

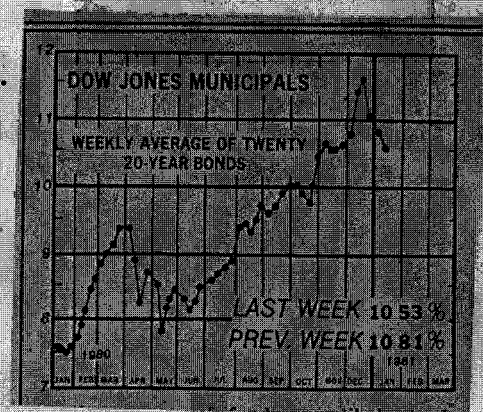
ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

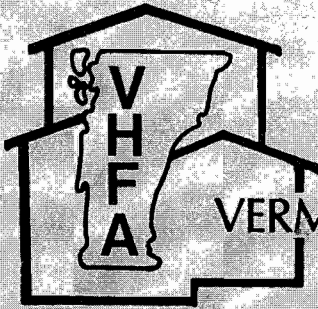
VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY
239 South Union Street, Burlington
Thursday, January 22, 1981, 9:00 a.m.

1. Approval of minutes of November 25, 1980.
2. Multifamily Program:
 - a. Alburg family project: request for increased equity credit.
 - b. Alburg elderly proposal: preliminary approval.
 - c. Hinsdale's Burlington NSA proposal: preliminary approval.
 - d. Middlebury family proposal: preliminary approval.
 - e. Jericho/Underhill proposal: Letter of Intent, including increased mortgage and authorization to proceed ahead of Richmond proposal.
 - f. Saxton's River: mortgage increase.
 - g. Darling Inn: mortgage increase.
 - h. North Bennington: shift subsidy allocation from W. Townshend.
 - i. Barton: possible transfer of ownership.
 - j. Preparations for 1981 multifamily bond issue.
 - (1) size of issue;
 - (2) spread vs. administrative fee;
 - (3) timing of issue;
 - (4) bond counsel.
3. Single Family Program.
 - a. Reallocation of remaining 1980 MPP funds.
 - b. Legislative initiatives.
 - (1) VHFA.
 - (2) VHMGB
 - c. Presentation by representatives of Lehman Brothers Kuhn Loeb.
4. Other old or new business.





ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
STATE TREASURER'S OFFICE, MONTPELIER

November 25, 1980, 9:00 a.m.

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard, Behney and Gardner; Executive Director Hunt, Mr. Dickson, Ms. Thielen and Ms. Chetti, VHFA; Mr. Driscoll, DCA; Charles Castle, Vermont Office on Aging; Frank Berk and Richard Williams, Vermont State Housing Authority; members of the press.

The minutes of the meeting of October 22, 1980 were approved as submitted.

Mr. Hunt reminded the Board of action that it had taken on October 22, approving an application for Section 8 existing units submitted to HUD by Vermont State Housing Authority, only if the majority of such units were for families with children. He briefly discussed the background of this issue. Richard Williams, Deputy Director of Vermont State Housing Authority, supplied additional information about the history of the application. He reported that it is impossible to find three bedroom and four bedroom apartments that meet the standards of the Section 8 existing program. Mr. Castle of Vermont Office on Aging stated that his office had initiated this special allocation for the elderly back in April, 1980. After extensive discussion, Vermont State Housing Authority agreed to work closely with Vermont Fair Housing Coalition in searching out eligible apartments for non-elderly families. A motion was made to adopt the following resolution:

Be it resolved that the Board of Commissioners of the Vermont Housing Finance Agency rescinds its action of October 22, 1980 disapproving the Vermont State Housing Authority's application for 118 units of Section 8 existing housing, 112 for the elderly, and 6 for families, and will notify the Department of Housing and Urban Development of its approval of said application.

The motion included a request that VSHA use its best efforts to fill the two bedroom units in this allocation with non-elderly families. The motion was seconded and approved unanimously.

Mr. Hunt presented a cash flow projection for the multifamily program which assumed payment of a fee of \$7.00 per unit per month to Vermont State Housing Authority for Section 8 contract administration. Following Mr. Hunt's recommendation, a motion was made to adopt the following resolution:

RESOLVED...That the Board of Commissioners, Vermont Housing Finance Agency, does hereby agree to, and approves an agreement between the Agency and the Vermont State Housing Authority by which VHFA will pay the Authority an administrative fee for all previously bonded Sec. 8 housing projects under HAP done jointly by the agencies of seven dollars \$7.00 per unit per month, said payment to begin effective Dec. 1, 1980 with payments commencing February 1, 1981, for a period of 5 years; and be it further resolved, that the Executive Director is hereby directed to enter into any such formal agreements as necessary to carry out this resolution.

Mr. Hunt reported that Vermont State Housing Authority had requested the Agency to provide construction financing for Mr. O'Brien's proposed development in Jericho. Mr. Williams of VSHA reported that the Housing Authority Board has approved the required rent for the Jericho project, but simply had asked the developer to request construction financing from the Agency. Mr. Hunt suggested a resolution to provide construction financing for Mr. O'Brien's Jericho development if (a) the conventional rates are above 16%, and (b) the developer requests it. It was moved and seconded to accept Mr. Hunt's recommendation. The motion was approved unanimously.

Commissioner Chaffee arrived at this point.

Ms. Thielen introduced developer Mark Hochman. Mr. Hochman introduced David Raszmann, Rockingham Town Planner; Douglas McFee, Trustee of the Village of Bellows Falls; Kay Flemmer, Executive Director of the Rockingham Chamber of Commerce; and Thomas Salmon, Attorney. Mr. Hochman described his efforts to negotiate a construction contract for the Rockingham Hotel project. He reported that the contract price is now expected to be around \$1,600,000. This would require an increase in the mortgage of \$273,231 to a total mortgage of \$1,747,910. Mr. Hochman also described the widespread support for this project among the residents and officials of the Town of Rockingham. Mr. Hochman then answered various questions from the Commissioners.

Commissioner Gardner moved to approve an increase in the total development cost of up to \$273,231, including a mortgage increase of 90% of the actual increase over the total development cost previously approved, up to a maximum of \$245,900 increase in the mortgage. It was understood that any additional increases would have to come entirely from developer's equity, and that the commercial rent must also be guaranteed by the partnership or the general partners and secured by an escrow of syndication proceeds. The motion was seconded and approved unanimously.

Ms. Chetti presented a proposal for 24 units of elderly housing in North Bennington, which was previously considered by the Commissioners but not approved. She reported that the developer, Jack Heaton, has made some of the design changes previously requested. He also agreed to move the community building even further than presently shown, and will have the town sidewalk extended to the site. He has promised to negotiate with the town to try to get the sidewalk extension constructed with town funds. Ms. Chetti recommended that the proposal be approved for forwarding to Vermont State Housing Authority for submission to HUD, not implying approval of all details. In particular, she recommended that construction costs be reduced significantly from those proposed, especially for sitework. It was moved and seconded to forward the proposal on the basis of Ms. Chetti's recommendation. The motion was approved unanimously.

Ms. Thielen presented a proposal from Joe Wishcamper of Portland, Maine for 10 family units and 18 elderly units in Shelburne. She pointed out that the proposal includes construction financing by VHFA. She recommended approval of forwarding the proposal to VSHA for submission to HUD, though approval does not imply approval of all details. The motion was made and seconded to approval Ms. Thielen's recommendation. The motion was approved unanimously.

Ms. Chetti presented a request by Wayne Jameson for a mortgage increase of \$29,450, and recommended that a mortgage increase of only \$6,638 be granted. This amount constitutes the cost of items that were not included in the original contract and were required by either this Agency, VSHA, or the fire marshal during construction. She pointed out that the Agency had already approved a mortgage increase of \$5,200. If the recommended increase is also granted, a total mortgage increase of \$11,838 will have been approved.

It was moved and seconded to grant a mortgage increase of \$12,693 to Mr. Jameson. The motion was approved unanimously.

Mr. Dickson reminded the Board that they had previously approved a mortgage increase of \$14,000 for David J. Kirker on his Danville/St. Johnsbury project. However, the mortgage increase was contingent on approval of a commensurate rent increase by Vermont State Housing Authority and by HUD. Mr. Kirker may not have sufficient funds to complete the project and close the permanent loan before that mortgage increase is actually in effect. Mr. Kirker has asked for an advance on the mortgage increase prior to approval of the rent increase. It was moved and seconded to lend the \$14,000 at permanent closing, to be secured by a demand note for \$14,000 signed by Mr. and Mrs. Kirker. It would be understood that Mr. Kirker will use his next syndication proceeds to pay it. He will assign to the Agency the first syndication proceeds as security for the demand note. The motion was approved unanimously.

Mr. Dickson reported certain design changes already made in the North Troy Development. He stated that because of sub-surface conditions discovered during excavation, a one-story, two-apartment addition has been changed to a two-story, two-apartment addition. The Commissioners expressed no objections.

Commissioner Hebard distributed copies of an exchange of correspondence among himself, Mr. Hunt, and Commissioner Paul Philbrook of the Department of Public Safety regarding a set-aside of \$500,000 of single family mortgage funds at a rate of 8.5% for state police officers subject to involuntary transfer. Mr. Hunt recommended approval of this set-aside in accordance with his letter to Commissioner Hebard dated October 28, 1980, and subject to the conditions expressed in Commissioner Philbrook's letter of November 4, 1980. It was moved and seconded to accept Mr. Hunt's recommendation and the motion was approved unanimously.

Mr. Hunt opened a discussion of the advisability of interviewing a number of potential bond underwriters to determine whether the Agency is getting the best possible service at reasonable costs. The Commissioners directed Mr. Hunt to invite several leading underwriters and AAA rated banks to make presentations to the Board early in 1981.

Mr. Dickson presented a request by John Swenor for construction financing of his proposed elderly development in Poultney at a rate of 9.5% interest plus 1/2 inspection fee. A motion was made and seconded to approve such construction financing. The motion was adopted unanimously.

Mr. Dickson described an effort by a large number of state agencies and non-profit advocacy organizations to prepare a proposal to Community Services Administration for a grant to fund initial administrative costs of a proposed statewide non-profit housing development corporation. He described the proposed organization as being focused primarily on the development of housing for families under the Section 8 program. He indicated that contacts at HUD have suggested that a special set-aside of up to 100 Section 8 units might be available for use by such a corporation. Chairman Field indicated that he felt it would not be appropriate for the Agency to have a representative on the Board of this organization, or to provide either seed money loans or grants.

Mr. Hunt described a proposal from the University of Vermont for student apartments on university land to be constructed by a private developer. He expressed his opinion that the project would probably be feasible even without VHFA participation. It was moved to table it for later discussion if VHFA financing seems to be necessary. The motion was seconded and adopted unanimously.

Mr. Dickson reported that the Poultney project may be ready for a Letter of Intent before the next Board meeting, which may not be until January. He suggested that the Board might authorize issuance of such a letter upon completion of all requirements. Mr. Hunt recommended that the letter be authorized. It was moved and seconded to authorize a letter of intent for the Poultney project. The motion was adopted unanimously.

Mr. Hunt distributed a letter from Burlington Emergency Shelter Services regarding possible agency financing of emergency housing in Burlington. He reported that the State of Vermont spends about \$500,000 a year in its welfare budget on emergency housing in Burlington. He estimated that emergency housing financed by the Agency would save about 1/2 of the state's emergency shelter cost. This discussion was tabled until the next meeting.

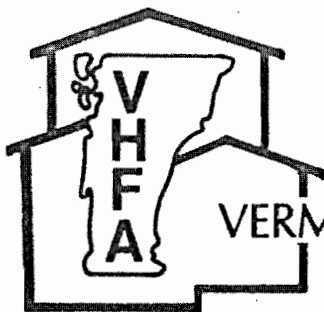
Mr. Hunt distributed copies of draft legislation prepared by Palmer & Dodge regarding the proposed secondary market system discussed previously with John Ingalls in connection with the use of GNMA mortgage-backed securities. He suggested the Commissioners read the draft legislation at their leisure.

Chairman Field adjourned the meeting at 12:12 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Allan S. Hunt".

Allan S. Hunt, Secretary



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Janice W. Chetti
DATE: January 15, 1981
RE: EQUITY POSITION FOR WAYNE JAMESON'S FAMILY PROJECT

At the November 25th Board meeting, the staff presented a two-fold request from Wayne Jameson for 1) a mortgage increase; and 2) recognition of an equity increase. The Commissioners approved the mortgage increase, but because of time constraints, did not discuss Mr. Jameson's second request.

Mr. Jameson claims that he has spent a total of \$46,255 in project overruns. The Board granted a mortgage increase of \$17,893. Mr. Jameson would like the remainder of \$28,362 recognized as project equity. This amount would be added to his current equity for a total of \$52,195. We recommend approval of this request.

JWC/el



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

January 22, 1981

EXECUTIVE SUMMARY

Alburg, Vermont

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval includes VHFA construction financing but does not include approval of all details.

DEVELOPMENT TEAM

Sponsor: Pine Manor - A general partnership of Wayne Jameson and James Lamphere. Mr. Jameson is the owner and operator of Blanch and Jameson Insurance Agency in Alburg and is also the sponsor of a 13 unit VHFA financed family housing project in Alburg. Mr. Lamphere is a partner in the Architectural firm of Wiemann-Lamphere. His previous experience in Section 8 housing has been strictly in the area of design.

Marketing/Management Agent: Blanch and Jameson Insurance Agency, Alburg. This Agency is also the management agent for the Alburg family project and to-date has encountered no difficulties in this role.

General Contractor: Ulric Trembley. Mr. Trembley's contracting firm has completed HUD projects in Barre, Hardwick and Alburg.

Architect: James Lamphere, Wiemann-Lamphere, Burlington, Vermont.

LOCATION: This 4 acre site is located on the North side of Lake Street approximately 160' from Main Street in the town of Alburg.

DESCRIPTION: This proposal calls for the new construction of 16 units of elderly housing in two buildings. One building will house 12 units and the other will house 4 units and the community room. Two units 1 One Bedroom and 1 Two Bedroom will be designed for use by the handicapped.

UNIT DESTRIUTION AND RENTS

12	1 Bedroom walkups	@ \$486/month
2	1 Bedroom rows	@ \$529/month
2	2 Bedroom rows	@ \$572/month

Total monthly rents = \$8,034
Total yearly rents = \$96,408

COMPARISON	<u>Alburg</u>	<u>N. Bennington</u>	<u>West Rutland</u>	<u>Fairfax</u>
Development Cost/Unit	\$ 35,656	\$ 33,708	\$ 31,380	\$ 30,621
Development Cost/Sq. Ft.	\$ 43.07	\$ 44.64	\$ 38.60	\$ 39.12
Sitework/Unit	\$ 2,875	\$ 3,125	\$ 3,613	\$ 750.
Construction Cost/Unit	\$ 27,425	\$ 25,391	\$ 24,711	\$ 25,404
Construction Cost/Sq. Ft.	\$ 33.13	\$ 33.65	\$ 27.94	\$ 32.46
Number of Units	16	24	14	20
Unit Size:				
One Bedroom	590-662 Sq.Ft.	646	628	689
Two Bedroom	756-816 Sq.Ft.	911	875	800
Mortgage Request	\$557,721	\$ 790,877	\$ 384,855	\$ 573,227
Mortgage Interest Rate	\$ 10.5%	\$ 10.5%	\$ 7½%	\$ 8½%
Rent/Unit:				
One Bedroom	\$486 - 529*	\$ 506	\$ 457**	\$ 427**
Two Bedroom	\$ 572*	\$ 546	\$ 524**	\$ 496**
Operating Expenses/ Unit/Year	\$ 1,342	\$ 1,587	\$ 1,826	\$ 1,437
Taxes/Unit/Year	\$ 334	\$ 417	\$ 440	\$ 330

* These rents are at 102% of the Fair Market Rents

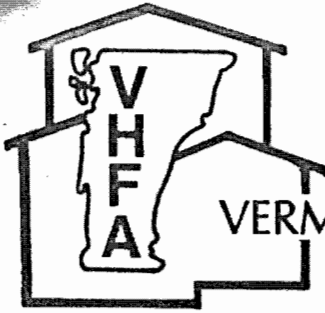
** Recalculated using a 10.5% Permanent Financing Rate for purposes of comparison.

MARKET ANALYSIS:

Figures from the Area Agency on Aging (AAA) show a strong need for subsidized elderly housing in Alburg. Of the 202 elderly persons living in Alburg 58 or 29% have incomes at or below poverty level.

This proposal was originally submitted for 28 units. AAA numbers seem to justify 28 units but data from the Regional Planning Commission showed that of the 111 units occupied by the elderly only 7 were rental units.

In an effort to prevent a glut of houses onto the Alburg market a phasing of this proposal was agreed upon. Six months after occupancy this proposal's effect on the housing market and demand for elderly housing will be reviewed. If a phase II for 12 units seems necessary a determination of whether this should be done as a substantial rehab or new construction project will be decided upon.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

January 16, 1981

EXECUTIVE SUMMARY
199-201 ST. PAUL STREET
KING STREET, NSA, BURLINGTON

RECOMMENDATION: Approve forwarding proposal to HUD. Approval includes VHFA construction financing but does not include approval of all details.

PROJECT: Rehabilitation of five units of family housing and new construction of three units of family housing within the King Street Neighborhood Strategy Area.

DEVELOPMENT TEAM:

Sponsor: A general partnership will be formed with Clark W. Hinsdale Jr. and his son Clark W. Hinsdale III as partners. Clark Hinsdale, Jr. owns and manages approximately sixty residential and commercial properties; he has been in the investment property business for 25 years. Although his stated net worth is over \$4 million, he currently has past due liabilities at the Howard, Vermont Federal and Burlington Savings Banks. Further investigation of this situation is underway.

Marketing/Management Agent: Clark W. Hinsdale, Jr. Management of these units will be incorporated into Mr. Hinsdale's management organization. One tenant will be selected as manager, she/he will collect rents and report any problems to the Hinsdale Management Arm, which consists of an office administrator, maintenance manager, carpenters, electrician and painters.

General Contractor: WALCO, Inc. will act as construction manager on this project.

Architect: Streetside Design Association, Burlington, is a newly formed concern. One of their current projects is the conversion of Winooski's Woolen Mill to residential and commercial use. While at the office of Martin Tierney, Dick Kellogg, the architect on this proposal, designed the rehabilitation of Maple Street apartments in Burlington's NSA.

LOCATION: The project consists of an existing building at 199-201 St. Paul Street (corner of St. Paul and Maple) on approximately 1/4 acre in a largely residential neighborhood several blocks from Burlington's downtown and commercial districts.

January 16, 1981

DESCRIPTION: The developer proposes to rehabilitate the existing building to contain four 3 bedroom units and one 2 bedroom unit and to newly construct three 3 bedroom units. The existing building, built in 1875, is impressive in its architectural design. Its prominence in the King Street neighborhood makes it a desirable property for this program.

COMPOSITION AND RENTS:

1 two bedroom walkup apartment	-	\$528/month
4 three bedroom row apartments	-	\$641/month
3 three bedroom walkup apartments	-	\$595/month

Total Monthly Rent \$ 4,877

Total Yearly Rent \$58,524

These rents are 6% above fair market rents. They are calculated at a 10% interest rate for a term of 30 years with a 3.4% return on equity.

COMPARISONS:

	199-201 St. Paul St.	73-75 128 King St.	323-325 St. Paul St.
Development Cost/Unit	\$ 48,059.00	\$ 40,425.00	\$ 33,446.00
Development Cost/Sq. Ft.	\$ 44.49	\$ 42.28	\$ 40.65
Sitework/Unit	\$ 1,500.00	\$ 314.00	\$ 400.00
Construction Cost/Unit	\$ 28,625.00	\$ 20,633.00	\$ 21,474.00
Construction Cost/Sq. Ft.	\$ 26.50	\$ 21.63	\$ 26.10
Number of Units	8	7	11
Square Footage/Unit	711/826-1098	467-505/605-639/ 958-978	683/634-700/1140
Total Mortgage Request	\$363,049	\$270,788	\$339,950
Rent/Unit (inc. utilities)	2BR - \$528 3BR - \$595-641	1BR - \$467-509 2BR - \$515 4BR - \$644	1BR - \$404* 2BR - \$459-474* 3BR - \$514*
Mortgage Interest Rate	10%	10%	9.5%
Operating Expenses/Unit/ Year	\$ 1,674.00	\$ 1,510.00	\$ 1,573.00

* Recalculated using a 10% interest figure for comparison purposes.

January 16, 1981

MARKET ANALYSIS: Recent studies show the City of Burlington to have the most chronic housing need in the entire state. The Vermont State Housing Authority reports Chittenden County to be the top priority area with nearly 30% of the state's need for family housing or a "fair share" of 413 units. The authority, in their updated "Housing Needs Analysis", rates the need for family housing within the City of Burlington to be the highest in the Chittenden County.

The City of Burlington, in its most recent "Housing Assistance Plan" estimates a vacancy rate of .5% and calculates 1,905 renter family households in need of some sort of assistance. The city establishes a 3 year goal of providing assistance to 402 renter family households within the next 3 years.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

January 16, 1981

EXECUTIVE SUMMARY MIDDLEBURY FAMILY HOUSING

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Recommendation does not imply approval of all aspects of the project.

PROJECT: Twelve units of new family housing to be constructed in the Town of Middlebury. Developer intends to construct one 4 plex and 4 duplex buildings on a 2.9 acre site.

DEVELOPMENT TEAM:

Sponsor: Sugar Wood Limited Partnership. Charles Brush and John Giebink as general partners. Mr. Brush and Mr. Giebink are the owners of Green Mountain Design/Builders, Inc. of Middlebury. Mr. Brush currently owns 1 four apartment building and has previously owned and managed 10 apartments, as well a commercial building. He has demonstrated a good deal of competence thus far in putting together this project.

Architect: Richard Robson of Hancock, Vermont. Mr. Robson is a very capable architect with previous experience in the Section 8 program. Among the projects he has designed are Hancock, Rochester and Bridgewater.

Marketing/Management Agent: Charles Brush and John Giebink.

Sponsors Attorney: John Kelley, Middlebury, Vermont.

LOCATION: A 2.9 acre wooded site on Peterson Terrace in Middlebury. The property is about 1/2 mile from downtown and within easy commuting distance of several major employers.

DESCRIPTION: The developer intends to construct the following:

- 4 2BR units each containing 1034 square feet
- 1 2BR handicapped unit containing 945 square feet
- 6 3BR units each containing 1127 or 1148 square feet
- 1 4BR unit containing 1426 square feet.

January 16, 1981

COMPOSITION AND RENTS:

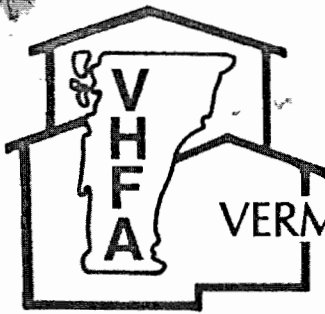
4 2BR units at \$588 - per month including utilities
 1 2BR HC unit at \$615 per month including utilities
 6 3 BR units at \$666 per month including utilities
 1 4BR unit at \$761 per month including utilities

These rents are 110% of Fair Market Rent and are calculated at a permanent financing rate of 10.5%.

COMPARISON:

	<u>Middlebury</u>	<u>Island Pond</u>	<u>Randolph</u>
Development Cost/Unit	\$ 43,267.00	\$40,239.00	\$ 39,100.00
Development Cost/Sq. Ft.	\$ 38.88	\$ 35.57	\$ 37.14
Sitework/Unit	\$ 2,500.00	\$ 1,851.00	\$ 5,565.00
Construction Cost/Unit	\$ 38,526.00	\$ 33,050.00	\$ 35,043.00
Construction Cost/Sq. Ft.	\$ 32.37	\$ 27.58	\$ 27.98
Square Footage/Unit	945/1034/1127/ 1148/1426	872/1100/1306	2BR-842/3BR-1068 4BR 1237
Date Started	Anticipated 5/1/81	9/79	12/1/79
Number of Units	12	12	20
Total Mortgage Request	\$507,573	\$481,661	\$782,932
Term of Mortgage	30 years	30 years	30 years
Rent/Unit	\$513/532/583/ 661	\$437/502/578	\$462/526/604
Mortgage Interest Rate	10.5	8.5	9.5
Operating Expenses/Unit/ Year	\$ 1,993.00	\$ 1,651.00	\$ 1,683.00
Taxes per Unit	\$ 600.00	\$ 562.00	\$ 550.00

MARKET ANALYSIS: There is no existing Housing Assistance Plan for Middlebury. Cheryl Rivers of the Addison County Community Center Group indicated there was a very high demand for family housing in Middlebury. She stated that people have had to stay in hotels and emergency shelters while waiting for available housing. Cheryl felt there would be "no difficulty" at all in filling a small project with eligible tenants.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Stanton L. Bean
DATE: January 16, 1981
RE: JERICHO ELDERLY HOUSING PROJECT

Mr. Daniel O'Brien, the developer of the Jericho Elderly Housing project has requested an increase in his permanent mortgage from the \$740,158 approved at the August, 1980 Board Meeting to a revised sum of \$896,011. This increase is due to design changes and improvements and to a delay in the anticipated construction start from fall, 1980 to spring, 1981. As working drawings are not yet available, no cost estimate for the project has been completed. We recommend approval of this increase contingent upon receipt of a satisfactory cost estimate.

At the July Board Meeting, the members adopted a policy with regards to Mr. O'Brien's Jericho elderly project and the Richmond family project that required these developments be handled on a "tandem" basis. Mr. O'Brien has had difficulty doing this due to delays he claims have been caused by the Housing Authority. (Mr. O'Brien's letter of explanation attached.) We request that the Board rescind its July decision with regards to Mr. O'Brien as long as he demonstrates a genuine commitment to pursue the family project in Richmond.

Lastly, with the exception of a satisfactory quote for real estate taxes on his Jericho project, Mr. O'Brien has completed the necessary requirements for issuance of a Letter of Intent. We recommend approval of the letter contingent upon receipt of acceptable tax quotes from the Town of Jericho.

SLB/el
Attachment

DANIEL J. O'BRIEN
P. O. BOX 2184
SO. BURLINGTON, VT. 05401

1215
This is the letter
application on the
Richmond & Bay. It is
proposed to build 14
Stan

60 ASK
December 2, 1980

Mr. Stan Bean
Vt. Housing Finance Agency
239 So. Union St.
Burlington, Vt. 05401

Dear Stan: _____

This is a status report on the proposed 14 unit family housing project in Richmond, Vt. Don

On July 7, 1980, I obtained a building permit from the Town of Richmond based upon the plans which called for 14 units in 3 plex and 4 plex buildings.

The plan was approved by the Vt. Housing Finance Agency.

I submitted the plans to the Vt. State Housing Authority and they approved it with certain conditions. One of the conditions was that we "review" the design with the goal of providing duplex buildings.

At a later date, Jim Lamphere met with Martin Harris and Bill Kearns in Middlebury, Vt. The discussion centered upon the Vt. State Housing Authority's very strong preference for duplex units and their refusal to allow the project to proceed unless or until they were convinced by documentation that the project simply could not be built in that manner.

The result of the meeting was that we were to produce two plans, one duplex plan and one three plex plan. We were then to price out both plans with more than one contractor.

Both plans have now been prepared and we intend to receive prices from two or three contractors. The plan changes will, of course, necessitate resubmission to the local planning and zoning authorities. We are proceeding at a steady pace with the project, however, we cannot obtain the necessary permits, local or environmental, until we are sure of the design.

In a manner of speaking, we find ourselves in the position of having an approved project without an approved design.

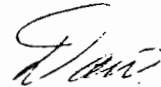
The land option in the meantime expired in October, however, I have been able to negotiate an extension until May 15, 1981.

I think it is appropriate to point out that as of now there has been at least four designs on this project. We earlier had a duplex design priced by Wright and Morrissey that would not work. At a latter date we received a price from Flanders Lumber Co. to convert our design to duplexes and that plan did not work either. The Fair Market Rentals have increased significantly since our last 502 on the project and as a result of that it may be that a duplex plan will work now.

I have submitted a plan for family housing that was economically viable and was approved by Vt. Housing Finance Agency. The project was also approved by the Vt. State Housing Authority and I submit that the delays on this project are not my fault and are totally out of my control.

I have worked in diligent good faith on this Richmond project just as I have on all my other projects and I trust that the Jericho Elderly project will not be jeopardized because of the delays in the Richmond project.

Sincerely yours,



Daniel J. O'Brien

DO/gb



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: January 15, 1981
SUBJECT: MORTGAGE INCREASE FOR SAXTONS RIVER FAMILY HOUSING

Phase II of the Saxtons River Family Housing project is presently under construction. During the process of renting-up Phase I, Lawrin Crispe found it very difficult to find tenants for the 3 four-bedroom units. Therefore, he has proposed to reduce the total number of four-bedroom units from 6 to 5 and increase the number of two-bedroom units from 4 to 6. This would be done in Phase III by rehabbing a garage attached to the building which was to be a four-bedroom single family house to allow square footage for 2 two-bedroom units.

For this change he is requesting a mortgage increase of \$45,131 for a total mortgage of \$563,735. However, the project had previously been processed with only 5% equity and it should be 6% since the VSHA fee is included as well as the 1.5% PCE and commitment fee. At 6% equity, the mortgage increase would be \$39,117 for a total mortgage of \$557,721.

I recommend approval of a new mortgage of \$557,721 subject to VSHA and HUD approval of additional rental income to support the mortgage.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

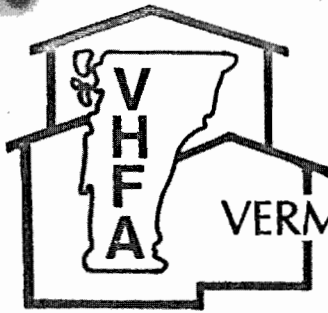
TO: VHFA Commissioners
FROM: Stanton L. Bean
DATE: January 15, 1981
SUBJECT: MORTGAGE INCREASE REQUEST FOR DARLING INN COMPANY

The Darling Inn Company, owner of the 27 unit Darling Inn elderly housing project in Lyndonville has requested a \$22,465 increase in their permanent mortgage. The increase is requested to cover additional costs to the owner incurred during the completion of the project. It will be supported by an increase in the rental subsidy which will be requested if this increase is granted. The project is now completed and occupied.

The cost overrun totals \$28,058.22 and was spent in three major areas. Significant repairs were made to the existing kitchen. The kitchen roof was reinforced and new plumbing was installed. The existing electrical service to the building had to be replaced and the Fire Marshall made additional improvements a part of his final approval. The difference between the total cost of the additional work and the increase requested has come from the owner and the projects contingency fund. The rents are currently 106.9% of FMR. The requested increase would bring them up to 108.7%.

We have reviewed the owners request and feel a mortgage increase of \$22,465 should be granted. These funds have been spent to genuinely improve this project and a reimbursement to the owner in this amount seems justified.

SLB/el



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Don Dickson
DATE: January 14, 1981
SUBJECT: BARTON

Enclosed is a memo from our attorney, Frank Kochman, outlining the situation in Barton as of a week ago. Two events have transpired since then.

1. Meeting with Basil Kokoletsos:

The scheduled meeting was held today. Mr. Kokoletsos appears to have a very valid claim against the Babcocks. Mr. Kokoletsos appears to be a competent and sincere businessman. He has many ties to Vermont and sufficient contacts to be able to engage the professional services required. He admits having no prior experience in the ownership or management of residential rental property, but his instincts seem to be sound and he promises to do all the right things.

Mr. Kokoletsos and his attorney, Bob Gensburg, assured us that the proposed court order in the present suit does not contemplate immediate transfer of ownership of the VHFA-financed development to him. We persuaded them to delete from the proposed order any power to sell the development.

In return, we approved the revised order, including the transfer to Kokoletsos of possession, control, management, and leasing of the development, (and all other property of the corporation) subject to the following conditions:

1. Mr. Kokoletsos will assure us in writing that he will:
 - (a) divest the corporation of all other business ventures, so its sole purpose is the operation of this development, or otherwise insulate the development from all non-related liabilities;

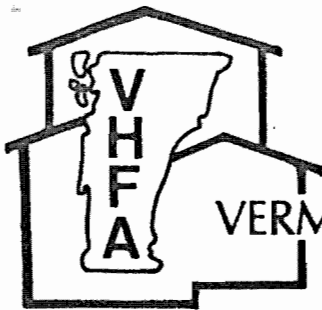
January 15, 1981

- (b) make monthly personal inspections of the development and ensure that it is repaired, maintained, and operated in a first-class manner.
 - 2. A management agreement will be executed with Northern Community Management Corporation (NCMC) of St. Johnsbury, to include all the standard provisions plus authority for NCMC to act in the absence of the owner to solve emergency situations.
 - 3. Mr. Kokoletsos will establish a \$10,000 line of credit for two years (or its equivalent) as a renewal of the working capital deposit (which has apparently disappeared under the Babcocks' stewardship), which line of credit can be drawn upon by NCMC for necessary operating expenses in accordance with the management agreement, without further authorization by the owner.
 - 4. A complete audit of all project funds and accounts as of December 31, 1980 will be furnished in accordance with VHFA requirements.
2. As of today the corporation has failed to make its January loan payment. We filed a notice of default this afternoon.

RECOMMENDATION:

We assume that at some point in the near future, transfer of ownership will also take place. Commissioner Hebard has volunteered to research the situation in Barton. Unless he turns up new information that changes the picture substantially, we recommend that the Board approve transfer of ownership to Kokoletsos in a form to be approved by the staff, provided that the four conditions listed above are complied with at or before the transfer.

DED/el



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Frank Kochman
DATE: January 6, 1981
RE: Barton

On January 2, on notice that a trustee with a power of sale was about to be appointed for Babcock by Orleans Superior Court pursuant to a stipulation of the parties, I filed a Motion to Intervene in Kokoletsos v. Frank Babcock & Son, Inc., et al., which is a suit for collection of a note in the amount of \$266,925.22 plus interest. The motion was accompanied by a Complaint for Declaratory and Injunctive Relief, asking the Court to refrain from taking any action which would transfer control to the plaintiff of any aspect of the project, to enjoin the parties from effecting any such transfer, without the Agency's consent, and to recognize our rights under the Regulatory Agreement and 10 V.S.A. §624. Notice of certain (non-monetary) defaults was served on Babcock at the same time.

Background: On the closing date of the Barton loan (April 14, 1980) the Borrower and the individual Babcocks, without our knowledge, delivered to Kokoletsos (a 50% owner of the Corporation) the Note which is the subject of the suit. Babcock never advised us of the existence of the suit, but I have been kept generally advised of its progress by Bob Gensburg, attorney for Kokoletsos. A default judgment was granted in late summer when Babcock failed to respond to the complaint. This was reopened recently by agreement of the parties, which agreement included the stipulation to permit transfer of control to Kokoletsos pending the outcome of the suit. Gensburg advises me that he is confident that no defense exists, and has been informally seeking our approval of Kokoletsos as a permanent transferee. I told him weeks ago that a precondition of any consent would be a personal meeting with Kokoletsos, but no steps were taken until Friday, when I told him we were intervening. A personal meeting with Kokoletsos, Gensburg, and representatives of VHFA is now scheduled here for January 14th.

Ed Free, representing both the Corporation and the individual Babcocks, advises me today as follows:

January 6, 1981

1. Money from Kokoletsos in the amount of the Note did in fact flow to the Corporation, and was used for "general corporate purposes" not necessarily related to our project, including salaries for the Babcocks, payroll, taxes, etc., as well as improvements to Kokoletsos's farm;
2. The money was advanced in a series of advances prior to the date of the Note and was not characterized in any particular way by the parties as it was advanced;
3. The equity originally put into the project by the Babcocks (inventory, accounts receivable, and real property subject to mortgages) far exceeded in value the amount put in by Kokoletsos for an equal amount of stock. (This appears to be true: According to the shareholders agreement, Kokoletsos put up \$160,000 in a Jersey bank for bonding security as his total consideration for stock.);
4. Free's defense to the suit is "coercion", i.e., Kokoletsos made execution of the Note a condition of his willingness to authorize the Corporation to close its loan with us. On the facts available to me, this seems to me to be a weak defense;
5. As a practical matter, the Babcocks are out of business: Ray is gone and Frank is very ill;
6. Free believes his clients would agree to let Kokoletsos take over our project and a portion of the security given for the Note in exchange for being able to walk away from the suit.

Mortgage payments and insurance on our project are current and, as of this afternoon, the clerk of the bankruptcy court reports that no petition has been filed with respect to either the Corporation or the individuals. However, Sam Falzone reports that: 1) on each of three visits to Barton over the past few months, the quarters of the Corporation have been locked up tight with no apparent activity; and 2) Ray Babcock, President of the Corporation, has left the company (and his wife) and is working as an employee of Munson Earth Moving; and 3) the elder Babcock, Frank, was in the hospital several weeks ago; and 4) on-site management of the project is in the de facto control of one of the tenants, as Babcock's informal agent.

Also last week, I learned from Frank Berk, counsel to VSHA, that VSHA has been served with Summons to Trustee pursuant to a two-month old judgment (of which we knew nothing) against Babcock by a plumbing supplier in the amount of \$3,700. As of now, VSHA plans to take the position that it is not a trustee for Babcock, but rather for us as assignee of housing assistance payments. We have not yet made any decision to appear in that case, although it raises an important issue of principle, i.e.: can a litigant reach housing assistance payments of which we are the assignee if Summons to Trustee is served before we give notice of default? To me, it seems wiser to stay out

VHFA Commissioners

Page 3

January 6, 1981

at least for now. VSHA will present our position and we can benefit from the precedent if favorable. On the other hand, we cannot be bound by an unfavorable decision and can either go in afterwards in this case or argue the point the next time it comes up.

Under all of the circumstances, major default on our loan seems to be only a matter of time. The large question for the Board is to determine how it wishes the Agency to proceed from here. Kokoletsos wants control and, through Gensburg, has proposed hiring NCIC as management agent. If Kokoletsos turns out to be an acceptable person, acquiescence in his desire would be clearly the most efficient course to follow--particularly if it can be accompanied by a stock transfer, thus creating a minimal disturbance of our loan documentation. Given the impending meeting with Kokoletsos, the narrow question for the Board is: Assuming Kokoletsos would pass muster according to the standards usually applied to prospective developers, and assuming continuing default or a desire by Babcock to unload, will the Agency approve transfer to Kokoletsos of either, a) full control of the Corporation, or b) full substitution of himself or a controlled entity for the Corporation?

FLK/el

MEMO TO: Allan Hunt

FROM: Donald Dickson

DATE: January 12, 1981

SUBJECT: COMPARISON OF SPREAD vs. FEE-SPLITTING ARRANGEMENTS WITH VSHA

A. Summary and Recommendation

Our projected one-half point spread on the next multifamily bond issue will not yield enough income to cover our on-going expenses and pay \$7 per unit per month to VSHA. Also, it adds about 2.5 percent to the rents. If we eliminate the spread, all projects in the bond issue would qualify for an "administrative fee" from HUD. The administrative fee yields more income than the one-half point spread, but it does not count in the calculation of rents. Therefore, I recommend that we eliminate the spread, and split the administrative fee with VSHA on projects where they are contract administrator. In Burlington and Winooski we would retain the entire fee.

B. Authority for Administrative Fee

24 CFR Section 883.606 reads:

(b) The Agency is entitled to a reasonable fee, determined by HUD, for administering a contract on newly constructed or substantially rehabilitated units provided there is no override on the permanent loan granted by the Agency to the owner for a project containing assisted units.

Current administrative fees paid by HUD equal 3 percent of the Fair Market Rent for two bedroom units (regardless of the actual size of the units under contract). This formula is in a HUD administrative directive, not in the regulations, and is therefore subject to change. See "D" below.

The term "override" is defined ambiguously in the regulations, but I assume, in accordance with the Salomon Brothers analysis of this subject in May, 1980, that we could charge the developer a rate on the mortgage adequate to pay off all the bonds, including costs of issuance, etc. This may require some clarification from HUD, but the certificate provided to the Manchester Office by Maine State Housing Authority solves the problem adequately.

C. Comparison of Income

In order to make projections of the relative income generated by the spread vs. the administrative fees, I have made the following assumptions:

- \$10,000,000 in mortgage loans
 - 250 units at \$40,000 loan per unit
- \$ 1,494,000 annual rents if FMR = \$498
 - 10 percent debt service cost of bonds, paid in level semi-annual installments
 - 3 percent initial administrative fee
 - 5 percent annual increase in administrative fee.

Given these assumptions, the income generated is as follows:

1. One-half point spread: with a bond rate of 10 and a loan rate of 10.5 percent, Scott estimates there would be a yearly excess of \$28,832 or \$864,960 total over 30 years. See his attached multifamily cash flow projections.
2. Three percent administrative fee: with a bond rate and loan rate both at 10 percent, the initial 3 percent administrative fee is \$44,820. If the administrative fee is increased by 5 percent each year, the income generated is as follows:

<u>Year</u>	<u>Income</u>	<u>Year</u>	<u>Income</u>
1 \$	44,820.00	16 \$	93,177.56
2	47,061.00	17	97,836.44
3	49,414.05	18	102,728.26
4	51,884.75	19	107,864.67
5	54,478.99	20	113,257.91
6	57,202.94	21	118,920.80
7	60,063.09	22	124,866.84
8	63,066.24	23	131,110.19
9	66,219.55	24	137,665.69
10	69,530.53	25	144,548.98
11	73,007.06	26	151,776.43
12	76,657.41	27	159,365.25
13	80,490.28	28	167,333.51
14	84,514.79	29	175,700.19
15	88,740.53	30	184,485.20

TOTAL: \$2,977,789.15

The administrative fee would generate \$2,122,829 more than the spread over a 30-year period.

d. Legal Documentation

The standard way of getting a commitment from HUD to pay the administrative fee is a line in the Annual Contributions Contract which incorporates into the annual contribution from HUD to the contract administrator an allowance for the regular cost of administration and specifies the minimum amount for this allowance (Section 1.4(c)(2) of the ACC).

This provision does not lock in any annual adjustment factor. HUD tells me that the final 883 regulations will not cover this adjustment either, though they don't prohibit it. HUD has advised me to approach the Area Counsel and ask that the ACC's be amended to include an inflation clause tied to either the annual adjustment to FMR's or to the automatic annual adjustment to project rents.

Even without an adjustment factor, however, the 3 percent administrative fee is higher than the half-point spread.

Outside the Burlington and Winooski NSA's the administrative fee would go from HUD to VSHA. We would have to make an agreement with VSHA for them to share the fee with us, presumably on a 50-50 basis. This would tend to offset the payments we have agreed to make to VSHA from our spread on projects from prior bond issues, so only a net difference would be paid each month.

I assume VSHA would agree to this since their income from half of the administrative fee would be significantly more than anything they might get from a spread on future bond issues.

All of these arrangements would have to be completed and disclosed before the next bond offering. If approved by you and our Board, I would expect to contact both HUD and VSHA immediately.

cc: W. Scott Frazier
Frank Kochman

Attachment

10/1 10/21/10 MULTI-FAMILY CASH FLOW PROJECTIONS

BOND ISSUE SIZE

MTG. LOANS	10000000
DEBT SERVICE RESERVE FUND (1YR. DS)	1100000
MTG. RESERVE FUND (1% MTG. LNS.)	100000
COST ISSUANCE	50000
UNDERWRITING (\$20.00 PER 1000)	230000
	<u>11485000</u>

DEBT SERVICE

YEARLY DEBT SERVICE NEEDED TO PAY OFF \$11,485,000 OF BONDS @ 10% IN LEVEL ANNUAL PAYMENTS (SEMI-ANNUALLY BASIS)	1213464
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CASH FLOW REVENUES / DEBT SERVICE

REVENUES	MTG. LOAN RATE 10%	10.5%	11%
MTG. LOANS	1053086	1097687	1142788
DEBT SERVICE RESERVE (11%)	121000	121000	121000
MTG. RESERVE (1%)	6000	6000	6000
MTG. LN. COLLECTIONS (5.5%)	16893	17609	18332
TOTAL REVENUES	1196979	1242296	1285120
DEBT SERVICE @ 10%	1213464	1213464	1213464
YEARLY EXCESS	(16485)	28832	71656

BREAK-EVEN BOND RATE = 9.838%



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY
239 South Union Street, Burlington
Thursday, March 5, 1981, 9:00 a.m.

Multifamily Business

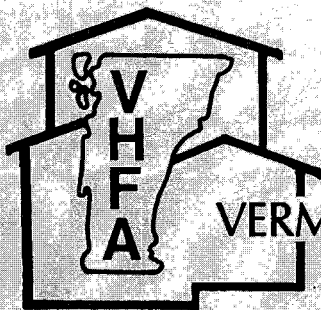
1. Walking tour of King Street Neighborhood.
2. Colchester - Letter of Intent and Financing Resolution.
3. A and A Realty, (27 units family) - N.S.A.
4. Saxtons River Mortgage Increase.
5. Poultney Construction Financing Resolution.

Single Family

1. Personnel changes.
2. Letter from Stewart Wooster (enclosed).
3. Results of recent allocation of 1980 MPP funds.
4. Request from United Counseling of Bennington to provide interim financing (enclosed).
5. Future prospects for single family bonding under the Mortgage Subsidy Bond Tax Act of 1980.

General Business

1. Resolution approving Note Financing Agreement.
2. Amended 1980 budget (General Fund) - enclosed.
3. Underwriter Presentation.
4. Other old or new business.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
239 South Union Street, Burlington

January 22, 1981, 9:00 a.m.

PRESENT: Chairman Field, Commissioners Myette, Hebard, Gardner, Behney, Chaffee; Mr. Hunt, Mr. Dickson, Ms. Chetti, Mr. Bean, Ms. Bock, Mr. Brisson, VHFA; Mr. Tedford, Burlington Free Press.

The minutes of the meeting of November 25, 1980 were approved as submitted.

Ms. Chetti presented a request by Wayne Jameson for increased equity credit on his family development in Alburg. The request had been discussed but not acted on at the previous meeting. She recommended that the Agency recognize an additional \$28,362 in cash expenditures as equity in the development for purposes of computing the return on equity, bringing it to a total of \$52,195. The request was unanimously approved.

Ms. Bock presented a proposal from Mr. Jameson and James Lamphere as a general partnership for 16 units of elderly housing in two buildings on a site on Lake Street in Alburg. Total rents proposed are \$96,408 per year, and the proposed mortgage loan is \$557,721. VHFA construction financing is requested. A motion was made to give preliminary approval and forward the proposal to VSHA for submission to HUD, not to imply approval of all details. The motion was approved unanimously.

Ms. Bock presented a proposal from Clark Hinsdale, Jr., and Clark Hinsdale, III as a general partnership, for eight units of family housing at 199-201 St. Paul Street, in the Burlington NSA. Total rents proposed are \$58,524 and the proposed mortgage loan is \$363,049. VHFA construction financing is requested. It was moved and seconded to go into executive session to discuss Mr. Hinsdale's financial situation, and the motion was adopted. When the meeting was re-opened, a motion was made and seconded to table Mr. Hinsdale's proposal pending additional information on his outstanding indebtedness. The motion was approved unanimously.

Mr. Bean reported that Dan O'Brien had complied with all conditions for a Letter of Intent except a letter from the listers estimating property taxes. However, Mr. O'Brien has also requested an increase in his mortgage

loan from \$740,158 to \$896,011. VSHA has reportedly approved a rent increase adequate to cover only a portion of this higher loan. The Board was reminded of its action at the July 1980 meeting requiring simultaneous progress on Mr. O'Brien's Richmond proposal. Mr. O'Brien claims that delays have been caused by VSHA. Mr. Bean recommended that the mortgage increase be approved, not to exceed the amount that can be supported by approved rents, and contingent upon a satisfactory cost estimate. Mr. Hunt recommended that a Letter of Intent for the increased amount be authorized, contingent upon receipt of a tax estimate letter from the Town of Jericho. A motion was made and seconded to accept the staff recommendations, and was adopted unanimously.

Mr. Bean presented a proposal from Charles Brush and John Giebink as general partners in Sugarwood Limited Partnership, for 12 units of new family housing on Peterson Terrace in Middlebury. Total rents proposed are \$78,576 and the mortgage requested is \$507,573. VHFA construction financing is requested. A motion was made to give preliminary approval and forward the proposal to VSHA for submission to HUD, not to imply approval of all details. The motion was approved unanimously.

Ms. Thielen presented a request from Lawrin Crispe for a mortgage increase of \$45,131 on his Saxtons River development, primarily due to an expansion of the development. The staff felt that if an increase is granted, the current six percent equity requirement should be imposed rather than the five percent requirement that was in effect when the proposal was first submitted. This would permit a mortgage increase of \$39,117 for a total mortgage loan of \$557,721. Ms. Thielen recommended approval subject to VSHA and HUD approval of additional rental income to support this loan. A motion was made and seconded to accept this recommendation. The motion was adopted unanimously.

Mr. Bean presented a request from the Darling Inn Company for a mortgage increase of \$28,058.22 to cover construction costs relating primarily to the congregate kitchen. He recommended an increase of \$22,465 contingent on VSHA and HUD approval of higher rents to cover the increased mortgage. A motion was made and seconded to accept this recommendation. The motion was adopted unanimously.

Mr. Dickson reported a proposal from VSHA to shift existing Section 8 allocations from W. Townshend, Highgate, and Ludlow, where they are not being used, to fund the N. Bennington proposal approved at the November 25th meeting, and asked the Board to approve this shift. A motion was made and seconded to approve re-allocation. The motion was adopted unanimously.

Mr. Dickson reported on the status of the development in Barton. He reported that Basil Kokoletsos, a shareholder in the corporation that owns the development, has moved to take possession. He recommended that the Board approve transfer of ownership to Kokoletsos in a form to be approved by the staff, provided that ~~form~~ conditions are complied with at or before the transfer. These conditions are contained in a memorandum dated January 15. A motion was made and seconded to authorize the staff to take whatever action is necessary to protect the interests of the Agency and tenants. The motion was adopted unanimously.

Mr. Dickson reported on preparations for a 1981 multifamily bond issue. He estimated that the issue would be about \$20 million in size. He described a provision in the Section 8 regulations permitting an HFA which takes no spread to receive an "administrative fee" from HUD, and recommended the Agency open negotiations with VSHA to institute a fee-sharing arrangement in lieu of a spread on this issue. He expressed the hope that preparations for the issue could be completed as soon as possible to take advantage of any temporary decrease in long-term interest rates. A motion was made to authorize preparations for a \$20 million multifamily bond issue at the earliest possible "window" in the bond market, and to negotiate an agreement with VSHA to share the HUD administrative fee. The motion was adopted unanimously.

Mr. Dickson and Mr. Hunt reported that there will not be sufficient authority within the moral obligation bond ceiling to issue these bonds. In order to issue bonds not subject to the moral obligation, a new general resolution will be required. They recommended that since John Ingalls, formerly of Hawkins, Delafield and Wood, had participated heavily in the writing of the existing general resolution and in the issuance of all bonds under that resolution, it would be preferable to have Mr. Ingalls participate in the new general resolution and the bond issues under it. Accordingly, they recommended that Palmer and Dodge, the firm Mr. Ingalls is now associated with, be retained as bond counsel. A motion was made to accept this recommendation assuming that the firm's fees are competitive with those of other qualified bond counsel. The motion was seconded and adopted unanimously.

Mr. Dickson presented a letter from David Kirker requesting reconsideration of its action on November 25, 1980 requiring his wife's signature on an interim note for the Danville/St. Johnsbury development. Mr. Kirker argued that his pledge of future syndication payments would be more than adequate to cover the increase until higher rents are approved. A motion was made and seconded to delete the requirement for Mrs. Kirker's signature. The motion was adopted unanimously.

Mr. Brisson reported on the reallocation of remaining 1980 Mortgage Purchase Program funds. He presented a plan to reallocate the funds for new construction of up to \$60,000 purchase price, 50 percent of the funds to go to Chittenden County where they are most likely to be used. This plan will be in effect until March 1, when all restrictions will be removed. Mr. Hunt indicated to the Board that the proposed legislation allowing the Agency to create a pool of mortgage loans on primary residential property and issue pass-thru certificates to investors, was being reviewed by the House Commerce Committee. It is expected that the legislation will be in the form of a committee sponsored bill.

Mr. Hunt described efforts to renegotiate the Note Financing Agreement with Hartford National Bank. He asked for authorization to renew the agreement when it expires on January 31, 1981. It was moved and seconded to authorize renewal, and the motion was approved unanimously.

The meeting was adjourned at 11:30 a.m. After adjournment, representatives of Lehman Brothers Kuhn Leob made a presentation of their qualifications as underwriters.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Allan S. Hunt".

Allan S. Hunt
Secretary

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Schoolhouse Apartments for Family Housing, housing in Colchester, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Colchester, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY

KING STREET NSA - BURLINGTON

RECOMMENDATION: The staff is requesting a conditional approval for this proposal based on the Developer's ability to provide some green space at 185 Pine Street. Approval includes VHFA construction financing but does not include approval of all details.

DEVELOPMENT TEAM:

Sponsor: A limited partnership (A & A Realty) will be formed with Karl C. Ashline and John M. Austin as general partners. Mr Ashline is the owner of several rental properties in Burlington and President of Ashline Construction, Inc., a firm experienced in new and rehabilitative construction. Mr. Austin is President of Lowell and Austin, Inc., plumbing and heating contractors. He has served in this role since he formed this company in 1964. Mr. Austin also owns several rental properties in Burlington.

Marketing/Management Agent: Investment Property Manager's, Inc. is a newly forming concern under the direction of Rose Smith Daubenschmidt. Ms. Daubenschmidt has been responsible for managing all apartments currently owned by Mr. Ashline.

General Contractor: Ashline Construction, Inc.

Architect: Gordon Woods, Burlington, Vermont

LOCATION: This proposal includes three sites (243 Church Street, 247 Church and 185 Pine Street), all in residential neighborhoods several blocks from Burlington's downtown business and commercial districts.

DESCRIPTION: This proposal calls for a combination of substantial rehabilitation and new construction on all three sites. There are a total of 27 units included in this proposal: 8 units at 243 Church Street, 6 units at 247 Church Street and 13 units at 185 Pine Street.

UNIT DISTRIBUTION AND RENTS:

Four 1BR walkups	\$491.00
One 1BR row	\$536.00
Sixteen 2BR walkups	\$540.00
Five 3BR walkups	\$608.00
One 3BR row	\$656.00

These rents are 8% above Fair Market Rents but fall well within "comparable" rents for the Burlington area. By using a conservative approach to HUD's

Post Office Box 408

Burlington, Vermont 05402

(802) 864-5743

Executive Summary - King Street NSA

Page 2

February 27, 1981

comparable formula, it was found that rents up to 10% of Fair Market Rents can be justified.

<u>COMPARISONS:</u>	<u>243-247 Church St. 185 Pine Street</u>	<u>57 Maple Street (Approved March, 1980)</u>	<u>195 St. Paul St. 97-103 King St. (Approved Feb., 1980)</u>
Development Cost/Unit	\$ 42,271.00	\$ 40,022.00	\$ 41,572.00
Development Cost/Sq.Ft.	54.58	40.64	44.68
Sitework/Unit	1,852.00	165.00	--
Construction Cost/Unit	24,286.00	27,688.00	29,231.00
Construction Cost/ Sq. Ft.	31.36	28.12	31.42
Number of Units	27	37	13
Square Footage/Unit:			
1BR	537 - 642 s.f.	567 - 885 s.f.	500 - 540 s.f.
2BR	667 - 878 s.f.	750 - 864 s.f.	645 - 790 s.f.
3BR	845 - 1044 s.f.	--	--
Total Mortgage Request	\$1,105,034.00	\$1,423,110.00	\$441,452.00
Rent/Unit (including utilities):			
1BR	\$491 - \$536	\$466*	\$411*
2BR	\$540	\$559*	\$470*
3BR	\$608 - \$656	--	--
Mortgage Interest Rate	10%	9.5%	9.5%
Operating Expenses/ Unit/Year	1,786.00	832.00	1,619.00

*Rents recalculated at a 10% permanent financing rate for comparison purposes.

MARKET ANALYSIS: Recent studies show the City of Burlington to have the most chronic housing need in the entire state. The Vermont State Housing Authority reports Chittenden County to be the top priority area with nearly 30% of the state's need for family housing or a "fair share" of 413 units. The authority, in their updated "Housing Needs Analysis", rates the need for family housing within the City of Burlington to be the highest in the Chittenden County.

The City of Burlington, in its most recent "Housing Assistance Plan" estimates a vacancy rate of .5% and calculates 1,905 renter family households in need of some sort of assistance. The city establishes a three year goal of providing assistance to 402 renter family households within the next three years.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: February 19, 1981
SUBJECT: MORTGAGE INCREASE FOR SAXTONS RIVER FAMILY HOUSING

On January 22, 1981 VHFA Commissioners approved a mortgage increase for Saxton River (see memo of January 15, 1981). This increase was based on increasing the equity position from 5% to 6%. Mr. Crispe has asked that we reconsider that requirement.

His project was the first one hit with the VSHA fee. It happened very late in the processing of his proposal and well after VHFA approval of a Letter of Intent. While the VSHA fee was added, the 6% equity requirement was not. He would agree to put in the 6% equity on the increase in the total development cost due to the change from one 4 bedroom to two 2 bedroom units but does not feel he should have to put in another 1% on the previously approved development cost.

In order to accommodate his request, the Board would have to approve an additional \$5,513. mortgage amount. I feel he is justified in his request and recommend approval. The new total mortgage would be \$563,234.

VSHA has already approved increased rental income to accommodate this.

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Schoolhouse Apartments Elderly Housing, housing in Poultney, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Poultney, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Stanton L. Bean
DATE: February 27, 1981
RE: MORTGAGE INCREASE FOR NEWPORT/DERBY FAMILY HOUSING

Mr. Andrew Therrian the developer of the Newport/Derby family project has requested an increase in his permanent mortgage from the \$540,285 approved at our June, 1980 meeting, to a revised sum of \$678,267. This increase is due to two factors: a delay in the anticipated starting date of construction and a change in contractors. The original contractor who had the low bid on the project is no longer in business. Working drawings are completed but no cost estimate has been completed. The Vermont State Housing Authority has approved the necessary rents to cover this requested increase. We recommend approval of this increase contingent upon receipt of a satisfactory cost estimate.

SLB/el

RANDOLPH SAVINGS AND LOAN ASSOCIATION

Main Street, Randolph, Vermont 05060
Telephone (802) 728-3305

R. Stewart Wooster,
President

February 25, 1981

Allan Hunt, Executive Director
P.O. Box 408
Burlington, Vermont 05401

Dear Allan,

Please do not feel it necessary to respond to this letter. My purpose in writing to you again on the same subject is merely to reinforce my earlier arguments concerning the use of dollars raised from the sale of tax exempt bonds. Perhaps it will be helpful in sharing my thinking with your board.

Your response to me indicated a sensitivity to criticism concerning the distribution of dollars through out the State. No criticism was intended in my letter to you. It appears obvious to me that your Agency has done an excellent job of distribution available dollars to all parts of Vermont.

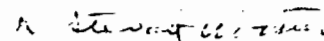
This Associations distribution of funds for the 1980 program should make it clear that we have no bias in favor of either existing housing or new construction. We originated 26 loans. Nine of the loans or approximately 35% were for new construction. Four others included significant rehabilitation dollars. All were on a first come, first served basis. We were not asked to participate with a builder in the builders set aside program.

We would not and could not disagree with the statement that the dollars do more for the total Vermont economy when they are used for construction or new housing.

The point that one must consider, is that the original justification for your Agency was primarily the inability of low to moderate income Vermonters to afford housing at market rates. Those low to moderate income people in need of housing should still be your primary concern.

Expanding the purpose of the housing Agency to fulfill other economic needs with in our State should be questioned in terms of the effect upon those you were created to serve.

Very truly yours,



R. Stewart Wooster,
President

RSW/n

The United Counseling Service of Bennington County, Inc.

Main Office: 120 Hospital Drive, Bennington, Vermont 05201
Alternate Care Facility: 126 Elm Street, Bennington, Vermont 05201
Branch Office: Box 732, West Road, Manchester, Vermont 05254
I.C.F.M.R.: 348 Dewey Street, Bennington, Vermont 05201

Tel. (802) 442-5491
Tel. (802) 447-7587
Tel. (802) 362-3950
Tel. (802) 447-0860

Executive Director
Joseph Lo Piccolo

Clinical Director
Peter Scully, M.D.

January 20, 1981

Mr. Allan S. Hunt
Vt. Housing Finance Agency
P. O. Box 408
Burlington, Vermont 05401

Dear Mr. Hunt:

As you are probably aware, we have just completed our 60 day review process with HUD in regard to the purchase and rehabilitation of a group home for the mentally ill at 329 South Street, Bennington, Vermont.

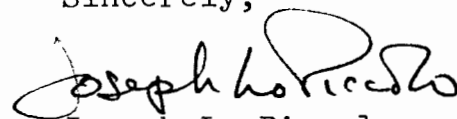
Because of HUD regulations, we will have to purchase the property from the owner prior to closing with HUD. We expect to receive firm commitment from HUD sometime in late January or early February.

In order to purchase the property from the current owner, we will need \$45,000 for a period of 90 days. We are hoping that the amount of time between our purchase of the property and closing with HUD will be a very brief time. The loan from your agency will enable us to complete the transaction with a minimum of problems without tying up this loan for any great length of time.

We hope that you and your committee will look upon this request favorably. We will see to it that when the house is purchased it will be fully insured. HUD has appraised the property at a purchase price of \$60,000 -- \$15,000 of which has already been paid to the owner as an option fee. As we understand it, it takes between 15-30 days for final closing with HUD. Therefore, we will need the remaining purchase price of the property sometime between HUD's firm commitment and its closing.

For further information on this, please see the enclosed project income analysis and appraisal, page three, section fourteen.

Sincerely,


Joseph Lo Piccolo
Executive Director

JLP:dmc
Attachment

VERMONT COUNCIL OF COMMUNITY MENTAL HEALTH SERVICES

P.O. BOX 1014 • ESSEX JUNCTION, VERMONT 05452 • (802) 878-3307

January 21, 1981

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

Dear Allan,

A letter from United Counseling Service of Bennington (UCS) requesting \$45,000 from VHFA should arrive Thursday morning. The project for which this money is requested is under the sponsorship of the Vermont Council of Community Mental Health Services as part of Vermont's HUD/HHS Demonstration Project for residences for the chronically mentally ill and the Council would like to express its strong support of the USC request.

To date, VHFA has been most supportive of this demonstration project and has allocated up to \$40,000 to be used for up-front costs incurred prior to final commitment from HUD. However, even assuming adequate funds, this additional request from UCS does not fall into the up-front category of the Vermont Council loan and will require separate consideration by the commissioners.

It is my understanding the UCS letter of request will define the need for the request, outline conditions VHFA may wish to impose, and explain the limited nature of VHFA's exposure. If, for any reason, there are questions I can answer, or if a representative at the commissioners' meeting would be helpful, please call.

The intricacies, perhaps convolutions is a more descriptive word, of the HUD "process" continue to baffle and amaze all involved with these projects. I sincerely thank you, your staff, and the VHFA commissioners for your strong financial and moral support over the past two years. I am still sure we will succeed in building these needed residential facilities, but will certainly not predict the date of completion!

Sincerely,

Peg

Margaret F. Martin
Executive Director

cc. Joseph LoPiccolo



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners

FROM: Scott and Allan

RE: BUDGET UPDATE

DATE: February 25, 1981

Attached is a six month budget update. The left hand columns present a year to date analysis. The columns on the right show the current approved budget and various changes we are recommending to the Board.

Overall, we are showing an increase in our revenues by 39.2% resulting primarily from the anticipated Multi-Family bond issue this Spring, and the continuance of high short term investment rates. On the expenditure side we are requesting a increase of 4.6% due predominantly from the rental burden incurred from our Church Street location, some leasehold improvements at our present location, and related expenses incurred in our move to South Union Street. The majority of the balance of increases in expenditures are being offset by reductions in other budget categories.

We are requesting the Board adopt the amended budget as presented which would include increasing the General Fund Reserve from \$600,000 to \$850,000.

WSF/el

Attachments

VERMONT HOUSING FINANCE AGENCY
GENERAL FUND BUDGET
REVENUES
FISCAL YEAR END JUNE 30, 1981

Received Through 12/31/80	% Budget Rec'd.		Present Budget	Proposed Increase (Decrease)	Amended Budget	% Change
\$ 18,768	66.3*	VHMG	\$ 28,300	\$ 5,000	\$ 33,300	17.7%
		FEE INCOME				
		Loans to Lenders Program				
		Mortgage Purchase Program				
21,255	75.9	Origination Fees	28,000	(3,000)	25,000	(10.7)
		Builder Set-Aside Fees				
		Multifamily Program				
2,210	44.2	Application Fees	5,000		5,000	
77,747	152.4	Commitment Fees	51,000	149,000	200,000	292.2
17,331	184.4	Construction Loan Inspection Fees	9,400	30,600	40,000	325.5
		SURPLUS FUNDS				
60,000	50	Loans to Lenders	120,000		120,000	
50,000	50	Mortgage Purchase 76/77	100,000		100,000	
125,000	50	Mortgage Purchase 75/78/79/80	250,000		250,000	
75,000	75	Multifamily	100,000	25,000	125,000	25.0
76,089	126.8	INTEREST INCOME	60,000	90,000	150,000	150.0
2,499	50	MISCELLANEOUS INCOME	5,000		5,000	
<u>\$525,899</u>	<u>69.5</u>		<u>\$756,700</u>	<u>\$296,600</u>	<u>\$1,053,300</u>	<u>39.2%</u>

DEPOSIT TO GENERAL FUND RESERVE	\$ (250,000)
BALANCE OF REVENUES AVAILABLE FOR EXPENDITURES	\$ <u>803,300</u>

*Includes \$2,711 for computerization

VERMONT HOUSING FINANCE AGENCY
GENERAL FUND BUDGET
EXPENDITURES
FOR FISCAL YEAR END JUNE 30, 1981

Expenses Incurred Through 12/31/80	% Budget Used		Present Budget	Proposed Increase (Decrease)	Amended Budget	% Change
<u>OPERATING EXPENSES</u>						
\$ 16,425	109.5%	Accounting	\$ 15,000	\$ 1,425	\$ 16,425	9.5%
4,741	47.4	Legal	10,000		10,000	
5,594	58.9	Architectural	9,500		9,500	
1,109	44.4	Commissioner's Per Diem Expenses	2,500		2,500	
3,204	41.3	Consulting Fees	7,750	1,250	9,000	16.1
5,182	157.0	Dues, Subscriptions, Periodicals	3,300	2,700	6,000	81.8
6,898	44.5	Insurance (General & Group)	15,500		15,500	
1,001	100.0	Janitorial	1,000	1,500	2,500	150.0
1,207	80.5	Miscellaneous	1,500	500	2,000	33.3
1,310	43.7	Annual Report	3,000		3,000	
170	6.8	Advertising	2,500	(500)	2,000	(20.0)
6,867	91.6	Office Supplies & Expenses	7,500	2,500	10,000	33.3
2,392	74.7	Postage	3,200	1,000	4,200	31.3
1,786	59.5	Photocopying	3,000	1,500	4,500	50.0
23,260	77.1	Rent Expenses	32,500	10,900	43,400	33.5
1,793		Rent Utilities		3,500	3,500	--
186,596	49.0	Salaries and Wages	380,525	(3,025)	377,500	(.8)
1,256	41.9	Staff Training	3,000		3,000	
9,950	49.8	Staff Travel	20,000		20,000	
11,973	53.2	Payroll Taxes	22,500	2,000	24,500	8.9
9,103	60.9	Telephone	15,000	4,000	19,000	26.7
37,217	62.0	Trustee Fees	60,000		60,000	
8,800	62.9	Loans to Lenders--Assignee	14,000		14,000	
347,834	54.9	SUBTOTAL	632,775	29,250	662,025	4.6
<u>OTHER EXPENDITURES</u>						
1,078	18.9	Note Payments	5,700	(3,500)	2,200	(61.4)
16,104	214.7*	Furniture & Fixtures (not financed)	7,500	10,000	17,500	133.3
13,297	100.0	Pension	13,300	350	13,650	2.6
6,874	38.2	Computer Related Expenses	18,000	2,000	20,000	11.1
-0-	-0-	Note Payment - Word Processing	6,000	(6,000)	-0-	(100.0)
-0-	-0-	Printing (Dev. Handbook, etc.)	5,000	(5,000)	-0-	(100.0)
385,187	56.0	TOTAL EXPENDITURES	688,275	27,100	715,373	3.9
<u>OTHER EXPENSES NOT BUDGETED</u>						
1,767		Repairs & Maintenance		2,500	2,500	100.0
1,994		Moving Expenses		2,000	2,000	100.0
799		Secretarial Services				
<u>\$389,747</u>	<u>56.6%</u>		<u>\$688,275</u>	<u>\$31,600</u>	<u>\$719,875</u>	<u>4.6%</u>

*Includes \$4,195.00 leasehold improvements: \$4,310.00 computer equipment.

VERMONT HOUSING FINANCE AGENCY

UNAUDITED BALANCE SHEETS

December 31, 1980

December 31, 1979

December 31, 1980

	Loans to Lenders			Single Family			Combined	
	General Fund	Mortgage Finance Program	Mortgage Loan Program	Insured Mortgage Program	Mortgage Purchase Program	Multi-Family Program	Total Memorandum Only	Total Memorandum Only
ASSETS								
Cash and short-term investments	\$3,370,767	\$ 170,607	\$ 220,665	\$ 2,061,855	\$ 31,279,077	\$ 5,729,199	\$ 42,832,170	\$ 50,632,020
Long-term investments	110,000	2,006,480	2,618,721	2,830,883	16,453,816	2,761,622	26,781,522	13,741,358
Notes receivable from mortgage lenders		6,624,999	15,185,000				21,809,999	24,455,000
Mortgage loans receivable	218,047			18,915,388	92,719,977	33,546,490	145,399,902	74,424,057
Accrued interest receivable:								
On mortgage loans and notes receivable		123,625	317,255	133,503	651,861	192,382	1,420,130	892,605
On investments	1,504	37,141	45,537	122,036	1,097,405	147,906	1,468,541	1,116,449
Deferred costs of bonds issuance	18,516	43,493	73,105	113,570	304,244	214,319	748,731	637,446
Office furniture and fixtures, at cost, less accumulated depreciation	39,053						39,053	28,281
Other receivables	68,409						68,409	42,367
Interfund receivables (payables)			(3,800)		3,800			
Total Assets:	\$3,826,296	\$9,006,345	\$18,456,483	\$24,177,235	\$142,510,180	\$42,591,918	\$240,568,457	\$165,969,583
LIABILITIES AND FUND BALANCES								
Accounts payable	\$ 80,970			\$ 8,631	\$ 59,900	\$ 117,603	\$ 267,104	\$ 162,177
Escrowed cash deposits	1,353,791					9,841	1,363,632	771,551
Notes payable	1,186,859						1,186,859	3,751,951
Accrued interest payable		\$ 154,321	\$ 265,449	319,493	6,162,602	1,111,244	8,013,109	3,389,633
Bonds payable		8,905,000	17,850,000	23,165,000	137,060,000	40,835,000	227,815,000	157,595,000
Unamortized premium (discount) on bonds payable		(119,415)	90,301	(401,608)	(3,557,669)	(824,670)	(4,813,061)	(2,642,715)
Fund balance	1,204,676	66,439	250,733	1,085,719	2,785,347	1,342,900	6,735,814	2,941,986
Total Liabilities and Fund Balances	\$3,826,296	\$9,006,345	\$18,456,483	\$24,177,235	\$142,510,180	\$42,591,918	\$240,568,457	\$165,969,583

VERMONT HOUSING FINANCE AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

For The Six Months Ended December 31, 1980

	December 31, 1980				December 31, 1979	
	Loans to Lenders		Single Family		Combined	Combined
	General Fund	Mortgage Finance Program	Mortgage Loan Program	Insured Mortgage Program	Mortgage Purchase Program	Total Memorandum Only
Revenues:						
Interest Income:						
Loans to mortgage lenders		\$249,066	\$579,522			\$ 828,588
Mortgage loans	\$ 5,542			\$ 706,539	\$2,943,795	\$ 769,941
Investments	135,458	96,960	125,696	238,744	3,721,379	2,306,062
Fee Income:						2,765,977
Mortgage lenders						
Individual mortgagors	21,253					33,697
Multifamily sponsors	94,176					84,223
Other	8,504					94,176
						118,054
Total Revenues	\$ 264,933	\$346,026	\$705,218	\$ 945,283	\$6,665,174	\$10,748,570
						\$6,077,954
Expenses:						
Financing costs						
Including interest and amortization of premium, discount, and costs of issuance	\$ 59,787	\$343,293	\$556,589	\$ 669,438	\$5,193,077	\$4,336,651
Mortgage service fees				51,754	162,231	114,028
Salaries and benefits	202,609					202,609
Operating expenses	83,159					83,159
Professional fees	29,964					29,964
Trustee and assignee fees	46,017					46,017
Total Expenses	\$ 421,536	\$343,293	\$556,589	\$ 721,192	\$5,355,308	\$4,685,790
Excess of revenues over expenses	\$ (156,603)	\$ 2,733	\$148,629	\$ 224,091	\$1,309,866	\$1,392,164
Fund balance, beginning of year	1,051,279	63,706	162,104	911,628	1,600,481	1,549,822
Transfers of funds	310,000		(60,000)	(50,000)	(125,000)	
Fund balance, end of period	\$1,204,676	\$ 66,439	\$250,733	\$1,085,719	\$2,785,347	\$2,941,986

8

PALMER & DODGE
ONE BEACON STREET
BOSTON, MASSACHUSETTS 02108
AREA 617 227-4400

February 24, 1981

Allan S. Hunt
Executive Director
Vermont Housing Finance Agency
P.O. Box 408
Burlington, VT 05402

Dear Allan:

On Tuesday, February 17, 1981, Bob Hale and I talked with you regarding our expected fees and charges for services as bond counsel to the Vermont Housing Finance Agency. The following is a summary of our discussion. For each bond issue, we would charge a fee based on the following schedule, shown in 1981 dollars:

\$1.50 per \$1,000 of principal amount of bonds for the first \$5,000,000;

\$.75 per \$1,000 for the next \$10,000,000;

\$.50 per \$1,000 for the next \$10,000,000;

\$.30 per \$1,000 of principal amount of bonds over \$25,000,000.

The minimum fee for any bond issue would be \$10,000. In addition, for the first bond issue under any general bond resolution drafted by Palmer & Dodge, there would be an additional \$5,000 fee for the work involved in establishing the new program.

While note financings (other than under the Note Financing Agreement with Hartford National Bank and Trust Company) are not currently contemplated by the Agency, if bond anticipation notes or other short term obligations

are issued, we will provide you a fee schedule therefor. Our current charge for a bond anticipation note issue would be \$.12 per \$1,000 of principal amount of notes, with a minimum fee of \$1,000 for any issue.

For each bond or note issue where an official statement or other offering memorandum is prepared by the Agency, we would charge a fee, in addition to the above, equal to the actual time spent on the official statement by attorneys in our office calculated at such attorney's then prevailing hourly rate charge. In addition, where we are requested to render a securities law opinion on the official statement, we would charge an additional fee of \$.10 per \$1,000 of principal amount for a bond issue and \$.05 per \$1,000 of principal amount for a note issue.

For general legal representation and advice on matters not connected with a particular bond issue, we will record the hours spent and the work done and charge a fee based on the hourly rates of the attorneys involved. Services of a general nature would include, for example, work on the Note Financing Agreement (since bond counsel is not involved with each issue of notes) and review of the employment security question (this last item overlaps to a certain extent with work on the bond issue and on the official statement, and we will examine our time records to be sure the work is properly allocated).

The above fees do not include our disbursements for travel, staff overtime, reproduction of documents, deliveries, and other expenses, which would be itemized on each bill. All fees and disbursements will be billed when bond issues are completed and paid from bond proceeds. If a bond issue is not completed, we would discuss with you how to arrange for payment of our bill, which would be based upon time spent

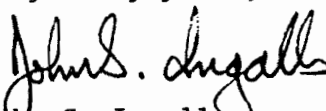
February 24, 1981

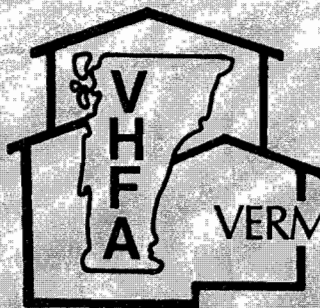
and not upon the size of the issue. If you are not planning any bond issues and we are providing legal services, we would discuss with you a mutually acceptable arrangement for payment. In all events, we will discuss each fee with you before presenting a final bill, and we can estimate our fee when a bond issue is ready to be marketed. If the Commissioners have any questions as to how a particular fee was determined, we would of course expect to answer them at any time. In addition, if unusual problems arise during the course of a bond issue, we will try to estimate the impact on our fee and discuss with you whether to proceed and how to handle the matter.

To illustrate the foregoing, we are now drafting a general bond resolution for a new multi-family program, with the first issue expected to be approximately \$20,000,000. Our fee for the issue would be \$17,500 for the bond opinion work, \$5,000 for the drafting of the new general bond resolution, and \$2,000 plus applicable time charges for the official statement work and securities law opinion. The fee, therefore, would be \$24,500 plus the actual time spent on the official statement (absent special problems, we would not anticipate such time would exceed \$4,000 to \$5,000, resulting in an estimated total fee of \$29,500 for the entire issue).

If you or the Commissioners have any questions, please do not hesitate to call either Bob Hale or myself. We would be happy to discuss the foregoing with you and make other arrangements if necessary.

Very truly yours,


John S. Ingalls



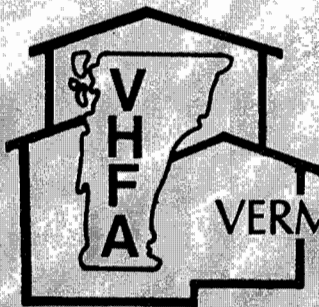
STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY
STATE TREASURER'S OFFICE
133 State Street, Montpelier
Friday, April 17, 1981, 9:00 a.m.

1. Adoption of Agenda
2. Approval of March 5th Board Minutes
3. Legislative Update
4. Multifamily:
 - A. Letters of Intent:
 1. Middlebury Family
 2. Alburg Elderly
 3. Waitsfield Family & Elderly
 4. A and A Realty - N.S.A.
 5. Canaan Family & Elderly
 6. North Bennington Elderly
 - B. Initial Proposals:
 1. Derby Line - Postman
 2. St. Johnsbury - Impey
 3. Richmond - O'Brien
 4. Westminster - Homestead, Inc.
 5. Burlington N.S.A. - Pizzagalli
 - C. Financing Resolutions:
 1. St. Albans Holy Angel - Construction
 2. Alburg Elderly - Construction
 3. West Rutland - Permanent and mortgage increase request
 4. Island Pond - Permanent
 - D. Garden Apartments/King Street - Request for mortgage increase
 - E. Agriculture Policy - Enclosure
5. Overview of Vermont Community Housing Services
6. Other Old and New Business.



Stewart Ledbetter, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
239 South Union Street, Burlington
March 5, 1981, 9:00 a.m.

PRESENT: Vice Chairman Shaw, Commissioners Myette, Hebard, Behney, Chaffee; Mr. Hunt, Mr. Dickson, Ms. Bock, Ms. Chetti, Mr. Bean, Mr. Frazier, Mr. Brisson, VHFA; Mr. Richardson, King Street Neighborhood Revitalization Corporation; Mr. Ashline.

Prior to calling the meeting to order, several Commissioners and staff members toured the King Street Neighborhood Strategy Area in Burlington. They observed several completed developments, construction in progress, and the site of a development to be proposed by Mr. Ashline.

After the meeting was called to order, the minutes of the meeting of January 22, 1981 were approved as submitted.

Ms. Thielen brought up the question of a mortgage increase for Saxton's River family housing again, which had been awarded at the meeting of January 22, 1981. She recommended that the Agency waive the 6% equity requirement on the portion of the mortgage already approved last year, reducing that equity requirement to 5%, and requiring 6% equity only on the increase in total development cost due to the change of units in the development. She explained that this development was initially approved when only 5% equity was required, and to impose a 6% equity requirement on the entire development at this time would create an undue hardship to the developer. This waiver would require an additional mortgage increase of \$5,513, resulting in a new total mortgage amount of \$563,234. A motion was made and seconded to approve the recommended mortgage increase. The motion was passed unanimously.

Mr. Bean reported that the proposed elderly housing development in Poultney is expected to start construction before the next Board Meeting, and presented a proposed construction financing resolution for approval by the Board. A motion was made and seconded to adopt the attached Resolution. The motion was carried unanimously.

Ms. Chetti reported that the Colchester development has complied with all requirements for a Letter of Intent and is expected to be ready to start construction before the next Board meeting. Mr. Hunt recommended that a Letter of Intent be authorized and a construction financing resolution be adopted by the Board for the Colchester development. The motion was made and seconded to authorize the Letter of Intent and adopt the financing resolution. The motion passed unanimously.

Ms. Chetti presented a request by the developers of a proposed 20 unit elderly Housing project in Fairfax, previously approved by the Board, for a mortgage increase of \$123,000. She explained that whereas the approved budget for this development had included \$523,000 for construction, the actual bids received from three contractors were all in excess of \$700,000. She reported further that the developers had negotiated with the low bidder and have reduced his price to \$645,000. However, a mortgage increase is still required to cover the difference. She recommended approval of the increase, and presented a construction financing resolution for this development for Board approval. During discussion, she indicated that a change in heating systems is being considered and may result in additional cost savings. The motion was made and seconded to increase the mortgage amount by \$100,000 and to adopt the construction financing resolution, which is attached. The motion passed unanimously.

Ms. Bock presented a proposal submitted by a limited partnership called A and A Realty, whose general partners would be Karl C. Ashline and John M. Austin. The proposed development would include three sites, at 243 Church Street, 247 Church Street, and 185 Pine Street, all in the Burlington N.S.A. There would be a total of 27 units in this proposal, including 10 one bedroom, 14 two bedroom, and 3 three bedroom units. The total mortgage amount requested would be \$1,083,029 and the total amount of rent requested would be \$174,036. Mr. Ashline addressed the Board and explained the location, condition, and rehabilitation plans relating to each of the three properties in the proposal. The Board questioned him in detail about his proposal.

At the conclusion of Mr. Ashlines remarks, Mr. Richardson, Executive Director of King Street Neighborhood Revitalization Corporation, addressed the Board to summarize progress on the King Street N.S.A. project to date. He reported that 99 units are currently occupied or under construction in the N.S.A., and that 116 additional units are in the proposal stage. He reported that a considerable amount of additional, privately financed rehabilitation work has also been taking place in the neighborhood, and expressed confidence that the goals of the project are being met. However, the volume of proposals is expected to decrease considerably from this point on, and indicated that there seem to be only two or three additional buildings in the district which would be appropriate for Section 8 and VHFA financing.

Mr. Bean presented a request from Andrew Therrien, the developer of the Newport/Derby Family project, for an increase in his permanent mortgage from the \$540,285 approved in June, 1980, to a revised total of \$678,267. He reported that the request is due to two factors: the delay in the anticipated starting date of construction, and a change in contractors. He recommended approval of the requested increase, contingent upon receipt of a satisfactory cost estimate for construction. A motion was made and seconded to approve the requested mortgage increase, and was passed unanimously.

After Mr. Ashline had left the meeting, and after additional discussion of his proposal, a motion was made and seconded to give preliminary approval to the proposal and to forward it to HUD, to include VHFA construction financing but not implying approval of all details. The motion was approved unanimously.

Ms. Bock reported that Mr. Clark Hinsdale, whose proposal was presented and tabled at the meeting of January 22, has made arrangements for resolution of some of his outstanding loan problems with area banks, and is still negotiating arrangements with certain other banks. After extended discussion, the motion was made and seconded to again table Mr. Hinsdale's proposal until all of his problems with existing loans have been resolved. During the discussion, several commissioners expressed reservations about other aspects of his proposal. The motion was adopted unanimously.

Mr. Dickson reported that the Agency has been named as defendant in a lawsuit by Hahr Construction in connection with the Danville/St. Johnsbury development. He reported that the suit seems to be without merit and that a hearing date has been scheduled for April 10. Mr. Dickson also advised the Board that construction delays and cost overruns have been experienced in the project at 323-325 St. Paul Street in Burlington, and that foreclosure is being considered as one among a number of possible remedies. He also indicated that cost overruns and liens on the Danville/St. Johnsbury development have delayed the permanent closing, and that again foreclosure will be considered as one of a number of remedies, but that at this point it does not seem to be necessary.

Ms. Bock brought up the question of whether the Board would be willing to entertain a proposal from an out of state developer who has a record of a felony conviction. After extensive discussion of the circumstances of the conviction, the proposed site, and the developer's performance in putting together the proposal, it was the sense of the Board that it would not be worth the developer's time to pursue the matter further. It was felt that his site appears to be inferior to a competing site, that a competing local developer probably would have higher chances of success, and that the developer in question had not been sufficiently diligent in answering questions raised by the staff in connection with his proposal. If all these factors had been favorable, rather than unfavorable, the fact of a felony conviction for which the penalty has been served and restitution made would probably not be sufficiently disqualifying.

Mr. Hunt reported on several minor personnel changes within the Agency and Vermont Home Mortgage Guarantee Board.

Mr. Brisson reported on the results of the recent reallocation of 1980 Mortgage Purchase Program Funds. He reported that the last \$4.7 million resulted in 113 commitments for new homes under the Builders Set-Aside Program. He expressed pleasure in the fact that half of these funds were committed in areas outside of Chittenden County.

Mr. Hunt presented a request from Joseph LoPiccolo, Executive Director of United Counseling Service of Bennington County, for a bridge loan of \$45,000 for a period of ninety (90) days to be used to purchase a facility to be rehabilitated and used as a group home for the mentally ill in Bennington, Vermont. Our loan would be conditional on receiving a firm take out commitment from HUD. A motion was made and seconded to ask Mr. LoPiccolo to speak first to several local banks, but the Agency would provide the funds if no local bank is willing. The motion passed unanimously.

Mr. Hunt presented a proposal resolution authorizing the Executive Director to delegate his power to execute certain documents on behalf of the Agency to other appropriate employees of the Agency. The resolution is attached. A motion was made and seconded to adopt the attached resolution. The motion passed unanimously.

Mr. Hunt reported that the Attorney General's office has contacted him regarding alleged circumvention of our income, mortgage, and purchase price limits in the single family program, by certain realtors or buyers in Chittenden County. He indicated that the Agency has cooperated fully with the investigation.

Mr. Hunt presented a proposed resolution ratifying and confirming the issuance of promissory notes pursuant to a Note Financing Agreement, authorizing the execution of a second amendment to the Note Financing Agreement, and providing for a decrease in the principal amount authorized to be issued, not to exceed 8 million dollars. The proposed resolution is attached. A motion was made and seconded to approve the resolution, which was adopted unanimously.

Mr. Hunt reported that Standard & Poors has reviewed the Agency and Vermont Home Mortgage Guarantee Board, and has rated the proposed mortgage pass-through operation at AA-. He reported that legislation authorizing this program (H-378) is moving slowly but is expected to pass. He indicated that the Agency would file an application with the Federal National Mortgage Association (FNMA) to obtain their acceptance of the VHMGB as an approved mortgage insurer.

Mr. Hunt indicated that future prospects for single family bonding under the Mortgage Subsidy Bond Tax Act of 1980, will depend on the availability of data on home sales in the state, and on the willingness of bond counsel to issue an opinion of tax exemption under this act in anticipation of the issuance of Treasury regulations.

Mr. Hunt and Mr. Frazier presented a proposed revision to the 1981 General Fund budget and recommended approval. The motion was made and seconded to approve the revised budget. The motion passed unanimously.

The possibility of buying an office building for Agency use was again discussed. The Board authorized participation in a survey, feasibility report, and appraisal with the City of Burlington, but did not commit any interest in the eventual purchase of any particular building.

The meeting adjourned at 12:07 p.m.

Respectfully submitted,

Allan S. Hunt

Allan S. Hunt
Secretary

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RATIFYING AND CONFIRMING THE ISSUANCE
OF PROMISSORY NOTES PURSUANT TO A NOTE FINANCING
AGREEMENT, AUTHORIZING THE EXECUTION OF A SECOND
AMENDMENT THERETO, AND PROVIDING FOR A DECREASE IN
THE PRINCIPAL AMOUNT AUTHORIZED TO BE ISSUED

March 5, 1981

WHEREAS, the Vermont Housing Finance Agency has entered into a Note Financing Agreement dated February 15, 1979 (the "Agreement") with certain banks (the "Banks"), including Hartford National Bank and Trust Company as Agent for such banks (the "Agent") pursuant to a resolution duly adopted by the Agency on February 15, 1979, entitled "Resolution Providing for the Issuance of Promissory Notes in the Principal Amount Not to Exceed \$6,000,000 and Authorizing and Approving the Execution and Delivery of a Note Financing Agreement in Connection Therewith" (the "Resolution"); and

WHEREAS, on October 23, 1979 the Agency determined it necessary and advisable to provide for an increase in the amounts which may be borrowed by the Agency under the Agreement and authorized the execution of an amendment to the Agreement increasing to \$12,000,000 the principal amount of Notes which may be issued under the Agreement; and

WHEREAS, the Agency and the Banks entered into an Amendment to Note Financing Agreement dated as of November 14, 1979 increasing to \$12,000,000 the amount which may be borrowed (the "First Amendment"); and

WHEREAS, the Agency has determined that it is necessary and advisable to extend the term of the Agreement and to further amend the Agreement to decrease from \$12,000,000 to \$8,000,000 the amount which may be borrowed, to provide for an increase in the interest rate on the Notes evidencing loans under the Agreement, to add The Howard Bank, Burlington, Vermont as a party to the Agreement and as a participant in outstanding loans and loans to be made under the Agreement, and to make necessary changes in the Agreement to reflect the foregoing.

BE IT RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the commissioners thereof, as follows:

Section 1. That to accomplish the foregoing, the terms and provisions of the Second Amendment to Note Financing Agreement dated as of February 1, 1981 among the Agency, the Banks, the Agent, and The Howard Bank (the "Second Amendment"), substantially in the form attached hereto as Exhibit A and made a part of this resolution as though set forth in full herein, are hereby approved.

Section 2. That the Resolution described in the preambles hereto, including, without limitation, the findings made in Section 204 thereof, is hereby ratified and confirmed in all respects, except that:

(A) Section 101 shall be amended to read as follows:

"This resolution, as amended, ratified and confirmed by the Agency on March 5, 1981, may hereafter be cited, and is hereafter sometimes referred to, as the 'Note Resolution'."

(B) The definition of "Agreement" in Section 102 shall be amended to read as follows:

"'Agreement' means the Note Financing Agreement dated February 15, 1979, as amended by the Second Amendment to Note Financing Agreement dated as of February 1, 1981, among the Agency and certain banks, including Hartford National Bank and Trust Company as Agent for such banks;"

(C) Section 301 shall be amended to read as follows:

"Subject to the terms and conditions of the Agreement, the Agency hereby authorizes the issuance and delivery of the Notes in an amount which, when added to all amounts then borrowed by the Agency, shall not exceed \$8,000,000 during the period from the date of the Agreement through January 29, 1982. Amounts requested by the Agency under the Agreement and the Notes evidencing such amounts shall be a minimum of \$100,000."

(D) The second paragraph of Section 303 shall be amended to read as follows:

"Proceeds of Notes on deposit in such fund or account may be invested in accordance with the provisions of Section 621(9) of the Act in the manner directed by the Executive Director, Deputy Director, or Controller of the Agency. Any income or earnings on investment of proceeds of Notes pending expenditure shall be credited to the General Fund of the Agency, and amounts received as scheduled payments or prepayments on Single Family Mortgage Loans or Development Mortgage Loans financed with the proceeds of Notes shall be credited to and deposited in the General Fund of the Agency until such time as (1) such Single Family Mortgage Loans become subject to the pledge and lien of the Single Family Insured Mortgage Bond Resolution adopted September 17, 1976 or the Single Family Mortgage Purchase Bond Resolution adopted June 16, 1978, and (2) the Development Mortgage Loans become subject to the pledge and lien of the Multi-Family Mortgage Bond Resolution adopted February 3, 1977, or any other resolution of the Agency hereafter adopted establishing a program of financing Single Family Mortgage Loans or Development Mortgage Loans, as the case may be. The Agency shall keep proper records of such income and payments."

(E) Section 402 shall be amended to read as follows:

"The Chairman, Vice-Chairman, Executive Director, Deputy Director and Controller are, and each of them hereby is, authorized to do and perform all things, and to execute all papers in the name of the Agency or otherwise, and to make all payments, necessary or desirable to the end that the Agency may carry out the purposes of the Note Resolution and perform its obligations under the terms of the Note Resolution, the Agreement, and the Notes."

Section 3. That W. Scott Frazier, as Controller of the Agency, is hereby authorized to act on behalf of the Agency in the manner provided in Sections 303 and 402 of the Resolution.

Section 4. That the Chairman or Vice Chairman of the Agency be and each of them is hereby authorized to execute and deliver the Second Amendment with such insertions, changes and omissions as may be appropriate, and the Secretary or Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency to the Second Amendment and attest the same.

Section 5. That this resolution shall be effective immediately, provided that Section 2 hereof and the amendments to the Agreement shall be effective only with the consent of the holders of all outstanding Notes, the Banks and the Agent, which consent shall be evidenced by notice to the Agency given by the Agent in the manner provided in Section 12 of the Second Amendment.

[EXHIBIT A TO BE ATTACHED]

SECOND AMENDMENT TO NOTE FINANCING AGREEMENT

THIS AGREEMENT, dated as of February 1, 1981, is entered into between the VERMONT HOUSING FINANCE AGENCY a body politic and corporate (herein "Agency"), the Banks named on the signature pages hereof (herein collectively "Banks"), and HARTFORD NATIONAL BANK AND TRUST COMPANY as Agent (herein "Agent").

WITNESSETH:

WHEREAS, the Agency, the Banks (other than The Howard Bank) and the Agent have entered into a Note Financing Agreement dated February 15, 1979, and an Amendment To Note Financing Agreement dated as of November 14, 1979, (said Note Financing Agreement as so amended being hereinafter referred to as the "Agreement"); and

WHEREAS, the Agency, the Banks and the Agent wish to (a) extend the term of the Agreement to January 29, 1982, and (b) to amend the Agreement (i) by decreasing the line of credit available thereunder from \$12,000,000 to \$8,000,000, (ii) by adding The Howard Bank as participant, (iii) by reallocating the shares of the Banks previously parties to the Agreement, (iv) by adjusting the interest rate on Notes to be issued under the Agreement as hereby amended, and (v) making certain other technical changes in the Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Notwithstanding Section VIII(f) of the Agreement, the Banks consent to the extension of the term of the Agreement and the commitment to lend to January 29, 1982. The amendments made by this Agreement shall not alter the terms of the Notes outstanding under the Agreement on January 31, 1981 (other than Development Note Number 6 issued January 30, 1981, for the 73-75, 128 King Street Development). The Banks, as the holders of all Notes outstanding under the Agreement, hereby consent to the amendments made by this Agreement and the Resolution of the Agency adopted March 5, 1981, amending, ratifying, and confirming the Resolution adopted February 15, 1979, approving the Note Financing Agreement dated February 15, 1979. The Banks (excluding The Howard Bank) agree to exchange Development Note Number 6 for, and simultaneous with the issuance of, a new Development Note Number 6A for the 73-75, 128 King Street Development, which new Note shall be issued after the effective date of this Amendment. The Howard Bank shall participate in the Notes issued before the effective date of this Agreement and outstanding after the exchange of Development Note Number 6 provided for above. The Howard Bank hereby confirms the representations contained in Section X, paragraphs (h) and (i).

2. Section II(a)(iii) shall be amended by changing the first clause thereof to read as follows:

"A Certificate of the Chairman, Vice Chairman or Executive Director in the form of Exhibit C and Schedule I thereto:"

3. Section II(e) of the Agreement shall be amended by changing the phrase "90 days" in the fifth line thereof to read "270 days."

4. Section III(b) of the Agreement shall be amended by changing the phrase "one year" in the last line thereof to read "two years."

5. Section III(c) shall be amended by changing the section to read as follows:

"Each Note shall be executed in the name of the Agency by the Chairman, Vice Chairman, Executive Director or Controller of the Agency, and shall be sealed with the Agency's corporate seal."

6. Section IV of the Agreement shall be amended to read as follows:

"INTEREST AND COMMITMENT FEE. Each Note issued on or before January 31, 1981 evidencing loans made hereunder shall bear interest from the date of issuance at a per annum rate of 70% of the rate charged by the Agent to its most credit worthy commercial borrowers for short-term unsecured loans (herein called the "Base Rate"), from time to time in effect, and each Note issued on or after February 1, 1981, evidencing loans made hereunder shall bear interest from the date of issuance at a per annum rate of 65% of the Base Rate, from time to time in effect, each change in the Base Rate to result immediately, without notice or demand of any kind, in a corresponding change in the rate of interest on the Notes, provided, however, that in no event shall the rate of interest on any Note issued on or before January 31, 1981, exceed 8% nor be less than 4%, and in no event shall the rate of interest on any Note issued on or after February 1, 1981, exceed 10.5% nor be less than 4%. The Agent shall promptly notify the Agency of any change in the Base Rate. The Agency shall pay to the Agent a commitment fee of one-half of one percent per annum on the unused portion of \$2,400,000 of the Bank's aggregate commitments pursuant to Section VIII(a) from July 1, 1979 through January 31, 1981, and thereafter on the unused portion of \$1,600,000, of the Bank's aggregate commitments pursuant to Section VIII(a), calculated on the daily average unused amount of such commitment. Interest on all Notes and all commitment fees shall be computed on the basis of a year of three hundred and sixty-five (365) days and shall be payable (i) as to interest quarterly on the last days of March, June, September and December and at maturity, and (ii) as to commitment fees on the last day of each fiscal year and on the expiration date of this Agreement."

7. Section VIII(a) of the Agreement shall be amended to read as follows:

"(a) Subject to the terms and conditions of this Agreement, each Bank agrees to lend its proportionate share, as determined below, of an amount which, when added to all amounts then borrowed by the Agency, shall not exceed \$8,000,000 during the period from the date of this Agreement through January 31, 1982. Amounts requested by the Agency shall be a minimum of \$100,000."

8. Section XII(g) shall be amended to read as follows:

"(g) This Agreement shall expire upon the later of January 29, 1982, or payment in full of the Notes and all other sums which may be due and payable by the Agency to the Agent and the Banks pursuant to this Agreement, unless extended by the parties hereto."

9. Exhibit A to the Agreement shall be amended as follows:

(i) the definition of Agreement shall be changed to read:

"AGREEMENT shall mean this Note Financing Agreement and any amendments thereto entered into by the Agency and Hartford National Bank and Trust Company, in its individual corporate capacity and as Agent, Proctor Trust Company, The Howard Bank, First Vermont Bank and Trust Company, Chittenden Trust Company, Vermont National Bank, their successors and assigns, and any banks that may be substituted in accordance with this Agreement."

(ii) the definition of Banks shall be changed to read:

"BANKS shall mean Hartford National Bank and Trust Company, in its individual corporate capacity and as Agent, Proctor Trust Company, The Howard Bank, First Vermont Bank and Trust Company, Chittenden Trust Company, Vermont National Bank, and any financial institutions to which an assignment is made in accordance with this Agreement."

(iii) the definition of General Bond Resolution shall be changed to read:

"General Bond Resolution" shall mean the resolution of the Agency adopted February 3, 1977, entitled, "Multi-Family Mortgage Bond Resolution," the resolution of the Agency adopted September 17, 1976, entitled "Single-Family Insured Mortgage Bond Resolution," the resolution of the Agency adopted June 16, 1978, entitled "Single-Family Mortgage Purchase Bond Resolution," and shall include any other resolution of the Agency hereafter adopted establishing a program of financing Mortgage Loans or Single-Family Mortgages by the issuance of Bonds, as the context may require."

(iv) the definition of Resolution shall be changed to read:

"RESOLUTION shall mean one or more of the resolutions of the Agency authorizing the issuance of Notes under this Agreement, as the context shall require."

10. Exhibit B to the Note Financing Agreement shall be amended to conform to Exhibit B attached hereto.

11. Exhibit C to the Note Financing Agreement shall be amended by changing the parenthetical phrase at the end of the first paragraph thereof to read as follows: "(herein, as from time to time amended, called the 'Agreement')".

12. Exhibits D and D-1 to the Note Financing Agreement shall each be amended as follows: (i) the figure "70%" in the seventh line thereof shall be changed to read "65%", (ii) the figure "8%" in the eleventh line shall be changed to read "10.5%", and (iii) the reference in the sixteenth line to the "resolution of the Agency duly adopted February ____, 1979" shall be changed to read "the resolutions of the Agency duly adopted February 15, 1979, and March 5, 1981."

13. The provisions of the Agreement are not changed in all particulars except as herein expressly provided and as hereby amended and shall remain in full force and effect.

14. The representations of the Agency set forth in Clauses I(a), I(b), I(f) and I(g) of the Agreement are hereby restated as of the date of this Amendment, without in any way amending or modifying said representations as originally made by the Agency in the Agreement.

15. This Amendment may be executed in any number of copies and by the different parties on separate counterparts; provided, however, each counterpart shall be executed by the Agency and the Agent. When counterparts executed by all the parties shall have been lodged with the Agent, and the Agent shall have received (i) a certified copy of the resolution of the Agency authorizing and approving the execution and delivery by the Agency of this Amendment and the Notes to be issued under the Agreement as hereby amended and the performance of the Agency's obligations under the Agreement as hereby amended and the Notes to be issued thereunder, and (ii) an opinion of Bond Counsel selected by the Agency and approved by the Agent addressed to the Agency and each Bank, in substantially the form provided for in Section II(a)(ii), clauses A through C, of the Agreement, this Amendment shall become effective and at such time the Agent shall notify the Agency and each Bank.

16. The Agent shall, effective as of the effective date of this Amendment, advise each of the Banks of any change in the amount of its commitment and each of the Banks shall thereupon wire immediately available funds to the Agent or receive immediately available funds from the Agent, as appropriate, to reflect such adjustments.

Dated at Hartford, Connecticut, as of the date first above written.

VERMONT HOUSING FINANCE AGENCY

By _____
Its Vice-Chairman

Attest:

By _____
Secretary

<u>Amount of Commitment</u>	<u>Percent of Commitment</u>	
\$ 6,000,000	75.000	Hartford National Bank and Trust Company in its individual corporate capacity and as Agent as aforesaid
		By _____ Its _____
750,000	9.375	Proctor Trust Company Proctor, Vermont
		By _____ Its _____
250,000	3.125	The Howard Bank Burlington, Vermont
		By _____ Its _____
500,000	6.250	Vermont National Bank Brattleboro, Vermont
		By _____ Its _____
250,000	3.125	Chittenden Trust Company Burlington, Vermont
		By _____ Its _____
250,000	3.125	First Vermont Bank and Trust Company Brattleboro, Vermont
		By _____ Its _____
<u>\$ 8,000,000</u>	<u>100.00%</u>	

EXHIBIT B TO NOTE FINANCING AGREEMENT

(Financial Statements)

The financial statements (i) as set forth as Appendix I to the Official Statement, dated September 1, 1978, relating to the Agency's Multi-Family Mortgage Bonds, 1978 Series A in the principal amount of \$10,665,000, (ii) as set forth in Appendix I to the Official Statement dated November 9, 1979, relating to the Agency's Multi-Family Mortgage Bonds, 1979 series A in the principal amount of \$17,300,000.00, and (iii) as set forth in Appendix I to the Official Statement dated _____, 1980, relating to the Agency's Single-Family Mortgage Purchase Bonds, 1980 Series A in the principal amount of \$75,000,000.00.

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Pine Grove Associates Family and Elderly Housing, housing in North Troy, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of North Troy, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Schoolhouse Apartments for Family Housing, housing in Colchester, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Colchester, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Schoolhouse Apartments Elderly Housing, housing in Poultney, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Poultney, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

RESOLVED: That the Executive Director is hereby authorized to delegate to appropriate employees of the Agency his power to execute documents on behalf of the Agency, as set forth in §2.5.1 of the By-Laws. Any such delegation may be general or specific, shall be in writing, and shall be inserted in the Minute Books of the Agency. The signature of an Agency employee to whom such power has been delegated may be relied upon by third parties to the same extent as the signature of the Executive Director may be relied upon.

DELEGATION OF AUTHORITY

Pursuant to the Resolution of Vermont Housing Finance Agency of March 5, 1981, I hereby delegate to THOMAS P. BRISSON my authority to execute, on behalf of the Agency, any and all documents necessary or reasonably incidental to the management and supervision of the Agency's Single Family Programs, including, without limitation, insurance loss checks, mortgage discharges, releases of co-signers of mortgage promissory notes, partial releases of mortgaged property, and powers-of-attorney to lenders to transfer real property belonging to the Agency. This delegation of authority shall have retroactive as well as prospective effect.

8/5/81

DATE

Allan S. Hunt

ALLAN S. HUNT
EXECUTIVE DIRECTOR



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: April 10, 1981
RE: APPROVAL OF LETTERS OF INTENT

The following is a summary of proposals which have met the requirements for a Letter of Intent:

- I. Waitsfield: At the May 29th Board Meeting, the Commissioners selected A. Judson Babcock's proposal for 24 units of housing in Waitsfield. The staff recommendation, which was adopted by the Board, was contingent upon certain design changes and upon inclusion of a pedestrian easement from the project to Route 100. The design changes including some passive solar modifications have been made and will require a mortgage increase of \$25,251. Adam Bortz has analyzed the breakdown of increases and feels that the increase is legitimate, but as usual, we will require that the mortgage be decreased if our cost estimate comes in lower than the developer's estimate. There is enough Section 8 rent subsidy assigned to this project to cover the debt service increase.

Mr. Babcock has not been able to obtain the pedestrian easement he had proposed which would have connected the project to Route 100 in the proximity of the Village Green Shopping Center. The easement Mr. Babcock has obtained is actually an emergency vehicle access from the site to Route 100 in the proximity of the juncture of Route 100 and Route 17. The staff has some reservations about this walkway and asks the Board to consider its acceptability.

All other requirements of the Letter of Intent have been met and we recommend approval contingent upon satisfactory resolution of the pedestrian easement problem.

- II. North Bennington: Jack Heaton's proposal for 24 units of housing for the elderly was approved by the Board on November 25, 1980. The Vermont State Housing Authority Board has approved the proposal and Mr. Heaton has met all the requirements for a Letter of Intent. We recommend approval of the proposal.

April 10, 1981

III. A and A Realty: This proposal for 27 units of family housing with the King Street N.S.A. was preliminarily approved by the Board on March 5th. Since that time no changes to the mortgage amount or contract rents have been made. All submissions required for a Letter of Intent have been received with the exception of the soils test. We are asking that the Board delay this requirement and approve the issuance of a Letter of Intent.

IV. Alburg Elderly: This sixteen unit elderly project proposed by Pine Manor, a general partnership of Wayne Jameson and James Lamphere received preliminary approval from this Board in January of this year. All submissions necessary for a Letter of Intent have been received, and we are recommending that the Board approve the issuance of a Letter of Intent.

In response to a recommendation resulting from the Act 250 review process the developers are requesting a \$6,000 mortgage increase. This money will be used for the installation of a demand limiter system on all baseboard electric space heaters and hot water tanks. This additional \$6,000 will add \$669 onto the yearly debt service payments but will reduce yearly operating costs (electricity usage) by \$745.00. No adjustment to rent is being sought. The staff recommends approval of this mortgage increase.

At this time we are also asking the Board to pass a construction financing resolution. The developers would like to begin construction on May 15th.

V. Canaan Family and Elderly: On August 29, 1980 the Board preliminarily approved this proposal for 12 units of elderly, and six units of family housing. As part of that approval, the Board asked that a landscaping plan be submitted in addition to the other requirements for a Letter of Intent. We now have all submissions necessary for a Letter of Intent and ask that the Board approve its issuance on the condition that more plantings be provided on the family site.

Due to the length of time that has elapsed since construction estimates were first drawn up and construction is expected to begin, the possibility exists that a mortgage increase will be necessary for this project. At the time of this writing, updated construction figures are not available. We will, however, have them on hand prior to the Board Meeting, and if necessary, raise the mortgage increase question at that time.

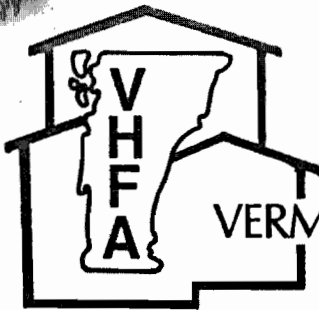
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Middlebury Family Housing (Cont'd)

All conditions for the Letter of Intent have been met except submission of the written evidence substantiating the utility estimate. This estimate will not be available until working drawings are completed. I recommend delay of this requirement and approval of the issuance of a Letter of Intent for this project.

- VII. Garden Apartments: Thirteen units of family rehab in Burlington owned by Mr. and Mrs. Richard Jensen. The Jensens have requested a \$5,015 increase in their permanent loan from \$441,452 to \$446,467. This money will cover \$2,400 in net value added by change orders and \$2,615 in contingency funds which were eliminated prior to the construction closing. This increase will be paid for by a reduction in the developers return on equity from \$4,800 to \$4,295.

ASH/el



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY DERBY LINE FAMILY HOUSING

RECOMMENDATION: Subject to receipt of detailed market analysis justifying adequate need for this housing, we recommend approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

PROJECT: 14 units of housing of family housing to be constructed in the Town of Derby Line. All units will be new construction.

DEVELOPMENT TEAM:

Sponsor: A Limited Partnership which will be formed with Barbara Postman of Orleans Vermont as the General Partner. Ms. Postman was the developer on the Derby Line Elderly project, and has demonstrated considerable management skills.

Architect: Arthur Postman of Orleans, Vermont. Mr. Postman was the architect on the Derby Line Elderly project. This project was the recipient of a "Small Wonders" award for architectural design presented by the Boston Architectural Center in September, 1980.

Marketing/Management Agent: Ms. Barbara Postman

Sponsor's Attorney: Robert A. Gensburg, St. Johnsbury, Vermont.

LOCATION: A 3.6 acre site on Sunset Terrace in the Village of Derby Line. The site is within a ½ mile walk of most shops and stores. It will be served by municipal water and sewer systems.

DESCRIPTION: The developer intends to construct the following:

- 5 2BR units each containing 716 SQ'
- 8 3BR units each containing 840 SQ'
- 1 4BR unit containing 1010 SQ'

COMPOSITION AND RENTS:

- 5 2BR units at \$527/month with a utility allowance of 54./month
- 8 3BR units at \$602/month with a utility allowance of 67./month
- 1 4BR unit at \$690/month with a utility allowance of 77./month

These rents are at 110% of Fair Market and we are calculated at a permanent financing rate of 10½%.

	<u>Derby Line</u>	<u>Middlebury</u>	<u>Randolph</u>
Dev. Cost/Unit	\$45,412.00	\$43,267.00	\$39,100.00
Dev. Cost/Unit	\$ 56.22	\$ 38.88	\$ 37.14
Sitework/Unit	\$ 1,286.00	\$ 2,500.00	\$ 5,565.00
Const. Cost/Unit	\$37,857.00	\$38,526.00	\$35,043.00
Const. Cost/Sq. Ft.	\$ 45.27	\$ 32.37	\$ 27.98
Sq. Ft./Unit	716/840/1010	945/1034/1127/ 1148/1426	842/1068/ 1237
Number of Units	14	12	20
Tot. Mortgage request	\$627,535.00	\$507,573.00	\$782,932.00
Term of Mortgage	30 Years	30 Years	20 Years
Rent/Unit	587/666/760	588/615/666	462/526/604
Mort. Int. Rate	10.5%	10.5%	9.5%
Operating Expenses Unit/Year	\$ 1,790.00	\$ 1,993.00	\$ 1,683.00
Date Started	anticipated 11/1/81	anticipated 6/1/81	anticipated 12/1/79

MARKET ANALYSIS: There is no HAP Plan available for Derby Line. Mrs. Glover the Town Clerk indicated there was a need for family housing in the Derby Line area. Rod Griffin of NVDA said that the Town of Derby has grown by nearly 30% in population since the 1970 census, bringing its most recent total to 4220.

Because we currently have one project under process in the Town of Derby containing 8 units of family housing, this office and Mr. Griffin felt it important to obtain a market justification for these new units from the developers.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY ST. JOHNSBURY FAMILY HOUSING

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Recommendation does not imply approval of all aspects of the project.

PROJECT: Fourteen units of family housing to be constructed on an eight acre side site located off old Route 5 south. Project will consist of seven duplex buildings. The Town of St. Johnsbury has approved the expenditure of \$60,000 in Community Development money on this project.

DEVELOPMENT TEAM

Sponsor: A Limited Partnership that will be formed with Mr. James Impey as the General Partner. Although Mr. Impey has no previous Section 8 experience he has been involved in real estate construction and development for over 10 years. He has owned as many as twenty apartments as well as several commercial properties. He has demonstrated a good deal of competence thus far in putting together this project.

Architect: Mr. John Rahill of Black River Design in Montpelier, Vermont. Mr. Rahill was the Architect for the Barton family project.

Marketing/Management Agent: Mr. James Impey.

Sponsor's Attorney: Montgomery Moore, Island Pond, Vermont

LOCATION: An eight acre site off old Route 5 south. The site is within walking distance of most businesses in St. Johnsbury. The Town has agreed to provide up to \$60,000 for site improvements which will include installation of roads, water and power.

DESCRIPTION: The developer intends to construct the following:

- 4 2BR units each containing 890 SQ'
- 10 3BR units each containing 975 SQ'

COMPOSITION AND RENTS:

- 1 2BR handicapped unit at \$617/month including utilities
- 3 2BR units at \$587/month including utilities
- 10 3BR units at \$665/month including utilities

These rents are 110% of the Fair Market Rent and we are calculated with a permanent financing rate of 10.5%.

Executive Summary
St. Johnsbury Family Housing

COMPARISON:

	<u>St. Johnsbury</u>	<u>Middlebury</u>	<u>Randolph</u>
Dev. Cost/Unit	\$44,813.00	\$43,267.00	\$39,100.00
Dev. Cost/SQ'	\$ 47.14	\$ 38.88	\$ 37.14
Sitework/Unit	\$ 2,142.00	\$ 2,500.00	\$ 5,565.00
Const. Cost/Unit	\$37,336.00	\$38,526.00	\$35,043.00
Const. Cost/SQ'	\$ 37.02	\$ 32.37	\$ 27.98
SQ'/Unit	890/975	945/1034/1127/ 1148/1426	842/1068/1237
Number of Units	14	12	20
Tot. Mortgage Request	\$613,350.00	\$507,573.00	\$782,932.00
Term of Mortgage	30 Years	30 Years	30 Years
Rent/Unit	587/617/665	588/615/666/761	462/526/604
Mort. Int. Rate	10.5%	10.5%	9.5%
Operating Expense Unit/Year	\$ 1,787.00	\$ 1,993.00	\$ 1,683.00

MARKET ANALYSIS: St. Johnsbury does have a HAP plan. Mr. Rod Griffin of NVDA indicated that there is a definite need for additional family units in St. Johnsbury. The Town has approved the use of \$60,000 in Community Development money to be spent on site improvements such as road, water, and power. Rod said this project fits directly into the towns HAP plan and will bring needed relief to the shortage of subsidized units within St. Johnsbury.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: April 10, 1981
RE: APPROVAL OF LETTERS OF INTENT

The following is a summary of proposals which have met the requirements for a Letter of Intent:

- I. Waitsfield: At the May 29th Board Meeting, the Commissioners selected A. Judson Babcock's proposal for 24 units of housing in Waitsfield. The staff recommendation, which was adopted by the Board, was contingent upon certain design changes and upon inclusion of a pedestrian easement from the project to Route 100. The design changes including some passive solar modifications have been made and will require a mortgage increase of \$25,251. Adam Bortz has analyzed the breakdown of increases and feels that the increase is legitimate, but as usual, we will require that the mortgage be decreased if our cost estimate comes in lower than the developer's estimate. There is enough Section 8 rent subsidy assigned to this project to cover the debt service increase.

Mr. Babcock has not been able to obtain the pedestrian easement he had proposed which would have connected the project to Route 100 in the proximity of the Village Green Shopping Center. The easement Mr. Babcock has obtained is actually an emergency vehicle access from the site to Route 100 in the proximity of the juncture of Route 100 and Route 17. The staff has some reservations about this walkway and asks the Board to consider its acceptability.

All other requirements of the Letter of Intent have been met and we recommend approval contingent upon satisfactory resolution of the pedestrian easement problem.

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April 10, 1981

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In response to a recommendation resulting from the Act 250 review process the developers are requesting a \$6,000 mortgage increase. This money will be used for the installation of a demand limiter system on all baseboard electric space heaters and hot water tanks. This additional \$6,000 will add \$669 onto the yearly debt service payments but will reduce yearly operating costs (electricity usage) by \$745.00. No adjustment to rent is being sought. The staff recommends approval of this mortgage increase.

At this time we are also asking the Board to pass a construction financing resolution. The developers would like to begin construction on May 15th.

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Due to the length of time that has elapsed since construction estimates were first drawn up and construction is expected to begin, the possibility exists that a mortgage increase will be necessary for this project. At the time of this writing, updated construction figures are not available. We will, however, have them on hand prior to the Board Meeting, and if necessary, raise the mortgage increase question at that time.

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ASH/el



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY RICHMOND FAMILY HOUSING

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Recommendation does not imply approval of all aspects of budget and design.

PROJECT: Fourteen units of family housing located in the Town of Richmond. Developer proposes all new construction which will consist of seven duplex units.

DEVELOPMENT TEAM:

Sponsor: Daniel J. O'Brien. Mr. O'Brien has extensive experience in the Section 8 program. He developed the Whitcomb Woods project, the South Burlington Elderly project and is currently completing work on the Jericho Elderly Housing Project.

Architect: Wiemann-Lamphere, Burlington. This firm also has considerable Section 8 experience. They were the Architects in Milton, South Burlington, Essex Junction, and Jericho.

Sponsor's Attorney: Mr. Steven Crampton of Gravel, Shea and Wright.

LOCATION: 3.5 acres of land on Thompson Road in the Town of Richmond. The site has public water and sewer. The units will be oriented to the South so that optimum use of passive solar heat can be utilized.

DESCRIPTION: The developer plans to construct the following:

- 1 2BR handicapped unit containing 750 SQ'
- 4 2BR units containing 897 SQ'
- 7 3BR units containing 1160 SQ'
- 1 4BR unit containing 1366 SQ'

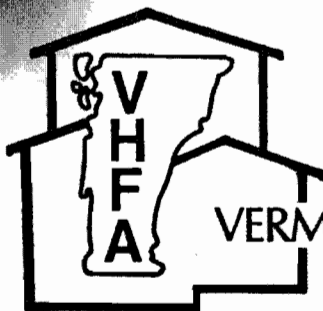
COMPOSITION AND RENTS:

- 1 2BR handicapped unit at \$649/month including utilities
- 4 2BR units at \$618/month including utilities
- 7 3BR units at \$702/month including utilities
- 2 4BR units at \$809/month including utilities

These rents are 16% above Fair Market and we are calculating permanent financing at a 10½% rate.

	<u>Richmond</u>	<u>Middlebury</u>	<u>Randolph</u>
Dev. Cost/Unit	\$45,137.00	\$43,267.00	\$39,100.00
Dev. Cost/Sq. Ft.	\$ 42.60	\$ 38.88	\$ 37.14
Sitework/Unit	\$ 2,886.00	\$ 2,500.00	\$ 5,565.00
Const. Cost/Unit	\$39,500.00	\$38,526.00	\$35,043.00
Const. Cost/Sq. Ft.	\$ 33.74	\$ 32.37	27.98
Sq. Ft./Unit	749/897/ 1160/1366	945/1034/1126 1148/1426	842/1068/ 1237
Number of Units	14	12	20
Tot. Mortgage			
Request	\$617,764	\$507,573	\$782,932
Term of Mortgage	30 Years	30 Years	20 Years
Rent/Unit	618/649/702/ 809	588/615/666 761	462/526/604
Mort. Int. Rate	10.5%	10.5%	9.5%
Operating Expenses/ Unit/Year	\$ 2,055.00	\$ 1,993.00	\$ 1,683.00

MARKET ANALYSIS: Richmond has no HAP plan. Mrs. Burnett, the Town Clerk, indicated that there is a very high demand for apartments in Richmond. Father John McSweeney, the local Priest, stated that rents are high and young people with families especially have difficulty. Reverend Gerald Stone also confirmed this.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

April 10, 1981

EXECUTIVE SUMMARY WESTMINSTER, VERMONT

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval includes VHFA construction financing but does not include approval of all details.

DEVELOPMENT TEAM:

Sponsor: A limited partnership will be formed with Homestead Non-Profit Housing, Inc. as the general partner. Homestead has been involved in the housing field since 1976 when they received funds from FmHA for self help housing. Their Board includes contractors, low income advocates, a community development director and real estate experts. They have obtained an excellent reputation for their work in the southern part of the state and are determined to maintain that reputation.

After construction is completed, the general partner will change from Homestead to an incorporated co-op. Homestead, however, will retain a majority of seats on the co-op Board for the first three to five years of operation.

Marketing/Management Agent: Initially marketing and management will be provided by a member of the Homestead Board and/or a professional manager. This proposal is being submitted as Section 8 co-op housing and it is the intention of Homestead to have all management functions shift to the co-op members (tenants) between year three and year five of occupancy.

General Contractor: Moosecreek Restoration.

Architect: Moosecreek Restoration (Martin Tierney).

LOCATION: This seven acre site is located on the west side of Route 5 approximately 300 yards south of the intersection of 91's exit 5 and Route 5. It is approximately 2.2 miles from Bellows Falls but within 1 mile of a market, doctor, dentist and post office.

DESCRIPTION: The proposal is for the substantial rehabilitation of nine units of family housing. These units, four 4 bedrooms, four 3 bedrooms and one two bedroom will be located in three separate buildings. One unit will be designed for use by a handicapped tenant.

COMPARISONS AND RENTS:

	<u>WESTMINSTER</u>	<u>COLCHESTER</u>	<u>HANCOCK</u>
Development Cost/Unit	\$ 43,939.00	\$ 44,063.00	\$ 41,705.00
Development Cost/Sq. Ft.	\$ 34.46	41.58	37.33
Sitework/Unit	1,562.00	2,800.00	1,540.00
Construction Cost/Sq. Ft.	24.28	22.63	25.60
Number of Units	9	5	5
Unit Size (Sq. Ft.):			
Two Bedroom	595	--	739-956
Three Bedroom	951-1402	977-1086	1307
Four Bedroom	1253-1668	--	--
Mortgage Request	\$386,591.00	\$215,380.00	\$203,747.00
Mortgage Interest Rate	10.5%	10.5%	11%
Rent/Unit:			
Two Bedroom	\$577	--	--
Three Bedroom	\$653	\$654	\$641*
Three Bedroom (handicapped)	\$686	\$687	--
Four Bedroom	\$746	--	\$733*
Operating Expenses/Unit/Year	\$ 2,404.00	\$ 2,131.00	\$ 1,686.00
Taxes/Unit/Year	\$ 828.00	\$ 480.00	\$ 360.00

*Rents recalculated at 10.5% financing for purposes of this comparison.

MARKET ANALYSIS: The Windham Regional Planning and Development Commission has reported a need for 140 units of low and moderate income multi-family housing in their region. Three towns in this region, Brattleboro, Rockingham and Westminster were cited as containing the greatest need for rehabilitated housing.

According to Andy Bowen at the Department of Social Welfare, Westminster shares in the same housing need category as Brattleboro, i.e., a very tight rental market with occupancy rates at 99%.

Greg Brown from the Regional Planning Commission was highly supportive of this project in terms of community need and the site's proximity to employment.

There was some concern about the number of four bedroom units proposed for this project. To alleviate this concern the developer has provided a list of 26 families from Bellows Falls, Springfield and Westminster who would be eligible for a four bedroom unit.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: Board of Commissioners

FROM: Allan S. Hunt

DATE: April 10, 1981

RE: HOLY ANGELS COMMONS, ST. ALBANS FINANCING RESOLUTION

The Holy Angels Commons project is about ready to close on the construction loan with us. There are a few things the Board must consider before considering approval of the financing resolution.

The final rents that went to HUD for approval were above 110% of fair market rents and they were unwilling to approve the proposal on that basis. The reason they were at 113% of FMRs was the congregate aspect of the construction costs. In order to bring the rents down to 110% without eliminating the congregate construction, we worked out an agreement with the general partners for your consideration. It is as follows:

They put in an additional \$12,000 equity and we process the proposal at 10% permanent financing rather than 10.5% at which all other projects in the upcoming bond issue were processed. The general partners have agreed to fund the cash flow deficiency if the rate turns out to be 10.5%. They would do it in this manner--you may recall that you are requiring the general partners to furnish a \$60,000 demand contingent note and an irrevocable letter of credit in the same amount as security for proper management of the project. We would add to the conditions of the note that if the interest rate is in fact 10.5%, the \$60,000 would become liquid and would be invested by us with the investment income going into the operating account to fund the deficiency. Copies of the applicable sections of the Development Fund Agreement and the demand contingent note are attached.

This is a deviation from the original intent of the demand contingent note. However, we feel more secure in the management aspect of the project since the general partners are contracting with the Area Agency on Aging and the Franklin County Home Health Group to run the congregate programs.

ASH/el
Attachments

default, and a waiver of any breach or default shall not be deemed a waiver of any other or subsequent breach or default. All remedies herein are cumulative, and any or all thereof may be exercised in lieu of or in addition to any other remedies provided by law or under any other Contract Documents.

7. Demand Contingent Note and Demand Contingent Letter of Credit.

In furtherance of its obligations to pay the expenses of the Project and otherwise to comply with the terms of the Contract Documents, and as additional security therefor, Owner has caused to be furnished to the Agency a certain promissory note in the principal sum of \$60,000.00 (the "Demand Contingent Note") and an irrevocable letter of credit securing the same, copies of which are attached hereto and made a part hereof. All proceeds of the Demand Contingent Note or said letter of credit shall be applied or invested for the benefit of the Project in such manner and in such proportions as the Agency in its sole discretion may elect. As to any such proceeds which may be invested by or pursuant to the direction of the Agency, the investment income therefrom shall be deposited by the General Partners of the Owner in the development operations account to be established pursuant to the Regulatory Agreement. At such time as the Agency in its sole discretion may determine that neither said proceeds nor any income from the investment thereof is needed to assure the financial stability of the Project, any unused portion of said proceeds shall be released to the Maker of the Demand Contingent Note or its designee.

8. The Term. The Term of this Agreement shall run from the date hereof until the later of the date on which a) the Equity Escrow Deposit has been exhausted, b) the conditions precedent to the Agency's obligation to return the Equity Escrow Deposit have been satisfied, c) the Demand Contingent Note is cancelled by the Agency, or d) proceeds of the Demand Contingent Note or the security therefor are exhausted or returned to the Maker or its designee.

DEMAND CONTINGENT NOTE

\$60,000.00

Holy Angels Commons Associates

For valuable consideration received by the undersigned (the "Maker"), the Maker hereby promises to pay, upon demand but subject to the limitations hereinafter set forth, to the Vermont Housing Finance Agency (the "Payee"), the principal sum (the "Principal Sum") of Sixty Thousand and 000/00 Dollars (\$60,000.00), or so much of the Principal Sum as may be demanded by the Payee from time to time in accordance with the provisions of this Demand Contingent Note (the "Note"), without interest.

The Maker shall make payments of principal on this Note, from time to time in an aggregate amount not in excess of the Principal Sum, promptly upon receipt by Maker of an executed demand letter (a "Demand Letter") from the Payee in the form attached hereto with all blanks filled in. Demand hereunder shall be effective as of the date mailed postage prepaid, certified mail to the Maker at 39 Square, Bellows Falls, Vermont. If payment is not made within ten days of the effective date of demand, Payee may then draw upon the Letter of Credit hereinafter described up to the amount demanded and unpaid.

The Maker understands that Payee may demand payment of this Note upon default by Maker with respect to Maker's obligations pursuant to its Loan Agreement or Regulatory Agreement of even date with the Payee, or any other written agreement now existing or hereafter created between the Maker and the Payee. The Maker further understands that Payee may demand payment of this Note in the event that the Payee determines that the interest rate applicable to the Permanent Note contemplated by said Loan Agreement will exceed TEN PER CENTUM (10%) per annum; provided, however, that in such case the Payee shall not draw upon said Letter of Credit until the date on which the Development referenced in the Loan Agreement has been substantially completed and accepted by the Payee and Vermont State Housing Authority for occupancy by tenants.

This Note shall be terminated and cancelled, and the Payee shall promptly return this Note to the Makers, after the Maker shall have delivered to the Payee audited financial statements, with respect to operation of the development that is the subject of said Regulatory Agreement (the "Project"),

for two consecutive twelve month periods commencing as of the date the Maker executes its 30 year mortgage note evidencing the permanent mortgage loan on the Project, together with projections of the operating budget for the ensuing annual periods, including allowances for the effect of the approved automatic adjustment factor under the Housing Assistance Payments Contract, indicating that, in the reasonable opinion of the Agency, the Project is being operated on a "sound financial basis". For the purposes of this Note, the term "sound financial basis" means operations which, as set forth in projections prepared in conformity with generally accepted accounting practices approved by the Agency, will not result in any operating deficits not adequately covered by operating or working capital reserves.

This Note is secured by an Irrevocable Letter of Credit number _____ issued by _____ dated _____, 1981.

In the event of default, the Maker promises to pay all costs and expenses of collection, including a reasonable attorney's fee.

Executed as a sealed instrument as of this _____ day of _____, 1981.

Holy Angels Commons Associates

Witness

By: _____
General Partner

Witness

By: _____
General Partner

DEMAND LETTER

TO: Holy Angels Commons Associates

The undersigned, being the Payee of the Demand Contingent Note (the "Note") of Holy Angels Commons Associates (the "Maker"), hereby demands from the Maker payment under the Note of the sum \$_____.

Executed this day of , 19 .

Vermont Housing Finance Agency

By: _____

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Pine Manor housing in Alburg, Vermont (the "Development") is primarily for occupancy by elderly persons of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which elderly persons of low or moderate income are able to afford within the general housing market area of Alburg, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for elderly persons of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

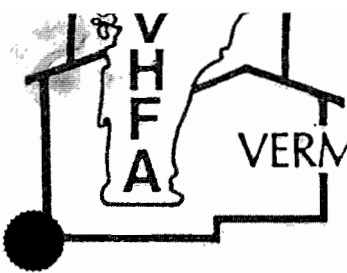
- (1) Colonial Apartments in West Rutland, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of 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 of West Rutland, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
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"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Vais Flan elderly housing, housing in Island Pond, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Island Pond, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: Frank Sadowski
FROM: Allan S. Hunt, Executive Director
DATE: January 6, 1981
SUBJECT: EXECUTIVE ORDER #52 ON AGRICULTURAL LANDS

We offer the following statement for your review. Subject to our Board approval on January 22, this will become our policy:

The VHFA was created in 1974 by the legislature to expand the supply of affordable housing for low and moderate income persons and families. Through the issuance of tax-exempt bonds, assistance is thus provided through two basic programs - The Single Family Mortgage Purchase Program and the Multifamily Loans to Sponsors Program.

In the Single Family Mortgage Purchase Program, the Agency commits with participating lenders to purchase qualified mortgage loans made to eligible borrowers. In general, these funds are used on existing homes and therefore do not affect agricultural land. New homes that are constructed and purchased using Agency funds are not reviewed as to location by the Agency since the loans are purchased only after the house is completed.

The Agency does review and approve each site for financing under our Multifamily Loans to Sponsors Program. In this regard, the Agency will not approve a site for financing without an assessment and approval by the Agricultural Lands Advisory Board that would:

1. Be located on productive agricultural lands, whether in production at the time or not;
2. Reduce the agricultural potential on primary agricultural soils as so designated under the standard classification system administered by soil conservation service.

ASH/el

Post Office Box 408

Burlington, Vermont 05402

(802) 864-5743

[illegible]

VERMONT HOUSING FINANCE AGENCY
APARTMENT DEVELOPMENT STATUS REPORT
APPLICATION TO FEASIBILITY
AS OF April 6, 1981

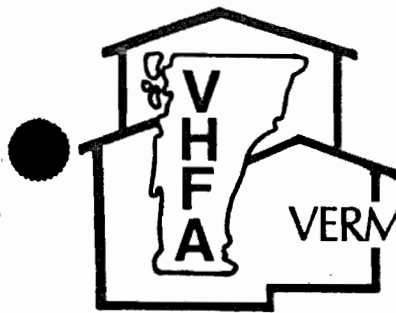
Development Name and Location	Sponsor/Developer	VHFA HUD Dev. #	Unit No.	Unit Distribution	Requested Mortgage Amount	Set-aside Approved	Date Applic. Fee	Date Site Appr./Rel.	Feasibility Review Completion	Date Board Appr.	VSHA Appr.	Feas. Letter Issued	HUD Approval
RICHMOND FAMILY	Dan O'Brien		14F	5-2BR 6-3BR 1-3BR HC 2-4BR	\$ 567,593		8/20/80	8/28/80		8/29/80			
JERICHO/UNDERHILL ELDERLY	Dan O'Brien		24E	21-1BR 3-2BR	\$ 740,158		6/4/80	8/28/80		8/29/80			
CHESTER ARTHUR ELDERLY HOUSING FAIRFIELD	Richard Howrigan		8E	6-1BR 2-2BR	\$ 300,187		10/14/80						
CANAAN/BEECHER FALLS ELDERLY/FAMILY	Henri & Claudette Morais		12E 6F	10-1BRE 2-2BRE 2-2BRF 3-3BRF 1-4BRF	\$ 623,174	4/30/80	8/12/80	12/79	8/80	8/29/80	9/18/80	9/9/80	
CHERRYDALE- HARDWICK FAMILY	Hardwick Samaritan Corp. and N.E. Community Development Group		8F	2-2BR 5-3BR 1-4BR	\$ 332,800		8/12/80	12/79		Condi- tional Approval 8/29/80			
WATTSFIELD HOUSING	A. Judson Babcock	VT-36- H007- 142	24	10-1BRE 2-2BRE 6-2BRF 4-3BRF 2-4BRF	\$ 912,052	9/26/80	4/1/80	3/6/80	5/25/80	5/29/80	8/2/80	8/20/80	
A AND A REALTY APTS. CHURCH ST., PINE ST	A & A Realty Karl Ashline John Austin		27F	10-1BR 14-2BR 3-3BR	\$1,083,029	N.S.A.	2/18/81	1/81	3/81	3/5/81	N.A.		
SUGARWOOD FAMILY HOUSING - MIDDLEBURY	Charles Brush John Giebink		12	5-2BR 6-3BR 1-4BR	\$ 507,573		1/21/81	6/10/80	1/81	1/81	1/81	2/19/81	

AS OF April 6, 1981

AS OF April 6, 1981

VERMONT HOUSING FINANCE AGENCY
APARTMENT DEVELOPMENT
CONSTRUCTION STATUS REPORT
AS OF April 6, 1981

Development Name & Location	Owner	General Contractor	VHFA Dev. #	# of Units # Sec.	Unit Distribution	Mortgage Amount	Const. Contract Amount	Const. Lender	Date Initial Closing	Date Const. Start	COMPLETION			Exec. of HAP Contract	Permanent Closing
											% Compl.	Sched.	Subst.		
DANVILLE/ ST. JOHNSBURY	Walden Mountain Enter.	Hahr Constr.	VT-36-H007-111	18 18	8-1BR 4-2BR 5-3BR 1-5BR	\$592,878	\$418,000	Howard & VHFA	12/11/79	12/79		7/80	11/20/80	11/20/80	
GARDEN APTS. BURLINGTON	Richard & Barbara Jensen	Spadaccini Const.	VT-36-A001-005	13 13	2-1BR 7-2BR 4-4BR	\$441,452	\$380,000	VHFA	4/2/80	12/79	99%		6/4/80	6/4/80	
323 ST. PAUL BURLINGTON	Randall Assoc.	Kencliff Constr.	VT-36-A001-007	11 11	2-1BR 8-2BR 1-3BR	\$339,950	\$240,611	VHFA	5/29/80	7/80	60%	May			
DUGGAN ROW HOUSE BURLINGTON	Joseph & Bette Duggan	Joseph Duggan	VT-36-A001-004	16 16	3-1BR 6-2BR 7-3BR	\$517,067	\$306,315	VHFA	5/1/80	5/2/80	100%	Jan.		3/81	3/81
WINDOOSKI NSA WINDOOSKI	Allen Realty	Burlington General Contractors	VT-36-A004-002	17 17	1-0BR 3-1BR 13-3BR	\$590,905	\$373,600	VHFA	10/15/80	10/16/80	80%	June			
HANCOCK FAMILY HOUSING	The Harvey Homes, Inc.	Harvey Homes, Inc.	VT-36-H007-133	5 5	3-2BR 1-3BR 1-4BR	\$224,725	\$144,300	VHFA & Randolph National	12/18/80	11/15/80	65%	Aug.			
BRIDGEWATER HOUSING	The Simpson Partner.	Simpson Constr.	VT-36-H007-149	14 14	10-1BR 2-2BR 2-3BR	\$501,319	\$360,854	VHFA	11/14/80	11/10/80	71%	Sept.			
VALLEY VIEW APARTMENTS VERGENNES	Valley View Assoc.	T.H.A Inc.	VT-36-H007-108	24 24	22-1BR 2-2BR	\$737,177	\$648,000	Chittenden Trust	9/30/80	10/1/80	80%	May			
COLONIAL APTS. W. RUTLAND	Colonial Apts. Partner.	ReMco Constr. Inc.	VT-36-H007-126	14 14	12-1BR 2-2BR	\$384,239	\$396,540	Rutland Savings Bank	9/22/80	9/23/80	100%	March			



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

April 10, 1981

PROPOSED

VHFA ENERGY USE STANDARDS

In order to decrease the amount of energy used in multi-family housing, VHFA and VSHA have been working with the Vermont State Energy Office to develop improved energy standards. We have arrived at an energy use factor of 6.1 BTU/DD-ft² (# BTUs per degree day per square foot of floor area) applicable to space heating and domestic water heating in family housing. This would be an average decrease of energy use by 20% as an improvement over our present standards. We initially concentrated on family housing because the apartments are separately metered and they are large enough in size to allow for design flexibility to minimize energy use.

The three basic systems for decreasing the amount of energy required to be supplied from outside are active solar, passive solar and superinsulation. Architects will have the opportunity for flexibility in design since any combination of these energy saving systems could be utilized. The architect will submit with the working drawings data verifying the energy used and the Agency will have the capability of checking the data. We expect that the increase in construction costs will eventually be offset by the annual savings in money expended on energy.

Prior to placing these standards in effect, we will seek input from architects and contractors.

VHFA ENERGY USE STANDARDS FOR FAMILY HOUSING

The following specifications are intended to insure that multi-family buildings constructed for the VHFA will meet a maximum energy consumption level of 6.1 BTU/D.D./ ft ² for space heating and domestic hot water:

A. Building Orientation

1. Building should be oriented so that long axis of the building is facing true south allowing maximum potential use of solar energy.

B. Envelope

1. Exterior wall sections shall have a minimum value of R-19.
2. Roof/ceiling sections shall have a minimum value R-38.
3. All windows shall be triple glazed.
4. All windows shall have tested infiltration rates no greater than .375 cfm/ft @ 25 mph wind.
5. All metal windows shall have a thermal break.
6. Exterior doors shall be insulated type with a minimum or R-5.
7. All windows and doors shall be sealed (caulked) on the interior to prevent moisture penetration into the walls.
8. All exterior doors shall be weatherstripped, and those which do not have a vestibule shall have a storm door.
9. A vestibule shall be provided at the primary building entrance. A vestibule is a short hallway with doors on both ends. Vestibules should be designed with doors far enough a part so that one door will be closed before the other door is opened.
10. All walls and floors adjoining unheated areas shall have a 4 mil polyethelyne vapor barrier between the heated area and the wall or floor insulation. Vapor barrier is to be continuous on the outside walls with seams overlapped. It is recommended that the vapor barrier be installed prior to framing of partitions. Also, the vapor barrier on exterior walls shall not be penetrated by electrical devices or other electrical equipment.
11. Rigid insulation with an R-10 shall be applied to the exterior surface foundation walls and the perimeter walls of slabs on grade to a minimum of 2' below grade.
12. Minimum R-5 night insulation shall be installed on all windows.

C. Heating Systems

1. Heating systems shall be designed to a maximum 15% overdesign.
2. Automatic night set back thermostats shall be provided.
3. All heating system pipes and ducts shall be insulated to ASHRAE Standard 90-80.
4. All oil and gas fired heating equipment shall have a minimum instantaneous efficiency of 80%.

D. Hot Water Heating

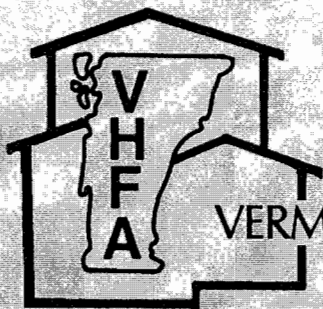
1. All hot water heaters shall be insulated to meet ASHRAE standard 90-80.
2. All hot water heaters shall be equipped with a time clock to pattern energy consumption closely to hot water usage.
3. Instantaneous hot water heaters should also be considered.
4. Solar domestic hot water systems are encouraged. Design and installation of a solar domestic hot water systems shall meet HUD Minimum Property Standards.
5. All domestic hot water pipes shall be insulated.
6. Low flow shower heads and fixtures shall be installed. Flow rates shall meet ASHRAE Standard 90-80.
7. Buildings shall have a separate hot water heating system to allow building heating system to be shut down in summer.
8. An easily accessible switch to turn off hot water system shall be installed.

E. Lighting

1. New high efficiency fluorescent lamps and ballasts shall be used where ever possible.
2. Day lighting techniques should be considered to reduce electrical consumption.

F. Appliances

1. Kitchen range hoods shall be of recirculation type (This requires range placement to within 16' of window & be in cross ventilated location).
2. Bathroom vents shall be on a separate switch.
3. Dishwashers and other appliances requiring water over 110° shall be equipped with water heating boosters to bring water up to operating temperature.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

May 21, 1981, 9:00 a.m.
The Lane Shops
Franklin Street, Montpelier

1. Adoption of Agenda
2. Approval of minutes of April 17, 1981
3. Multifamily:
 - a. Discussion with Abenaki Self-Help Project (Visitors)
 - b. Multifamily Energy Conservation Standards (Visitors)
 - c. Memorandum of Understanding with VSHA regarding Rockingham
 - d. Section 8 Contract Administration Fee Agreement with VSHA
 - e. Construction Financing Resolution - Waitsfield/Saxtons River
 - f. Feasibility/Letter of Intent - Pizzagalli
 - g. Mortgage Increase Request - West Rutland
 - h. West Burke Proposal
 - i. Swanton Proposal
 - j. St. Johnsbury - Letter of Intent
4. Single Family:
 - a. State police set-aside program--update.
 - b. Discussion of potential energy loan program
 - c. Review of mortgage loan update.
 - d. Bond market update--Andy Gurley
5. Financial:
 - a. 9-month Financial Statements
 - b. Preliminary discussion of proposed Fiscal Year 1982 Budget
 - c. Management Letter Response (handcarried)
6. Other Old and New Business



STEWART M. LEDBETTER, Chairman

ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING

STATE TREASURER'S OFFICE

133 State Street, Montpelier

Friday, April 17, 1981, 9:15 a.m.

PRESENT: Chairman Ledbetter, Commissioners Hebard, Gardner, Myette (by speakerphone), Behney and Chaffee; Mr. Hunt, Mr. Dickson, Ms. Chetti, Mr. Bean, and Ms. Bock, VHFA.

The meeting was called to order by Chairman Ledbetter at 9:30 a.m. A motion was made and seconded to adopt the agenda proposed by Executive Director Hunt. The motion carried.

The minutes of the meeting of March 5th were approved as submitted.

The Executive Director recommended approval of a Letter of Intent to Finance the Waltsfield family and elderly proposal submitted by A. Judson Babcock, at an increased mortgage amount of \$937,304, contingent on satisfactory resolution of a pedestrian easement problem. This problem was described by Ms. Chetti. Chairman Ledbetter reported that the Vermont State Housing Authority had delegated approval of the pedestrian easement to its chairman. A motion was made and seconded to approve the Letter of Intent as recommended, subject to satisfactory pedestrian access to the shopping center as determined by the chairman of VSHA. The motion was adopted.

Mr. Hunt recommended approval of a Letter of Intent to Finance the 12-unit family proposal in Middlebury submitted by Sugarwood Associates. Mr. Bean pointed out that this action would grant a postponement of our requirement for substantiation of utility estimates. A motion was made and seconded to approve the Letter of Intent, and was carried.

Mr. Hunt recommended approval of a Letter of Intent to Finance the elderly developments in Alburg proposed by Wayne Jameson and James Lamphere, including an increased mortgage amount of \$563,815. He also proposed adoption of a construction financing resolution for this development. A motion was made to approve both the Letter of Intent and the financing resolution. The motion was seconded and carried. The resolution is attached.

Mr. Hunt recommended approval of Letters of Intent to Finance proposed developments in North Bennington and at 243 Church, 247 Church and 185 Pine Street in the Burlington NSA. A motion was made and seconded to adopt the recommendation. The motion passed.

As a follow-up to the discussion of utility costs in the Middlebury proposal, the following resolution was moved and seconded:

WHEREAS, sound public policy demands that tenants of rental housing participate in efforts to conserve energy, especially in publicly-assisted housing;

THEREFORE, it is the policy of Vermont Housing Finance Agency to require tenant-paid utilities in all developments intended for occupancy by non-elderly families to be financed by VHFA, except where it is clearly demonstrated to be infeasible or to cause undue hardship.

The motion was carried unanimously.

Mr. Dickson presented a request from Richard and Barbara Jensen for an increase in their permanent loan from \$441,452 to \$446,467. This loan is for a 13-unit family development in the Burlington NSA. A motion was made and seconded to approve the increase. The motion passed.

Ms. Chetti introduced Messrs. Johnstone, Bouchard and Lamphere representing Pizzagalli Construction Co. Mr. Johnstone led an extended discussion of a proposed 63-unit development at 243 South Champlain Street in the Burlington NSA. Members of the VHFA Board and staff expressed strong concerns about the proposed density, management plans, private outdoor recreational and storage space, unacceptably long corridors, the expected demographic characteristics of tenants, bedroom mix, landscaping, and the impact on schools and neighboring property values. Mr. Johnstone gave assurances that the Agency's concerns would be taken care of. In particular, he represented that the corridors would be redesigned and that there would be a full-time manager on-site with at least one full-time and one part-time maintenance personnel, some of whom would be project residents. He distributed copies of a management plan. A motion was made and seconded to give conceptual approval of the proposal if revised in accordance with this discussion, including sending the proposal to HUD. The motion carried.

Mr. Bean presented a proposal from Arthur and Barbara Postman for 14 units of family housing in Derby Line. The mortgage requested was \$627,535 and the total rents would be \$97,692 per year. During discussion of this proposal, strong concern was expressed about the high construction cost per square foot, the mortgage amount, and the rents. Reservations were also expressed about the market for these units, and about the use of stucco as an exterior finish. A motion was made and seconded to approve the site (subject to more detailed market studies), the development team, the number of units, and the general design, but not the cost or the use of stucco. The motion carried.

Mr. Bean presented a proposal from James Impey for 14 units of family housing in St. Johnsbury. The mortgage requested was \$613,350 and the total rents would be \$108,336 per year. During discussion, strong concerns were again raised about the high square foot cost of the proposal. A motion was made and seconded to give preliminary approval and to forward the proposal to VSHA for submission to HUD, but not implying approval of all details. The motion carried.

Mr. Bean presented a proposal from Daniel J. O'Brien for 14 units of family housing in the Town of Richmond. The mortgage requested was \$617,764 and the total annual rents would be \$115,836. During discussion it was noted that the rents requested are 16 percent above HUD's Fair Market Rents but that the high cost is apparently due to VSHA design requirements. A motion was made and seconded to give preliminary approval and to forward the proposal to VSHA for submission to HUD; this does not imply approval of all aspects of the design, but it specifically does approve the rents. The motion carried.

Ms. Bock presented a proposal from Homestead Non-Profit Housing, Inc. (as general partner in a limited partnership) for nine units of family housing in Westminster. The mortgage requested was \$386,591 and the total annual rents would be \$74,472. After construction is completed, it is proposed to replace Homestead with an incorporated cooperative as general partner; Homestead would retain a majority of seats on the co-op board for the first three to five years of operation. Some concern was expressed by commissioners about financial incentives for good performance, both to encourage the limited partners to replace the general partner if performance is inadequate and to encourage the general partner to replace the manager if performance is inadequate. Staff was advised to ensure that the partnership agreement permits the limited partners to replace the general partner, that funds will be available to hire a substitute manager as a fall-back position, and that rental income is received and accounted for by an independent trustee before it reaches the manager or general partner. On this basis a motion was made and seconded to give preliminary approval, including construction financing and forwarding the proposal to VSHA for submission to HUD, but not implying approval of all details. The motion carried.

Mr. Hunt reported that the Holy Angels project in St. Albans is about ready to begin construction, and recommended that the Board adopt a construction financing resolution (attached). However, he summarized a proposed modification of the \$60,000 demand contingent note previously required by the Board. In order to avoid requesting rents over 110 percent of the HUD Fair Market Rents, the \$60,000 would be invested, if necessary, and the income applied toward debt service. The details of the modification were contained in a memorandum dated April 10, 1981, and in excerpts from the development fund agreement and the demand contingent note, all of which were distributed to the Board. A motion was made and recorded to approve the construction financing resolution, provided that the proceeds of the demand contingent note be placed in investment grade securities if needed. The motion passed.

Ms. Bock reported that the Jameson/Lamphere elderly development in Alburg is nearly ready to start construction. A motion was made and seconded to adopt the attached construction financing resolution. The motion carried.

Mr. Bean reported that the Island Pond elderly development is substantially complete. A motion was made and seconded to adopt the attached financing resolution. The motion carried.

Ms. Chetti reported that the West Rutland development is substantially complete. A motion was made and seconded to adopt the attached financing resolution. The motion passed.

Mr. Hunt reported that the Agency has received EXECUTIVE ORDER #52 ON AGRICULTURAL LANDS. He stated that he does not believe the Agency is subject to Executive Orders from the Governor but that he has discussed possible methods of voluntary compliance. Commissioner Behney confirmed that independent authorities, such as VHFA, are not directly subject to the Executive Order. Nevertheless, after extensive discussion, a motion was made and seconded to adopt the following resolution:

RESOLVED, that Vermont Housing Finance Agency will not approve a site for financing under the Multifamily Loans to Sponsors Program that would be located on agricultural lands currently in production without an assessment and approval by the Agricultural Lands Advisory Board.

The resolution was adopted.

Mr. Hunt described the progress of various pieces of legislation introduced during the current session. In particular, he reported that H-378, the Secondary Market Mortgage Bill, had been signed by the Governor and H-370, the VHMGB Bill had been approved by the House and Senate and was presently with a committee of conference.

Chairman Ledbetter stated that it has been reported in the press that the Agency had contracted with a well-known attorney to keep the Executive Director informed about the status of legislation affecting the Agency and the scheduling of hearings, floor discussions, etc. He expressed strong displeasure over this agreement. Commissioner Behney reported that Mr. Hunt had consulted him prior to entering into the contract, and that if he had not advised against it, he had intended to. A motion was made to require that VHFA not enter into any contracts for professional services without the approval of the Chairman. Commissioner Hebard reported that Mr. Hunt had also consulted him, and he had advised Mr. Hunt to enter into the contract. After further discussion the motion was withdrawn.

Mr. Hunt presented a draft of proposed energy use standards for multifamily housing. However, in view of the lateness of the hour, a motion was made and seconded to table this item and put it first on the agenda for the next meeting. The motion carried.

Mr. Dickson asked the Board to make a contribution of \$7,500 to Vermont Community Housing Services, Inc., a recently-formed statewide non-profit organization sponsored by Neighborhood Reinvestment Corporation to stimulate housing rehab and neighborhood revitalization. After questioning the nature of the organization, a motion was made and seconded to contribute \$7,500 to VCHS if the organization can raise an additional \$50,000 from other sources, and subject to an attorney's opinion that the grant is within the powers of the Agency. The motion passed.

Mr. Hunt directed the Board's attention to an auditors comment letter from Coopers and Lybrand, CPA's for the year ended June 30, 1980. This matter was also tabled until the next meeting. Staff was also requested to present written comments of Chairman Ledbetter

The meeting was adjourned at 12:35 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Pine Manor housing in Alburg, Vermont (the "Development") is primarily for occupancy by elderly persons of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which elderly persons of low or moderate income are able to afford within the general housing market area of Alburg, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for elderly persons of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Colonial Apartments in West Rutland, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of West Rutland, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
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"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Vais Flan elderly housing, housing in Island Pond, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Island Pond, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Waitsfield Housing, housing in Waitsfield, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Waitsfield, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Saxtons River Family Housing, housing in Saxtons River, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Saxtons River, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director



VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Janice W. Chetti
DATE: May 15, 1981
RE: BOBBIN MILL APARTMENTS--63 UNITS OF FAMILY HOUSING IN BURLINGTON

At the last Board Meeting, the Commissioners reaffirmed their approval of the site, density and sponsorship characteristics of the Bobbin Mill Apartment project. Since that meeting, the staff has received and reviewed detailed construction and operating budgets and working drawings and specifications. The sponsor has not received a commitment for FHA mortgage insurance, but is working towards fulfilling FHA requirements.

The following is an analysis and comparison of construction and rent figures. There are no really good comparables due to the unusual nature of the property, however, the following comparison uses two King Street NSA projects and the Winooski NSA family project.

	Bobbin Mill Apartments	GE	Winooski NSA
Development Cost/Unit	\$ 47,112.00	\$ 39,725.00	\$ 38,089.00
Construction Cost/Unit	\$ 34,439.00	\$ 27,858.00	\$ 21,388.00
Construction Cost/Sq. Ft.	\$ 35.03	\$ 28.63	\$ 26.78
Square Footage/Unit	500-1326 s.f.	500-886 s.f.	500-1065 s.f.
Sitework Per Unit	\$ 3,335.00	\$ 170.00	\$ 588.00
Number of Units	63	37	17
Mortgage Request	\$2,831,881.00	\$1,423,110.00	\$600,242.00
Rent/Unit including utilities	\$499 (one) \$548---\$588 (2) \$618---\$667 (3)	\$465 (one)* \$557 (2)*	\$434 (one)* \$567 (3)*
Maintenance/Unit/Year	\$ 405.00	\$ 327.00	\$ 403.00
Acquisition Cost/Unit	\$ 4,761.00	\$ 8,825.00	\$ 14,294.00

*Adjusted to 10% permanent interest rate for comparison purposes.

RECOMMENDATION: Approve issuance of Feasibility Letter and Letter of Intent contingent upon FHA insurance approval.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners

FROM: Allan S. Hunt

DATE: May 15, 1981

SUBJECT: MORTGAGE INCREASE REQUEST - COLONIAL VILLAGE APARTMENTS - WEST RUTLAND

In April, the West Rutland project, which is comprised of 14 units of housing for the elderly was completed and occupied. They have experienced construction cost overruns totalling \$28,650 and are requesting a mortgage increase to cover a portion of the overrun. At this time, they are requesting an increase to cover the following items:

1. Reframing of roof and change in bay windows--\$8,886. This involved a change in the roof pitch from 5/12 to 6/12 and an amendment to the bay window construction. Both of these items were requested by the Vermont State Housing Authority Board after the project's budget was approved.
2. Additional paving--\$2,311. This was requested by the Town of West Rutland during construction.

Total Increase Request: \$ 11,197
New Total Mortgage: \$395,436

Jim Dousevicz, our construction inspector, has reviewed these figures with the contractor and the architect and feels that they are fair and accurate. This increase will be funded by a reduction in the owner's return on equity and will not require a rent increase.

We recommend approval of this increase since both of these items were apparently beyond the control of the owner.

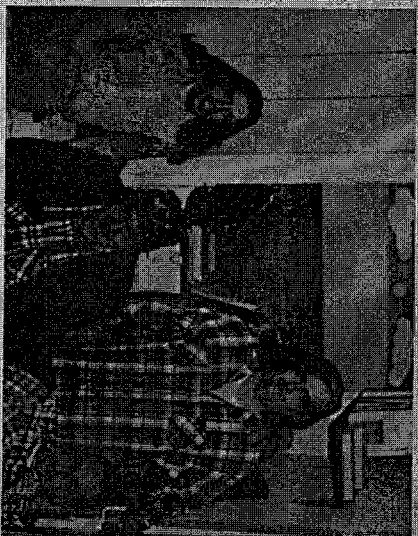
ASH/el

SERVICES

The ASHAJ has grown directly out of the needs and desires of the Abenaki people. The programs, due to the amount of community input regarding the decision-making process, have remained responsive to the present day needs. It is this support which assures continued success for the ASHAJ.

The many services the ASHAJ provides include:

- JOB DEVELOPMENT
- HOUSING
- ADULT BASIC EDUCATION
- FOOD AND NUTRITION
- ECONOMIC DEVELOPMENT
- CRISIS INTERVENTION



**Abenaki
Self
Help
Association
Incorporated**

P. O. Box 276
Swanton, VT
05488

(802) 868-2559, 7146, 4033

Working together to make
a better life for our
children

ACCOMPLISHMENTS:

In the first year of ABE operation twenty-one individuals received their GED. In addition several individuals received instruction in basic literacy. Beyond the GED and functional literacy training, the ABE program seeks to breakdown barriers between the Indian and the White community through the development of life coping skills.

A second major accomplishment has been the funding of a housing project under the HUD Neighborhood Self-Help Development program. The project will provide rental assistance and homeownership opportunities.

Other accomplishments include the funding of a Social and Economic Development grant which seeks to improve the self-sufficiency of Vermont Native Americans.

A Native American researcher, aided by consultants, is completing genealogical research on all Native American families in the area.

Several Native American families are participating in a communally operated garden. The harvest is split among these participants with the excess being donated to the local elderly meal site and also to needy community members.

ORGANIZATIONAL GOALS:

To complete the genealogical and historical research necessary for the preparation of a Recognition Petition to the Bureau of Indian Affairs.

To promote the economic self-sufficiency both of the individual Native Americans of the area and of the Abenaki Nation as an entity by the planning and implementation of economic developments projects, food self-sufficiency programs, housing projects and programs in education and vocational training.

To develop a comprehensive alcohol and drug abuse program which will provide support services aimed at the breaking down of barriers preventing people from achieving self-sufficiency.

To continue working cooperatively and to strengthen our ties with Federal and State agencies and local non-profit service organizations to insure the continuance and expansion of programs and services to the Native American community.



The Abenaki Self-Help Association, Inc. (ASHAI) is a Native American service agency with headquarters in Swanton, VT. It was incorporated in 1976 by a group of Abenaki Native Americans and has grown into an organization which includes a staff of thirteen and a budget of \$250,000. The ASHAI now services all Native Americans in the State of Vermont with the purpose of improving housing, economic, education, social and cultural conditions.





STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

May 15, 1981

EXECUTIVE SUMMARY Swanton, Vermont

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval includes VHFA construction financing but does not include approval of all details.

DEVELOPMENT TEAM:

Sponsor: The Abenaki Self Help Association, Inc. (ASHAI) was incorporated as a non-profit agency in 1976. ASHAI currently receives over \$200,000 in grant funds from the Administration for Native Americans, the Department of Housing and Urban Development and the Community Services Administration. Non-federal funds have also been received in the form of contributions from individuals and organizations. ASHAI has been a strong force in Swanton in the areas of job development, education, energy and currently housing. The thirteen member ASHAI staff is governed by a seven member Board of Directors

Architect: John Rahill and George Graupera, Black River Design.

General Contractor: Leduc and Dubois. This will be the first Section 8 project for this contractor. They are currently working as general contractor on Mr. Bud Bruley's FmHA financed 10 unit family project in St. Albans. Mr. Bruley gave Leduc and Dubois a good recommendation stating that the quality of their work was excellent and no cost-estimating problems had developed.

Marketing/Management Agent: Abenaki Self Help Association, Inc. Primary management responsibilities will be in the hands of Mr. Jim Medor. Mr. Medor is the individual most responsible for this proposal. He will have the backup of ASHAI's financial staff.

LOCATION: This eleven acre site is located on the south side of Bushey Street in the Town of Swanton. Swanton has targeted Bushey Street with CD funds. Funds have already been used to install new sewer and water lines and future CD funds will be used to demolish several dilapidated buildings near the site. The site is within one mile of all town services and industrial park.

DESCRIPTION: The proposal is for the new construction of 12 units of family housing. Plans call for four 2 bedroom units, six 3 bedroom units and two 4 bedroom units. One 3 bedroom unit will be designed for use by a handicapped tenant.

COMPARISON AND RENTS:

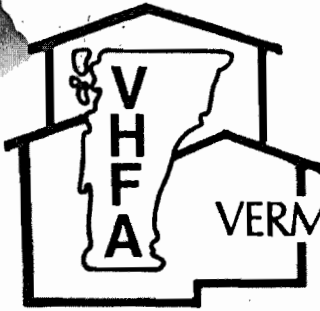
	Swanton	Middlebury	St. Johnsbury
Development Cost/Unit	\$ 46,300.00	\$ 43,762.00	\$ 44,894.00
Development Cost/Sq. Ft.	44.22	38.88	45.39
Sitework/Unit	6,667.00	2,500.00	2,142.00
Construction Cost/Sq. Ft.	31.84	32.37	35.70
Number of Units	12	12	14
Total Mortgage Request	577,826.00*	507,573.00	613,350.00
Rent/Unit:			
Two Bedroom	*	588.00	587.00
Three Bedroom	*	666.00	665.00
Four Bedroom	*	761.00	--
Unit Size/Sq. Ft.:			
Two Bedroom	960	945-1034	947
Three Bedroom	905-1018	1127-1148	1006
Four Bedroom	1330	1426	--
Mortgage Interest Rate	10.5%	10.5%	10.5%
Operating Expenses/Unit/Year	2,004.00	1,993.00	1,787.00
Taxes/Unit/Year	500.00	600.00	737.00

*The staff is recommending that the Board approve the waiver of 1% of our 1.5% Commitment Fee. The Housing Authority staff is concurrently requesting that their Board waive their 1% fee. If approved, this will reduce the total mortgage by \$11,112 and debt service payments by \$1,220.

	Rents with Waiver 109% FMR	Rents Without Waiver 111% FMR
2BR	\$584	\$593
3BR	\$661	\$672
4BR	\$755	\$767

This proposal has generated a great deal of support throughout the community. Swanton's Board of Selectmen have written to us and HUD expressing their wish to see this housing built; the Franklin-Lamoille Bank will be providing ASHAI their needed 4% letter of credit, the architect is requesting total fees of only 4% of the construction budget, legal work is being provided on a pro-bono basis. Without the traditional 6% equity contribution non-profit groups have a very difficult time in formulating a workable budget. Approving the requested waivers (\$5,556--VHFA) will enable HUD in Manchester to decide on this proposal. Submitting a proposal with rents above 110% necessitates Washington's approval of the proposal; this would be a lengthy and potentially costly delay.

MARKET ANALYSIS: Swanton's HAP calls for the new construction of 24 units of subsidized family housing. Currently there is a vacancy rate in rental units of 1.12%. According to the Regional Housing Plan 14.7% of all occupied units in the town and village of Swanton lack some or all plumbing facilities. Employment opportunities in Swanton appear to be plentiful. Swanton's Industrial Park (within one mile from Bushey Street) contains such industries as VT Precision Tools and Lucille Farms. Gamebridge has just moved into the park with an employment goal of 300 people. Elsewhere in Swanton resides Union Carbide (employing 370) and Fonda Container (employing 320).



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

May 15, 1981

EXECUTIVE SUMMARY West Burke Housing

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Recommendation does not imply approval of all aspects of the project.

PROJECT: Six units of family housing and nine units of elderly housing to be located in the Town of West Burke. All the family units and four of the elderly units will be new construction. At its August 1980 meeting, the Board approved the financing of this project with a mortgage of \$550,660. Since that time the developer has changed architects and gone from a continental home package to a stick built design. The added cost of \$20,080 is a reflection of these changes and inflation of material costs since original approval.

DEVELOPMENT TEAM:

Sponsor: Burkeland Enterprises, a limited partnership with Mr. Douglas Henderson as the general partner. Mr. Henderson is a local contractor and owns and operates the K & G Market. Although he has no previous experience in the Section 8 program, he has owned and managed a five unit apartment building for the past three years.

Marketing/Management Agent: Mr. Douglas S. Henderson.

General Contractor: To be selected.

Architect: Wiemann-Lamphere, Burlington. This firm has considerable Section 8 experience. They were the architects on projects completed in South Burlington, Essex Junction, and Milton.

Sponsor's Attorney: Mr. Montgomery Moore, Island Pond.

LOCATION: The project will be located on 11½ acres in the Village of West Burke. It is conveniently located to those services and community facilities which exist in West Burke; across the street from the post office, next door to the church, 1/4 mile from three grocery stores, 1/2 mile to the elementary school and 1/8 mile to the recreation area. There is a Northeast Transit bus stop within 1/4 mile of the site. Most other services and jobs are located in Lyndonville which is 7 miles to the south.

DESCRIPTION: The developer plans to rehabilitate an existing five unit apartment building to contain five 1 bedroom elderly housing units plus community space. The new construction will consist of:

Four 1BR units for the elderly
 One 2BR handicapped unit for a family
 Four 3BR units for families
 One 4BR unit for a family

COMPOSITION AND RENTS:

Nine 1BR walkup units for the elderly at \$476.00
 One 2BR row for a family at \$616.00
 Four 3BR row units for families at \$666.00
 One 4BR row for a family at \$761.00

These rents are at 100% of FMR for the elderly units and 110% for the family units. The project is calculated on the basis of permanent financing at 10.5%.

	West Burke Eld./Family	North Troy Eld./Family	Plainfield Eld./Family	Waitsfield Eld./Family
Development Cost/Unit	\$ 38,921.00	\$ 35,755.00	\$ 31,230.00	\$ 35,841.00
Development Cost/Sq. Ft.	45.48	36.65	35.71	38.88
Sitework/Unit	3,000.00	Not Indicated	1,538.00	3,583.00
Construction Cost/Unit	28,000.00	28,643.00	23,477.00	27,242.00
Square Footage/Unit:				
One Bedroom Elderly	546/872/625/ 665/608	600/620	400 (eff.)/ 564/551	704/857 (2BR)
Two Bedroom Family	819	730	923/919	980
Three Bedroom Family	1134	1065	1121	1163
Four Bedroom Family	1404	1383	--	1392
Land Cost	54,780.00	36,750.00	45,000.00	48,000.00
Mortgage/Unit	38,049.00	35,105.00	29,250.00	39,054.00
Number of Units	15	14	13	24
Total Mortgage Request	570,740.00	468,536.00	401,000.00	805,134.00
Term of Mortgage	30 years	30 years	30 years	30 years
Taxes/Unit	400.00	321.00	401.00	400.00
Rent/Unit	476/616/666/ 716	393/402/440/ 500/575	357/413/462/ 526	405/445/ 510/465
Mortgage Interest Rate	10.5%	7.5%	9.5%	8.5%
Operating Expenses/Unit/Year	1,497.00	1,740.00	1,334.00	1,318.00

I spoke with Mr. Rod Griffin of the Northern Vermont Development Association regarding the market needs for family housing in West Burke. Rod said that there is no HAP plan for the town. He said no private construction of apartments had been undertaken in many years. Local residents often double up with other families due to unavailability of apartments. Rod said West Burke could definitely use subsidized family and elderly housing. In recent years the housing shortage has gotten more critical in winter when skiers at Burke Mountain rent local apartments at very high rents during the ski season rather than stay in motels.

Now -

TOWN OF SWANTON

OFFICE OF
TOWN CLERK AND TREASURER

SWANTON, VT. October 21 19 80

Mr. Allan Hunt, Executive Director
Vermont Housing Finance Agency
P.O. Box 408
Burlington, Vermont 05401

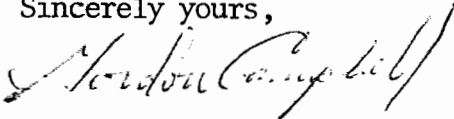
Dear Mr. Hunt:

The Board of Selectmen of the Town of Swanton are aware of the fact that the Abenaki Self-Help Association is attempting to develop 12 units of family housing through the Section 8 Program. There is no question that such family housing is needed in the community.

It is worth our noting that the Town has recently completed the installation of water and sewer services along Bushey Street, the area where the Abenaki Self-Help Association intends to build. The water and sewer mains, installed with Community Development Block Grant funds, anticipated new housing growth in this area.

While we can not speak to any concerns of the Planning Commission or Zoning Board, we can as stated above tell you that family housing for low and moderate income families is needed in the Town.

Sincerely yours,



Gordon Campbell, Chairman
Board of Selectmen

GC/cms



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

TO: VHFA COMMISSIONERS
FROM: Allan S. Hunt
DATE: May 15, 1981
SUBJECT: Approval of Letter of Intent

St. Johnsbury Family Housing: Fourteen units of new construction proposed by Canterbury Housing Company and located in the Town of St. Johnsbury. Since Board approval in April, the developer has increased the size of the units while maintaining the same total development cost. This has resulted in a reduction of the cost per square foot from \$37.02 to \$35.77. The developer further plans to reduce total development cost by changing heating systems from the storage electric originally proposed to resistance electric. All conditions for the Letter of Intent have been met except submission of the written evidence substantiating the utility estimate. This estimate will be available within a week. I recommend delay of this requirement and approval of the issuance of a Letter of Intent for this project.

ASH/el



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: W. Scott Frazier
DATE: May 14, 1981
SUBJECT: MARCH 31, 1981 QUARTERLY FINANCIAL STATEMENTS

All of the Agency's programs produced an excess of revenues over expenses of \$2,919,097 for the nine month period ended March 31, 1981. Seventy-five percent of the excess was generated by the \$75 million, 1980 Mortgage Purchase Program resulting from the lag in purchasing mortgages at 10.25% and the corresponding rollover of these moneys at substantially higher interest rates in short term investments. The vast majority of the investments were made with Vermont banks.

The Agency's General Fund resulted in a \$260,972 deficit for the nine month period. The deficit was more than offset by the transfer of excess funds from the various bond program funds. The deficit is attributed to the elimination of fees to borrowers under the Mortgage Purchase Program and the reduction of fees to developers under our Multi-Family Program. Deficits will continue to appear in the General Fund if the Agency can't come to market with future single-family bond issues and if some sort of single-family fee is not restored.

Even though the Agency has accumulated substantial fund balances to date, we are currently reserving these excesses, with the exception of those needed to support the operating expenses in the General Fund, in the respective bond funds, particularly the Single-Family Mortgage Purchase Programs. This is due to the decline in mortgage loan payoffs over the winter. If payoffs continue at a depressed rate, future debt service on the bonds may have to be subsidized with accumulated excess earnings. Payoffs picked up considerably in April, although still not at the anticipated level; however, it is still premature to predict if this trend will continue through the summer and next fall.

VERMONT HOUSING FINANCE AGENCY
UNAUDITED BALANCE SHEETS
March 31, 1981

March 31, 1981

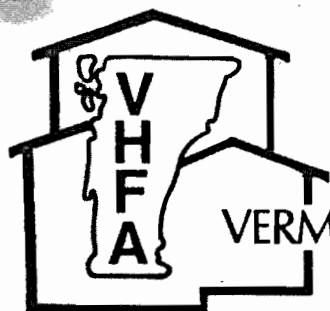
ASSETS	General Fund	Loans to Lenders		Single Family		Multi-Family Program	Combined Total Memorandum Only
		Mortgage Finance Program	Mortgage Loan Program	Insured Mortgage Program	Mortgage Purchase Program		
Cash and short-term investments	\$3,229,047	\$ 422,365	\$ 782,183	\$ 2,654,822	\$ 21,072,985	\$ 3,722,502	\$ 31,883,904
Long-term investments	110,000	2,006,129	2,618,030	2,829,647	16,460,524	2,766,335	26,790,665
Notes receivable from mortgage lenders	764,384	6,624,999	15,185,000	18,761,538	99,923,035	34,555,355	21,809,999
Mortgage loans receivable							154,004,312
Accrued interest receivable:							
On mortgage loans and notes receivable	8,896	7,569	19,496	132,404	741,732	197,130	1,107,227
On investments	67,595	63,824	52,260	118,205	1,019,418	110,235	1,431,537
Deferred costs of bonds issuance		41,140	70,395	112,059	301,664	212,925	738,183
Office furniture and fixtures, at cost, less accumulated depreciation	37,443						37,443
Other receivables	62,363					24,250	86,613
Interfund receivables (payables)	(51,384)		(3,800)		3,800	51,384	
Total Assets:	<u>\$4,228,344</u>	<u>\$9,166,026</u>	<u>\$18,723,564</u>	<u>\$24,608,675</u>	<u>\$139,523,158</u>	<u>\$41,640,116</u>	<u>\$237,889,883</u>
LIABILITIES AND FUND BALANCES							
Accounts Payable	105,228			8,311	58,713		172,252
Escrowed cash deposits	1,401,439					118,826	1,401,439
Notes payable	1,446,370					363,575	1,565,196
Accrued interest payable		305,287	525,333	638,985	2,547,095	40,510,000	4,380,275
Bonds payable		8,905,000	17,850,000	23,165,000	136,920,000		227,350,000
Unamortized premium (discount) on bonds payable		(113,130)	86,652	(397,091)	(3,528,422)	(820,365)	(4,772,356)
Fund balance	<u>1,275,307</u>	<u>68,869</u>	<u>261,579</u>	<u>1,193,470</u>	<u>3,525,772</u>	<u>1,468,080</u>	<u>7,793,077</u>
Total liabilities and fund balances	<u>\$4,228,344</u>	<u>\$9,166,026</u>	<u>\$18,723,564</u>	<u>\$24,608,675</u>	<u>\$139,523,158</u>	<u>\$41,640,116</u>	<u>\$237,889,883</u>

VERMONT HOUSING FINANCE AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the nine months ended March 31, 1981

	General Fund	Loans to Lenders Mortgage Finance Program	Mortgage Loan Program	Single Family Insured Mortgage Program	Mortgage Purchase Program	Multi-Family Program	Combined Total Memorandum Only
Revenues:							
Interest Income:							
Loans to mortgage lenders		\$363,229	\$787,035	\$1,055,542	\$5,192,099	\$1,979,262	\$1,150,264
Mortgage loans	\$15,060			348,165	5,021,778	770,331	8,241,963
Investments	229,493	144,832	186,467				6,701,066
Fee Income:							
Mortgage lenders							22,671
Individual mortgagors	22,671						60,379
Multi-family sponsors	60,379						34,870
Other	34,870						
Total Revenues	362,473	508,061	973,502	1,403,707	10,213,877	2,749,593	16,211,213
Expenses:							
Financing costs							
Including interest and amortization of premium, discount, and costs of issuance	86,987	502,898	814,027	994,731	7,771,634	2,217,845	12,388,122
Mortgage service fees and related program expenses				77,134	266,952	23,450	367,536
Salaries and benefits	301,300						301,300
Operating expenses	140,645						140,645
Professional fees	41,357						41,357
Trustee and assignee fees	53,156						53,156
Total Expenses	623,445	502,898	814,027	1,071,865	8,038,586	2,241,295	13,292,116
Excess deficiency of revenues over expenses	(260,972)	5,163	159,475	331,842	2,175,291	508,298	2,919,097
Fund balance, beginning of year	1,051,279	63,706	162,104	911,628	1,600,481	1,084,782	4,873,980
Transfer of funds	485,000		(60,000)	(50,000)	(250,000)	(125,000)	
Fund balance, end of period	\$1,275,307	\$68,869	\$261,579	\$1,193,470	\$3,525,772	\$1,468,080	\$7,793,077

VERMONT HOUSING FINANCE AGENCY
STATEMENTS OF CHANGES IN FINANCIAL POSITION
for the Nine Months Ended March 31, 1981

	General Fund	Loans to Lenders Mortgage Finance Program	Mortgage Loan Program	Single Family Insured Mortgage Program	Mortgage Purchase Program	Multi-Family Program	Combined Total Memorandum Only
Sources of funds:							
Excess of revenues over expenses	\$ (260,972)	\$ 5,163	\$ 159,475	\$ 331,842	\$ 2,175,291	\$ 508,298	\$ 2,919,097
Add (deduct) noncash items:							
(Increase) decrease in interfund accounts	151,064				(93,592)	(57,472)	
Amortization of discounts (premiums) on bonds payable		18,855	(10,944)	13,550	87,741	12,912	122,114
Amortization of costs of bond issuance		7,059	8,130	3,849	6,647	4,172	29,857
Increase (decrease) in bond and note interest accrued but not paid		135,458	236,994	304,317	935,741	(1,097,116)	515,394
Decrease (increase) in interest earned but not received	(44,074)	107,043	273,786	21,204	(199,860)	254,712	412,811
Increase (decrease) in accounts payable	75,098			(241)	(69,548)		5,309
Depreciation	4,046						4,046
Amortization of premiums (discounts) on long-term investments		1,068	2,107	959	(20,425)	(2,819)	(19,110)
Total funds provided from operations	(74,838)	274,646	669,548	675,480	2,821,995	(377,313)	3,989,518
Principal collections on mortgage loans, notes receivable and construction mortgages	457,352	1,080,001	1,565,000	1,251,489	1,686,948	3,308,712	9,349,502
Proceeds of deposits	495,961						495,961
Proceeds of notes	1,440,000						1,440,000
Transfers of funds	485,000						485,000
Total sources of funds	2,803,475	1,354,647	2,234,548	1,926,969	4,508,943	2,931,399	15,759,981
Uses:							
Purchases of individual mortgages					26,394		53,657,081
Purchases of multifamily mortgage loans and advances on construction mortgages	764,384	1,115,000	1,565,000	1,630,000	140,000	8,664,439	9,428,823
Payment on bonds and bond anticipation note principal					21,937	325,000	4,775,000
Costs of bond issuance							21,937
Repayment of notes	3,151,454					1,245	3,152,699
Repayment of deposits	415,252						415,252
Purchase of office furniture and fixtures	14,315						14,315
Increase in other receivables	11,806						36,056
Transfer of funds			60,000	50,000	250,000	125,000	485,000
Total uses of funds	4,357,211	1,115,000	1,625,000	1,706,394	54,042,624	9,139,934	71,986,163
Increase (decrease) in cash & short-term investments	(1,553,736)	239,647	609,548	220,575	(49,533,681)	(6,208,535)	(56,226,182)
Cash & short-term investments at beginning of year	4,782,783	182,718	172,635	2,434,247	70,606,666	9,931,037	88,110,086
Cash & short-term investments at end of year	\$3,229,047	\$122,365	\$ 782,183	\$2,654,822	\$21,072,985	\$ 3,722,502	\$3,904



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

TO: VHFA Commissioners
FROM: W. Scott Frazier
DATE: May 15, 1981
SUBJECT: PROPOSED BUDGET - FISCAL YEAR END JUNE 30, 1982

Attached is our proposed budget for fiscal year end June 30, 1982. We are projecting that the total revenues and transfers of surplus funds will remain relatively the same as this current year, while expenditures will increase by a modest 3.6% over the current budget. Coupled with the budget is our recommendation that the General Fund Reserve be increased from \$850,000 to \$1,000,000. The bottom line of the proposed budget projects a positive cash flow position of approximately \$147,000. Additional details for the line items within the proposal follow for your review.

Revenues and Transfers of Funds

VHMGB - The \$40,000 budgeted for the VHMGB is actually a wash, in that there are \$40,000 of offsetting expenses. The inclusion of the Guarantee Board within VHFA's budget is done only as a matter of consistency with prior years presentation. The \$40,000 is subject, of course, to the approval by the Board of Commissioners for the Guarantee Board.

Fee Income - The only fee income anticipated at this time is from the developers of multi-family projects currently in the pipe line for the upcoming issue.

Surplus Funds Transferred - \$710,000 will be transferred from the various bond funds to meet the operating expenses, the shortage of fee income, and the increase in our General Fund Reserve. Although this level represents a 19.3% increase over last year, no single program will be tapped for more money than was originally anticipated as a yearly cash flow transfer when the bond issue was consummated.

Expenditures

Insurance and Pension Plan - The proposed budget reflects that these two items will increase by 34.8% and 42.3% respectively. The increases are caused by a 25% increase in our monthly premium for our group health plan, effective May 1, 1981, and a full years effect of those employees hired in the fall of 1980. There are no increases in benefits reflected in these figures.

Computer Expenses - The \$33,000 budgeted for computer expenses includes time sharing costs and programming and consulting costs. We are currently researching the feasibility of purchasing an in-house computer system and hope that some of the \$33,000 will be left to be applied to the acquisition or financing cost. Although, we are not prepared to make any recommendations at this time, it appears that an adequate system with future expansion capabilities will cost in the range of \$120,000 to \$140,000 with a six month delivery schedule. Additional information on computer systems will be presented to the Board shortly.

Salaries - The proposed budget of \$403,000 represents an overall increase of 6.8% over last year. The increase consists of cost of living increases effective July 1, 1981 and calculated according to the following levels:

Salaries	less than \$13,000	=	9.1%
"	\$13,000 to 20,000	=	8.3%
"	\$20,000 and over	=	7.5%

In addition to the cost of living increase we are requesting the Board grant the Executive Director the necessary authority to award merit increases not to exceed \$18,100 for the Agency as a whole.

Other Expenditures - The \$7,500 budgeted as a donation to the Vermont Community Housing Services was approved at the last board meeting.

No action is requested of the Board for today's meeting. We encourage each Commissioner to review the proposed budget and contact the appropriate personnel with any questions or comments. Additional discussion and hopefully ratification of the proposed budget will be placed on the next scheduled board meeting agenda.

VERMONT HOUSING FINANCE AGENCY
General Fund
Cash Flow Budget
Fiscal Year End June 30, 1982

Current Nine Month Period	% Budget		Current Budget	Increase (Decrease)	Proposed Budget	% Change
\$308,545	67.3%	Revenues	\$458,300	(\$118,300)	\$340,000	(25.8%)
<u>567,392</u>	78.8	Expenditures	<u>719,875</u>	33,375	<u>753,250</u>	4.6
(258,847)		Excess Expenditures Over Revenues	(261,575)		(413,250)	
485,000	81.5	Transfers of Excess Funds from Bond Program	595,000	115,000	710,000	19.3
<u>\$226,153</u>		Net Cash Flow	333,425		296,750	
		Increase to General Fund Reserve	<u>(250,000)</u> ⁽¹⁾		<u>(150,000)</u> ⁽²⁾	
		Total	<u>\$ 83,425</u>		<u>\$146,750</u>	

(1)
From \$600,000 to \$850,000

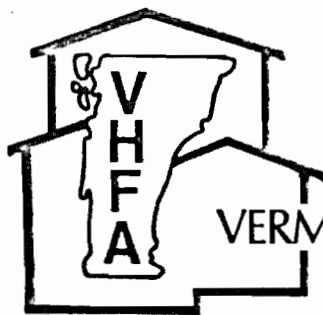
(2)
From \$850,000 to \$1,000,000

VERMONT HOUSING FINANCE AGENCY
General Fund
Cash Flow Budget--Revenues
Fiscal Year End June 30, 1982

<u>Current Nine Month Period</u>	<u>% Budget Rec'd.</u>		<u>Current Budget</u>	<u>Increases (Decreases)</u>	<u>Proposed Budget</u>	<u>% Change</u>
\$ 17,733	53%	<u>REVENUES</u>				
		VHMGB	\$ 33,300	\$ 6,700	\$ 40,000	20.1%
		<u>FEE INCOME</u>				
		Single Family				
22,671	91	Origination Fees	25,000	(25,000)	-0-	(100.0)
10,621	--	Builder Set-Asides	-0-	-0-	-0-	
		<u>MULTIFAMILY</u>				
2,480	45	Application	5,000	(2,000)	3,000	(40.0)
88,420	44	Commitment	200,000	(55,000)	145,000	(27.5)
28,052	70	Construction Loan	40,000	(40,000)	-0-	(100.0)
134,662	90	<u>INTEREST INCOME</u>	150,000	-0-	150,000	-0-
3,906	78	<u>MISCELLANEOUS</u>	5,000	(3,000)	2,000	(60.0)
<u>\$308,545</u>	<u>67.3%</u>	Subtotal	<u>\$ 458,300</u>	<u>(\$118,300)</u>	<u>\$ 340,000</u>	<u>(25.8%)</u>
		<u>SURPLUS FUNDS</u>				
\$ 60,000	50%	Loans to Lenders	\$ 120,000	\$ 40,000	\$ 160,000	33.3%
50,000	50	Mortgage Purchase 76/77	100,000	-0-	100,000	-0-
250,000	100	Mortgage Purchase 75-80	250,000	-0-	250,000	-0-
125,000	100	Multi-Family	125,000	75,000	200,000	60.0
<u>\$485,000</u>	<u>81.5%</u>	Subtotal	<u>\$ 595,000</u>	<u>\$115,000</u>	<u>\$ 710,000</u>	<u>19.3%</u>
<u>\$793,545</u>	<u>75.3%</u>	TOTAL	<u>\$1,053,300</u>	<u>(\$ 3,300)</u>	<u>\$1,050,000</u>	<u>(.3%)</u>

VERMONT HOUSING FINANCE AGENCY
General Fund
Cash Flow Budget Expenditures
Fiscal Year End June 30, 1982

Current Nine Month Period	% Budget Used		Current Budget	Increase (Decrease)	Proposed Budget 6/30/82	% Change
		OPERATING EXPENDITURES				
\$ 16,425	100%	Accounting	\$ 16,425	\$ 1,575	\$ 18,000	9.6%
170	9	Advertising/Legal Notices	2,000	-0-	2,000	-0-
5,119	171	Annual Report	3,000	1,000	4,000	33.3
12,952	93	Assignee Fees	14,000	(500)	13,500	(3.6)
9,029	95	Architectural	9,500	(9,500)	-0-	(100.0)
1,659	66	Commissioners Expense	2,500	1,000	3,500	40.0
7,231	80	Consulting Fees	9,000	(6,000)	3,000	(66.7)
19,681	98	Computer Expenses	20,000	13,000	33,000	65.0
5,003	83	Dues, Subscripts, Books	6,000	-0-	6,000	-0-
11,902	77	Insurance	15,500	5,400	20,900	34.8
1,610	64	Janitorial	2,500	200	2,700	8.0
6,264	63	Legal	10,000	-0-	10,000	-0-
1,713	86	Miscellaneous	2,000	-0-	2,000	-0-
8,698	87	Office Supplies	10,000	-0-	10,000	-0-
3,697	88	Postage	4,200	-0-	4,200	-0-
3,940	88	Photocopying	4,500	(900)	3,600	(20.0)
-0-	-0-	Printing	-0-	1,500	1,500	100.0
39,159	90	Rent	43,400	(11,400)	32,000	(26.3)
3,300	94	Utilities	3,500	1,150	4,650	32.3
2,395	96	Repairs and Maintenance	2,500	500	3,000	20.0
283,018	75	Salaries	377,500	25,500	403,000	6.8
16,780	68	Payroll Taxes	24,500	2,300	26,800	9.4
13,600	100	Pension Plan	13,650	5,850	19,500	42.3
2,701	90	Staff Training	3,000	-0-	3,000	-0-
16,924	85	Staff Travel	20,000	2,500	22,500	12.5
14,378	76	Telephone	19,000	2,000	21,000	10.5
40,204	67	Trustee Fees	60,000	2,700	62,700	4.5
1,616	73	Note Payments	2,200	-0-	2,200	-0-
16,230	93	Furniture and Fixtures	17,500	(10,000)	7,500	(57.1)
1,994	100	Moving Expense	2,000	(2,000)	-0-	(100.0)
567,392	78.8	SUBTOTAL	719,875	25,875	745,750	3.6
		OTHER EXPENDITURES				
-0-	-0-	VCHS Donation	-0-	7,500	7,500	100.0
<u>\$567,392</u>	<u>78.8%</u>	TOTAL	<u>\$719,875</u>	<u>\$33,375</u>	<u>\$753,250</u>	<u>4.6%</u>



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners

FROM: Allan S. Hunt, Executive Director *ASH*

DATE: May 12, 1981

SUBJECT: RONNE THIELEN'S PARTICIPATION IN THE VERMONT CHAPTER OF THE
NATIONAL ASSOCIATION OF WOMEN IN CONSTRUCTION

As you may or may not have known, Ronne Thielen has been actively involved in the Vermont Chapter of NAWIC for the past two years. For the past one and a half years she has served as Vice President and has just moved into the President's chair as the former president had to resign for health reasons. In all probability she will be nominated this month to serve as president for the following year so I thought you ought to be made aware of the organization and the amount of time and money involved in holding this office so you can determine whether or not VHFA is willing to support her.

NAWIC has been an active organization for 28 years. It presently has a membership of around 9,000 with about 270 chapters in 50 states and Canada. It has become generally accepted as a trade association in the construction industry as well as in the business world.

The Vermont Chapter has existed for two years and presently has a membership of 32. Through its committees, the Chapter offers public seminars, public educational programs, recognized home study courses for members leading to a degree similar to a Construction Management degree, legislative awareness and educational programs for members. To date the Chapter has presented public seminars on "Three Approaches to Construction", "Contract Bonding" and "Energy for the '80s" as well as two ten week courses on "Introduction to Construction", a formal textbook course developed by the National organization. Ronne has been directly involved in presenting each of the above.

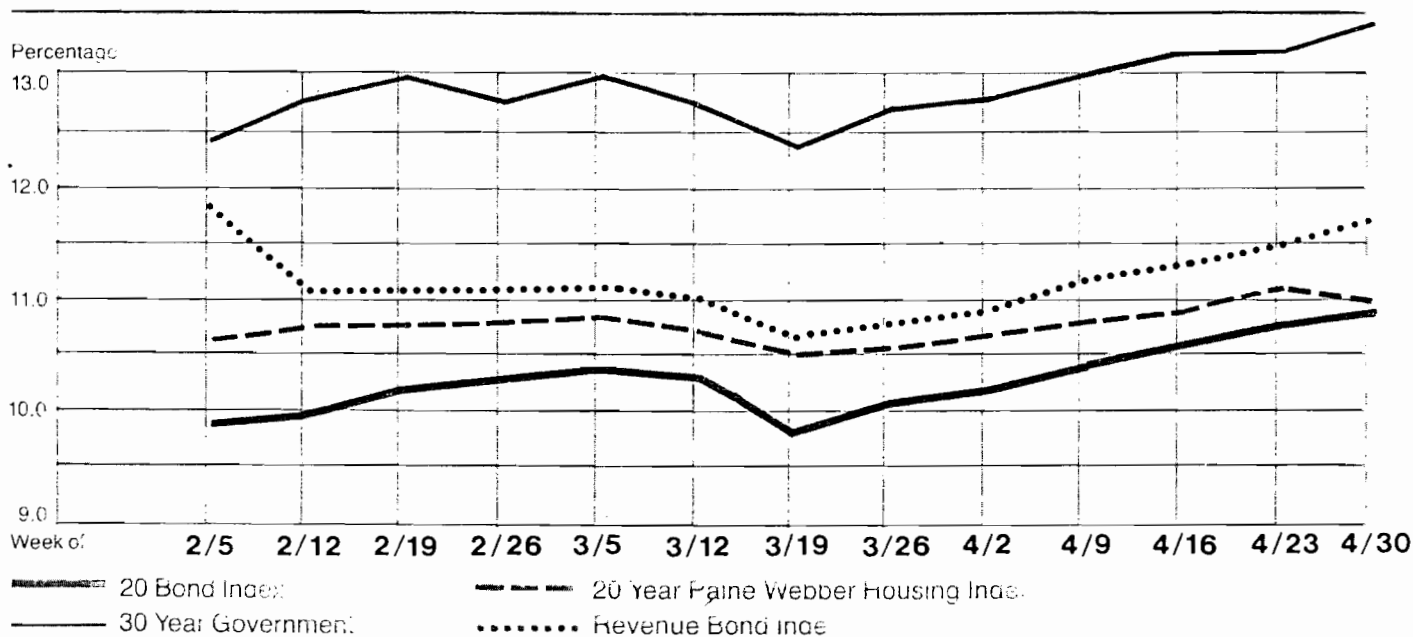
The best guess is that Ronne would have to spend a total of one working day per month to prepare for the monthly meeting, co-ordinate committee activities and do other business related to the office of president. In addition, she would be expected to attend a fall conference and a spring forum somewhere on the east coast for a total of 3 more days per year. She would also have to attend the National Convention generally held in the west. This year it is in Hawaii and you may have to make a separate determination about that particular issue. The president can be excused from going, if necessary. Five days would be required to attend a National Convention.

A major portion of expenses for the president to attend the required 3 annual meetings have traditionally been paid for by the Chapter so expenses would not be a major consideration. However, the National Convention expenses for this year were not budgeted so you would have to determine what, if any, the Agency would be willing to contribute toward those costs

The Chapter has gained some positive visibility over the last two years and Ronne's goal would be to produce even more seminars and education courses during the next year.

BLYTH EASTMAN PAINE WEBBER

INCORPORATED



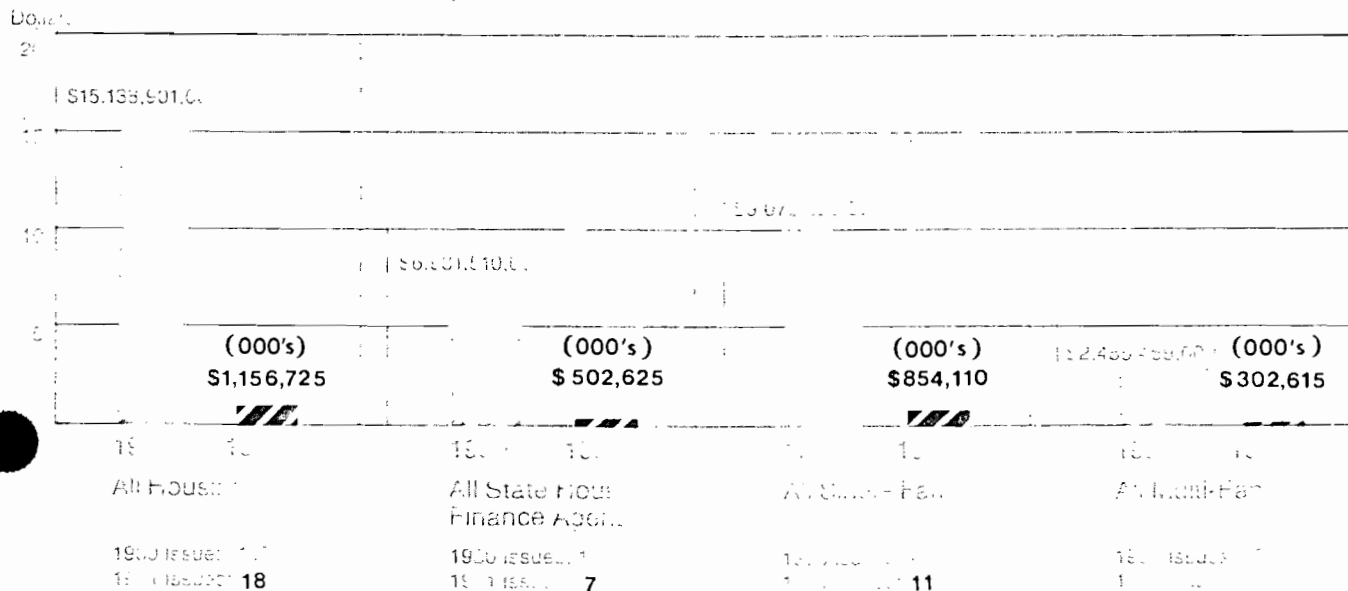
Paine Webber Housing Index (as of 5/1/81)

	10yr.	20yr.	40yr.
This Month	9.80	11.00	11.50
Last Month	9.59	10.70	11.34
1981 High	9.80	11.00	11.50
1981 Low	9.33	10.31	11.10

Bond Buyer Indices (as of 5/1/81)

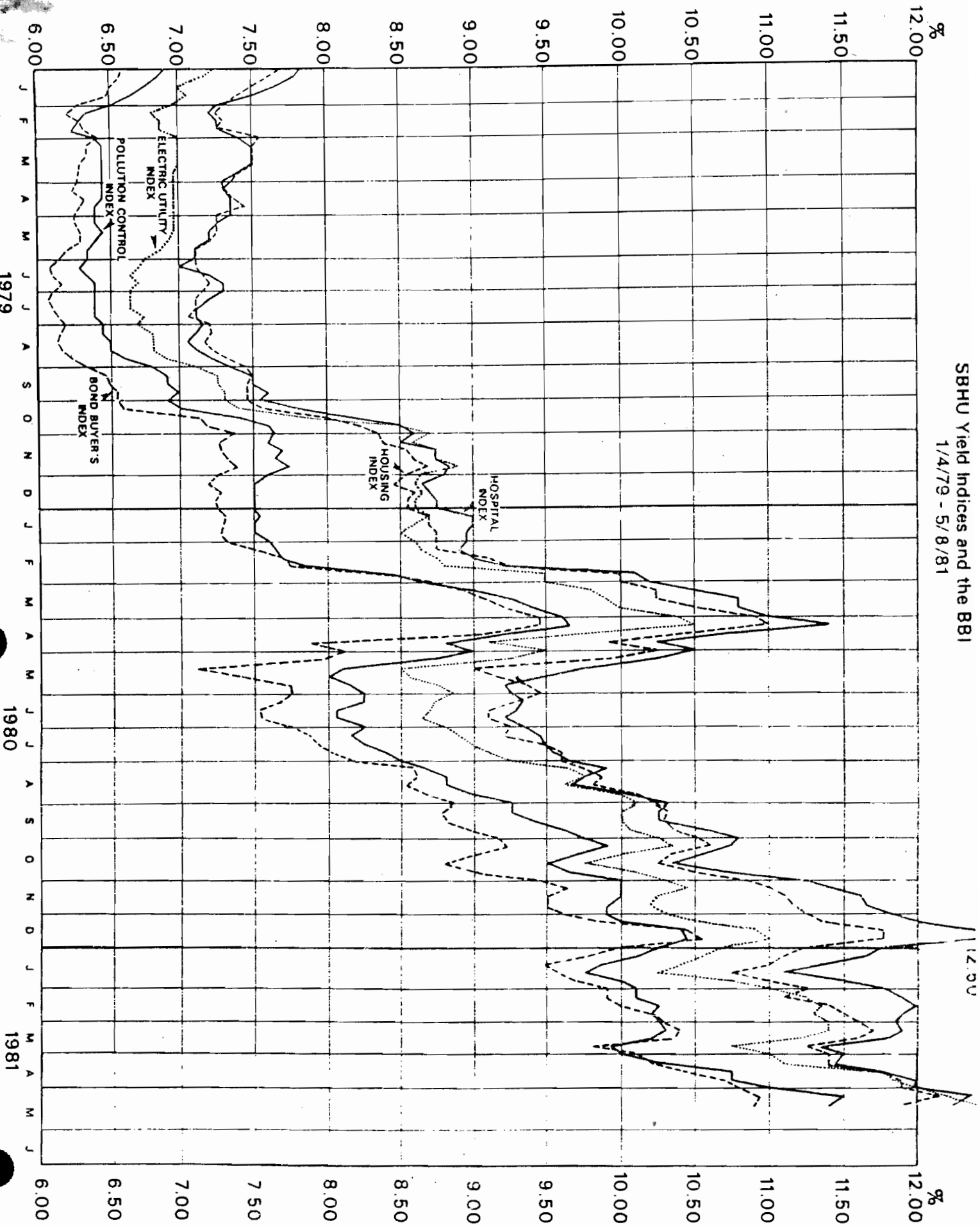
20 BOND INDEX			
This Month	10.94%	1981 High	10.94%
Last Month	10.21%	1981 Low	9.49%
REVENUE BOND INDEX			
This Month	11.71%	1981 High	11.71%
Last Month	10.92%	1981 Low	10.34%

Volume of Housing Bonds (as of 4/27/81)



SBHU Yield Indices and the BBI

1/4/79 - 5/8/81



Valley View Associates

cordially invites you to an

Open House

to celebrate the completion of

Valley View Apartments

at

*Walker Avenue
Vergennes, Vermont*

Friday, May 22, 1981

3:30 P.M.

*Regrets only
T.H.A., Inc.*

496-3121

PREPARED STATEMENT OF

JOHN RITCHIE, JR.

CHAIRMAN, COUNCIL OF STATE HOUSING AGENCIES'

Tax and Securities Committee

Before the

WAYS AND MEANS COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

March 31, 1981

Mr. Chairman, my name is John Ritchie, Jr. I am Executive Director of the Virginia Housing Development Authority and Chairman of the Council of State Housing Agencies' Tax and Securities Committee. The Council currently has 47 member State Housing Finance Agencies (HFAs) as well as 150 organizations affiliated with the Council, including builders, developers, investment bankers and others involved with state housing finance agencies. I am accompanied today by Thomas W. White, Executive Vice President of the Council of State Housing Agencies.

Before proceeding, a brief overview of our testimony is appropriate. We will be addressing President Reagan's tax proposals and their impact on the housing industry. We will relate these proposals to the Mortgage Subsidy Bond Act of 1980 which reduced the flow of capital to low and moderate income housing, and to the President's 1982 budget request which reduces the availability of subsidy funds for low income housing programs.

The Role of State Housing Finance Agencies

Briefly, let me comment on the role of state housing finance agencies. State housing finance agencies are created by state enabling legislation to assist in the financing of housing for persons and families of low and moderate income within their state. While the mix of loan programs varies from agency to agency, state agencies have provided both multi-family project financing and single-family mortgages. The agencies finance their programs by selling tax-exempt notes and bonds in the national capital markets, and lending bond proceeds to developers or to

low and moderate income families seeking mortgages. As a rule, state agencies are self-supporting, raising the money they need from fees and charges associated with the loans.

Although independent of the U.S. Department of Housing and Urban Development, state agencies have financed and administered federal subsidy programs since the days of the Section 236 program, and more recently have been responsible for producing about one-third of all Section 8 low income housing starts since that program began.

In addition to these basic multi-family and single family programs, state agencies have been especially innovative in tailoring programs to meet the unique housing needs within their states. They have developed sophisticated home improvement loan programs, and are working actively in the area of energy retrofitting financing.

Tax Structure and the Housing Industry

Housing production in this country is primarily driven by tax policy and only incidentally by the federal direct subsidy programs. The Treasury Department as quoted by The Bureau of National Affairs on March 16, 1981, estimates that housing related tax expenditures, on an outlay equivalent basis, will amount to \$35.325 billion in fiscal year 81, and \$44 billion fiscal year 82. Direct outlays for those years are \$7.43 billion and \$8.99 billion respectively.

The foremost tax incentive is the homeowner exemption for interest and taxes. Benefits from this flow primarily to middle and higher income families. Indeed the tax code provides almost all the support for homeowners, \$33.17 billion in tax expenditures to \$150 million in direct outlays in fiscal 81, and \$41.695 billion versus \$310 million in fiscal 82.

For rental housing, and rental housing primarily serves those of low and moderate income, direct outlays exceed tax expenditures. For fiscal year 81, Treasury estimates the government will spend \$7.280 billion on rental housing, compared with \$2.155 billion through the tax code. For fiscal year 82, the figures are estimated at \$8.68 billion and \$2.410 billion respectively.

Our purpose today is not to debate the homeowner exemption. We are here to stress the need for change in the tax code to encourage investment in low and moderate income housing. For years, the weakness in the rental housing market has reduced the production of multi-family housing as cash income has not been able to keep up with the constantly rising costs of operating a housing development. In effect, inflation outruns the ability of low and moderate income people to afford market rents. The same is true for homeownership housing for low and moderate income families.

Low and Moderate Income Housing Need

A tremendous need exists for the production of affordable housing for low and moderate income people. We have documented this in Attachment #1. To illustrate this need consider:

- o According to the U.S. General Accounting Office, the median income of renter households is nearly half that of owner households and nearly half of all renters are paying more than 25% of gross income to rent.
- o Rental housing production (starts) dropped from 541,000 new units in 1979 to 397,000 units for 1980 of which 50% of the 1980 units were government subsidized.
- o High rates of household formation among the baby boom cohort and a steadily growing elderly population will continue to create a large demand for additional housing units.

Low and Moderate Income Housing Capital Formation

Elements central to the production of low and moderate income housing which has been built over the past several years include: tax exempt financing to achieve lower interest rates for single family and multi-family housing; the syndication of the tax shelter benefits to achieve profit outside of regulated rents; and the funding of federally subsidized housing programs. We now see a three-fold attack on what little incentive has been available for producing housing for low income families.

Strike one: The Mortgage Subsidy Bond Act of 1980. Last year, Congress saw fit to limit the availability of tax exempt mortgage revenue bonds to a degree which we believe went far beyond reasonable controls. In fact, not a single bond issue has been able to come to market since the legislation became effective. The Council of State Housing Agencies supported legislation to curb abuses, but, we believe the legislation, adopted in the reconciliation process contains fatal and unintended flaws. To address these flaws, and to allow low and moderate income American families the same opportunity for tax advantages as taken by higher income families, we would recommend that the Ways and Means Committee adopt technical amendments to allow for the continuation of legitimate, public purpose homeownership and rental mortgage revenue bond programs. Without change, the lack of mortgage revenue bond financing will further exacerbate a yearly mortgage credit gap of nearly \$30 billion in constant dollars.¹

The legitimate public purpose served by these bonds have been demonstrated in the past. State agencies have used proceeds from such bonds to finance housing for lower income young families otherwise priced out of the market as well as for the elderly and the handicapped. Average incomes served were well below state wide median incomes. Many of the programs were also urban related and provided a needed impetus to the solution of urban problems. According to a 1979 survey the average sales price was \$33,642, the average purchaser's income was \$14,399 and the average mortgage amount was \$30,583 (10 percent down payment).

Strike two: The President's budget package. In the recommended budget, we see accelerated reductions in the Section 8 subsidy program, particularly for new construction and substantial rehabilitation. The new budget submitted by the President contains a 20% reduction in subsidies for 1981, and a 33% reduction in 1982. The Senate Budget Committee has increased the cut in 1982 to 41%. This is the largest cut in any program. Although we favor the President's goals of curbing inflation and lowering interest rates and are willing to take our industry's fair share of the national belt-tightening effort, the latest cuts unfairly single out housing. Thus we see yet another avenue of relief for housing low and moderate families being severely curtailed. See Attachment #2.

¹ Dwight Jaffee and Kenneth Rosen, Demand and Production in the Housing Industry 1979-1988 (National Association of Home Builders, Washington, D.C. 1979).

Strike three: The President's tax package. We agree with the broad economic objectives of the President's tax package as the goal of lower taxes and the ultimate hope of reduced interest costs is shared by all. However, the fact that housing is no longer a privileged competitor in the national credit market must be considered. Even if the overall economic program is successful, housing interest rates will not drop to the low levels which have been enjoyed for years and which have allowed most of our citizens to be the best housed in the world. Thus, even granting optimistic conclusions regarding interest rates, there will be additional families priced out of the housing market because of competition for capital.

We believe that care should be taken to insure housing is not overly penalized as we believe is now happening. The President's tax recommendations change depreciation schedules, and may severely impact on the rental housing industry by placing rental housing investment in a secondary position behind investment in commercial and retail real estate. We particularly emphasize the need for greater tax incentive for low and moderate income housing. There is enough trouble attracting equity capital to low income housing with its attendant risks.

For example:

- o According to a Joint Economic Committee report...sophisticated investors view the multi-family structure, except under unique circumstances and unique locations, as a relatively riskful non-inflation proof investment.

CSHA Recommendations

Although some of our members may disagree with the President's approach while others support it wholeheartedly, we all recognize the need for a reduction in inflation and the favorable impact that would have on interest rates and on the ability of people to own homes or to build apartments.

Overall, we believe that the combination of overly restrictive mortgage revenue bond legislation, the proposed reduction in the subsidized housing budget, and the secondary place for low and moderate income housing in the tax package, produces an unintended and unacceptable negative impact on housing for lower income persons. We believe this Committee can do something about the negative impact. Thus, we suggest that, at a minimum, the Committee immediately:

1. Amend last year's mortgage revenue bond act

- o to provide for technical amendments to enable bond issues to go forward
- o to redefine the 1% yield limitation so that issues can pay for themselves
- o to allow greater use for present homeowners who have not been so fortunate as to have had greatly appreciated properties. This could be done by definition or by a reduction in the 100% 3 year requirement
- o to allow greater use for rental housing. Last year's requirement that multi-family projects maintain 20% Section 8 or its equivalent for 20 years is a particular hardship with a reduced Section 8 program, and with more funds going to the 15 year moderate rehab Section 8 program. At a minimum, we suggest that state, local, federal projects designed for low and moderate income occupancy be eligible without the 20% requirement. There is presently a definition of low and moderate income projects in IRS Code 1250 which could be the basis for a definition for Mortgage Revenue Bonds.

These suggestions do not impact the budget but would ensure the workability of the Mortgage Revenue Bond Act. Any tax loss has been already considered as the program was assumed to be workable.

2. Amend the President's tax proposal

- o to achieve parity for residential rental housing with office and commercial rental space
- o to recognize the special need for tax advantages for low and moderate income rental housing
- o to provide for fifteen year depreciation for all residential housing, with provision for twelve year accelerated depreciation for low and moderate income housing
- o to allow for the rapid write-off of construction interest, and the continuation of favorable recapture rules, for low and moderate income housing

This can be done at no budgetary cost as economic benefits from construction will offset the tax loss.

We sincerely hope the Committee will consider as a package the various elements impacting on housing contained in the President's budget and tax proposals and that you will give serious consideration to our recommendations on low and moderate income housing.

Attachment 2

ATTRITION IN SECTION 8 PROGRAM

Since 1976 the Section 8 program has been reduced from 516,721 units to 175,000. The following table illustrates the attrition of publicly assisted housing units over the past 5 years.

<u>Year</u>	<u>Section 8 Units Reserved</u>
1976	516,721
1977	388,413
1978	326,026
1979	325,075
1980	205,892
*1981	210,000
*1982	175,000

*Estimated

ADMINISTRATION'S TAX PROPOSAL AND IMPACT ON HOUSING INDUSTRY

The Administration is proposing an 18 year straight line depreciation schedule for residential rental property other than low income and a fifteen year straight line rate for low income housing and all other real estate (other than owner occupied property). All other real estate includes hotels, shopping centers and office buildings.

Although the residential schedule may be somewhat more favorable than present law, this program will have a negative impact for low income housing because it establishes depreciation schedules favoring non-residential structures over rental housing structures. Funds therefore will shift away from housing for the poor and elderly. Further exacerbating this situation is the fact that Section 189 which allows low and moderate income housing favorable treatment on construction interest, expires in 1981.

The program provides many disincentives for investing in housing, namely:

- investors will continue to look for investments which produce significant cash flow and under this proposal they will invest primarily in office buildings, hotels and shopping malls.
- Low income housing is restricted as to the rate of cash return to investors and Section 8 housing is prohibited from resale for at least 20 years. There are no such restrictions on hotels, shopping malls or office buildings.
- Low income housing is a riskier investment due to both the amount of government red tape and regulation and the potential for rent control.

- According to a Joint Economic Committee report, sophisticated investors view the multi-family structure as a relatively risky non-inflation proof investment.
- According to the National Association of Realtors evaluation of the President's proposal, "a building made out of the same materials and having the same economic life could be at least fifteen percent less costly for the commercial and industrial user than for individuals providing rental housing." This means an opportunity for greater profit.
- The NAR further states, "the President's program during the next four years would likely cause 125,000 fewer homes to be built."
- By inadequately stimulating housing, the proposal will cause higher housing prices and stimulate inflation
- Should tax shelter value decrease in relation to other investments, developers would earn little or no profit, eliminating the incentive to produce low and moderate income housing.

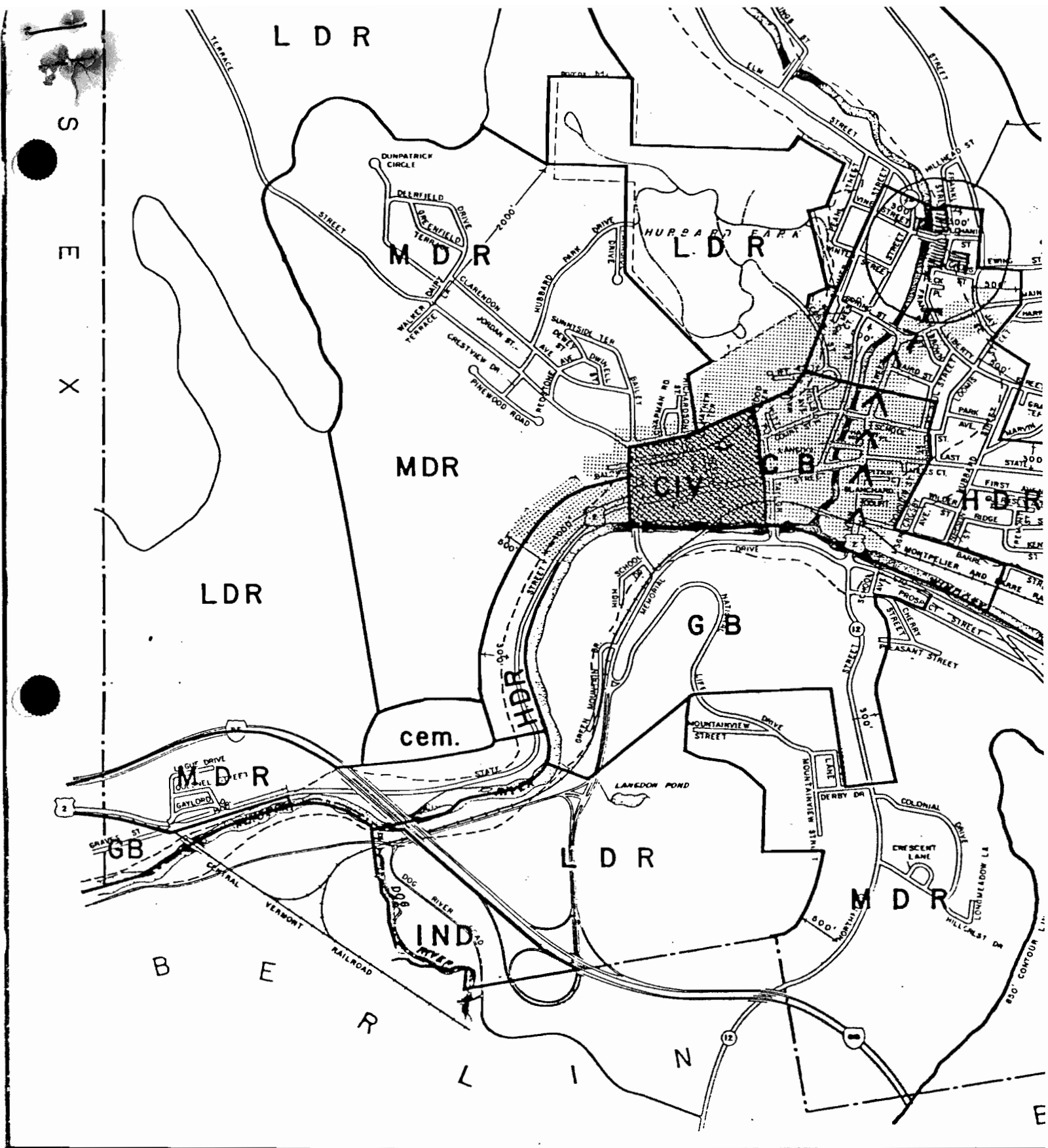
We recommend amending the Proposal to:

1. Establish a fifteen year depreciation schedule for all residential real estate other than low income.
2. Establish a twelve year accelerated depreciation schedule for low and moderate income housing.
3. To allow for the rapid write-off of construction interest, and the continuation of favorable recapture rules, for low and moderate income housing.

4. Extend indefinitely the provision of the Internal Revenue Code (Section 167 (k)) which provides for sixty-month amortization of expenditures to rehabilitate low and moderate income housing which is scheduled to expire on December 31, 1983. In addition, inflation must be taken into account. The minimum and maximum amounts allowed per dwelling unit should be increased from \$3,000 to \$5,000 and \$20,000 to \$30,000, respectively.
5. Amend Section 195 (d) to ensure that the beginning of business in connection with real estate construction or rehab occurs on the date which construction actually begins rather than when occupancy occurs. This position has, in fact, been upheld in court.
6. Amend Section 57(a) to equalize the tax preference arising under Section 167 (k) and Section 191 for new construction. This revision would serve to eliminate one of the Code's present biases against rehabilitation and historic preservation.

Most of these provisions have been incorporated into companion bills introduced recently in the House by Congressman Patterson and Blanchard (HR 2053) and in the Senate by Senator Williams and Cranston (S. 444). We support the legislation for providing the necessary construction and rehab incentives for real estate. We hope the Committee will carefully consider and support this legislation.

7. Amend the Crude Oil Windfall Profits Tax Act of 1980 to remove the prohibition against a property owner benefiting from both a tax exempt loan and an energy tax credit. Tax exempt loan programs make it possible for low and moderate income families to borrow at reasonable rates, and there has been no demonstrated abuse from the "double dip" of the loan and the credit.

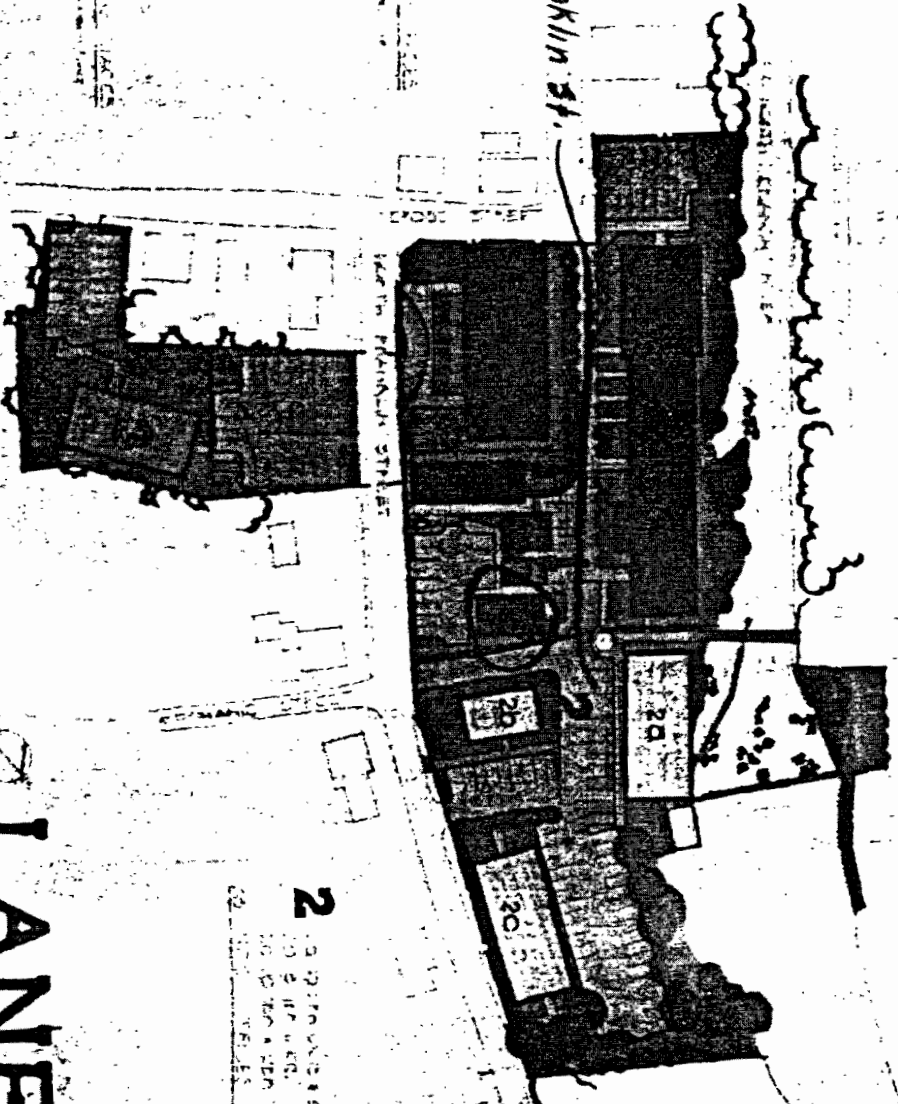


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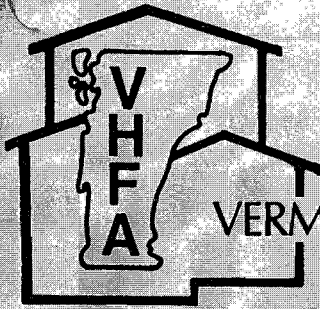
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LANE SHOPS

SITE PLAN

LANE SHOPS ASSOCIATES, OWNER
1000 FIELD, PAPERSON, ARCHITECT



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA
VERMONT HOUSING FINANCE AGENCY OFFICE
BURLINGTON, VERMONT

June 18, 1981--1:30 p.m.

1. Adoption of Agenda
2. Approval of Minutes of May 21, 1981
3. Discussion of approval of proposed budget for 1982 (handed out at the last meeting)
4. Discussion of Agency response to Auditor's Management Letter (passed out at last Board Meeting).
5. Multifamily:
 - a. Rockingham Contract Administration
 - b. Report on multifamily permanent financing alternatives
 - c. West Burke Proposal
 - d. St. Johnsbury Proposal
 - e. Letters of Intent:
 1. Westminster
 2. Swanton
 - f. Financing Resolutions:
 1. Alburg Elderly
 2. Swanton Family
 3. Fairfax Elderly
 - g. St. Johnsbury/Danville Foreclosure
 - h. Allocation of remaining 1979 multifamily bond money.
6. Single Family:
 - a. Energy Loan Program Discussion
7. Other old or new business.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
THE LANE SHOPS, FRANKLIN STREET, MONTPELIER
Thursday, May 21, 1981, 9:00 a.m.

PRESENT: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Hebard, Gardner, Chaffee; Mr. Hunt, Mr. Dickson, Mr. Bean, Ms. Bock, Mr. Frazier, Mr. Brisson, VHFA; Mr. Gurley, Goldman-Sachs; Mr. Zeiss, E.F. Hutton.

The meeting was called to order by Chairman Ledbetter at 9:00 a.m. A motion was made and seconded to adopt the agenda with certain additions and deletions proposed by Executive Director Hunt. The motion carried.

The minutes of the meeting of April 17, 1981 were approved as submitted.

Mr. Niles Jensen of the Abenaki Self-Help Association, Inc. of Swanton, addressed the Board and described the history and structure of the Association. He presented a proposal for 12 units of housing on Bushey Street in Swanton. The proposed mortgage would be \$577,826 and the proposed initial annual rents, including utility allowances, would be \$94,151. However, this request assumed that VHFA, recognizing the applicant's non-profit status, would waive 1 percent of the 1.5 percent commitment fee. Chairman Ledbetter reported that Vermont State Housing Authority had waived its fee at a meeting yesterday. A motion was made and seconded to waive the 1 percent, and the motion carried. A motion was then made to give preliminary approval and forward the proposal to VSHA for submission to HUD. This includes VHFA construction financing but does not imply approval of all details. The motion passed.

Mr. Dickson recommended authorization of a Memorandum of Understanding with Vermont State Housing Authority regarding the Rockingham development. The memorandum would permit VHFA to administer the Section 8 contract and receive an administrative fee from HUD, thereby charging a lower interest rate by including no spread. Chairman Ledbetter requested that the issue be tabled pending further clarification of the respective roles of VHFA and VSHA. It was so moved, seconded, and voted.

Mr. Dickson presented a draft and recommended authorization of a Section 8 Contract Administration Fee Agreement with VSHA, as discussed at

the meeting of January 22nd. This would permit sharing of the HUD administrative fee for all future developments financed by VHFA and administered by VSHA. A motion was made and seconded to authorize execution of the agreement. The motion carried.

Mr. Hunt and Mr. Gurley led a discussion of the current bond market and preparations for the upcoming \$20 million multifamily bond issue, as authorized at the January Board Meeting. They reported on several alternative financing mechanisms being considered. Mr. Hunt estimated that approved developments now in the pipeline (Poultney, Alburg, Jericho, Fairfax, and Waitsfield) will probably exhaust the balance of the \$8 million Note Financing Agreement in about 30 days. A motion was made to proceed with final preparations for the bond issue and to schedule a special Board Meeting in two weeks to consider the alternatives and take appropriate action. The motion carried.

Mr. Dickson proposed adoption of a modified financing resolution for the Island Pond elderly development. The resolution provides for obtaining and disbursing interim funds in the event funds are not available for a permanent loan. Interest rates on both interim and permanent funds will be variable according to VHFA's borrowing rate. A motion was made and seconded to approve the attached resolution. The motion carried.

Mr. Dickson proposed adoption of the attached construction financing resolution for the Waitsfield development. He pointed out that the problem of pedestrian access to shopping has not yet been resolved. A motion was made to adopt the construction financing resolution but to delay issuance of a commitment letter until the pedestrian access question is settled, and to emphasize in the commitment letter that funds for permanent financing are not yet available and the interest rate on the permanent loan cannot be predicted. The motion was seconded and adopted.

Mr. Hunt reported that the Pizzagalli proposal for 63 units at 243 South Champlain Street in Burlington has been modified to meet the concerns expressed at the previous meeting, and recommended authorization to issue a letter of intent for \$2,831,881. A motion was made and seconded to authorize the letter of intent. The motion carried. The Commissioners again directed the staff to make clear the uncertainty of funds for permanent financing.

A motion was made and seconded to establish an appraisal policy for large developments, as follows:

- (a) If proposed land value is \$100,000 or more (including existing improvements), two independent appraisals should be obtained;
- (b) If proposed construction cost is \$1 million or more, two independent cost estimates should be obtained unless at least three bona fide bids are received, in which case one independent cost estimate should be obtained.

The motion carried.

Mr. Hunt recommended a mortgage increase for the West Rutland elderly development amounting to \$11,197. This would bring the total loan to \$395,436. A motion was made and seconded to approve the increase. The motion carried.

Mr. Bean presented a revised proposal for nine elderly and six family units in the Village of West Burke. The proposed mortgage loan is \$570,740 and the initial gross rents would be \$99,900. After a brief discussion, the proposal was tabled.

Mr. Hunt recommended approval of the issuance of a letter of intent to finance 14 units of family housing in St. Johnsbury as proposed by James Impey and NCIC. A motion was made and seconded to authorize the letter of intent. The motion carried. Again the Board directed that the contingencies surrounding the rate and availability of permanent financing be emphasized to the developers.

Mr. Dickson reported that the construction loan for the Danville/St. Johnsbury development is still in default and that the contractor has been awarded an attachment against the property for \$55,450. He requested authority to hire outside counsel to prepare for foreclosure and suggested that if the developer has not proposed any other solution before the next regularly scheduled Board Meeting, he will ask for authorization to file for foreclosure at that time. It was so moved and seconded. The motion passed.

Mr. Hunt reported that not all of the funds set aside for single-family loans to transferred State Police troopers have been used yet. He transmitted a request to waive VHFA income limits in the case of a sergeant being transferred to headquarters. The Commissioners declined the request. Mr. Hunt also transmitted a request from the Fish and Game Department to set aside funds for its employees. The Commissioners declined to act on this request due in part to a shortage of funds.

Mr. Frazier reported a sharp decrease in the number of mortgage payoffs in the single family program. These prepayments were anticipated in setting the maturity schedules on bonds, but they may not reach the level required for debt service. He recommended the following: (a) the Agency should make no more commitments of prepayment funds for group homes, special set-asides, or heat conservation loan programs; and (b) unexpended proceeds of the 1980 bond issue should be used to retire bonds. With these provisions, he felt that the Agency could make its next principal payments in January, 1982. In future years, if prepayments do not accelerate, it might be necessary to use excess reserve funds in the Bond Reserve Fund or to draw down some of the Agency's fund balances. The Commissioners took the matter under advisement.

Mr. Hunt, Mr. Brisson and Mr. Gurley led a discussion of the possibility of doing another single family bond issue under the Mortgage Subsidy Bond Tax Act of 1980. It was decided to defer any decision until the Department of the Treasury issues its draft regulations pursuant to the MSBTA.

Mr. Hunt led a conceptual discussion relating to the Agency developing an energy related home improvement loan program through the issuance of tax exempt bonds. After a general discussion, the Board directed the staff to formulate an outline for the program along with details relating to its implementation.

Mr. Frazier presented nine-month financial statements and discussed their contents. He also presented a proposed operating budget for fiscal year 1982 and a response to the auditor's management comment letter. He asked the Commissioners to examine both documents for discussion at the next meeting.

Commissioner Gardner asked the staff to prepare a memorandum discussing a five-year projection of Agency activities.

Mr. Hunt informed the Board that Ronne Thielen has been nominated to serve as president of the Vermont Chapter of the National Association of Women in Construction. The Commissioners offered their congratulations and authorized her participation during normal working hours, including attendance at the National Convention. However, they declined to underwrite her travel expenses to the convention.

Mr. Hunt pointed out that a General Fund Resolution, adopted in 1974, had been recently discovered in the files and appears to be obsolete. He recommended adoption of an amending resolution, which is attached. A motion was made and seconded to adopt the proposed resolution. The motion carried.

The meeting adjourned at 1:06 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary

Attachments:

Island Pond Resolution
Waitsfield Resolution
General Fund Resolution

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Saxtons River Family Housing, housing in Saxtons River, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Saxtons River, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Abenaki Family Housing, housing in Swanton, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Swanton, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

*Approved per minutes
of May 21, 1981*

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Vaisflan housing in Brighton, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Brighton, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, and all other relevant documents to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development substantially in accordance with the Commitment Letter. In the event that funds for permanent financing are not available the Chairman or Executive Director is further authorized to obtain and disburse funds for interim financing".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Waitsfield Housing, housing in Waitsfield, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Waitsfield, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

RESOLVED, subject to general fund reserve requirements heretofore established by resolutions of the Agency, the general fund of the Agency shall be maintained and managed as follows:

1. General fund monies shall be deposited in such banking institutions as the Executive Director or W. Scott Frazier, controller may from time to time determine.
2. General fund monies not required for immediate use, including general fund reserves, may be invested in such manner as the Executive Director or the controller, may from time to time determine, provided only that any such investment would be a permitted investment for funds belonging to the state or held in the state treasury.
3. The Executive Director or the controller is hereby authorized to execute such documents and take such other actions on behalf of the Agency as may be necessary or desirable to facilitate the deposit and investment of general fund monies.
4. This resolution amends a resolution of the Agency entitled "Resolution of the Vermont Housing Finance Agency creating and establishing a general fund" dated September 26, 1974, and supersedes such terms of that resolution as may be inconsistent herewith.
5. All prior actions of the Executive Director or the controller with respect to the deposit or investment of general fund monies, to the extent consistent herewith, are hereby ratified and affirmed.
6. All general operating expenses of the Agency shall be payable from the general fund, and all receipts not required to be deposited in special accounts pursuant to resolutions of the Agency shall be credited to the general fund.

DELEGATION OF AUTHORITY

I, ALLAN S. HUNT, Executive Director, hereby delegate to THOMAS P. BRISSON, my authority to execute all documents and to do all other acts necessary, or desirable to effect participation by Vermont Housing Finance Agency in a mortgage loan by Granite Savings Bank and Trust Company to Ralph B. Lash and Betty B. Lash for financing of an intermediate care facility for the mentally retarded in Randolph, Vermont, all pursuant to a certain Three Party Agreement among the Lashes, the Bank, and the Agency dated October 15, 1980. Included herewith, without limitation is the authority to execute the Participation Agreement and the VHFA Regulatory Agreement, to deliver payment for the Agency's participation in the amount of \$98,600, to waive the requirement of a replacement mortgage and to accept in its stead an amendment to the existing mortgage held by the Bank.

Allan S. Hunt
Allan S. Hunt, Executive Director

5/18/81
Date



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

May 15, 1981

EXECUTIVE SUMMARY West Burke Housing

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Recommendation does not imply approval of all aspects of the project.

PROJECT: Six units of family housing and nine units of elderly housing to be located in the Town of West Burke. All the family units and four of the elderly units will be new construction. At its August 1980 meeting, the Board approved the financing of this project with a mortgage of \$550,660. Since that time the developer has changed architects and gone from a continental home package to a stick built design. The added cost of \$20,080 is a reflection of these changes and inflation of material costs since original approval.

DEVELOPMENT TEAM:

Sponsor: Burkeland Enterprises, a limited partnership with Mr. Douglas Henderson as the general partner. Mr. Henderson is a local contractor and owns and operates the K & G Market. Although he has no previous experience in the Section 8 program, he has owned and managed a five unit apartment building for the past three years.

Marketing/Management Agent: Mr. Douglas S. Henderson.

General Contractor: To be selected.

Architect: Wiemann-Lamphere, Burlington. This firm has considerable Section 8 experience. They were the architects on projects completed in South Burlington, Essex Junction, and Milton.

Sponsor's Attorney: Mr. Montgomery Moore, Island Pond.

LOCATION: The project will be located on 11½ acres in the Village of West Burke. It is conveniently located to those services and community facilities which exist in West Burke; across the street from the post office, next door to the church, 1/4 mile from three grocery stores, 1/2 mile to the elementary school and 1/8 mile to the recreation area. There is a Northeast Transit bus stop within 1/4 mile of the site. Most other services and jobs are located in Lyndonville which is 7 miles to the south.

Executive Summary--West Burke

Page 2

DESCRIPTION: The developer plans to rehabilitate an existing five unit apartment building to contain five 1 bedroom elderly housing units plus community space. The new construction will consist of:

- Four 1BR units for the elderly
- One 2BR handicapped unit for a family
- Four 3BR units for families
- One 4BR unit for a family

COMPOSITION AND RENTS:

Nine 1BR walkup units for the elderly at	\$476.00
One 2BR row for a family at	\$616.00
Four 3BR row units for families at	\$666.00
One 4BR row for a family at	\$761.00

These rents are at 100% of FMR for the elderly units and 110% for the family units. The project is calculated on the basis of permanent financing at 10.5%.

	West Burke Eld./Family	North Troy Eld./Family	Plainfield Eld./Family	Waitsfield Eld./Family
Development Cost/Unit	\$ 38,921.00	\$ 35,755.00	\$ 31,230.00	\$ 35,841.00
Development Cost/Sq. Ft.	45.48	36.65	35.71	38.88
Sitework/Unit	3,000.00	Not Indicated	1,538.00	3,583.00
Construction Cost/Unit	28,000.00	28,643.00	23,477.00	27,242.00
Square Footage/Unit:				
One Bedroom Elderly	546/872/625/ 665/608	600/620	400 (eff.)/ 564/551	704/857 (2BR)
Two Bedroom Family	819	730	923/919	980
Three Bedroom Family	1134	1065	1121	1163
Four Bedroom Family	1404	1383	--	1392
Land Cost	54,780.00	36,750.00	45,000.00	48,000.00
Mortgage/Unit	38,049.00	35,105.00	29,250.00	39,054.00
Number of Units	15	14	13	24
Total Mortgage Request	570,740.00	468,536.00	401,000.00	805,134.00
Term of Mortgage	30 years	30 years	30 years	30 years
Taxes/Unit	400.00	321.00	401.00	400.00
Rent/Unit	476/616/666/ 716	393/402/440/ 500/575	357/413/462/ 526	405/445/ 510/465
Mortgage Interest Rate	10.5%	7.5%	9.5%	8.5%
Operating Expenses/Unit/Year	1,497.00	1,740.00	1,334.00	1,318.00

I spoke with Mr. Rod Griffin of the Northern Vermont Development Association regarding the market needs for family housing in West Burke. Rod said that there is no HAP plan for the town. He said no private construction of apartments had been undertaken in many years. Local residents often double up with other families due to unavailability of apartments. Rod said West Burke could definitely use subsidized family and elderly housing. In recent years the housing shortage has gotten more critical in winter when skiers at Burke Mountain rent local apartments at very high rents during the ski season rather than stay in motels.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

June 12, 1981

EXECUTIVE SUMMARY ST. JOHNSBURY ELDERLY HOUSING

RECOMMENDATION: Approve forwarding proposal to Vermont State Housing Authority for submission to HUD. Recommendation does not imply approval of all aspects of the project.

PROJECT: Fourteen units of elderly housing to be created out of three existing buildings located on the east side of North Avenue in St. Johnsbury.

DEVELOPMENT TEAM:

Sponsor: Canterbury Housing Company, a limited partnership with Mr. James Impey and North Star Housing Corporation as the general partners. Although Mr. Impey has no previous Section 8 experience, he has been actively involved in real estate construction and development for over ten years. North Star Housing Corporation is a wholly-own subsidiary of Northern Community Investment Corporation, which as a private non-profit corporation has been actively involved in the development of over 200 Section 8 dwelling units in Vermont and New Hampshire.

Architect: Mr. David Luce of Waterbury Center, Vermont. Mr. Luce has designed elderly housing projects in Morrisville, Swanton, Waterbury and Plainfield.

Marketing/Management Agent: Mr. James Impey.

Sponsors Attorneys: Mr. Robert Gensburg of St. Johnsbury and Mr. Michael Mastronardi of Yarmouth, Maine.

LOCATION: A site of approximately 3/4 acre located on the east side of North Avenue in St. Johnsbury, Vermont. The site currently has three buildings housing nine families. The buildings are in poor condition. The site is within minutes of downtown and should prove to be an excellent location for elderly tenants. The town is actively involved in upgrading this area of the town through various acquisition and demolition projects.

Executive Summary--St. Johnsbury

Page 2

DESCRIPTION: The developer intends to construct the following:

13 1BR units containing between 520 square feet and 591 square feet.

1 2BR unit containing 687 square feet.

COMPOSITION AND RENTS:

13 1BR units at \$502, including utilities.

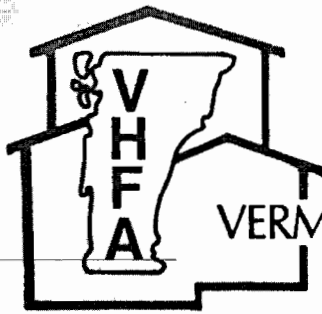
1 2BR unit at \$552, including utilities.

These rents are at 105.4% of the Fair Market Rent and are calculated with a permanent financing rate of 10.5%.

COMPARISON:

	<u>St. Johnsbury</u>	<u>Darling Inn</u>	<u>Brandon</u>
Development Cost/Unit	\$ 36,236.00	\$ 36,740.00	\$ 28,382.00
Development Cost/Sq. Ft.	60.63	48.08	54.65
Sitework/Unit	1,551.00	1,585.00	708.00
Construction Cost/Unit	26,485.00	25,277.00	21,105.00
Construction Cost/Sq. Ft.	41.72	31.00	41.97
Square Footage/Unit:		Eff: 362	Eff: 430
1 Bedroom	520-591	444 to 576	500-600
2 Bedroom	687	689	620
Number of Units	14	27	19
Total Mortgage Request	495,952.00	873,100.00	539,262.00
Term of Mortgage	30 years	30 years	30 years
Rent/Unit:		Eff: \$373	Eff: \$317
1 Bedroom	\$502	\$422	\$348
2 Bedroom	\$552	\$519	\$425
Mortgage Interest Rate	10.5%	9.5%	8.25%
Operating Expense/Unit/Year	1,499.00	1,285.00	1,216.00

MARKET ANALYSIS: St. Johnsbury does have a HAP Plan. According to Mr. Rod Griffin of NVDA, this project is "essential" to the fulfillment of the goals established in the towns HAP Plan. It is estimated that over 200 elderly low and moderate income households in St. Johnsbury either occupy substandard housing or devote an excessive amount of their income to housing costs.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA COMMISSIONERS
FROM: ALLAN S. HUNT
RE: APPROVAL OF LETTERS OF INTENT
DATE: June 12, 1981

SWANTON: At the May 21st Board Meeting, the commissioners approved the Abenaki Self-Help Association's proposal for 12 units of new construction in Swanton. The Vermont State Housing Authority has subsequently approved this project. I anticipate that all requirements for a Letter of Intent will have been met by the Board Meeting and if so, recommend that the Letter of Intent be authorized.

WESTMINSTER: The Westminster proposal, which calls for the rehabilitation of 9 units of family housing, was approved at the May 21st Board Meeting. The Vermont State Housing Authority will review the proposal on June 17th.

Due to a change in the management of the construction company that estimated this job, the construction estimate that was submitted for initial board approval has been increased. This increase was beyond the control of the developer of this project and will probably require an increase in the mortgage amount. The developers are obtaining estimates from additional contractors. We have reworked the budget, at 110% of Fair Market Rents, and determined that a construction budget would be feasible.

I recommend that the Board authorize an increase in the total mortgage amount from \$386,591 to \$405,555 and approve the issuance of a Letter of Intent contingent upon the developer finding a contractor to do the job for \$326,365. The original contractor's, Moose Creek Restoration of Burlington, new quote is substantially above this figure and local contractors are being asked to submit bids.

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Pine Manor Housing, housing in Alburg, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Alburg, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Abenaki Family Housing, housing in Swanton, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Swanton, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Mountain View Elderly Housing, housing in Fairfax, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Fairfax, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

DRAFT
OUTLINE FOR
ENERGY CONSERVATION LOAN GUARANTEE PROGRAM

I. Qualifying Property

Existing 1 through 4 family owner occupied primary residential property.

II. Maximum Loan Amount

Maximum loan amount limit under the program is \$7,500.

III. Loan Type and Term

Loans made under the program will be unsecured installment loans. Therefore, strict credit underwriting by lenders is of prime importance. Careful attention must be given to the borrower's existing and proposed debt structure, credit rating, credit use and patterns, and capacity to repay. Not more than \$5,000 may be advanced to a borrower for which documentary evidence is not available indicating work in place.

IV. Eligible Loans

In order for a loan to be eligible for guarantee under the program, at least sixty percent of the loan proceeds must be used for dwelling improvements that are directly related to energy conservation, and all of which must be used for improvements to the dwelling property and the reasonable expense of obtaining the loan, including payment of the guarantee fee.

V. Loan Underwriting

Determination of monthly debt payment. As a guideline, the total monthly debt payment should not exceed (38%) thirty-eight percent of borrower's stable monthly income. However, if the proposed property improvements to be made with the proceeds of the loan are shown to be clearly cost effective with a short term payback, then the Board will strongly consider a higher debt to income ratio. The following items must be included in calculating total monthly debt:

1. Principal and interest on the Energy Conservation Loan.
2. Principal and interest on all loans secured by a mortgage on the subject property.
3. Hazard insurance premium.
4. Real estate taxes.
5. All installment debt(s) with more than six remaining payments.
6. Mortgage insurance premiums.
7. Leasehold payments.
8. Homeowners Association dues or condominium maintenance fee (excluding unit utility charges), and
9. Alimony, child support or maintenance payments.

VI. Required Documents

The following documents are required for application submission to VHMGB:

1. A completed energy loan application--see attached.
2. Employment and Income Verification:

Generally, the Board will require written evidence of the borrower's stable income in the form of, a written income verification from the employer, the borrower's W-2 form for the most recent tax year, or a copy of the borrower's most recent federal tax return for borrowers who are self employed or earn commission income. For loans of less than \$3,000.00, lenders may verbally verify with the employer, borrower's employment and income.

3. Credit report--Minimum of three credit sources one of which must be the mortgagee of the property which is the subject of the Energy Conservation Loan.

Generally, the Board will require a written credit report prepared by an independent credit reporting agency for loans of \$3,000 or more. For loans of less than \$3,000, lenders may personally check the credit of the borrower and provide the Board with a "Lenders Certification"--see attached.

4. Written Energy Audit Report.

VII. Verification of Work Completed

Lenders should have evidence of all work done with the proceeds of all energy conversation loans guaranteed by the Board.

For loans between \$2,500 and \$5,000, lenders must have evidence in their loan files in the form of paid bills or other documentary evidence that the proceeds of the loan were in fact used to make the improvements proposed in the loan application.

For loans in excess of \$5,000, lenders must inspect the property and have a Satisfactory Completion Certificate on file.

Verification of all work completed, as required above, must be made not later than six months from the date that the first proceeds of the loan are advanced to the borrower.

VIII. Guarantee Fee

The fee for the Board's loan guarantee which provides coverage of 90 percent of the outstanding principal due on the loan will be 2.0 percent of the original loan amount for loans with terms of three years or less and 3.0 percent for loans with terms of more than three years.

IX. Notice of Default

Within 10 days after the borrower is three (3) months in default, notice thereof shall be given to the Board by the insured. Monthly reports thereafter shall be given to the Board until the default is brought up to date or claim for loss is filed. A claim for loss may be filed at any time after the note is four (4) months in

default but in no event later than six (6) months after the first incurred default unless an extension of the claim period is granted by the Board. In the event and at the time of a claim, the insured's interest in the defaulted note shall be assigned to the Board.

X. Required Actions by Lenders

It is imperative that lenders aggressively pursue all delinquent accounts and take appropriate actions to bring them current.

Actions should include mailing a written notice of default to borrower and requesting payment, determining either by phone or by personal interview the specific reasons for the delinquency, counseling the borrower concerning the effect the delinquency will have on his credit rating and establishing a specific plan to correct the delinquency.

If the delinquency persists beyond 90 days, a written payment arrangement must be entered into by the borrower. At a minimum, the arrangement must require the borrower to make monthly payments beginning on the 120th day of delinquency in an amount sufficient to bring the account current within six months. Payment arrangements with more strict terms are encouraged but not required. If the borrower is unwilling to enter into such an arrangement, or after entering into the arrangement, the borrower fails to make payments as required and the lender has determined that the account is uncollectable, then a claim for loss may be filed with the Board without further collection action by the lender.

XI. Payments of Loss

The sum due to the insured on account of a loss shall be payable within 30 days after filing a claim for such loss on a form to be furnished by the Board.

XII. Limit of Loss

After all steps required in Section X above have been taken, the Board shall be obligated to pay claims equal to 90 percent of the outstanding principal due on loans plus uncollected earned interest to the date of filing by the lender of a bonifide claim for loss. Should the lender pursue collections of the delinquency beyond the steps indicated in Section X, in addition to the items of the loss indicated above, the Board will pay:

1. Uncollected court costs (including fees paid for issuing, serving, and filing sommons); plus
2. Third party collection fees actually paid (reduced by any amount collected), not exceeding:
 - a. 25 percent of the amount collected by an attorney or other third party on the defaulted note provided the insured does not waive its claim against the borrower for such fees; plus
 - b. \$25.00 or 15 percent of the balance due on the note, whichever is lesser, if a judgment is secured by suit, or \$10.00 or 15 percent of the balance due on the note, whichever is the lesser, if a judgment is secured by confession after default; plus
 - c. \$50.00 plus 5 percent of the balance due on the note as an additional fee where the action is contested and judgment is obtained.

XIII. Issuance and Effective Date of Guarantee

The Board's guarantee will be issued after submission of the application documents required by the Board including the appropriate guarantee fee and upon determination by the Board that the loan is eligible for a guarantee.

NOTE: The guarantee of the Board will be made subject to a Master Contract between the Board and the lender.

Exhibit 10

HOME IMPROVEMENT AND ENERGY LOAN APPLICATION

TYPE LOAN APPLIED FOR	<input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Secured <input type="checkbox"/> Unsecured	Amount \$	Interest rate <input type="checkbox"/> Simple Int. <input type="checkbox"/> Add-on %	No. of mos.	Monthly payment Principal & Interest	Property type <input type="checkbox"/> Single Family Dwelling <input type="checkbox"/> Condo <input type="checkbox"/> 2-4 Family Dwelling <input type="checkbox"/> PUD <input type="checkbox"/> Other	
Address of property to be improved		Date purchased	Cash down payment	Purchase price	Present value of home		
Title in name of		Address of title holder		Mortgage Type: Is your present first mortgage a conventional production payment mortgage or an FHA 245 mortgage loan? <input type="checkbox"/> No <input type="checkbox"/> Yes. If yes, attach payment schedule			
Yr. home built	No. of rooms	No. of bedrooms	No. of baths	Family room or den	Gross living area sq. ft.	Garage/Carport (Specify type & no.)	
				<input type="checkbox"/> Yes <input type="checkbox"/> No	Central air <input type="checkbox"/> Yes <input type="checkbox"/> No		
If this is a new residential structure, has it been completed and occupied for 90 days or longer? <input type="checkbox"/> Yes <input type="checkbox"/> No							
Improvements Planned (Copies of estimate or itemized cost breakdown must be attached)						Type of Improvement	
						<input type="checkbox"/> Property Improvement <input type="checkbox"/> Rehabilitation/Modernization <input type="checkbox"/> Additions <input type="checkbox"/> Energy Conservation <input type="checkbox"/> Solar Installation	
The Co-Borrower Section and all other Co-Borrower questions must be completed and the appropriate boxes checked if (1) another person will be jointly obligated with the Borrower on the loan, or (2) the Borrower is relying on income from alimony, child support or separate maintenance or on the income or assets of another person as a basis for repayment of the loan, or (3) the Borrower is married and cohabits, or the property is located in a community property state							
Borrower				Co-Borrower			
Name		Age		Name		Age	
Present Address (if different from above) No. Years		<input type="checkbox"/> Own <input type="checkbox"/> Rent		Present Address No. Years		<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Street				Street			
City/State/Zip				City/State/Zip			
Former address if less than 2 years at present address				Former address if less than 2 years at present address			
Street				Street			
City/State/Zip				City/State/Zip			
Years at former address		<input type="checkbox"/> Own <input type="checkbox"/> Rent		Years at former address		<input type="checkbox"/> Own <input type="checkbox"/> Rent	
Complete for Secured Loans Only <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (incl. single, divorced, widowed)		Dep. other than listed by Co-Borrower No. Age		Complete for Secured Loans Only <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (incl. single, divorced, widowed)		Dep. other than listed by Borrower No. Age	
Name and Address of Employer		Years employed in this line of work or profession?		Name and Address of Employer		Years employed in this line of work or profession?	
		Years				Years	
		Years on this job				Years on this job	
		<input type="checkbox"/> Self Employed*				<input type="checkbox"/> Self Employed*	
Position/Title		Type of Business		Position/Title		Type of Business	
Social Security Number **		Home Phone		Social Security Number **		Home Phone	
		Business Phone				Business Phone	
Name & Address of nearest relative not living with you		Relationship		Name & Address of nearest relative not living with you		Relationship	
		Home phone				Home phone	
Gross Monthly Income				Bank:			
Item	Borrower	Co-Borrower	Total	Checking	Accounts No.	Name & Address of Depository	
Empl. Income	\$	\$	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Other (Before completing see notice under Describe Other Income below.)				Savings			
Total	\$	\$	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Describe Other Income							
<input type="checkbox"/> If borrower <input type="checkbox"/> If Co-Borrower		NOTICE: Alimony, child support, or separate maintenance income need not be revealed if the Borrower or Co-Borrower does not choose to have it considered as a basis for repaying this loan.					Monthly Amount
							\$
If Employed in Current Position For Less Than Two Years, Complete The Following							
B/C	Previous Employer/School	City/State	Type of business	Position/Title	Dates From/To	Monthly Income	
These Questions Apply To Both Borrower And Co-Borrower							
If a "yes" answer is given to a question in this column, explain on an attached sheet.		Borrower Yes or No	Co-Borrower Yes or No			Borrower Yes or No	Co-Borrower Yes or No
Have you any outstanding judgments?				Are you other than a U.S. Citizen or permanent resident alien?			
In the last 7 years, have you been declared bankrupt?				Are you obligated to pay alimony, child support, or separate maintenance?			
Have you had property foreclosed upon or given title or deed in lieu thereof, in the last 7 years?				Do you have any past due obligations owed to or insured by any agency of the federal government? ***			
Are you a party in a law suit?							

* FIMA/FHLMC requires business credit report, signed Federal Income Tax returns for last two years, and, if available, audited Profit and Loss Statements plus balance sheet for same period.

** FIMA/FHLMC does not require this information

*** Required only if FHA or VA home improvement loan.

FHLMC Form 703 FIMA Form 1012
Feb. 80

[illegible]

LENDER'S CERTIFICATION

Date: _____

Borrower(s): _____

The undersigned Lender has informally checked the following three credit references of the above-mentioned Borrower:

1. _____
Mortgagee-First Mortgage Lien on Property
2. _____
3. _____

AND has determined that all accounts are paid to date and have been paid promptly as agreed by Borrower except for the following:

LENDER:

By: _____
Its Duly Authorized Agent

Date: _____

This form may be used by Lenders in place of a written credit report prepared by an independent credit reporting agency for loans of less than \$3,000.

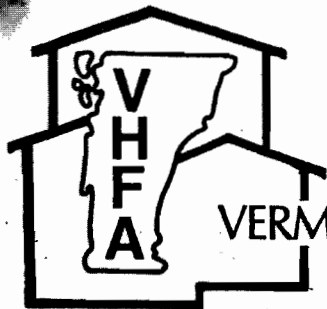
SATISFACTORY COMPLETION CERTIFICATE

I certify that I have inspected the property located at

and have determined that all work required to be done with the proceeds
of the Energy Conservation Loan made to _____
and dated _____ have been completed in a workmanlike
manner except as indicated below.

Date

Inspector



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

May 29, 1981

The Honorable Samuel Pierce
Secretary, Department of Housing
and Urban Development
Washington, D.C.

Dear Mr. Pierce:

I was recently appointed by the Governor and unanimously confirmed by the Vermont Senate as Chairman of the Vermont Housing Finance Agency and Commissioner of the Vermont State Housing Authority, after having earned the distinction of having lost the closest race for the United States Senate in November 1980. I am writing this letter after consultation with Henry R. Lambert, Commissioner of the Department of Housing and Community Affairs for the State of Vermont, and Chairman of the Board of Commissioners of the Vermont State Housing Authority.

I am writing to ask your immediate intercession in the allocation of so-called discretionary Central Office Reserve funds under the Section 8 Housing Assistance Payments Program for the State of Vermont.

Never have I before seen so blatant a demonstration of partisan politics at its very worst, nor so gross an injustice to the people of an entire state. I enclose herewith a copy of a letter dated January 19, 1981, which allocates just 1.1% of northern New England Reserve funds to the state of Vermont. Please note that, under the fair share formula, Vermont was awarded approximately 31% of our area's Section 8 funds. Unfortunately funds awarded under the Fair Share formula constituted only 22% of all funds allocated -- and, as a result, Vermont was awarded a total of only 7.7% of all Section 8 funds.

I believe this to be rank discrimination -- and similar in nature to the unjustified awards by other outgoing executives of the Carter administration which have garnered such public attention over the past several months.

From the very beginning, we in Vermont have made a substantial effort to promote the construction of quality, dispersed, publicly assisted housing at, or close to, fair market rents. There

continues to be a critical need for subsidized housing throughout our state. Unfortunately, we have recently been forced to notify potential owners of more than a dozen small "Vermont type" projects with whom we have been working for a considerable period of time, that apparently there will be insufficient funds to proceed with their development plans.

The U.S. Census Bureau Office in Boston has provided us with the following population figures for the three northern New England states. Historic programatic totals reasonably parallel population.

<u>State</u>	<u>Population</u>		<u>Section 8 Units</u>	
Vermont	511,456	20%	1,597 units	18.7%
New Hampshire	920,610	36%	2,426 units	28.5%
Maine	<u>1,124,660</u>	<u>44%</u>	<u>4,497 units</u>	<u>52.8%</u>
Totals	2,556,726	100%	8,520 units	100 %

On the other hand, in Fiscal 1981 Vermont received only \$61,000 (10 units) in specific discretionary funds per the January 19 letter, while New Hampshire was awarded \$3,055,000 (500 units) and Maine \$2,444,000 (400 units). The Fiscal 1981 totals can be summarized as follows:

<u>State</u>	<u>Fair Share</u>		<u>Discretionary</u>		<u>Total</u>	
Vermont	\$ 491,000 (31%)		\$ 61,000 (1%)		\$ 552,000 (7.7%)	
New Hampshire	568,300 (36%)		3,055,000 (55%)		3,623,300 (50.6%)	
Maine	<u>536,900 (34%)</u>		<u>2,444,000 (44%)</u>		<u>2,980,900 (41.7%)</u>	
Totals	\$1,596,200 100%		\$5,560,000 100%		\$7,156,200 100.0%	

Mr. Secretary, I believe the figures presented herewith say it all. We share your concern regarding the terribly high cost of housing built under the Section 8 program. However, we believe that we have done an outstanding job with the funds we have received and certainly feel we are entitled to a fair share of total subsidy awarded during the remainder of the program.

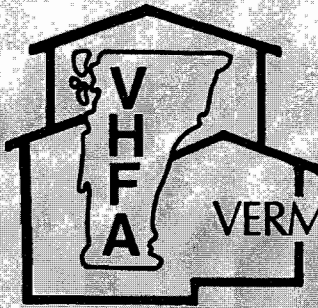
Commissioner Lambert and I will be pleased to meet with members of your staff in Manchester, Boston, Washington or Vermont at their convenience -- but please rectify the terrible injustice effected by the previous administration on January 19th.

With best regards.

Sincerely,

Stewart M. Ledbetter
Stewart M. Ledbetter

enclosure



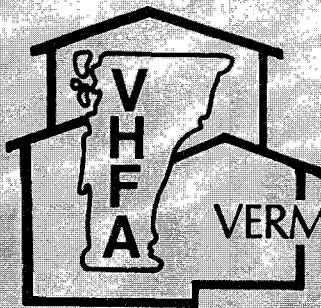
STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY
STATE TREASURER'S OFFICE
133 State Street, Montpelier
Thursday, July 9, 1981, 9:00 a.m.

1. Adoption of Agenda
2. Approval of Minutes of June 18, 1981.
3. Multifamily:
 - a. St. Albans family proposals (two projects)
 - b. Benson Housing Proposal
 - c. West Burke Proposal
4. Discussion of Multi-Family Bond Issue
5. Single Family Treasury Regulations--Mortgage Bond Subsidy Tax Act
6. Other Old and New Business



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

Minutes
VERMONT HOUSING FINANCE AGENCY BOARD MEETING
VHFA Office
Thursday June 18, 1981, 1:30 p.m.

PRESENT: Vice-Chairman Shaw, Commissioners Hebard, Gardner, Behney, and Myette. Mr. Hunt, Mr. Dickson, Mr. Frazier, and Mr. Brisson, VHFA.

The meeting was called to order by Vice Chairman Shaw at 1:30 p.m. A motion was made and seconded to adopt the agenda as proposed by Executive Director Hunt. The motion carried.

The minutes of the meeting of May 21st were approved as submitted.

Mr. Hunt and Mr. Frazier presented a proposed budget for fiscal year 1982, copies of which had been distributed at the last meeting. During the discussion Commissioner Gardner suggested that the Board might consider appointing a two-person audit committee whose function would be to review the proposed budget. However, a motion was made and seconded to approve the budget as proposed. The motion passed unanimously.

Mr. Hunt reminded the Commissioners that he had previously distributed copies of the Agency's response to the auditor's management comment letter. The contents of his letter were discussed and a motion was made to concur in his response. The motion was seconded and approved.

The question of contract administration was left on the table due to the absence of Chairman Ledbetter. Commissioner Behney said he would speak to the Chairman of Vermont State Housing Authority in order to resolve the issue.

Mr. Hunt reported on his discussions with the Crocker National Bank and preparations for the upcoming multifamily bond issue. He mentioned two alternatives to be considered:

1. Standard 30-year bond issue;
2. A 17-year bond issue, for which Crocker National Bank would provide us with a line of credit to guarantee principal and interest on the bonds, and would guarantee refinancing for balloon mortgage payments.

After an extensive discussion, it was decided to inform Crocker National Bank that the Agency would be interested if we could save at least 50 or more basis points, and get an administrative fee from HUD in lieu of a spread.

Vice-Chairman Shaw initiated a discussion of the \$8 million line of credit. Mr. Hunt reported that he talked to the Hartford National Bank about extending the line of credit. After further discussion, it was decided not to make any more financing commitments until the bonds are sold.

Mr. Dickson asked that the revised proposal for nine elderly and six family units in the Village of West Burke, which had been tabled at the May 21st Board meeting, be left on the table until the maintenance budget can be increased.

Mr. Dickson presented a proposal for 14 units of elderly housing in St. Johnsbury, proposed by James Impey. The proposed rents are \$84,936 and the proposed mortgage loan is \$495,952. Another proposal has been approved by the Board for 14 units of family housing at the April 17th meeting. The Board discussed whether the three buildings should be renovated for elderly housing or family. They also considered the suitability of the existing asbestos siding, and whether to allow some units that do not meet VHFA's minimum apartment size standards. A motion was made and seconded to give preliminary approval to the proposal but to inform developers that the Agency cannot provide construction financing until bonds are sold. The motion passed unanimously.

Mr. Dickson reported that all requirements have been met for Letters of Intent to finance nine units in Westminster and 12 units in Swanton. He also presented a request from Homestead Non-Profit Housing for an increase in the mortgage for Westminster from \$386,591 to \$401,259; this assumes an increase in their construction contract to \$315,261. Mr. Hunt recommended approval of the issuance of Letters of Intent for Swanton and Westminster. A motion was made and seconded to authorize the Letters of Intent, and was adopted unanimously.

Mr. Dickson proposed adoption of the attached financing resolutions for Alburg, Swanton and Fairfax. The Commissioners again stated concern for the staff to make clear the uncertainty of funds for permanent financing. A motion was made and seconded to approve these resolutions only to the extent that money is available and to the extent that it hasn't been committed to other projects. The motion carried.

Mr. Dickson reported that the construction loan for the Danville/St. Johnsbury development is still pending due to the contractor's attachment and incomplete work on the project. He asked the Board to approve a proposed solution to the problem as outlined in his letter to David Kirker of June 18th, and if the developer does not meet the conditions listed, he asked for authority to prepare for foreclosure. The motion passed. The Board directed Mr. Dickson to write to the Vermont Chapter of AIA, and to the director of the Buildings Division of the State of Vermont, expressing dissatisfaction with the architect of this development.

Mr. Dickson reported that there is approximately \$260,000 of interest earnings remaining uncommitted in the 1979 multifamily program account. Michael Richardson of King Street Neighborhood Revitalization Corporation in Burlington has asked whether these funds are available for new proposals. However, there are two developments now under construction without a source of permanent financing. Either of these developments could be funded from the 1979 bond proceeds. A motion was made and seconded to use the funds for completed projects rather than reserve them for new proposals. The motion was seconded and approved unanimously.

Mr. Brisson reported on the Energy Conservation Loan Guarantee Program. The Board members were given copies of the proposed Energy Conservation Loan Guarantee Program for the Vermont Home Mortgage Guarantee Board. The program, as outlined, was developed to dovetail with a possible VHFA Energy Conservation Loan Program being considered for the fall of 1981. Commissioners were asked to study and comment on the proposed regulations.

Commissioner Gardner suggested we make a decision soon on whether we want to use Lehman Brothers as underwriters, and to send them a letter.

It was agreed that a special Board meeting will be called for July 9th at 9:00 a.m. in Montpelier to discuss multifamily proposals and a bond issue.

The meeting adjourned at 4:20 p.m.

Respectfully,



Allan S. Hunt
Secretary

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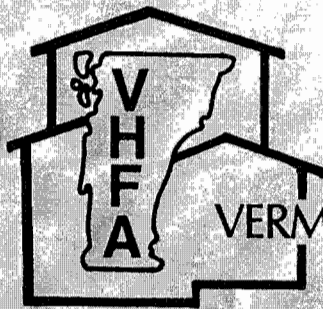
- (1) Mountain View Elderly Housing, housing in Fairfax, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Fairfax, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
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THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

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- (3) there exists 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 of Alburg, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA COMMISSIONERS
FROM: ALLAN S. HUNT
RE: APPROVAL OF LETTERS OF INTENT
DATE: June 12, 1981

SWANTON: At the May 21st Board Meeting, the commissioners approved the Abenaki Self-Help Association's proposal for 12 units of new construction in Swanton. The Vermont State Housing Authority has subsequently approved this project. I anticipate that all requirements for a Letter of Intent will have been met by the Board Meeting and if so, recommend that the Letter of Intent be authorized.

WESTMINSTER: The Westminster proposal, which calls for the rehabilitation of 9 units of family housing, was approved at the May 21st Board Meeting. The Vermont State Housing Authority will review the proposal on June 17th.

Due to a change in the management of the construction company that estimated this job, the construction estimate that was submitted for initial board approval has been increased. This increase was beyond the control of the developer of this project and will probably require an increase in the mortgage amount. The developers are obtaining estimates from additional contractors. We have reworked the budget, at 110% of Fair Market Rents, and determined that a construction budget would be feasible.

I recommend that the Board authorize an increase in the total mortgage amount from \$386,591 to \$405,555 and approve the issuance of a Letter of Intent contingent upon the developer finding a contractor to do the job for \$326,365. The original contractor's, Moose Creek Restoration of Burlington, new quote is substantially above this figure and local contractors are being asked to submit bids.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

July 2, 1981

EXECUTIVE SUMMARY FAMILY HOUSING PROPOSALS IN ST. ALBANS

RECOMMENDATION: Approve forwarding proposal two to VSHA for submission to HUD. Approval does not imply approval of all details. We have no recommendation for proposal one at this mailing.

We have proposals for two small family housing developments in St. Albans. They are being processed simultaneously, but would be owned and managed by two different owners.

PROPOSAL ONE - Six units at 17-23 Spruce Street.

DEVELOPMENT TEAM:

Sponsor: E. Michael McGinn is a St. Albans attorney practicing on his own. He has numerous real estate holdings and is part owner of Rasputins, a Burlington bar. He is being sued for foreclosure of a business property in St. Albans. His explanation is attached.

Marketing/Management Agent: E. Michael McGinn. Mr. McGinn has managed apartment units in St. Albans.

General Contractor: Ronald C. Parah, Fairfax. Mr. Parah is primarily a single family home builder but has been a subcontractor on some of our multi-family projects including Swanton and Enosburg.

Architect: Adams/Guillot, Inc. This firm is responsible for the design and supervision of several of our projects including the Winooski NSA, the Conant Square Inn in Brandon and the Enosburg project.

Attorney: Arthur Heald, St. Albans.

LOCATION: The project is located at 17-23 Spruce Street in St. Albans. The buildings at this address would be rehabilitated and a new duplex would be constructed behind the rehab units.

DESCRIPTION: Six units of housing for families would be constructed in three duplexes on a parcel that is .7 of an acre. Four of the units would be in two rehabilitated buildings; two units would be newly constructed. The unit distribution is as follows:

- 2 two-bedroom units
- 3 three-bedroom units
- 1 four-bedroom unit

PROPOSAL TWO - Twelve units on Lower Welden Street.

DEVELOPMENT TEAM:

Sponsor: Robert and Nancy Cioffi. Mr. Cioffi is a realtor in St. Albans with Cioffi and Montcalm Real Estate and a single-family home builder.

Marketing/Management Agent: Robert Cioffi currently owns and manages 10 apartment units and several commercial buildings.

General Contractor: Bob Cioffi will be the primary general contractor with much of the work subcontracted to Ron Parah who is the general contractor for the Spruce Street proposal. We have received a letter from the People's Trust Company stating that they have "financed many projects for Mr. Cioffi and we find that he is very reliable and operates in a business-like fashion. He has always met any obligations as agreed and we are very pleased to recommend him to you."

Architect: Adams/Guillot, Inc. (Architect for proposal one.)

Attorney: E. Michael McGinn. (Sponsor of proposal one.)

LOCATION: The project will be located on a vacant parcel of land on Lower Welden Street. The site is located almost directly across from the city park which includes play equipment, ball fields and picnic tables.

DESCRIPTION: Twelve units of newly constructed housing for families will be constructed in six duplexes on approximately three acres.

COMPARISON AND RENTS:

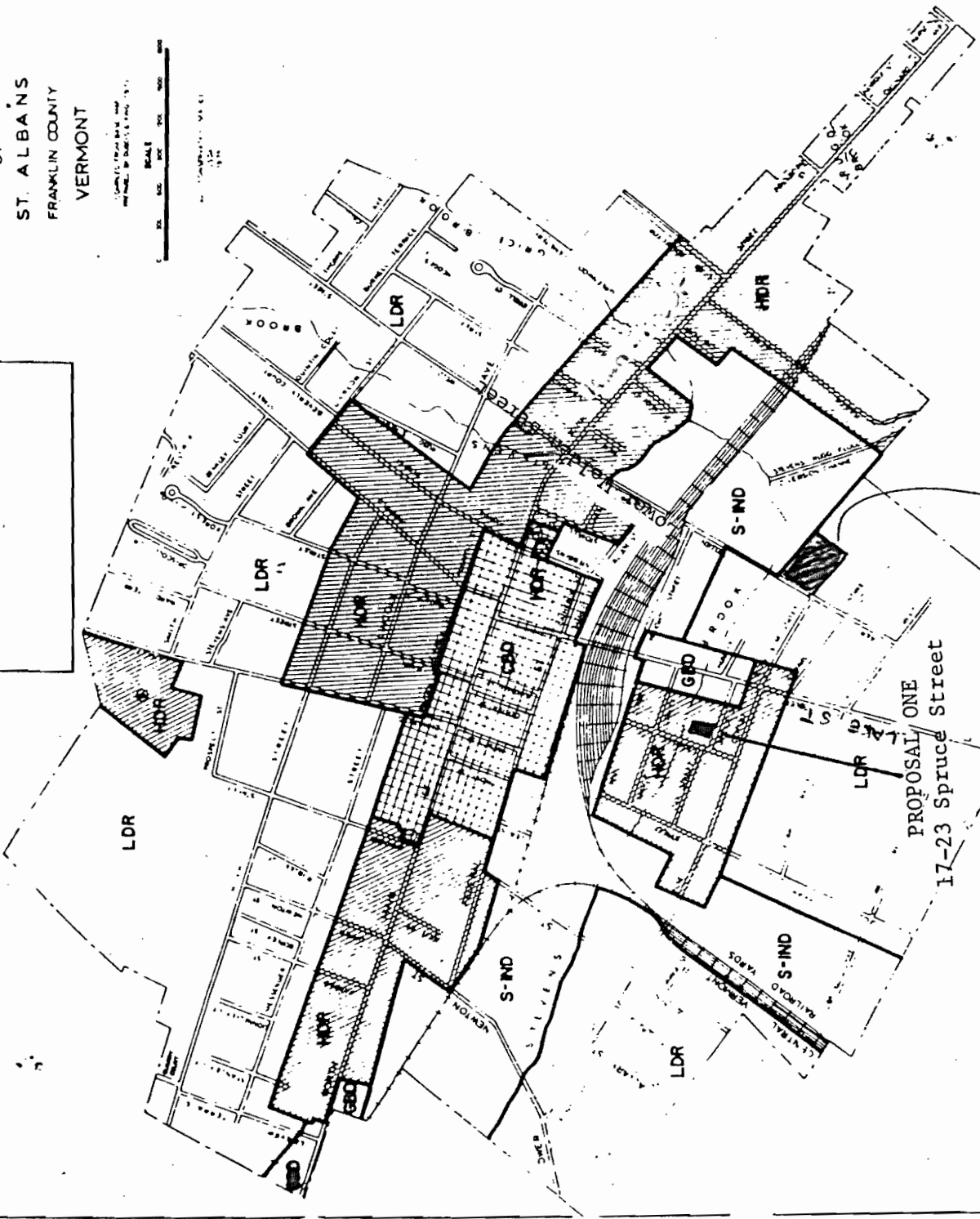
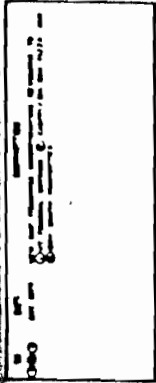
	Spruce St. St. Albans	Lower Welden Street St. Albans	Colchester*	Middlebury	Hancock*
Development Cost/Unit	\$ 39,788.00	\$ 38,334.00	\$ 44,063.00	\$ 41,262.00	\$ 40,073.00
Sitework/Unit	\$ 1,030.00	\$ 3,365.00	\$ 2,800.00	\$ 2,500.00	\$ 1,640.00
Construction Cost/ Unit	\$ 28,552.00	\$ 31,365.00	\$ 23,980.00	\$ 36,027.00	\$ 27,220.00
Construction Cost/ Square Foot	\$ 28.08	30.83	\$ 22.63	\$ 31.18	\$ 24.77
Number of Units	6	12	5	12	5
Unit Size:					
Two Bedroom	740 sf.	840 sf.		945 sf.	739 sf.
Three Bedroom	1130 sf.	1025 sf.	977-1086 sf.	1148 sf.	1307 sf.
Four Bedroom	1220 sf.	1220 sf.		1426 sf.	1536 sf.
Mortgage Request	\$229,235.00	\$489,181.00	\$223,612.00	\$507,573.00	\$203,747.00
Mortgage Interest Rate	10.5%	10.5%	10.5%	10.5%	10.5%
Rent/Unit:					
Two Bedroom	\$ 588.00	\$ 561.00	--	\$ 588.00	\$ 570.00
Three Bedroom	\$ 666.00	\$ 635.00	665.00	\$ 666.00	\$ 646.00
Four Bedroom	\$ 760.00	\$ 726.00	--	\$ 761.00	\$ 722.00
Operating Expenses/ Unit/Year	\$ 2,023.00	\$ 1,834.00	\$ 2,186.00	\$ 1,859.00	\$ 1,686.00
Taxes/Unit/Year	\$ 608.00	\$ 564.00	\$ 480.00	\$ 600.00	\$ 360.00
	110% of Fair Market	105% of Fair Market			*Completed 2/01

MARKET ANALYSIS: The City of St. Albans has been under considerable pressure to produce housing for families especially since the approval of the Holy Angels project. In a letter to St. Albans Mayor Fitzgerald, HUD informed the city that it is "expected to make concerted efforts to seek and secure additional housing resources to satisfy large family and family housing needs." Their new housing assistance plan, although somewhat suspect, claims a need of 182 units of assisted housing for families and a goal of 50 units over a three year period. This goal is in addition to the 18 units proposed in the two projects under consideration.

In order to verify this need, a telephone survey of managing agents and real estate people in St. Albans was conducted. The managing agent for a new 8 unit Farmer's Home project stated that even though the units were still under construction, they were leased and there was a waiting list of 25 to 30 more families. In addition, the State Housing Authority maintains a waiting list of eligible families and currently has 80 families in Franklin County, "most of whom are in St. Albans."

Three area real estate agencies had no apartments available. One agent stated that there had been no vacancies in the last six months.

51



PROPOSAL ONE
17-23 Spruce Street

PROPOSAL TWO
Lower Welden Street

OFFICE:
802-524-9515
802-524-2586

E. MICHAEL MCGINN
ATTORNEY AT LAW
112 NORTH MAIN STREET
ST. ALBANS, VERMONT 05478

HOME:
802-527-7273

RECEIVED

JUL 2 1981

VERMONT HOUSING
FINANCE AGENCY

July 2, 1981

Frank Cochran
Vermont Housing Finance Agency
135 Church Street
Burlington, Vermont 05401

RE: Foreclosure of Charlotte L. Pudvah vs.
John T. Costes, E. Michael McGinn and Joanne McGinn
Franklin Superior Court

Dear Frank:

This letter will address the specific details of the above entitled property.

In December of 1978, I purchased two buildings from John T. Costes, one building is involved with the foreclosure process being 110-114 North Main Street. This building was purchased for \$97,000.00 with the thought of establishing a main street location for my law practice and as an investment. The first mortgage is being held by Charlotte L. Pudvah with a balance in 1978 of \$47,164.94 and a monthly payment of \$689.05, approximately eight years left on the term. This mortgage is presently in arrears and is the subject of the foreclosure. Mrs. Pudvah is presently owed \$44,893.85, approximately. The second mortgage is in the amount of \$10,000.00 to the former owner John T. Costes. This mortgage is presently in arrears for a certain amount of interest, however, Mr. Costes and I have discussed the major problem and are working together for a solution.

I also assumed a personal note at the Franklin-Lamoille Bank in connection with this purchase. This note is secured by restaurant equipment in the business on the ground floor. The balance at the time was approximately \$21,000.00, the payment is \$291.15 per month and is current with a present balance of \$16,800.00, approximately.

As alluded to earlier, the main problem to be solved is the remodeling of the 2nd and 3rd floor to return them to viable income sources. The ground floor is presently occupied by a small restaurant or snack bar, paying \$450.00 per month. Also, my law office is located on the ground floor and I allocate \$250.00 per month for rent.

In order to return the 2nd and 3rd floors to reasonable use, the heating system, which is a central system being oil fired with steam radiators, must be replaced and along with this major re-wiring of the top floors. I presently have plans prepared by a local contractor to accomplish this remodeling and turn the 2nd and 3rd floor into four split level, two bedroom apartments. These apartments are projected to bring an income of \$1,400.00 per month to the top floors. This will give the building a chance for repayability of new financing.

Frank Cochran
Vermont Housing Finance Agency
Page 2

The new financing is being pursued through the Vermont Federal Savings and Loan here in St. Albans. The refinancing was initially started in the fall of 1980, my discussions were with Mrs. Janet Page and they progressed through the stage of appraisal and a determination that approximately \$40,000.00 would be necessary to accomplish remodeling. It was during this time, in anticipation of refinancing that I allowed the Pudvah mortgage go in arrears. It had been current to that date.

The unpredictable rise in interest and the general money markets for commercial loans did not seem to make refinancing practical at that time and I withdrew my loan request in December. At that time I attempted to pick up the payment schedule with Mrs. Pudvah but was unable to satisfy her regarding the arrearage and she instructed her attorney to start foreclosure.

This entire turn of events has prompted my decision to make a new application for a refinancing of the building. This application will be for a single first mortgage on the building in the amount of \$126,000.00 to \$128,000.00. This is a sufficient amount to cover all mortgage debts, taxes, personal property notes and rehabilitation costs for the building.

The appraisal done by Robert Bliss at the time of the first loan application valued the building at \$140,000.00 to \$145,000.00 with the remodeling.

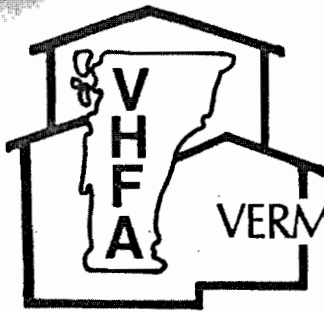
I am aware that the present commercial loan atmosphere has not improved as expected but I am equally confident that by the time the foreclosure process runs between the next 8 to 12 months I will be able to secure suitable financing to make this project an asset instead of a liability. Further, I wish to state emphatically that the posture of this particular building will not in any way hamper my ability to perform on the obligation for the Spruce Street project.

If I can offer further explanation, please contact me immediately. It certainly would be tragic if anything were to stand in the way of all the time and money already expended on this worthwhile Spruce Street project.

Very truly yours,


E. Michael McGinn

EMM/mm



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

July 2, 1981

EXECUTIVE SUMMARY BENSON HOUSING FOR THE ELDERLY BENSON, VERMONT

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details. Approval of general contractor is contingent on additional information on his qualifications.

DEVELOPMENT TEAM:

Sponsor: First Congregational Church and Society of Benson, Vermont. A non-profit corporation will be formed comprised of members of the church group with Lisle Bartholomew as the group's spokesperson. Mr. Bartholomew is the former minister of the Congregational Church and was a prime mover behind the disbanded lower Champlain Non-Profit Housing Corporation.

Marketing/Management Agent: Lisle Bartholomew.

General Contractor: Center Line Construction of Benson is being proposed as the contractor for this project. This company has not handled a project of this size before--the largest project to date is the renovation of the Benson parsonage into two apartments. Until we receive more information on this contractor, we are recommending withholding approval.

Architect: Robert Brady, Woodstock. Mr. Brady was architect for the Taylor Farm project which was approved by the Board, but was never able to begin construction because of problems with the sponsorship entity.

Attorney: Frank Bunting, Brandon.

LOCATION: The project will be located off the Main Street in Benson behind the parsonage and next to the church.

DESCRIPTION: The development includes 15 apartments for the elderly on a two acre site. Thirteen one-bedroom units and two 2 bedroom units will be constructed with a community space and laundry facilities. The sponsor is requesting that the 15% commitment fee be reduced to .5%. VSHA has agreed to waive their processing fee.

COMPARISON AND RENTS:

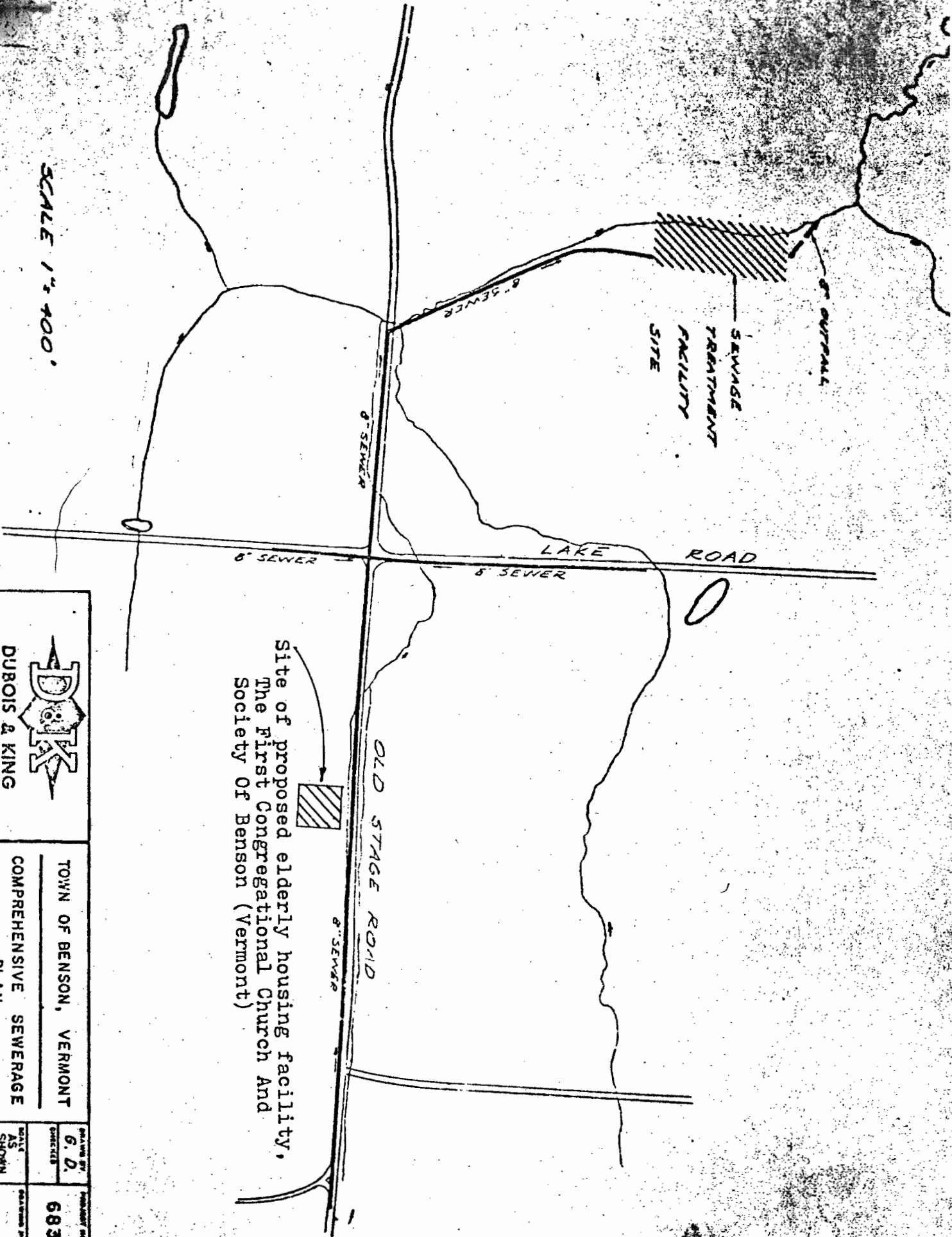
	<u>Benson</u>	<u>North Bennington</u>	<u>Fairfax</u>
Development Cost/Unit	\$ 30,574.00	\$ 30,583.00	\$ 30,621.00
Sitework/Unit	\$ 2,800.00	\$ 5,000.00	\$ 750.00
Construction Cost/Unit	\$ 26,317.00	\$ 25,390.00	\$ 25,404.00
Construction Cost/Sq. Ft.	\$ 30.36	\$ 31.09	\$ 32.46
Number of Units	15	24	20
Unit Size:			
One Bedroom	598	646	689
Two Bedroom	706	911	800
Mortgage Request	\$510,626.00	\$790,877.00	\$573,227.00
Mortgage Interest Rate	10.5%	10.5%	10.5%
Rent/Unit:			
One Bedroom	476*	506	516
Two Bedroom	523*	546	559
Operating Expenses/Unit/Year	\$ 1,577.00	\$ 1,588.00	\$ 1,437.00
Taxes/Unit/Year	\$ 100.00**	\$ 417.00	\$ 475.00

*100% Fair Market Rent for walk-up units

**This is based on a tax stabilization agreement that has not, as yet, been approved by the town.

MARKET ANALYSIS: The updated Housing Allocation Plan shows that Rutland County has a relatively high index of need for housing for the elderly compared to other counties, but that based on the limited number of units the Agencies receive, Rutland County is not deficient in its "fair share" allocation. The Rutland Area Agency on Aging has said that there is a "definite need" anywhere in the county. The Rutland Regional Planning Commission states that 34 new units of housing for the elderly and families are needed in Benson.

SCALE 1" = 400'



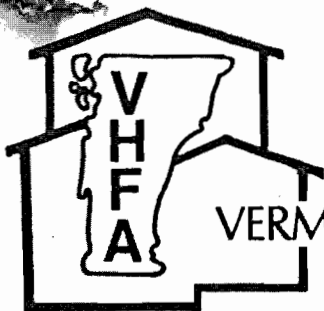
Site of proposed elderly housing facility,
The First Congregational Church And
Society Of Benson (Vermont)



DUBOIS & KING
ENGINEERS-PLANNERS
ANDOVER, VERMONT

TOWN OF BENSON, VERMONT
COMPREHENSIVE SEWERAGE
PLAN

DESIGNED BY 6. D.	REVISION NO. 6830
CHECKED BY AS SHOWN	
DATE JUL	PROJECT NO. R-670



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

July 1, 1981

EXECUTIVE SUMMARY West Burke Housing

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Recommendation does not imply approval of all aspects of the project.

PROJECT: Six units of family housing and nine units of elderly housing to be located in the Town of West Burke. All the family units and four of the elderly units will be new construction. At its August 1980 meeting, the Board approved the financing of this project with a mortgage of \$550,660. Since that time the developer has changed architects and gone from a continental home package to a stick built design. The added cost of \$20,080 is a reflection of these changes and inflation of material costs since original approval.

DEVELOPMENT TEAM:

Sponsor: Burkeland Enterprises, a limited partnership with Mr. Douglas Henderson as the general partner. Mr. Henderson is a local contractor and owns and operates the K & G Market. Although he has no previous experience in the Section 8 program, he has owned and managed a five unit apartment building for the past three years.

Marketing/Management Agent: Mr. Douglas S. Henderson.

General Contractor: To be selected.

Architect: Wiemann-Lamphere, Burlington. This firm has considerable Section 8 experience. They were the architects on projects completed in South Burlington, Essex Junction, and Milton.

Sponsor's Attorney: Mr. Montgomery Moore, Island Pond.

LOCATION: The project will be located on 11½ acres in the Village of West Burke. It is conveniently located to those services and community facilities which exist in West Burke; across the street from the post office, next door to the church, 1/4 mile from three grocery stores, 1/2 mile to the elementary school and 1/8 mile to the recreation area. There is a Northeast Transit bus stop within 1/4 mile of the site. Most other services and jobs are located in Lyndonville which is 7 miles to the south.

DESCRIPTION: The developer plans to rehabilitate an existing five unit apartment building to contain five 1 bedroom elderly housing units plus community space. The new construction will consist of:

Four 1BR units for the elderly
 One 2BR handicapped unit for a family
 Four 3BR units for families
 One 4BR unit for a family

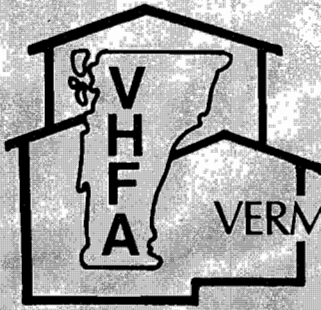
COMPOSITION AND RENTS:

Nine 1BR walkup units for the elderly at \$476.00
 One 2BR row for a family at \$616.00
 Four 3BR row units for families at \$666.00
 One 4BR row for a family at \$761.00

These rents are at 100% of FMR for the elderly units and 110% for the family units. The project is calculated on the basis of permanent financing at 10.5%.

	West Burke Eld./Family	North Troy Eld./Family	Plainfield Eld./Family	Waitsfield Eld./Family
Development Cost/Unit	\$ 38,921.00	\$ 35,755.00	\$ 31,230.00	\$ 39,528.00
Development Cost/Sq. Ft.	45.48	36.65	35.71	47.17
Sitework/Unit	3,000.00	Not Indicated	1,538.00	3,834.00
Construction Cost/Unit	28,000.00	28,643.00	23,477.00	30,937.00
Square Footage/Unit:				
One Bedroom Elderly	546/872/625/ 665/608	600/620	400 (eff.)/ 564/551	704/857 (2BR)
Two Bedroom Family	819	730	923/919	980
Three Bedroom Family	1134	1065	1121	1163
Four Bedroom Family	1404	1383	--	1392
Land Cost	54,780.00	36,750.00	45,000.00	48,000.00
Mortgage/Unit	38,049.00	35,105.00	29,250.00	39,054.00
Number of Units	15	14	13	24
Total Mortgage Request	570,740.00	468,536.00	401,000.00	937,304.00
Term of Mortgage	30 years	30 years	30 years	30 years
Taxes/Unit	400.00	321.00	401.00	400.00
Rent/Unit	476/616/666/ 716	393/402/440/ 500/575	357/413/462/ 526	515/550/ 525/600/675
Mortgage Interest Rate	10.5%	7.5%	9.5%	10.5%
Operating Expenses/Unit/Year	1,693.00	1,740.00	1,334.00	1,318.00

I spoke with Mr. Rod Griffin of the Northern Vermont Development Association regarding the market needs for family housing in West Burke. Rod said that there is no HAP plan for the town. He said no private construction of apartments had been undertaken in many years. Local residents often double up with other families due to unavailability of apartments. Rod said West Burke could definitely use subsidized family and elderly housing. In recent years the housing shortage has gotten more critical in winter when skiers at Burke Mountain rent local apartments at very high rents during the ski season rather than stay in motels.



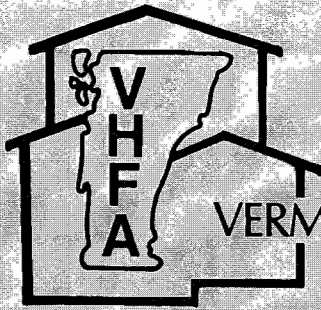
VERMONT HOUSING FINANCE AGENCY

STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

AGENDA

VERMONT HOUSING FINANCE AGENCY OFFICE
239 South Union Street, Burlington, Vermont
July 30, 1981, 1:30 p.m.

1. Adoption of Agenda
2. Approval of Minutes of July 8, 1981
3. Multifamily Financing Options:
 - a. 1981 Bond Issue
 - b. Expanded Line of Credit
4. Multifamily:
 - a. St. Albans proposal - E. Michael McGinn
 - b. Castleton proposal - Yvonne Rooney
 - c. Fairfield proposal - Richard and Kathleen Howrigan
 - d. Proctor/Pittsford proposals - Earle Simpson
 - e. Canaan (revised proposal)
 - f. Newport/Derby mortgage increase request
 - g. North Bennington mortgage increase request
 - h. King Street NSA, Burlington--Dennis Webster and Robert Geisler, 203 South Winooski Avenue and 233 St. Paul Street
 - i. Letters of Intent:
 1. St. Albans--Lower Weldon Street
 2. St. Johnsbury Elderly
 3. Hardwick (including mortgage increase)
 - j. Financing Resolutions:
 1. Westminster--Westminster Homestead Housing Cooperative
 2. A & A Realty--King Street NSA
5. Rockingham Contract Administration Agreement
6. Revision of Development Staff Structure
7. Other old or new business.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY
PAVILION OFFICE BUILDING, MONTPELIER, VERMONT
Thursday, July 9, 1981, 9:05 a.m.

PRESENT: Chairman Ledbetter, Vice-Chairman Shaw; Commissioners Behney, Chaffee, Gardner, Hebard; Executive Director Hunt, Mr. Brisson, Mr. Kochman, Mr. Bean, Mr. Frazier, Ms. Chetti, VHFA staff; Mr. Gurley of Goldman-Sachs, Mr. Cooper of E. F. Hutton, Mr. Ingalls of Palmer/Dodge; Mr. Marro of the Vermont Press Bureau.

The meeting was called to order by Chairman Ledbetter at 9:05 a.m. The Chairman noted that he talked to Mr. Donald Robinson of Hawkins, Delafield and Wood regarding their opinion on unused 1980 single family mortgage funds and Mr. Robinson had promised to send such an opinion.

He also mentioned he had received no response to his letter to HUD Secretary Pierce requesting more Section 8 units.

A motion was made, seconded and unanimously carried to adopt the agenda. A second motion was made, seconded and carried approving the minutes adding the word Commissioner to Mr. Gardner's name.

Ms. Chetti presented a proposal from Michael McGinn from St. Albans to rehabilitate six units for families. After an extensive discussion regarding a pending foreclosure action involving Mr. McGinn, the Board tabled action on the proposal until a resolution on this problem can be achieved.

Ms. Chetti presented a proposal by Robert and Nancy Cioffi to develop 12 units of family housing on Lower Weldon Street in St. Albans. Commissioner Hebard expressed some concern over the small size of the units. A motion was made, seconded and unanimously moved to give preliminary approval to this proposal.

Ms. Chetti next presented a proposal from the First Congregational Church of Benson to develop 15 units for the elderly. There was extensive discussion about the qualifications of the contractor as well as the status of the tax stabilization agreement. It was moved and seconded to

approve the preliminary proposal subject to normal requirements, plus (1) evidence from contractor of bondability or availability of Letter of Credit, (2) the sponsor secures written evidence from the town regarding tax stabilization agreement, (3) that the access road be paved, (4) letter to sponsor concerning hazards of using inexperienced developer, and (5) waive 1% commitment fee. The motion passed unanimously.

Mr. Bean presented a proposal from Burkeland Enterprises of West Burke, to construct six units of family housing and nine units of elderly housing. Commissioner Gardner expressed concern over the use of baseboard electric heating. A motion was made, seconded and approved to give preliminary approval to the proposal conditioned on staff evaluating the appropriateness of the heating system and reporting back to the Board.

The Board discussed, and a motion was approved allowing a \$6,000 mortgage loan increase for Walden Mountain Enterprises, contingent upon an appropriate rent increase and adequate title insurance.

Mr. Gurley of Goldman-Sachs briefed the Board on the current market for 30 year multi-family bonds as well as an alternative plan which would utilize a 20 year bond secured by a letter of credit from the Crocker National Bank. Mr. Gurley indicated the expected savings from this alternate plan were not as significant as he first thought. Based on the volatility of the market, the Board agreed to move forward with a bond issue of not more than \$15,000,000, sufficient to finance all projects on which the Agency has made commitments, but to use the line of credit, if necessary, on pipeline projects.

The Board next heard a briefing by John Ingalls of Palmer & Dodge on the single family regulations promulgated by the Treasury pursuant to the Mortgage Subsidy Bond Tax Act of 1980. Mr. Ingalls expressed particular concern with a provision that required 95% of all mortgage loans to be "qualified" within the meaning of the Act and should this not be the case, the bonds could be declared taxable. This problem, concluded the Board, combined with stringent sales price units, first time homebuyer rule, and 1% arbitrage limit, make the potential for any new single family issue seem unlikely this year. The Board did, however, authorize staff to proceed with the initial steps of gaining Treasury approval of the mortgage loan data and the designation of distressed areas.

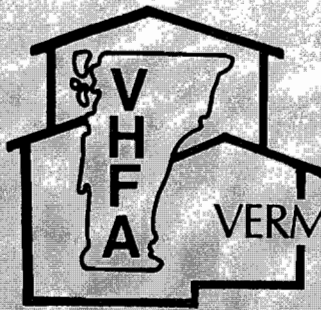
At the suggestion of Commissioner Hebard and by affirmation of all Commissioners present, the Board went into Executive Session to discuss a possible civil action and prosecution concerning a matter involving the Agency.

The Board adjourned at 12:30 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary



VERMONT HOUSING FINANCE AGENCY

STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

MEMO TO: VHFA Commissioners
FROM: Allan S. Hunt, Executive Director
DATE: July 24, 1981
RE: APPROVAL OF LETTERS OF INTENT

St. Johnsbury Elderly: Fourteen units being created out of three existing buildings located on the east side of North Avenue in St. Johnsbury. The developer is Canterbury Housing Company, a limited partnership with North Star Housing Corporation and Mr. James Impey as the general partners. The project is basically the same as approved at the June Board meeting and construction is expected to start in September.

All conditions for the Letter of Intent have been met except submission of the property survey. This is in process now and should be available by July 28. I recommend approval of the issuance of the Letter of Intent contingent upon receipt and review of the property survey.

St. Albans Family - Lower Welden Street: This proposal of 12 units of family housing was approved at the July 16th Board meeting. They are now ready for a Letter of Intent and we recommend approval.

Hardwick Family: The Hardwick proposal, which calls for the construction of 8 units of family housing was approved by the Board on August 29, 1981. The State Housing Authority gave their approval on July 15, 1981.

The project was temporarily halted when it became apparent that the site was located in a flood plain. The town of Hardwick had lowered the elevation of the site when it removed some of the topsoil for grading and fill. The town has acknowledged its responsibility in this matter and refilled the site to the 816' required by HUD to bring it above the flood plain level.

This delay caused by the flood plain problem has meant an increase in the construction cost estimate and thus an increase in the total mortgage. I recommend that the Board authorize an increase in the total mortgage amount from \$332,800 to \$359,533 and approve the issuance of a Letter of Intent.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

July 23, 1981

EXECUTIVE SUMMARY CASTLETON FAMILY HOUSING, CASTLETON

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

DEVELOPMENT TEAM:

Sponsor: A limited partnership with Yvonne Rooney as general partner. Mrs. Rooney owns and manages three large community care homes in Castleton and is on the Board of a Rutland-based non-profit group, Rural Family Housing, Inc.

Marketing/Management Agent: Yvonne Rooney.

General Contractor: Not selected.

Architect: Nimtz/Berryhill Architects, Rutland. Mr. Nimtz has designed several intermediate care facilities and group homes.

Attorney: Alan Biederman; Biederman and Rakow, Rutland.

LOCATION: The project will be located on a wooded ten acre parcel of land off Route 4A in Castleton. The units will be built behind one of Mrs. Rooney's community care homes. The land is being subdivided from a 50 acre parcel which may eventually be sold off in ten acre pieces for single family homes.

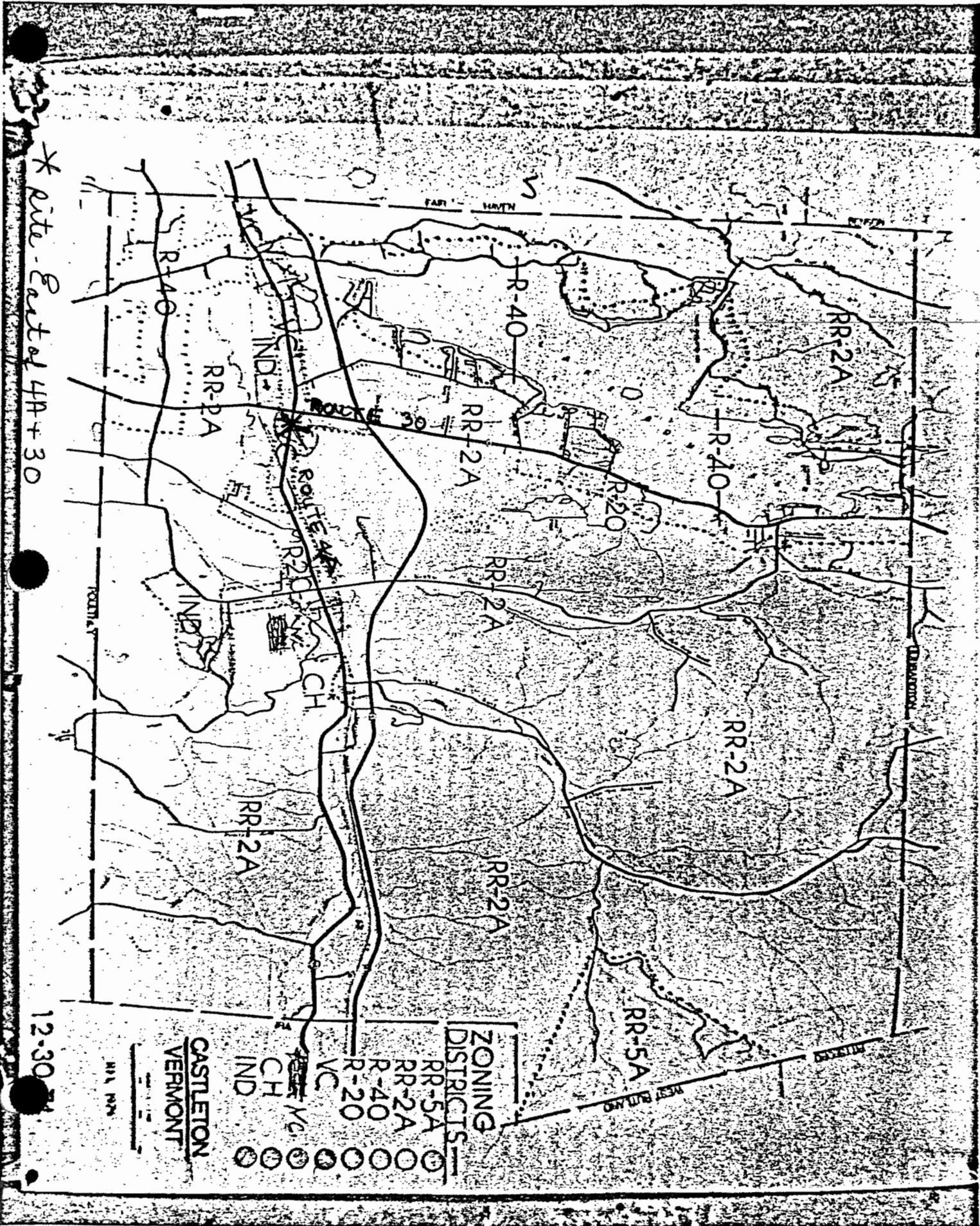
DESCRIPTION: The project will consist of 12 units of family housing in six duplexes. All south facing exposures have large areas of glass. The proposal at present does not include paving of the driveway and parking areas. The Board should consider whether this is acceptable or not. Laundry hook-ups will be provided in each unit.

Executive Summary---page 2
Castleton Family Housing

COMPARISON AND RENTS:	Castleton	St. Albans (Cioffi)	Middlebury
Development Cost/Unit	\$ 41,861.00	\$ 38,334.00	\$ 41,262.00
Sitework/Unit	\$ 4,250.00	\$ 3,365.00	\$ 2,500.00
Construction Cost/Unit	\$ 35,484.00	\$ 31,365.00	\$ 36,027.00
Construction Cost/Square Foot	\$ 30.41	\$ 30.83	\$ 31.18
Number of Units	12	12	12
Unit Size:			
Two Bedroom	929	840	945
Three Bedroom	1215	1025	1148
Four Bedroom	1348	1220	1426
Mortgage Request	\$540,938.00	\$489,181.00	\$507,573.00
Mortgage Interest Rate	10.5%	10.5%	10.5%
Rent/Unit:			
Two Bedroom	\$ 587.00	\$ 561.00	\$ 588.00
Three Bedroom	\$ 666.00	\$ 635.00	\$ 666.00
Four Bedroom	\$ 760.00	\$ 726.00	\$ 761.00
Operating Expenses/Unit/Year	\$ 1,735.00	\$ 1,834.00	\$ 1,859.00
Taxes/Unit/Year	\$ 833.00	\$ 564.00	\$ 600.00

MARKET ANALYSIS: In our recent update of the VSHA Housing Allocation Plan, Rutland County showed the highest index of need for family housing in the state calling for 189 fair share units. The Rutland Regional Planning Commission's goal for housing production in their 1977 Housing Program states a need for 162 units of assisted housing in Castleton by 1980. To date, there have been no family units constructed in this town. A telephone survey of Castleton area realtors revealed that most real estate agencies do not handle rental units except for seasonal rentals on Lake Bomoseen. However, one realtor said that year-round rental housing was "kind of hard to find because of the college". A discussion with the town manager confirmed that the college students occupy most of the units close to town. Even though at first the town manager stated that "he did not know if Castleton needs low income housing", he later said that it "would be a good thing" and that Mrs. Rooney was "dedicated and would do a good job".

ARTICLE VII: DISTRICT ZONING MAP



* Site - East of 44 + 30

12-30-74

CASTLETON
VERMONT



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY

Chester A. Arthur Housing for the Elderly
Fairfield

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

Development Team:

Sponsor: Richard and Kathleen Howrigan as general partners in a limited partnership. Mr. Howrigan is currently employed as an appraiser with the Massachusetts Housing Finance Agency. Kathleen Howrigan is a psychiatric nurse. The Howrigans are former residents of Fairfield.

Marketing/Management Agent: Richard and Kathleen Howrigan. The Howrigans currently reside in Winchester, Massachusetts, but will be moving back to Fairfield permanently during construction of the project.

General Contractor: Ronald Parah, Fairfield. Mr. Parah is also proposed as contractor for the two St. Albans family proposals which could presumably be under construction at the same time as the Fairfield project. Mr. Parah is primarily a single family home builder but has done major work on our projects in Swanton and Enosburg.

Architect: Douglas Haring; Gillespie, Haring, Phillips Associates. Doug Haring is the architect for the Holy Angels project.

Attorney: James Levy, St. Albans.

LOCATION: The project is located on a 4 acre parcel off Route 36 in the village of Fairfield. It is directly across from a small market.

DESCRIPTION: The project will consist of 8 units of elderly housing, six 1 bedroom units and two 2 bedroom units,-- in a two story building. A small community room with kitchen and laundry facilities will be constructed.

COMPARISON AND RENTS:

	<u>Fairfield</u>	<u>Fairfax</u>	<u>Benson</u>
Dev. Cost/Unit	\$ 31,081.00	\$ 30,621.00	\$ 30,574.00
Sitework/Unit	\$ 4,500.00	\$ 750.00	\$ 2,800.00
Const. Cost/Unit	\$ 25,891.00	\$ 25,404.00	\$ 26,317.00
Const. Cost/Sq. Ft.	\$ 30.73	\$ 32.46	\$ 30.36
Number of Units	8	20	15
Unit Size:			
One Bedroom	616 Sq. Ft.	689 Sq. Ft.	598 Sq. Ft.
Two Bedroom	796 Sq. Ft.	800 Sq. Ft.	706 Sq. Ft.
Mortgage Request	\$265,791.00	\$573,227.00	\$510,626.00
Mortgage Interest Rate	10.5%	10.5%	10.5%
Rent/Unit:			
One Bedroom	\$ 491.00 *	\$ 516.00	\$ 476.00
Two Bedroom	\$ 539.00 *	\$ 559.00	\$ 523.00
Operating Expenses/ Unit/Year	\$ 1,525.00	\$ 1,588.00	\$ 1,577.00
Taxes/Unit/Year	\$ 325.00	\$ 417.00	\$ 100.00

* 103% Fair Market Rent for Walk-up Units.

MARKET ANALYSIS:

It is difficult to analyze the market in a small rural community such as Fairfield. (population: 1492) However, the feeling of the people that were contacted was that a limited market did exist as follows:

The Franklin-Grand Isle Regional Planning Commission housing data states that 28 people over the age of 65 live in Fairfield.

Mrs. Longway, the town clerk, said that there were "quite a few elderly in town that need a place to live. Some have left town to move to St. Albans because they could not manage a home on their own".

Carol Chatkus at the Franklin-Home Health Agency said that "Fairfield is certainly an area that is very rural and does not have any housing". She had no statistics, as such, but her "gut feeling is that the project would be rented instantaneously. There are a lot of farm families out there with grandparants that need a place to live".

SHELDON

SWANTON

Fairfield

Site

34

VT.
36



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: July 30, 1981
SUBJECT: MORTGAGE INCREASE REQUEST FOR NORTH BENNINGTON

Jack Heaton, builder and developer of the 24-unit housing for the elderly project in North Bennington is requesting a mortgage increase of \$51,000 for increases in his construction budget from his original estimate. Our recently completed construction estimate based on working drawings, coincides with Mr. Heaton's request for the increase. The mortgage increase from \$790,877 to \$841,977 will not be supported by an increase in the rents, but by a reduction in his operating budget and a decrease in his return on equity. Because of a change in the heating system from the originally proposed base-board electric to a deep-heat system, the project will be able to save \$3,000 per year in heating costs. His return on equity will be reduced by \$500 to \$2,149. We recommend approval of the mortgage increase to \$841,977.

ASH/el



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

July 24, 1981

EXECUTIVE SUMMARY PITTSFORD/PROCTOR HOUSING FOR ELDERLY AND FAMILIES

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

DEVELOPMENT TEAM:

Sponsor: Earl Simpson, owner of the Rochester and Bridgewater projects will form a limited partnership. Mr. Simpson is president of Simpson Construction, Inc. of Rochester. To date, he has performed very well both as a contractor and a manager.

Marketing/Management Agent: Simpson Construction, Inc.

General Contractor: Simpson Construction, Inc., Rochester.

Architect: Richard Wylie Robson. Mr. Robson has been the project architect for several of our projects including Hancock, Middlebury, Rochester and Bridgewater.

Attorney: Frank Bunting, Brandon.

LOCATION: Pittsford: Located off Route 7 in the Village of Pittsford approximately 1/4 mile from the center of town.

Proctor: Located in the old Proctor Store building which is the heart of Proctor. The building now contains the post office, a small insurance agency, barber shop and grocery store. All businesses will remain in the building, but will be relocated to the ground floor.

DESCRIPTION: Pittsford: A large single family clapboarded house will be rehabbed and a new addition constructed on the rear to provide a total of 10 units for the elderly. Six units of family housing in three duplexes will be constructed on open land behind the elderly units.

Proctor: Twelve one-bedroom units for the elderly will be constructed on the second and third floors of the old Proctor Store building. The first floor will contain 7200 square feet of commercial space.

COMPARISON AND RENTS:

	<u>Proctor/Pittsfield</u>	<u>Bridgewater</u>	<u>St. Johnsbury Elderly</u>
Development Cost/Unit	\$ 37,509.00	\$ 36,628.00	\$ 36,236.00
Sitework/Unit	\$ 986.00	\$ 1,391.00	\$ 1,551.00
Construction Cost/Unit	\$ 28,752.00	\$ 24,384.00	\$ 26,458.00
Construction Cost/Sq. Ft.	\$ 28.67	\$ 31.63	\$ 41.72
Number of Units	28	14	14
Unit Size:			
One Bedroom	602-830	504-634	520-591
Two Bedroom Elderly	850	---	687
Two Bedroom Family	914	816	---
Three Bedroom	1150	954	---
Mortgage Request	\$1,031,276.00	\$501,319.00	\$495,952.00
Mortgage Interest Rate	10.5%	11%	10.5%
Rent/Unit			
One Bedroom	\$ 476.00*	\$ 500.00	\$ 502.00 [#]
Two Bedroom Elderly	\$ 523.00*	---	\$ 552.00 [#]
Two Bedroom Family	\$ 588.00**	\$ 563.00	
Three Bedroom	\$ 666.00**	\$ 637.00	
Operating Expenses/Unit/Year	\$ 1,763.00	\$ 1,440.00	\$ 1,499.00
Taxes/Unit/Year	\$ 385.00	\$ 286.00	\$ 329.00

*100% Fair Market Rent

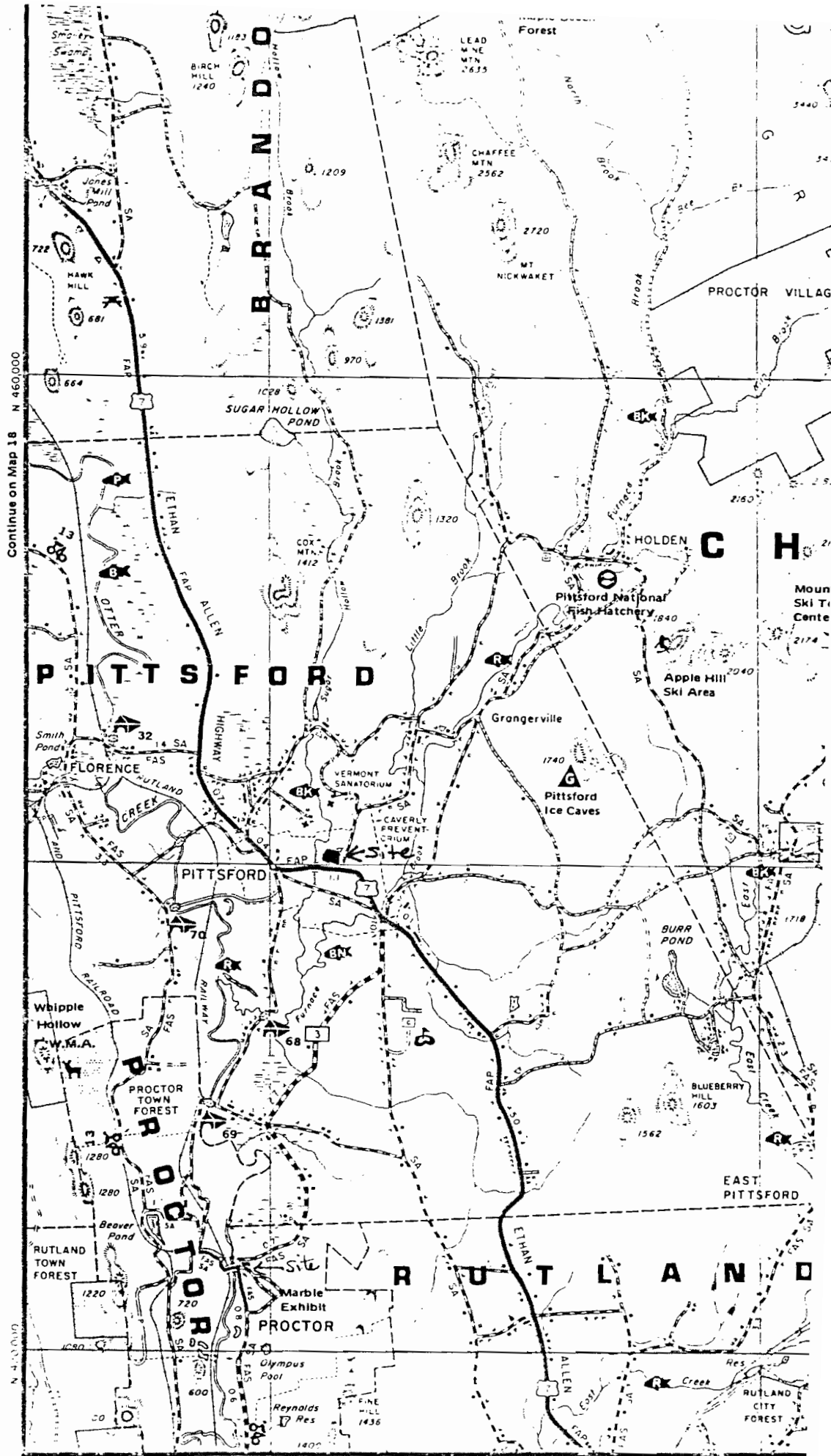
**110% Fair Market Rent

#105% Fair Market Rent

2600

MARKET ANALYSIS: Proctor: Although the VSHA allocation plan does not show a fair share need for units in either Proctor or Pittsford, the Rutland Regional Planning Commission reports a need for 43 assisted units in Proctor. The 1980 Census shows that 21% (421 people) of the population of Proctor is over 60, according to Diane Novak of the Rutland Area Agency of Aging. A hot meals program in Proctor usually has a daily attendance of 20 people. The Rutland Housing Authority has 15 people on their waiting list from Proctor for occupancy in their elderly housing projects. For one bedroom units for the elderly, the waiting time is usually five years. Our recently West Rutland project has eight or nine on the waiting list from Proctor and Pittsford.

Pittsford: The Rutland Regional Planning Commission shows a need for 126 units of assisted housing in Pittsford. Rutland County has the highest need for family housing in the state according to the VSHA plan. Again, according to the Area Agency on Aging, 15% of Pittsford's population of 2,600 is over 60. The maeals site here has a daily attendance of people.



Continue on Map 18 N 460,000

N 4,000,000



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY

Canaan Associates Elderly Housing
Canaan

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

PROJECT: Twelve units of newly constructed elderly housing to be built in the Town of Canaan.

At its August 1980 meeting the Board approved the feasibility of twelve elderly and six family apartments for this project. The mortgage request approved was for \$623,174. Since that time the developers have encountered considerable opposition to the family units. The proposal presented here is a modification of that proposal originally approved by the Board in August of 1980.

DEVELOPMENT TEAM:

Sponsor: A limited partnership will be formed with Claudette and Henri Morais as the general partners. The Morais presently own and manage the apartment units in the Town of Canaan. They have been employed for the past fifteen years by the Ethan Allen Furniture Plant in Beecher Falls.

Marketing/Management Agent: Henris Morais

General Contractor: To be selected

Architect: Richard Wiemann of Wiemann-Lamphere Architects, Burlington, Vt.

Attorney: Montgomery Moore, Island Pond, Vt.

LOCATION: The site of the proposed elderly housing is a 4.5 acre lot located north of Route 27 in the town of Canaan. All services that Canaan offers are within ½ mile of the site with the exception of a supermarket which will make deliveries on a weekly basis. Volunteered transportation will be available for medical visits in Colbrook, New Hampshire.

DESCRIPTION: The sponsor proposes to construct twelve units of elderly housing plus community space which will include a kitchen, laundry and restrooms. The project will have six units in one building and six units including one handicapped apartment plus community space in the second building.

COMPARISION AND RENTS:

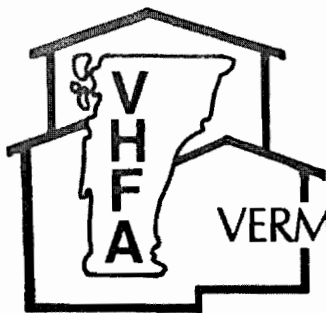
	<u>Canaan</u>	<u>Island Pond</u>	<u>Fairfax</u>
Deve. Cost/Unit	\$ 35,756.00	\$ 29,357.00	\$ 30,621.00
Sitework/Unit	\$ 1,667.00	\$ 1,364.00	\$ 750.00
Const. Cost/Unit	\$ 31,250.00	\$ 24,868.00	\$ 25,404.00
Const. Cost /Sq. Ft.	\$ 38.21	\$ 35.09	\$ 34.37
Number of Units:	12	22	20
Unit Size:			
One Bedroom	608 Sq. Ft.	608 Sq. Ft.	689 Sq. Ft.
Two Bedroom	835 Sq. Ft.	760 Sq. Ft.	800 Sq. Ft.
Mortgage Request	\$419,455.00	\$631,291.00	\$573,227.00
Mortgage Interest Rate	10.5%	7.5%	10.5%
Rent/Unit:		7.5% 10.5%	
One Bedroom	\$ 545.00	\$ 379.00 \$441.00	\$ 516.00
Two Bedroom	\$ 589.00	\$ 430.00 \$504.00	\$ 559.00
Operating Expenses/ Unit/Year	\$ 1,878.00	\$ 1,518.00	\$ 1,588.00
Taxes/Unit/Year	\$ 525.00	\$ 357.00	\$ 417.00

MARKET ANALYSIS: Based on information gathered from numerous local sources, there seems to be a considerable need for subsidized elderly housing in the Canaan area.

Teres Cody, a resident of Canaan and currently Site Manager of the Meal Center at the Island Pond Elderly project stated that there was a definite need in Canaan for elderly housing. She said that she is often asked by local citizens if there are additional apartments available. Mr. Ted Greenwood, Superintendant of the Ethan Allen Furniture Plant and a Chairman of the Board of Civil Authority in Canaan, said that many local elderly people are in serious difficulty due to the high fuel and property tax costs.

Representative Walter Brunette felt there was a need for the housing and said the developer had contacted him earlier this year to explain the project and ask for his assistance in getting it approved. Senator Vincent Iluzzi was not aware that the project was under consideration.

Father George Paulin, the local Catholic Priest also expressed a need for more housing in Canaan. He said that young people would benefit from the construction of these elderly units in that the general housing stock would be increased. He said that lower paid young people have a very difficult time finding adequate housing.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Stanton L. Bean
DATE: July 24, 1981
SUBJECT: MORTGAGE INCREASE FOR NEWPORT/DERBY FAMILY HOUSING

Mr. Andrew Therrien, the developer of the Newport/Derby family housing project has requested an increase in his permanent mortgage loan from the \$678,267. Approved at the March, 1981 Board Meeting to a revised sum of \$700,392.

This request has resulted from a revision in the construction cost by the general contractor following receipt and review of our cost estimate for the project. The developer has agreed to increase his equity contribution from \$41,628 to \$98,844 to cover the balance of the increase.

It should be noted that we have discovered a discrepancy in the utility allowance used and pending receipt of the adjusted estimate this request may be withdrawn from the Board's agenda.

COMPARISON:

	<u>Newport/Derby</u>	<u>St. Johnsbury</u>	<u>Middlebury</u>
Development Cost/Unit	\$ 48,268.00	\$ 44,813.00	\$ 43,762.00
Sitework/Unit	\$ 7,250.00	\$ 2,721.00*	\$ 2,500.00
Construction Cost/Unit	\$ 42,162.00	\$ 37,424.00	\$ 38,527.00
Construction Cost/Sq. Ft.	\$ 30.81	\$ 35.08	\$ 32.38
Number of Units	16	14	12
Unit Size:			
Two Bedroom	8 (825 - 1030sf)	4 (947 sf.)	5 (1034 - 945 sf.)
Three Bedroom	6 (975 - 1282sf)	10 (1006 sf.)	6 (1148 - 1127 sf.)
Four Bedroom	2 (2050 sf.)	--	1 (1426 sf.)
Mortgage Request	\$700,392.00	\$613,334.00	\$507,573.00

*Does not include \$55,000 CD Grant money for site improvements.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: July 24, 1981

RE: APPROVAL OF LETTERS OF INTENT

St. Johnsbury Elderly: Fourteen units being created out of three existing buildings located on the east side of North Avenue in St. Johnsbury. The developer is Canterbury Housing Company, a limited partnership with North Star Housing Corporation and Mr. James Impey as the general partners. The project is basically the same as approved at the June Board meeting and construction is expected to start in September.

All conditions for the Letter of Intent have been met except submission of the property survey. This is in process now and should be available by July 28. I recommend approval of the issuance of the Letter of Intent contingent upon receipt and review of the property survey.

St. Albans Family - Lower Welden Street: This proposal of 12 units of family housing was approved at the July 16th Board meeting. They are now ready for a Letter of Intent and we recommend approval.

Hardwick Family: The Hardwick proposal, which calls for the construction of 8 units of family housing was approved by the Board on August 29, 1981. The State Housing Authority gave their approval on July 15, 1981.

The project was temporarily halted when it became apparent that the site was located in a flood plain. The town of Hardwick had lowered the elevation of the site when it removed some of the topsoil for grading and fill. The town has acknowledged its responsibility in this matter and refilled the site to the 816' required by HUD to bring it above the flood plain level.

This delay caused by the flood plain problem has meant an increase in the construction cost estimate and thus an increase in the total mortgage. I recommend that the Board authorize an increase in the total mortgage amount from \$332,800 to \$359,533 and approve the issuance of a Letter of Intent.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Don Dickson
DATE: July 30, 1981
SUBJECT: FINANCING COMMITMENTS

Line of Credit Limit: \$8,000,000

1. Drawn down:	Bridgewater	\$ 500,000
	North Troy	480,000
	Kaiser/Dressel	260,000
	Island Pond	631,291
	Colchester	223,612
	Holy Angels	1,314,130
	Vergennes	726,780
	Alburg	<u>563,815</u>

Total \$4,699,628

2. Balance of Line of Credit: \$3,300,372

3. Financing Resolutions Approved:

Fairfax	\$ 679,890
Poultney	342,987
Waitsfield	937,304
North Bennington	790,877
Swanton	<u>566,714</u>

Total \$3,317,772

4. Balance of Line: (\$ 17,400)

5. Earnest Money Received:

Middlebury	\$ 507,573
Ashline	1,083,029
St. Johnsbury family	<u>613,334</u>

Total \$2,203,936

6. Balance of Line: (\$2,221,336)

July 30, 1981

7. Letters of Intent Issued:

Westminster	\$ 401,259
Spool & Bobbin	<u>2,831,881</u>

Total \$3,233,140

8. Balance of Line: (\$5,454,476)

9. Letters of Intent Proposed Today:

St. Albans	\$ 489,181
St. Johnsbury elderly	495,952
Hardwick	<u>332,800</u>

Total \$1,317,933

10. Balance of Line: (\$6,772,409)

NOTE: We are also committed to provide permanent financing upon completion for:

Rockingham	\$1,720,000
Jericho	<u>896,011</u>

\$2,616,011

TOTAL COMMITMENTS: \$17,388,420

DED/el



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

MEMO TO: VHFA Commissioners
FROM: Don Dickson
DATE: July 30, 1981
SUBJECT: Swanton Land Appraisal

We are asking the Board to waive the regulation concerning the appraised value of a property in the case of the 11 acre parcel of land on Bushey Street in Swanton. The Abenaki Self-Help Association, Inc., (ASHAI), a non-profit organization, plans to construct 12 units of family housing on the site.

The original asking price of the property was \$36,000. ASHAI, before signing an option, had the property appraised by Robert Luna who gave it a valuation of \$36,000. However, ASHAI obtained an option on the property in January of 1980 with a purchase price of \$27,500. VHFA subsequently commissioned Robert Bliss to appraise the property in June. The result was a \$14,000 land value. After a review of this appraisal by VHFA staff, it was felt that another appraisal was necessary as the Bliss appraisal did not use good comparables or adequately weight the Community Development Block Grant investment to be made on Bushey Street. The final appraisal, done by Ollie Trahan cited a valuation of \$23,800, a difference of \$3,700 from the purchase price.

The decision to waive the regulation in this case can be based on the following considerations:

1. Neither of the appraisers retained by VHFA were able to substantially document their valuations with empirical market evidence. Therefore, it is difficult to ascertain land value in this case. The original (Luna) appraisal seems to be better documented.
2. Steve Bourgeois, Swanton branch manager of the Franklin-Lamoille Bank is familiar with land sales in the area and felt that \$27,500 was a fair price.
3. The effect on the total development cost is negligible--less than 1%. More delay could result in costs in excess of the \$3,700 differential in appraisal fees, staff time, accrued interest on the ASHAI's loan from the Housing Assistance Council, and a potential increase in construction costs due to delay in the start of construction.

VHFA Commissioners

Page 2

July 30, 1981

Therefore, we are requesting the Board to waive the definition of "Housing Development Cost" and "land value" in the regulations and to make the determination that the costs to be incurred are for housing development costs and are within the meaning of the act.

DED/el

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

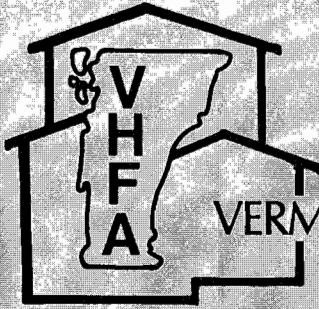
- (1) Westminster Homestead Family Housing, housing in Westminster, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Westminster, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) A & A Realty family housing, housing in Burlington NSA, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Burlington NSA, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



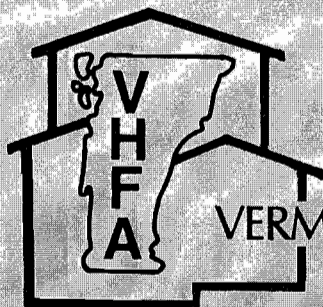
STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY OFFICE
239 South Union Street, Burlington, Vermont
August 27, 1981, 1:30 p.m.

1. Adoption of Agenda
2. Approval of minutes of meeting of July 30, 1981.
3. Multifamily Business:
 - a. Montpelier fire
 - b. Bond issue prospects
 - c. Financing Resolutions:
 - (1) St. Johnsbury
 - (2) Middlebury
 - d. Letters of Intent:
 - (1) Castleton
 - (2) W. Burke
 - e. New proposal: Randolph (Faith, Hope & Charity)
4. Single Family Business: Discussion of proposal to hire outside counsel.
5. Other old or new business.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES VERMONT HOUSING FINANCE AGENCY VHFA OFFICE

July 30, 1981

1:30 p.m.

PRESENT: Chairman Ledbetter; Vice-Chairman Shaw; Commissioners Hebard, Behney, Gardner, Myette, Executive Director Hunt; Mr. Dickson, Mr. Frazier, Mr. Kochman, Ms. Chetti, Mr. Bean, Ms. Wadhams and Mr. Brisson, VHFA.

The meeting was called to order by Chairman Ledbetter at 1:30 p.m. The Chairman reported that he had received an answer from HUD Secretary Pierce regarding the distribution of 1981 Section 8 set-asides, but there did not appear to be any way to increase the Vermont set-aside. The Chairman also reported that he had received a letter from Mr. Donald Robinson of Hawkins, Delafield and Wood expressing their opinion on unused 1980 single family mortgage funds. Mr. Robinson informed him that we are not committed to use remaining funds to redeem bonds.

A motion was made and seconded to adopt the Agenda as proposed by Executive Director Hunt. The motion was carried.

The minutes of July 9th meeting were approved as submitted.

Ms. Chetti presented a proposal from Michael McGinn from St. Albans to rehabilitate six units of family housing. After a brief discussion regarding foreclosure action with Mr. McGinn, the Board tabled action on the proposal pending receipt of notice of dismissal of the foreclosure.

Ms. Chetti presented a proposal from Yvonne Rooney to develop 12 units of family housing in Castleton. The proposed loan amount is \$540,938. Commissioner Gardner moved to approve the proposal contingent upon paving the road and driveway, analysis of sitework, and absence of right-of-way through the property. The motion was approved by a vote of 4 - 1, Commissioner Hebard voting "no".

Mr. Gurley of Goldman Sachs briefed the Board, by speaker phone, on the current market for multi-family bonds. He indicated that the market had not improved since the last Board meeting and the interest rate of 12% is not expected to change. The Board agreed to proceed with the final preparations for the bond issue and mailing. The Board moved to proceed with a bond issue of \$18 million in mortgage loans. A motion was made, seconded and approved unanimously.

Minutes

July 30, 1981 - Board Meeting

Page 2

Ms. Chetti presented a proposal for eight units of elderly housing in Fairfield by Richard and Kathleen Howrigan from Massachusetts. The proposed loan amount is \$265,791. There was a brief discussion concerning whether the proposal involves agricultural land and whether it should be presented before the Agricultural Lands Review Board. A motion to submit the proposal to that Board was defeated by a vote of 3 - 2, Commissioner Behney abstaining. A second motion was made to give preliminary approval to this proposal. This motion was seconded and approved unanimously.

Ms. Chetti presented a proposal from Mr. Earl Simpson to develop 10 units of housing for the elderly and 6 units for families in Pittsford, and 12 units of housing for the elderly in Proctor. The total loan request was \$1,031,276. The proposal as originally submitted included a paved road throughout the family project, and only 1 two-bedroom elderly units in the Pittsford project. However, in an attempt to meet VSHA rent ceilings, the developer has now proposed to pave only half of the road and to increase the number of two-bedroom units. Commissioner Hebard moved to approve the proposal as originally submitted, including 10 one-bedroom elderly units, an adequate maintenance budget, and have the road paved. The motion passed unanimously.

Mr. Bean presented a modified proposal for 12 units of newly constructed elderly housing in Canaan by Henri and Claudette Morais. The proposal was originally approved by the Board at the August, 1980, Board meeting for the construction of 12 elderly and six family units. The revised mortgage request is now \$419,455. A motion was made and seconded to give preliminary approval to this proposal. The motion carried.

Mr. Bean presented a proposal from Andy Therrien for a mortgage increase for the Newport/Derby family housing development. Mr. Therrien has requested an increase in his permanent mortgage loan due to revised construction estimates from \$678,267 (approved at the March, 1981, Board meeting) to a revised sum of \$700,392. Mr. Therrien has increased his equity contribution from \$41,628 to \$98,844. A motion was made and seconded to approve the increase. The motion carried.

Ms. Chetti presented a request from Jack Heaton, builder and developer of the North Bennington elderly housing project, for an increase in his mortgage from \$790,877 to a revised total of \$841,977. This increase was necessary due to a 10 month delay since the original proposal. She reported that the mortgage increase will not be supported by an increase in the rents, but by a \$3,000 reduction in his operating budget and a \$500 decrease in his return on equity. A motion was made and seconded to approve the requested mortgage increase and passed unanimously.

Presentation of the King Street NSA proposal from Dennis Webster and Robert Geisler was postponed.

Mr. Dickson reported that all requirements have been met for Letters of Intent to finance 14 units of elderly housing in St. Johnsbury, 12 units of family housing on Lower Welden Street in St. Albans and 8 units of family housing in Hardwick. Ms. Wadhams reported that the Hardwick proposal has also requested an increase in the total mortgage amount from \$332,800 to \$359,533. Mr. Hunt recommended approval of issuance of Letters of Intent and the mortgage increase for Hardwick. A motion was made and seconded and approved unanimously.

Mr. Dickson proposed adoption of the attached financing resolutions for Westminster and A & A Realty (King Street NSA) subject to the availability of funds under the \$8 million line of credit. A motion was made and seconded, and unanimously approved.

Mr. Dickson reported on the appraisals received by the Agency of the land in Swanton that is the site of a proposal by the Abenaki Self-Help Association, Inc. He asked that under these specific circumstances the Board waive the definition of Housing Development Cost and Land Value in VHFA regulations and to make a determination that the costs to be incurred are for housing development costs and are within the meaning of the Act. The Board also discussed Swanton's sewerage availability and whether it would be made available for the Swanton project. The Board moved to waive the regulation concerning the appraised value of land in this case. The motion was seconded and approved unanimously.

Mr. Dickson recommended authorization of a Memorandum of Agreement with VSHA regarding the Rockingham Development. This Memorandum would allow VHFA to administer the Section 8 contract and receive an administrative fee from HUD. Chairman Ledbetter requested that the interest rate for this loan be set at a rate of 12% instead of the current 11%. The motion was seconded and approved unanimously.

Mr. Hunt reported on a revision in the multifamily development staff structure and two actions taken. Ronne Thielen was promoted to Director of Management, and Janice Chetti was promoted to Senior Development Officer. He recommended adoption of the attached resolution authorizing Ms. Chetti to sign documents in the absence of the Executive Director or Deputy Director. It was moved and seconded to approve these actions. The resolution was adopted.

Mr. Brisson reported to the Board the requirements under the Mortgage Subsidy Bond Tax Act and the treasury regulations created pursuant to the Act as they related to tax exempt bond issues for Energy Conservation/Home Improvement Loans. Both the specific loan requirements and the general compliance requirements were discussed. Because of the severe administrative compliance and bond marketing problems created by the Act and regulation, the Board decided not to pursue the structuring of such an issue at this time; the Board asked the staff to continue its efforts to determine the possibility of putting together a taxable issue for an Energy Conservation Loan Program.

Mr. Frazier reported on the audit with Coopers & Lybrand. In addition, he reported that a mailing was sent out to approximately 600 residences bearing VHFA single family mortgages, to determine who was living in each home. Twenty-three returns have shown that the homeowners were either living out of state or the letter was undeliverable. Chairman Ledbetter suggested pursuing these 23 borrowers and asked for a report at the next Board meeting. The Chairman also requested a review of insured single family mortgages.

The Board next went into Executive Session to discuss a possible civil action and prosecution concerning a matter involving the Agency.

Mr. Hunt led a discussion concerning the status of the unemployment compensation claim between the Agency and the Department of Employment Security. Pursuant to the discussion, the following resolution was moved, seconded and approved unanimously.

RESOLVED, The Agency shall make payments in lieu of contributions (Reimbursable Basis) in accordance with Section 1321 (e), Chapter 17 of Title 21 of the Vermont Statutes Annotated for a period of not less than three calendar years beginning January 1, 1978. The Executive Director is authorized and directed to make such payments as the same may fall due until he is directed otherwise.

Mr. Hunt reported on David DuBrul's request for a commitment of mortgage funds to finance condominiums on the site of the Carr building at the Lane Shops in Montpelier. He suggested an initial tentative commitment of \$300,000 to provide a take-out for half the total number of units, up to a maximum of six units. The projected rate will be 12% for a term of 30 years. It was moved to make such a tentative commitment, contingent upon the availability of funds. The motion was seconded, and approved unanimously.

The meeting adjourned at 4:30 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) A & A Realty family housing, housing in Burlington NSA, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Burlington NSA, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Westminster Homestead Family Housing, housing in Westminster, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Westminster, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

RESOLVED: The Agency shall make payments in lieu of contributions (Reimbursable Basis) in accordance with Section 1321 (e), Chapter 17 of Title 21 of the Vermont Statutes Annotated for a period of not less than three calendar years beginning January 1, 1978. The Executive Director is authorized and directed to make such payments as the same may fall due until he is directed otherwise.

VERMONT HOUSING FINANCE AGENCY

General Fund Budget

Fiscal Year End June 30, 1981

For the TWELVE Months Ended JUNE 30, 1981

AMENDED
Budget

\$458,300

719,875

(261,575)

595,000

333,425

Revenues

Expenditures

Excess Revenues
over Expenditures

TRANSFERS OF EXCESS
FUNDS FROM BOND
PROGRAMS

NET CASH FLOW

NOTE ACCOUNTS

REVENUES

INTEREST INCOME
LOANS
INVESTMENTS

TOTAL REVENUES

EXPENSES

INTEREST ON NOTES
PROFESSIONAL FEES
OTHER OUT OF POCKET

TOTAL EXPENSES

EXCESS REVENUES OVER EXPENSES
NOTE ACCOUNTS

TOTAL GENERAL FUND (A+B)

Year
to
Date

A/R
A/P

Total

%
Budget

		409,765	
		730,150	
		(320,385)	
		601,910	
		281,525.	(A)
		55,777.	
		161,474.	
		217,251.	
		163,059.	
		163,059.	
		54,192	(B)
		335,717.	

VERMONT HOUSING FINANCE AGENCY
GENERAL FUND BUDGET
REVENUES

FISCAL YEAR END JUNE 30, 1981

For the TWELVE Months Ended JUNE 30, 1981

AMENDED
Budget

\$ 33,300

VHMGB

FEE INCOME

-0-

Loans To Lenders Program

Mortgage Purchase Program

25,000

Origination Fees

-0-

Builder Set-Aside Fees

Multi-Family Program

5,000

Application Fees

200,000

Commitment Fees

40,000

Construction Loan Insp. Fees

SURPLUS FUNDS

120,000

Loans To Lenders

100,000

Mortgage Purchase 76/77

250,000

Mortgage Purchase 75/78/79/80

125,000

Multi-Family

150,000

INTEREST INCOME

5,000

MISCELLANEOUS INCOME

1,053,300

TOTAL REVENUES

Year to Date	A/R	Total	% Budget
		34,032	102
		-	
		23,818	95
		21,947	-
		3430	69
		104,500	52
		34,312	86
		120,000	100
		100,000	100
		251,609	101
		130,301	104
		183,315	122
		4,408	88
		1,011,672	96.05

VERMONT HOUSING FINANCE AGENCY
GENERAL FUND BUDGET
EXPENDITURES

FOR FISCAL YEAR END JUNE 30, 1981

For the TWELVE Months Ended JUNE 30, 1981

AMENDED Budget		Year to Date	A/P	Total	% Budget
	<u>OPERATING EXPENSES</u>				
\$ 16,425	Accounting			16425.	100
10,000	Legal			6669.	67
9,500	Architectural			15194.	160
2,500	Commissioner's Per Diem Exp.			1807.	72
9,000	Consulting Fees			8915.	99
6,000	Dues, Subscriptions, Periodicals			5219.	87
15,500	Insurance (Gen. & Group)			15861.	102
2,500	Janitorial			2503.	100
2,000	Miscellaneous			2235.	112
3,000	Annual Report			3459.	115
2,000	Advertising			170.	9
10,000	Office Supplies & Expenses			10524.	105
4,200	Postage			4928.	117
4,500	Photocopying			4160.	92
43,400	Rent Expenses			44364.	102
2,500	Rent Utilities			4426.	106
377,500	Salaries and Wages			375918.	99
3,000	Staff Training			3816.	127
0,000	Staff Travel			21295.	106
24,500	Payroll Taxes			23399.	95
19,000	Telephone			19298.	101
60,000	Trustee Fees			53163.	89
14,000	LOANS TO LENDERS - ASSIGNEE FEES			12952.	93
2,500	REPAIRS AND MAINTENANCE			2655.	106
2,000	MOVING EXPENSE			1993.	100
	<u>OTHER EXPENDITURES</u>				
2,200	Note Payments			2155.	98
	Furniture & Fixtures (Not Financed)			17544.	100
17,500	Pension			13978.	102
13,650	Computer Time Sharing			33220.	166
20,000	SECRETARIAL			855.	-
-0-	VHFA SHARE App COURSE			1045.	-
-0-					
<u>\$719,875</u>	TOTAL EXPENDITURES			730,150	101.43

1 800 - 551 - 2138



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY Randolph, Vermont

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD.
Approval does not imply approval of all details.

DEVELOPMENT:

Sponsor: Faith Hope and Charity, Inc. (FHC) is a non-profit organization which has developed and operated projects for low and moderate income people in the areas of transportation, job training, food and housing in the Upper White River Valley for over nine years. They have demonstrated an ability to carry out difficult projects and have an excellent reputation for community service in Central Vermont. Their Board of Directors includes community organizers, active low income and senior citizen advocates and two ministers. Board members have a diversity of backgrounds, including educators, managers and experts in building renovation.

Faith, Hope and Charity will, after VHFA project approval, establish a non-profit corporation to be entitled the Forest-Prospect Cooperative Homes made up of five current FHC Board members, who will control a majority of the seats on the Board. This Corporation will assume ownership of the project at permanent loan closing.

It is the intention of FHC to have the cooperative members gradually replace all but one FHC member between year three and year five of occupancy.

Marketing/Management Agent: A trained management agent, hired by Faith, Hope and Charity will be responsible for marketing and management in the initial years. This agent will train the occupant families in their marketing/management responsibilities. Eventually, FHC anticipates a cooperative member as manager, if there is such a person with an interest and the required skills.

General Contractor: Not yet selected.

Architect: Black River Design (John Rahill)

Attorney: Walt Morris, Vermont Legal Aid
David Gregg, Bethel, Vermont

LOCATION: The project consists of two buildings on two different sites in the town of Randolph, 5 Prospect Avenue and 18 Forest Street. Both buildings are located in low density residential neighborhoods within walking distance of downtown. The Forest Street property measures just under one acre; the Prospect Avenue site is .4 acres.

DESCRIPTION: The proposal is for the substantial rehabilitation of seven units of family housing in two buildings on two separate sites in Randolph. 18 Forest Street will have four units; 5 Prospect Avenue will house three for a total of three 2 bedroom units, three 3 bedroom units and one 4 bedroom unit.

COMPARISON AND RENTS:

	<u>Randolph *</u>	<u>Westminster</u>	<u>Hancock</u>
Deve. Cost/Unit	\$ 44,260.00	\$ 46,425.00	\$ 41,705.00
Sitework/Unit	571.00	1,562.00	1,540.00
Const. Cost/Unit	27,495.00	35,029.00	28,860.00
Const. Cost/Sq. Ft.	22.04	21.87	25.60
Number of Units	7	9	5
Unit Size:			
One Bedroom	--	--	--
Two Bedroom	700-836	595	739-956
Three Bedroom	1060-1351	951-1402	1307
Four Bedroom	1381	1253-1668	1536
Mortgage Request	316,013.00	401,259.00	203,747.00
Mort. Interest Rate	12.5%	10.5%	11%
Rent/Unit			
One Bedroom	--	--	--
Two Bedroom	--	576.00	585.00
Three Bedroom	726.00	666.00	662.00
Four Bedroom	829.00	761.00	--
Operating Expenses/ Unit/Year	1,751.00	3,150.00	1,686.00
Taxes/Unit/Year	633.00	830.00	360.00

* FHC is requesting a waiver of 1% of the VHFA Commitment Fee

MARKET ANALYSIS: Robert Caron, developer of Randolph Circle project (20 units) has a waiting list of 81 eligible families for 1,2, and 3 bedroom units.

Although the last Regional Housing Allocation Plan was published in 1979, Don Bordon Director of the Two Rivers Regional Commission stated that there is still a need for low income housing in Randolph. The Randolph Town Manager, William Burgess, is also very supportive of the project.

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Sugarwood Family Housing, housing in Middlebury, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Middlebury, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Canterbury Housing Company Family and Elderly Housing, housing in St. Johnsbury, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of St. Johnsbury, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

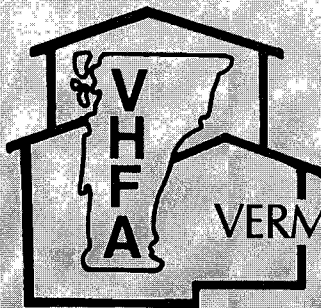
AGENDA

VERMONT HOUSING FINANCE AGENCY BOARD MEETING

September 25, 1981, 1:00 p.m.

State Treasurer's Office
133 State Street, Montpelier

1. Adoption of Agenda.
2. Approval of Minutes of meeting of August 27, 1981
3. Multifamily Business:
 - a. Adoption of 1981 Series A Multi-Family Housing Bond Resolution
 - b. Adoption of First Supplemental Multi-Family Housing Bond Resolution
 - c. Execution of Purchase Contract
 - d. Discussion of General Fund Loan offer to additional developments:
 - (1) St. Johnsbury
 - (2) North Bennington
 - (3) Ashline
 - (4) Westminster
 - (5) Spool & Bobbin
 - e. Financing Resolutions:
 - (1) North Bennington
 - (2) Spool & Bobbin
 - f. Policy discussion: 100 percent loans to non-profit developers
 - g. Reduction of VHFA design and construction standards
 - h. Retrofit of attic firewalls (Status report)
 - i. Derby Line family proposal--update on market study (enclosure)
 - j. Williamstown family proposal (see enclosed letter)
 - k. Letter of Intent for Fairfield proposal
 - l. Discussion of establishing Multi-Family Loan Committee
4. Single-Family Business:
 - a. Discussion of proposed Rollover Program (enclosure)
 - b. Discussion of Cash Flow Bonds
 - c. Purchase of Shared Appreciation Mortgage Documents from Coast Federal Savings
5. Other Old or New Business.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY OFFICE
239 South Union Street, Burlington, Vermont
1:30 p.m., August 27, 1981

PRESENT: Chairman Ledbetter, Commissioners Chaffee, Behney, Myette, Mr. Gallison substituting for Commissioner Hebard; Executive Director Hunt, Mr. Dickson, Mr. Frazier, Ms. Chetti, Ms. Wadhams, Mr. Bean, Ms. Thielen, Mr. Kochman, Mr. Brisson, VHFA staff; Mr. Heilmann of Villa & Heilmann; Mr. Gurley by speaker phone; and members of the press.

The meeting was called to order by Chairman Ledbetter at 1:30 p.m. The minutes of the July 30th meeting were approved as submitted.

Mr. Dickson reported on the Montpelier, Cummings Street project which was damaged by fire on August 14th. He stated that seven out of the eight units in one of the buildings had been affected by the fire. The Department of Labor and Industries had determined that all state fire codes were complied with and that the firewalls had been properly installed between apartments and functioned well. Chairman Ledbetter asked that a report be submitted at the next meeting on the reconstruction of this project and on the status of fire safety measures at other projects.

Mr. Gurley briefed the Board on the current market for our multi-family bond issue with the interest rate now at 14%. He indicated that it would be more feasible to have a small bond issue of approximately \$10 million compared to a larger issue of \$20 million. The Board went into further discussion concerning the status of projects expected to be in this upcoming bond issue. Mr. Dickson presented a chart showing projects that are not in the bond issue, projects with a line of credit, and projects which have no construction loans. The Board discussed the possibility of having the Agency revise project rents to bring them up to 110 percent of Fair Market Rents. All developers would be required to increase their equity up to 10% with the Agency contributing \$1.5 million. Mr. Frazier next distributed to the Board copies of the Agency's General Fund Cash Flow. Discussion ensued concerning the Agency's financial position. Commissioner Myette moved to authorize the underwriters to proceed with a bond issue for projects with construction loans, not to exceed \$12 million with the interest rate approximately 14%. Developers would contribute up to 10% equity and the Agency will put in the difference as a subordinate loan, not to exceed \$1.5 million. The motion was seconded and unanimously approved.

Mr. Dickson proposed adoption of the attached financing resolutions for St. Johnsbury and Middlebury, subject to the availability of funds. A motion was made and seconded and unanimously approved.

Mr. Dickson reported that all requirements have been met for Letters of Intent for 12 units of family housing in Castleton and six units of family housing and nine units of elderly housing in West Burke. The projected interest rate is set at 12½% (with 1½% Financing Cost Contingency). The motion was made, seconded and passed unanimously.

Ms. Wadhams presented a proposal for seven units of family housing in Randolph by Faith, Hope and Charity, Inc. The project consists of two buildings on two different sites in Randolph: 5 Prospect Avenue will house three units, and 18 Forest Street will house four units. Faith, Hope and Charity is a non-profit organization. Commissioner Behney suggested bringing up the discussion of equity contributions in relation to non-profit organizations at the next Board Meeting. A motion was made and seconded to approve this project. The motion passed unanimously.

Chairman Ledbetter suggested setting up a better policy for reviewing multi-family projects. Mr. Hunt suggested that the Chairman might appoint a Loan Committee from the Board, to review and approve projects.

Mr. Heilmann of Villa and Heilmann discussed potential violations and misuse of mortgage instruments within the single family portfolio. Discussion centered around borrowers renting or leasing the mortgaged property, entering into contract for deeds or other instruments which effectively transfers a right, title or interest in the property. Mr. Heilmann suggested mailing a three part certification to all mortgagors in which the borrower must indicate: a) if they still reside in the mortgaged property; b) if any right, title or interest in the property has been transferred; and c) that the value of all personal property included in the transactions did not exceed \$1,000. The Board voted in favor of this mailing.

The Board discussed requesting Mr. Heilmann to review all Single Family Mortgage Purchase documents to ascertain what modifications should be made in order to assure compliance by borrowers with the spirit and intent of the program. No action was taken.

Mr. Brisson presented a proposal for a mortgage portfolio roll-over program whereby potential buyers of properties mortgaged under the various single family bond issues would be allowed to make use of some portion of the current outstanding mortgage loan balances at their existing coupon rates together with required amounts of lenders funds at their prevailing rates in order to create new mortgage loans. Details of this proposal were provided to the Board. The Board indicated conceptual approval of the plan and instructed the staff to: a) ascertain the cash flow impact of the new program on the existing bond programs; b) survey lenders to determine their acceptance of the proposed program; and c) have bond counsel determine the feasibility of doing the program in light of two existing general bond resolutions.

Mr. Brisson brought up a discussion of the Group Home Program. The Board authorized an additional \$200,000 to be used to finance certain group home projects which the Agency has received applications for, and \$75,000 for a dwelling rehabilitation loan program for existing housing units to make them accessible to disabled persons. The loan program will be administered through the Developmental Disabilities Housing Project in Burlington.


Mr. Brisson requested that the Board authorize an expenditure of \$1,000 to purchase a package of mortgage documents from Coast Federal Savings concerning shared appreciation mortgages. The Board suggested that Commissioner Chaffee first attempt to secure the documents for the Banking and Insurance Commission directly from Coast Federal.

Mr. Bean presented a request by the owners of the recently-completed development in North Troy for a mortgage increase of \$8,000. This is to install a master TV antenna system, which is a requirement of the HUD Minimum Property Standards. A motion was made to approve the loan increase subject to substantiation by bids or a cost estimate, and subject to approval by HUD of a rent increase sufficient to cover the added debt service. The motion was seconded and approved unanimously.

Arthur and Barbara Postman, developers of a proposed project in Derby Line, presented the Board with additional information regarding the need for subsidized housing in Derby Line. The Board directed staff to gather and evaluate additional data on the housing market in Derby Line, and to report to the Postmans within 10 days.

The meeting was adjourned at 6:15 p.m.

Respectfully submitted,



Allan S. Hunt

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

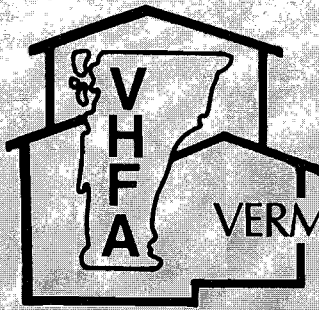
- (1) Canterbury Housing Company Family and Elderly Housing, housing in St. Johnsbury, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of St. Johnsbury, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Sugarwood Family Housing, housing in Middlebury, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Middlebury, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

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STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

To: Vermont Housing Finance Agency Commissioners
From: Don Dickson, Deputy Director
Date: September 18, 1981
Subject: General Fund Loans to Additional Developments

QUESTION: Should the Agency offer to make General Fund loans (equivalent to those offered to projects in the current bond issue) to the following projects: St. Johnsbury, North Bennington, Ashline, Westminster and Spool and Bobbin?

BACKGROUND: At the August 27th Board Meeting, you authorized use of up to 1.5 million from the General Fund for second mortgage loans to projects in the bond issue. You also limited the bond issue only to projects that already have a construction loan. This excluded five projects that would have been in the bond issue, but the \$8 million limit on our line of credit prevented us from making construction loans for them. These projects are no more feasible at a 14 percent permanent interest rate than are those that got into the bond issue.

It was the sense of the Board on August 27th that these projects should all get construction loans as soon as the revolving line of credit is paid down from bond proceeds. We therefore have two options:

- a.) make construction loans on projects that are not feasible at 14 percent, thereby gambling that rates will come down (a risk to the developers as well as the Agency); or
- b.) offer the same second mortgage loan terms to these five projects, making them feasible at 14 percent (thereby gambling that rates won't go up).

Rent increases up to 110 percent of HUD Fair Market Rents have been requested for these projects. If these are approved by HUD, only four projects will need General Fund Loans, totalling \$650,047. If these are not approved, all five will need General Fund Loans, totalling \$768,420 (assuming a permanent interest rate of 14 percent). See attached table.

GENERAL FUND LOANS FOR PROJECTS NOT IN BOND ISSUE

(Assuming 14% Permanent Rate)

Location	TDC (Inc. fees)	ASSUMING NO RENT INCREASE (FCC ONLY)				ASSUMING A RENT INCREASE			
		Developers 10% Equity		Loan Funds		10% Equity		Loan Funds	
		Total	Added	Bond Proceeds	General Fund	Total	Added	Bond Proceeds	General Fund
St. Johnsbury	(Elderly) \$ 525,580	\$ 52,732	\$ 20,293	\$ 429,749	\$ 45,099	\$ 50,732	\$ 20,293	\$ 445,299	\$ 19,539
	(Family)	62,739	25,096	531,444	55,791	62,739	25,096	531,444	55,791
	(TOTAL)	\$1,175,554	\$ 45,389	\$ 961,193	\$100,890	\$113,471	\$45,389	\$986,743	\$ 75,330
N. Bennington	\$ 899,750	\$ 86,723	\$ 28,950	\$ 724,749	\$ 89,278	\$ 57,773	-0-	841,978	-0-
Ashline	1,208,547	111,860	44,744	904,754	128,339	111,860	44,744	913,454	124,804
(@ 120%)									
Westminster	433,259	41,783	9,783	349,645	39,847	41,783	9,783	349,645	39,847
Spool & Robbin	3,095,085	305,993	122,398	2,379,027	410,066	305,993	122,398	2,379,027	410,066
TOTAL					\$768,420				\$650,047

TOWN of WILLIAMSTOWN

MUNICIPAL OFFICES

Williamstown, Vermont

"Home of Scenic Williamstown Gulf"

RECEIVED

JUL 7 1981

VERMONT HOUSING
FINANCE AGENCY

July 2, 1981

Vt. Housing Finance Agency
Allen Hunt, Director
Box 408
Burlington, 05402

Dear Mr. Hunt,

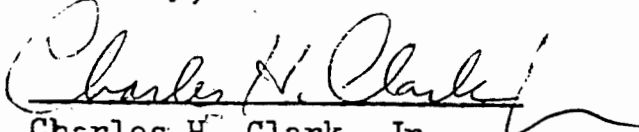
The Town of Williamstown wishes to advise you that the project proposed by Mr. William Dibbern does not comply with the Town Plan.

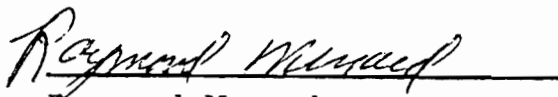
The Selectmen of the Town of Williamstown will not approve of the site for the reason that the proposed project, in the opinion of the Town, is enviromentally unsound.


More specifically, the Town feels that the water problem and the sewer problems presently plaguing the Felicity Development area are specifically unhealthy, and that to allow this project would be to disrupt the ecological balance in the site area, and would be a nuisance.

Thank you for your time.

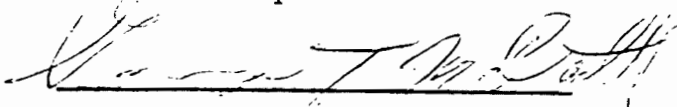
Sincerely,


Charles H. Clark, Jr.

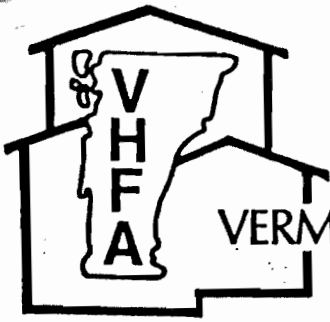

Raymond Menard


Ronald Saldi


Harold Carpenter


George McCarthy

Board of Selectmen



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

September 11, 1981

Mrs. Barbara Postman
P.O. Box 37
Orleans, Vermont 05860

Dear Barbara:

In an attempt to resolve the issues at hand concerning your project, Ronne Thielen and I spent last Friday in Derby Line assessing the rental market and related aspects of your proposal. We visited the site again and spoke with a nearby property owner as well as various owners/managers of about sixty rental units in Derby Line.

The primary concerns of people living near the project as expressed through letters and the one interview that day, were traffic and noise. I measured the width of Sunset Terrace near the Pilow Hill access and found it to be about 20 - 22'. Any widening of the existing road would have a detrimental effect on the neighborhood and we can understand the concerns these property owners have expressed.

The landlords we contacted felt the project would probably fill up if it were built, but that people from other towns would probably live there. Several landlords indicated that the majority of their tenants worked in other towns, usually Newport. Your own survey indicated the greatest response to your newspaper ad for potential tenants came from Newport. This point is further backed up by a recent letter from the Agency of Development and Community Affairs which indicated that Derby Line was a "bedroom community for Newport". Rents in Derby Line are reasonable; several owners rent two bedroom apartments heated for \$150 per month. These are the highest rents quoted us and, from streetside observation of a sampling of these units, they are decent, safe and sanitary. We also found one vacant apartment, a vacant duplex and a vacant three story apartment building within a two block radius.

We didn't get a positive reaction from anyone with whom we spoke, including the major employer in the town, Union/Butterfield, who said they've received no indication from employees that there is a lack of rental housing. Derby Line is a stable, settled community with stable employment and not much hiring. Renters come and go (state police, teachers), the units fill again but there just doesn't seem to be a strong demand for additional units. We could find no evident market for units for Derby Line residents or those employed in Derby Line. The North East Kingdom Community Action Office has indicated that the largest demand for assistance in housing in that area came from Newport but that "the majority would be willing to relocate in Derby if housing were made available." With the Section 8 program facing serious

Mrs. Barbara Postman

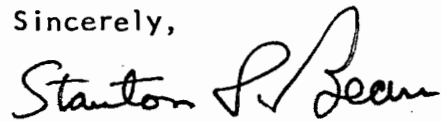
Page 2

September 11, 1981

cutbacks, it is imperative that we make highest and best use of all available subsidies. We can no longer look at a proposal based on justifying it in a particular community, we must also weigh the needs of that community against the housing needs of other communities in the area. The Agency's objective of providing housing in Vermont is not to relocate people from "a city to the suburbs" but rather to provide housing as near services and employment as possible. Additionally, it was pointed out that between 1970 and 1980 Derby's housing stock grew by 41% while Newport's grew by only 6%.

Based on all of the above facts and observations, we do not feel we can justify continued processing of your Derby Line proposal at this time. We realize you've put much effort, time and expense into this proposal and, based on that, we would be willing to consider transferring these units to Newport if you are able to find an acceptable site and submit a feasible proposal within 60 days. We would also need the concurrence of the Vermont State Housing Authority. We do feel that there is a significant market for family housing in Newport and would strongly support a proposal from you in that community.

Sincerely,



Stanton L. Bean
Housing Development Specialist

SLB/el

cc: William Kearns

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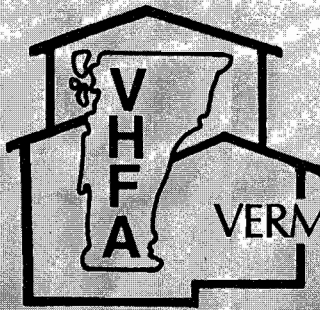
- (1) Bobbin Mill Apartments, housing in Burlington, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage 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 of Burlington, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

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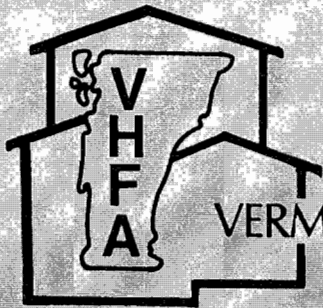
STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
239 South Union Street, Burlington, Vermont
October 22, 1981, 1:00 p.m.

1. Committee Meetings:
 - a. Loan Committee: Review of proposals (see below)
 - b. Audit Committee: Visit from Coopers & Lybrand
 - (1) Introductions: George Ingram, Bernard Britt, partners in charge, Bill Lundquist, manager.
 - (2) Discussion of draft auditor's comment letter
 - (3) Review of auditors fees.
2. Adoption of Agenda
3. Approval of minutes of meeting of September 25, 1981
4. Executive Board Session to discuss personnel matters
5. Multifamily:
 - a. Proposed rule change regarding equity requirements
 - b. Proposed developer selection procedure
 - c. Mortgage Increase Request--Harrington NSA
 - d. Letters of Intent:
 - (1) Benson
 - e. Financing Resolutions:
 - (1) St. Albans (Cioffi)
 - (2) Benson
 - (3) Fairfield
 - (4) W. Burke
 - (5) Jericho
 - f. Proposals--Action on Loan Committee Recommendations for:
 - (1) DD Group Homes in Johnson and Bennington
 - (2) Proctor elderly (revised)
 - (3) Randolph (revision)
 - (4) Springfield
 - g. Expansion of NSA district to Barnes School area
 - h. Attic fire stop inspection
6. Single Family:
 - a. Mortgage Rollover Program
7. Other Old or New Business



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY
State Treasurer's Office, Montpelier, Vermont
September 25, 1981, 1:15 p.m.

PRESENT: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Behney, Hebard, Gardner, and Myette (by speakerphone); Mr. Hunt, Mr. Dickson, Mr. Frazier, Mr. Kochman, Mr. Brisson, VHFA: Mr. Gurley, Goldman-Sachs; Mr. Ingalls, Mr. Hale, Palmer & Dodge; Mr. von Hollweg, Brown, Wood, Ivey, Mitchell & Petty; Mr. Zeiss, E.F. Hutton; Mr. Bengier, Crocker National Bank; members of the press.

The minutes of the August 27, 1981 meeting were approved as submitted.

Mr. Brisson presented an outline of the proposed mortgage loan rollover program for the single family portfolio. He reported that most of the participating lenders have expressed strong interest in the rollover program. Under this program, the Agency would allow some portion of the existing balance of any loan in its single family portfolio to be "rolled over" for a new borrower. Additional funds needed to make the new loan would be provided by the originating lender. No income limit was proposed. After extensive questioning and discussion, it was moved and seconded to pursue this program in all due haste, but with an income ceiling of \$35,000. Counsel and staff were asked to submit recommendations for precise wording. The motion was approved unanimously.

Mr. Gurley described the proposed 1981 multifamily bond issue of \$15,460,000. He pointed out that this will be the first HFA multifamily issue in the country without a "moral obligation" of the state; that prior to this there have been only four HFA multifamily issues this year; that we were fortunate to hit a short dip in interest rates which rose again after these bonds were ordered, and that the net interest cost of these bonds is 13½ percent; that the issue includes a first lien participation by the Agency's General Fund in the amount of \$829,133; that the first redemption date is in 10 years; and that the Agency is taking no spread on these funds but will receive an administrative fee from HUD.

Mr. Ingalls described the provisions of the Multi-Family Housing Bond Resolution and pointed out that the staff and chairman of the Agency were proposing to appoint Hartford National Bank and Trust Company, Hartford, Connecticut, as trustee. Mr. Ingalls reminded the Board that this is a new general bond resolution, and that bonds issued under it will not be on a parity with bonds issued under the 1977 multifamily resolution. A motion was made and seconded to adopt the 1981 Multi-Family Housing Bond Resolution. The motion was approved unanimously.

Mr. Ingalls described the provisions of the First Supplemental Multi-Family Housing Bond Resolution, which authorizes the issuance of the 1981 Series A bonds, ratifies the distribution of the Preliminary Official Statement and authorizes distribution of the Official Statement, and authorizes execution of the purchase contract. A motion was made and seconded to adopt the First Supplemental Multi-Family Housing Bond Resolution. The motion was approved unanimously.

Following this motion the purchase contract was executed and the good faith check tendered and deposited to the account of the Agency.

Chairman Ledbetter led a discussion of establishing a multi-family loan committee comprised of three members of the Board. Commissioner Gardner expressed the view that Board meetings should be devoted to policy, planning, and management issues, not to project reviews, and suggested a second committee to examine issues relating to long-range planning, cash flow projections, and audit. Following this discussion Chairman Ledbetter appointed Commissioners Myette, Behney and Hebard to the loan review committee and Commissioners Gardner, Shaw and Chaffee to the audit committee. He asked each committee to elect its own chairman.

Mr. Dickson asked the Board whether a portion of the \$1.5 million previously authorized for General Fund loans on Section 8 projects in the current bond issue would be available for the Spool & Bobbin project. This project has been fully approved by the Agency but has been held up by the FHA insurance underwriting process. A motion was made and seconded to authorize up to \$450,000 as a General Fund loan on the same conditions offered to the projects in the current bond issue, and to direct the staff to try to arrange a private placement of this project. The motion was approved unanimously.

Mr. Dickson proposed adoption of financing resolutions concerning the North Bennington and Spool & Bobbin developments (see attached resolutions). A motion was made and seconded to adopt the attached resolutions. The motion carried.

Chairman Ledbetter initiated a discussion of the Agency's policy of providing 100 percent loans to non-profit sponsors of multifamily housing. Several commissioners expressed the opinion that in a period where high interest rates have forced the Agency to increase its equity requirement for limited-profit sponsors from 6 to 10 percent, non-profit sponsors enjoy an unfair competitive advantage. A motion was made and seconded to require 3 percent equity from non-profit sponsors of newly proposed projects. The motion carried by a vote of 4 to 1, Commissioner Hebard voting in the negative.

Mr. Dickson distributed a recommended revision of VHFA design and construction standards for multifamily developments, intended to realize some reduction of construction costs. He identified a number of other possible revisions that were not recommended. A motion was made and seconded to approve the recommendations and to request that Vermont State Housing Authority also review its standards in order to realize further cost reductions and agree on a uniform set of standards. The motion passed unanimously.

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- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

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STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

EXECUTIVE SUMMARY
Randolph, Vermont
Revision
October 22, 1981

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD, as soon as HUD approves the proposed Fair Market Rent schedule.

DEVELOPMENT:

Sponsor: Faith Hope and Charity, Inc. (FHC) is a non-profit organization which has developed and operated projects for low and moderate income people in the areas of transportation, job training, food and housing in the Upper White River Valley for over nine years. They have demonstrated an ability to carry out difficult projects and have an excellent reputation for community service in Central Vermont. Their Board of Directors includes community organizers, active low income and senior citizen advocates and two ministers. Board members have a diversity of backgrounds, including educators, managers and experts in building renovation.

Faith, Hope and Charity will, after VHFA project approval, establish a non-profit corporation to be entitled the Forest-Prospect Cooperative Homes made up of five current FHC Board members, who will control a majority of the seats on the Board. This Corporation will assume ownership of the project at permanent loan closing.

It is the intention of FHC to have the cooperative members gradually replace all but one FHC member between year three and year five of occupancy.

Marketing/Management Agent: A trained management agent, hired by Faith, Hope and Charity will be responsible for marketing and management in the initial years. This agent will train the occupant families in their marketing/management responsibilities. Eventually, FHC anticipates a cooperative member as manager, if there is such a person with an interest and the required skills.

General Contractor: Simpson Construction.

Architect: Black River Design (John Rahill).

Attorney: Walt Morris, Vermont Legal Aid
David Gregg, Bethel, Vermont.

LOCATION: The project consists of two buildings on two different sites in the town of Randolph: 5 Prospect Avenue and 18 Forest Street. Both buildings are located in low density residential neighborhoods within walking distance of downtown. The Forest Street property measures just under one acre; the Prospect Avenue site is .4 acres.

DESCRIPTION: The proposal is for the substantial rehabilitation of nine units of family housing in two buildings on two separate sites in Randolph. 18 Forest Street will have six units; 5 Prospect Avenue will house three for a total of five 2 bedroom units, three 3 bedroom units and one 4 bedroom unit.

COMPARISON AND RENTS:

	<u>Randolph*</u>	<u>Westminster</u>	<u>Hancock</u>
Development Cost/Unit	\$ 39,139.00	\$ 46,425.00	\$ 41,705.00
Sitework/Unit	427.00	1,562.00	1,540.00
Construction Cost/Unit	25,196.00	30,170.00	28,860.00
Construction Cost/Square Foot	20.32	21.87	25.60
Number of Units	9	9	5
Unit Size:			
One Bedroom	--	--	--
Two Bedroom	700-836	595	739-956
Three Bedroom	1060-1351	951-1402	1307
Four Bedroom	1381	1253-1668	1536
Mortgage Request	359,298.00	355,597.00	203,747.00
Mortgage Interest Rate	12.5%	13.75%	11%
Rent/Unit:			
One Bedroom	--	--	--
Two Bedroom	607.00	576.00	585.00
Three Bedroom	692.00	666.00	662.00
Four Bedroom	796.00	761.00	--
Operating Expenses/Unit/Year	2,097.00	2,399.00	1,686.00
Taxes/Unit/Year	633.00	830.00	360.00

*FHC is requesting a waiver of 1% of the VHFA Commitment Fee.

MARKET ANALYSIS: Robert Caron, developer of Randolph Circle project (20 units) has a waiting list of 81 eligible families for 1, 2, and 3 bedroom units.

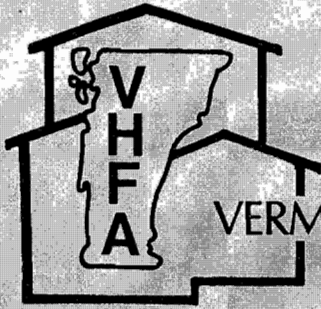
Although the last Regional Housing Allocation Plan was published in 1979, Don Bordon, Director of the Two Rivers Regional Commission stated that there is still a need for low income housing in Randolph. The Randolph Town Manager, William Burgess, is also very supportive of the project.

PROPOSED RULE CHANGE REGARDING EQUITY REQUIREMENTS

RESOLVED: Chapter Four, Paragraph 1, subparagraph (a) of the Agency's regulations entitled "Loans to Multi-Family Housing Sponsors" should be amended as follows:

(a) For private non-profit corporations and state or local public agencies the amount of the loan will be limited to [the] no more than 97% of the housing development cost or [the] 97% of the security value of each project, whichever is less.

And it is further RESOLVED, that the Executive Director shall commence those actions necessary to bring about said change in the regulations in accordance with the procedure prescribed by law.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY

DEVELOPER SELECTION PROCEDURE

1. Site Approval

Site map, copy of option or deed, a statement of the proposed number and type of apartment units, and market data must be submitted by December 31, 1981. Site and market approval letters will be issued within two weeks of receipt of these materials.

2. Developer Approval

Developers of approved sites must submit a personal financial statement no more than 6 months old, a complete resume, and a list of bank and personal references within two weeks of site approval. These must be submitted by January 31, 1982. Notice of approval of developer will be issued within 2 weeks of receipt of these materials.

3. Preliminary Proposal

a. Preliminary proposals must be submitted within two weeks of developer approval, not later than February 28, 1982. Preliminary proposal must include:

1. List of development team and proposed organizational form of owner on Form 501(a).
2. Schematic drawings and outline specs.
3. Pro forma budgets on VHFA Form 502.
4. Supplemental Information on VHFA Form 501(b).

b. Preliminary proposals will be ranked by VHFA staff according to the following criteria:

1. Relative market need.
2. Quality of development team.
3. Financial feasibility: lowest construction

and operating costs consistent with quality design and operation.

4. Attractiveness, efficiency, and durability of design.

c. Rank proposals will be submitted to the VHFA Loan Committee, consisting of three commissioners for final selection. This will be done by the later of (a) March 31, 1982 or (b) 30 days following receipt of notice from HUD of the amount of Section 8 set-aside to be made available to the State for fiscal year 1982.

4. Final Proposal

Developers of approved preliminary proposals must submit a final proposal, including all necessary submissions to HUD, within 2 weeks notice of selection.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

To: Vermont Housing Finance Agency Commissioners

From: Janice W. Chetti *JWC*

Re: Letter of Intent, Benson Housing for the Elderly

The Benson project which is being supported by the First Congregational Church and Society of Benson is ready for approval of a Letter of Intent and a Financing Resolution. Two issues require consideration by the Board:

1) The mortgage request has been increased from \$510,626 to \$516,624. This will be supported by increased rents which will be at 110% of Fair Market. The bulk of this increase is going into the construction contract. Our cost estimate supports this increase.

2) The First Congregational Church is asking that we waive our requirement for a 4% Development Fund Letter of Credit in the amount of \$20,361. The Agency has required this as security for all borrowers receiving Construction Loans from the Agency. This letter of credit would be used to cure any cash deficiencies during construction.

Lisle Bartholomew, who is chairman of the Benson group is asking that this requirement be waived. Mr. Bartholomew has agreed to sign on behalf of the general contractor for this project so that the Rutland Savings Bank will issue a letter of credit for \$110,000 in lieu of a payment and performance bond. The Bank will not require Mr. Bartholomew to assign any of his assets for the Construction Letter of Credit, but would require an assignment of his passbook for the 4% letter of credit. He would prefer not to do this if the Board would consider this waiver.

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Lower Welden Street Housing, housing in St. Albans Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of St. Albans, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Benson Housing, ^{for the Elderly} housing in Benson, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Benson, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

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"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Chester Arthur Housing, housing in Fairfield, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Fairfield, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

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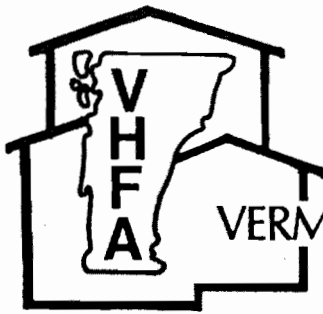
- (1) Burkeland Enterprises, family and elderly housing in West Burke, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of West Burke, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Jeri Hill Associates, elderly housing in Jericho, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Jericho, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

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STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners, Project Committee
FROM: Allan S. Hunt *ASH*
DATE: October 20, 1981
RE: GROUP HOMES FOR THE DEVELOPMENTALLY DISABLED

Last summer, the VHFA Board approved a request from Peg Martin of the Vermont Council of Community Mental Health Services for a seed money loan to be used for start-up costs on the development of six group homes throughout the State. The mental health agencies were part of a HUD demonstration program whereby they would develop, own and manage group homes for six developmentally disabled residents. The residents would be eligible for Section 8 subsidies which would come directly from HUD and the mortgages were to be FHA insured.

To date, two of the six group home applications have made it into the HUD processing pipeline with no clear end in sight. HUD processing could take another year. Because of the bleak prospect for a timely construction start, the Agency has been asked by two of the mental health agencies to assume processing of their applications for substantial rehabilitation of homes in Bennington and Johnson. HUD is quite willing to transfer the applications and processing duties to the Agency and is attempting to transfer the setasides.

Agency staff has visited both homes and feels that the projects would be good ones. We feel that processing time could be substantially reduced from HUD's projection--perhaps allowing a construction start sometime this winter.

There are several issues for consideration:

1. The sponsors of the homes are non-profit groups and as such are not planning to contribute any equity. The application, budget and back-up materials were received prior to the Board's discussion of equity contributions for non-profit groups. We recommend that because of this, the Board approve a 100% loan for both of these projects.
2. HUD is attempting to transfer their Section 8 setaside to the Agency for the benefit of these projects. However, there is some question if this is possible. If not, these projects would require part of the state agency setaside which will most likely be quite limited. In any event, to prevent further delay, the Agency would like to administer the Section 8 contract for these homes. This would require the consent of the Vermont State Housing Authority.

ASH/el

Post Office Box 408

Burlington, Vermont 05402

(802) 864-5743



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: October 20, 1981
SUBJECT: MORTGAGE INCREASE REQUEST--JOHN M. RANDALL ASSOCIATES,
ST. PAUL STREET PROJECT, NSA

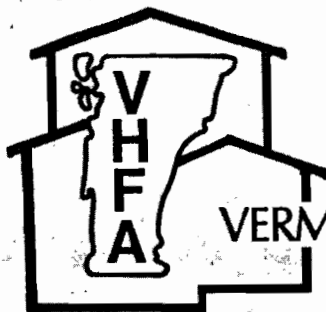
John M. Randall Associates has received a list of change orders from the General Contractor totalling \$56,565. John Randall has, in turn, asked VHFA to increase his mortgage to cover these costs. Based on the original cost estimate for this project, the increase could be supported--it appears the value is there. However, looking at the actual changes listed, there are some that add no value, some that were architect oversights and some that you'd expect due to the nature of the rehabs that the contractor should have included in his original price.

From the list of change orders, the staff feels they can easily justify a mortgage increase of \$12,888. These changes represent unexpected local and state requirements, and VHFA requests for changes. This increase would be contingent on approval by HUD of an adequate rent increase.

Mr. Randall and Kenclif Construction have asked that the Board consider approving an additional mortgage increase of up to \$43,677 to cover the rest of the change orders if Randall is successful in persuading HUD to waive regulations standing in the way of such an additional rent increase. (The Agency would be passive and neutral in the negotiations between Randall and HUD.) If approved, the rents would be comparable to other rents being used by newer NSA projects. This project has been in our office since September, 1979. It has been complicated and painful for all involved. Kenclif came into this after the first contractor was terminated for failure to provide the required bonding and for failure to commence work in accordance with the Contract. The construction amount had already been set and Kenclif agreed to live with it. They subsequently had to deal with inadequate drawings, an absentee architect, and structural problems that hadn't been taken into account. Although Randall himself has been a difficult developer to work with and in some instances less than forthright, Kenclif has been fully cooperative with the Agency to the point of guaranteeing completion of the project lien-free while knowing that a loan short-fall of \$40,000 was likely, and that he would have to look to Randall for that money. Staff suspects that Randall is unable to make the additional payment and that a lawsuit by Kenclif against Randall is likely unless the funds can be found in the reasonably near future.

Based on the cost estimate and judgment of VHFA staff that the value is in the project, I recommend that you approve the full mortgage increase request of \$56,565 to the extent that HUD grants rent increases sufficient to cover additional debt service.

ASH/el



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Commissioners

FROM: Allan S. Hunt, Executive Director

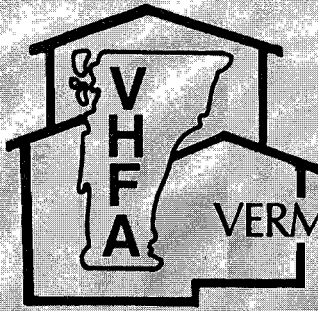
DATE: October 16, 1981

SUBJECT: MORTGAGE INCREASE REQUEST--HARRINGTON APARTMENTS, NSA

At substantial completion of the Harrington Apartments, Maple Street, Burlington, both the sewer and water lines servicing the building broke down and had to be replaced. The total cost of the two change orders was \$4,110. There were excess construction funds of \$1,342 which were paid to the contractor toward those changes leaving \$2,768 still to be paid. Mr. and Mrs. Harrington have requested a mortgage increase of that amount. They have not requested a rent increase because mortgage payments would only increase by about \$280 per year.

We support their request for a mortgage increase of \$2,768.

ASH/el



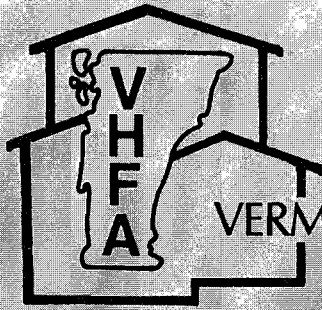
STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
239 SOUTH UNION STREET, BURLINGTON, VERMONT
November 19, 1981, 1:00 p.m.

1. Adoption of Agenda
2. Approval of Minutes of meeting of October 22, 1981
3. Single Family:
 - a. Update on Borrower Certifications
 - b. Update on Mortgage Roll-Over Program
4. Multifamily:
 - a. Discussion of "revised" Spool & Bobbin project
 - b. Preliminary approval of Templeton Avenue rehab project
 - c. Letter of Intent to finance Randolph proposal
 - d. Ratification of mortgage increase for Kaiser/Dressell
 - e. Revisions to VHFA Multifamily Construction Standards
 - f. General discussion of Multifamily Management
 - g. Discussion relative to unsubsidized multifamily program
5. Other Old or New Business.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
239 SOUTH UNION STREET, BURLINGTON, VERMONT

October 22, 1981, 1:00 p.m.

PRESENT: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Hebard, Gardner and Chaffee; Mr. Hunt, Mr. Dickson, Ms. Wadhams and Mr. Brisson, VHFA.

The minutes of the meeting of September 25, 1981 were approved as submitted.

The Commissioners voted to go into Executive Session to discuss personnel matters. The Executive Director's compensation was determined and the Controller notified.

Ms. Wadhams presented a revised proposal from Faith, Hope and Charity for a rehab project in Randolph. The revisions included an increase in the number of units from seven to nine, an increased mortgage amount to a total of \$359,298, and a waiver of 1% of the 1.5% VHFA Commitment Fee. She pointed out that there is currently no Section 8 set-aside for the Randolph proposal. It was moved and seconded to grant conceptual approval of this proposal subject to the availability of set-asides and to transmit the proposal to Vermont State Housing Authority. The motion carried.

Ms. Wadhams presented a proposal for 14 units of family housing in seven duplex units in the Town of Springfield, proposed by Harold and Aniela Cyr. The mortgage requested is \$480,537. She pointed out that the Springfield Board of Selectmen have officially supported this proposal and have encouraged the development of low income housing in recognition of the need in Springfield. Several industries have recently considered moving to Springfield, but rejected the location due to inadequate housing stock for employees. Furthermore, the recent closing of the Southview housing project left 25 low income families homeless. She also pointed out that several Springfield residents have opposed the proposal and have hired a lawyer to obstruct and delay the project in any way possible. She reported that the Cyrs have been cited for two previous violations of Act 250 regulations relating to disposal of sewage, but that they have apparently cooperated with authorities to correct each violation. A motion was made and seconded to give preliminary approval to the Springfield proposal and to transmit it to Vermont State Housing Authority. The motion carried.

Ms. Wadhams presented a proposal from George Huntington for a 27 unit project in Bradford, consisting of 15 elderly rehab units and 12 newly constructed family units. The elderly rehab units would be in the Low Mansion and the

Pritchard House on Main Street, certified historic buildings in serious need of restoration due to a recent fire. The family units would be constructed as duplexes on 2.3 acres on Pleasant Street in Bradford. She pointed out that Bradford is in the third priority area for elderly housing in Vermont, but that it is not on the priority list for family housing. After some discussion of the Agency's experience with Mr. Huntington as manager of 21 units of Section 8 family and elderly housing opened in 1980, a motion was made and seconded to give conceptual approval only to the 15 elderly rehab units. The motion carried.

Mr. Hunt reminded the Board that the Agency has made approximately \$40,000 in seed money loans to the Vermont Council of Community Mental Health Service, of which about \$20,000 has been repaid to date. He reminded the Board that the purpose of the seed money loans were to assist the Council in developing proposals for HUD 202 financing of group homes for the developmentally disabled, which would be subsidized under the Section 8 program. He reported that HUD processing has delayed these projects considerably, and that the Agency has therefore been asked by two of the Mental Health Agencies to assume processing of their applications for financing group homes in Bennington and Johnson. He said that HUD is willing to transfer the set-asides to the Agency if it can be done. He recommended the Agency give conceptual approval to 100% loans for both of these non-profit sponsored projects. Chairman Ledbetter asked what would happen if the transfer of Section 8 set-asides to the state could not be accomplished. Mr. Hunt answered that set-asides would then have to be taken out of the ordinary state allocation. In that event, he said the Agency would have to reconsider its support for these projects. He also pointed out that both HUD and the Community Mental Health Agencies have asked that VHFA be the contract administrator for these group homes. This would require the consent of the Vermont State Housing Authority. A motion was made and seconded to give conceptual approval to the Bennington and Johnson group home proposals, provided that the existing set-aside for these projects be transferred by HUD to VHFA, and not be taken from the state's normal allocation. The motion was approved.

Mr. Dickson reported that the developers of the Proctor/Pittsford proposal had withdrawn the Pittsford portion, and asked whether the Board would approve just the Proctor elderly portion of the proposal. The new mortgage amount requested is \$437,297. A motion was made and seconded to approve the revised proposal for submission to VSHA and HUD. The motion carried unanimously.

Mr. Dickson presented a proposed amendment to VHFA multifamily rules and regulations, implementing the Board's decision on September 25th to require three percent equity from non-profit developers. This amendment would have to be submitted to the Secretary of State's office, published for public hearing, and submitted to the Joint Legislative Rules Committee for comment. After extensive discussion, a motion was made to rescind the action taken on September 25th. The motion was approved by a vote of 3 to 0 with one abstention.

Mr. Dickson reported that HUD requires a certification with each fast-track proposal that the Agency has a written developer selection procedure. He proposed the procedure outlined on the attached sheet. A motion was made and seconded to adopt the attached procedure. The motion carried unanimously.

Mr. Dickson presented a request from Mr. and Mrs. Edward Harrington for a mortgage increase of \$2,768 on their project on Maple Street in the Burlington NSA. The request was due to a breakdown of old sewer and water lines that occurred at substantial completion. A motion was made and seconded to approve the increase. The motion passed unanimously.

Mr. Hunt presented a request from John Randall for a mortgage increase of \$56,565 on his project on St. Paul Street in the Burlington NSA. The request was due to unexpected local and state requirements and changes requested by VHFA, all of which cost \$12,888; plus various optional betterments, architectural oversights, and predictable cost overruns, all of which cost \$43,677. Mr. Hunt recommended approval of a mortgage increase of \$12,888 contingent on HUD approval of the necessary rent increase. He also reported that Mr. Randall and Kenclif Construction have asked for approval of the additional \$43,677 if they can get HUD to approve the necessary rent increase without the support of the Agency. After extensive discussion, a motion was made and seconded to approve whatever increase is needed to pay the contractor in full, up to a maximum of \$56,565, contingent on HUD approval of the necessary rent increase, it being understood that none of the mortgage increase will go to reimburse Mr. Randall for his costs. The motion was approved unanimously.

Mr. Dickson reported that the Benson proposal is ready for a Letter of Intent and a financing resolution. He stated that the mortgage requested has been increased from \$510,626 to \$516,624 and that the developers have asked the Agency to waive its normal construction loan requirement for a developer's letter of credit of 4 percent of the construction loan, to be available to cure any cash deficiencies during construction. He recommended approval of the mortgage increase and disapproval of the waiver request. Mr. Hunt recommended approval of the Letter of Intent. A motion was made and seconded to waive the letter of credit. This motion was defeated by a vote of 1 to 3. A motion was then made and seconded to issue a Letter of Intent for \$516,624. This motion was approved unanimously.

Financing resolutions were presented for the following developments: St. Albans (Lower Welden Street), Benson, Fairfield, W. Burke, and Jericho. Copies of the resolutions are attached. A motion was made and seconded to adopt the attached resolutions. The motion was approved unanimously.

Mr. Dickson reported that the City of Burlington intends to submit a request to HUD for expansion of its Neighborhood Strategy Area (NSA) to include the Barnes School area of the old North End. He stated that this is primarily because there do not seem to be enough buildings remaining in the King Street Neighborhood to use the available Section 8 funds allocated to the city. He advised the Board that they can expect to see proposals for the Barnes School area in the future.

Mr. Dickson reported that attic fire stops are being retrofitted in all multi-family buildings where necessary to comply with HUD Minimum Property Standards, with two exceptions: Enosburg, where an alternative arrangement had been agreed to during construction, and Fair Haven, where an inspection has been scheduled for next week.

Chairman Ledbetter reported on a Chairman's Workshop which he attended sponsored by the Council of State Housing Agencies.

Chairman Ledbetter requested a report at the next meeting on discussions with Vermont State Housing Authority regarding the revision of Agency and Authority construction standards.

Mr. Hunt and Mr. Brisson presented a set of proposed minimum energy compliance standards for the single-family roll-over program. In order to implement these standards, they proposed that VHFA rely on inspectors from the HEAT audit program and the Residential Conservation Corporation. Each of these groups would have to add at least one additional staff person to ensure rapid response. Before they do this they have asked VHFA to guarantee the full cost of the inspections less what would be received from home owners. The guarantees would amount to \$18,750 for the HEAT audit and \$31,250 for RCC, for a total guarantee of \$50,000. The actual cost to the Agency would probably be \$18,750 total assuming 250 homes would be inspected; Agency income from rollover fees would probably be \$75,000. After extensive discussion a motion was made and seconded to adopt the proposed standards and to offer the guarantees to HEAT and RCC; however, it should be specified that if these agencies cannot keep up with the work, the rollover program will not be held up because of non-performance by HEAT or RCC, and if their guarantee of responses within two weeks are not met, VHFA's financial guarantees will be rescinded. The motion was approved unanimously.

The meeting was adjourned at 5:30 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Jeri Hill Associates, elderly housing in Jericho, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Jericho, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

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- (1) Lower Welden Street Housing, housing in St. Albans, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
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- (3) there exists 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 of St. Albans, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
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- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of Benson, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
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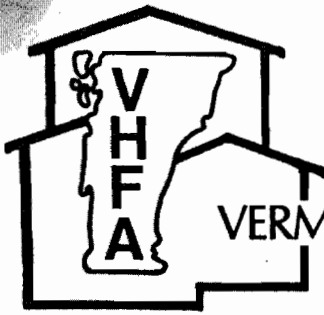
- (1) Chester Arthur Housing, housing in Fairfield, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage 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 of Fairfield, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Burkeland Enterprises, family and elderly housing in West Burke, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists 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 of West Burke, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

Minutes
Vermont Housing Finance Agency
Audit Committee
VHFA Office, Burlington, Vermont
October 22, 1981, 1:00 P.M.

Present: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Gardner, Chaffee, and Hebard; Mr. Hunt, Mr. Dickson, Mr. Frazier, VHFA; Mr. Britt Mr. Lundquist, Coopers & Lybrand.

The first audit committee meeting of the Agency was called to order at approximately 1:20 P.M. Mr. Gardner was elected chairman of the audit committee.

Mr. Frazier introduced Mr. Britt and Mr. Lundquist of Coopers & Lybrand, the current auditors of the Agency. Mr. Britt is the new partner in charge and Mr. Lundquist is the manager in charge of the Agency's annual audit. A general discussion then ensued as to the relationship an audit committee should have with the independent auditors and the management of the Agency. It was generally agreed that the committee, at a minimum, should meet two or three times a year with the auditors and prior to each VHFA board meeting with the management of the Agency.

Mr. Lundquist then handed out a draft copy of the auditor's comment letter resulting from the most recent fiscal year audit. He explained that a draft copy is mailed to the Agency for their review and comments prior to a final version being submitted. The committee instructed Mr. Frazier to finalize the comment letter with Coopers & Lybrand and submit the final form with his written responses to the individual items at the next committee meeting.

Next, Coopers & Lybrand handed out and explained a summary of their fees for services rendered the Agency since 1977 when they became the Agency's auditors. After a brief

discussion, the committee deferred further discussion of the fees until a later committee meeting.

The committee meeting was adjourned at approximately 2:15 P.M.

Respectfully submitted,



W. Scott Frazier, Controller

Attachments:

Draft copy of auditors comment letter
Copies of Coopers & Lybrand fee summaries

VERMONT HOUSING FINANCE AGENCY

AUDITORS' COMMENT LETTER
for the year ended June 30, 1981

DRAFT for discussion purposes only

October 6, 1981

Mr. Allan Hunt, Executive Director
Vermont Housing Finance Agency
P.O. Box 408
South Union Street
Burlington, Vermont 05402

DRAFT for discussion purposes only

Dear Mr. Hunt:

We have completed our examination of the financial statements of the various programs of the Vermont Housing Finance Agency for the year ended June 30, 1981 and submitted our opinion thereon under date of August 28, 1981. As a part of our examination, we made a study and evaluation of the Agency's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting controls in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination.

The study and evaluation was primarily made for the purpose of performing an audit of the financial statements in accordance with generally accepted auditing standards and would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

As a result of our review, we offer the accompanying comments on the Agency's systems and procedures for your consideration. None of the comments should be regarded as reflecting upon the integrity or capabilities of the Agency's personnel. All of our comments are designed to provide you with potential enhancements to the present systems and procedures.

We would like to take this opportunity also to formally express our gratitude for the high degree of cooperation we received from all Agency personnel during the conduct of our examination.

Very truly yours,

VERMONT HOUSING FINANCE AGENCY

AUDITORS' COMMENT LETTER

1981

INDEX

DRAFT for discussion purposes only

Page

I.	<u>Multi-Family Programs</u>	
A.	Multi-Family Monitoring System	1
II.	<u>Single-Family Mortgage Purchase Program</u>	
A.	Formal Foreclosure Policies	1
B.	Update of Master File	2
C.	Depository Cash Accounts	2
III.	<u>Loans to Lenders Program</u>	
A.	Undercollateralization of Loans	2
IV.	<u>Accounting</u>	
A.	Formalization of Accounting Policies	3

VERMONT HOUSING FINANCE AGENCY

AUDITORS' COMMENT LETTER

1981

DRAFT for discussion purposes only

I. Multi-Family Programs

A. Multi-Family Monitoring System

In reviewing the Agency's Multi-Family Monitoring System, we noted that it has greatly improved. To further strengthen this system we offer the following suggestions:

- . The Agency should consider requiring it's multi family projects to maintain accounting systems and records that meet certain minimum functional standards to facilitate both the quarterly financial reports to the Agency and the required annual audit of the project. We understand that for one project this past year, such records were so incomplete as to make an audit difficult if not impossible.

We realize that projects of differing size will have different system requirements, but functional requirements could be met by systems of varying sophistication.

The Agency should thus specify standards for:

1. basic accounting records such as rent, payroll and expense ledgers.
 2. documentation standards such as support for disbursements and traceability between check, expense ledger and invoice file.
 3. internal control standards such as approvals for disbursements and conflict of interest standards.
 4. management control standards such as budgeting, maintenance schedules, etc.
- . Although we have concluded that a loan loss reserve was not required at June 30, 1981, we feel that it would be prudent business and accounting practice to begin to provide such a reserve, given the present size and projected expansion of the multi-family program.

VERMONT HOUSING FINANCE AGENCY
AUDITORS' COMMENT LETTER, Continued

DRAFT for discussion purposes only

II. Single-Family Mortgage Purchase Program

A. Formal Foreclosure Policies

We noted that the Agency is in the process of formalizing its foreclosure policies to ensure that its actions are in compliance with guidelines of the related Bond Resolutions. We suggest that these policies address both operational aspects (e.g., when to foreclose) and accounting procedures (at what point in the foreclosure process to start to provide a reserve against interest, when to cease accruing interest, segregation in the accounting records, accounting for costs pre and post foreclosure, accounting for operations when in foreclosure, and accounting for sales of foreclosed property.)

B. Update of Master File

During the course of our audit, it came to our attention that the Agency's mailing addresses were not kept current on the single-family mortgages. Our confirmation requests resulted in 14% of our sample being returned for corrected addresses.

In order to properly follow up on delinquencies and to monitor compliance of the borrower with the agreement concerning sale and renting, the Agency must have an accurate data base. We understand that this is one of the procedures to be added to the Agency's planned on-line system and that appropriate actions have been taken to follow up potential problems.

C. Depository Cash Accounts

Relatively large reconciling items appear on the bank reconciliations for the depository cash accounts due to timing differences between the bank and the Agency, complicated by the use of a cutoff date other than month-end by the banks. We noted that such reconciling items were not effectively resolved during the year. We suggest that the Agency reconcile and resolve reconciling items for all cash accounts on a timely basis to more effectively monitor for errors.

VERMONT HOUSING FINANCE AGENCY
AUDITORS' COMMENT LETTER, Continued

DRAFT for discussion purposes only

III. Loans to Lenders Program

A. Undercollateralization of Loans

Under the terms of the Loans to Lenders Program, the Agency receives collateral from the borrowing banks to secure the loans. Such collateral is held by assignee banks. Twice annually these banks "evaluate" the collateral as to adequacy of amount and report their findings to the Agency. The system is such that the borrowing banks can freely remove collateral from the assignees without replacement resulting in undercollateralization.

We noted that the Agency has been recording all of the transactions involving collateral investments based upon bank notices. We recommend the Agency monitor levels of such collateral to ensure that adequate levels of collateralization are maintained throughout the year, particularly at financial reporting dates.

IV. Accounting

A. Formalization of Accounting Policies

As in prior years, we noted the Agency does not have a formal set of instructions for the recording and maintenance of all accounting information. We recommend that an accounting manual be prepared. Ideally, such a manual should include descriptions of all accounting functions and responsibilities. We feel that, at a minimum, the basic procedures necessary for recording and summarizing accounting transactions should be documented. This precludes overreliance upon the knowledge of individual employees in the event of staff turnover and assists in the training new employees. As an additional benefit, the process required to prepare an accounting manual may disclose unnecessary procedures which might otherwise continue.

Pertinent accounting policies (e.g., amortization/ accretion policies, method of depreciation and accruals, etc.) and standard journal entries should be included. In addition, a section should detail prohibited practices. For example, the issuance of blank checks or checks to "cash" or "bearer" should be explicitly forbidden.

Vermont Housing Finance Agency

Audit Committee Meeting

October 22, 1981

Fee Analysis

(Audit Only)

	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>	<u>82 (1)</u>
Hours	510	467	407	397	375
@ standard rates	\$24,695	21,127	20,672	24,577	23,980
Fee	\$7,500	9,000	12,000	15,000	16,000
Out of pocket Expenses	\$3,390	4,510	4,425	4,421	

(1) Budget at current rates

Vermont Housing Finance Agency

Audit Committee Meeting

October 22, 1981

Fee Analysis
(Special Work)

Bond Issues:

- . review of official statement
- . review of unaudited financial statements
- . issuance of two comfort letters

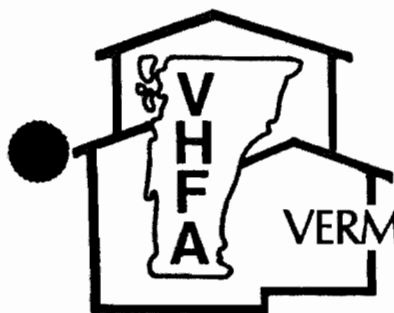
	<u>Time</u>	<u>Expenses</u>
1978A Multi Family	\$1,500	280
1979A Single Family	\$6,900 (1)	484
1979A Multi Family.	\$3,500	522
1980A Single Family	\$1,500	61
1981A Multi Family	\$3,000	15

(1) reflects advance refunding issues

CONTROLLED RENTS FOR UNSUBSIDIZED PROGRAM IN BURLINGTON SMSA - NOVEMBER, 1981

<u>FAMILY SIZE</u>	<u>80% OF MEDIAN INCOME (ANNUAL)</u>	<u>MONTHLY INCOME</u>	<u>RENT AT 30% OF INCOME</u>	<u>APARTMENT SIZE</u>
1	\$14,750	\$1,229	\$368	1 - BR
2	16,900	1,408	422	
3	19,000	1,583	475	2 - BR
4	21,100	1,758	527	
5	22,400	1,867	560	3 - BR
6	23,750	1,979	593	
7	25,050	2,088	626	4 - BR
8	26,400	2,200	660	

NOTE: For comparison, current rents at the Woolen Mill in Winooski are \$365 - \$425 for one-bedroom apartments and \$465 - \$525 for two-bedroom apartments.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Commissioners
FROM: Janice Chetti ^{sc}
DATE: November 13, 1981
RE: Bobbin Mill Apartments, Burlington

As you know, we have been processing a proposal for 63 units of housing for families in Burlington to be located in the old spool and Bobbin Mill on South Champlain Street. The project was to have been FHA insured. During the course of the last few months, both we and the owner have encountered more and more obstacles within the FHA system. The project has virtually come to a standstill at HUD and because of the delays in processing, several substantial problems have arisen.

Since HUD was unable to complete processing by September 30, 1981, the Bobbin Mill project must comply with HUD's new regulations including the restrictions on annual rent adjustments and tenant income mix.

Annual rent adjustment. The old HUD formula increased rents on the entire contract rent sum including debt service. With this formula, we have projected that an income surplus will accumulate after several years of project operation. It is this income surplus which will pay the general fund loans that were made to projects in the last bond issue.

The new annual adjustment formula will increase rents by the operating portion of the rent only and will exclude debt service. We do not know the full impact of this but we are fairly certain that new projects will not have surpluses. So, the Spool and Bobbin project would have no funds available to pay the \$450,000 general fund note which has been proposed.

Tenant income mix. The new regulations require that substantially all tenants be very low income. This means that 90% of the tenants must have incomes less than or equal to 50% of median. The old regulations required that only 20% of tenants be very low income. We feel that this most

likely will not be a problem for the Spool and Bobbin. Other NSA projects in the area (including the GE project) are operating successfully and meeting their financial obligations with 75-100% occupancy by tenants with very low incomes.

The Pizzagalli Corporation is completely disenchanted with the FHA insurance system and feels that the project is going nowhere. The Agency is extremely hesitant to continue with the proposal as it is now structured. We propose the following:

1.) The number of Section 8 units will be reduced from 63 units to 49 units. This would be done by eliminating one of the two new buildings. This decrease would help alleviate our concern about project density and would produce a unit distribution of 16 one bedrooms, 22 two bedrooms and 11 three bedrooms.

2.) FHA mortgage insurance would not be required, but rather we would ask the Pizzagallis to provide a letter of credit for a portion of the mortgage amount. The letter of credit would extend for as long as the Board determined was prudent but at least as long as would be needed to satisfy ourselves that the project was on sound footing.

3.) The project would be funded out of our Hartford Bank line of credit for construction financing and out of a future bond issue for permanent financing. We had originally planned to finance this project separately using some kind of private placement. However, without the FHA insurance component, we feel that the private investors would not be willing to consider the placement.

4.) Without the restrictions imposed by HUD which increased both the construction and operating budgets dramatically, a general fund note would not be necessary. This would make the project feasible, in our opinion, even with the new method of figuring annual increases in rents.



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MEMO TO: VHFA Board of Commissioners
FROM: Allan S. Hunt
DATE: November 13, 1981
RE: TEMPLETON AVENUE REHABILITATION PROJECT

RECOMMENDATION: Conceptual approval of a participation loan with the Lowell Savings Bank, the Agency share being approximately \$500,000 and forwarding proposal to Vermont State Housing Authority and HUD.

This is an existing Section 23 project which is privately owned by Damy Corp., a New Hampshire based company. For the past few years, the project has been operated by the Vermont State Housing Authority. During that time, the project has encountered substantial problems resulting from too many large sized apartments (16 four bedroom and 16 three bedroom units). Maintenance has been deferred and nearly half the units are vacant.

The owner, HUD and VSHA all agree that some immediate action must be taken to salvage the buildings and preserve some much needed housing. The site and exterior of the buildings are fine.

Basic Proposal: The proposal calls for changing the unit configuration to 20 twos, 12 threes, and 4 fours. Rehab will involve changing some internal walls, new plumbing and wiring as needed to meet codes, updating for safety code compliance, providing separate utility metering, new cabinets, appliances and carpeting and general painting. Estimated cost is \$500,000 for 36 units.

Financing: The existing mortgagee is Lowell Savings Bank, who has a \$315,000 mortgage at 5 1/2%. The bank is willing to allow us to participate in the loan for the \$500,000 needed. The loan would be for 15 years. The rents would be subsidized under a 15 year housing assistance payment contract with rents projected at 100% of F.M.R.

Management: Would be reassumed by Damy Corporation, who has extensive experience with Section 8 and Section 23 projects. It is contemplated that a full-time management/maintenance person would live on site.

ASH/efl

VHFA MANAGEMENT DIVISION

Management

Management oversight of Section 8 projects financed by this Agency is of critical importance in assuring the financial and physical well-being of the projects, thus assuring prompt and full payment of the mortgage loan and ultimately satisfying the bondholder. Past history of problem projects by FHA/HUD point to poor management and poor management oversight as primary reasons why projects have problems.

The Vermont scene is no different...in fact, greater potential problems exist since the nature of many of our projects (small, rural) lend themselves to inexperienced and undercapitalized owners, inexperienced managers and sometimes, underfunded operating budgets. For these reasons, financial management oversight is critical. The Agency "management" staff is charged with this oversight.

Attached are three sheets listing the functions of a VHFA management co-ordinator during different stages in a project's history. When reviewing them, keep in mind that, presently, there are 50 VSHA/VHFA projects and 9 NSA contract administration projects in operation. There are an additional 10 projects under construction and 16 projects in various stages of development.

In addition to the routine outlined on the attached sheets, there are always individual project problems of one type or another that must be dealt with, usually on a high priority basis--special rent adjustments, utility allowance adjustments, loans from the PCE, physical/energy related problems of the projects, delinquent loan payments, etc.

Presently, the management division is also, in addition to the routine and special problems:

1. Preparing to computerize the operating cost history of each project;
2. Developing a system to put quarterly financial reports into the computer for easy access;
3. Working with an insurance consultant to develop standard insurance specifications;
4. Working with the Residential Conservation Corporation to determine energy conservation measures owners of family projects must take before implementing tenant-paid utility allowances;
5. Analyzing the HUD project account status of all projects for use by the Council of State Housing Agencies as well as this Agency;
6. Preparing documentation for utility allowance adjustments for all NSA projects;
7. Working with the Champlain Valley Housing Manager's Association in developing a standard tenant pre-application form that can be used by all local managers to centralize the application process.

FUNCTIONS OF A MANAGEMENT CO-ORDINATOR

Management During Development Stage

ALL PROJECTS

1. Review operating budget for each proposal that is submitted. Make written recommendations before Feasibility Letter and taking to the Board for conceptual approval.
2. Inspect all proposed sites upon request by Senior Development Specialist.
3. Review drawings of each feasible project.
4. Investigate proposed management agents.
5. Attend Letter of Intent acceptance meeting to describe responsibilities under the Regulatory Agreement.
6. Hold a 50% construction completion meeting with each developer to apprise them of VHFA requirements from substantial completion on.
7. Require revised operating budget for the remainder of the calendar year 30 days before expected occupancy. Hold meeting to explain financial reporting requirements. Expect that 2 to 4 meetings will be required before there is full understanding of the system and the forms.
8. Review and approve leases, management agreement, plan and permanent record sheet before permanent closing.
9. If a family project, determine from owner how the utilities will be monitored so after two years a utility allowance can be established for each unit.
10. Participate in the substantial completion inspection.

All of the above activities will be coordinated by the Senior Development Specialist and the Director of Housing Management responsible for the project.

ADDITIONAL FOR NSA PROJECTS

11. Hold meetings with each developer/manager 60 days before substantial completion to review HUD requirements and forms. This usually requires 3 to 4 meetings for each project.
12. Before occupancy review all tenant certification forms and subsidy requisition form to verify that tenants are eligible and subsidy requisition has been properly filled out.
13. Notify and work with controller to establish subsidy flow with HUD.

FUNCTIONS OF A MANAGEMENT CO-ORDINATOR

Management During First Year of Project

ALL PROJECTS

1. Organize project files and become totally familiar with all of the documents.
2. Set up schedule of important dates for the project (letters of credit, warranty inspections (consider seasons), uncompleted work deadline, post-closing documents, insurance renewal dates, utility allowance starts, etc.). Add to that schedule, as appropriate, from letters sent to owner re. correction of problems, etc.
3. During first month of occupancy visit each new project to see that apartments are numbered, permanent sign is installed, parking is working out, community space is furnished and inviting, all construction materials are cleaned up, signs are on public restrooms, walks are kept clear (winter), trash system is working and talk to a few tenants about their satisfaction or problems. Talk with resident manager, if there is one.
4. During first month talk to manager and owner about any problems and remind them about finishing any uncompleted work.
5. Six to eight weeks after permanent closing, check to see that all post-closing documents have been received (insurance policy, title insurance, recorded UCC's, mortgage, HAPC Assignment, HAPC, etc.). Follow-up, in writing, on those that have not.
6. Inspect the project at least every three months informally.
7. At 10 months, do warranty inspection and give them no longer than 45 days to correct problems. If there are problems, examine performance bond or warranty letter of credit to familiarize yourself with possible remedies. Reinspect just before 12 months to see they've been corrected and look for any additional items. A different schedule may have to be set up for outdoor seasonal items.
8. Budget Performance Reports--Required if more than a month of operation in its first quarter.
Not required if one month or less.
After receipt, visit the preparer and review it with him, if necessary.

ADDITIONAL FOR NSA PROJECTS

9. Thoroughly review all tenant and project files during the first month of occupancy to verify that all certifications were done correctly, rents computed correctly, leases executed properly, and a segregated security deposit account opened.

FUNCTIONS OF A MANAGEMENT CO-ORDINATOR

On-Going Management After 1st Fiscal Year

ALL PROJECTS

1. Get budget projection 30 days before beginning of Fiscal Year. Have it approvable 30 - 45 days after the beginning of the Fiscal Year.
2. Receive audits 60 days after end of Fiscal Year. If not on time, write the owner and auditor emphasizing the gravity of not getting it in immediately. Review audit and file for outstanding problems and respond to the audit within 30 days.
3. Visit the project every three months, more frequently if there seem to be problems. One of those times must be done formally with the manager and random apartments must be inspected. This inspection is to be co-ordinated with VSHA.
4. Another management coordinator or other staff member should accompany management coordinator on one inspection per year.
5. Submit a financial/physical status report to the director every three months.
6. Review quarterly budget performance reports within one week after receipt and deal with any problems immediately.
7. Notify Senior Development Specialist of serious problems with an owner, contractor or agent that would indicate his undesirability in future dealings with the Agency.
8. Assist development division in performing statistical analyses of operating budgets for new project feasibility determinations. Make available trends in operating costs and the housing market to use in formulating future underwriting standards.
9. Maintain an ongoing working knowledge of: fair market rents, income limits, eligibility criteria, application and recertification procedures, security deposit provisions, automatic and special rent adjustments, replacement reserves, marketing requirements and property standards.
10. Have continuous input into Agency standards and requirements relating to overall building design, and in particular heating system and interior components, in order to reduce long term operating costs thru energy conservation and product durability.
11. Help establish standards of workmanship related to a substantially complete project, as a means of maintaining a consistently acceptable level of quality and livability.

ADDITIONAL FOR NSA PROJECTS

12. Receive and review monthly requisitions for HAP payments.
13. Conduct annual review of all tenant and other project files and interview tenants to determine their satisfaction with the building and management.

VERMONT HOUSING FINANCE AGENCY

General Fund Budget

Fiscal Year End June 30, 1982

For the 3 Months Ended SEPTEMBER 30, 1981

Budget		Year to Date	A/R A/P	Total	% Budget
\$340,000	Revenues			139,275	
<u>753,250</u>	Expenditures			219,239	
<u>(413,250)</u>	Excess Revenues over Expenditures			(79,964)	
	TRANSFERS OF EXCESS FUNDS FROM BOND PROGRAMS			710,000	
<u>710,000</u>					
<u>296,750</u>	NET CASH FLOW			630,036	
	NOTE ACCOUNTS				
	REVENUES				
	INTEREST INCOME				
	LOANS 48,183 + 57,807			105,990	
	INVESTMENTS 77,611 + 26,686			104,297	
	TOTAL REVENUES			210,287	
	EXPENSES				
	INTEREST ON NOTES			155,121	
	PROFESSIONAL FEES				
	OTHER OUT OF POCKET				
	TOTAL EXPENSES			155,121	
	EXCESS REVENUES OVER EXPENSES			55,166	
	NOTE ACCOUNTS				
	TOTAL GENERAL FUND			685,202	

VERMONT HOUSING FINANCE AGENCY
GENERAL FUND BUDGET
REVENUES
FISCAL YEAR END JUNE 30, 1982

For the 3 Months Ended SEPTEMBER 30, 1981

Budget

\$ 46,000 VHMGB (EST'D.)

FEE INCOME

-0- Loans To Lenders Program

-0- Mortgage Purchase Program

-0- Origination Fees

-0- Builder Set-Aside Fees

3,000 Multi-Family Program

145,000 Application Fees

-0-00 Commitment Fees 37,515 + 18,758

Construction Loan Insp. Fees

160,000 SURPLUS FUNDS

100,000 Loans To Lenders

250,000 Mortgage Purchase 76/77

200,000 Mortgage Purchase 75/78/79/80

Multi-Family

150,000 INTEREST INCOME 1073, 27431, 1170, 2413

2,000 MISCELLANEOUS INCOME 360,255

1,056,000 TOTAL REVENUES

Year to Date	A/R	Total	Budget
- 0 -	11,500	11,500	
- 0 -		- 0 -	
- 0 -		- 0 -	
- 0 -		- 0 -	
580		580	
56,273		56,273	
17,546		17,546	
- 0 -	160,000 ^①	160,000	
- 0 -	100,000 ^①	100,000	
250,000	- 0 -	250,000	
200,000	- 0 -	200,000	
30,087	20,734	50,821	
555		555	
557,041		849,275	

TRANSFERRED OCT. 1, 1981.

VERMONT HOUSING FINANCE AGENCY
GENERAL FUND BUDGET
EXPENDITURES
FOR FISCAL YEAR END JUNE 30, 1982

For the 3 Months Ended SEPTEMBER 30, 1981

Budget		Year to Date	A/P	Total	% Budget
	OPERATING EXPENDITURES				
\$ 18,000	✓Accounting	13,500	1,500	15,000	
2,000	Advertising/Legal Notices	- 0 -		- 0 -	
4,000	Annual Report	200		200	
13,500	✓Assignee Fees	10,626		10,626	
-0-	Architectural	2,325		2,325	
3,500	Commissioners Expense	60	1851	1911	
3,000	Consulting Fees	81		81	
33,000	Computer Expenses	7,858	6,612	14,470	
6,000	Dues, Subscrip, Books	3,928		3,928	
20,900	Insurance	6,286		6,286	
2,700	Janitorial	458	188	646	
10,000	Legal	642		642	
2,000	Miscellaneous (C+S 40L + 186)	592	93	685	
10,000	Office Supplies	1211	227	1438	
4,200	Postage	606	122	728	
3,600	Photocopying	706	244	950	
1,500	Printing	- 0 -	88	88	
32,000	Rent (9000 - 1245)	7755		7755	
4,650	Utilities	511	103	614	
3,000	Repairs and Maintenance ⁵⁰⁷⁶² ₁₄₉₁₃	404	109	513	
403,000	Salaries	88,031		88,031	
26,800	Payroll Taxes	6057		6057	
19,500	Pension Plan	- 0 -		- 0 -	
3,000	Staff Training	652	705	1357	
22,500	Staff Travel ⁴⁰²⁹ - 658	3371	379	3750	
21,000	Telephone	3272	1725	4997	
62,700	Trustee Fees	40,592	3540	44132	
2,200	Note Payments ⁴² + ²⁶³ + ¹⁵⁴	459		459	
7,500	Furniture and Fixtures	803		803	
-0-	Moving Expense	- 0 -		- 0 -	
	UNEMPLOYMENT PAYMENTS	1014	453	1467	
7,500	OTHER EXPENDITURES - APPROPRIATIONAL COUNCIL	300		300	
	VCHS Donation	- 0 -		- 0 -	
<u>\$753,250</u>	TOTAL EXPENDITURES			219,239	29.1%

TUESDAY OCTOBER 20, 1981

Business Day

The New York Times

Mortgage Defaults Increase

New Pressure On Housing Industry Seen

By WINSTON WILLIAMS

CHICAGO, Oct. 19 — Mortgage delinquency and foreclosure rates are reaching the worrisome proportions of the mid-1970's, putting the hard-pressed housing industry under still more pressure.

This trend has stirred concern among home builders and real estate salesmen, who fear that more foreclosures will depress home values and further weaken an industry already staggered by high interest rates. Prices of existing houses are already affected, new-home construction has been in a slump for two years and mortgage lenders have been suffering mounting losses.

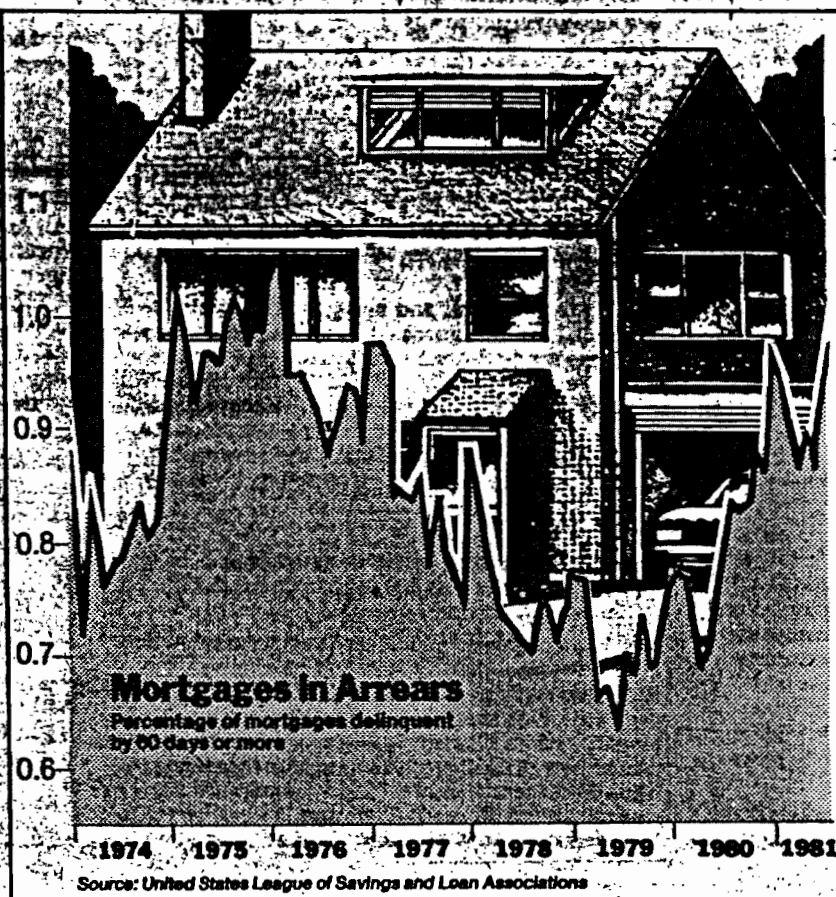
Mortgage delinquencies — payments more than 60 days past due — are "rising to serious levels," said Brian Smith, an economist for the United States League for Savings, a trade organization of savings and loan associations.

While the figures are climbing, however, there is hope that they can be kept within manageable bounds. Many lenders and private mortgage insurers say the situation has not yet become a crisis. "It's doing human damage to individuals, but it's not a systemic problem yet," Mr. Smith of the League of Savings said in an interview.

Delinquencies added up to a record of \$8.43 billion at the end of August, the National Home Loan Bank Board reported, a total that partly reflects the upward trend of house prices in recent years.

According to the latest data from the League of Savings, the rate of delinquencies in August was 0.99 percent of mortgage loans outstanding, up from 0.92 percent in July and 0.86 percent in June, after having fallen steadily earlier in the year.

In normal times, the delinquency



rate is usually between six-tenths of 1 percent and seven-tenths of 1 percent of mortgages outstanding, compared with the present rate of virtually 1 percent. In the aftermath of the severe 1974-75 recession, the rate peaked at 1.06 percent in February 1976.

The League of Savings began keeping track of the delinquency rate in 1953. It got as high as 1.41 percent twice, in February 1962 and February 1964, reflecting periods of economic trouble. Back then, housing economists say, high delinquency rates were considered more tolerable. For one thing, monthly mortgage payments were generally a smaller part of family income than they are now, making it easier for a homeowner in arrears to catch up.

Now foreclosures are on the rise. The Federal Housing Administration,

which insures about 10 percent of all home mortgages, reported more than 23,000 foreclosure proceedings against F.H.A.-covered properties in the first 11 months of the fiscal year ended Sept. 30. This was about 30 percent more than the total for all of the previous fiscal year.

The Veterans Administration, which also guarantees mortgage payments, says foreclosures are running 1,200 a month, or 20 percent ahead of last year's pace.

The Lenders' Viewpoint

Figures on conventional mortgages compiled by the League for Savings and by the Mortgage Bankers Association of America indicate that the problem of past-due payments is nearly as

Continued on Page D11

MILTON STEDN

HOWARD, NOVEMBER 9 1981
WALL STREET JOURNAL

Sinking Foundation

Builders' Losses Mount As Prolonged Slump In Housing Continues

Problems of Unsold Homes And High Interest Rates Cause a Mood of Despair

'It's Going to Get Worse'

By G. CHRISTIAN HILL

Staff Reporter of THE WALL STREET JOURNAL

KANSAS CITY, Mo.—Robert O. McCollom has the wistful, grizzled look of a prospector who once struck it rich only to lose it all to bad luck.

The look fits. The lanky, 39-year-old former schoolteacher began a home-building business in 1969, parlaying \$350 from the sale of an old Chevrolet into a fair-sized fortune by the mid-1970s. He gained a reputation for building innovative, well-designed homes. But in September, Mr. McCollom filed for bankruptcy, joining hundreds of home builders ruined by two years of high interest rates that have sapped sales.

Nonetheless, Mr. McCollom views his troubles with equanimity. "I made some bad business decisions," he says, "but they wouldn't have been fatal without the economic downturn." He adds, "This fall, we builders will drop like leaves."

Ominous Assessment

Most home builders and lenders agree with his ominous assessment. Builders have been hammered by the longest housing slump since World War II. Although many of them shut down early and trimmed inventories, others were caught with raw or developed land and partly built or completed homes, financed at steadily ballooning interest rates. With home sales at record lows, their huge carrying costs have finally exhausted the profits they made in the good years after the 1973-75 recession.

The current housing recession is markedly different from prior ones in the mood of despair it has spread throughout the industry. For the first time in 50 years, this usually optimistic breed doesn't see much chance of a recovery or a boom in the near future.

"Much of the building fraternity is reaching a shocking conclusion," says Merrill Butler, a California builder and past president of the National Association of Home Builders (NAHB). "That is, mortgage rates will stay high through much of 1982, and it is better to take your medicine now than in six months. The small builder is just being wiped out, and it's going to get worse."

In the first nine months of this year, 2,660 construction contractors filed for bankruptcy, up nearly 50% from the 1980 period, according to Dun & Bradstreet. In all of 1975, 2,262 contractors filed for bankruptcy. Bankruptcy filings by subcontractors have increased 120% so far in 1981 from last year. These trends are likely to continue because lenders' foreclosures on new housing developments have picked up in the last 60 days, especially in previously hot markets such as

Losing Their Shirts

And lots of builders are losing their shirts in ways that don't show up in the failure statistics. Some are handing projects back to lenders in lieu of foreclosure, which avoids a court action but still wipes out their entire investment. Others are subsidizing home buyers by paying lenders to offer below-market interest rates, or are auctioning off property or selling entire subdivisions to investor groups at cut-rate prices. These agreements cost them much of the equity they have built up over the years.

Builders aren't the only ones hurt by the housing slump. Some financial experts believe the national economy will remain sluggish without a robust recovery in housing, which accounts for 4% of the gross national product. The NAHB predicts that housing starts will total only 1.07 million units this year, down 18% from last year's 1.31 million starts and the lowest level since 1946. A further slowdown could lead the country into a sharper-than-expected recession.

And there are signs that the true depths of the plunge in housing starts haven't yet shown up in government statistics. Many lenders stopped making residential construction loans at least two to three months ago. These include Royal Savings & Loan in Dallas, Gibraltar Savings & Loan in Houston and First Interstate Mortgage Co., a unit of First Interstate Bank in Los Angeles and one of the nation's biggest residential construction lenders. About half of the NAHB's 44,000 member builders have stopped building homes.

Pent-Up Demand

The industry's problems would ease if the recent decline in interest rates results in a sharp drop in mortgage rates from their current level of 17% to 18%, for builders report tremendous pent-up demand for housing. Such a rapid recovery occurred after the 1974-75 housing slump.

But mortgage rates haven't dropped yet, and they probably won't until lenders are convinced that interest rates will keep falling and stay down. For now, most lenders believe that inflation, the Federal Reserve Board's tight-money policy and huge government deficits promise to keep long-term interest rates chronically high.

So the current decline in housing production, which started in November 1978, is expected to continue at least through mid-1982.

The collapse of housing starts and home sales also appears to be sparking a marked deflation in real estate, although the existence of such a trend is sharply debated by economists. Here in Kansas City, for example, builders say land prices have fallen as much as 25%, and labor, materials and other construction costs as much as 25% to 40%, in the past 18 months.

One real-estate man reports concern among homeowners in the affluent Johnson

Please Turn to Page 22, Column 1

Sinking Foundation: Builders' Losses Mount As Slump Continues

Continued From First Page

County suburbs of Kansas City, as partly completed subdivisions are abandoned by builders or neighboring homes are sold for significantly less than a year ago. In Palm Springs, Calif., builder Karl Bergher auctioned off 38 single-family homes last May for an average price of \$205,000, about \$5,000 below the average price paid by buyers of identical units last year.

"No other postwar cycle has seen (such) a deflation in prices of homes and land," says Michael Sumichrast, the chief economist for the NAHB.

The average price of new homes sold in the 1981 third quarter rose just 0.6%, the smallest increase since the 1979 fourth quarter and down sharply from the 8.9% increase over the past 12 months. However, even these increases are supported largely by subsidies given to buyers through below-market-rate loans. Such loans represent hidden discounts of 5% to 10% from stated prices. If these costs are taken into account, home prices are falling, some observers say.

Other economists doubt that deflation is widespread. They regard reports of drops in home values as evidence of a short-term cooling of overheated prices in a few areas, rather than a long-term trend. But a staff member of the Federal Reserve Board says its governors are "horribly concerned" about the housing industry and the possibility of widespread deflation in housing. That would endanger both lenders and borrowers, who bank on the continuing value of real estate for their net worth and repayment of loans.

Builders' costly inventory of unsold homes, their most immediate problem, stands at about 300,000 units. That is below the 1974 level, but the annual rate of new single-family home sales also is lower now. As many as 25% to 50% of reported home sales end up falling through because buyers can't qualify for mortgage loans.

Swollen Inventory

Builders also must compete with the inventory of existing homes for sale, which has swollen to an estimated five million listings as existing home sales have declined by nearly 50% from a peak recorded three years ago.

"In my opinion, the future is more bleak than in 1974, even though the oversupply of new housing isn't as great," contends John Opperman, First Interstate Mortgage's chairman. "We have an affordability problem we didn't have then, interest rates are higher and I think there is an overall expectation that housing isn't as good an investment as it has been in the past."

In the last few months, First Interstate foreclosed on five subdivisions in California, three in the depressed San Diego market. Another big West Coast banker, who has recently foreclosed on seven California projects, says "The end result of the squeeze on small and medium-sized builders will be lenders' repossessing projects." He adds, "I

can't see what will stop it, to tell you the truth."

In Dallas, Royal Savings & Loan since July has taken over 56 single-family homes worth about \$6.7 million. Builders handed them over in lieu of foreclosure. The S&L is having trouble selling them at their average appraised value of \$120,000 each, even though it is offering 11% mortgage loans with no origination fees and is paying an extra \$1,000 bounty to real-estate agents for each buyer they bring in. So far, it has 10 houses sold or under contract.

Deferring Interest

Most lenders are leaning over backward to avoid taking back property. In Houston, Superior Homes Co., a large home builder, has defaulted on its construction loans with Gibraltar S&L. The Houston thrift is deferring interest charges on about 60 homes as Superior attempts to sell them with heavily subsidized mortgages.

The outlook is grim, however. "Another six months of these interest rates, with sales volume as it stands, will have a severe impact on any builder's ability to maintain debt service," says Richard Knee, Gibraltar's vice president. "We can prepare ourselves to own some real estate." Superior's president, Donald A. Hall, vows never to return to building tract homes, and instead will concentrate on custom homes.

Mr. McCollom, the Kansas City builder, also won't be building homes again, at least not in the U.S. Up until the fall of 1979, he was constructing 10 to 11 custom homes a year, in the \$100,000 to \$300,000 range. He lived in a fancy house, flew his own airplane, and took lengthy scuba-diving and sailing vacations. "I spent a whole bunch of money," he recalls.

But in a classic case of bad timing, he began sales at a small subdivision in mid-October 1979, when mortgage rates were starting their rapid climb. Mr. McCollom was trapped with seven homes and 10 lots, \$1.2 million of debt and interest expense of about \$450 a day. In the next two years, he managed to sell three of the homes, two at prices as much as \$13,000 below his costs. Other tentative sales fell through as buyers couldn't qualify for financing. His carrying costs didn't fall because interest rates continued to soar.

Underbid on Contract

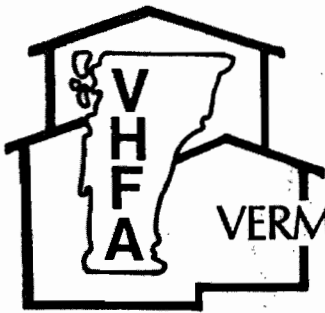
He kept his head above water by turning to remodeling, which generated enough income to pay his debt interest. But that business evaporated on July 1, when subcontractors underbid him for \$200,000 of construction by 20% to 25%.

In September, Mr. McCollom, whose home-building business is incorporated, filed for protection under Chapter 11 of the Federal Bankruptcy Act. It is possible under Chapter 11 for a company to survive as a going concern after working out a plan to pay its debts.

Mr. McCollom contends that his liabilities exceed his assets by so much that he expects to lose everything in bankruptcy proceedings, including about \$100,000 invested in his houses. His creditors include four lenders and several subcontractors.

He now is looking for a job in Saudi Arabia, or some other developing nation, managing a residential construction project.

"The sad part about all of this is that when the housing market turns, nobody will be here," Mr. McCollom remarks. "I know I won't be coming back."



STEWART M. LEDBETTER, Chairman
ALLAN S. HUNT, Executive Director

Minutes
Vermont Housing Finance Agency
Audit Committee
VHFA Office, Burlington, Vermont
October 22, 1981, 1:00 P.M.

Present: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Gardner, Chaffee, and Hebard; Mr. Hunt, Mr. Dickson, Mr. Frazier, VHFA; Mr. Britt Mr. Lundquist, Coopers & Lybrand.

The first audit committee meeting of the Agency was called to order at approximately 1:20 P.M. Mr. Gardner was elected chairman of the audit committee.

Mr. Frazier introduced Mr. Britt and Mr. Lundquist of Coopers & Lybrand, the current auditors of the Agency. Mr. Britt is the new partner in charge and Mr. Lundquist is the manager in charge of the Agency's annual audit. A general discussion then ensued as to the relationship an audit committee should have with the independent auditors and the management of the Agency. It was generally agreed that the committee, at a minimum, should meet two or three times a year with the auditors and prior to each VHFA board meeting with the management of the Agency.

Mr. Lundquist then handed out a draft copy of the auditor's comment letter resulting from the most recent fiscal year audit. He explained that a draft copy is mailed to the Agency for their review and comments prior to a final version being submitted. The committee instructed Mr. Frazier to finalize the comment letter with Coopers & Lybrand and submit the final form with his written responses to the individual items at the next committee meeting.

Next, Coopers & Lybrand handed out and explained a summary of their fees for services rendered the Agency since 1977 when they became the Agency's auditors. After a brief

discussion, the committee deferred further discussion of the fees until a later committee meeting.

The committee meeting was adjourned at approximately 2:15 P.M.

Respectfully submitted,



W. Scott Frazier, Controller

Attachments:

Draft copy of auditors comment letter
Copies of Coopers & Lybrand fee summaries

VERMONT HOUSING FINANCE AGENCY

AUDITORS' COMMENT LETTER
for the year ended June 30, 1981

DRAFT for discussion purposes only

October 6, 1981

Mr. Allan Hunt, Executive Director
Vermont Housing Finance Agency
P.O. Box 408
South Union Street
Burlington, Vermont 05402

DRAFT for discussion purposes only

Dear Mr. Hunt:

We have completed our examination of the financial statements of the various programs of the Vermont Housing Finance Agency for the year ended June 30, 1981 and submitted our opinion thereon under date of August 28, 1981. As a part of our examination, we made a study and evaluation of the Agency's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting controls in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination.

The study and evaluation was primarily made for the purpose of performing an audit of the financial statements in accordance with generally accepted auditing standards and would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

As a result of our review, we offer the accompanying comments on the Agency's systems and procedures for your consideration. None of the comments should be regarded as reflecting upon the integrity or capabilities of the Agency's personnel. All of our comments are designed to provide you with potential enhancements to the present systems and procedures.

We would like to take this opportunity also to formally express our gratitude for the high degree of cooperation we received from all Agency personnel during the conduct of our examination.

Very truly yours,

VERMONT HOUSING FINANCE AGENCY

AUDITORS' COMMENT LETTER

1981

INDEX

DRAFT for discussion purposes only

Page

I.	<u>Multi-Family Programs</u>	
A.	Multi-Family Monitoring System	1
II.	<u>Single-Family Mortgage Purchase Program</u>	
A.	Formal Foreclosure Policies	1
B.	Update of Master File	2
C.	Depository Cash Accounts	2
III.	<u>Loans to Lenders Program</u>	
A.	Undercollateralization of Loans	2
IV.	<u>Accounting</u>	
A.	Formalization of Accounting Policies	3

VERMONT HOUSING FINANCE AGENCY

AUDITORS' COMMENT LETTER

1981

DRAFT for discussion purposes only

I. Multi-Family Programs

A. Multi-Family Monitoring System

In reviewing the Agency's Multi-Family Monitoring System, we noted that it has greatly improved. To further strengthen this system we offer the following suggestions:

- . The Agency should consider requiring it's multi family projects to maintain accounting systems and records that meet certain minimum functional standards to facilitate both the quarterly financial reports to the Agency and the required annual audit of the project. We understand that for one project this past year, such records were so incomplete as to make an audit difficult if not impossible.

We realize that projects of differing size will have different system requirements, but functional requirements could be met by systems of varying sophistication.

The Agency should thus specify standards for:

1. basic accounting records such as rent, payroll and expense ledgers.
2. documentation standards such as support for disbursements and traceability between check, expense ledger and invoice file.
3. internal control standards such as approvals for disbursements and conflict of interest standards.
4. management control standards such as budgeting, maintenance schedules, etc.

- . Although we have concluded that a loan loss reserve was not required at June 30, 1981, we feel that it would be prudent business and accounting practice to begin to provide such a reserve, given the present size and projected expansion of the multi-family program.

VERMONT HOUSING FINANCE AGENCY
AUDITORS' COMMENT LETTER, Continued

DRAFT for discussion purposes only

II. Single-Family Mortgage Purchase Program

A. Formal Foreclosure Policies

We noted that the Agency is in the process of formalizing its foreclosure policies to ensure that its actions are in compliance with guidelines of the related Bond Resolutions. We suggest that these policies address both operational aspects (e.g., when to foreclose) and accounting procedures (at what point in the foreclosure process to start to provide a reserve against interest, when to cease accruing interest, segregation in the accounting records, accounting for costs pre and post foreclosure, accounting for operations when in foreclosure, and accounting for sales of foreclosed property.)

B. Update of Master File

During the course of our audit, it came to our attention that the Agency's mailing addresses were not kept current on the single-family mortgages. Our confirmation requests resulted in 14% of our sample being returned for corrected addresses.

In order to properly follow up on delinquencies and to monitor compliance of the borrower with the agreement concerning sale and renting, the Agency must have an accurate data base. We understand that this is one of the procedures to be added to the Agency's planned on-line system and that appropriate actions have been taken to follow up potential problems.

C. Depository Cash Accounts

Relatively large reconciling items appear on the bank reconciliations for the depository cash accounts due to timing differences between the bank and the Agency, complicated by the use of a cutoff date other than month-end by the banks. We noted that such reconciling items were not effectively resolved during the year. We suggest that the Agency reconcile and resolve reconciling items for all cash accounts on a timely basis to more effectively monitor for errors.

VERMONT HOUSING FINANCE AGENCY
AUDITORS' COMMENT LETTER, Continued

DRAFT for discussion purposes only

III. Loans to Lenders Program

A. Undercollateralization of Loans

Under the terms of the Loans to Lenders Program, the Agency receives collateral from the borrowing banks to secure the loans. Such collateral is held by assignee banks. Twice annually these banks "evaluate" the collateral as to adequacy of amount and report their findings to the Agency. The system is such that the borrowing banks can freely remove collateral from the assignees without replacement resulting in undercollateralization.

We noted that the Agency has been recording all of the transactions involving collateral investments based upon bank notices. We recommend the Agency monitor levels of such collateral to ensure that adequate levels of collateralization are maintained throughout the year, particularly at financial reporting dates.

IV. Accounting

A. Formalization of Accounting Policies

As in prior years, we noted the Agency does not have a formal set of instructions for the recording and maintenance of all accounting information. We recommend that an accounting manual be prepared. Ideally, such a manual should include descriptions of all accounting functions and responsibilities. We feel that, at a minimum, the basic procedures necessary for recording and summarizing accounting transactions should be documented. This precludes overreliance upon the knowledge of individual employees in the event of staff turnover and assists in the training new employees. As an additional benefit, the process required to prepare an accounting manual may disclose unnecessary procedures which might otherwise continue.

Pertinent accounting policies (e.g., amortization/ accretion policies, method of depreciation and accruals, etc.) and standard journal entries should be included. In addition, a section should detail prohibited practices. For example, the issuance of blank checks or checks to "cash" or "bearer" should be explicitly forbidden.

Vermont Housing Finance Agency

Audit Committee Meeting

October 22, 1981

Fee Analysis

(Audit Only)

	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>	<u>82 (1)</u>
Hours	510	467	407	397	375
@ standard rates	\$24,695	21,127	20,672	24,577	23,980
Fee	\$7,500	9,000	12,000	15,000	16,000
Out of pocket Expenses	\$3,390	4,510	4,425	4,421	

(1) Budget at current rates

Vermont Housing Finance Agency

Audit Committee Meeting

October 22, 1981

Fee Analysis
(Special Work)

Bond Issues:

- . review of official statement
- . review of unaudited financial statements
- . issuance of two comfort letters

	<u>Time</u>	<u>Expenses</u>
1978A Multi Family	\$1,500	280
1979A Single Family	\$6,900 (1)	484
1979A Multi Family	\$3,500	522
1980A Single Family	\$1,500	61
1981A Multi Family	\$3,000	15

(1) reflects advance refunding issues