



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

BOARD MEETING AGENDA  
VERMONT HOUSING FINANCE AGENCY  
239 SOUTH UNION STREET  
BURLINGTON, VERMONT  
2:00 PM, THURSDAY, MARCH 8, 1984

CONFIRMED: Chairman Ledbetter, Commissioners Hebard, Gardner, Myette, Shak

1. Approval of Minutes of December 16, 1984 Board Meeting
2. Multi-Family
  - A. UFFI update
  - B. Multi-Family Production Program Progress Report
  - C. Rental Rehab Pilot Program Update
3. Single Family
  - A. Selection of Underwriters
  - B. Sunset Legislation Update
  - C. 1983 A & B Update
  - D. 1984 Builder Design Competition Update
  - E. FNMA Seller/Service Contracts
  - F. Master Servicing - Defaulted Loans
4. Administration
  - A. Budget Update
  - B. Personnel Update
5. Any Other Old or New Business
6. Adjournment Approximately 4:30 PM



STATE OF VERMONT

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AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

OFFICE OF THE SECRETARY (802) 828-3211

MONTPELIER, VERMONT 05602

DEPARTMENTS OF:

Economic Development 828-3221  
Housing & Community Affairs 828-3217

DIVISIONS OF:

Administration 828-3231  
Historic Preservation 828-3226  
Vermont Travel Division 828-3236  
Vermont Life Magazine 828-3241

March 7, 1984

Vermont Housing Finance Agency:

Pursuant to 10 V.S.A., Section 611, Paragraph (b), I hereby designate Alexander J. Shak to serve as a Commissioner of the Vermont Housing Finance Agency for the meeting scheduled for Thursday, March 8, 1984.

Sincerely,



Milton A. Eaton  
Secretary

MAE/cal



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### MINUTES

VERMONT HOUSING FINANCE AGENCY  
239 SOUTH UNION STREET, BURLINGTON, VERMONT  
DECEMBER 16, 1983

PRESENT: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Chaffee, Hebard, Myette, Gardner, and Shak (designee of Eaton); Mr. Frazier, Mr. Brisson, Mr. Schoenbeck, VHFA staff.

Upon motion duly made, and seconded, Commissioner Hebard was unanimously chosen to act as Chairman. Commissioner Hebard called the meeting to order at 2:00 P.M.

Vice-Chairman Shaw entered the meeting at this point and assumed the role of Chairman.

Upon motion duly made, and seconded, the minutes of the October 26, 1983 Board meeting were unanimously adopted with one modification regarding the Alburg Family project to be incorporated into the minute book.

Mr. Frazier then gave the Board a legislative update. He first noted that much to everyone's dismay, Congress had recessed for the year without extending the single family mortgage revenue bond program. Until this legislation is enacted, the Agency cannot issue any tax-exempt single family bonds. Everyone is hopeful that Congress will reenact the program when Congress reconvenes in late January, 1984.

At this point, Chairman Ledbetter entered the meeting.

Mr. Frazier continued his legislative update by summarizing the following:

First, HUD has proposed a new regulatory change in the method for calculating allowable rent increases keyed to increases in operating costs. If adopted this could have an impact on the ability of certain projects to pay back the General Fund loans outstanding in a timely manner. Second, Congress is proposing to put various restrictions on IDB bonds including a volume cap, but multi-family rental bonds may be exempt from these restrictions. And third, Congress, has finally enacted a housing authorization bill entitled the Rural Housing and Urban Recovery Act of 1983 containing a minor provision for a new construction and substantial rehab production program which appears to be similar to the current UDAG programs in that the Agency could apply for funds on

(December 16, 1983 Board Meeting Minutes Continued)

a project specific basis and only on behalf and with the concurrence of a unit of local government located in that state. Proposed regulations for this program are slated to be out early next year.

Mr. Brisson continued the discussion on multi-family programs by reviewing the attached draft memo to developers included in the mailing which outlines a limited scale multi-family program the Agency could implement in 1984. Mr. Brisson noted that under this program HUD would not be involved and the Agency therefore would have to promulgate rent and tenant income limitations. After further considerations, the Board concurred with the staff that the memo should be mailed out to a number of developers and banks to see if the proposed program generates any interest.

The staff's recommended policies on the sale and resyndication of multi-family projects was considered next. After discussion and certain modifications, upon motion duly made, and seconded, the attached Transfer of Ownership General Guidelines was unanimously adopted.

Then, upon motion duly made, and seconded, the Board unanimously moved to go into Executive Session to discuss various Agency matters.

The Board meeting resumed with the staff updating the Board on the sale of the Alburg Family project. Mr. Frazier informed the Board that he had issued a Commitment Letter for the sale and financing of the project to a limited partnership of which H. Clifford Dubie would be a general partner. The sales price was \$544,000 including the reestablishment of the project's reserve accounts. The Agency would provide a loan of \$487,000 at 8 5/8%. The buyer would pay the Agency a 1% loan origination fee and provide a \$6,000 letter of credit for working capital security. Mr. Brisson then informed the Board of the status of the insulation and siding work and distributed photographs of the project showing the new siding. All agreed the appearance of the project was enhanced substantially. Upon a motion duly made and seconded, the Board unanimously ratified the sale of the project under the terms and conditions of the Commitment Letter issued by the Agency on November 23, 1983 to H. Clifford Dubie of Dubie Associates, Inc.

Mr. Frazier then very briefly summarized the status of the remaining Section 8 projects still under construction and not permanently financed.

Next the Agenda switched to single family business. Mr. Brisson gave an analysis of the first 770 loans originated under

(December 16, 1983 Board Meeting Minutes Continued)

the 1983A and B bond issues. He noted that the rate of commitments under both programs had slowed down considerably by early December. It appeared that the approximately \$10 million of uncommitted funds would last through March 1984.

Upon a motion duly made, and seconded, the Board unanimously adopted the attached Resolution Appointing the Republic Bank NA, of Dallas, Texas as a Depository.

Mr. Brisson then initiated discussion for single family bonding plans for 1984. He noted that staff would start preparing immediately for a new issue so that the Agency would be in position to bond as early as February or March but that timing obviously depended on the status of legislation and level of interest rates.

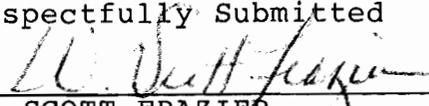
Mr. Frazier informed the Board the staff was now officially investigating available office space in preparation for moving the Agency to better quarters by the time its current lease expires on June 30, 1985.

Lastly, staff updated the Board on the various law suits involving the Agency. Three cases were noted:

1. Hahr vs. Kirker, et.al. - It appeared this case would be going to trial in January. After recapping the history of the case, upon motion duly made, and seconded, the Board unanimously approved the staff's recommendation to arrange a meeting with Polly Nichol (a past employee) to determine if the Agency would benefit from calling her as a witness.
2. Freiheit Case - Mr. Brisson noted the Agency had won its judgement in getting the contract rescinded. The Freiheits would have to pay off their VHFA loan.
3. Marshall Complaint - Mr. Frazier noted the Agency has been named in an equal employment opportunity complaint through the Department of HUD and that details as to what may be required of the Agency were still sketchy at this time.

There being no further business before the Board, the meeting was adjourned at approximately 4:00 P.M.

Respectfully Submitted

  
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W. SCOTT FRAZIER  
EXECUTIVE DIRECTOR & SECRETARY

WSF:lam

VERMONT HOUSING FINANCE AGENCY  
RESOLUTION APPOINTING THE REPUBLIC BANK, NA  
OF DALLAS, TEXAS AS A DEPOSITORY

RESOLVED, that subject to the terms hereof, and pursuant to Section 1101 of the Agency's Single Family Mortgage Purchase Bond Resolution of June 16, 1978 and Section 1101 of the Agency's Home Mortgage Purchase Bond Resolution of July 8, 1983, The Republic Bank, NA of Dallas, Texas (the "Bank") is hereby appointed a Depository of funds collected on behalf of the Agency by The Lomas & Nettleton Company on account of mortgages purchased with proceeds of the following series of bonds:

Single Family Mortgage Purchase Bonds, 1980 Series A  
Single Family Mortgage Purchase Bonds, 1982 Series A  
Home Mortgage Purchase Bonds, 1983 Series A  
Home Mortgage Purchase Bonds, 1983 Series B

The Bank shall establish valid trust accounts held for the benefit of the Agency which accounts shall be insured by FDIC.

The Bank shall indicate its acceptance of this appointment in writing.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### M E M O R A N D U M

TO: VHFA COMMISSIONERS  
FROM: W. SCOTT FRAZIER  
RE: RENTAL REHAB PROGRAMS  
DATE; FEBRUARY 21, 1984

Overview -- In July, 1982 the Agency committed \$150,000 of General Fund monies to Round II of the Rental Rehabilitation Demonstration Program. To date one loan has been made for \$9,300 at 8% and 10 years on a project in Montpelier. Another loan, for \$22,500 is currently in process for a project on Bayview Street in Newport. Under this program, the tenants are underwritten by the Housing Authority to determine if they are Section 8 eligible. Vouchers are then awarded to the tenants and no subsidy accrues to the project; however, the rents on the units must fall within HUD Section 8 levels. Round II has not been too successful for any number of reasons.

Under a more centralized format, the Agency of Development and Community Affairs will be requesting 70 Section 8 Existing units from HUD under Round III of this program as described in the attached letter from Mike Richardson. The \$118,500 remaining from Round II has been requested to be reallocated to Round III.

Simultaneously to the above, Steve Koble of the Housing Authority has approached me regarding the feasibility of the Agency providing some financing on projects under their Moderate Rehab Program. This program functions much the same as the Section 8 new construction program in that the projects will receive a subsidy from HUD under a HAP contract for 15 years. The Housing Authority will be accepting proposals through March 30th from the following communities: Milton, Essex, Wells River, Fair Haven, Morrisville, Brandon, and Bennington. The Fairhaven project in particular, I am told, if successful will go a long way in getting that town's downtown revitalization program off the ground.

Board Action Requested

1. Reserve \$22,500 under Rental Rehab Demonstration Round II for the Newport project subject to satisfactory documentation of construction cost and financial feasibility and approval by the loan committee (Myette, Hebard, Eaton) for a loan not to exceed \$22,500, 10.5%, and 10 years.
2. Reallocate the \$118,500 for the purpose of providing financing under the Rental Rehab Demonstration Program Round III and the VSHA 1984 Moderate Rehab Program on a first-come, first-serve basis. VHFA financings to be on a take out basis only (after construction completed) at 10.5% and not to exceed 15 years in maturity.
3. Set an expiration date of December 31, 1984 unless sooner used at which time Board will assess the possibility of committing additional funds to rental rehab programs in general.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### M E M O R A N D U M

TO: VHFA COMMISSIONERS  
FROM: ROGER A. SCHOENBECK, CONTROLLER  
RE: BUDGET PERFORMANCE REPORT  
DATE: FEBRUARY 21, 1984

Attached you will find a budget performance report as of December 31, 1983, which includes our recommendations for budget adjustments. The items lettered on the report correspond to the notes below. Although we are asking for changes to many line items, we feel an explanation is necessary for the following:

(A) Single Family Fee Income -- When the original budget was put together, we did not anticipate the 1983B program which should generate an additional \$180,000 in bank application and origination fees.

(B) Howard Multi-Family Fund Balance Transfer -- Because of sizable income generated by the Howard Multi-Family income and based on the availability of funds pursuant to the latest cash flow projection, we feel the need to transfer some of the additional funds available to help support a small increase in the general fund balance.

(C) Howard Home Mortgage Purchase Program Fund Balance Transfer -- It was not anticipated at budget time that the Agency would be required to contribute to new bond issues in the amount that was required to fund the Loan Loss Claim Fund on the 1983A and 1983B program. The proposed amended budget represents the Agency's net contribution to these programs.

(D) Consulting Fees Expense -- There is a need to amend the budget for this item due to the fact that subsequent to the budgetary process an award has been authorized for the Builder Design competition in the amount of \$5,000 and expenses have been realized in the Alburg and other projects relating to insulation materials.

Budget Performance Report  
February 21, 1984  
Page 2

(E) Legal Expense -- Unanticipated large sums have had to be expended in regards to the HAHR vs. Kirker action and also for settlement of the Freiheit vs. VHFA case. This adjustment is needed to support normal legal expenses for the balance of the fiscal year.

(F) Salaries and Wages Expense -- There have been several changing conditions that require an amendment to this category. Effective February 20th the Agency has hired a Data Processing manager, to better facilitate our expanding needs. The onset of the unanticipated 1983B program require us to keep on board for the last half of the year a single family loan underwriter. To manifest a smooth transition for key employees in the accounting and single family departments who were leaving, replacements need to be hired so that there is an overlap of duties for a period of time.

These comments address the more significant proposals to amend the fiscal year budget. Needless to say, I will be available for questions that you may have on these or any other changes.

	ORIGINAL APPROVED BUDGET	PROPOSED AMENDED BUDGET	AMOUNT THRU 12/31/1983	PERCENT OF APPROVED BUDGET
<u>INCOME</u>				
V. H. M. G. B.	55100	55100	35500	64.4
SINGLE-FAMILY FEE INCOME (A)	140200	320000	216993	154.8
MULTI-FAMILY FEE INCOME	30000	40000	30179	100.6
INTEREST INCOME	131400	140000	72051	54.8
MISCELLANEOUS	1300	6900	3801	292.4
TOTAL INCOME	358000	562000	358524	100.1
<u>FUND BALANCE TRANSFERS</u>				
LOANS TO LENDERS	180000	180000	180000	100.0
SHAWMUT MORTGAGE PURCHASE	50000	50000	50000	100.0
HOWARD MORTGAGE PURCHASE	660000	660000	-	-
HOWARD MULTI FAMILY (B)	275000	400000	275000	100.0
CONNECTICUT NATIONAL MULTI FAMILY	50000	60000	35000	70.0
HOWARD HOME MORTGAGE PURCHASE (C)	-	(773000)	(831583)	-
TOTAL TRANSFERS	1215000	577000	(291583)	-
TOTAL INCOME AND TRANSFERS	1573000	1139000	66941	
<u>EXPENSES</u>				
ADVERTISING	3000	3000	374	12.5
AUAI	20000	20750	20726	103.6
ANNUAL REPORT	5000	5800	533	10.7
COMMISSIONERS EXPENSES	2500	2500	1334	53.4
CONSULTING FEES (D)	1500	8000	2666	177.7
COMPUTER EXPENSES	44300	40000	22501	50.8
DUES AND SUBSCRIPTIONS	6200	7000	3799	61.3
INSURANCE	25550	27000	13889	54.4
INTEREST EXPENSE	8500	10000	5058	59.5
LEGAL (E)	38000	45000	24609	64.8
MISCELLANEOUS	1500	3500	2830	188.7
OFFICE EXPENSES	7500	9000	4991	66.5
PENSION PLAN	12000	12000	9073	75.6
POSTAGE	5600	5600	2587	46.2
RENT	32500	35000	15690	48.3
REPAIRS AND MAINTENANCE	27250	29000	14488	53.2
SALARIES AND WAGES (F)	406000	425000	199581	49.2
STAFF TRAVEL AND TRAINING	20000	25000	12863	64.3
TAXES-PAYROLL	29350	29350	14316	48.8
TELEPHONE	18900	15000	7095	37.5
TRUSTEE AND ASSIGNEE FEES	94400	94400	57697	61.1
UTILITIES	6200	6200	2909	46.9
DEPRECIATION	30000	30000	15008	50.0
TOTAL EXPENSES	845750	888100	454617	53.8
INCREASE (DECREASE) TO FUND BALANCE	727250	250900	(387676)	

BUDGET PERFORMANCE REPORT  
VERMONT HOUSING FINANCE AGENCY - GENERAL FUND  
12/31/83

Prepared By	Initials	Date
Approved By		

VERMONT HOUSING FINANCE AGENCY  
239 SOUTH UNION STREET  
BURLINGTON, VERMONT  
2:00 PM, THURSDAY, MARCH 8, 1984

CONFIRMED: Chairman Ledbetter, Commissioners Hebard, Gardner, Myette, Shak

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TO: VHFA COMMISSIONERS  
FROM: W. SCOTT FRAZIER AND T. BRISSON  
RE: REPLACEMENT OF UFFI  
DATE: FEBRUARY 18, 1984

Please carefully read Fred Allen's written report regarding the Agency's position in the use of UFFI and be prepared to act on this issue at the Board meeting.

The report confirms the staff's position which calls for the removal of all UFFI insulation in our projects. Accordingly, we recommend the following actions be undertaken immediately.

1. Agency notifies each owner/developer by letter requiring the removal of the insulation. Letter will support our decision with outline of our research and call for a meeting at the owner/developer's earliest convenience.
2. Agency requires owner/developer to contract with 3rd party general contractor and submit plans and specifications by a particular date.
3. Agency controls disbursement of funds and inspects work in progress.

Attached is a list of projects affected including Adam's estimated cost for each project. Staff will negotiate with each owner/developer for the funding of the costs; however, our approach will be to first exhaust all possibilities of funding from HUD through the subsidy and failing that structuring a General Fund loan to each project.

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FROM: W. SCOTT FRAZIER  
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3. Set an expiration date of December 31, 1984 unless sooner used at which time Board will assess the possibility of committing additional funds to rental rehab programs in general.

TO: BOARD OF COMMISSIONERS  
FROM: W. SCOTT FRAZIER  
RE: SELECTION OF UNDERWRITERS  
DATE: FEBRUARY 18, 1984

By now, you are probably aware that Andy Gurley has left Goldman, Sachs to head up the housing division of the Tax-Exempt Securities Department at Morgan Stanley. Incidentally, Gail Bancroft of Brown, Wood, Ivy (underwriters counsel on VHFA deals) has joined Andy at Morgan Stanley.

Although Morgan has been a leader in corporate investment banking for over 50 years, their Tax Exempt Securities Department has only been in existence since mid-1983. Tom and I met with Andy, Gail, and Bob Gerard to ascertain Morgan's commitment into the municipal market. It appears they will have all the prerequisite technical support in a short period. Their marketing capabilities, obviously, have yet to be tested.

If we want to be prepared to go to market as soon as legislation and interest rates allow, staff feels the Board should formally appoint underwriters at this Board meeting. Keep in mind, despite the historical record to the contrary, underwriters may be selected by the Board for each new bond issue. Also, we hope to duplicate, as much as possible, from the 1983 A & B financings, so it would seem prudent to keep familiar team players on our account.

My recommendation at this time is to appoint Morgan Stanley as lead underwriter and retain E.F. Hutton as co-manager for our next bond issue.

I feel the second logical choice would be to stay with Goldman, Sachs as lead and E.F. Hutton as co-manager. If you choose this option, it appears that Ann Kaplan would be the best choice for a new Goldman team leader. You will probably be receiving, if you haven't already, a sales presentation from Goldman, Sachs in the mail.

There are obviously other possibilities that could be considered; however, I hope the Board doesn't see the need, at least for our next issue, to solicit presentations from a multitude of underwriters.

TO: VHFA COMMISSIONERS  
FROM: W. SCOTT FRAZIER  
RE: 1984 BUILDER DESIGN COMPETITION  
DATE: FEBRUARY 21, 1984

For your information, the attached are the guidelines for the 1984 Builder Design Competition Program. This information was mailed to 129 builders in late January. We will be taking applications through March 30, 1984.

TO: VHFA COMMISSIONERS  
FROM: W. SCOTT FRAZIER  
RE: SUNSET LEGISLATION  
DATE: FEBRUARY 21, 1984

Although there is no real news to report on this front, I thought you'd like to know that Vermont's three delegates still support the extension of the Mortgage Revenue Bond Program.

Leahy: Made a statement of support on Senate floor. Copy attached.

Jeffords: Tom and I met with Jeffords in January with the Realtors. He has, along with a number of Representatives, reintroduced legislation calling for the repeal of the sunset legislation.

Stafford: Tom and I met with Stafford on February 17th. He still supports the program as attached letter indicates; however, he appears at this time unwilling to demonstrate his conviction with any action.

TO: VHFA COMMISSIONERS  
FROM: ROGER A. SCHOENBECK, CONTROLLER  
RE: BUDGET PERFORMANCE REPORT  
DATE: FEBRUARY 21, 1984

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February 21, 1984

Page 2

(E) Legal Expense -- Unanticipated large sums have had to be expended in regards to the HAHR vs. Kirker action and also for settlement of the Freiheit vs. UHFA case. This adjustment is needed to support normal legal expenses for the balance of the fiscal year.

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These comments address the more significant proposals to amend the fiscal year budget. Needless to say, I will be available for questions that you may have on these or any other changes.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### BOARD MEETING AGENDA

VERMONT HOUSING FINANCE AGENCY  
STATE TREASURER'S OFFICE, 133 STATE STREET  
MONTPELIER, VERMONT  
2:00 PM, THURSDAY, APRIL 12, 1984

Confirmed: Vice-Chairman Shaw, Commissioners Hebard, Chaffee, Gardner, Myette (speaker phone), Eaton

- A. Approval of Minutes of March 8, 1984 Board Meeting
- B. Single Family
  - 1. 1984 Series "A" Bond Issue
    - (a) Eligibility requirements (income and purchase price limits)
    - (b) Discussion with underwriters
  - 2. Results of 1984 Builder Design Competition
- C. Multi-Family
  - 1. Market rate production program
    - (a) Discussion of low/moderate income criteria
- D. Any other old or new business
- E. Adjournment Approximately 4:00 PM



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### MINUTES

VERMONT HOUSING FINANCE AGENCY  
239 SOUTH UNION STREET, BURLINGTON, VERMONT  
MARCH 8, 1984

Present: Chairman Ledbetter, Commissioners Myette, Gardner, Hebard, and Shak (designee of Eaton); Mr. Frazier, Mr. Brisson, Mr. Schoenbeck, VHFA Staff.

Chairman Ledbetter called the meeting to order at 2:00 PM.

Upon motion duly made and seconded, the minutes of the December 16, 1983 Board meeting were unanimously adopted.

Mr. Frazier initiated discussion regarding the replacement of UFFI insulation in 5 multi-family projects. After further discussion, upon motion duly made and seconded the Board unanimously approved to have the staff order whatever repairs are necessary to remove the insulation from each project; and, the making of low interest loans to fund the repairs.

Mr. Brisson then refamiliarized the Board of the proposed multi-family market rate program and summarized the banks and developers who have expressed an interest in the program to date and the status of staff's discussions with those parties. The direct placement, variable rate debt project financing mechanism to be used in the program was discussed at length as well as project underwriting criteria. The board agreed to have the staff develop a program around the proposal and attempt to assemble up to \$5,000,000 in projects that fit the outline criteria. Additionally after discussion the board, upon motion duly made, and seconded, unanimously approved the attached resolution authorizing the issuance of a Letter of Interest to Abraham Brown for the permanent financing of a Level III Care Home in Enosburg Falls.

After brief discussion, upon motion duly made and seconded the attached recommended action with regard to the General Fund commitment for Rental Rehab Pilot Programs was approved by a majority vote of the Board. Commissioner Hebard voted no.

Next up on the agenda was the selection of underwriters in preparation for the Agency's next single family bond issue. After debating the issue, upon motion duly made and seconded a majority of the Board appointed Morgan Stanley as lead underwriter and retained E.F. Hutton as co-manager. Commissioner Hebard voted no.

Continuing, the Board and staff then discussed various single family topics including the latest news on the sunset legislation, the status of the remaining funds under the 1983 Series A & B Home Mortgage Purchase Bond issues, and the implementation of the 1984 Builder Design Competition. No action was required on any of these items.

Next Mr. Brisson brought to the Board's attention the necessity to execute the FNMA Seller/Service Contracts now. Upon motion duly made and seconded, the Board unanimously authorized the Executive Director or the Director of Programs to execute the contracts.

Mr. Brisson continued the single family discussion by presenting to the Board a written report on delinquencies, foreclosures, and real estate owned in the single family mortgage loan portfolio. It was noted that several lenders' delinquency statistics were way above the average and that Agency staff would continue to concentrate their efforts to bring these lenders in line.

Mr. Schoenbeck next presented the Board with the staff's recommendations for budget adjustments. After a review of the recommended changes, upon motion duly made and seconded the attached amended budget for the fiscal year ending June 30, 1984 was unanimously adopted.

Mr. Frazier reviewed the status of the Agency's personnel needs. He noted for the Board the new people hired within the last year and that the staff was currently looking for suitable replacements to fill the Multi-Family Development Officer position and the Single Family Supervisor position when it becomes vacant in June 1984.

Lastly, Ms. Thielen briefly informed the Board of a potential problem with a commercial tenant in the Rockingham project. There being no action required of the Board, the meeting was then adjourned at 4:15 PM.

Respectfully submitted,



W. Scott Frazier  
Executive Director

approved by the Board of Commissioners  
8 March 8, 1984

RESOLUTION

Pursuant to Chapter Six, Section 2 of the Agency's regulations relating to Loans to Multi-Family Housing Sponsors, the Executive Director or the Program Director is authorized to issue a Letter of Interest to Abraham Brown for the permanent financing of a Level III Care Home in Enosburg Falls, with space for approximately twenty-five persons, a developer's equity contribution of at least 10% of the total development cost, and a maximum mortgage amount of \$500,000.00, to be financed by private placement of a general obligation of the Agency.

Staff is authorized and directed to negotiate with the developer and the prospective investor with a view toward arriving at agreement on the details of construction, mortgage financing, and bond financing, and to seek the advice of bond counsel and local counsel. All actions previously taken in that regard are hereby ratified.

Any commitment to finance shall be subject to approval by the commissioners.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### M E M O R A N D U M

TO: VHFA Commissioners

FROM: Roger A. Schoenbeck, Controller

DATE: April 5, 1984

RE: Auditor's Management Letter

Enclosed please find the auditor's management letter dated February 29, 1984. We received this more than five months after the audit was completed. The purpose of this document is explained in the first two pages and is basically boilerplate language. In layman's terms this document is supposed to identify weaknesses in our system and suggest improvements or why improvements are not justified. The only criticism that they have is on the first page of comments after the index relating to computerization and depository cutoffs. The other six pages are explanations of the progress that has been made in dealing with prior year comments.

As far as the computerization comment, I have been working diligently evaluating software systems to handle all accounting functions. I have dictated to our data processing manager that we will purchase the necessary software for the accounting system computerization for the fiscal year beginning July 1, 1984 and implement as soon as possible, with the expectation that we can computerize at least the general ledger segment for the full fiscal year.

As far as the comment on the servicing banks' cutoff date is concerned, we have been able to convert several more banks to the end of the month for reporting purposes and will continue to strive to convert the others.

I will be happy to answer any questions you may have regarding the management letter.

VHFA BOARD MEETING

DATE: TUESDAY, MAY 22, 1984

TIME: 1:30 PM

PLACE: VHFA Offices  
239 South Union Street  
Burlington, Vermont

## AGENDA

1. Approval of April 12, 1984 Board Meeting Minutes
2. Single Family
  - a. 1984 Series A Bond Issue
    - Discussion of Financing Strategy
    - Allocation of Proceeds
    - Acceptance of LOC Proposal
3. Multi-Family
  - a. Ratification of Newport Rental Rehab Loan
  - b. Proposed Moderate Rehab Project Fair Haven
  - c. Commitment for Abe Brown Level III Group Home in Enosburg Falls
  - d. Update on Any 80/20 Projects
4. Administration
  - a. Selection of Auditors for 1984
  - b. Budget Presentation
  - c. Discussion of Office Move
  - d. Discussion of Board Meeting Schedule
5. Any Other Old & New Business



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### MINUTES

Vermont Housing Finance Agency  
State Treasurer's Office, Montpelier, VT  
April 12, 1984

Present: Vice-Chairman Shaw, Commissioners Hebard, Eaton, Gardner, and Myette (speaker phone); Mr. Frazier, Brisson, Schoenbeck, VHFA Staff; Mr. Gurley, Ms. Bancroft, Morgan Stanley; Ms. Krost, Brown, Wood, Ivy, Mitchell and Petty.

Vice-Chairman Shaw called the meeting to order at 2:15 PM.

Upon motion duly made and seconded, the minutes of the March 8, 1984 Board meeting were unanimously adopted.

The first order of business was a discussion relative to a single family bond issue for 1984. Mr. Brisson noted that staff could be ready as early as the end of May to sell bonds. He felt that at current interest rates the issue would have approximately \$30 million of mortgage proceeds. He also noted that the same structure as the last two single family bond issues would be used which incorporates an Agency funded Loan Loss Claim Fund in lieu of pool insurance and a letter of credit arrangement with a AA rated bank in lieu of a large up front cash contribution.

Mr. Brisson continued the discussion on a single family bond issue with the staff's recommendation on the purchase price limits. He noted that the recommended limits for the Burlington MSA area are supported by an average area purchase price survey conducted by the Agency in March 1984 and passed upon by bond counsel. Program purchase price limits outside the Burlington MSA area are established by the Treasury Department in Washington, DC. After a brief discussion, upon a motion duly made and seconded, the following property purchase price limits for a 1984 single family bond issue were unanimously adopted.

	<u>ACED's</u>	<u>Burlington MSA</u>	<u>Non-ACED's</u>
New	\$66,000	\$69,000	\$60,500
Existing	\$63,500	\$67,000	\$58,500

Discussion on eligibility requirements now switched to borrower income limits. Mr. Brisson noted that the income limits are established by the Board in compliance with statutory and Agency regulatory requirements which allow for a point-in-time determination. He noted the income limits for the last two single family programs were as follows:

\$30,000	One Income Earning Mortgagor
\$35,000	More than One Income Earning Mortgagor

After a lengthy discussion, upon motion duly made and seconded the same income limits as above were unanimously adopted for the 1984 bond issue subject to an increase at the rate of approximately \$300 for every .10 (one-tenth) of a point in mortgage interest rate over 11.5% and confirmed by a conference call with the Board.

Next, Mr. Frazier and Mr. Gurley briefly discussed the Letter of Credit security enhancement for the new bond issue. Mr. Gurley noted that several large international banks might be interested in providing this security. Mr. Frazier noted that he has also contacted the First National Bank of Boston and that additional details would be brought before the Board at the next Board meeting.

The staff then informed the Board of the winners in the 1984 Builder Design Competition. Each builder was awarded a \$1000 cash prize to help defray architectural and design costs along with a number of permanent mortgage takeout commitments at 9.9%. The winners are:

<u>Builder</u>	<u>Location</u>	<u>Units Awarded</u>
C.C. Construction Co. (Charles Christolini)	Sheldon	4
Polaris Construction, Inc. (Jay Labare)	Underhill Center	3
Housewright, Inc. (John Earle)	Chelsea	3
Green Mountain Design (Charles Brush)	Middlebury	3

The Board suggested that a brochure of the winning designs be published and disseminated. The Board also extended a hardy thanks to Bart Frisbie and Paul Poquette for participating as judges in the competition.

Mr. Brisson then proceeded to initiate a discussion of low/moderate income criteria for the limited scale multi-family market rate production program. Upon a motion duly made and seconded the attached Resolution was unanimously adopted.

Next, Mr. Schoenbeck reiterated his written comments to the attached Comments and Recommendations for the year ended June 30, 1983 issued by the Agency's auditors, Coopers and Lybrand. After a discussion of the Agency's computer needs, upon a motion duly made and seconded the Board unanimously accepted Mr. Schoenbeck's written comments to the auditors management letter as attached.

There being no further business before the Board, upon a motion duly made and seconded, the Board meeting was unanimously adjourned at 3:45 PM.

Respectfully Submitted,



W. Scott Frazier  
Executive Director and  
Secretary

WSF/pw

RESOLVED, for purposes of the Agency's multi-family rental housing programs which are not subsidized by Section 8 Housing Assistance Payments, the term "persons and families of low and moderate income" shall mean persons and families whose annual income as determined pursuant to 24 C.F.R. §883.302 does not exceed the median household income for the county, portion thereof, or Metropolitan Statistical Area in which such housing shall be, as determined and published from time-to-time by U.S. Dept. of Housing and Urban Development.

FURTHER RESOLVED, up to 25% of the units in such rental housing may be occupied by persons and families who are not persons and families of low and moderate income.

REPRINT FROM CURRENT VHFA RULES  
LOANS TO MULTI-FAMILY HOUSING SPONSORS

CHAPTER THREE

QUALIFICATIONS OF OCCUPANTS

1. Occupancy

Initial occupancy in housing units financed by the agency shall be limited to persons and families of low and moderate income provided however, that (i) to the extent necessary to avoid economic loss resulting from inability to achieve full occupancy, and (ii) in order to encourage economic integration, a housing sponsor may, with the prior written approval of the agency, permit initial occupancy of up to 25% of the units in the housing project by persons and families who are not persons and families of low and moderate income.

EXPECTED HUD ESTABLISHED MEDIAN INCOME  
FOR APRIL 1984 THROUGH APRIL 1985 FOR VERMONT

SMSA Burlington, VT	29,100
County Addison	22,300
County Bennington	23,900
County Caledonia	21,700
NonSMSA Part Chittenden	27,600
County Essex	20,400
NonSMSA Part Franklin	22,500
NonSMSA Part Grand Isle	20,800
County Lamoille	22,500
County Orange	19,600
County Orleans	20,400
County Rutland	24,100
County Washington	23,000
County Windham	23,400
County Windsor	25,100

Resolution

The Executive Director or the Director of Programs is authorized to issue a Letter of Interest to John and Jeannette Griffith for up to \$118,000 of permanent financing for the rehabilitation of 9 one-bedroom elderly units in the Green Block Building in downtown Fair Haven. The financing being contingent upon an ~~equity con-~~ *cash* tribution by the owners of at least 10% of the total development cost, the successful application of the \$110,500 RDAG grant from the Agency of Development and Community Affairs, and the Section 8 Moderate Rehab subsidy awarded by the Vermont State Housing Authority.

Staff is authorized and directed to negotiate with the owners and any interested bank with a view towards arriving at agreement on the details of construction and mortgage financing.

Any commitment to finance shall be subject to approval by the Commissioners.

WSF:pw/resol

INVITATION SURVEY RESULTS  
1984 SERIES A MORTGAGE PURCHASE PROGRAM  
EFFECTIVE 5/15/84

LENDER	TOTAL AMOUNT REQUESTED			ACED %
	11.5%	12.0%	12.5%	
BANK OF VERMONT	4,000,000	3,000,000	2,000,000	10%
BENNINGTON CO-OPERATIVE SAVINGS AND LOAN ASSOCIATION, INC.	1,000,000	1,000,000	500,000	0%
BRADFORD NATIONAL BANK	1,000,000	1,000,000	1,000,000	100%
+*BRATTLEBORO SAVINGS & LOAN ASSOCIATION	-0-	-0-	-0-	-0-
THE CALEDONIA NATIONAL BANK OF DANVILLE	1,500,000	1,000,000	750,000	75%
CHITTENDEN TRUST COMPANY	4,500,000	4,000,000	3,000,000	20%
COMMUNITY NATIONAL BANK	500,000	250,000	-0-	100%
*EASTERN MORTGAGE CO. INC.	4,000,000	3,000,000	3,000,000	25%
THE FACTORY POINT NATIONAL BANK	500,000	500,000	500,000	30%
FIRST BRANDON NATIONAL BANK	-0-	-0-	-0-	-
*FIRST NATIONAL BANK OF VERMONT	-0-	-0-	-0-	-
FIRST TWIN-STATE BANK	1,000,000	none	none	0%
FIRST VERMONT BANK AND TRUST COMPANY	1,000,000	-0-	-0-	70%
FRANKLIN-LAMOILLE BANK	500,000	300,000	-0-	50%
*GRANITE SAVINGS BANK AND TRUST COMPANY	500,000	500,000	500,000	100%
GREEN MOUNTAIN BANK	250,000	200,000	150,000	50%
THE HOWARD BANK	5,000,000	4,000,000	3,000,000	35%
THE LOMAS & NETTLETON COMPANY	2,500,000	2,000,000	1,500,000	5%
LYNDONVILLE SAVINGS BANK AND TRUST COMPANY	500,000	-0-	-0-	100%
*MARBLE BANK	1,000,000	1,000,000	-0-	50%
THE MERCHANTS BANK	2,000,000	1,500,000	1,000,000	10%
+*MOUNTAIN TRUST COMPANY	-0-	-0-	-0-	-
THE NATIONAL BANK OF MIDDLEBURY	750,000	500,000	500,000	0%
NEW ENGLAND IBM EMPLOYEES FEDERAL CREDIT UNION	1,000,000	1,000,000	1,000,000	10%
NORTHFIELD SAVINGS BANK	-0-	-0-	-0-	-
PASSUMPSIC SAVINGS BANK	1,000,000	1,000,000	750,000	100%
+PEOPLES TRUST COMPANY OF ST. ALBANS	1,000,000	1,000,000	1,000,000	100%
PROCTOR BANK	2,000,000	1,500,000	1,000,000	15%
RANDOLPH NATIONAL BANK	1,000,000	750,000	500,000	20%
*STERLING TRUST COMPANY	-0-	-0-	-0-	-
UNION BANK	350,000	300,000	250,000	100%
VERMONT FEDERAL BANK, FSB	4,500,000	4,000,000	3,500,000	50%
VERMONT NATIONAL BANK	3,000,000	3,000,000	3,000,000	40%
+WELLS RIVER SAVINGS BANK	-0-	-0-	-0-	-
+*WHITE RIVER CREDIT UNION	-0-	-0-	-0-	-
*WOODSTOCK NATIONAL BANK	-0-	-0-	-0-	-
TOTAL	45,850,000	\$36,300,000	\$28,400,000	35%

\* Lender did not participate in either the 1982, 1983 Series A or 1983 Series B Programs.

+ Survey form not received. Call made to obtain figures.

1984 Series A Home Mortgage Purchase Program

Allocation Recommendations

<u>Lender</u>	<u>Amount Requested @ 11.5%</u>	<u>Allocation Recommendation</u>	<u>Amount Requested @ 12.0%</u>	<u>Allocation Recommendation</u>
Bennington Co-op	1,000,000	750,000	1,000,000	750,000
Bradford National	1,000,000	750,000	1,000,000	500,000
Caledonia National	1,500,000	1,000,000	1,000,000	750,000
Peoples Trust	1,000,000	750,000	1,000,000	750,000

PROPOSED BUDGET  
VERMONT HOUSING FINANCE AGENCY  
F/Y/E 6/30/85

	Present Approved Budget 6/84	Estimated Actual 6/84	Proposed Budget 6/30/85	Increase/Decrease Proposed F/Y '85 Vs. Approved F/Y '84	Percentage Increase (Decrease)
<u>INCOME</u>					
VHMGB	55,100	66,000	64,500	9,400	17.1
Single-Family Fee Income	320,000	337,500	266,500	(53,500)	(16.8)
Multi-Family Fee Income	40,000	47,000	40,000		
Interest Income	140,000	159,000	216,000	76,000	54.3
Miscellaneous	6,900	6,000	7,500	600	8.7
TOTAL INCOME	562,000	615,500	594,500	32,500	5.8
<u>FUND BALANCE TRANSFERS</u>					
Loans to Lenders	180,000	180,000	180,000		
Shawmut Mortgage Purchase	50,000	100,000	100,000	50,000	100.0
Howard Mortgage Purchase	660,000	660,000	660,000		
Howard Multi Family	400,000	400,000	400,000		
Connecticut Nat'l Multi-Family	60,000	60,000	60,000		
Howard Home Mortgage Purchase	(773,000)	(843,500)	(525,000)		
		73,000	140,000	388,000	50.2
TOTAL TRANSFERS	577,000	629,500	1,015,000	438,000	75.9
TOTAL INCOME & TRANSFERS	1,139,000	1,245,000	1,609,500	470,500	41.3
<u>EXPENSES</u>					
Advertising	3,000	3,000	3,000		
Audit	20,750	20,726	16,500	(4,250)	(20.5)
Annual Report	5,800	6,074	7,500	1,700	29.3
Commissioners Expenses	2,500	2,000	2,500		
Consulting Fees	8,000	7,500	15,000	7,000	87.5
Computer Expenses	40,000	39,837	40,000	(40,000)	(100.0)
Dues and Subscriptions	7,000	8,123	8,000	1,000	14.3
Insurance	27,000	28,513	38,500	11,500	42.6
Interest Expense	10,000	14,412	11,400	1,400	14.0
Legal	45,000	42,420	37,000	(8,000)	(17.8)
Miscellaneous	3,500	3,710	7,500	4,000	114.3
Office Expenses	9,000	9,000	10,000	1,000	11.1
Pension Plan	12,000	8,700	18,000	6,000	50.0
Postage	5,600	5,300	5,600		
Rent	35,000	33,970	35,000		
Repairs and Maintenance	29,000	27,437	27,500	(1,500)	(5.2)
Salaries and Wages	425,000	426,115	491,000	66,000	15.5
Staff Travel and Training	25,000	23,878	25,000		
Taxes - Payroll	29,350	30,020	34,500	5,150	17.6
Telephone	15,000	15,556	18,000	3,000	20.0
Trustee and Assignee Fees	94,400	90,553	115,000	20,600	21.8
Utilities	6,200	6,730	7,500	1,300	21.0
Depreciation	30,000	30,300	30,000		
TOTAL EXPENSES	888,100	883,874	964,000	75,900	8.6
INCREASE (DECREASE) TO FUND BALANCE	250,900	361,126	645,500	394,600	157.3



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### BOARD MEETING AGENDA

VERMONT HOUSING FINANCE AGENCY  
239 South Union Street  
Burlington, Vermont

2:00 PM, Tuesday, July 10, 1984

1. Approval of May 22, 1984 Board Meeting Minutes
2. Home Mortgage Purchase Bonds 1984 Series A
  - A. Ratification of Conference Call of June 28
  - B. Resolution Authorizing Purchase of Mortgage Loans, Approval of Contract Documents, and Appointment of Depositories
  - C. Adoption of Series Resolution Authorizing the Issuance and Sale of Home Mortgage Purchase Bonds, 1984 Series A
  - D. Execution of Purchase Contract
3. Single Family
  - A. Mortgage Forgiveness - Flood Loss
  - B. Allocation of Bond Proceeds
4. Multi-Family
  - A. Update on 80/20 Projects
5. VHFA Sunshine Act Policy Discussion
6. Administration
  - A. Adoption of Budget for Fiscal Year Ending June 30, 1985
  - B. Any Other Old or New Business



STATE OF VERMONT

AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

MONTPELIER, VERMONT 05602

OFFICE OF THE SECRETARY (802) 828-3211

MILTON A. EATON, SECRETARY

TWX 710-225-8100

DEPARTMENTS OF:

Economic Development 828-3221  
Housing & Community Affairs 828-3217

DIVISIONS OF:

Administration 828-3231  
Historic Preservation 828-3226  
Vermont Travel Division 828-3236  
Vermont Life Magazine 828-3241

June 28, 1984

Vermont Housing Finance Agency:

Pursuant to 10 V.S.A., Section 611, Paragraph (b), I hereby designate Alexander J. Shak to serve as a Commissioner of the Vermont Housing Finance Agency for a conference call scheduled for 2:15 p.m., ~~July~~ <sup>June</sup> 28, 1984.

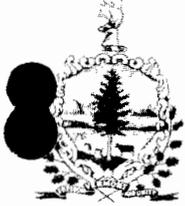
Sincerely,

*Milton A. Eaton*

Milton A. Eaton  
Secretary

MAE/cal

cc: Alexander J. Shak



STATE OF VERMONT

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AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

OFFICE OF THE SECRETARY (802) 828-3211

MONTPELIER, VERMONT 05602

DEPARTMENTS OF:

Economic Development 828-3221  
Housing & Community Affairs 828-3217

DIVISIONS OF:

Administration 828-3231  
Historic Preservation 828-3226  
Vermont Travel Division 828-3236  
Vermont Life Magazine 828-3241

July 10, 1984

Vermont Housing Finance Agency:

Pursuant to 10 V.S.A., Section 611, Paragraph (b), I hereby designate Alexander J. Shak to serve as a Commissioner of the Vermont Housing Finance Agency for the meeting scheduled for Tuesday, July 10, 1984.

Sincerely,

A handwritten signature in cursive script that reads "Milton A. Eaton".

Milton A. Eaton  
Secretary

MAE/cal



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### MINUTES

Vermont Housing Finance Agency  
239 South Union Street, Burlington, Vermont  
May 22, 1984

Present: Chairman Ledbetter, Vice Chairman Shaw, Commissioners Hebard, Eaton, Gardner, Chaffee and Myette; Mr. Frazier, Mr. Brisson, and Mr. Schoenbeck, VHFA staff.

Chairman Ledbetter called the meeting to order at 1:30 PM.

Upon motion duly made and seconded, the minutes of the April 12, 1984 Board meeting were unanimously adopted.

Mr. Brisson initiated a discussion of the Agency's financing strategy for the proposed single family mortgage loan program. He noted that the original schedule has been delayed due to the inaction of the conference committee in Washington, DC on the tax bill. He also noted that recent upward pressure on bond rates appears to be diminishing the prospect of a mortgage rate of below 12.0%.

The discussion now focused on the attached results of the lender survey, and recommended allocations. Twenty-seven lenders expressed a desire to participate in the proposed program. After a brief discussion a motion was made and seconded stating the Board intends to use the attached allocation of proceeds including staff's recommended cutbacks assuming no material changes in circumstances. The motion passed unanimously.

Next Mr. Frazier briefly reviewed the proposals received for the Letter of Credit for the proposed program. Upon motion duly made, and seconded, the FUJI Bank's proposal was unanimously accepted.

Mr. Brisson then summarized a problem involving a mortgage loan originated by the Marble Bank and sold to the Agency under the 1980 Single Family Mortgage Purchase Program. After a lengthy discussion it was decided that a Commissioner of the Agency and a staff member should meet with the Marble Bank's president to further discuss the situation.

Next, after a brief review of the Newport rental rehab project the attached Resolution Authorizing the Making of a Mortgage Loan from the General Fund Commitment for the Rental Rehabilitation Program Round II was, upon motion duly made, and seconded, unanimously adopted.

Mr. Brisson then proceeded with the financing proposal and project summary for a 24-bed community care home in Enosburg Falls. Upon motion duly made and seconded the Board authorized the Executive Director or the Program Director to sign and deliver to the developer the Agency's Commitment Letter and Intent to Finance.

Mr. Brisson continued the multi-family discussions with a quick synopsis of the market rate 80/20 projects that are at least in the discussion stage. He noted that in order to provide for the loans to lenders financing format the Agency has initiated rules and regulations under the administrative procedures act. He also noted that the Agency was currently interviewing for the vacant multi-family development officer position.

The focus of the Board meeting now switched to administrative topics. First, Mr. Schoenbeck reviewed the proposals he received from Coopers & Lybrand and P.F. Jurgs & Co. to become the Agency's auditors. A discussion ensued relative to the need to have a "Big 8" firm issue the opinion. It was noted that in P.F. Jurgs' proposal they indicated that Touche, Ross & Co. would issue the opinion if the need arose. Upon motion duly made and seconded P.F. Jurgs & Co. was unanimously selected as the Agency's auditor starting with the June 30, 1984 audit.

Next Mr. Schoenbeck presented the proposed budget for the next fiscal year and Mr. Frazier presented an employee compensation package. Action would be taken at the next Board meeting. In the event that a Board meeting is not scheduled in June, upon motion duly made and seconded the current fiscal year's budget was unanimously extended to the next fiscal year ending on June 30, 1985.

A general discussion on the impending office move followed. No action was taken.

A tentative Board meeting schedule was discussed next. The following represents the schedule for the next four meetings:

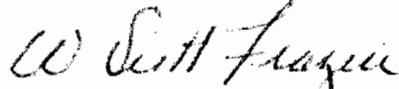
<u>Date</u>	<u>Time</u>	<u>Location</u>
June	2:00 PM	Burlington
July 19	OPEN	Multi-Family Project
August 23	OPEN	E. Hebard's Office
September 20	10:00 AM	Annabelle's, Pittsfield

Lastly, Mr. Kochman, the Agency's attorney, informed the Board of the policy the Agency has followed relative to making available information in its files under the Sunshine Act. No action was

necessary to continue the Agency's policy of a narrow interpretation of the Act.

There being no further business before the Board the meeting was adjourned at approximately 5:10 PM.

Respectfully Submitted,



W. Scott Frazier  
Executive Director and  
Secretary

WSF/pw/01

Resolution Authorizing the Making of a Mortgage Loan  
from the General Fund Commitment for the  
Rental Rehabilitation Program Round II

In the discretion of the Executive Director, upon satisfactory completion of the rehabilitation of 12 units of rental housing located in Newport, Vermont, the Agency shall make a mortgage loan to Lawrence and Janalene Fournier for the permanent financing of the rehabilitation costs in accordance with the terms of the attached form of commitment letter, which is incorporated herein by reference.

It is hereby determined that the loan is for the purpose of making the housing more desirable to live in and to bring it into compliance with HUD Section 8 Existing Housing Standards and HUD Cost Effective Energy Conversion Standards. It is further determined that financing for this rehabilitation is not otherwise available from private lenders upon equivalent terms and conditions.

It is further determined that strict application of the Agency's Rules for Home Improvement Loans would constitute an undue hardship in this case. Accordingly, and pursuant to the waiver provisions of those Rules, all provisions of the Rules not incorporated into the attached Commitment Letter are hereby waived.

The execution and delivery of the attached Commitment Letter by the Executive Director is hereby approved and ratified.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

May 4, 1984

Lawrence and Janalene Fournier  
24 Blanchard Avenue  
Newport, Vermont 05855

Re: Permanent Financing for Rehabilitation of 6-8 and 10-14 Bay-  
view Street, Newport, Vermont

Dear Mr. and Mrs. Fournier:

I am pleased to inform you that, upon certification to this Agency by Rodney E. Griffin, Newport Community Development Project Director, or his successor in office, that the rehabilitation of the captioned property has been completed in a good and workman-like manner and in accordance with all state and local requirements and with all requirements of U.S. Department of Housing and Urban Development Rental Rehabilitation Program - Second Round, this Agency will make a loan to you subject to the following terms and conditions.

1. The loan shall be in amount equal to the lesser of (a) 50% of the cost of the rehabilitation as certified to us by the City of Newport, and (b) \$22,500.00, shall bear interest at a rate of 9.75% per annum, and shall be for a term of 10 years.
2. The loan shall be secured by your recourse promissory note, which shall be payable in equal monthly installments of principal and interest sufficient to fully amortize the loan over its term.
3. The promissory note shall be further secured by a mortgage on the rehabilitated property subordinate only to a prior mortgage to your Lyndonville bank with an approximate outstanding balance of \$61,000.00. The City of Newport may participate equally in the mortgage securing the Agency's loan to you.
4. The proceeds of the loan shall be used exclusively to pay off part of the construction loan for the rehabilitation of the captioned property. The construction loan must be discharged at closing.

Mr. and Mrs. Fournier  
May 4, 1984  
Page 2

5. Prior to closing, you must certify to the Agency as follows:
  - a. The rehabilitation was undertaken primarily for the purposes of making the property more desirable to live in and bringing it into compliance with HUD Section 8 Existing Housing Standards and HUD Cost Effective Energy Conservation Standards.
  - b. The rehabilitated housing is occupied entirely or in part by persons and families eligible for HUD Section 8 Existing Housing Certificates.
6. This commitment offer, when accepted as provided below, shall remain in full force and effect until June 30, 1984, after which date it shall be void.
7. This commitment offer must be accepted within 30 days of this date. It may be accepted only by delivery of this letter to me, countersigned by both of you below, together with your nonrefundable commitment fee of \$225.00.

Very truly yours,

VERMONT HOUSING FINANCE AGENCY

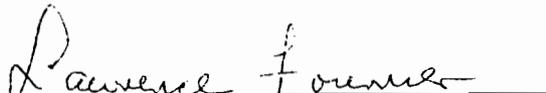


W. Scott Frazier  
Executive Director

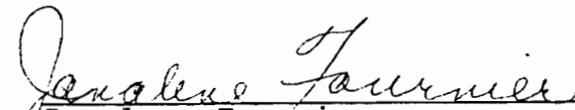
Acceptance

The undersigned hereby accept the foregoing Commitment in accordance with its terms.

Date: 5/9/84

  
Lawrence Fournier

Date: 5/9/84

  
Janalene Fournier

Mr. and Mrs. Fournier  
May 4, 1984  
Page 2

5. Prior to closing, you must certify to the Agency as follows:
  - a. The rehabilitation was undertaken primarily for the purposes of making the property more desirable to live in and bringing it into compliance with HUD Section 8 Existing Housing Standards and HUD Cost Effective Energy Conservation Standards.
  - b. The rehabilitated housing is occupied entirely or in part by persons and families eligible for HUD Section 8 Existing Housing Certificates.
6. This commitment offer, when accepted as provided below, shall remain in full force and effect until June 30, 1984, after which date it shall be void.
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Very truly yours,

VERMONT HOUSING FINANCE AGENCY

*W. Scott Frazier*  
W. Scott Frazier  
Executive Director

Acceptance

The undersigned hereby accept the foregoing Commitment in accordance with its terms.

Date: 5/9/84

*Lawrence Fournier*  
Lawrence Fournier

Date: 5/9/84

*Janalene Fournier*  
Janalene Fournier

VHFA SUNSHINE ACT POLICY

RESOLVED, it is the policy of the Agency to respond to requests for access to documents in its files in accordance with the following policy:

1. Minutes of board meetings shall be made available for inspection immediately upon request.
2. On specific request, signed contracts and documents referenced therein shall be made available promptly.
3. No general access to any file of the Agency shall be permitted to a member of the public until the file has been reviewed by an officer or attorney for the Agency and removal of documents which do not constitute public records as determined herein. Such review and removal shall be accomplished within 10 working days of the request for access. The person making the request shall be promptly advised in writing of the date on which the file will be available for inspection, and that the Agency's substantive response is being delayed pursuant to 1 V.S.A. §318(a)(5)(B) because of the need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records.
4. The following categories of documents shall not be deemed to institute public records:
  - A. Tax returns.
  - B. Personal financial statements of individuals.
  - C. Personal documents relating to an individual, specifically including memoranda of references given in confidence.
  - D. Lists of residents, prospective or actual, of housing developments financed by the Agency.
  - E. Documents containing names of persons solicited to give or otherwise giving comment on proposed Agency actions.
  - F. Internal memoranda of the Agency and communications from other agencies, to the extent they cover other than primarily factual matters and are preliminary to any demonstration of policy or action or precede the presentation of the Agency budget to the Commissioners.
  - G. Letters and other documents relating to the negotiation of contracts, except to the extent that such letters or documents are referenced in a signed contract.
  - H. Any document relating to personal finances, medical or psychological facts concerning any individual or corporation.
  - I. Any other document which in the opinion of Counsel to the Agency falls within one of the specific exceptions to documents designated as "public records", as set forth in 1 V.S.A. §317(b).

PROPOSED BUDGET  
VERMONT HOUSING FINANCE AGENCY  
F/Y/E 6/30/85

	Present Approved Budget 6/84	Estimated Actual 6/84	Proposed Budget 6/30/85	<u>AMENDED</u> <u>PROPOSED</u>	Increase/Decrease Proposed F/Y '85 Vs. Approved F/Y '84	Percentage Increase (Decrease)
<u>INCOME</u>						
VHMCB	55,100	66,000	64,500		9,400	17.1
Single-Family Fee Income	320,000	337,500	<del>266,500</del> 341,600		(53,500)	(16.8)
Multi-Family Fee Income	40,000	47,000	40,000			
Interest Income	140,000	159,000	216,000		76,000	54.3
Miscellaneous	6,900	6,000	7,500		600	8.7
TOTAL INCOME	562,000	615,500	<del>594,500</del> 669,500		32,500	5.8
<u>FUND BALANCE TRANSFERS</u>						
Loans to Lenders	180,000	180,000	180,000			
Shawmut Mortgage Purchase	50,000	100,000	100,000		50,000	100.0
Howard Mortgage Purchase	660,000	660,000	660,000			
Howard Multi Family	400,000	400,000	400,000			
Connecticut Nat'l Multi-Family	60,000	60,000	60,000			
Howard Home Mortgage Purchase	(773,000)	(843,500)	<del>(525,000)</del> (701,000)			
		73,000	140,000		388,000	50.2
TOTAL TRANSFERS	577,000	629,500	<del>1,015,000</del> 839,000		438,000	75.9
TOTAL INCOME & TRANSFERS	1,139,000	1,245,000	<del>1,609,500</del> 1,508,500		470,500	41.3
<u>EXPENSES</u>						
Advertising	3,000	3,000	3,000			
Audit	20,750	20,726	16,500		(4,250)	(20.5)
Annual Report	5,800	6,074	7,500		1,700	29.3
Commissioners Expenses	2,500	2,000	2,500			
Consulting Fees	8,000	7,500	15,000		7,000	87.5
Computer Expenses	40,000	39,837			(40,000)	(100.0)
Dues and Subscriptions	7,000	8,123	8,000		1,000	14.3
Insurance	27,000	28,513	38,500		11,500	42.6
Interest Expense	10,000	14,412	11,400		1,400	14.0
Legal	45,000	42,420	37,000		(8,000)	(17.8)
Miscellaneous	3,500	3,710	7,500		4,000	114.3
Office Expenses	9,000	9,000	10,000		1,000	11.1
Pension Plan	12,000	8,700	18,000		6,000	50.0
Postage	5,600	5,300	5,600			
Rent	35,000	33,970	35,000			
Repairs and Maintenance	29,000	27,437	27,500		(1,500)	(5.2)
Salaries and Wages	425,000	426,115	491,000		66,000	15.5
Staff Travel and Training	25,000	23,878	25,000			
Taxes - Payroll	29,350	30,020	34,500		5,150	17.6
Telephone	15,000	15,556	18,000		3,000	20.0
Trustee and Assignee Fees	94,400	90,553	115,000		20,600	21.8
Utilities	6,200	6,730	7,500		1,300	21.0
Depreciation	30,000	30,300	30,000			
TOTAL EXPENSES	888,100	883,874	964,000		75,900	8.6
INCREASE (DECREASE) TO FUND BALANCE	250,900	361,126	<del>645,500</del> 544,500		394,600	157.3



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### BOARD MEETING AGENDA

VERMONT HOUSING FINANCE AGENCY  
STATE TREASURER'S OFFICE, 133 STATE STREET  
MONTPELIER, VERMONT  
11:00 AM, THURSDAY, SEPTEMBER 6, 1984

1. Approval of July 10, 1984 Board Minutes
2. Single Family
  - A. 1984 Program Update
  - B. Purchase Price Limit Resolution
  - C. Discussion of New Requirements under Tax Reform Act of 1984
3. Multi-Family
  - A. Rockingham Canal House Notice to Declare Default
  - B. Adopt Rules - Multi-Family Loans to Lenders
  - C. Fair Haven - Green Block
  - D. Berezin/Ziner 80/20 Proposal Update
4. Any Other Old or New Business
5. Lunch



STATE OF VERMONT

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AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

OFFICE OF THE SECRETARY (802) 828-3211

MONTPELIER, VERMONT 05602

DEPARTMENTS OF:

Economic Development 828-3221  
Housing & Community Affairs 828-3217

DIVISIONS OF:

Administration 828-3231  
Historic Preservation 828-3226  
Vermont Travel Division 828-3236  
Vermont Life Magazine 828-3241

September 6, 1984

Vermont Housing Finance Agency:

Pursuant to 10 V.S.A., Section 611, Paragraph (b),  
I hereby designate Alexander J. Shak to serve as a  
Commissioner of the Vermont Housing Finance Agency  
for the meeting scheduled for Thursday, September 6,  
1984.

Sincerely,

A handwritten signature in cursive script that reads "Milton A. Eaton".

Milton A. Eaton  
Secretary

MAE/cal



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### MINUTES

Vermont Housing Finance Agency  
239 South Union Street, Burlington, Vermont  
July 10, 1984

Present: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Hebard, Chaffee, Myette (speaker phone), and Shak (designee of Eaton); Mr. Frazier, Mr. Brisson, Mr. Schoenbeck, VHFA staff; Mr. Kochman, Kochman & Smith; Mr. Gurley, Ms. Bancroft, Morgan Stanley & Co. Incorporated; Mr. Volstad, Brown, Wood, Ivey, Mitchell and Petty; Mr. Ingalls, Mr. Haldway, Palmer & Dodge.

The meeting was called to order by Vice-Chairman Shaw at 2:00 PM.

Upon a motion duly made, and seconded, the minutes of the May 22, 1984 Board meeting were unanimously adopted.

Mr. Frazier explained that this meeting constituted the Annual Meeting pursuant to the Agency's Bylaws which call for the election of a Vice-Chairman and a Treasurer. After all nominations were considered, upon motion duly made and seconded, Vice-Chairman Shaw was unanimously elected to continue as Vice-Chairman and Mr. Schoenbeck was unanimously elected as Treasurer.

Chairman Ledbetter entered the meeting at this point.

Next Mr. Brisson disseminated the attached written summary of the conference call of Thursday, June 28, 1984. Upon motion duly made, and seconded, the attached summary was unanimously adopted to be submitted into the minutes book of the Agency as a matter of record by all commissioners who participated in the conference call. Chairman Ledbetter and Vice-Chairman Shaw did not vote since they were not participants.

Discussion then focused on finalizing borrower income limits for the 1984 Series A Program. Upon motion duly made, and seconded, the following new income limits were unanimously adopted.

\$31,500 One Income Earning Mortgagor  
\$36,500 More than One Income Earning Mortgagor

Mr. Brisson also disseminated the attached Resolution Authorizing Purchase of Mortgage Loans Under Vermont Housing Finance Agency 1984 Mortgage Purchase Program, Approval of Contract Documents and Appointment of Depositories. After deliberation, upon motion duly made and seconded, the attached Resolution was unanimously adopted. Vice Chairman Shaw abstaining from the deliberations and the vote.

Next, upon motion duly made and seconded, the mortgage rate for the 1984 Series A Mortgage Purchase Program was unanimously set at 12.0%.

At this point in the meeting Chairman Ledbetter assumed his duties as Chairman from Vice-Chairman Shaw.

Mr. Ingalls of Palmer and Dodge presented the Series Resolution Authorizing the Issuance and Sale of Home Mortgage Purchase Bonds, 1984 Series A (the "Series Resolution"). Mr. Gurley presented a financial summary of the bond issue and reviewed the market performance of the issue relative to other housing issues also in the market. After deliberation, upon motion duly made and seconded, the Series Resolution was unanimously adopted, Chairman Ledbetter abstaining from the deliberation and the vote.

The Purchase Contract with Morgan Stanley for the 1984 Series A Bonds was then executed and a good faith deposit check for \$480,000 was presented to the Agency.

Mr. Brisson explained that a property financed by the Agency was totally destroyed by the recent flooding. Since the property was not in a flood plain, the mortgagors had no flood insurance. A motion was made to forgive the existing debt and originate a new loan at the same rate to the mortgagors for the purchase of a new home. The motion was seconded and passed unanimously.

Next, Mr. Brisson initiated discussion on financing single family dwellings in PUD's and PRD's. After discussion a motion was duly made and seconded to allow the same maximum percentage of units to be financed in any one PUD or PRD project as is currently allowed for condominium projects. The motion carried by a majority vote. Commissioner Myette and Chairman Ledbetter voted no.

Mr. Brisson proceeded with a brief update on the status of several multi-family housing projects.

Mr. Kochman, VHFA attorney, gave a brief recap of past and proposed Agency policy concerning access to documents in its files. Upon motion duly made and seconded, the attached VHFA Sunshine Act Policy was unanimously adopted.

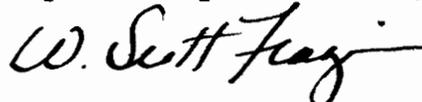
Mr. Schoenbeck disseminated the proposed budget for fiscal year ended June 30, 1985. After a discussion of some of the line items and a review of the salaries with Mr. Frazier and Mr. Brisson, upon a motion duly made and seconded, the attached budget was unanimously adopted with the flexibility to allow staff to

change line items by no more than 5% with the exception of salaries and wages so long as the total budget is not increased.

The next Board meeting was scheduled for August 23rd at 2:30 PM in Commissioner Hebard's office in Montpelier.

There being no further business before the Board, the meeting was adjourned at 3:35 PM.

Respectfully Submitted,



W. Scott Frazier  
Executive Director and  
Secretary

WSF:pw/l2

CONFERENCE CALL

Date: Thursday, June 28, 1984

Time: 3:15 PM

Participants: Commissioners Emory Hebard, Ben Gardner, Richard Myette, George Chaffee, Jay Shak; Thomas Brisson and Roger Schoenbeck, Vermont Housing Finance Agency; Andy Gurley and Gail Bancroft, Morgan Stanley; Kim Trepp, Richard C. Trepp, Assoc.

Tom Brisson and Andy Gurley updated the Board regarding current economic and financial conditions salient to the proposed issuance of the 1984 Series A Home Mortgage Purchase Bonds.

After discussion a motion made by Emory Hebard, seconded by Richard Myette and unanimously adopted, the Board authorized the sale of the Bonds in an amount not to exceed \$48,000,000 at a TIC that would allow for a mortgage rate not in excess of 12.0%.

A Board Meeting was scheduled for Tuesday, July 10 at 2:00 PM at the office of the Agency in Burlington.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

RESOLUTION AUTHORIZING PURCHASE OF MORTGAGE LOANS UNDER  
VERMONT HOUSING FINANCE AGENCY  
1984 MORTGAGE PURCHASE PROGRAM,  
APPROVAL OF CONTRACT DOCUMENTS AND  
APPOINTMENT OF DEPOSITORIES

ADOPTED JULY 10, 1984

WHEREAS, pursuant to its Home Mortgage Purchase Bond Resolution adopted July 8, 1983 (the "General Resolution"), Vermont Housing Finance Agency has this date adopted its Series Resolution Authorizing the Issuance and Sale of \$47,830,707.10 Home Mortgage Purchase Bonds, 1984 Series A (the "Series Resolution", together with the General Resolution herein called the "Resolutions"); and,

WHEREAS, the staff of the Agency has presented for approval the forms of the Contract Documents executed with the Mortgage Lenders listed below to be used in connection with the 1984 Mortgage Purchase Program, to wit: Mortgage Loan Application and Commitment Agreement dated as of June 20, 1984 (the "Commitment Agreement") incorporating the Mortgage Loan Purchase and Servicing Agreement referenced therein (hereinafter referred to as the "Purchase Agreement"), and the 1984 Mortgage Purchase Program Procedural Guide (the "Procedural Guide"); and,

WHEREAS, the Agency has received signed Commitment Agreements from the Mortgage Lenders hereinbelow listed; it is hereby

**RESOLVED:**

A. Monies in the 1984 Series A Home Mortgage Purchase Program Account established under and pursuant to the Resolutions shall be used to purchase Mortgage Loans from the Mortgage Lenders listed in the schedule set out below, in the amount set forth therein for each Mortgage Lender.

MORTGAGE LENDERAMOUNT

Bank of Vermont	\$ 2,000,000
Bennington Co-Operative Savings & Loan Association, Inc.	750,000
Bradford National Bank	500,000
Caledonia National Bank of Danville	750,000
Chittenden Trust Company	3,750,000
Community National Bank	500,000
Eastern Mortgage Co., Inc.	3,750,000
The Factory Point National Bank	500,000
First Twin-State Bank	1,000,000
First Vermont Bank & Trust Co.	1,000,000
Franklin-Lamoille Bank	3,070,348
Green Mountain Bank	200,000
Granite Savings Bank and Trust Co.	500,000
The Howard Bank, N.A.	5,000,000
New England IBM Employees Federal Credit Union	750,000
The Lomas & Nettleton Co.	2,000,000
Lyndonville Savings Bank & Trust Co.	500,000
Marble Bank	750,000
The Merchants Bank	1,750,000
The National Bank of Middlebury	500,000
Passumpsic Savings Bank	750,000
Peoples Trust Company of St. Albans	750,000
Proctor Bank	2,000,000
Randolph National Bank	750,000
Union Bank	300,000
Vermont Federal Bank, FSB	4,000,000
Vermont National Bank	2,000,000

TOTAL \$ 40,070,348

B. The Commitment Agreements as executed by the Program Director and the Purchase Agreements are hereby ratified and reaffirmed, as applicable. To the extent requested by the Mortgage Lenders listed in the foregoing Schedule, or as provided under the terms of the Commitment Agreement with respect to recaptured funds the Director of Programs, with the approval of the Executive Director, is authorized in his discretion to reallocate funds among the Mortgage Lenders listed in the foregoing schedule, provided that the aggregate amount of Mortgage Loans to be purchased under the 1984 Mortgage Purchase Program shall not increase. To the extent replaced by additional application fees of Mortgage Lenders requesting additional allocations, the Executive Director and the Program Director is each authorized in his discretion to make a pro rata rebate of application fees to Mortgage Lenders requesting decreased allocations or from whom committed funds have been recaptured.

C. The Procedural Guide is hereby approved. The Procedural Guide may be modified, amended or supplemented from time to time as the Executive Director shall deem advisable, provided that no change shall be made in any provision thereof necessary to comply

MORTGAGE LENDERAMOUNT

Bank of Vermont	\$ 2,000,000
Bennington Co-Operative Savings & Loan Association, Inc.	750,000
Bradford National Bank	500,000
Caledonia National Bank of Danville	750,000
Chittenden Trust Company	3,750,000
Community National Bank	500,000
Eastern Mortgage Co., Inc.	3,750,000
The Factory Point National Bank	500,000
First Twin-State Bank	1,000,000
First Vermont Bank & Trust Co.	1,000,000
Franklin-Lamoille Bank	3,070,348
Green Mountain Bank	200,000
Granite Savings Bank and Trust Co.	500,000
The Howard Bank, N.A.	5,000,000
New England IBM Employees Federal Credit Union	750,000
The Lomas & Nettleton Co.	2,000,000
Lyndonville Savings Bank & Trust Co.	500,000
Marble Bank	750,000
The Merchants Bank	1,750,000
The National Bank of Middlebury	500,000
Passumpsic Savings Bank	750,000
Peoples Trust Company of St. Albans	750,000
Proctor Bank	2,000,000
Randolph National Bank	750,000
Union Bank	300,000
Vermont Federal Bank, FSB	4,000,000
Vermont National Bank	2,000,000

TOTAL \$ 40,070,348

B. The Commitment Agreements as executed by the Program Director and the Purchase Agreements are hereby ratified and reaffirmed, as applicable. To the extent requested by the Mortgage Lenders listed in the foregoing Schedule, or as provided under the terms of the Commitment Agreement with respect to recaptured funds the Director of Programs, with the approval of the Executive Director, is authorized in his discretion to reallocate funds among the Mortgage Lenders listed in the foregoing schedule, provided that the aggregate amount of Mortgage Loans to be purchased under the 1984 Mortgage Purchase Program shall not increase. To the extent replaced by additional application fees of Mortgage Lenders requesting additional allocations, the Executive Director and the Program Director is each authorized in his discretion to make a pro rata rebate of application fees to Mortgage Lenders requesting decreased allocations or from whom committed funds have been recaptured.

C. The Procedural Guide is hereby approved. The Procedural Guide may be modified, amended or supplemented from time to time as the Executive Director shall deem advisable, provided that no change shall be made in any provision thereof necessary to comply

with the covenants of the Agency in the Resolutions without the prior approval of the Agency.

D. Each Mortgage Lender participating in the 1984 Mortgage Purchase Program (if a bank or trust company) is hereby appointed a Depository under Section 1101 of the General Resolution. In addition, the following banks are appointed as such Depositories: Commonwealth Federal Savings Bank of Massachusetts; First City National Bank of Houston.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: Board of Commissioners

FROM: Thomas P. Brisson *TB*

RE: Loans to Lenders Rules - Multi-Family Rental Housing

DATE: August 28, 1984

Attached is a set of rules pertaining to the making of loans to mortgage lenders for the purpose of financing qualifying rental housing projects.

The Joint Legislative Committee on Administrative Rules Approved the rules at its meeting on August 8, 1984. Board action to adopt the rules is required.

TB:pw/31  
Attachment

VERMONT HOUSING FINANCE AGENCY

RULES AND REGULATIONS OF THE VERMONT HOUSING FINANCE AGENCY  
PERTAINING TO THE MAKING OF LOANS TO MORTGAGE LENDERS  
FOR MULTI-FAMILY DEVELOPMENTS

Section 1. Authority. These Rules and Regulations are issued under and pursuant to the authority of the Vermont Housing Finance Agency Act 10 V.S.A. Chapter 25.

Section 2. Purpose and Objectives. These Rules and Regulations are established to effectuate, and shall be applied so as to accomplish, the general purposes of the Vermont Housing Finance Agency Act to promote the expansion of the supply of funds in the State available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs available for occupancy by persons and families of low and moderate income in the State.

Section 3. Definitions.

(1) Unless a different meaning is required from the context in which they are used herein, all words and terms which are defined in the Vermont Housing Finance Agency Act are used in these Rules and Regulations as defined in the Act.

(2) The following words or terms as used in these Rules and Regulations shall have the following meanings:

- (a) "Act" means the Vermont Housing Finance Agency Act, V.S.A. Chapter 25.
- (b) "Agency" means the Vermont Housing Finance Agency, a body politic and corporate created by the Act.
- (c) "Bonds" mean bonds of the Agency to be issued pursuant to the Act and a bond resolution of the Agency for the purpose of providing the Agency monies with which to make Loans to Mortgage Lenders.
- (d) "Collateral" means and includes:
  - (i) direct obligations of, or obligations guaranteed by the United States of America;
  - (ii) obligations, satisfactory to the Agency, issued by any of the following: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank System, Federal Land Banks, the Government National Mortgage Association, Federal National Mortgage Association;

- (iii) direct obligations of or obligations guaranteed by the State;
  - (iv) mortgages insured or guaranteed as to payment of principal and interest by the United States of America or an agency or instrumentality thereof or by the State or an agency or instrumentality thereof; or
  - (v) mortgages which the Agency deems to be of reasonably comparable security.
- (e) "Collateral Requirement" means, as of any date of calculation, and with respect to any Loan or Loans, that amount of Collateral securing such Loan or Loans as is consistent with the requirements of any applicable Resolution of the Agency authorizing the issuance of Bonds the proceeds of which are used to make the Loan or Loans. If no such Resolution pertaining to Bonds is applicable, then the term "Collateral Requirement" means the amount of collateral required in connection with a particular loan as determined by the Agency on a case-by-case basis.
- (f) "Loan" or "Loans" means any loan or loans made by the Agency to a Mortgage Lender or Mortgage Lenders pursuant to Subsection 622 of the Act, and intended to finance a development consisting of two or more dwelling units.
- (g) "Loan Application" means an application by a Mortgage Lender for a Loan incorporating by reference therein the Agency's statement of terms and conditions for that Loan.
- (h) "Mortgage Lender" means any bank or trust company, Federal National Mortgage Association approved mortgage banker, savings bank, savings and loan association, industrial bank, credit union, National Banking Association, Federal Savings and Loan Association, Federal Credit Union or other financial institution or governmental agency or instrumentality which customarily provides or otherwise aids in the financing of mortgages on residential housing located in the State.
- (i) "Mortgage Loan" means a New Residential Mortgage Loan or a Rehabilitation Mortgage Loan.
- (j) "New Residential Mortgage Loan" means a purchase money loan or a loan for the permanent refinancing of a construction loan or other temporary financing made to the owner of Residential Housing by a Mortgage Lender and secured by a mortgage constituting a first lien upon real property (or a lease of the fee of real property as permitted under the Act) forming a part of such Residential Housing located in the State and improved by a residential building(s) or unimproved if the proceeds of

such loan shall be used for the purpose of creating Residential Housing thereon.

- (k) "Persons and Families of Low and Moderate Income" means persons and families whose current aggregate personal or family income, as determined by normal banking procedures, does not exceed the amount established by resolution of the Agency. Persons and families who are holders of U.S. Department of Housing and Urban Development (HUD) Section 8 Existing Housing Certificates, and those who qualify as Section 8 tenants, under applicable HUD regulations, in developments which have the benefit of HUD Housing Assistance Payments Contracts shall be deemed to be Persons and Families of Low and Moderate Income.
- (l) "Rehabilitation Mortgage Loan" means a loan made to the owner of Residential Housing by a Mortgage Lender for the rehabilitation, improvement and repair of residential housing and facilities incidental thereto undertaken primarily to provide Residential Housing located in the State.
- (m) "Residential Housing" means multi-family residential housing units comprised of two or more such units (a lower limit may be established from time-to-time for certain bond issues) designed and used primarily to provide the principal dwelling accommodations for persons or families including the land and improvements thereon.

Section 4. Requests for Loans. The Agency shall mail a Loan Application to Mortgage Lenders requesting the same at least 7 days in advance of the date all such Applications must be submitted to the Agency so as to be considered for an allocation of Loan funds. The Loan Application shall be in the form prescribed by the Agency and shall contain, among other things:

- (1) provision for the Mortgage Lender to state the maximum amount of Loan requested;
- (2) the date by which the Loan Application must be submitted so as to be considered for an allocation of Loan funds and the date upon which Loans are expected to be awarded by the Agency;
- (3) the complete audited financial statements of the Mortgage Lender for the most recent fiscal year for which such statements are available, and which fiscal year shall include at least some portion of the preceding twelve month period;
- (4) the terms and conditions of the Loan including among others, the maximum interest rate, the term, the percentage of the principal to be paid each year or the manner of determining principal payments together with

such other terms and conditions as the Agency deems appropriate in the particular circumstances; and

- (5) the schedule of any fees and charges of the Agency with respect to Loans.

Section 5. Loan Commitment. Loans shall be denied or committed by the Agency within the time specified by the Loan Application. The amount of the Loan committed to any Mortgage Lender shall not exceed the maximum amount of the Loan requested. Thereupon each such Mortgage Lender shall be obligated to take such Loan in accordance with the terms thereof. The obligations of the Agency to make any Loan or Loans shall be in each case, subject to the sale and issuance of Bonds of the Agency within the period described by the Loan Application in an amount sufficient to make the Loans which shall have been committed, except as otherwise stated in the commitment.

Section 6. Interest Rate and Other Terms of Loan. Loans shall bear interest at a rate which shall produce an Adjusted Yield on the Loans which shall not exceed the maximum Adjusted Yield permissible in order to assure that bonds issued to finance the Loans shall not be "arbitrage bonds" within the meaning of applicable provisions of the U.S. Internal Revenue Code and the Regulations in effect thereunder from time to time, but in no event shall such rate of interest for the Loans exceed the maximum rate of interest specified in the Loan Application. For the purposes hereof Adjusted Yield shall have the same meaning as is provided in and shall be determined in accordance with such Code and Regulations. Other terms of the Loans shall comply with the Loan Application, the Act and the provisions of any contract with holders of outstanding Bonds of the Agency. Each Loan shall be evidenced by a note in the form prescribed by the Agency.

Section 7. Collateral for Loans.

- (A) As to Loans financed with the proceeds of Bonds, as security for the payment of the principal of and interest on each Loan to a Mortgage Lender, Collateral in an amount at least equal to the Collateral Requirement shall be assigned to a trustee in such manner as the applicable Bond Resolution may provide.
- (B) As to Loans not financed with the proceeds of Bonds, the Collateral Requirement shall be secured to the Agency in such manner as it requires on a case-by-case basis.

Section 8. Application of Loan Proceeds; Restriction as to Mortgage Loans. The terms of each Loan shall require that the proceeds thereof paid to the Mortgage Lender be segregated from its other funds, and such Mortgage Lender shall on or prior to the 180th day following receipt of the Loan proceeds have entered

into written commitments to make and shall thereafter proceed as promptly as practicable, to make and disburse from such Loan proceeds, Mortgage Loans; provided that each such Mortgage Loan shall comply with the terms and conditions of these rules and those prescribed by the Agency in connection with the Loan Application therefor.

Mortgage Loans made by the Mortgage Lenders with the proceeds of a Loan to such Mortgage Lender shall bear a rate or rates of interest less than the prevailing rate of interest on comparable mortgage loans available in the State without the assistance of the Agency as shall be determined in the Loan Application.

Section 9. Restrictions on Return Realized by Mortgage Lenders. Except as authorized by the Agency in writing, no Mortgage Lender shall charge or collect any fee, premium, or bonus, as compensation for the use or forbearance of the money loaned from the proceeds of any Loan; provided that any Mortgage Lender may collect any sum paid pursuant to a statute of the State or the United States of America or any reasonable expenses and charges. In addition, the Agency may establish maximum rates of return which may be realized by any Mortgage Lender from the Mortgage Loans made from the proceeds of such Loans.

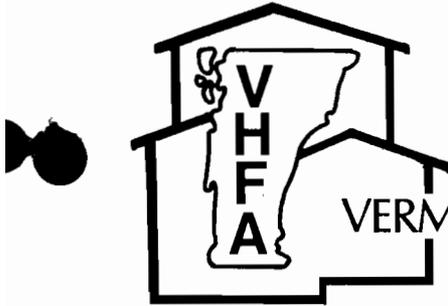
Section 10. Fees and Charges of the Agency; Loan Account. An initial fee may be established by the Agency in connection with Loans, and collected by the Agency as and for a discount below par with respect to each such Loan. The initial fee shall be for the purpose of reimbursing the Agency for all or part of its reasonably expected administrative costs of issuing Agency Bonds and making the Loans.

There may also be established such other service charge, premiums and penalties as the Agency shall determine to be necessary in connection with the prepayment of or default upon any Loan or Loans.

Section 11. Examination of Books and Records. The Agency shall cause to be made an annual examination of the books and records of each Mortgage Lender which has an outstanding Loan from the Agency relating to such Loan, the Mortgage Loans relating thereto and the Collateral therefor, so as to determine compliance with the terms of the Loan and the Act.

Section 12. Waivers. The provisions of these rules may be waived by the commissioners upon their determination that the application of such rules, in specific cases, may result in undue hardship.

Section 13. Applicability and Governing Effect. These Rules apply exclusively to loans to lenders for the purpose of financing multi-family developments consisting of two or more units, and they shall control and govern, insofar as applicable, over any rule or regulation of the Agency which may be of broader application.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### BOARD MEETING AGENDA

Thursday, October 18, 1984  
1:30 PM  
Bardwell Hotel, Rutland, Vermont

#### Single Family

1. 1984 Series A Program Update
2. Use of Remaining Proceeds 1983 Series A & B
3. Discussion of Mortgage Credit Certificates
4. Discussion of Annual Policy Statement

#### Multi-Family

1. Financing Construction 6-Unit Elderly Housing Project, Lincoln, Vermont
2. Update on Proposed 80/20 Project, Campbell Road, Rutland, Vermont
3. Rockingham Executive Session

#### Administration

1. Office Relocation
2. General Fund Commitment Discussion
3. Supplemental Bond Resolution Appointing Manufacturers Hanover as Paying Agent
4. Review of Draft Audited Financial Statements for June 30, 1984
5. Annual Report Considerations

WSF:pw/42



STATE OF VERMONT

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AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

OFFICE OF THE SECRETARY (802) 828-3211

MONTPELIER, VERMONT 05602

DEPARTMENTS OF:

Economic Development 828-3221  
Housing & Community Affairs 828-3217

DIVISIONS OF:

Administration 828-3231  
Historic Preservation 828-3226  
Vermont Travel Division 828-3236  
Vermont Life Magazine 828-3241

October 17, 1984

Vermont Housing Finance Agency:

Pursuant to 10 V.S.A., Section 611, Paragraph (b),  
I hereby designate Alexander J. Shak to serve as a  
Commissioner of the Vermont Housing Finance Agency  
for the meeting scheduled for Thursday, October 18,  
1984 in Rutland.

Sincerely,

A handwritten signature in cursive script that reads "Milton A. Eaton".

Milton A. Eaton  
Secretary

MAE/cal



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### MINUTES

Vermont Housing Finance Agency  
State Treasurer's Office, Montpelier, Vermont  
September 6, 1984

Present: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Hebard, Gardner, Shak (designee Eaton), Myette (speaker phone); Mr. Frazier, Mr. Brisson, VHFA staff; Mr. Gurley, Ms. Bancroft, Morgan Stanley & Co, Inc.

The meeting was called to order by Chairman Ledbetter at 11:00 AM.

Upon a motion duly made, and seconded, the minutes of the July 10, 1984 Board meeting were unanimously adopted.

Mr. Brisson then proceeded to disseminate a written status report of the 1983 Series A, 1983 Series B, and 1984 Series A Mortgage Purchase Programs. It was agreed that the small amount of unused proceeds from the 1983 A & B Series would remain unallocated pending staff recommendations at a later Board meeting. Upon motion duly made and seconded the activity reports were unanimously accepted.

Next upon motion duly made and seconded the attached Resolution revising the purchase price limitations for the 1984 Series A Mortgage Purchase Program was unanimously adopted.

The staff and the Board then discussed new requirements under the Tax Reform Act of 1984. The Board asked the staff to prepare a written summary of the Mortgage Credit Certificate Program authorized under the Act and also prepare a draft policy statement as required under the new tax act for consideration at the next Board Meeting.

Mr. Brisson next updated the Board on the Powling mortgage loan originated and sold to the Agency by the Marble Bank and noted that he expected a resolution to the problem by the end of the month.

Next upon motion duly made and seconded the attached Resolution Authorizing the Republic Bank, NA of Dallas, Texas was unanimously adopted.

Lastly for single family topics, upon motion duly made and seconded the attached Resolution delegating certain authority to Douglas Lothrop to execute various documents on behalf of the Agency was unanimously adopted.

Mr. Frazier initiated a discussion on the problems with the Rockingham Canal House project located in Bellows Falls. Although no official action was taken, the Board conveyed its approval on the mailing of the notice of intent to declare default and to proceed as soon as possible with whatever formal remedies are available to the Agency in solving the problems.

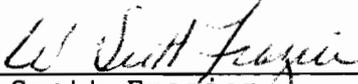
Next upon motion duly made and seconded the attached rules pertaining to the making of loans to mortgage lenders for the purpose of financing qualifying rental housing projects were unanimously adopted.

Mr. Brisson then proceeded to outline the terms and conditions of the \$118,000 General Fund loan for the 9-unit substantial rehabilitation elderly housing project located in Fair Haven. Upon motion duly made and seconded the attached Resolution was adopted by a majority vote of the Board. Commissioner Shak abstained.

Mr. Brisson continued by updating the Board on the 32 unit multi-family rental project to be located on Campbell Road in Rutland. After some discussion, upon motion duly made and seconded the Board unanimously authorized the issuance of the Agency's Letter of Interest to the developer.

There being no further business before the Board, the meeting was adjourned at 12:20 PM.

Respectfully Submitted,

  
\_\_\_\_\_  
W. Scott Frazier  
Executive Director and  
Secretary

RESOLUTION

RESOLVED, Douglas Lothrop, in his capacity as an employee of Vermont Housing Finance Agency, is hereby authorized as an agent of Vermont Housing Finance Agency for all of its home mortgage purchase programs and all of its single family mortgage purchase programs, and in connection with matters arising under these programs, to execute documents of the following character:

1. Sales Agreements for real estate owned by the Agency.
2. Listing Agreements with real estate brokers for the sale of real estate owned by the Agency.
3. Deeds, property transfer tax returns, and other customary documents necessary or convenient for the transfer of real estate owned by the Agency.
4. Endorsements to insurance claim checks and claim forms to primary and pool insurers.
5. Authorizations to mortgage lenders and other appropriate persons for actions of the following character:
  - a. Foreclosure or other acquisition of title to property.
  - b. Repairs or improvements to real estate owned by the Agency.
  - c. Forbearance agreements with delinquent mortgagors.
  - d. Mortgage loan payoffs at less than full value.
6. Consent to actions of the following character:
  - a. Release of a co-borrower from personal liability under a mortgage loan.
  - b. Addition of a co-borrower under a mortgage loan.
  - c. Creation of easements and rights of way over property mortgaged to the Agency.
  - d. Creation of liens junior to the lien of the Agency's mortgage loan.
  - e. Assumptions of mortgage loans.
7. Partial releases of property subject to the lien of a mortgage owned by the Agency.

I certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the commissioners of the Agency held on September 6, 1984.

  
W. Scott Frazier  
Executive Director & Secretary  
Vermont Housing Finance Agency

RESOLUTION

RESOLVED, pursuant to the Agency's Rules and Regulations Pertaining to the Making of Loans to Mortgage Lenders for Multi-Family Developments, there is hereby approved, subject to the terms and conditions of the First Vermont National Bank Loan Application and Commitment dated August 23, 1984 (the "Application"), a Loan to the First Vermont National Bank in the amount of \$118,000 for financing of the rehabilitation of the "Green Block" in Fair Haven, Vermont. The initial annual percentage rate of 12.36% for the mortgage loan to be made in part with the proceeds of the Loan is hereby determined to be less than the prevailing rate of interest on comparable mortgage loans or rehabilitation loans available in the State without the assistance of the Agency.

FURTHER RESOLVED, the Executive Director or the Program Director is authorized to execute the Acceptance of the Commitment and to disburse the proceeds of the Loan when he is satisfied that the conditions precedent to disbursement have been met.

FK:pw/07

VERMONT HOUSING FINANCE AGENCY  
RESOLUTION APPOINTING THE REPUBLIC BANK, NA  
OF DALLAS, TEXAS AS A DEPOSITORY

RESOLVED, that subject to the terms hereof, and pursuant to Section 1101 of the Agency's Home Mortgage Purchase Bond Resolution of July 8, 1983, The Republic Bank, NA of Dallas, Texas (the "Bank") is hereby appointed a Depository of funds collected on behalf of the Agency by The Lomas & Nettleton Company on account of mortgages purchased with proceeds of the Home Mortgage Purchase Bonds, 1984 Series A.

The Bank shall establish valid trust accounts held for the benefit of the Agency which accounts shall be insured by FDIC.

The Bank shall indicate its acceptance of this appointment in writing.

RESOLUTION

RESOLVED, in reliance upon Internal Revenue Service Revenue Procedure 84-56, and effective August 17, 1984, purchase price limits for residences otherwise eligible to be financed under the Agency's 1984 Mortgage Purchase Program are hereby revised in accordance with the following schedule, which shall be equally applicable in all counties of the State and in the Metropolitan Statistical Area:

New Housing:	\$69,000.00
Existing Housing:	\$67,500.00

The Executive Director and the Program Director are hereby authorized and directed to implement this change by appropriate notice to mortgage lenders, and amendment of the 1984 Mortgage Purchase Program Procedural Guide, and otherwise, and all prior actions to that end are hereby ratified.



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### M E M O R A N D U M

TO: VHFA Commissioners  
FROM: Thomas P. Brisson   
RE: Powling/Marble Bank  
DATE: October 10, 1984

The Marble Bank through its attorney Stacy Chapman of Webber & Costello, Ltd., has agreed to the Agency's settlement terms of the Powling matter. They have agreed to pay us \$20,000 cash; we keep the property, and:

1. We release Marble Bank from further liability in the matter.
2. We assign the Bank a cause of action against Papale, the broker/seller.
3. Agency and Bank mutually agree that: a. if the sale of the property nets the Agency more than the total amount of its actual loss, we will pay over to the bank any excess up to \$20,000 and b. if the bank obtains a judgment and recovers against Papale in an amount in excess of its loss and cost of suit the Agency will receive all excess up to the amount of its actual loss.

After a lot of background work regarding the water supply and sewage disposal system for the property we filed a formal request with the Windham Zoning Board of Adjustment for the reestablishment of a non-conforming use. The process will take approximately three months. If successful, we will determine what other property repairs should be made in order to sell the property and achieve the best net.

TB/sam:035

P.S. We don't have Marble's check yet nor has the agreement been reduced to writing.

M E M O R A N D U M

TO: VHEA Commissioners  
FROM: W. Scott Frazier  
RE: Sen. Illuzzi and Rep. Batten Proposals  
DATE: October 19, 1984

Enclosed is the letter we discussed at the October 18 Board meeting on the legislative proposals of Senator Illuzzi and Rep. Batten regarding the selection of outside counsel. Please sign the copy enclosed and forward to the next Board Commissioner for his signature.

M E M O R A N D U M

TO: VHFA Commissioners  
FROM: W. Scott Frazier  
RE: Office Relocation  
DATE: October 12, 1984

As you know, staff has looked at many potential office locations over the past year. Most were eliminated due to cost constraints and unacceptable locations. Within the last month, we were down to three potential sites: (1) the Winooski Mill, (2) One Burlington Square, and (3) Six Financial Plaza (as a tenant of Franklin-Lamoille Bank on the second and third floors). Six Financial Plaza was eliminated this past week because it proved to be noncompetitive price wise with the other two. The Winooski Mill dropped out due to the current tenant (Vermont MicroSystems, Inc.) has recently decided to remain for at least another two years. Accordingly, my recommendation is to make a commitment to F.M. Burlington Company to provide office space located at One Burlington Square.

Description of Building

One Burlington Square is located on the corner of College and Pine Streets and was built 10-15 years ago. It contains three floors with approximately 15,000 square feet of rentable space per floor. The Agency will lease approximately 7,200 square feet of the top floor on the west side of the building. The space is currently occupied by New England Telephone whose lease expires at the end of December.

Other tenants are: Aetna Casualty and Life, American Mutual, General Services Administration (U.S. Government), U.S. Armed Forces, WPTV, Massachusetts Mutual, Connecticut General, and 500 Selection Services (an employment agency).

Terms and Conditions of Proposal

1. 5 year lease with an option for a further 5 years upon 1 year written notice provided tenant is not in default of lease.
2. Rent: 12 months commencing 7/1/85 - \$5,306/mo \$63,672/yr  
next 12 months - \$5,638/mo \$67,656/yr  
next 24 months - \$5,970/mo \$71,640/yr  
next 12 months - \$6,302/mo \$75,624/yr
3. Rate during option term  
first 30 months - \$6,965/mo \$83,580/yr  
last 30 months - \$7,294/mo \$87,528/yr
4. Rent includes all utilities and janitorial in common areas daily and in interior space 3 times per week.
5. Move in date no later than May 15, 1985.
6. Tenant must provide landlord with specifications suitable for preparation of plans for bid not later than January 15, 1985. Tenant to pay any cost of tenant improvements and related expenses in excess of \$40,000.
7. 15 parking spaces provided to tenant.
8. 600, \$.25 parking stickers per year provided to tenant.

Recommendation

This proposal was very competitive to the Winooski Mill and in fact was much cheaper over the initial 5 year lease period. A poll of the staff showed a majority favoring the Burlington location.

My recommendation, accordingly, is that the Board authorize the staff to make a written commitment to F.M. Burlington Company incorporating the above terms and conditions with the exception that the rate during the option term be reduced to \$6,633/mo for the first 30 months and \$6,965/mo for the last 30 months. This would make this proposal cheaper than the Winooski Mill over a ten year period on a present value basis discounted at 10%.

WSF:43

M E M O R A N D U M

TO: VHFA Commissioners

FROM: W. Scott Frazier

SUBJ: Rockingham

DATE: October 12, 1984

The following is a summary of events that have transpired since the Notice of Intent to Declare Default was mailed.

August 22, 1984

Notice of Intent to Declare Default was mailed citing the violations under the Regulatory Agreement and Mortgage. You may recall from a prior Board mailing that \$29,292.00 of working capital was used to pay construction cost overruns thus contributing to the unavailability of cash needed to pay operating expenses and fund the reserve fund for replacements. No deposits have been made to the reserve fund since the project closed in February, 1983, and management fees and property taxes are essentially a year behind.

A major contributing factor to the cash shortage has been the renegeing of the General Partner (Rockingham Development Corporation, Mark Hochman, President) to deposit into the project the commercial rent of \$32,000.00 per year that was guaranteed as a condition of closing. This income is essential for the financial well-being of the project. This shortage is currently \$55,667.00 and continues to grow at the rate of \$2,266.00 per month.

September 11, 1984

Frank Kochman, Ronne Thielen, and Scott Frazier met with Mark Hochman and Bob Stewart of Hutchins & Wheeler, his attorney from Boston. Mark claimed he never received the Notice of Intent to Declare Default which was an outright lie since I have a certified receipt signed by him dated August 29, 1984. Mark offered

VHFA Commissioners  
October 12, 1984  
Page 2 of 3

no real solutions to cure the breaches. He claimed poverty and that all his assets were "tied-up" but could probably come up with \$20,000.00 within 30 days. We restated our position, gave him a copy of the Notice of Intent to Declare Default and demanded a written response by the end of the original 30 day period (i.e., September 21).

September 20, 1984

Mark's written response is received by the Agency and it's more of the same. Other than the \$20,000.00 (which was not enclosed, but rather represented as available within 30 days of his September 20 letter), he hopes that all other deficits will be cured based on future expectations of the current commercial tenant and annual automatic rent increases and by foregoing deposits in to the reserve fund. His assumptions are incorrect and his projections are suspect.

The commercial tenant under the commercial lease pays 5% of gross sales as rent. Currently this tenant is paying \$400.00 per month (and is currently two months behind) which translates into about \$96,000.00 per year in sales. To meet Mark's projections this tenant must generate sales of \$250,000.00, \$500,000.00, and \$750,000.00 in 1985, 1986, and 1987 respectively. This seems a little aggressive to me for a video tape sales outlet in Bellows Falls, Vermont.

Mark's projections for automatic rent adjustments are also aggressive in light of the anticipated changes in HUD regulations.

September 26, 1984

I asked for additional information relative to his affiliated companies in an effort to ascertain the inter-relationship among these companies and to try and get a handle on Mark's financial situation. Remember, Mark is claiming all his assets, personal and otherwise, are "tied-up" and pledged as collateral for various loans. This is important because in reviewing the audited financial statement of the project, syndication fees totaling \$113,066.00 are due on February 15, 1985. The audit also shows that a "development fee" payable to an affiliated company in the amount of \$80,581.00 plus interest of approximately \$30,000.00 is due on the same day.

October 10, 1984

In response to my September 26 letter, Mark has submitted tax returns for all affiliated companies and a personal financial statement. Our initial review of the documents leaves us with

VHFA Commissioners  
October 12, 1984  
Page 3 of 3

the feeling that he did not spend much time filling out the personal financial statement and that the tax returns will not give us a clear picture as to Mark's financial health or the intertwining relationships of all the affiliated companies. It appears that some key schedules are missing from several tax returns and he did not provide us with a copy of his personal tax return. Roger is currently reviewing this information in detail and we anticipate that Mark will have to be contacted to answer further questions and provide more information.

Board Action Required

First, unless Mark provides the additional information requested, I don't intend to allow him to have a hearing with the Board. If he does provide the information in a timely manner, you should expect to give him a reasonable hearing which I would estimate not to exceed one half an hour.

Secondly, based on the information we have by Board meeting date, Frank will be prepared to discuss in Executive Session the feasibility of various legal proceedings.

In conclusion, we feel we're still not getting the responses we need not to declare a default. Pending our discussion, at the Board meeting, a declaration of default appears imminent by the end of the month.

WSF:pw/41

BOARD MEETING AGENDA

Vermont Housing Finance Agency  
239 So. Union Street  
Burlington, Vermont

Thursday, November 29, 1984

12:30 - 2:00 PM Picture Taking Session  
2:00 PM Commencement of Board Meeting

1. Welcome New Commissioner Gretchen Babcock
2. Approval of October 18, 1984 Board Minutes
3. Single Family
  - A. 1984 Program Update
  - B. Disposition of Burnham v. VHFA and Randolph National Bank
  - C. Discussion as Needed of Items Included in Board Mailing
4. Multi-Family
  - A. Rockingham Update
  - B. Preliminary Discussion of Multi-Family General Fund Financings
5. Administrative
  - A. Final Draft Audited Financials and Management Review Letter
  - B. Personnel Update
6. Any Other Old or New Business



STEWART M. LEDBETTER, Chairman  
W. SCOTT FRAZIER, Executive Director

## VERMONT HOUSING FINANCE AGENCY

### Board Minutes

Bardwell Hotel, Rutland, Vermont  
October 18, 1984

Present: Chairman Ledbetter, Vice-Chairman Shaw, Commissioners Hebard, Gardner, Shak (designee Eaton); Frazier, Brisson, Schoenbeck, Thielen, VHFA Staff; Kochman, Kochman & Smith; Gurley, Bancroft, Morgan Stanley & Co.

The meeting was called to order by Vice-Chairman Shaw at 1:20 PM.

Upon motion duly made and seconded, the minutes of the September 6, 1984 Board meeting were unanimously adopted.

Chairman Ledbetter entered the meeting at this point.

Mr. Brisson distributed a written status report for the 1984 Single Family Mortgage Purchase Program. The report indicated that, to date, the Agency has preliminarily approved 39.1% of the lendable proceeds; however, a telephone poll of the participating lenders indicated that the total loans in process amounted to approximately 54% of the lendable proceeds.

Mayor John Daley of Rutland briefly entered the meeting at this point to express the City of Rutland's appreciation for the Agency's role in rehabilitating the old Bardwell Hotel into the low income elderly housing complex it is today.

Discussion focused next on the use of the remaining proceeds from the 1983 Single Family Mortgage Purchase Programs. It was agreed that any remaining proceeds from these bond issues would be held by the Agency until the proceeds of the 1984 Program were substantially committed at which time the unused funds would be made available to lenders who participated in both 1983 programs on a first-come, first-served basis. Eligibility criteria will be the same as the 1984 program except that income limits will be reduced by \$5000 in each category. Also brought up as part of this discussion was the possibility of creating another "set-aside" of funds from the 1984 Series A program for state employees required to move on account of being transferred to one of the non-ACED designated counties. After much deliberation on the topic, upon motion duly made and seconded, staff was instructed to write a letter to the Commissioner of Personnel with a copy to the Commissioner of Public Safety, stating the terms of the set-aside which includes:

- (1) Waiver of the first time home buyer requirement for state employees applying for Agency financing who are required to move involuntarily to one of the non-ACED counties;
- (2) A maximum of \$500,000 will be made available on a first-come, first-served basis; and
- (3) Instructions regarding how eligible State employees can obtain the waiver.

The motion carried unanimously.

The Mortgage Credit Certificate Program (MCC) and the VHFA Annual Policy Statement were considered next. Mr. Brisson noted that the current restrictions incorporated into the act authorizing the MCC's, specifically the "small state" restriction limiting the certificate rate to 20%, essentially wipes out any material advantage of using the MCC's versus mortgage revenue bonds in Vermont. Upon motion duly made and seconded, the attached draft VHFA Annual Policy Statement incorporating the changes discussed was unanimously approved and the staff was authorized to submit the draft to the Governor's office to negotiate in its execution for the purpose of arriving at a final statement to be signed by the Governor.

Next Mr. Brisson reviewed the staff's recommendations for statutory changes in the upcoming legislative session. Upon motion duly made and seconded, staff was authorized to draft a bill for Board review at the next Board meeting providing for:

- (1) Express legislative authorization to issue mortgage credit certificates;
- (2) A \$50,000,000 increase in the Agency's allocation of the State's share of the annual volume cap for qualified mortgage subsidy bonds, with the idea of making room for a certificate program without unduly impairing our ability to issue bonds; and
- (3) An increase in the Agency's bonding authority under the Act to \$500,000,000.

The motion passed unanimously.

Mr. Brisson then updated the Board on the Powling/Marble Bank matter (see attached memorandum). No action was necessary.

The focus of the Board meeting now switched to multi-family matters. Mr. Brisson reviewed the memorandum submitted to the Board regarding the financing of 6 elderly apartments in Lincoln developed by Weathervane United. Upon motion duly made and seconded, the Board unanimously authorized the issuance of a Letter of Commitment and Intent to Finance for a 25 year, 10%, balloon payment at the end of 10 years, General Fund loan not to exceed the

lesser of \$110,000 or housing development costs less CDBG proceeds and \$12,000.00.

The status of the proposal for the 80/20 multi-family project located on Campbell Road in Rutland was briefly reviewed next. No action was necessary.

Upon motion duly made and seconded the Board unanimously decided to go into Executive Session to discuss a breach of contract within the scope of 1 V.S.A. §313(1) and involving the owner of a multi-family project. After emerging from the Executive Session, the Board directed the staff to seek clear assignment of the syndication fees due in February 1985 to the owner and to commission an appraisal of the project and report back to the Board at the next meeting.

Next, after a discussion of the proposed office relocation, upon motion duly made and seconded, the Board unanimously authorized the staff to negotiate a lease with F.M. Burlington Company for relocation of the Agency offices to One Burlington Square, on the corner of College and Pine Streets.

The Board and staff next discussed using General Fund monies for making loan commitments. It was noted that the six month moratorium implemented in October 1983 had obviously expired. Staff recommended the moratorium continue indefinitely, with consideration for future loan commitments to be given only on a case by case basis in emergency type situations. Upon motion duly made and seconded the Board unanimously adopted the staff's recommendation.

Next upon motion duly made and seconded the attached Supplemental Bond Resolutions appointing Manufacturers Hanover a paying agent under several Agency programs were unanimously adopted.

Mr. Schoenbeck then briefly reviewed the draft of the June 30, 1984 audited financial statements. He noted that some cosmetic changes would be incorporated into the final draft which would be presented at the next Board meeting along with the auditors management review letter.

The Board and staff then proceeded to discuss the proposed bills relating to the use and selection of outside counsel sponsored by Senator Illuzzi and Representative Batten. It was decided that staff would draft a letter to the Legislative Council, to be signed by all commissioners, expressing the Agency's concern and opposition to these proposed bills.

Lastly, Mr. Frazier noted he had received several inquiries about looking into the possibility of reorganizing any of the functions of the Agency, the State Housing Authority, and Development and Community Affairs for the purpose of increasing the efficiency of the housing delivery system in the State of Vermont. Mr. Frazier noted that the management of the multi-family project portfolio was the only area that the Agency and Housing Authority crossed

paths now. After a brief discussion, upon motion duly made and seconded the subject was tabled. The motion carried unanimously.

Chairman Ledbetter noted that the management of the Bardwell House project be commended for the fine job in the arrangements surrounding today's Board meeting.

The meeting was adjourned at approximately 4:15 PM.

Respectfully Submitted,



W. Scott Frazier  
Executive Director and  
Secretary

WSF:pw/61

VERMONT HOUSING FINANCE AGENCY  
RESOLUTION APPOINTING A SUCCESSOR PAYING AGENT FOR THE  
\$17,300,000 MULTI-FAMILY MORTGAGE BONDS  
1979 SERIES A

October 18, 1984

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") on February 3, 1977 adopted a resolution entitled "Multi-Family Mortgage Bond Resolution" (hereinafter referred to as the "General Bond Resolution") and on November 5, 1979 adopted a resolution entitled "Series Resolution Authorizing the Issuance and Sale of \$17,300,000 Multi-Family Mortgage Bonds, 1979 Series A" (hereinafter referred to as the "Series Resolution"); and

WHEREAS, the Executive Director appointed Marine Midland Bank, N.A., New York, New York as a Paying Agent for the Agency's \$17,300,000 Multi-Family Mortgage Purchase Bonds, 1979 Series A (hereinafter referred to as the "Bonds") pursuant to the authority given to him under Section 206 of the Series Resolution; and

WHEREAS, Marine Midland Bank, N.A. has notified the Agency in writing of its resignation from the position of Paying Agent for the Bonds; and

WHEREAS, pursuant to Sections 1102 and 1110 of the General Bond Resolution, the Agency is authorized to appoint a Paying Agent to fill the vacancy created by said resignation pending the appointment of a successor Paying Agent by the Bondholders; and

WHEREAS, Manufacturers Hanover Trust Company is a trust company having trust powers and a capital and surplus aggregating at least ten million dollars (\$10,000,000) and is willing and able to accept the office of Paying

Agent for the Bonds, as required by Section 1102 of the General Bond Resolution;

IT IS RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the Commissioners thereof that:

1. Manufacturers Hanover Trust Company, New York, New York is hereby appointed Paying Agent for the Bonds pending the appointment of a successor Paying Agent by the Bondholders pursuant to Section 1110 of the General Bond Resolution.

2. This resolution shall take effect immediately.

CERTIFICATE

The undersigned, Secretary of the VERMONT HOUSING FINANCE AGENCY, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commissioners of said Agency and became effective on October 18, 1984 and that said resolution has been compared by me with the original thereof recorded in the minute book of said Agency and that it is a correct transcript therefrom and of the whole of said original and that said resolution has not been altered, amended or repealed but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Agency this 18<sup>th</sup> day of October, 1984.

[SEAL]

  
Secretary

IT IS RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the  
Commissioners thereof that:

1. Manufacturers Hanover Trust Company, New York, New York is hereby  
appointed Paying Agent for the Bonds pending the appointment of a successor  
Paying Agent by the Bondholders pursuant to Section 1110 of the General Bond  
Resolution.

2. This resolution shall take effect immediately.

CERTIFICATE

The undersigned, Secretary of the VERMONT HOUSING FINANCE AGENCY, DOES  
HEREBY CERTIFY that the foregoing resolution was duly adopted by the  
Commissioners of said Agency and became effective on October 18, 1984 and  
that said resolution has been compared by me with the original thereof  
recorded in the minute book of said Agency and that it is a correct  
transcript therefrom and of the whole of said original and that said  
resolution has not been altered, amended or repealed but is in full force  
and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said  
Agency this 18<sup>th</sup> day of October, 1984.

[SEAL]

W. Scott Jay  
Secretary

VERMONT HOUSING FINANCE AGENCY  
RESOLUTION APPOINTING A SUCCESSOR PAYING AGENT FOR THE  
\$75,000,000 SINGLE FAMILY MORTGAGE PURCHASE BONDS  
1980 SERIES A

October 18, 1984

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") on June 16, 1978 adopted a resolution entitled "Single Family Mortgage Purchase Bond Resolution" (hereinafter referred to as the "General Bond Resolution") and on May 2, 1980 adopted a resolution entitled "Series Resolution Authorizing the Issuance and Sale of \$75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A" (hereinafter referred to as the "Series Resolution"); and

WHEREAS, in Section 306 of the Series Resolution the Agency appointed Marine Midland Bank, N.A., New York, New York as a Paying Agent for the Agency's \$75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A (hereinafter referred to as the "Bonds"); and

WHEREAS, Marine Midland Bank, N.A. has notified the Agency in writing of its resignation from the position of Paying Agent for the Bonds; and

WHEREAS, pursuant to Sections 1102 and 1110 of the General Bond Resolution, the Agency is authorized to appoint a Paying Agent to fill the vacancy created by said resignation pending the appointment of a successor Paying Agent by the Bondholders; and

WHEREAS, Manufacturers Hanover Trust Company is a trust company having trust powers and a capital and surplus aggregating at least five million dollars (\$5,000,000) and is willing and able to accept the office of Paying Agent for the Bonds, as required by Section 1102 of the General Bond Resolution;

IT IS RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the  
Commissioners thereof that:

1. Manufacturers Hanover Trust Company, New York, New York is hereby appointed Paying Agent for the Bonds pending the appointment of a successor Paying Agent by the Bondholders pursuant to Section 1110 of the General Bond Resolution.
2. This resolution shall take effect immediately.

CERTIFICATE

The undersigned, Secretary of the VERMONT HOUSING FINANCE AGENCY, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commissioners of said Agency and became effective on October 18, 1984 and that said resolution has been compared by me with the original thereof recorded in the minute book of said Agency and that it is a correct transcript therefrom and of the whole of said original and that said resolution has not been altered, amended or repealed but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Agency this 18<sup>th</sup> day of October, 1984.

[SEAL]

W. Scott Jones  
Secretary

Agent for the Bonds, as required by Section 1102 of the General Bond Resolution;

IT IS RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the Commissioners thereof that:

1. Manufacturers Hanover Trust Company, New York, New York is hereby appointed Paying Agent for the Bonds pending the appointment of a successor Paying Agent by the Bondholders pursuant to Section 1110 of the General Bond Resolution.

2. This resolution shall take effect immediately.

CERTIFICATE

The undersigned, Secretary of the VERMONT HOUSING FINANCE AGENCY, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commissioners of said Agency and became effective on October 18, 1984 and that said resolution has been compared by me with the original thereof recorded in the minute book of said Agency and that it is a correct transcript therefrom and of the whole of said original and that said resolution has not been altered, amended or repealed but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Agency this 18<sup>th</sup> day of October, 1984.

[SEAL]

W. Scott Jay  
Secretary

M E M O R A N D U M

TO: VHFA Commissioners

FROM: W. Scott Frazier

RE: Rockingham

DATE: November 21, 1984

I have commissioned an appraisal of the project with Steve Wheelock. The cost will be on a time basis and estimated to be about \$3,000 to \$4,000. I personally visited the project with Steve and Adam Bortz and at least physically the project is in good shape. It appears the appraisal will not be ready for the Board meeting, but Steve has verbally promised to have it for me during the first week of December. I will continue to press him for at least a ballpark preliminary reading by our meeting.

Since the last Board meeting Frank has drafted an Agreement of Assignment and Forbearance which has been presented to Mark Hochman and his attorney. They have responded with a proposal that is better than their prior proposals but still far short of what I feel is needed. We have modified the Agreement for presentation to them at another meeting which has been set up for Wednesday, the day before the Board meeting. Additional details will be presented at the Board meeting.

Mark has again requested a hearing before the Board. I now anticipate granting him this opportunity.

WSF:pw/66

M E M O R A N D U M

TO: VHFA Commissioners  
FROM: W. Scott Frazier  
RE: Multi-Family General Fund Loans  
DATE: November 21, 1984

You may recall that 12 projects financed in 1981 and 1982 were granted additional loans due to record high interest rates at the time. The loans were funded from the General Fund and the total dollars granted was \$1,026,273. The loans were at 8% with deferred payments for three years with the interest capitalized. Monthly payments were scheduled to be made over a period of 10 to 20 years.

Two are suppose to start paying this year (there is not enough excess cash flow in these projects to meet the payments) and seven more start in 1985. It appears that only two projects will be able to meet their respective terms. The others will need the terms of their loans rewritten.

I have just started analyzing this problem and am not ready to recommend a clear course of action; however, I felt I should apprise the Board of this situation at this time.

M E M O R A N D U M

TO: VHFA Commissioners  
FROM: W. Scott Frazier  
RE: Sale of Beth-El Court, St. Albans Project  
DATE: November 28, 1984

William Flanders (the seller) has agreed in principal to sell his 32-unit elderly project to Richard Carr (the purchaser).

Purchase Price

The above parties have agreed to the following purchase price:

\$ 67,500	Cash to Seller
100,000	Seller 2nd Mortgage at 12%, 25-Year Level Payment, Fully Amortizing Note
498,000	Assumption of VHFA Mortgage
\$ 2,500	Deposit
<u>\$ 668,000</u>	Total Purchase Price

The purchase price appears entirely reasonable based on the component parts included. As of September 30, 1984:

\$ 46,037	Operations Cash
17,386	Reserve Fund for Replacements
30,231	Project Cost Escrow
	Cost of Land, Buildings, Improvements, Furniture and Fixtures (per audit)
527,137	
<u>\$ 620,791</u>	

The Purchaser

Richard Carr intends to form a limited partnership of which he would be the sole general partner and have his mother as the only limited partner. His mother is putting up roughly 24% of the cash, Richard the balance. Richard himself has \$80,300 of available cash. A review of his personal financial statement and last year's tax return shows that with the \$100,000 Flanders note, his total debt to income ratio will be around 32%.

Richard Carr has been the manager for this project since its inception. His background in managing is extensive and includes the following.

Missisquoi Manor (VHFA, Richford)	24 units
Roundbarn Homestead	24 units
St. Albans Housing Authority	57 existing units
Lamoille County Mental Health	7 units

#### The Project

The project was financed in 1978 and as noted above financially is very healthy. We are unaware of any physical defects. We will be inspecting the project next week.

#### Recommended Action

Richard Carr's track record with this Agency has been okay. I believe he has had no problems with VSHA or HUD, and this will be pursued further.

The transfer looks clean so far and I recommend the Board adopt the attached Resolution authorizing the issuance of a conditional approval letter.

RESOLUTION AUTHORIZING ISSUANCE OF  
CONDITIONAL APPROVAL LETTER FOR AGENCY CONSENT FOR  
SALE OF BETH-EL COURT, ST. ALBANS MULTI-FAMILY DEVELOPMENT

The Executive Director is hereby authorized to proceed with negotiations and issue a conditional approval letter for the sale of the Beth-El Court, St. Albans multi-family development. Said commitment letter shall contain the following conditions:

1. Preliminary approval of Richard H. Carr as general partner of a limited partnership.
2. HUD and VSHA approvals where necessary.
3. An application fee of \$1,000 for preliminary approvals, review of key documents, project inspection, and credit report.
4. A mortgage assumption fee of 1% payable at closing.
5. Appraisal fee to be paid by Richard Carr, if an appraisal is deemed necessary by the Executive Director or Director of Programs.
6. Adequate escrows for necessary repairs and maintenance pursuant to a physical inspection of the development at the discretion of the Executive Director.
7. All project accounts and interest earned thereon to be transferred as part of the sale.
8. Any other letters of credit or acceptable security for working capital or warranty workmanship in the discretion of the Executive Director.
9. Opinions of counsel for the buyer, the seller, and the syndicator and such other assurances as to assumption of liabilities, project use, and the Agency's security as the Executive Director may deem necessary or desirable.
10. Character of the note obligation may be changed from recourse to non-recourse upon assumption in order to accommodate syndication needs of buyer.
11. Deed of conveyance to contain additional provisions necessary or desirable in the opinion of counsel of the Agency to protect the Agency's interest under Section 103(b)(4) of the Internal Revenue Code.