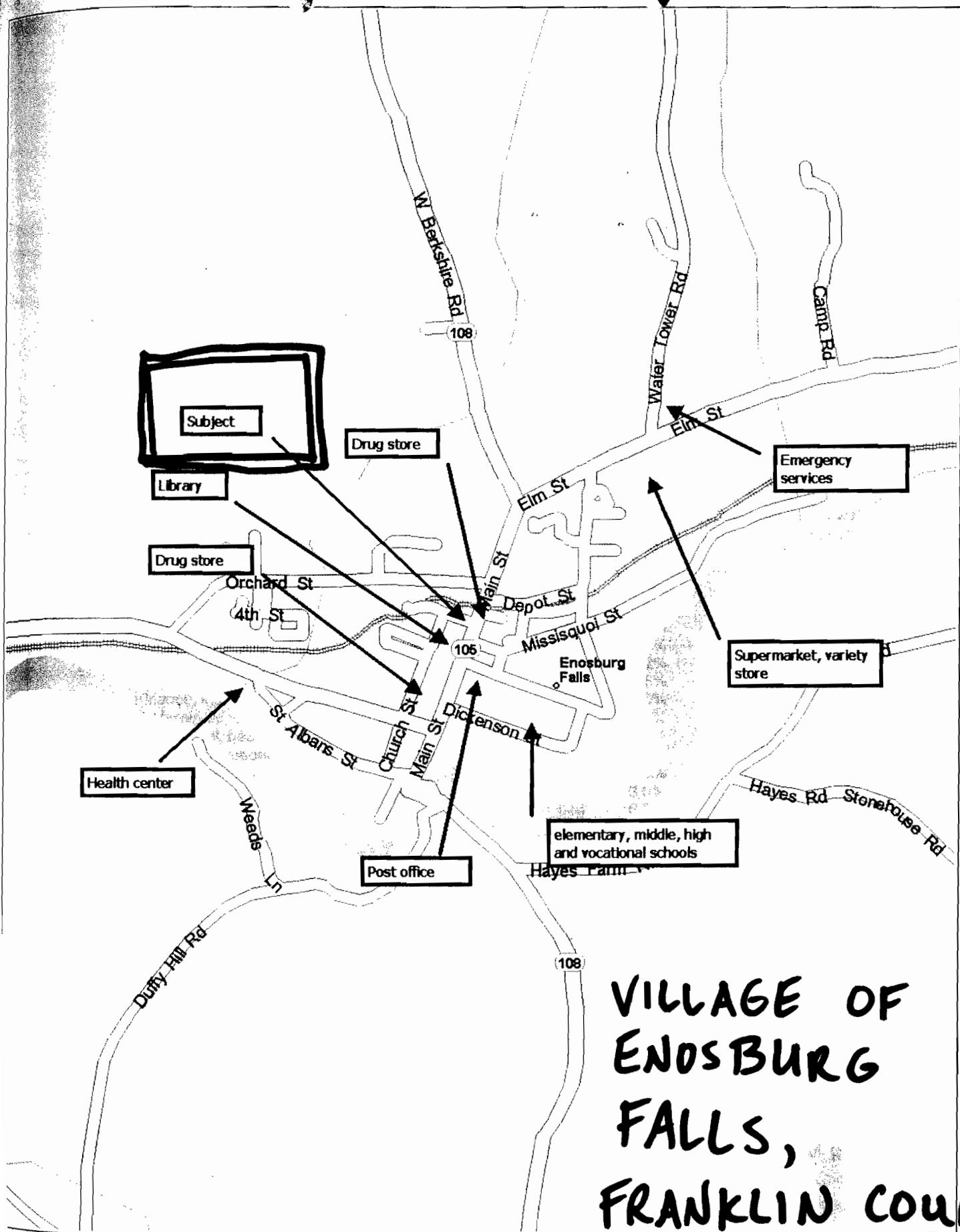
With the two conditions outlined above: 1) approval of village center designation, and 2) pledging a portion of the development fee or posting of a letter of credit to increase the lease up reserve if needed, staff recommends approval of the ceiling Housing Credit request.

Location of Subject

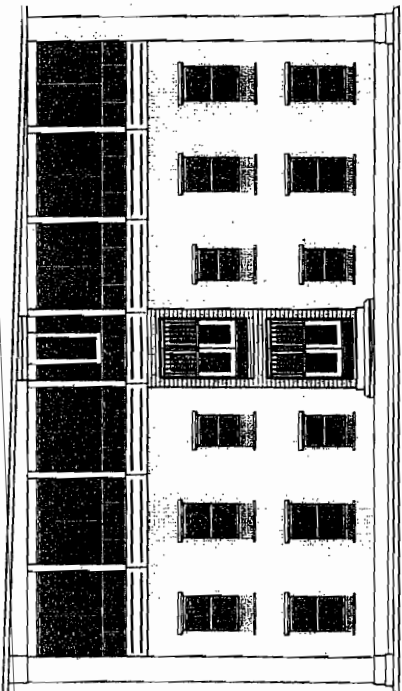


FRANKLIN COUNTY

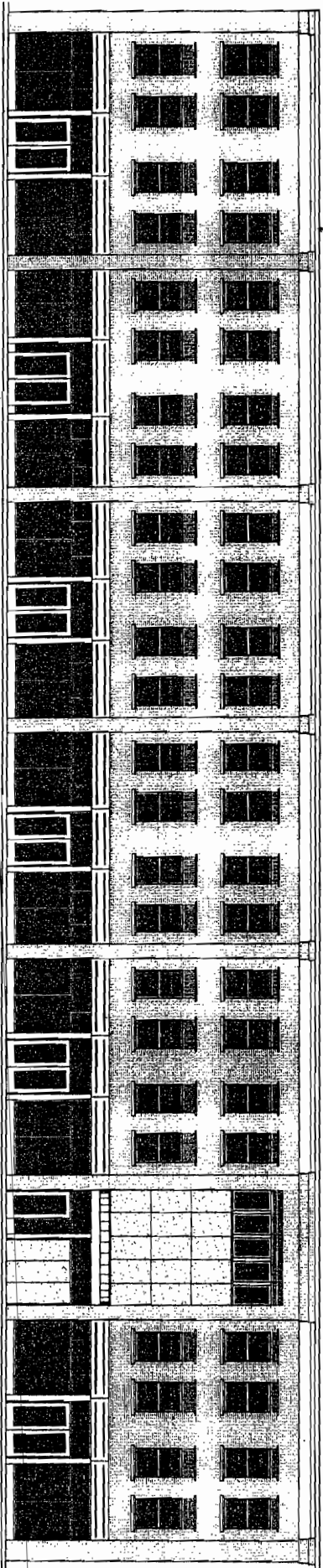
Primary Market Area highlighted



VILLAGE OF ENOSBURG FALLS, FRANKLIN COUNTY

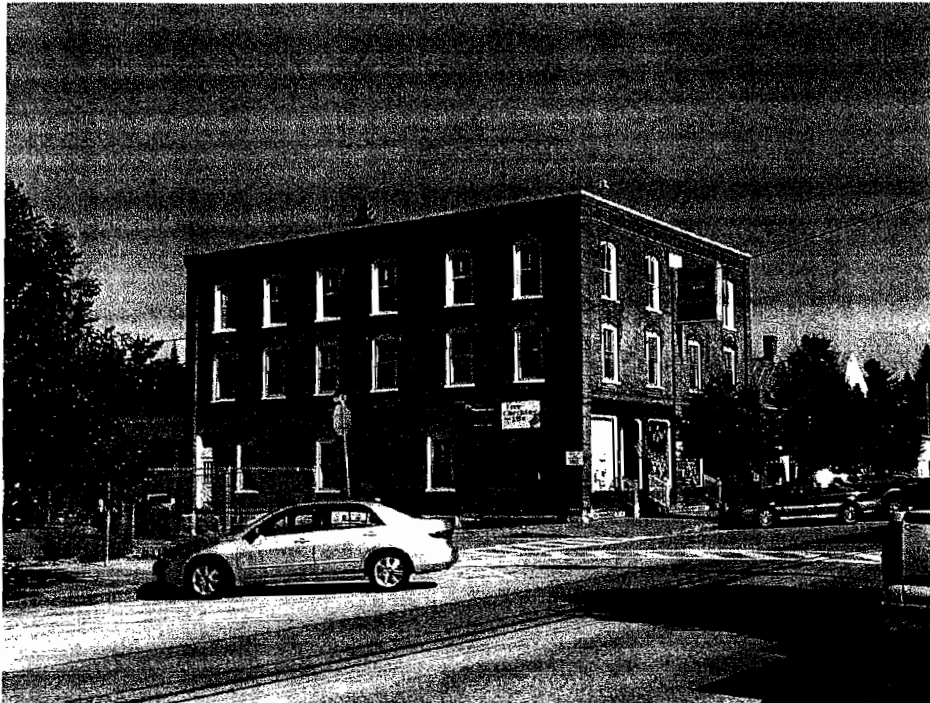


NORTH ELEVATION

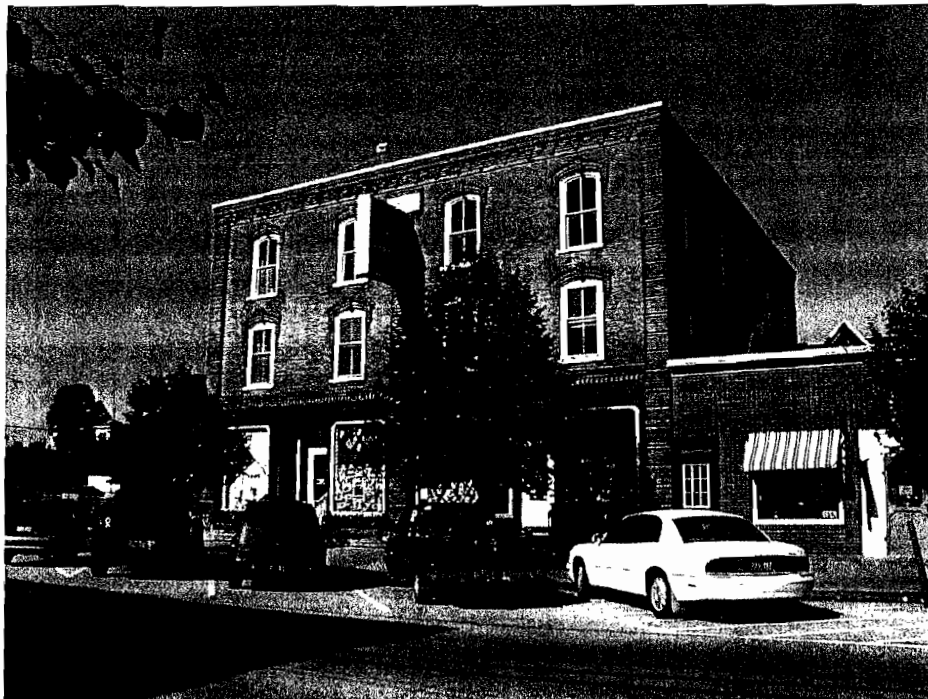


EAST ELEVATION

SUBJECT PROPERTY PHOTOGRAPHS



Date Taken: September 6, 2005
By: Kurt J. Kaffenberger
Identification: Front and south side of Merchants Bank building



Date Taken: September 6, 2005
By: Kurt J. Kaffenberger
Identification: Front and north side of Merchants Bank building

03-Nov-05 **Enosburg Falls Housing**

Total Residential Units:	28	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:	1.00%
Percent Restricted:	89.29%	Increase in Income from Commercial:	1.00%
Total Development Cost:	8,107,006	Expense increase:	2.50%
Total Development Cost per Unit:	289,536	Vacancy Rate:	5%
Total Development Cost Per SF:	212	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	509,818	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	509,250	Sponsor's Estimated Yield:	84.26%

LIHTC - 9%	8.02%	November 2005
LIHTC - 4%	3.44%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
AHP Advance	250,000	3.08%	0.00%	30	30
Housing Debt	100,000	1.23%	8.50%	30	30
Primary Commercial Mortgage	445,000	5.49%	8.50%	30	30
VHCB	480,000	5.92%	0.00%	30	30
HOME	425,000	5.24%	5.00%	30	30
VCDP	700,000	8.63%	3.00%	20	20
Neighborworks	224,000	2.76%	0.00%	30	30
HUD Special Purpose	250,000	3.08%	5.00%	30	30
REEP	40,000	0.49%	0.00%	30	30
Development Loan	41,112	0.51%	0.00%	10	10
New Markets Commercial	580,000	7.15%			
Historic equity	223,375	2.76%	N/A	N/A	
Tax Credit Equity	4,348,519	53.64%	N/A	N/A	
TOTAL SOURCES	8,107,006	100.00%			

USES

Acquisition	258,200	3.18%
Construction Hard Costs	6,369,500	78.57%
Soft Costs	1,479,306	18.25%
TOTAL USES	8,107,006	100.00%
Gap	0	

General Partner's Capital Contribution	45,719	1.00%
Limited Partner's Capital Contribution	4,526,175	99.00%
Total Equity	4,571,894	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	25
Total Units	28
Unit Fraction	89.29%
Tax Credit Square Footage	18,720
Total Residential Square Footage	20,805
Square Footage Fraction	89.98%
Applicable Fraction	89.29%

	Budget	Per Unit	Per s.f.			
ACQUISITION						
1 Land	247,000	8,821	6.45	163,333	2,000	81,667
2 Purchase of Building(s)		0	0.00	0	0	0
3 Demolition (without replacement)		0	0.00	0	0	0
4 Property Appraisal	5,000	179	0.13	2,832	752	1,416
5 Legal - Title and Recording	6,200	221	0.16	3,512	932	1,756
Subtotal - Acquisition	258,200	9,221	6.74	169,677	3,684	84,839
CONSTRUCTION HARD COSTS						
6 Rehabilitation		0	0.00	0	0	0
7 New Building(s)	5,697,700	203,489	148.73	3,453,662	751,040	1,492,998
8 Accessory Buildings		0	0.00	0	0	0
9 Sitework	302,300	10,796	7.89	156,338	78,960	67,002
10 Commercial Space Costs (if any)		0	0.00	0	0	0
11 General Requirements		0	0.00	0	0	0
12 Contractor Overhead		0	0.00	0	0	0
13 Contractor Profit		0	0.00	0	0	0
14 Construction Contingency	341,500	12,196	8.91	180,500	83,000	78,000
15 Construction Management		0	0.00	0	0	0
16 Construction Bond Fee		0	0.00	0	0	0
17 Hazardous Materials Abatement		0	0.00	0	0	0
18 Off-Site Improvements		0	0.00	0	0	0
19 Furnishings, Fixtures, & Equipment	28,000	1,000	0.73	22,000	6,000	0
20 Other ()		0	0.00	0	0	0
Subtotal - Hard Costs	6,369,500	227,482	166.26	3,812,500	919,000	1,638,000
SOFT COSTS						
21 Architectural	360,000	12,857	9.40	214,111	54,127	91,762
22 Engineering		0	0.00	0	0	0
23 Legal/Accounting	36,500	1,304	0.95	20,675	5,488	10,337
24 Relocation		0	0.00	0	0	0
25 Environmental Assessment	3,500	125	0.09	1,983	526	991
26 Energy Assessment		0	0.00	0	0	0
27 Permits/Fees	60,756	2,170	1.59	36,135	9,135	15,486
28 Independent Market Study		0	0.00	0	0	0
29 Construction Period Insurance	7,500	268	0.20	4,461	1,128	1,912
30 Construction Interest	79,000	2,821	2.06	46,986	11,878	20,136
31 Construction Loan Origination Fee	15,000	536	0.39	8,496	2,255	4,249
32 Taxes During Construction		0	0.00	0	0	0
33 Clerk of the Works	15,000	536	0.39	8,921	2,255	3,824
34 Marketing	4,500	161	0.12	2,549	677	1,274
35 Tax Credit Fees	11,550	413	0.30	9,075	2,475	0
36 Soft Cost Contingency	8,000	286	0.21	4,758	1,203	2,039
37 Permanent Loan Origination Fee		0	0.00	0	0	0
38 Market Study	3,000	107	0.08	2,357	643	0
39 Other ()		0	0.00	0	0	0
SYNDICATION COSTS						
40 Organizational (Partnership)		0	0.00	0	0	0
41 Bridge Loan Fees and Expenses		0	0.00	0	0	0
42 Syndication Consultant		0	0.00	0	0	0
43 Tax Opinion		0	0.00	0	0	0
DEVELOPER'S FEES						
44 Developer's Fees - HVT	400,000	14,286	10.44	226,573	60,141	113,286
45 Other Partnership Fees - LCHDC	400,000	14,286	10.44	226,573	60,141	113,286
46 Consultant Fees		0	0.00	0	0	0
RESERVES						
47 Working Capital	15,000	536	0.39	10,214	2,786	2,000
48 Rent-up (Deficit Escrow) Reserve		0	0.00	0	0	0
49 Other Operating Reserves	60,000	2,143	1.57	43,214	11,786	5,000
50 Sinking Fund		0	0.00	0	0	0
51 Replacement Reserves		0	0.00	0	0	0
Subtotal - Soft Costs	1,479,306	52,832	38.61	867,081	226,644	385,582
TOTAL DEVELOPMENT COSTS	8,107,006	289,536	211.62	4,849,258	1,149,328	2,108,421

03-Nov-05 Enosburg Falls Housing

	Budget	New Housing	Bank Housing	Commercial	Total	
ACQUISITION						
1 Land	247,000	163,333	2,000	81,667	247,000	
2 Purchase of Building(s)	0	0	0	0	0	
3 Demolition (without replacement)	0	0	0	0	0	
4 Property Appraisal	5,000	2,832	752	1,416	5,000	
5 Legal - Title and Recording	6,200	3,512	932	1,756	6,200	
Subtotal - Acquisition	258,200	169,677	3,684	84,839	258,200	
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0	0	0	0	0	
7 New Building(s)	5,697,700	3,453,662	751,040	1,492,998	5,697,700	
8 Accessory Buildings	0	0	0	0	0	
9 Sitework	302,300	156,338	78,960	67,002	302,300	
10 Commercial Space Costs (if any)	0	0	0	0	0	
11 General Requirements	0	0	0	0	0	
12 Contractor Overhead	0	0	0	0	0	
13 Contractor Profit	0	0	0	0	0	
14 Construction Contingency	341,500	180,500	83,000	78,000	341,500	
15 Construction Management	0	0	0	0	0	
16 Construction Bond Fee	0	0	0	0	0	
17 Hazardous Materials Abatement	0	0	0	0	0	
18 Off-Site Improvements	0	0	0	0	0	
19 Furnishings, Fixtures, & Equipment	28,000	22,000	6,000	0	28,000	
20 Other ()	0	0	0	0	0	
Subtotal - Hard Costs	6,369,500	3,812,500	919,000	1,638,000	6,369,500	
SOFT COSTS						
21 Architectural	360,000	214,111	54,127	91,762	360,000	
22 Engineering	0	0	0	0	0	
23 Legal/Accounting	36,500	20,675	5,488	10,337	36,500	
24 Relocation	0	0	0	0	0	
25 Environmental Assessment	3,500	1,983	526	991	3,500	
26 Energy Assessment	0	0	0	0	0	
27 Permits/Fees	60,756	36,135	9,135	15,486	60,756	
28 Independent Market Study	0	0	0	0	0	
29 Construction Period Insurance	7,500	4,461	1,128	1,912	7,501	
30 Construction Interest	79,000	46,986	11,878	20,136	79,000	
31 Construction Loan Origination Fee	15,000	8,496	2,255	4,249	15,000	
32 Taxes During Construction	0	0	0	0	0	
33 Clerk of the Works	15,000	8,921	2,255	3,824	15,000	
34 Marketing	4,500				0	
35 Tax Credit Fees	11,550				0	
36 Soft Cost Contingency	8,000	4,758	1,203	2,039	8,000	
37 Permanent Loan Origination Fee	0	0	0	0	0	
38 Market Study	3,000				0	
39 Other ()	0	0	0	0	0	
SYNDICATION COSTS						
40 Organizational (Partnership)	0	0	0	0	0	
41 Bridge Loan Fees and Expenses	0	0	0	0	0	
42 Syndication Consultant	0	0	0	0	0	
43 Tax Opinion	0	0	0	0	0	
DEVELOPER'S FEES						
44 Developer's Fees - HVT	400,000	226,573	60,141	113,286	400,000	
45 Other Partnership Fees - LCHDC	400,000	226,573	60,141	113,286	400,000	
46 Consultant Fees	0	0	0	0	0	
RESERVES						
47 Working Capital	15,000	2,554	696	500	3,750	
48 Rent-up (Deficit Escrow) Reserve	0				0	
49 Other Operating Reserves	60,000				0	
50 Sinking Fund	0	0	0	0	0	
51 Replacement Reserves	0	0	0	0	0	
Subtotal - Soft Costs	1,479,306	802,226	208,973	377,808	1,389,007	
TOTALS	8,107,006	4,614,726	1,127,973	2,108,421	7,851,120	
LESS: Amount of Non-qualified Financing			223,375			
LESS: Adjustment for per unit cost limits		4,614,726	904,598	2,015,808	7,535,132	Adjusted Basis
LESS: Historic tax Credit (Residential Portion)		86.36%	100.00%	100		
Total Eligible Basis						
TOTALS		130.00%	130.00%			
TOTALS: Adjusted for QCT/DDA	130.0%	5,180,861	1,175,977			
TOTALS: Applicable Fraction	89.29%	8.02%	8.02%			
Total Qualified Basis						
TOTALS		415,505	94,313	0	509,818	
Total Annual Credit Qualified						
Total Tax Credits Requested	509,250					
Estimated Net Syndication Proceeds						
(excluding historic credit equity)	4,348,519					
Estimated Yield - Housing Credit Syndication	86.25%					
Equity Gap	4,348,519					
Credits Needed to fill Equity Gap	509,250					

03-Nov-05 **Enosburg Falls Housing**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		696	20	514	0	123,360
2 Br		960	5	625	0	37,500
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		18,720	25			160,860

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		695	3	630	0	22,680
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		2,085	3			22,680

All Units

Grand Totals	20,805	28	183,540
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Less Vacancy	5.00%	(9,177)
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NET RENT	174,363
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OTHER INCOME

Laundry	100	1,200
Parking		0
Commercial Space Income		
Other		

TOTAL INCOME	175,563
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Enosburg Falls Housing

Check all Applicable										A					B					C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:							AFFORDABLE TO: Units affordable to residents at:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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03-Nov-05 **Enosburg Falls Housing**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	16,800	1,400	50	
Office expense	2,016	168	6	
Audit/Accounting	1,344	112	4	
Legal	1,008	84	3	
Compliance Monitoring	1,200	100	4	1,200
Marketing		0	0	
Asset Management Fee	2,688	224	8	
TOTAL ADMINISTRATIVE	25,056	2,088	75	
Utilities				
Electricity	2,688	224	8	
Fuel Oil	25,200	2,100	75	
Water and Sewer	12,768	1,064	38	
Fire Alarm / Emergency	336	28	1	
Other		0	0	
TOTAL UTILITIES	40,992	3,416	122	
Maintenance				
Maintenance / Janitor Payroll	18,480	1,540	55	
Janitor Supplies	1,680	140	5	
Exterminating	336	28	1	
Trash Removal	4,704	392	14	
Snow Removal	4,704	392	14	
Grounds	2,016	168	6	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	1,680	140	5	
Elevator Contract / Repairs	3,360	280	10	
Painting and Decorating	1,344	112	4	
Other		0	0	
TOTAL MAINTENANCE	38,304	3,192	114	
Real Estate Taxes				
Real Estate Taxes	22,176	1,848	66	
Property Insurance	3,360	280	10	
Replacement Reserves	13,440	1,120	40	
Primary Debt Service	9,227	769	27	
Other "must pay" debt service		0	0	
Other		0	0	
Total	152,555	12,713	454	

PUM =
387

03-Nov-05																
Etnohsburg Falls Housing																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Residential Rent		183,540	185,375	187,229	189,101	190,992	192,902	194,831	196,780	198,748	200,735	202,742	204,770	206,817	208,886	210,974
Other Income		1,200	1,212	1,224	1,236	1,249	1,261	1,274	1,287	1,299	1,312	1,326	1,339	1,352	1,366	1,379
Gross Commercial Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Vacancy and other losses		(9,177)	(9,269)	(9,361)	(9,453)	(9,550)	(9,645)	(9,742)	(9,839)	(9,937)	(10,037)	(10,137)	(10,238)	(10,341)	(10,444)	(10,549)
Commercial Vacancy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Income		175,563	177,319	179,092	180,883	182,692	184,518	186,364	188,227	190,110	192,011	193,931	195,870	197,829	199,807	201,805
Operating Expenses																
Total Expenses (excl. Reserves)		129,888	133,135	136,464	139,875	143,372	146,956	150,630	154,396	158,256	162,212	166,268	170,424	174,685	179,052	183,528
Reserves		13,440	13,574	13,710	13,847	13,986	14,126	14,267	14,409	14,554	14,699	14,846	14,995	15,145	15,296	15,449
Total Operating Expense		143,328	146,710	150,174	153,722	157,358	161,082	164,897	168,806	172,810	176,911	181,114	185,419	189,829	194,348	198,977
Net Operating Income		32,235	30,609	28,918	27,160	25,334	23,437	21,467	19,422	17,300	15,099	12,817	10,451	7,999	5,459	2,828
Less Primary Debt Service		9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		23,008	21,382	19,691	17,933	16,107	14,210	12,240	10,195	8,073	5,872	3,590	1,224	(1,228)	(3,768)	(6,399)
Operating Subsidies / Stinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		23,008	21,382	19,691	17,933	16,107	14,210	12,240	10,195	8,073	5,872	3,590	1,224	(1,228)	(3,768)	(6,399)
Cumulative Cash Flow																
DCR		349.36%	331.77%	313.41%	294.36%	274.56%	254.00%	232.65%	210.49%	187.49%	163.64%	138.93%	113.27%	86.70%	59.16%	30.65%
Beginning Balance		10,000	29,327	47,398	64,123	79,407	93,152	105,355	115,611	124,109	130,634	135,066	141,394	145,458	147,139	146,314
Deposits		23,008	21,382	19,691	17,933	16,107	14,210	12,240	10,195	8,073	5,872	3,590	1,224	0	0	0
Interest		430	800	1,145	1,462	1,749	2,005	2,228	2,414	2,563	2,671	2,737	2,840	2,943	2,926	2,943
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	(1,228)	(3,768)	(6,399)
Devel Fee Repayment		(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	0	0	0
Ending Balance		29,327	47,398	64,123	79,407	93,152	105,355	115,611	124,109	130,634	135,066	141,394	145,458	147,139	146,314	142,841
Cumulative Replacement Reserves																
Beginning Balance		0	13,574	27,285	41,132	55,118	69,243	83,510	97,919	112,471	127,196	142,095	157,168	172,413	187,833	203,436
Deposits		13,440	13,574	13,710	13,847	13,986	14,126	14,267	14,409	14,554	14,699	14,846	14,995	15,145	15,296	15,449
Interest		134	136	137	138	140	141	143	144	146	147	148	150	151	153	154
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		13,574	27,285	41,132	55,118	69,243	83,510	97,919	112,471	127,196	142,095	157,168	172,413	187,833	203,436	218,985
Net Operating Income		32,235	30,609	28,918	27,160	25,334	23,437	21,467	19,422	17,300	15,099	12,817	10,451	7,999	5,459	2,828
Plus Reserves		13,440	13,574	13,710	13,847	13,986	14,126	14,267	14,409	14,554	14,699	14,846	14,995	15,145	15,296	15,449
Less Interest Expense		100,917	100,553	100,156	99,725	99,255	98,744	98,188	97,583	96,924	96,207	95,426	94,577	93,652	92,646	91,551
Less Long Depreciation		(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)	(199,943)
Less Short Depreciation		(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Taxable Income (Loss)		(57,351)	(59,207)	(61,158)	(63,210)	(65,368)	(67,636)	(70,021)	(72,529)	(75,165)	(77,938)	(80,853)	(83,917)	(87,147)	(90,515)	(94,028)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		20,073	20,722	21,124	22,124	22,879	23,673	24,507	25,378	26,290	27,246	28,249	29,299	30,396	31,540	32,732
Plus Tax Credits		732,625	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250	509,250
After Tax Cash Flow		732,698	529,972	510,655	511,374	512,129	512,923	513,757	514,638	515,528	516,426	517,333	518,248	519,171	520,101	521,036
Total Years	15															
Reinvestment Rate	12.00%															
Current After Tax Cash Flows		732,698	529,972	510,655	511,374	512,129	512,923	513,757	514,638	515,528	516,426	517,333	518,248	519,171	520,101	521,036
Future Value of Cash Flows at Yr 15:		4,119,941	2,590,074	2,315,511	2,070,219	1,851,036	1,655,177	1,480,151	1,320,270	1,180,453	1,050,248	947,405	844,015	749,885	664,885	588,885
Discount Rate:	6.00%															
Capital Contribution Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Date of Capital Contribution	30-Sep-05	30-Sep-06	31-Mar-07	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05	03-Nov-05
Amount of Capital Contribution	3,328,395	1,426,355	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Present Value of Contributions	100	3,131,969	1,302,080	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows	(4,434,149)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRR:	10.51%															
Equity Yield	84.20%															

**RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED USE OF BOND
HOUSING CREDITS FOR GLOVER SENIOR HOUSING, GLOVER**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Gilman Housing Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the rehabilitation and construction of a total of twelve (12) units of senior rental housing in the Town of Glover (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds (the "Bonds") to finance a loan to the Borrowers; and

WHEREAS, the application contemplates a mortgage loan for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Borrower qualifies 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

WHEREAS, the Agency administers the use of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated November 3, 2005, containing information and recommendations about the Development (the "Memorandum");

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 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 increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

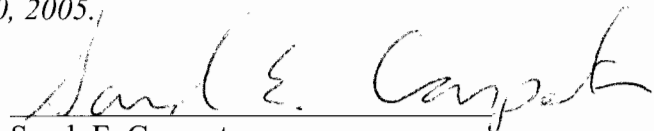
6. The Sponsor is financially responsible and is a qualified housing sponsor within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the limited partnership to be created by the Sponsor for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsor, the Borrower or any other person for its refusal to do so.
5. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.
6. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
7. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility.

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 Winooski, Vermont, on November 10, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CM*

DATE: November 3, 2005

RE: Request for Construction Financing and 4% Housing Credits: Glover Senior Housing

Name:	Glover Senior Housing	Location:	Glover
Housing Type:	Senior	Unit Type:	Flats
Unit Count:	12 Total Units 12 Housing Credit Units	Unit Sizes:	12 1-Br @ 656 average s.f.
Total Cost:	\$1,971,000	Per S.F. Acquisition & Construction Cost:	\$140
Housing Credits:	\$63,500 (Bond "4%" Credits)	Sponsor:	Gilman Housing Trust
Loan Requested:	\$1,600,000 Construction Loan (tax-exempt)		
Other Funding:	VHCB, USDA Rural Development, Neighborhood Reinvestment, REEP, VCIL		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Gilman Housing Trust (GHT) is proposing to acquire a 4-unit building, rehabilitate it and construct a large 8-unit addition, resulting in a total of 12 senior apartments, a community room, a laundry room, management office and tenant storage. The project was inspired by efforts of community members and a Town Select Board advisory committee concerned about the lack of senior housing in Glover. The site that was selected is close to the general store, diner, church, library, post office, and a nursing care facility. GHT has received commitments for USDA RD financing (including rental assistance for all 12 units), VHCB, and Neighborhood Reinvestment. The development will serve seniors over 62 years of age with incomes below 60% of area median income. All units will have rental assistance so no resident will pay more than 30% of their income for rent. The project does not need Act 250 approval – only a state water/wastewater permit, and a local permit for allocation of public sewer. The only funding not yet committed is the Neighborhood Reinvestment funding, approval of which is anticipated later this month. The sponsor hopes to close in January, begin construction in February, and complete the project by October 2006. An appraisal has been completed; a Level I Environmental Site Assessment will be submitted within a week.



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

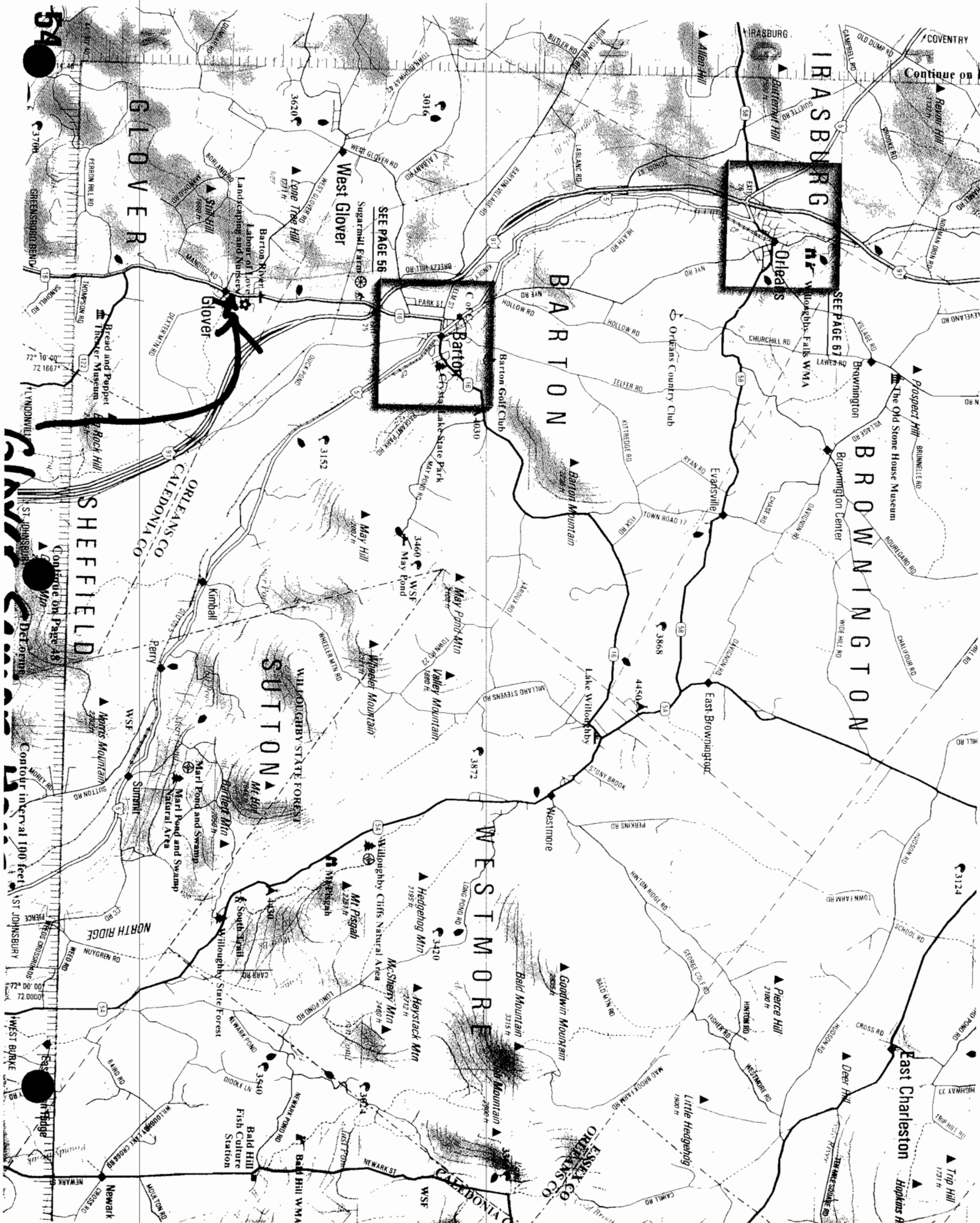
delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

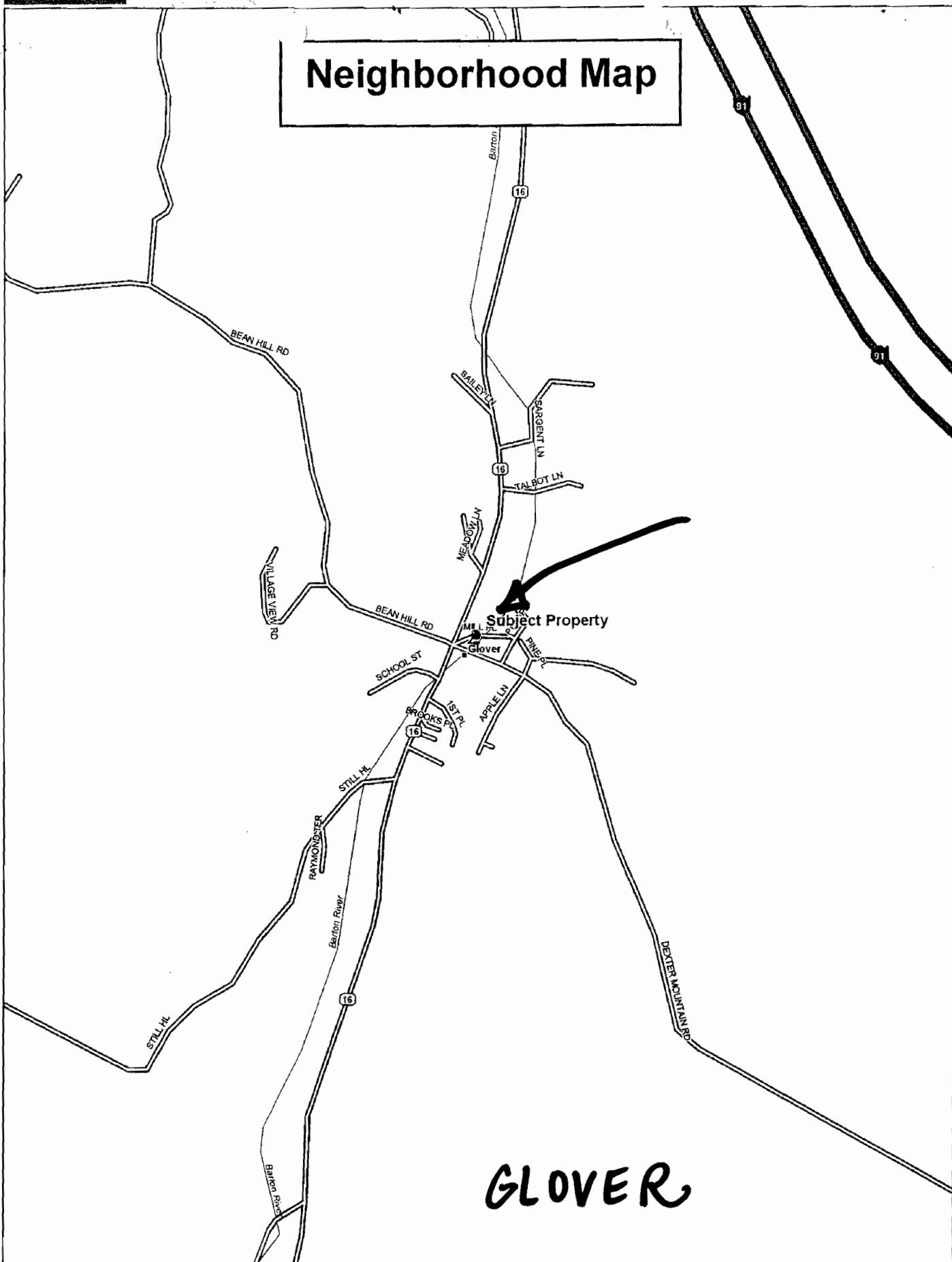
www.vhfa.org

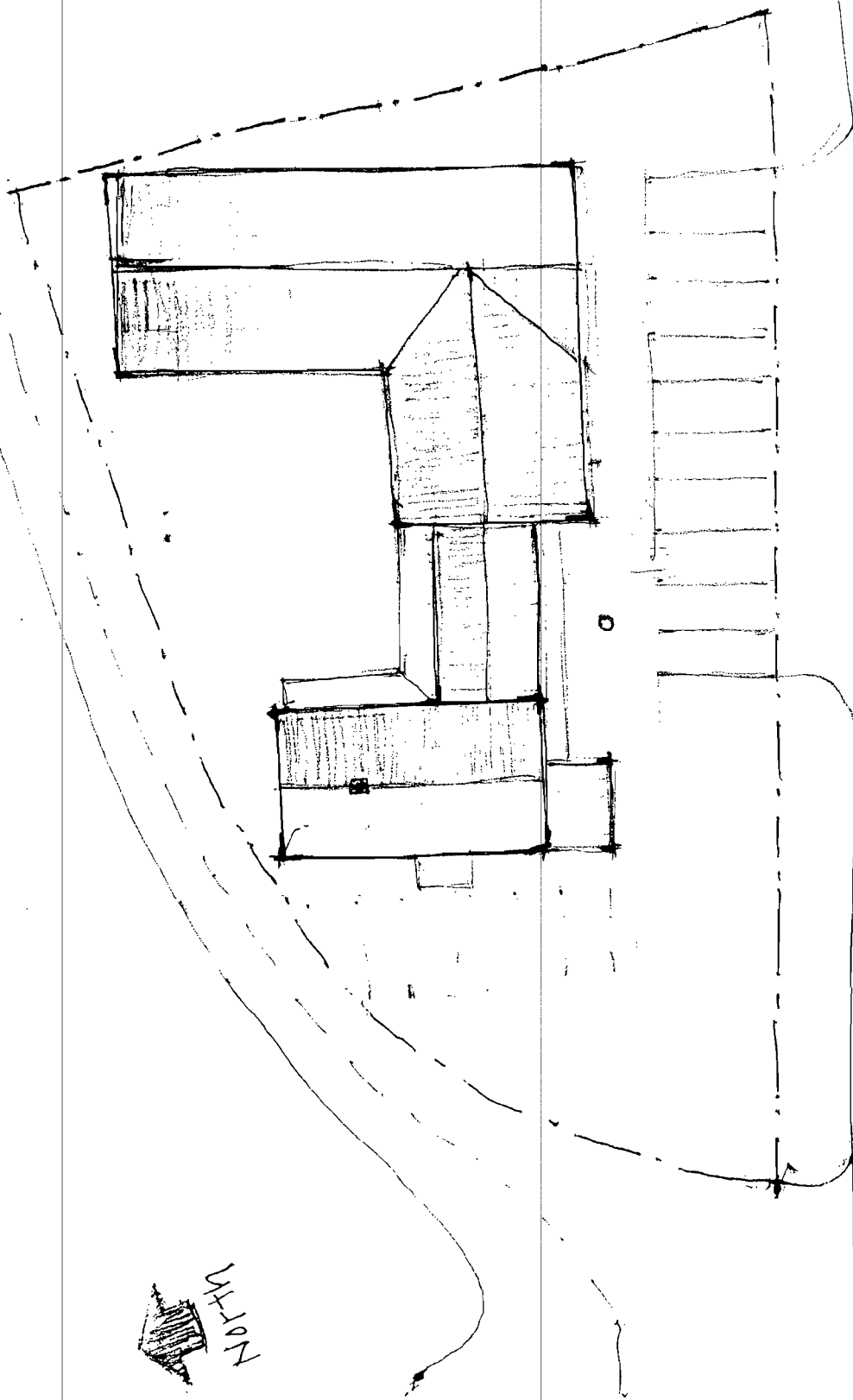


The market study supports a project half the size of what is proposed. However, the market analyst used the town of Glover itself as the market area (no surrounding communities were included), and he based his study on the misconception that the project was assisted living, not independent apartments. The sponsor has since provided more data, from community members, area service providers, and Northern Community Management Company (NCMC) staff who all attest to the need for subsidized senior housing in Glover. In light of the market concern, VHCB has made a condition that GHT must have a waiting list of 18 persons prior to closing. VHFA staff concur with this condition. Once completed, NCMC will manage the property. NCMC has a supportive services division that coordinates some services to senior housing developments it manages. The NCMC resident services coordinator, GHT Americorps staff, and townspeople who have advocated for this project will together be providing services for residents of the proposed development.



Neighborhood Map





Scale: 1" = 30'
4-17-05

Dexter Mt Rd.

Route 16

Glover
Village

← to Barton
GLOVER SENIOR HOUSING

03-Nov-05 **Glover Apartments**

Total Residential Units:	12	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	12	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	1,971,000	Expense increase:	2.50%
Total Development Cost per Unit:	164,250	Vacancy Rate:	5%
Total Development Cost Per SF:	195	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	65,179	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	63,500	Sponsor's Estimated Yield:	88.28%

LIHTC - 4% 3.44% November 2005

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - RD	1,000,000	50.74%	1.00%	50	30
VHCB	300,000	15.22%	0.00%	30	deferred
REEP & VCIL	10,000	0.51%	0	0	Cap Contribution
VHCB Feasibility (GP Equity)	10,000	0.51%	0	0	Cap Contribution
NR loan	96,000	4.87%	0	30	deferred
Tax Credit Equity LP	555,000	28.16%	N/A	N/A	
	1,971,000	100.00%			

VHFA Construction Loan 1,600,000 81.18% 12 months

USES

Acquisition	129,500	6.57%
Construction Hard Costs	1,287,753	65.34%
Soft Costs	553,747	28.09%
TOTAL USES	1,971,000	100.00%

Gap 0

General Partner's Capital Contribution	5,606	1.00%
Limited Partner's Capital Contribution	555,000	99.00%
Total Equity	560,606	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	12
Total Units	12
Unit Fraction	100.00%
Tax Credit Square Footage	10,091
Total Residential Square Footage	10,091
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Total Project		Budget	Per Unit	Per s.f.	VHCB Terms: _____	NR Loan Terms: _____	Equity	RD	VHCB Feas
ACQUISITION									& REEP
1	Land	21,250	1,771	2.11	21,250				
2	Purchase of Building(s)	103,750	8,646	10.28	100,750				3,000
3	Demolition (without replacement)		0	0.00					
4	Property Appraisal	2,500	208	0.25					2,500
5	Legal - Title and Recording	2,000	167	0.20	2,000				
Subtotal - Acquisition		129,500	10,792	12.83					
CONSTRUCTION HARD COSTS									
6	Rehabilitation		0	0.00					
7	New Building(s)	1,111,500	92,625	110.15			134,000	967,500	10,000
8	Accessory Buildings		0	0.00					
9	Sitework	28,000	2,333	2.77				28,000	
10	Commercial Space Costs (if any)		0	0.00					
11	General Requirements		0	0.00					
12	Contractor Overhead & profit		0	0.00					
13	Contractor Profit		0	0.00					
14	Construction Contingency	116,953	9,746	11.59			115,313		
15	Construction Management		0	0.00					
16	Construction Bond Fee		0	0.00					
17	Hazardous Materials Abatement	12,500	1,042	1.24			8,000	4,500	
18	Off-Site Improvements		0	0.00					
19	Furnishings, Fixtures, & Equipment	18,800	1,567	1.86			18,800		
20			0	0.00					
Subtotal - Hard Costs		1,287,753	107,313	127.61					
SOFT COSTS									
21	Architectural / Engineering	120,000	10,000	11.89	60,000	17,013	42,987		
22	Survey	1,500	125	0.15	1,500				
23	Legal/Accounting	15,000	1,250	1.49	13,500				1,500
24	Construction Management/Clerk	25,000	2,083	2.48		25,000			
25	Environmental Assessment	1,500	125	0.15					1,500
26	Civil Engineering	8,000	667	0.79	8,000				
27	Permits/Fees	5,787	482	0.57	5,787				
28	Relocation	20,000			12,213	7,787			
29	Compaction/Testing	3,500	292	0.35		3,500			
30	Independent Market Study	3,000	250	0.30		1,500			1,500
31	Construction Period Insurance	3,500	292	0.35		3,500			
32	Construction Interest	60,000	5,000	5.95		19,800	40,200		
33	Loan Origination Fee		0	0.00					
34	Taxes During Construction	2,100	175	0.21		2,100			
35	Inspection Fee	4,500	375	0.45		4,500			
36	Marketing	2,500	208	0.25			2,500		
37	Tax Credit Fees	2,800	233	0.28		2,800			
38	Soft Cost Contingency	15,500	1,292	1.54			15,500		
39	VHFA Lender's Council Fee	3,500	292	0.35		3,500			
40			0	0.00					
41			0	0.00					
42			0	0.00					
43	Capital Needs Assessment	3,000	250	0.30			3,000		
SYNDICATION COSTS									
44	Organizational (Partnership)	1,500	125	0.15		1,500			
45	Bridge Loan Fees and Expenses	21,700	1,808	2.15			21,700		
46	Syndication Consultant	2,500	208	0.25		2,500			
47	Tax Opinion	1,000	83	0.10		1,000			
DEVELOPER'S FEES									
48	Developer's Fees	167,360	13,947	16.59	60,000		109,000		
49			0	0.00					
50	Consultant Fees	39,000	3,250	3.86	15,000		24,000		
RESERVES									
51	Working Capital	20,000	1,667	1.98			20,000		
52	Rent-up (Deficit Escrow) Reserve		0	0.00					
53	Operating Reserves		0	0.00					
54	Sinking Fund (RA)		0	0.00					
55	Replacement Reserves		0	0.00					
Subtotal - Soft Costs		553,747	46,146	54.88					
TOTAL DEVELOPMENT COSTS		1,971,000	164,250	195.32	300,000	96,000	555,000	1,000,000	20,000

Building #	Unit #	Check all Applicable						A			B						C										
		HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:						
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+	
1	1			1	1	1	1	1	1	515	700	0	700			1					1						
	2			1	1	1	1	1	1	580	700	0	700			1					1						
	3			1	1	1	1	1	1	564	700	0	700			1					1						
	4			1	1	1	1	1	1	594	700	0	700			1					1						
	5			1	1	1	1	1	1	702	700	0	700			1					1						
	6			1	1	1	1	1	1	702	700	0	700			1					1						
	7			1	1	1	1	1	1	702	700	0	700			1					1						
	8			1	1	1	1	1	1	702	700	0	700			1					1						
	9			1	1	1	1	1	1	702	700	0	700			1					1						
	10			1	1	1	1	1	1	702	700	0	700			1					1						
	11			1	1	1	1	1	1	702	700	0	700			1					1						
	12			1	1	1	1	1	1	702	700	0	700			1					1						
Total # Units	12	0	0	12	12	12	2	8	0	7,869	8,400		Total # Units:	0	0	12	0	0	0	0	12	0	0	0	0	0	0

Actual sf from Olivia
702

03-Nov-05 **Glover Apartments**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	6,048	504	42	6.2%
Site Management Payroll	2,002	167	14	
Audit/Accounting	4,000	333	28	
Legal	150	13	1	
Compliance Monitoring	576	48	4	576
Marketing	500	42	3	
Other	2,555	213	18	
TOTAL ADMINISTRATIVE	15,831	1,319	110	
Utilities				
Electricity	4,320	360	30	
Fuel	7,520	627	52	
Water and Sewer	3,600	300	25	
Fire Alarm / Emergency		0	0	
Other	800	67	6	
TOTAL UTILITIES	16,240	1,353	113	
Maintenance				
Maintenance / Janitor Payroll		0	0	
Maintenance Overhead		0	0	
Exterminating		0	0	
Trash Removal	2,160	180	15	
Snow Removal	2,500	208	17	
Grounds	1,000	83	7	
Repairs Material	450	38	3	
Repairs Contract	10,200	850	71	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	2,000	167	14	
Painting and Decorating	250	21	2	
Other	1,500	125	10	
TOTAL MAINTENANCE	20,060	1,672	139	
Real Estate Taxes	3,800	317	26	<div>per unit month excl. ds & res. 413</div>
Property Insurance	3,600	300	25	
Replacement Reserves	10,000	833	69	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	50	4	0	
Total	69,581	5,798	483	
	59,581			

Glover Apartments																					
03-Nov-05		Year																			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
RD 1% Loan, No Interest Credit	Operating Income	100,800	101,808	102,826	103,854	104,893	105,942	107,001	108,071	109,152	110,243	111,346	112,459	113,584	114,720	115,867	117,026	118,196	119,378	120,572	121,777
	Gross Rent	1,150	1,167	1,185	1,203	1,221	1,239	1,257	1,276	1,295	1,315	1,335	1,355	1,375	1,396	1,417	1,438	1,459	1,481	1,503	1,526
	Other Income	(5,040)	(5,090)	(5,141)	(5,193)	(5,245)	(5,297)	(5,350)	(5,404)	(5,458)	(5,512)	(5,567)	(5,623)	(5,679)	(5,736)	(5,793)	(5,851)	(5,910)	(5,969)	(6,029)	(6,089)
	Vacancy and other losses	96,910	97,885	98,870	99,864	100,869	101,884	102,909	103,944	104,990	106,046	107,113	108,191	109,280	110,379	111,490	112,612	113,745	114,890	116,047	117,215
Operating Expenses	Total Operating Income	59,581	61,071	62,597	64,162	65,766	67,410	69,096	70,823	72,594	74,409	76,269	78,175	80,130	82,133	84,186	86,291	88,448	90,660	92,926	95,249
	Reserves	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Sub-Total Operating Expense	69,581	71,071	72,597	74,162	75,766	77,410	79,096	80,823	82,594	84,409	86,269	88,175	90,130	92,133	94,186	96,291	98,448	100,660	102,926	105,249
	RD Return on Equity	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850
Net Operating Income	Total Operating Expense	70,431	71,921	73,447	75,012	76,616	78,260	79,946	81,673	83,444	85,259	87,119	89,025	90,980	92,983	95,036	97,141	99,298	101,510	103,776	106,099
	Net Operating Income	26,479	25,964	25,422	24,852	24,253	23,623	22,963	22,271	21,546	20,788	19,995	19,166	18,300	17,396	16,454	15,471	14,447	13,381	12,270	11,115
	Less Primary Debt Service	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423
	Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	Annual Cash Flow	1,056	541	(1)	(571)	(1,171)	(1,800)	(2,460)	(3,152)	(3,877)	(4,635)	(5,429)	(6,257)	(7,123)	(8,027)	(8,969)	(9,952)	(10,976)	(12,042)	(13,153)	(14,308)
	Net Cash	1,056	541	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	DCR	104.15%	102.13%	100.00%	97.75%	95.40%	92.92%	90.32%	87.60%	84.75%	81.77%	78.65%	75.39%	71.98%	68.43%	64.72%	60.85%	56.83%	52.63%	48.27%	43.72%
	Cumulative Cash Flow	10,000	11,156	11,809	11,926	11,474	10,418	8,722	6,349	3,261	(584)	(5,225)	(10,706)	(17,070)	(24,364)	(32,634)	(41,930)	(52,301)	(63,800)	(76,481)	(90,398)
Cumulative Replacement Reserves	Beginning Balance	1,056	541	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Deposits	100	112	118	119	115	104	87	63	33	(6)	(52)	(107)	(171)	(244)	(326)	(419)	(523)	(638)	(765)	(904)
	Interest	0	0	(1)	(571)	(1,171)	(1,800)	(2,460)	(3,152)	(3,877)	(4,635)	(5,429)	(6,257)	(7,123)	(8,027)	(8,969)	(9,952)	(10,976)	(12,042)	(13,153)	(14,308)
	Withdrawals	11,156	11,809	11,926	11,474	10,418	8,722	6,349	3,261	(584)	(5,225)	(10,706)	(17,070)	(24,364)	(32,634)	(41,930)	(52,301)	(63,800)	(76,481)	(90,398)	(105,610)
Cumulative Replacement Reserves	Beginning Balance	0	10,100	20,201	30,403	40,707	51,114	61,625	72,348	83,185	94,137	105,206	116,393	127,698	139,123	150,667	162,331	174,015	185,718	197,440	209,181
	Deposits	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Interest	100	101	202	304	407	511	623	735	848	961	1,074	1,187	1,300	1,413	1,526	1,639	1,752	1,865	1,978	2,091
	Withdrawals	0	0	0	(36,000)	0	0	0	0	0	(36,000)	0	0	0	0	(36,000)	0	0	0	0	(36,000)
Cumulative Replacement Reserves	Ending Balance	10,100	20,201	30,403	40,707	51,114	25,265	35,518	45,873	56,332	30,895	41,204	51,616	62,132	72,754	47,481	57,956	68,536	79,221	90,013	64,913
	Beginning Balance	0	10,100	20,201	30,403	40,707	51,114	25,265	35,518	45,873	56,332	30,895	41,204	51,616	62,132	72,754	47,481	57,956	68,536	79,221	90,013
	Deposits	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Interest	100	101	202	304	407	511	253	355	459	563	309	412	516	621	728	475	580	685	792	900
Cumulative Replacement Reserves	Withdrawals	0	0	0	(36,000)	0	0	0	0	(36,000)	0	0	0	0	0	(36,000)	0	0	0	0	(36,000)
	Ending Balance	10,100	20,201	30,403	40,707	51,114	25,265	35,518	45,873	56,332	30,895	41,204	51,616	62,132	72,754	47,481	57,956	68,536	79,221	90,013	64,913
	Net Operating Income	26,479	25,964	25,422	24,852	24,253	23,623	22,963	22,271	21,546	20,788	19,995	19,166	18,300	17,396	16,454	15,471	14,447	13,381	12,270	11,115
	Plus Reserves	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cumulative Replacement Reserves	Less Interest Expense	(9,929)	(9,773)	(9,616)	(9,457)	(9,297)	(9,135)	(8,971)	(8,806)	(8,639)	(8,471)	(8,300)	(8,128)	(7,955)	(7,779)	(7,602)	(7,425)	(7,248)	(7,071)	(6,894)	(6,717)
	Less Long Depreciation	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)	(64,280)
	Less Short Depreciation	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)	(2,686)
	Taxable Income (Loss)	(40,416)	(40,775)	(41,160)	(41,571)	(42,010)	(42,478)	(42,974)	(40,815)	(41,373)	(41,963)	(42,586)	(43,243)	(43,935)	(44,663)	(45,428)	(46,229)	(47,066)	(47,939)	(48,850)	(49,798)
Cumulative Replacement Reserves	Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Plus Tax Savings	14,146	14,271	14,406	14,550	14,704	14,867	15,041	14,285	14,481	14,687	14,905	15,135	15,377	15,632	15,900	16,181	16,476	16,785	17,108	17,445
	Plus Tax Credits	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500	63,500
	After Tax Cash Flow	77,646	77,771	77,906	78,050	78,204	78,367	78,541	77,785	77,981	78,187	78,393	78,600	78,807	79,014	79,221	79,428	79,635	79,842	79,999	80,156
Sale at Mortgage Balance:																					
		Original Basis																			
		Less Depreciation																			
		Basis at Sale																			
		Sales Price																			
		Gain																			
		Exit Tax																			
		#####																			
		0																			

Total Years Reinvestment Rate	15 9.00%															Total Capital Contributi															555,000		
																Net Gain															80,389		
																Exit Tax															28,136		
Current After Tax Cash Flows		77,646		77,771		77,906		78,050		78,204		78,367		78,541		77,785		77,981		78,187		14,905		15,135		15,377		15,632		15,900			
Future Value of Cash Flows at Yr 15:		282,823		259,890		238,844		219,528		201,799		185,524		170,583		154,992		142,552		131,127		22,933		21,364		19,914		18,572		17,331			
Discount Rate:		3.00%		1		2		3		4		5		6		7		8		9		10		11		12		13		14		15	
Capital Contribution Number:		1		2		3		4		5		6		7		8																	
Date of Capital Contribution:		15-Feb-06		15-Jun-06		15-Oct-06		15-Dec-06																									
Amount of Capital Contribution:		20,000		500,000		35,000		0		0		0		0		0																	
Present Value of Contributions:		20,000		490,018		34,127		0		0		0		0		0		0		0		0		0		0		0		0		0	
Cash Flows		(544,145)		0		0		0		0		0		0		0		0		0		0		0		0		0		0		2,087,776	
544,145																																	
IRR:		9.38%																															
Equity Yield:		86.56%																															



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency

164 St. Paul Street, Burlington

Thursday, December 15, 2005 at 9:30 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:

Dagyne Canney

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Sam Falzone, Rick Jean, Pat Loller, Gary Marini, Liza Plantilla

Chair Randall called the meeting to order at 9:37 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Seelig made a motion to approve the November 10, 2005 Board of Commissioners meeting minutes. Mr. Candon seconded the motion which was approved by all except Mr. Beaulieu and Ms. Pearce who abstained.

CONSENT AGENDA

Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):

- ~ Resolution Re: Construction Financing and Proposed Use of Bond Housing Credits for Green Mountain Apartments, Northfield
- ~ Resolution Re: Reduction in Allocation of State Housing Credits for Creekview Housing, Vergennes
- ~ Resolution Re: Increased Allocation of State Housing Credits for Groton Community Housing, Groton

Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

Multifamily Bonding Authority

Mr. Marini distributed a resolution to authorize the issuance of up to \$25 million in bonds for multifamily projects, explaining that \$25 million is the approximate annual amount issued.

Mr. Candon made a motion to approve the "Resolution Authorizing the Issuance and Sale of a Maximum of \$25,000,000 of Bonds In One or More Series to Finance Multi-Family Projects."

Mr. Seelig seconded the motion which was unanimously approved.



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Volume Cap Update

Ms. Carpenter explained that the state issuing agencies met by phone and agreed on the reallocation of 2005 private activity bond cap. The recommendation was sent to the Governor. The Emergency Board will meet in mid-January to approve the request for allocation of 2006 bond cap.

Quarterly Reports

Mr. Marini answered questions about the Quarterly Reports.

Ms. Randall asked whether the notation used in the year-end financial statements with respect to the VHCB Participation Loans could be duplicated on these interim reports. In general, she indicated that it would be desirable to reflect the information in the year-end financials on a monthly basis, if it doesn't create a lot of additional work. Mr. Marini replied that this formatting could be duplicated on the Statement of Net Assets, a quarterly report.

Ms. Randall also asked staff to keep in mind the production of more timely reports when researching a new software system. Mr. Marini explained that, even with the current software systems, staff should be able to issue quarterly reports within 30 days after the quarter and that staff is progressing toward that goal.

DEVELOPMENT

Underwriting Among Funding Agencies

Mr. Erdelyi explained that developers work three tracks in parallel to bring a project forward: permitting, site control and financing. When a developer submits an application for financing, staff at the various agencies (VHFA, CDBG, or VHCB) applies different skill sets and analyses, depending on the regulations associated with the source of funds.

Discussion ensued regarding how the process of obtaining funding might be streamlined for the developer and how the agencies (funders) might attain greater efficiency by working together to underwrite projects. Mr. Dorn asked that staff present the VHFA Board with recommendations to this end, or that it inform the Board that the goal is not achievable.

Mr. Erdelyi said that the common application form is expected to be ready in February or March. Mr. Erdelyi is also pursuing agreement among agencies regarding their technical and financial underwriting guidelines. Other thoughts for achieving the goal of streamlining the process include encouraging earlier communication among the various agencies' staff, providing recommendations to developers for the order of application to various funders, clarifying for developers the regulations associated with the various sources of funds, achieving efficiencies among the agencies in the monitoring of projects, and unification of priorities conveyed in the Qualified Allocation Plan and the Consolidated Plan. The obvious issue with more difficulty is whether any of these steps or processes should be consolidated with one agency or another.

Ms. Carpenter suggested that the next steps, after rollout of the common application and agreement among agencies about underwriting guidelines, would be to seek input from developers regarding their observation of the system of application and their recommendations for changes in protocol, and for the boards of the three agencies to specify their comfort level with delegating any parts of the review and decisions about applications.

As an aside, Ms. Carpenter explained that the VHFA Underwriting Guidelines may need modest updating and that the Audit/Risk Management Board Committee should look at them.

LEGISLATIVE UPDATES – 2006 SESSION

VHFA Act

Ms. Carpenter referred the Board to the white paper which summarizes changes that will be made to S.127 based on discussion and action taken at the November 10, 2005 Board meeting.

Mr. Candon made a motion to approve the use of the white paper as the basis for changes to be made to S.127. Mr. Beaulieu seconded the motion which was unanimously approved.

Property Transfer Tax Exemption

Ms. Carpenter reviewed the reasons staff is seeking to increase the property transfer tax exemption for VHFA borrowers. She added that the vehicle for pursuing would, again, be S.127.

Mr. Frisbie made a motion to authorize staff to seek a legislative change to the Property Transfer Tax Exemption for VHFA borrowers, raising the exemption limit from \$100,000 to \$140,000. Mr. Beaulieu seconded the motion which was approved by all except Mr. Seelig who abstained.

“HOMES FOR VERMONTERS” – Governor’s Housing Initiatives

Referencing the draft presented at the October Board Retreat, Ms. Carpenter walked through the proposals of the Governor’s Housing Initiatives (Initiatives), “Homes for Vermonters,” updating the Board with feedback she’s been hearing, explaining roles that VHFA could play and setting out her thinking so that the Board might determine how she should respond publicly to questions of the Initiatives.

Ms. Randall asked that the Governor’s Initiatives be kept on the Agenda on an ongoing basis so that the Board is kept apprised of changes or new developments.

Mr. Dorn expressed that the Board should inform staff as to how staff should respond to questions of these Initiatives. Discussion followed. Both Mr. Seelig and Mr. Dorn conveyed that the New Neighborhood Program, some form of land banking program and Employer Assisted Housing should be priorities. Mr. Seelig relayed that the Executive Director should communicate with the Board Chair and, to the extent issues become controversial, the rest of the Board should be informed as necessary. Ms. Randall expressed her confidence in Ms. Carpenter to convey the Board’s position in an apolitical way. She also mentioned that email could be used when issues are moving quickly and that Board members should respond to those emails if only to say that it was received. There was also consensus among the Board members around its enthusiasm about seeing these Initiatives come from the State, pending additional details.

Ms. Pearce requested an update at the January 3, 2006 Board meeting.

ADMINISTRATIVE

Software Replacement

Ms. Loller reviewed her memo regarding staff’s request for conceptual approval to conduct due diligence with respect to the purchase of software to replace Mitas. She added that, if the Board

grants approval, staff would hold off on implementing Mitas' newest release. Discussion followed about the alternatives to Mitas.

Mr. Candon moved to approve that staff should conduct due diligence with respect to finding an alternative to Mitas software. Mr. Beaulieu seconded the motion which was unanimously approved.

Imaging Software

Ms. Loller explained that staff has acquired an estimate for imaging software. Mr. Jean added that this software will interface with whatever software is purchased to replace Mitas. He also explained that staff would like to move forward with the purchase of imaging software as staff has time now for implementation. Staff intends to return to the Board at its January 2006 meeting with a proposal.

HUD Reporting Software

Ms. Loller explained that the Agency will need to replace its HUD reporting software in the next year as the current vendor has announced that it will no longer enhance the product. This may or may not be done in conjunction with replacing Mitas.

HOMEOWNERSHIP

Federal Recapture Tax Reimbursement

Ms. Crady reviewed her memo regarding reimbursement of the Federal Recapture Tax (Tax). The Board's decision to hold a borrower harmless from payment of this Tax would pose negligible risk and eliminate a big perception problem, as the Agency would be able to market that it has done away with recapture. She added that, if the Agency should pay a borrower's Tax, it would then issue a 1099-M, which would represent taxable income to the borrower.

Ms. Pearce made a motion to approve staff's request to reimburse recapture tax paid by borrowers meeting the conditions outlined in Ms. Crady's memo dated December 8, 2005. Mr. Beaulieu seconded the motion which was unanimously approved.

Delinquency Reports

Homeownership Delinquency Reports (Fiscal Year 2006 through November 30, 2005) were distributed by Ms. Crady.

DEVELOPMENT

Winooski Downtown Redevelopment – Barlow Square Update

Mr. Erdelyi announced that the developer of Barlow Square (for which the Board has approved a total of \$2.2 million in low income housing tax credits) is expected to close on the acquisition in the next couple of weeks. Mr. Erdelyi reviewed the final unit mix, total development cost, expected completion date and structure of ownership and financing. He added that a lot of work was going on to get Barlow Square closed.

Both Mr. Seelig and Ms. Randall thanked Mr. Erdelyi, Ms. Mullikin Drake and Mr. Adams for their outstanding work on Barlow Square and the Winooski Downtown Redevelopment Project.

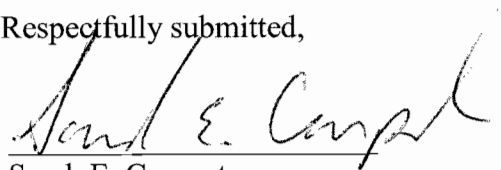
Courtyard, Winooski

Mr. Erdelyi explained to the Board that a proposal in which Winooski Housing Authority is to buy and renovate a 100-unit senior housing project in Winooski may come before the Agency in the next few months. This is a difficult project because a transfer by the current owners disqualified the project from receiving tax credits for five more years, but it is very marketable and probably should be preserved now.

ADJOURNMENT

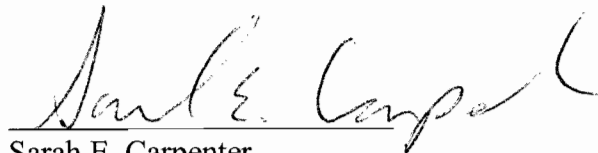
Mr. Seelig made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Board unanimously approved to adjourn the meeting at 1:20 p.m.

Respectfully submitted,



Sarah E. Carpenter
Executive Director

I hereby certify that the foregoing is a true copy of the Minutes of the Vermont Housing Finance Agency Board of Commissioners Meeting held on December 15, 2005. The minutes were approved at a lawful meeting of the Commissioners held by conference call initiated at Burlington, Vermont on January 3, 2006.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED USE OF BOND
HOUSING CREDITS FOR GREEN MOUNTAIN APARTMENTS, NORTHFIELD**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, an application has been submitted to the Agency by Vermont State Housing Authority (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiaries will be the general partner (the "Borrower") involving the rehabilitation and construction of a total of thirty (30) units of senior rental housing in the Village of Northfield (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds (the "Bonds") to finance a loan to the Borrower; and

WHEREAS, the application contemplates a mortgage loan for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Borrower qualifies 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

WHEREAS, the Agency administers the allocation and use of the federal Low Income Housing Tax Credits (both Allocated Housing Credits and Bond Housing Credits) and the State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated November 18, 2005 containing information and recommendations about the Development (the "Memorandum");

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 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 increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency 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 loan.

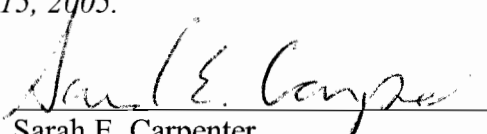
6. The Sponsor is financially responsible and is a qualified housing sponsor within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making a mortgage loan to the limited partnership to be created by the Sponsor for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.
4. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsor, the Borrower or any other person for its refusal to do so.
5. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.
6. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
7. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Green Mountain Apartments project in the Village of Northfield, Vermont.

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 15, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter *LP*

DATE: November 18, 2005

RE: Request for Construction Financing and 4% Housing Credits:
Green Mountain Apartments Senior Housing

Name:	Green Mountain Apartments	Location:	Northfield
Housing Type:	Senior	Unit Type:	Flats
Unit Count:	30 Total Units 29 Housing Credit Units	Unit Sizes:	30 1-Br @ .600 average s.f.
Total Cost:	\$2,904,710	Per S.F. Acquisition & Construction Cost:	\$128 overall \$227 new addition
Housing Credits:	\$93,200 (Bond "4%" Credits)	Sponsor:	Vermont State Housing Authority
Loan Requested:	\$1,500,000 Construction Loan (tax-exempt)		
Other Funding:	VHCB, USDA Rural Development, HOME, REEP		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Vermont State Housing Authority (VSHA) is proposing to rehabilitate a seventeen year old 20-unit senior building that it currently owns, and construct a large 10-unit addition, resulting in a total of 30 senior apartments. The new two story addition will provide an additional laundry room and a community room. The complex has been designed to compliment the adjacent Depot Square Historic District, as the apartments are located in a village center. The apartments are within walking distance of shopping and services, and adjacent to the Northfield Senior Center. The current building is an existing USDA RD project with rental assistance on all 20 units. VSHA has received commitments for additional USDA RD financing for the addition including rental assistance for all 30 units. VHCB funding will be decided at the December VHCB Board meeting. The development will serve seniors over 62 years of age with incomes at or below 30% of area median income. The project does need Act 250 amendment which is anticipated for January 2006. The sponsor hopes to close in March, begin construction in April, and complete the project by October 2006. An appraisal has been completed. A Level 1 Site Assessment has not yet been received.



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

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The market study supports the project even though it is a small market. This is due largely to the fact that the market area was defined solely as Northfield. There are only approximately two dozen households in Northfield itself that would qualify for the housing today; however we know that this population is growing very quickly. Additionally, Northfield provides an attractive market for seniors from Barre and Montpelier. Lastly, the project itself has a waitlist that could fill seven units of the new wing. The project meets all of our design criteria for a project of thirty units.

06-Dec-05 **Green Mountain Senior Apartments-Phase 2**

Total Residential Units:	30	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	29	Increase in Income from Other Sources:	1.50%
Percent Restricted:	96.67%	Increase in Income from Commercial:	0.00%
Total Development Cost:	2,904,710	Expense increase:	2.50%
Total Development Cost per Unit:	96,824	Vacancy Rate:	2%
Total Development Cost Per SF:	123	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	94,080	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	94,080	Sponsor's Estimated Yield:	94.29%

LIHTC - 9%	8.08%	December-05
LIHTC - 4%	3.46%	December-05

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage-RD	400,000	13.77%	1.00%	50	30
Existing Mortgage	900,000	30.98%	1.00%	50	30
HOME	280,210	9.65%	4.50%	25	Interest only
VHCB	281,500	9.69%		30	deferred
REEP & VCIL	10,000	0.34%			
Reserves	120,000	4.13%			
VHCB Feasibility (GP Equity)	8,000	0.28%			
GP Loan (Deferred Fee)	35,000	1.20%			
Tax Credit Equity	870,000	29.95%			
TOTAL SOURCES	2,904,710	100.00%			

USES

Acquisition	905,000	31.16%
Construction Hard Costs	1,469,200	50.58%
Soft Costs	530,510	18.26%
TOTAL USES	2,904,710	100%

Gap 0

General Partner's Capital Contribution	8,788	8,871	1.00%
Limited Partner's Capital Contribution	870,000	878,218	99.00%
Total Equity	878,788	887,089	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	29
Total Units	30
Unit Fraction	96.67%
Tax Credit Square Footage	23,050
Total Residential Square Footage	23,670
Square Footage Fraction	97.38%
Applicable Fraction	96.67%

01-Dec-05 **Total Budget- 30 Units**

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	0					
2 Purchase of Building(s)	900,000	900,000		900,000		
3 Demolition (without replacement)	0			0		
4 Property Appraisal	3,500	3,500		3,500		
5 Legal - Title and Recording	1,500	1,500		1,500		
Subtotal - Acquisition	905,000					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	70,000		70,000	70,000		
7 New Building(s)	1,277,200		1,277,200	1,277,200		
8 Accessory Buildings	0		0	0		
9 Sitework	0		0	0		
10 Commercial Space Costs (if any)	0		0	0		
11 General Requirements	0		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	110,000		110,000	110,000		
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	0		0	0		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	12,000		12,000	12,000		
20 Other ()	0		0	0		
Subtotal - Hard Costs	1,469,200					
SOFT COSTS						
21 Architectural	110,000		110,000	110,000		
22 Engineering	1,500		1,500	1,500		
23 Legal/Accounting	10,000		10,000	10,000		
24 Relocation	3,500		3,500	3,500		
25 Environmental Assessment	1,500		1,500	1,500		
26 Energy Assessment	22,000		22,000	22,000		
27 Permits/Fees	17,500		17,500	17,500		
28 Independent Market Study	2,000		2,000	2,000		
29 Construction Period Insurance	6,000		6,000	6,000		
30 Construction Interest	36,000		36,000	36,000		
31 Construction Loan Origination Fee	0		0	0		
32 Taxes During Construction	0		0	0		
33 Clerk of the Works	0		0	0		
34 Marketing	500					
35 Tax Credit Fees	2,010					
36 Soft Cost Contingency	4,500		4,500	4,500		
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	3,500		3,500	3,500		
39 Inspector- Dave Anderson	4,500		4,500	4,500		
40 Compaction/testing	5,500		5,500	5,500		
41 C.N.A	2,000					
SYNDICATION COSTS						
40 Organizational (Partnership)	1,500					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	2,500					
43 Tax Opinion	1,000					
DEVELOPER'S FEES						
44 Developer's Fees	150,000		150,000	150,000		
45 Deferred Fee	35,000		35,000	35,000		
46 Consultant Fees	42,000		42,000	42,000		
RESERVES						
47 Working Capital	16,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	0					
50 Sinking Fund	0					
51 Existing Replacement Reserves	50,000					
Subtotal - Soft Costs	530,510					
TOTALS	2,904,710	905,000	1,924,200	2,817,200	0	
LESS: Amount of Non-qualified Financing						
LESS: Adjustment for per unit cost limits	1		0			
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
Total Eligible Basis		905,000	1,924,200		0 Annual Historic Credit	
TIMES: Adjusted for QCT/DDA	130.0%		0			
TIMES: Applicable Fraction	96.67%	874,833	1,860,060			
Total Qualified Basis		874,833	1,860,060	2,817,200	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.44%	3.44%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		30,094	63,986	102,444	Annual Depreciation	
Total Tax Credits Requested	93,200			12,000	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds						
(excluding historic credit equity)	870,000				7 Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	94.29%			1,714	Annual Depreciation	
Equity Gap	1,033,000					
Credits Needed to fill Equity Gap	110,662					

	Budget	Per Unit	Per s.f.	Allocation of Sources						TOTAL SOURCES
				VHCB	HOME	Equity	RD	Def. Fee	Reserves, VHCB Feasibility and REEP	
ACQUISITION				281,500	280,210	870,000	1,300,000	35,000	138,000	2,904,710
1 Land		0	0.00							0
2 Purchase of Building(s)	900,000	30,000	38.02				900,000			900,000
3 Demolition (without replacement)		0	0.00							0
4 Property Appraisal	3,500	117	0.15	3,500						3,500
5 Legal - Title and Recording	1,500	50	0.06	1,500						1,500
Subtotal - Acquisition	905,000	30,167	38.23							
CONSTRUCTION HARD COSTS										
6 Rehabilitation	70,000	2,333	2.96						70,000	70,000
7 New Building(s)	1,277,200	42,573	53.96		220,210	646,990	400,000		10,000	1,277,200
8 Accessory Buildings		0	0.00							0
9 Sitework		0	0.00							0
10 Commercial Space Costs (if any)		0	0.00							0
11 General Requirements		0	0.00							0
12 Contractor Overhead		0	0.00							0
13 Contractor Profit		0	0.00							0
14 Construction Contingency	110,000	3,667	4.65			110,000				110,000
15 Construction Management		0	0.00							0
16 Construction Bond Fee		0	0.00							0
17 Hazardous Materials Abatement		0	0.00							0
18 Off-Site Improvements		0	0.00							0
19 Furnishings, Fixtures, & Equipment	12,000	400	0.51		12,000					12,000
20 Other ()		0	0.00							0
Subtotal - Hard Costs	1,469,200	48,973	62.07							
SOFT COSTS										
21 Architectural	110,000	3,667	4.65	64,990		41,510			3,500	110,000
22 Engineering	1,500	50	0.06	1,500						1,500
23 Legal/Accounting	10,000	333	0.42	9,500					500	10,000
24 Relocation	3,500	117	0.15			3,500				3,500
25 Environmental Assessment	1,500	50	0.06	1,500						1,500
26 Energy Assessment	22,000	733	0.93	15,500		6,500				22,000
27 Permits/Fees	17,500	583	0.74	17,500						17,500
28 Independent Market Study	2,000	67	0.08					2,000		2,000
29 Construction Period Insurance	6,000	200	0.25	6,000						6,000
30 Construction Interest	36,000	1,200	1.52	36,000						36,000
31 Construction Loan Origination Fee		0	0.00							0
32 Taxes During Construction		0	0.00							0
33 Clerk of the Works		0	0.00							0
34 Marketing	500	17	0.02			500				500
35 Tax Credit Fees	2,010	67	0.08	2,010						2,010
36 Soft Cost Contingency	4,500	150	0.19	2,000	2,500					4,500
37 Permanent Loan Origination Fee		0	0.00							0
38 Lender's Counsel's Fee	3,500	117	0.15	3,500						3,500
39 Inspection Fee- D Anderson	4,500	150	0.19	4,500						4,500
40 Compaction/testing	5,500	183	0.23	5,500						5,500
41 CAN	2,000	67	0.08	2,000						2,000
SYNDICATION COSTS										
40 Organizational (Partnership)	1,500	50	0.06	1,500						1,500
41 Bridge Loan Fees and Expenses		0	0.00							0
42 Syndication Consultant	2,500	83	0.11	2,500						2,500
43 Tax Opinion	1,000	33	0.04	1,000						1,000
DEVELOPER'S FEES										
44 Developer's Fees	150,000	5,000	6.34	61,500	43,500	45,000				150,000
45 Deffered Fee	35,000	1,167	1.48					35,000		35,000
46 Consultant Fees	42,000	1,400	1.77	38,000	2,000				2,000	42,000
RESERVES										
47 Working Capital	16,000	533	0.68			16,000				16,000
48 Rent-up (Deficit Escrow) Reserve		0	0.00							0
49 Other Operating Reserves		0	0.00							0
50 Sinking Fund		0	0.00							0
51 Existing Replacement Reserves	50,000	1,667	2.11						50,000	50,000
Subtotal - Soft Costs	530,510	17,684	22.41							
TOTAL DEVELOPMENT COSTS	2,904,710	96,824	123	281,500	280,210	870,000	1,300,000	35,000	138,000	2,904,710

				Allocation of Sources						TOTAL SOURCES
	Budget	Per Unit	Per s.f.	VHCB	HOME	Equity	Def Dev Fee	RD	Reserves, VHCB Feasibility and REEP	
ACQUISITION				281,500	280,210	870,000	35,000	400,000	18,000	1,884,710
1 Land		0	0.00							0
2 Purchase of Building(s)		0	0.00							0
3 Demolition (without replacement)		0	0.00							0
4 Property Appraisal	3,500	350	0.35	3,500						3,500
5 Legal - Title and Recording	1,500	150	0.15	1,500						1,500
Subtotal - Acquisition	5,000	500	0.50							
CONSTRUCTION HARD COSTS										
6 Rehabilitation		0	0.00							0
7 New Building(s)	1,277,200	127,720	127.72		220,210	646,990		400,000	10,000	1,277,200
8 Accessory Buildings		0	0.00							0
9 Sitework		0	0.00							0
10 Commercial Space Costs (if any)		0	0.00							0
11 General Requirements		0	0.00							0
12 Contractor Overhead		0	0.00							0
13 Contractor Profit		0	0.00							0
14 Construction Contingency	110,000	11,000	11.00			110,000				110,000
15 Construction Management		0	0.00							0
16 Construction Bond Fee		0	0.00							0
17 Hazardous Materials Abatement		0	0.00							0
18 Off-Site Improvements		0	0.00							0
19 Furnishings, Fixtures, & Equipment	12,000	1,200	1.20		12,000					12,000
20 Other ()		0	0.00							0
Subtotal - Hard Costs	1,399,200	139,920	139.92							
SOFT COSTS										
21 Architectural	110,000	11,000	11.00	64,990		41,510			3,500	110,000
22 Engineering	1,500	150	0.15	1,500						1,500
23 Legal/Accounting	10,000	1,000	1.00	9,500					500	10,000
24 Relocation	3,500	350	0.35			3,500				3,500
25 Environmental Assessment	1,500	150	0.15	1,500						1,500
26 Energy Assessment	22,000	2,200	2.20	15,500		6,500				22,000
27 Permits/Fees	17,500	1,750	1.75	17,500						17,500
28 Independent Market Study	2,000	200	0.20						2,000	2,000
29 Construction Period Insurance	6,000	600	0.60	6,000						6,000
30 Construction Interest	36,000	3,600	3.60	36,000						36,000
31 Construction Loan Origination Fee		0	0.00							0
32 Taxes During Construction		0	0.00							0
33 Clerk of the Works		0	0.00							0
34 Marketing	500	50	0.05			500				500
35 Tax Credit Fees	2,010	201	0.20	2,010						2,010
36 Soft Cost Contingency	4,500	450	0.45	2,000	2,500					4,500
37 Permanent Loan Origination Fee		0	0.00							0
38 Lender's Counsel's Fee	3,500	350	0.35	3,500						3,500
39 Inspection Fee- D Anderson	4,500	450	0.45	4,500						4,500
40 Compaction/testing	5,500	550	0.55	5,500						5,500
41 CAN	2,000	200	0.20	2,000						2,000
SYNDICATION COSTS										
40 Organizational (Partnership)	1,500	150	0.15	1,500						1,500
41 Bridge Loan Fees and Expenses		0	0.00							0
42 Syndication Consultant	2,500	250	0.25	2,500						2,500
43 Tax Opinion	1,000	100	0.10	1,000						1,000
DEVELOPER'S FEES										
44 Developer's Fees	150,000	15,000	15.00	61,500	43,500	45,000				150,000
45 Deferred Fee	35,000	3,500	3.50				35,000			35,000
46 Consultant Fees	42,000	4,200	4.20	38,000	2,000				2,000	42,000
RESERVES										
47 Working Capital	16,000	1,600	1.60			16,000				16,000
48 Rent-up (Deficit Escrow) Reserve		0	0.00							0
49 Other Operating Reserves		0	0.00							0
50 Sinking Fund		0	0.00							0
51 Existing Replacement Reserves		0	0.00							0
Subtotal - Soft Costs	480,510	48,051	48.05							
TOTAL DEVELOPMENT COSTS	1,884,710	188,471	188.47	281,500	280,210	870,000	35,000	400,000	18,000	1,884,710

01-Dec-05 **Green Mountain Senior Housing**

HC Restricted Units

Bedrooms

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br	0	0	0	0	0
1 Br	620	30	644	0	231,840
Common Area	5,070	1	0	0	0
	0	0	0	0	0
4+ Br	0	0	0	0	0
Totals	23,670	30			231,840

Non-HC Restricted Units

Bedrooms

Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br	0	0	0	0	0
1 Br	0	0	0	0	0
2 Br	0	0	0	0	0
3 Br	0	0	0	0	0
4+ Br	0	0	0	0	0
Totals	0	0			0

All Units

Grand Totals	23,670	30			231,840
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Less Vacancy 2.00% (4,637)

NET RENT 227,203

OTHER INCOME

Laundry	3,200
Parking	1,550
Commercial Space Income	
Other	

TOTAL INCOME 231,953

New Build total SF 10,000

form revision date: 2/27/97

01-Dec-05 **Green Mountain Senior Housing**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	16,110	1,343	45
Site Management Payroll	10,023	835	28
Audit/Accounting	3,000	250	8
Legal	100	8	0
Compliance Monitoring	1,440	120	4
Marketing	100	8	0
Other	7,539	628	21
TOTAL ADMINISTRATIVE	38,312	3,193	106
Utilities			
Electricity	13,450	1,121	37
Fuel	17,051	1,421	47
Water and Sewer	9,000	750	25
Fire Alarm / Emergency	2,110	176	6
Other		0	0
TOTAL UTILITIES	41,611	3,468	116
Maintenance			
Maintenance / Janitor Payroll	24,246	2,021	67
Janitor Supplies		0	0
Exterminating		0	0
Trash Removal	1,840	153	5
Snow Removal	9,700	808	27
Grounds	1,000	83	3
Repairs Material	3,700	308	10
Repairs Contract	1,800	150	5
HVAC Repairs / Maintenance		0	0
Elevator Contract / Repairs		0	0
Painting and Decorating	1,100	92	3
Other	2,700	225	8
TOTAL MAINTENANCE	46,086	3,841	128
RD Return on Equity	1,500		
Real Estate Taxes	37,500	3,125	104
Property Insurance	14,850	1,238	41
Replacement Reserves	13,995	1,166	39
Other "must pay" debt service		0	0
Other	2,225	185	6
Total	196,079	16,340	545

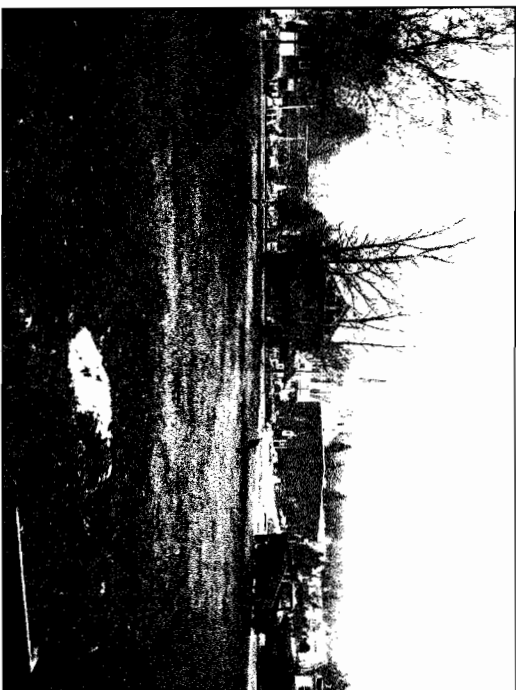
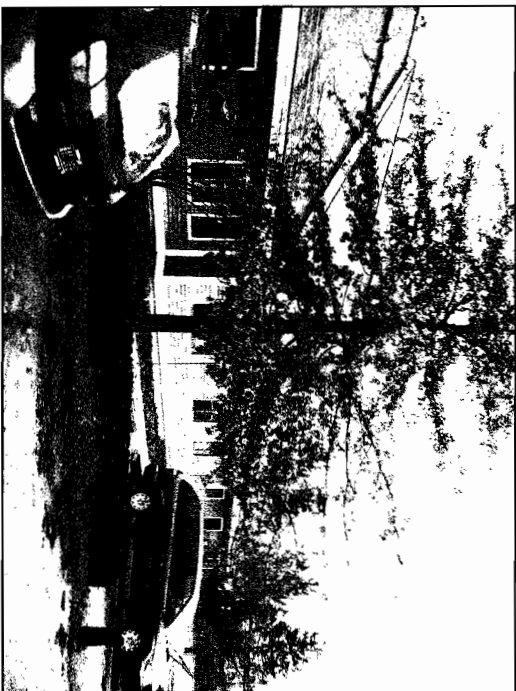
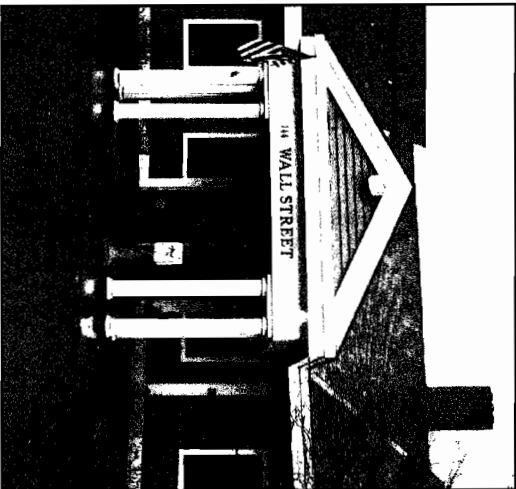
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Green Mountain Senior Housing

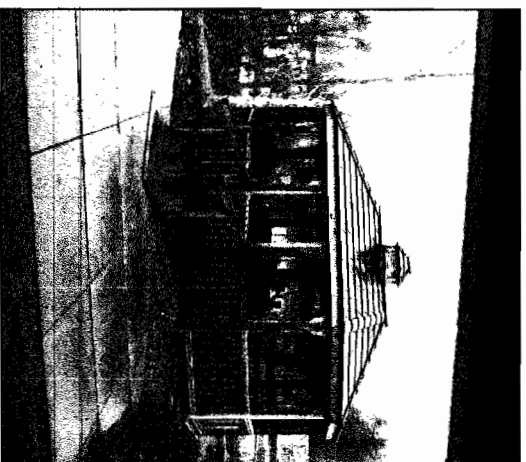
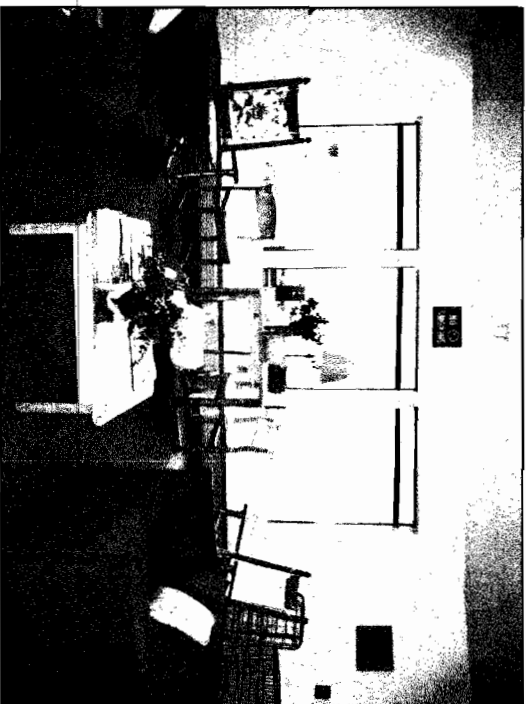
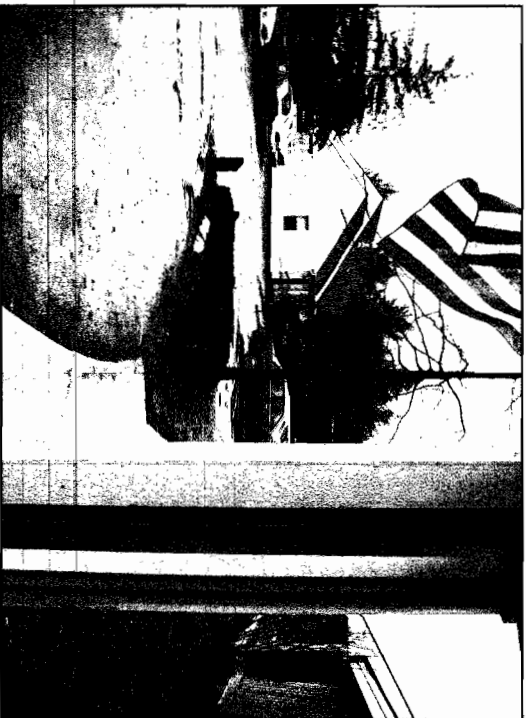
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Operating Income																
Gross Rent	231,840	236,477	241,206	246,030	250,951	255,970	261,089	266,311	271,638	277,070	282,612	288,264	294,029	299,910	305,908	312,026
Other Income	4,750	4,821	4,894	4,967	5,041	5,117	5,194	5,272	5,351	5,431	5,513	5,595	5,679	5,764	5,851	5,939
Vacancy and other losses	(4,637)	(4,730)	(4,824)	(4,921)	(5,019)	(5,119)	(5,222)	(5,326)	(5,433)	(5,541)	(5,652)	(5,765)	(5,881)	(5,998)	(6,118)	(6,241)
Total Operating Income	231,953	236,569	241,276	246,077	250,974	255,968	261,062	266,257	271,556	276,960	282,472	288,094	293,828	299,676	305,641	311,724
Operating Expenses																
Total Expenses (excl. Reserves)	182,084	186,636	191,302	196,085	200,987	206,011	211,162	216,441	221,852	227,398	233,083	238,910	244,883	251,005	257,280	263,712
Reserves	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995
Total Operating Expense	196,079	200,631	205,297	210,080	214,982	220,006	225,157	230,436	235,847	241,393	247,078	252,905	258,878	265,000	271,275	277,707
Net Operating Income	35,874	35,937	35,979	35,997	35,992	35,961	35,905	35,821	35,709	35,567	35,394	35,189	34,950	34,676	34,366	34,017
Less Primary Debt Service	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169	10,169
Less Secondary Debt Service	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881
Annual Cash Flow	2,824	2,887	2,929	2,947	2,942	2,911	2,855	2,771	2,659	2,517	2,344	2,139	1,900	1,626	1,316	967
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash	2,824	2,887	2,929	2,947	2,942	2,911	2,855	2,771	2,659	2,517	2,344	2,139	1,900	1,626	1,316	967
DCR	108.55%	108.74%	108.86%	108.92%	108.90%	108.81%	108.64%	108.38%	108.05%	107.62%	107.09%	106.47%	105.75%	104.92%	103.98%	102.93%
Cumulative Cash Flow																
Beginning Balance	16,000	19,012	22,119	25,298	28,528	31,784	35,043	38,276	41,458	44,558	47,546	50,389	53,053	55,503	57,700	59,606
Deposits	2,824	2,887	2,929	2,947	2,942	2,911	2,855	2,771	2,659	2,517	2,344	2,139	1,900	1,626	1,316	967
Interest	188	219	250	282	315	347	379	410	441	471	499	525	550	571	590	606
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending balance	19,012	22,119	25,298	28,528	31,784	35,043	38,276	41,458	44,558	47,546	50,389	53,053	55,503	57,700	59,606	61,179
Cumulative Replacement Reserves																
Beginning Balance	50,000	65,135	79,921	94,855	109,939	125,173	140,401	155,628	170,855	186,082	201,310	216,537	231,764	247,000	262,227	277,454
Deposits	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995	13,995
Interest	1,140	791	939	1,089	1,239	1,389	1,539	1,689	1,839	1,989	2,139	2,289	2,439	2,589	2,739	2,889
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	65,135	79,921	94,855	109,939	125,173	140,401	155,628	170,855	186,082	201,310	216,537	231,764	247,000	262,227	277,454	292,681

Vhfa

Vermont Housing Finance Agency



View from front porch — Thurston Field and the Town Green just beyond



View from front porch — Yellow building is Northfield's Senior Center

Community room

Enclosed veranda off of community room

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: REDUCTION IN ALLOCATION OF STATE HOUSING CREDITS
FOR CREEKVIEW HOUSING, VERGENNES**

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits and State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners approved an allocation of State Housing Credits in the amount of \$100,000 on October 14, 2004; and

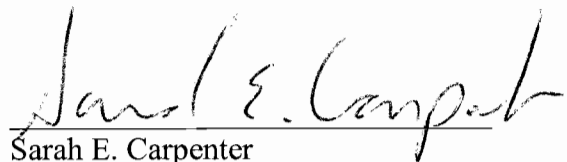
WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated December 7, 2005, containing information and recommendations about a reduction in the allocation of State Housing Credits for the Creekview Housing project in Vergennes (the "Memorandum");

WHEREFORE, it is hereby:

RESOLVED, that the recommendations contained in the Memorandum which is attached and incorporated by this reference be approved;

RESOLVED, that the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the reduction in the allocation of State Housing Credits in the amount of \$20,000 for a total allocation of \$80,000 for the Creekview Housing project in the City of Vergennes, Vermont.

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 15, 2005.



Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Liza Vedder Plantilla, Multifamily Development Underwriter *cap*
DATE: December 7, 2005
RE: Return and Allocation of Vermont Affordable Housing Credit

Recommendation: Staff recommends that the Board of Commissioners pass the attached resolutions and authorize staff to issue the appropriate documentation under the Qualified Allocation Plan.

Background: Housing Vermont was allocated \$100,000 in Vermont Affordable Housing Tax Credits from 2002 for Creekview Housing. Housing Vermont aggressively priced the credit such that \$80,000 of this credit was sufficient to generate the needed equity for Creekview Housing. In addition, Creekview Housing was completed ahead of schedule. Housing Vermont is returning the excess \$20,000, and is simultaneously requesting that we reallocate the credit to Groton Community Housing. Currently, the Groton project has an allocation of \$44,000 in state credit. Increasing this amount to \$64,000 will help the project generate an additional \$85,000. This additional investment will help offset unforeseen infrastructure costs and a small shortfall in anticipated grant proceeds. As Groton is currently under construction with a VHFA loan, and HVT is working hard to keep costs down, staff feels this request is reasonable, prudent and in the best interest of both VHFA and the project.



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: INCREASED ALLOCATION OF STATE HOUSING CREDITS
FOR GROTON COMMUNITY HOUSING, GROTON**

WHEREAS, the Agency administers the allocation of the federal Low Income Housing Tax Credits and State Housing Credits under the State's Qualified Allocation Plan; and

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners approved an allocation of State Housing Credits in the amount of \$44,000 on April 14, 2005; and

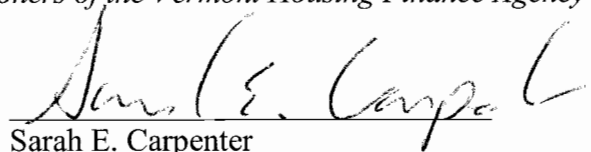
WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated December 7, 2005, containing information and recommendations about an increased allocation of State Housing Credits for the Groton Community Housing project in Groton (the "Memorandum");

WHEREFORE, it is hereby:

RESOLVED, that the recommendations contained in the Memorandum which is attached and incorporated by this reference be approved;

RESOLVED, that the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of State Housing Credits in the total amount of up to \$64,000 for the Groton Community Housing project in the Town of Groton, Vermont.

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 15, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Liza Vedder Plantilla, Multifamily Development Underwriter *CWP*
DATE: December 7, 2005
RE: Return and Allocation of Vermont Affordable Housing Credit

Recommendation: Staff recommends that the Board of Commissioners pass the attached resolutions and authorize staff to issue the appropriate documentation under the Qualified Allocation Plan.

Background: Housing Vermont was allocated \$100,000 in Vermont Affordable Housing Tax Credits from 2002 for Creekview Housing. Housing Vermont aggressively priced the credit such that \$80,000 of this credit was sufficient to generate the needed equity for Creekview Housing. In addition, Creekview Housing was completed ahead of schedule. Housing Vermont is returning the excess \$20,000, and is simultaneously requesting that we reallocate the credit to Groton Community Housing. Currently, the Groton project has an allocation of \$44,000 in state credit. Increasing this amount to \$64,000 will help the project generate an additional \$85,000. This additional investment will help offset unforeseen infrastructure costs and a small shortfall in anticipated grant proceeds. As Groton is currently under construction with a VHFA loan, and HVT is working hard to keep costs down, staff feels this request is reasonable, prudent and in the best interest of both VHFA and the project.



VERMONT HOUSING FINANCE AGENCY

Resolution Authorizing the Issuance and Sale of a Maximum of \$25,000,000
of Bonds In One or More Series to Finance Multi-Family Projects

Adopted December 15, 2005

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**VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF A MAXIMUM OF \$25,000,000 OF BONDS
IN ONE OR MORE SERIES TO FINANCE MULTI-FAMILY PROJECTS**

December 15, 2005

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose and to refund the same; and

WHEREAS, in order to obtain funds with which to provide financing for mortgage loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, such developments as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue and sell one or more series of bonds of the Agency, not to exceed \$25,000,000 in the aggregate, all as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the Commissioners thereof, as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions. As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bonds*" means the Bonds of the Agency of the Series authorized by this Resolution and a Series Certificate.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*DTC Eligible*" means Bonds issued in book-entry form through the facilities of a securities depository, to provide for the registration of such depository's nominee as owner thereof.

"*General Resolution*" means the resolution entitled "Multi-Family Mortgage Bond Resolution" adopted on February 3, 1977, as amended and supplemented, the resolution entitled "Multi-Family Housing Bond Resolution" adopted on September 25, 1981, as amended and supplemented, or any other resolution adopted by the Agency which permits the issuance of one or more series of bonds thereunder to finance Mortgage Loans or Projects upon the adoption of a series supplemental resolution satisfying the terms and provisions thereof.

“Mortgage Loan” means any mortgage loan with respect to a Project as authorized by the Act to be made or financed by the Agency.

“Program” means the general program of the Agency under which it finances Mortgage Loans for Projects.

“Project” means any Residential Housing the Agency is authorized to finance by the Act and which has been approved by separate resolution of the Agency.

“Offering Statement” means the Official Statement, Private Placement Memorandum or similar offering document of the Agency describing the Bonds and used in conjunction with the sale thereof.

“Resolution” means this Resolution Authorizing the Issuance and Sale of a Maximum of \$25,000,000 of Bonds In One or More Series to Finance Multi-Family Projects.

“Series Certificate” means the Series Certificate or Certificates of the Agency dated on or before the date of issuance of the related Series of Bonds which Series Certificate shall establish certain terms and provisions of such Bonds as provided herein.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Resolution, refer to this Resolution.

Section 1.02. Authority for Resolution. This Resolution is adopted pursuant to and in accordance with the provisions of the Act and any General Resolution that may be applicable as hereinafter set forth.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds, Principal Amount and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in this Resolution and in any General Resolution applicable thereto, one or more series of Bonds are hereby authorized to be issued, from time to time, each by the execution and delivery of a Series Certificate, in an aggregate principal amount not to exceed \$25,000,000. Such Series Certificate shall be signed by at least two of the following—Chairman, Vice-Chairman, Executive Director, Chief Financial Officer or Chief of Program Operations; provided that if the amount of Bonds authorized by such Series Certificate exceeds \$5,000,000 one of the signatories thereto must be the Chairman or Vice-Chairman. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended from time to time for the Program; (b) that the Mortgage Loans to be made or financed on behalf of the Agency with the proceeds of the Bonds can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans purchased or made with the proceeds of the Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the

payment of the Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or purpose for which the Bonds are issued.

Section 2.02. Purposes. The purposes for which the Bonds are being issued are to provide funds to make or finance Mortgage Loans, including making deposits in any funds or accounts of a General Resolution, and include refunding bonds of the Agency issued for such purpose, all as shall be specified in detail in one or more Series Certificates as hereinafter described. Only Mortgage Loans and Projects approved by separate resolution of the Agency may be financed by the proceeds of Bonds authorized hereby.

Section 2.03. Bond Provisions; Series Certificate. A Series of Bonds shall be issued hereunder only upon the delivery of a Series Certificate which shall specify the terms and conditions of such Bonds and the sale and delivery thereof, including without limitation the following:

- (a) the principal amount of Bonds to be issued pursuant thereto;
- (b) the Series or sub-Series designation and title;
- (c) the maturity or maturities of the Bonds, which in no event shall exceed 40 years, provided that if the Agency otherwise approves a Mortgage Loan with a maturity in excess of 40 years from the date of issuance of the Bonds intended to fund such Mortgage, such Bonds may have a maturity not to exceed six months following the maturity of such Mortgage Loan, subject in any case to limitations imposed by the Act;
- (d) the interest rate or rates on the Bonds or the method of determining the same, provided that the interest rate or rates on the Bonds (or the initial rate or rates if the rates are not fixed rates) shall not exceed 7% if the interest on the Bonds is to be exempt from federal income taxation or 9% otherwise, and provided further that if the initial rate or rates are not fixed rates the maximum permitted rate in any case may not exceed 12%;
- (e) the date or dates on which interest on the Bonds is payable;
- (f) the dated date or dates of the Bonds, or the method of determining the same;
- (g) the redemption provisions for the Bonds, which may include optional, mandatory and/or sinking fund redemptions, provided that the Bonds shall be optionally redeemable no later than 15 years after their date of issuance and at a redemption premium not exceeding 3% and reducing by at least 1% annually thereafter;
- (h) the minimum and authorized denominations of the Bonds;
- (i) whether or not the interest on the Bonds is to be exempt from federal income taxation;
- (j) whether or not the Bonds are to be DTC Eligible;

(k) the form or forms of the Bonds, the manner of numbering and lettering such Bonds, and the Agency commissioners or officers authorized to execute and deliver the same;

(l) whether or not the Bonds are to be general obligations of the Agency and in any event the source of revenues to be pledged and used to pay the same, which pledge shall be immediately effective as provided by the Act;

(m) that the Agency will derive receipts, revenues and other income from the Mortgage Loan(s) made or purchased with the proceeds of such Series of Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of such Series of Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or for the purpose for which such Series of Bonds are issued;

(n) the reserve fund or funds, any requirements with respect to the Bonds, and the method of funding the same;

(o) whether the Bonds shall be insured or guaranteed by a third party, and the premium or fee therefor, provided that such premium or fee shall be less than the present value of the interest rate savings on the Bonds occasioned by such insurance or guaranty;

(p) the specific use of the proceeds of the sale of the Bonds, the Mortgage Loans to be financed or refinanced thereby, and any bonds of the Agency to be refunded thereby;

(q) the manner in which the Bonds are to be sold, the purchaser or purchasers of the Bonds, the form of the agreement used to sell the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds) and the sale price of the Bonds, which may include a sale discount or fee paid to the purchaser not to exceed 1.5% of the principal amount of the Bonds;

(r) if the Bonds are to be remarketed, the remarketing agent therefor and the remarketing agent fee (which shall not exceed 0.50% per annum);

(s) if the Bonds are subject to tender by the owners thereof, the tender agent therefor and any liquidity facility therefor, provided that any liquidity facility fee shall not exceed 0.50% per annum;

(t) the form of the documents pursuant to which the Bonds are to be issued, and any and all documents in connection therewith;

(u) the form of the Offering Statement, if any used to sell or market the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds);

(v) the form of continuing disclosure agreement, if any, required to satisfy the federal securities laws (which form shall be comparable to the forms previously used by the Agency in similar sales of Bonds);

(w) the trustee and/or paying agent, if any for the Bonds, provided that if the Bonds are issued under a General Resolution the trustee and/or paying agent thereunder shall be the trustee or paying agent, as the case may be, for the Bonds;

(x) whether or not any investment agreements, repurchase agreements or similar instruments are to be used for the investment of all or any Bond proceeds, and any conditions thereto or limitations thereon;

(y) if the Bonds do not pay interest at a fixed rate, whether or not any third party agreements will be used to reduce the risks of possible interest rate fluctuations and, if so, any conditions thereto or limitations thereon; and

(z) any other matters not inconsistent herewith deemed appropriate and necessary and authorized by the Act.

A Series Certificate may specify that this Resolution and the Bonds authorized hereby and thereby shall be considered a "Series Resolution" under a General Resolution, and thereupon this Resolution (as applicable to such Series or Series of Bonds) and such Series Certificate shall be so treated for all purposes with respect to the Bonds authorized and issued thereby, provided that to the extent such General Resolution permits modification by a "Series Resolution" thereunder, the Series Certificate may specify such modifications even though the same are not set forth herein.

ARTICLE III

SPECIAL COVENANTS FOR TAX-EXEMPT BONDS

Section 3.01. Covenants as to Code. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, the Agency shall not permit at any time or times any moneys made available to purchase Mortgage Loans in accordance herewith or any proceeds of the Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any such Bond from the treatment afforded by subsection (a) of Section 103 of the Code by reason of such bond being classified as an "arbitrage bond" within the meaning of Section 148 of the Code, and, without limiting the generality of the foregoing, the Agency shall:

(a) Include restrictions in all agreements relating to the purchase or making of Mortgage Loans with the moneys made available to purchase or make Mortgage Loans so as to permit the financing of Mortgage Loans only in compliance with the Code, and establish and maintain reasonable procedures to ensure compliance with the requirements of the Code, if applicable. Any failure to meet such requirements shall be corrected by the Agency within a reasonable period after failure is discovered;

(b) Continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of such Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on such Bonds as may be required by the Code; and

(c) Take such other action as may be necessary or desirable to maintain the exclusion of interest on such Bonds in accordance with Section 103(a) of the Code.

Section 3.02. Rebate. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation:

(a) The Agency hereby covenants to establish such separate accounts or subaccounts as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of such Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an authorized officer of the Agency.

(b) At least annually, the Agency shall compute and certify in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code.

(c) As required by Section 148 of the Code, the Agency or any Bond trustee as directed by the Agency shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code. If for any reason funds are not otherwise available for such payment, the Agency covenants to transfer moneys from its own funds for such payment.

(d) The Agency or any Bond trustee as directed by the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section and shall retain such records for at least six years following final payment of the related Bonds.

Section 3.03. Governmental Program Requirement. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, the Agency shall not make any arrangement, formal or informal, pursuant to which any mortgagor, mortgage lender or other person (or any related person as defined in Section 147 of the Code) who may receive a Mortgage Loan under the Program shall purchase Bonds of the Series or issue which financed such Mortgage Loan in an amount related to the amount of such Mortgage Loan.

Section 3.04. Compliance With Article III. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, the provisions of this Article III shall be complied with by the Agency in order to meet the requirements of the Code such that interest on such Bonds shall be and remain exempt from federal income taxes; provided, however, that the Agency shall not be required to comply with any such provision with respect to such Bonds in the event the Agency receives a Counsel's Opinion from a nationally recognized bond counsel firm that compliance with such provision is

no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision specified in this Article III will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article III.

ARTICLE IV

MISCELLANEOUS

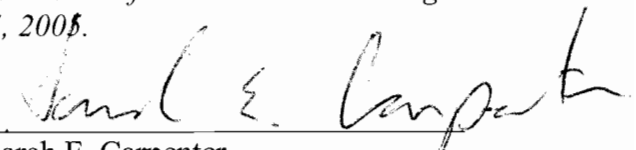
Section 4.01. Amendments. This Resolution may be amended from time to time prior to the issuance of any Series of Bonds, which right shall be in addition to any other rights to amend. To the extent a Series of Bonds is issued under and pursuant to a General Resolution, this Resolution and any Series Certificate with respect to such Bonds may be amended under the conditions and to the extent permitted by such General Resolution. To the extent a Series of Bonds is issued only pursuant to this Resolution and a Series Certificate, this Resolution and the Series Certificate may be amended except as restricted hereby, by such Series Certificate or by the Bonds or any other agreement or document executed in conjunction therewith.

Section 4.02. General. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, Mortgagors or lenders.

Section 4.03. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Chief Financial Officer, Chief of Program Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things (including the conduct of any public hearings required by federal tax laws) and to execute and deliver any and all documents, filings, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution or any Series Certificate.

Section 4.04. Effective Date. This resolution shall take effect immediately.

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 15, 2005.


Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency