vhfa
VERMONT HOUSING FINANCE AGENCY

January 6, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, January 16, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: January 10, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, January 16, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 January 16!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

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VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

OFFICE OF THE COMMISSIONER OF BANKING, INSURANCE AND SECURITIES
89 Main Street
Montpelier, Vermont

Thursday, January 16, 1992 at 1:30 p.m.

1. Review and approval of minutes of December 13, 1991

2. Administration
   A. Executive Director's Report **[Hunt]**
   B. Flexible Spending Account Amendment **[Francis//Enclosure]**

3. Operations
   A. MOVE 1990 Series 1 Update/Delinquency Report **[Lothrop//Enclosure]**

5. Development
   A. Proposed Section 8 Prepayment Loan Program **[Pond//Enclosure]**
   B. Multi-Family Recycle Program **[Schoenbeck//Encl.]**
   C. Depot Street (Bennington) Letter of Commitment **[Pond/Koppelkam//Encl.]**
   D. 1991 Low Income Housing Tax Credit Program Summary **[Pond//Enclosure]**
   E. Discussion of Interest from Real Estate Trust Accounts **[Pond/Crady//Enclosure]**

6. Multi-Family Management
   A. Abenaki Acres Request for Financing Energy Improvements **[Falzone/Taylor//Encl.]**

7. Legal
   A. Litigation Review **[Jarrett]**
   B. Legislative Review **[Jarrett]**

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

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Friday, December 13, 1991

PRESENT: Commissioners Shaw, Ruse, Hebard, Seelig, Myette, Rockford (designee of Mr. Johnson), Mullikin Drake (designee of McDougall)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Jarrett, Mr. Koppelkam, Mrs. Parker, Mr. Lothrop, Mr. Francis, Ms. Pond, Mr. Falzone, Mr. Gandini, Ms. Braun

Guests: Mr. Gurley, Mr. Irvin (PaineWebber); Ms. Cade (Bank of Boston); Mr. Giblin (Housing Foundation Inc.)

The meeting was called to order at 2:30 p.m.

Upon a motion duly made and seconded, the minutes of the November 7, 1991 meeting were unanimously accepted as written.

Mr. Hunt began the Executive Director's report by announcing the extension of Mortgage Revenue Bond (MRB) and Low Income Housing Tax Credit authority for six months, through June of 1992. One full year's worth of tax credits will be made available during the six month extension, and it is expected that Vermont will be able to utilize one hundred percent of these credits. Mr. Hunt also reported that negotiations are continuing between the National Council of State Housing Agencies (NCSHA) and the Federal Home Loan Bank (FHLB) concerning ways that state housing agencies may be able to access FHLB funds. These discussions are being undertaken in anticipation of a reduced reliance on MRB and tax exempt financing, and in recognition of an increase in taxable bond financing need and usage. According to Mr. Hunt, the expectation is that housing finance agencies across the nation would become a delivery system for the FHLB money. On the state level, Mr. Hunt noted that in an effort to balance the state budget, a suggestion had been made to access some VHMGB fund balances. During subsequent discussions with the State, it was determined that a reduction of fund balances would jeopardize Agency programs as well as those bond series which are already on credit watch (based entirely on the downgrading of the State's rating or Citibank's downgrading). Mr. Ruse cautioned that if the state's economy does not improve and revenues do not increase, the State may need to reconsider accessing these funds, but discussions will take place with VHMGB and the Agency before any final decision to do so. Mr. Hunt stressed the positive impact the Agency's programs have on the State's economy and the importance of being able to continue these programs. Mr. Hebard noted that it is important to be able to show the statewide impact rather than just on a county or local level. Continuing his Executive Director's report, Mr. Hunt informed the Board that Mr. Anderson, of Preservation Investments, Ltd., would be joining the meeting later to review the Dalton Drive project in detail. However, Mr. Hunt announced that the transfer of ownership to the nonprofit, Dalton Drive Neighborhood, Inc., had been successfully completed December 11. There has been an incredible amount of interest regarding the rehabilitation and the availability of units at Dalton Drive. Some consideration has been given to completing the rehab in one step rather than in phases, as originally proposed; Mr. Anderson would address this and other matters later in the meeting.

Mr. Francis reviewed his memo of December 5, included in the Board packet, entitled "Comprehensive Housing Assistance Strategy [CHAS] Update." The range of dialogue at each meeting is important and vital as the ultimate decisions made by the CHAS Advisory Group. Ms. Mullikin Drake pointed out that the Advisory Group has helped the Agency of Development and Community Affairs focus on priorities in drafting a proposed CHAS, and expressed her confidence in the recommendations made as the document was being written. Much of the discussion and debate at the CHAS Advisory Group meetings has centered around the use of HOME funds which will be coming into Vermont. There will be a 60-day public comment period once the draft CHAS document is released, and the final document will be submitted to HUD by February 28. Mr. Seelig, who is also a member of the CHAS Advisory Group, noted that discussions have centered on leveraging HOME funds or using these funds as deeper subsidies for more affordability in units which are already funded. A concise summary of the CHAS document will be prepared by Mr. Francis and distributed in the next Board packet. No Board action was necessary.

In a supplement to his Executive Director's report, Mr. Hunt advised the Board that although Housing Vermont's technique for selling Low Income Housing Tax Credits (LIHTC) to banks has provided a significant amount of additional funds, it is no longer possible due to the banks' current financing condition and Housing Vermont is now researching other methods. One possibility would be to place tax credits with captive insurance companies in Vermont; this approach has the support of the Commissioner of Banking, Insurance and Securities.

Ms. Pond reviewed the "Williston: Hardscrabble Farms Senior Housing Letter of Interest" as detailed in her memo of December 5, included in the Board packet. Ms.

Pond also introduced Mr. Willenbaker of the Winooski Housing Authority and Mr. Hebert, the project coordinator. According to Ms. Pond, the borrowers are seeking approximately $6 million in construction and permanent taxable or tax-exempt bond financing for an elderly development in Williston. Mr. Seelig pointed out that it would be beneficial to have the market study address the impact of the proposed development on other projects located in Williston. A lengthy discussion followed, during which various question were raised regarding the proposed bus route to and from the project, as well as the affordability of services to those residents at tax credit eligible rents. In response to a suggestion from Ms. Mullikin Drake regarding the apparently low estimate for annual expense increases at 4%, Mr. Koppelkam agreed to rerun the proforma expenses prior to the next Board meeting. A motion was then made, seconded and unanimously carried adopting the "Resolution Pertaining to Letter of Interest re: Hardscrabble Farms (Williston) Development" as attached to these minutes. Following this action, Mr. Willenbaker and Mr. Hebert left the meeting.

Next, the "Colchester: Windemere Mobile Home Park Request for Letter of Interest" was reviewed by Ms. Pond, as detailed in her memo of December 6, included in the Board packet. Ms. Pond introduced Mr. Giblin of Housing Foundation, Inc. (HFI) and Ms. Dunn of Champlain Valley Office on Economic Opportunity. According to Ms. Pond, there is some concern with the electrical system, as an informal inspection has shown that it may not meet code requirements; it is anticipated that further information would be available before a commitment letter is issued. Mr. Giblin expressed HFI's concern with the methodology used by the Agency to arrive at the property value, as well as HFI's belief that the Agency's request for addressing zoning and infrastructure at the development is unreasonable. Following a lengthy discussion, a motion was made and seconded and the Board went into Executive Session. After some further deliberation followed by a motion and second, the Board came out of Executive Session. A motion was then made and seconded to amend and adopt the "Resolution Pertaining to Letter of Interest re: Windemere Mobile Home Park" as attached to these minutes; this motion carried unanimously, with Mr. Shaw abstaining.

Ms. Pond then reviewed the "Starksboro: Hillside Manor Mobile Home Park Request for Letter of Interest" as described in her memo of December 5, included in the Board packet. After a brief discussion, a motion was made, seconded and unanimously carried to adopt the "Resolution Pertaining to Letter of Interest re: Hillside Mobile Home Park" as attached to these minutes.

Turning to other Development issues requiring discussion, Ms. Pond distributed a resolution regarding a letter of intent and commitment letter for School Street Apartments in Plainfield. Mr. Jarrett pointed out that one concern was the request for 100% financing; however, Mr. Hunt pointed out that as this is project is 10± years old, and potential litigation may be eliminated by facilitating the financing for this project.

The Board recommended that the commitment letter include a strong suggestion to consider energy conversion based upon the results of an energy survey to be conducted. A motion was made to adopt the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter re: School Street Plainfield Development" as attached to these minutes; this motion was seconded and carried unanimously.

The "Possible Conversion of 1991 Mortgage Revenue Bonding Volume Cap to Mortgage Credit Certificate Authority" was reviewed by Mr. Lothrop, as further explanation of his memo of December 6, included in the Board packet. The "Resolution Relating to VHFA Election to Allocate and Carry Forward 1991 Private Activity Bond Volume Cap Allocation" was adopted unanimously, following a motion duly made and seconded.

Mr. Jarrett reviewed his memo dated December 6 regarding "Whitney Hill Bond Resolution" which was included in the Board packet. A motion was duly made and seconded to approve the Whitney Hill Three Party Agreement and Bond Resolution, in substantially the form presented at the meeting, and authorizing the Executive Director to make any necessary changes in the documents; this motion carried unanimously, with Mr. Shaw abstaining.

At this time, Mr. Myette expressed his regrets and left the meeting.

The MOVE 1990 Series 1 Update and the Delinquency Report, as included in the Board packet, were briefly reviewed by Mr. Lothrop. No Board action was necessary.

Mr. Lothrop then introduced Mr. Gandini, Data Processing Manager. A review of the memorandum concerning computer support followed, during which Mr. Gandini explained the various options which are being considered in an upgrade of the Agency's computer system. After clarification that no major expenditures are expected in the current fiscal year, and that appropriate costs would be reviewed with the Board prior to any final purchase, a motion was made, seconded and carried unanimously authorizing the staff to continue the computer solutions search, with updates to the Board on the progress that staff makes and a final presentation to the Board for approval.

The Board next examined the "Multi-Family Refinancing Program" as described in Mr. Schoenbeck's memo of December 6, included in the Board packet. According to Mr. Schoenbeck, further information from HUD is expected in the next 2-3 months and is required before the refinancing program can be structured. Upon a motion made and seconded, the Board voted unanimously to approve the restructuring of the working group to include Arter Hadden Haynes & Miller for the multi-family refinancing transactions.

The Board noted receipt of Mr. Schoenbeck's "Budget Performance Report" as attached to his memo of December 5, included in the Board packet; no Board action was necessary.

Mr. Anderson and Mr. Glassberg, of Preservation Investments, Ltd., joined the meeting to review the rehabilitation progress at Dalton Drive. According to Mr. Anderson, the sales office is 90% complete. The first open house on the model unit is expected to be held in mid-January. Response to the project is overwhelming, as potential buyers view the purchase of these units as a once in a lifetime opportunity. Mr. Glassberg further explained that of 24 units included in Phase I of the rehabilitation, 12 are under reservation. Of the 77 total units, 25 have been reserved, with six of those reserved by UVM employees. It is expected that closings will take place on at least 20 units by the end of February. Mr. Anderson advised the Board that serious consideration is being given to combining the three phases of construction into one, which would result in significant savings as far as asbestos removal and would also eliminate some potential construction delays. Mr. Hunt commended Mr. Anderson and Mr. Glassberg on the incredible amount of work that they have accomplished. No Board action was taken.

Mr. Jarrett offered an update on litigation activity, noting that for Allen Apartments a report from the master is still pending. In other litigation concerning Mr. Babcock, motions were filed for sanctions and dismissal of counterclaims.

Turning to other old or new business, Mr. Hunt noted that according to the terms agreed to for Westgate and Applegate, as a closing on Westgate and Applegate is not anticipated prior to December 31, 1991, the Agency will need to make payments on promissory notes. However, negotiations are under way with the owners of these projects (who also sold Northgate and Highgate) to revise the option agreement and allow a rebate of the amounts paid on the promissory notes upon closing Westgate and Applegate. The current owners may opt to continue ownership under the preservation law, as the projects are in better condition and better quality than both Northgate and Highgate.

The next meeting was scheduled for Thursday, January 16, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting adjourned at 5:05 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION PERTAINING TO LETTER OF INTEREST
RE: WINDEMERE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Housing Foundation, Inc., ("HFI"), a non-profit corporation, involving the acquisition of the Windemere Mobile Home Park ("Windemere"), a 85 unit mobile home park in Colchester; and

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

WHEREAS, the Sponsor has applied for a Housing and Conservation Board loan of $345,000 and a grant of $25,000 for Windemere; and

WHEREAS, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to HFI for the acquisition of Windemere; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of interest (the "Letter of Interest") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $1,300,000, for the Windemere Mobile Home Park. Further Agency action will be conditioned upon receipt of a satisfactory engineering report, a satisfactory environmental assessment report and a reduction of the purchase price reflecting appraised value less repairs required under state codes.

2. The Letter of Interest shall be issued to the Housing Foundation, Inc. as the housing sponsor. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds from the issuance of new bonds or notes of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The letter of interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, construction financing, or for other purposes with the consent of the Agency.

3. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of federally taxable bonds of the Agency to provide proceeds for financing this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 13, 1991.

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

RESOLUTION PERTAINING TO LETTER OF INTEREST RE: HARDSCRABBLE FARMS (WILLISTON) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Winooski Housing Authority and a group including Allen Hebert, the development manager, and Ray Pecor, a local businessman, involving the construction of a 98 unit elderly apartment development in Williston (the "Development"); and

WHEREAS, the Development will be located on leased land, which ground lease will be subordinate to the Agency's mortgage;

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, a to-be-formed limited partnership with either the Winooski Housing Authority or a subsidiary as the general partner will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

It is hereby DETERMINED:

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

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

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of interest (the "Letter of Interest") to provide a first mortgage for construction and permanent loans, in an amount to be determined by the Executive Director, but not to exceed $6,000,000, for the Hardscrabble Farms Apartments Development. The Letter of Interest shall be issued to Winooski Housing Authority and Allen Hebert as a representative of the development team. Further Agency action will be conditioned upon receipt of a satisfactory market study and adequate evidence of intent to subordinate the ground lease to the Agency's mortgage,

2. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds from the issuance of new bonds or notes of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The letter of interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, construction financing, or for other purposes with the consent of the Agency.

3. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement or sale of tax-exempt or federally taxable bonds of the Agency to provide proceeds for financing this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 13, 1991.

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

RESOLUTION RELATING TO VERMONT HOUSING FINANCE AGENCY ELECTION TO ALLOCATE AND CARRY FORWARD 1991 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated 1991 private activity bond volume cap by the State of Vermont and the Agency's 1991 volume cap exceeds the aggregate amount of tax-exempt private activity bonds issued by the Agency during 1991; and

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

WHEREAS, the Agency desires to elect to utilize most of its volume cap for qualified mortgage bonds and mortgage credit certificates; and

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

NOW, THEREFORE, it is hereby RESOLVED:

1. Vermont Housing Finance Agency elects to treat all the 1991 volume cap that has been allocated to it prior to December 1, 1991 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

2. The Vermont Housing Finance Agency hereby elects not to issue $35,000,000 principal amount of qualified mortgage bonds that it is otherwise authorized to issue during calendar year 1991 for the purpose of issuing mortgage credit certificates.

3. If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after December 1, 1991, it elects to allocate $10,000,000 of such additional volume cap for the purpose of issuing exempt facility bonds for qualified residential rental projects and the remainder of such additional volume cap for the purposed of issuing qualified mortgage bonds or mortgage credit certificates.

4. The Executive Director, Director of Finance, and the Director of Operations are directed, and each of them is authorized, to take all steps necessary to the continuation of the Agency's Mortgage Credit Certificate Program including, but not limited to:

    A. Preparation, execution, and delivery of a Mortgage Credit Certificate Election in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

B. Certification to the Governor as provided in the Code.

C. Preparation of any certificate required by the Code to be signed by the Governor.

D. Preparation and placement of any appropriate public notices.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 13, 1991.

Allan S. Hunt

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: SCHOOL STREET PLAINFIELD DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Vermont Housing Enterprises, Inc., a non-profit corporation, involving the acquisition of the School Street Development, a thirteen unit development in Plainfield (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental property" within the meaning of section 103(b) of the Internal Revenue Code of 1954; and

WHEREAS, a Vermont non-profit corporation, Vermont Housing Enterprises, Inc., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the development is already subject to a mortgage of the Agency; and

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

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

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

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for the acquisition of the development, in an amount to be determined by the Executive Director, but not to exceed $480,000, for the School Street Apartments Development. The Executive Director shall not issue the Commitment Letter if the sponsor cannot demonstrate to the Agency that the development plan will result in a financially viable development.

2. The Commitment Letter shall be issued to Vermont Housing Enterprises, Inc.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount to be determined by the Executive Director.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency. The Commitment Letter shall also provide that the loan term will be determined by the Agency depending on the term of the bonds, the proceeds of which will be used to provide funds for the mortgage loan (the "Bonds"), but that the loan shall be amortized over a period to be determined by the Executive Director after consideration of the relevant financing concerns, but not to exceed 30 years, with a payment of all principal and accrued interest due at the end of the loan term.

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

6. The Sponsor will be required to enter into a Preservation Agreement to be recorded in the appropriate land records.

7. The Executive Director, the Deputy Director, the Director of Finance and the Director of Development, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 13, 1991.

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

RESOLUTION PERTAINING TO
LETTER OF INTEREST RE:
HILLSIDE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Trust (ACCT), a non-profit corporation, involving the acquisition of Hillside Mobile Home Park ("Hillside"), a 29 unit mobile home park in Starksboro; and

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

WHEREAS, the Sponsor has applied for a Housing and Conservation Board loan of $100,000 and a grant of $50,000 for Hillside; and

WHEREAS, the Sponsor has applied for a $110,000 deferred payment loan from the Community Development Block Grant program; and

WHEREAS, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to ACCT for the acquisition of Hillside; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, upon receipt of a satisfactory engineering report, to issue a letter of interest (the "Letter of Interest") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $275,000, for the Hillside Mobile Home Park.

2. The Letter of Interest shall be issued to the Addison County Community Trust as the housing sponsor. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds from the issuance of new bonds or notes of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The letter of interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, construction financing, or for other purposes with the consent of the Agency.

3. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of federally taxable bonds of the Agency to provide proceeds for financing this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 13, 1991.

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

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY
AUTHORIZING THE ISSUANCE OF ITS HOUSING PROJECT BOND
(FEDERALLY TAXABLE ISSUE) WHITNEY HILL DEVELOPMENT

Be it Resolved by the Vermont Housing Finance Agency
and the Commissioners thereof as follows:

ARTICLE I
DEFINITIONS AND AUTHORITY

SECTION 101. Definitions.

(A) In this Resolution unless a different meaning clearly appears from the context:

"Act" means the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended to the date of adoption of this Resolution.

"Agency" means the Vermont Housing Finance Agency, a body politic and corporate organized under the Act, or any instrumentality of the State which shall hereafter succeed to its powers.

"Authorized Officer" means the Chairman, Vice Chairman, Executive Director and Secretary, Deputy Director and Director of Finance of the Agency, and any other person authorized by resolution of the Agency to act as an Authorized Officer under this Resolution.

"Bond" means the Bond of the Agency authorized by this Resolution.

"Bond Date" means the date the Bond is originally issued hereunder.

"Bond Fund" means the fund so designated and established under Section 301 of this Resolution.

"Commitment Letter" means the Commitment Letter relating to the Permanent Loan dated as of April 26, 1991 issued by the Agency and accepted by the Sponsor.

"Costs of Issuance" means any items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bond.

"Development" means the Whitney Hill Development as more fully described in the Commitment Letter and the Three Party Agreement.

"General Account" means the account so designated and established under Section 301 of this Resolution.

"General Fund" means the fund so designated and created by a resolution of the Agency adopted September 26, 1974 as amended from time to time.

"Loan Account" means the account so designated and established under Section 301 of this Resolution.

"Permanent Loan" means a permanent mortgage loan made by or on behalf of Agency to the Sponsor with the proceeds of the Bond.

"Permanent Loan Amount" means the amount of the Permanent Loan established pursuant to paragraph 3 of the Commitment Letter.

"Program" means the Agency's program of making mortgage loans to housing sponsors pursuant to the Act.

"Project Fund" means the fund so designated and established under Section 301 of this Resolution.

"Recovery Payments" means any moneys received or recovered by the Agency, less the expenses necessarily incurred by the Agency in connection with the collection of such amount, from (i) condemnation of the Development, (ii) proceedings taken in the event of default by the Sponsor under the Permanent Loan, (iii) any claim settlement for hazard insurance or other insurance applicable to the Development or the Permanent Loan, (iv) the sale or other disposition of the Development, or (v) the sale or other disposition of the Permanent Loan after default for the purpose of realizing the Agency's interest therein.

"Revenues" means and includes all payments, proceeds, charges, fees, rents, investment earnings and all other income (including without limitation all payments of principal and interest received by or on behalf of the Agency on the Permanent Loan and all Recovery Payments) derived by or for the account of the Agency from or related to the Development and the Permanent Loan.

"Sinking Fund Account" means the account so designated and established under Section 301 of the Resolution.

"Sponsor" means Whitney Hill Homestead Limited Partnership, a limited partnership organized and existing under the laws of the State.

"State" means the State of Vermont.

"Three Party Agreement" means the agreement so denominated among the Sponsor, the purchaser of the Bond, and the Agency, in substantially the form presented at this meeting.

(B) Except as otherwise expressly provided in this Resolution, the terms "housing development costs," "housing sponsor," "mortgage," "mortgage loan," and "residential housing" when used in this Resolution shall have the meanings given such terms in the Act.

SECTION 102. Authority.

This Resolution is adopted pursuant to the Act and shall take effect upon its adoption. The Agency is duly authorized under the Act and all applicable laws to issue the Bond and to adopt this Resolution in the manner and to the extent provided herein. The Agency will at all times, to the extent permitted by law, defend, preserve and protect all the rights of the registered owner of the Bond hereunder against all claims and demands of all persons whomsoever.

ARTICLE II
AUTHORIZATION OF BOND; FINDINGS; TERMS AND SALE OF BOND

SECTION 201. The Bond.

(A) A Bond of the Agency, designated "Housing Project Bond (Federally Taxable Issue) Whitney Hill Development" is hereby authorized to be issued as herein provided in a principal amount not to exceed One Million Two Hundred Fifty Thousand Dollars ($1,250,000), the original principal amount of the Bond to be determined upon its issuance by the Authorized Officers of the Agency executing the same. The Bond shall be dated and shall bear interest from the Bond Date and shall mature, subject to prior redemption as provided herein and in the Bond, fifteen years from the Bond Date. Interest on the Bond shall be payable on September 1, 1992 and semi-annually thereafter on September 1 and March 1 of each year. The form of the Bond, the rate or rates of interest payable thereon, the terms of redemption thereof prior to maturity and all other terms and conditions thereof shall be as set forth in Article IV of this Resolution.

(B) The Agency hereby ratifies and confirms the Commitment Letter and approves the Permanent Loan on the terms and conditions provided herein, in the Commitment Letter and in the Three Party Agreement. The Agency hereby determines that:

(1) the Permanent Loan does not exceed the value of the Development as determined by the Agency and the principal amount of the Bond is necessary to provide sufficient funds to be used and expended for the Program in respect of the Development;

(2) the Permanent Loan can be issued bearing interest at a rate that will be less than the prevailing rate of interest on comparable mortgage loans available in the State without the assistance of the Agency;

(3) the Agency will derive receipts, revenues or other income from the Permanent Loan sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bond

and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Bond are issued;

(4) the Development is primarily for occupancy by persons and families of low and moderate income within the meaning of the Act;

(5) the acquisition, construction and or rehabilitation costs incurred or to be incurred by the Sponsor are for housing development costs within the meaning of the Act;

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

(7) the Sponsor is a housing sponsor as defined in the Act, the Sponsor will maintain or increase the supply of well-planned, well-designed permanent, temporary transitional or emergency housing for persons of low and moderate income and the Sponsor is a financially responsible person.

(C) The purposes for which the Bond are being issued are to provide funds to make the Permanent Loan and to pay Costs of Issuance in the amount determined by or pursuant to Article III hereof.

SECTION 202. Sale of the Bond.

(A) The Bond is hereby sold to the Bank of Vermont at the price of par on the terms and conditions provided herein and in the Three Party Agreement. The Three Party Agreement, in the form presented at this meeting and included in the minutes thereof, and its execution and delivery by Authorized Officers of the Agency is hereby ratified.

ARTICLE III
ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS; OBLIGATION OF BOND

SECTION 301. Funds and Accounts.

(A) The Housing Project (Federally Taxable Issue) Project Fund (the "Project Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Project Fund a separate account designated the "Whitney Hill Loan Account" (the "Loan Account"), the amounts in which shall be applied as provided in this Article III.

(B) The Housing Project (Federally Taxable Issue) Bond Fund (the "Bond Fund") is hereby established to be held and administered together with all accounts therein by the Agency as provided in this Resolution. On or prior to the Bond Date the Agency shall establish within the Bond Fund the following separate accounts to be applied as provided in this Article III:

(1) Whitney Hill General Account (the "General Account");

(2) Whitney Hill Sinking Fund Account (the "Sinking Fund Account");

(3) Whitney Hill Special Redemption Account (the "Special Redemption Account").

SECTION 302. Application of Bond Proceeds.

(A) The proceeds of the Bond shall be deposited in the Loan Account. Moneys in the Loan Account shall be used solely as follows:

(1) an amount not exceeding the Permanent Loan Amount shall be used to make the Permanent Loan; and

(2) amounts in the Loan Account in excess of the Permanent Loan Amount shall be applied by the Agency to defray Costs of Issuance of the Bond within six (6) months of the Bond Date.

(B) Notwithstanding anything herein to the contrary, if the Permanent Loan is not made within six (6) months of the Bond Date, or in any event if any balance remains on deposit in the Loan Account on the date which is six (6) months after the Bond Date, the entire balance on deposit in the Loan Account shall be transferred to the Special Redemption Account for application to the redemption of the Bond as provided in Section 303 of this Resolution.

SECTION 303. Application of Revenues.

(A) The Agency shall deposit all Revenues in the Bond Fund upon receipt and shall immediately allocate the same to accounts therein as follows:

(1) Revenues constituting scheduled repayments of principal on the Permanent Loan and Revenues constituting permitted prepayments of the outstanding principal of the Permanent Loan - to the Sinking Fund Account;

(2) Revenues constituting Recovery Payments and excess moneys in the Loan Account under Section 302(B) hereof - to the Special Redemption Account; and

(3) all other Revenues - to the General Account.

(B) On September 1, 1992 and each succeeding September 1 thereafter, all amounts deposited in the Sinking Fund Account under Section 303(A)(1) shall be applied to the redemption of the outstanding principal of the Bond, except that, in the event that the Agency receives a prepayment of the outstanding principal of the Permanent Loan under Section 303(A)(1) all as provided in the Permanent Loan, the Bond shall be subject to redemption at the option of the Agency in whole, but not in part, from the amount deposited in said Account.

(C) All amounts deposited in the Special Redemption Account shall be promptly applied to the redemption of the outstanding principal of the Bond. At any time not later than the interest payment date for the Bond next succeeding the date of any deposit into said Account under Section 303(A)(2), the amount so deposited shall be applied to the redemption of the outstanding principal of the Bond.

(D) Moneys in the General Account shall be used solely as follows:

(1) on each interest payment date of the Bond, to pay the interest on the Bond then due;

(2) on the redemption date of any portion of the principal of the Bond being redeemed hereunder to pay any interest

then payable on the principal amount of the Bond to be redeemed;

(3) at any time, to reimburse the Agency for any expense reasonably incurred by it in connection with the financing of the Development, including but not limited to Costs of Issuance in excess of the amount available therefor in the Loan Account and expenses incurred in connection with the protection of the Agency's security for the Permanent Loan; and

(4) on each interest payment date, after payment of the interest on the Bond then due and provided an Authorized Officer of the Agency determines that such transfer will not materially impair the Agency's ability to make future payments from the General Account sufficient for the purposes of paragraphs (1) and (2) of this Section 303(D), to transfer funds to the Agency's General Fund free of the pledge herein made.

(E) Whenever funds in any account in the Project Fund are required to be applied to a payment on account of principal of the Bond, the Agency may at its election hold back such amount not exceeding $100 as will facilitate payment of principal on the Bond in rounded amounts. Payments from the Project Fund shall be deemed to have been made on the date of the Agency's check therefor and not on the date of any prior mailing of said check.

SECTION 304. Transfers from General Fund.

From time to time, at its option, the Agency may transfer moneys from the General Fund to the General Account.

SECTION 305. Investment.

Moneys in the funds and accounts established hereunder may be invested by the Agency, until needed for their respective purposes, in any manner permitted by the Act. Moneys in two or more of such funds and accounts may be invested on a commingled basis for the account of such funds and accounts pro rata in proportion to the moneys invested on behalf of each such fund or account. Interest and other income earned upon the investment or deposit of amounts in the Loan Account shall be deposited in such Account. Interest and other income earned upon the investment or deposit of amounts on deposit in the General Account, the Sinking Fund Account and the Special Redemption Account shall be deposited in the General Account.

SECTION 306. Obligation of Bond.

The Bond shall be a general obligation of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than the Bond pledging particular revenues, moneys or assets for the payment thereof. The Agency hereby covenants and agrees with the registered owner of the Bond that it will not grant to any person any lien on or pledge of the Permanent Loan or of any of the Revenues or moneys or investments in any of the accounts created hereunder or any proceeds thereof unless the Agency shall simultaneously therewith grant to the registered owner of the Bond a prior and senior lien on or pledge of the Permanent Loan and such Revenues, moneys and investments and the proceeds thereof. The Bond shall not constitute a debt or grant or loan of credit of the State and the State shall not be liable thereon nor shall the Bond be payable out of any funds other than those of the Agency. The Agency is not obligated to pay the Bond or the interest thereon except from the revenues or assets of the Agency pledged therefor under this Resolution and neither the faith nor credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bond.

SECTION 307. PLEDGE OF THE AGENCY.

Subject to this Article III, the Mortgage Loan and the documents evidencing the Mortgage Loan and the rights incident thereto, all Revenues, Recovery Payments, and all moneys, securities and Funds or Accounts held or set aside or to be held or set aside by any Fiduciary is hereby made, and the same are hereby pledged, to secure the payment of the principal and interest on the Bond. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Agency of the Bond. The Mortgage Loan, the Revenues, Recovery Payments, and other moneys, securities, and Funds and Accounts so pledged and then or thereafter received by the Agency shall immediately be subject to the lien of such pledge without any physical delivery or further act. The registered owner of the Bond may have a collateral assignment of the mortgage payments, exercisable upon any default of the Agency.

SECTION 308. COVENANTS OF THE AGENCY.

(A) Funds. The balances in the General Fund as shown in the financial statements referred to in Paragraph B of this Section that are not restricted under the terms of the various bond resolutions of the Agency are available to pay the Bond and interest thereon. The Agency has good and marketable title to such balances, free and clear of all liens, charges, security interests and other encumbrances except as disclosed in the financial statements referred to in Paragraph B. The amount of such balances as of June 30, 1991 is equal to or greater than $4,537,546.

(B) Financial Statements. The financial statements of the Agency for the fiscal year ended June 30, 1991 fairly present the financial condition of the Agency as of such dates and the results of the Agency's operations for the periods ended on such dates, all in accordance with generally accepted accounting principles. Since June 30, 1991, there has been no material adverse change in the financial condition or operations of the Agency or its prospects of satisfying its obligations hereunder when the same become due and payable.

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

(D) Financial Statements; Other Information. The Agency shall furnish to the registered owner of the Bond the following:

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

(ii) as soon as available and in any event within seven days after such notices are required to be filed, copies certified by an Authorized Officer of the Agency of all resolutions amending, supplementing or modifying this Resolution;

(iii) as soon as available to the Agency, but in any event within 90 days after the end of each of its fiscal years, financial statements of the books and accounts of the Agency for the fiscal year ended June 30, 1992, and for each fiscal year thereafter, audited by KPMG Peat Marwick or another firm of independent certified public accountants acceptable to the registered owner of the Bond;

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

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

(E) Fund Balances. The Agency agrees that the amounts shown in the financial statements furnished to the registered owner of the Bond pursuant to Paragraphs (A) and (B) as balances in the General Fund and all other funds are reported in accordance with generally accepted accounting principles consistently applied and, in any event, are not, as of the date of such audited statements, restricted under the terms of any bond resolution of the Agency or by any other resolution, agreement or contract in a manner which restricts the availability of such amounts to pay the registered owner of the Bond.

(F) Minimum Quick Assets. The Agency shall maintain at all times Quick Assets free and clear of all liens and encumbrances in an aggregate amount equal to at least $1,000,000 in excess of all claims, charges, or liabilities, contingent or matured, which may be payable therefrom.

ARTICLE IV
FORM OF BOND

The Bond shall be issued in substantially the following form:

VERMONT HOUSING FINANCE AGENCY
HOUSING PROJECT BOND
(Federally Taxable Issue)
Whitney Hill Housing Development

No. 1 ($1,250,000)

NOTE: THE HOLDER OF THIS BOND BY ACCEPTANCE HEREOF AGREES TO RESTRICTIONS ON TRANSFER AND TO INDEMNIFICATION PROVISIONS SET FORTH BELOW.

The Vermont Housing Finance Agency (herein called the "Agency"), a body politic and corporate of the State of Vermont, for value received hereby promises to pay to the Bank of Vermont, or registered assigns, on the __th day of January, 2007, the principal sum of ONE MILLION TWO HUNDRED FIFTY THOUSAND ($1,250,000) AND 00/100 DOLLARS, upon presentation and surrender hereof, and to pay interest on the principal balance hereof outstanding from time to time from the date of original delivery of this bond (the "Bond Date") until final payment hereof at the annual rate provided below, such interest payments to be made semi-annually on the first day of March and

September in each year commencing March 1, 1992. The principal or redemption price of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts and shall be payable by check or draft mailed to the registered owner at his address appearing on the registration books of the Agency kept for that purpose at the offices of the Agency; provided that the registered owner of this bond by acceptance hereof agrees that whenever any payment on account of principal shall occur, such owner shall promptly note the date and amount thereof on the Schedule of Payments and Prepayments endorsed hereon and further agrees that this bond shall be surrendered to the Agency upon final payment hereof.

The annual rate of interest on this bond shall be 141 basis points above the Federal Home Loan Bank Community Investment Program Rate in effect on the Bond Date, or that date, not more than two business days prior to the Bond Date, when the Buyer of the Bond borrows an advance from the Federal Home Loan Bank for the purpose of purchasing this Bond.

This bond is issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act") and under and pursuant to a resolution of the Agency adopted December 13, 1991 entitled "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Whitney Hill Housing Development" (the "Resolution"). This bond is a general obligation of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than this bond pledging particular revenues, moneys or assets for the payment thereof.

The Agency is not obligated to pay this bond or the interest hereon except from the revenues or assets of the Agency pledged under the Resolution and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this bond.

Copies of the Resolution are on file at the office of the Agency in the City of Burlington, Vermont, and reference to the Resolution and to the Act is made for a description of the covenants securing this bond, the manner of enforcement of the covenants, the rights and remedies of the registered owner of this bond with respect thereto, and the terms and conditions upon which this bond is issued.

This bond may not be transferred except to a transferee capable of making representations comparable to those made by the original owner hereof in the Three Party Agreement described in the Resolution to the reasonable satisfaction of the Agency. Furthermore, before any transfer of this bond by the registered owner or his or its legal representative will be recognized or given effect by the Agency, the registered owner shall note hereon the date to which interest has been paid as well as the amounts of all principal payments and prepayments hereon, and shall notify the Agency of the name and address of the transferee and shall afford the Agency the opportunity of verifying the notation as to payment of interest and principal. By the acceptance hereof the owner of this bond and each transferee shall be deemed to have agreed to indemnify and hold harmless the Agency against all losses, claims, damages or liabilities arising out of any failure on the part of the owner or of any such transferee to comply with the requirements of the preceding sentence. Subject to the foregoing, this bond is transferable only upon the books of the Agency at the offices of the Agency by the registered owner hereof in person or by his or its agent duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Agency duly executed by the registered owner or his or its duly authorized agent, and upon the payment of the charges described in the Resolution, the Agency shall issue in the name of the transferee a new substitute registered bond with the same date and in the same form and amount as this bond, endorsed to show the principal amount of the predecessor bond or bonds paid to the delivery date of such substitute bond.

This bond is subject to redemption at a redemption price equal to the portion of the principal amount hereof to be redeemed plus accrued interest on such portion to the redemption date as follows:

1. in whole or in part on September 1, 1992 and on each September 1 thereafter without notice through application of moneys in the Sinking Fund Account as required by the Resolution;

2. in whole or in part at any time upon notice through application of moneys in the Special Redemption Account as required by the Resolution; and

3. in whole (but not in part) on or after the fifth anniversary of the Bond Date at the election of the Agency upon notice, through application of moneys deposited in the Sinking Fund Account in the event of the prepayment of the outstanding principal amount of the Permanent Loan as described in the Resolution. In the event of a prepayment before the maturity of the Bond, the Agency will pass through amounts of prepayment charges it receives from the Sponsor according to the following formula, to be applied when current advance rates of the Federal Home Loan Bank Board Community Investment Program are lower than the rate for the advance when disbursed:

   A. The difference between the original contract rate and the current rate, multiplied by:

   B. A present value factor computed using the following formula:

   $$1 - \frac{1}{(1+A/12)^{T}} \qquad A, \text{ where}$$

   A= the current advance rate, and
   T= the remaining maturity (in months),

   C. Multiplied by the amount being prepaid, equals the prepayment fee.

Any notice required hereunder shall be given by certified letter, return receipt requested, mailed to the registered owner at his address appearing on the registration books of the

Agency not less than five days prior to the redemption date. Any redemption shall be accomplished by mailing, two days prior to the redemption date, the Agency's check (dated as of the redemption date) for the redemption price to the registered owner in the same manner as is hereinabove provided for notice of redemption.

No recourse shall be had for the payment of the principal or redemption price of or the interest on this bond or for any claim based hereon or on the Resolution against any member or officer of the Agency or any person executing this bond.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Vermont or the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this bond to be executed in its name by the manual signature of an authorized officer of the Agency, and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual signature of the general counsel of the Agency.

ATTEST: VERMONT HOUSING FINANCE AGENCY

By: ________________ By: ____________________

General Counsel Authorized Officer

Bond Date: _________ _, 19_

Schedule of Payments and Prepayments of Principal

Principal Amount Paid	Date Paid	Balance Due	Authorized Signature and Title
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________

(NOTICE: The within bond may not be transferred until this schedule has been verified by the Agency.)

ARTICLE V
MISCELLANEOUS

SECTION 501. Default.

If the Agency defaults in the payment of principal of or interest on any Bond when due, or in the performance of any covenant in this Resolution, then the registered owner of the Bond shall have the right, by mandamus or other suit, action or proceedings at law or in equity, to bring suit upon the Bond, to enforce its rights under the Resolution and the Bond, to compel performance by the Agency of its obligations under the Bond and the Resolution; to require the Agency to account as trustee of an express trust; to require the Agency to effectuate the assignment of the Permanent Loan to such owner; or to enjoin any acts which may be unlawful or in violation of the rights of the registered owners of the Bond. No remedy conferred by the Resolution upon the registered owner of the Bond is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or the Bond or provided at law or in equity or by the Act. No delay or omission of the registered owners of the Bond to exercise any right or power arising upon the happening of a default shall impair any right or power or be construed to be a waiver of the default. The registered owner of the Bond may waive any default and its consequences. No such waiver shall extend to any subsequent or other default.

SECTION 502. Defeasance.

If the Agency shall pay or cause to be paid to the registered owners of the Bond the principal, redemption price and interest thereon at the times and in the manner stipulated therein and herein, then all obligations of the Agency hereunder and under the Bond and all other rights granted hereby shall be discharged and satisfied.

SECTION 503. Transfer.

The Bond may be transferred in whole but not in part to new owners, subject to the restrictions on transfer and upon compliance with the provisions for transfer described in the form of the Bond and payment of a transfer fee of $100.00 for each substitute bond issued as a result of a request for transfer.

SECTION 504. Amendment.

This Resolution may be amended by the Agency without the consent of the registered owner of the Bond to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not inconsistent with this Resolution as theretofore in effect. The Agency may also adopt a resolution amending, supplementing or otherwise modifying this Resolution without the consent of the registered owner of the Bond to incorporate the provisions hereof in a resolution of the Agency of general application to bonds issued to finance the Program the interest on which is not excludable from federal income taxes; provided no such resolution shall reduce the principal amount of the Bond or the rate of interest payable thereon or change the maturity date thereof or the dates for payment of interest thereon or the terms of redemption thereof or the security granted for the payment thereof without the express written consent of the registered owner of the Bond. Except as hereinabove provided in this Section 504, this Resolution and the Bond may be amended by the Agency only with the prior written consent of the registered owner of the Bond.

SECTION 505. Authorization of Officers.

The Chairman, Vice-Chairman, Executive Director, Deputy Director, Director of Finance and all other Authorized Officers of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates, and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution, including the making of the permanent mortgage loan with the proceeds of the Bond.

SECTION 506. Severability.

If any provision of this Resolution is held invalid in any circumstances, that invalidity shall not affect any other provisions or circumstances.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on December 13, 1991.

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

THREE PARTY AGREEMENT

This Agreement is made this _____ day of ________, 19__, by and between the Bank of Vermont, having its principal office at Burlington, Vermont (hereinafter called the "Buyer"); the Whitney Hill Homestead Limited Partnership, a Vermont limited partnership, having its principal office at Burlington, Vermont (hereinafter called "Borrower"); and the Vermont Housing Finance Agency, having its principal office at One Burlington Square, Burlington, Vermont (hereinafter called "Agency").

In consideration of the promises hereinafter set forth, it is agreed by and among the parties hereto as follows:

1. Upon the completion of a certain elderly housing development located in Williston, Vermont (the "Development"), and otherwise subject to the terms and conditions of the Agency's commitment letter to the Borrower or Borrower's representative dated as of April 26, 1991 (the "Commitment Letter"), Agency agrees to make a Permanent Loan (the "Loan") to Borrower in an amount not to exceed the lesser of (a) the security value of the Development as determined by the Agency, or (b) ONE MILLION TWO HUNDRED FIFTY THOUSAND ($1,250,000) AND 00/100 DOLLARS. The Loan shall be amortized over 25 years, but have a balloon payment of all principal and accrued interest due after 15 years, shall be prepayable in accordance with the terms of the revised Promissory Note, shall have a revised amount of the Sinking Fund, and conform in all other respects to the requirements of the Commitment Letter. The Loan shall be evidenced and secured by a Note, Mortgage and Security Agreement covering all realty and personalty, and be subject to the conditions of the Regulatory Agreement. The Development shall have no encumbrances or defects in title that would adversely impair in any way the security of the Agency therein.

2. The parties hereby agree that, notwithstanding any date set forth in any other document of prior date between the parties, the agreement of the Agency to make the Permanent Loan upon completion of the Development by the Borrower shall continue in force until July 26, 1992, which date shall be the expiration date of the Agency Commitment and any Agency responsibility or liability, unless further extended in writing by the Agency.

3. The Borrower agrees for the benefit of the Agency and the Bank to accept the Loan to be made by the Agency pursuant to the terms of the Commitment Letter, and the Borrower further consents and agrees that it will not accept a first mortgage loan from any lender other than the Agency during the term of this Agreement or any extension hereof.

4. Agency hereby acknowledges that the Agency Commitment Letter is in full force and is unmodified except as set forth in this Agreement.

5. The parties hereby acknowledge that the Agency Commitment Letter and all of its terms are an express condition of this document. Furthermore, the Borrower agrees to accept and approve for purposes of the Loan the form of the following documents attached to the Commitment Letter, except insofar as they must be revised in accordance with this Agreement:

(a) Permanent Note
(b) Mortgage Deed
(c) Regulatory Agreement
(d) Absolute Assignment of Leases and Rents
(e) Four Party Agreement

Borrower also agrees to execute a Collateral Assignment of Mortgage Payments in form satisfactory to the Buyer and the Agency.

6. Subject to the terms of the Commitment Letter, prior to the expiration of the Agency Commitment, upon three business days notice to the Buyer, the Agency agrees to issue to the Buyer (and/or to another investor acceptable to the Agency in its sole and absolute discretion, but subject to the consent of the Buyer) and the Buyer agrees to purchase from the Agency, at its face value, the Agency's Bond in an amount established pursuant to the Commitment Letter. For the protection of the Agency, the Buyer represent as follows:

(a) The Buyer is a sophisticated investor in securities of the general type of the Agency's Bonds.

(b) The Buyer has examined the Agency's audited financial statements for the most recent period for which audited statements are available, has been offered access to all prior audited financial statements of the Agency and the current books of account of the Agency and has availed itself of such access to the extent it deems necessary.

(c) The Buyer represents that it is purchasing the Bond for its own account for investment and does not currently intend to sell or otherwise distribute the Bonds or any interest or participation therein. The Buyer understands that the extent and nature of the information furnished in this transaction is based upon the foregoing.

(d) As between the Buyer and the Agency and all counsel for and representatives of the Agency, the Buyer has assumed responsibility for obtaining the information relating to the Bond that it deems necessary for its investment decision, and has not looked to the Agency, its counsel, or its other representatives to provide or review that information.

7. The Agency represents to the Buyer and the Borrower that, under current law, and subject to compliance with such law, it is able to issue bonds in such form,

that the interest thereon will be subject to federal income tax, but exempt from Vermont income tax.

8. Notice shall be deemed delivered when mailed registered mail, return receipt requested, to the Borrower at c/o Housing Vermont, One Burlington Square, Burlington Vermont 05401, to the Agency at P.O. Box 408, Burlington, Vermont 05402-0408, or the Buyer at 149 Bank Street, Burlington Vermont 05401(or to such other place as a party may designate in writing).

9. This Agreement is not assignable.

10. One half of any outside counsel fees necessarily incurred by Bank of Vermont or Bank of Boston for the review of the Agency's Bond Resolution and this Three Party Agreement, up to a maximum of $3,500, shall be paid by the Borrower. Such payment may be included in the Loan provided that the entire Loan amount does not exceed the maximum Loan amount permitted in paragraph 1 of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their duly authorized agents all as of the date and year first above mentioned.

WHITNEY HILL HOMESTEAD LIMITED PARTNERSHIP

By: H.V. 1991, Inc.
Its General Partner

By: ______________________________
Its Duly Authorized Agent
Its__________________________

BANK OF VERMONT

By: ______________________________
(Buyer)

Its_______________________________

VERMONT HOUSING FINANCE AGENCY

By:_____________________________
(Agency)
Its ___________________________

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: JEFFREY FRANCIS, DEPUTY DIRECTOR

DATE: JANUARY 10, 1992

RE: FLEXIBLE SPENDING ACCOUNT AMENDMENT

In December 1990, VHFA took action to establish a flexible spending account as part of its benefits program. The flexible spending account provided the opportunity for employees of VHFA to pay their contributory share of health premiums with before tax dollars. In reviewing VHFA's benefit package in December 1991, I learned that with a fairly simple amendment, VHFA's flexible spending plan could be expanded to provide the opportunity for employees to pay, with before tax dollars, some or all of the expenses of dependent care and medical costs not covered under the health insurance plan .

The costs of implementing this program are minimal (approximately $900 for preparation of the amendment) and the potential benefit to employees paying for dependent care or medical costs outside current medical coverage is substantial. After reviewing the matter, Allan and the Department Directors decided to recommend to the Board of Commissioners that the flexible spending account be expanded. The Board resolution required to put the amendment into effect will be prepared and distributed for consideration at the January 16 Board meeting.

RECOMMENDED ACTION

Adoption of the resolution authorizing the amendment to VHFA's flexible spending account referenced above.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

Corporate Resolution

WHEREAS, the Vermont Housing Finance Agency known hereunder as the EMPLOYER has adopted a Flexible Benefit Plan under Code Section 125 of the Internal Revenue Code.

WHEREAS, Section 8.01 of the current plan document allows for amendment to the Flexible Benefit Plan.

WHEREAS, the EMPLOYER intends to provide its employees with dependent care and uninsured medical and dental reimbursement benefits, now therefore let it be resolved that the Vermont Housing Finance Agency Flexible Benefit Plan be amended to include all the necessary provisions in order to provide its employees with uninsured medical and dental reimbursement and dependent care assistance reimbursement account benefits.

1990 Series 1 (901)

AS OF: 01/10/92 | Vermont Housing Finance Agency | Report: 1130
PAGE NO. 1 | 901 - $25,000,000 SINGLE FAMILY HOUSING BONDS SERIES 1 | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 8.950%

Date : 01/10/92

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$928,061	3.7%	$868,686	3.4%	$779,386	$89,300	9.6%
Bradford National Bank	$151,900	0.6%	$151,900	0.6%	$151,900	$0	0.0%
Caledonia National Bank of Danville, The	$48,675	0.1%	$48,675	0.1%	$48,675	$0	0.0%
Chittenden Bank	$3,794,198	15.1%	$3,715,898	14.8%	$2,710,944	$1,004,954	26.4%
Citizens Savings Bank and Trust	$363,944	1.4%	$363,944	1.4%	$262,444	$101,500	27.8%
Community National Bank	$804,101	3.2%	$804,101	3.2%	$610,318	$193,783	24.0%
Factory Point National Bank, The	$79,226	0.3%	$79,226	0.3%	$50,000	$29,226	36.8%
Franklin-Lamoille Bank	$469,650	1.8%	$394,650	1.5%	$309,750	$84,900	18.0%
Granite Savings Bank and Trust Company	$207,500	0.8%	$207,500	0.8%	$207,500	$0	0.0%
Kittredge Mortgage Corporation	$159,950	0.6%	$126,950	0.5%	$126,950	$0	0.0%
Lyndonville Savings Bank & Trust Company	$84,075	0.3%	$0	0.0%	$0	$0	0.0%
Marble Bank	$229,158	0.9%	$229,158	0.9%	$229,158	$0	0.0%
Merchants Bank, The	$323,775	1.2%	$260,575	1.0%	$170,525	$90,050	27.8%
Mortgage Service Center of New England	$574,883	2.2%	$483,883	1.9%	$392,883	$91,000	15.8%
National Bank of Middlebury, The	$145,995	0.5%	$145,995	0.5%	$145,995	$0	0.0%
New England IBM Employees Fed Crdt Union	$72,000	0.2%	$72,000	0.2%	$72,000	$0	0.0%
Northfield Savings Bank	$175,750	0.7%	$175,750	0.7%	$175,750	$0	0.0%
Passumpsic Savings Bank	$790,250	3.1%	$790,250	3.1%	$750,250	$40,000	5.0%
Peoples Trust Company of St Albans	$159,494	0.6%	$123,388	0.4%	$0	$123,388	77.3%
Randolph National Bank	$214,450	0.8%	$214,450	0.8%	$143,200	$71,250	33.2%
Statewide Funding Corporation	$1,098,045	4.3%	$1,056,545	4.2%	$442,170	$614,375	55.9%
Summit Financial Center, Inc.	$630,462	2.5%	$630,462	2.5%	$403,712	$226,750	35.9%
Union Bank	$513,463	2.0%	$513,463	2.0%	$268,413	$245,050	47.7%
Vermont Federal Bank, FSB	$2,639,881	10.5%	$2,360,731	9.4%	$2,031,537	$329,194	12.4%
Vermont Mortgage Group, Inc	$811,093	3.2%	$656,993	2.6%	$656,993	$0	0.0%
Vermont National Bank	$2,554,940	10.2%	$2,486,540	9.9%	$2,108,165	$378,375	14.8%
Wells River Savings Bank	$245,094	0.9%	$245,094	0.9%	$200,094	$45,000	18.3%
TOTALS 274 Loans	$18,270,013	73.0%	$17,206,807	68.8%	$13,448,712	$3,758,095	20.5%

1990 Series 2 (902)

AS OF: 01/10/92 | Vermont Housing Finance Agency | Report: 1130

PAGE NO. 1 | 902 - $37,310,610 MORTGAGE PURCHASE PROGRAM - MOVE | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 8.150%

Date : 01/10/92

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$138,005	0.3%	$75,050	0.2%	$0	$75,050	54.3%
Chittenden Bank		$427,085	1.1%	$64,600	0.1%	$64,600	$0	0.0%
Green Mountain Bank		$39,000	0.1%	$0	0.0%	$0	$0	0.0%
Marble Bank		$50,000	0.1%	$50,000	0.1%	$50,000	$0	0.0%
Merchants Bank, The		$78,375	0.2%	$78,375	0.2%	$0	$78,375	100.0%
Passumpsic Savings Bank		$26,125	0.0%	$26,125	0.0%	$26,125	$0	0.0%
Peoples Trust Company of St Albans		$69,350	0.1%	$0	0.0%	$0	$0	0.0%
Randolph National Bank		$56,050	0.1%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$230,945	0.6%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$236,930	0.6%	$61,275	0.1%	$0	$61,275	25.8%
Union Bank		$129,750	0.3%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB		$134,350	0.3%	$0	0.0%	$0	$0	0.0%
Vermont Mortgage Group, Inc		$113,050	0.3%	$78,850	0.2%	$0	$78,850	69.7%
Vermont National Bank		$291,925	0.7%	$153,900	0.4%	$83,600	$70,300	24.0%
Wells River Savings Bank		$97,785	0.2%	$0	0.0%	$0	$0	0.0%
TOTALS	35 Loans	$2,118,725	5.6%	$588,175	1.5%	$224,325	$363,850	17.1%

1990 Series 2

STATISTICAL REPORT PROGRAM ID: 902 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/88 thru 01/08/92
Loan Status: CC,UC,O

Total Number of Loans: 9
Total Loan Amount: $588,175

EXISTING:	$445,200	77.7%	7 Loans
NEW CONSTRUCTION:	$142,975	22.2%	2 Loans
NEW DETACHED HOUSING:	$64,600	45.1%	1 Loans
NEW CONDOMINIUM:	$78,375	54.8%	1 Loans
Funds Remaining to be Reserved:	$35,190,635	94.3%	538 Loans (Est.)

Total Insured or Guaranteed Loans: 9
Loans Guaranteed by VHMGB: 9

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$62,291	$81,500	$68,694
Avg. Loan Amount	$59,316	$77,425	$65,352
Avg. Borrower Income	$26,174	$26,408	$26,252
Avg. Housing Debt-Income Ratio	27.1%	33.3%	29.2%
Avg. Total Debt	$698.50	$841.66	$746.22
Avg. Total Debt-Income Ratio	31.5%	38.3%	33.7%
Total No. of Loans	6	3	9
% of Total Loan Amount	60.5%	39.5%	100.0%
First Time Homebuyers	66.6%	100.0%	77.7%
% Meeting Low Income Set Aside	33.3%	100.0%	55.5%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	1	11.1%	$26,125	4,800	5.5%	5.6
Chittenden	3	33.4%	$232,275	16,000	18.2%	15.2
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	1	11.1%	$61,275	6,000	6.8%	4.3
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	1	11.1%	$64,600	3,300	3.8%	7.3
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	1	11.1%	$50,000	10,000	11.4%	0.3-
Washington	1	11.1%	$75,050	9,000	10.3%	0.8
Windham	1	11.1%	$78,850	7,100	8.1%	3.0
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	9	100.0%	$588,175	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 Series 1

STATISTICAL REPORT PROGRAM ID: 901 Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/88 thru 01/08/92

Loan Status: CC,UC,O

Total Number of Loans: 253

Total Loan Amount: $16,949,784

EXISTING:	$12,559,187	75.4%	191 Loans
NEW CONSTRUCTION:	$4,390,597	24.5%	62 Loans
NEW DETACHED HOUSING:	$3,876,322	88.2%	55 Loans
NEW CONDOMINIUM:	$514,275	11.7%	7 Loans
Funds Remaining to be Reserved:	$6,885,774	27.5%	102 Loans (Est.)

Total Insured or Guaranteed Loans: 242

Loans Guaranteed by VHMGB: 239

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$69,125	$77,290	$72,094
Avg. Loan Amount	$64,132	$72,005	$66,995
Avg. Borrower Income	$28,888	$28,920	$28,900
Avg. Housing Debt-Income Ratio	26.6%	30.4%	28.0%
Avg. Total Debt	$843.71	$873.79	$854.65
Avg. Total Debt-Income Ratio	35.1%	36.7%	35.6%
Total No. of Loans	161	92	253
% of Total Loan Amount	60.9%	39.1%	100.0%
First Time Homebuyers	85.0%	98.9%	90.1%
% Meeting Low Income Set Aside	24.2%	48.9%	33.2%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	17	6.7%	$1,180,186	5,000	5.7%	1.0
Bennington	5	2.0%	$340,899	6,300	7.2%	5.2-
Caledonia	23	9.1%	$1,275,644	4,800	5.5%	3.6
Chittenden	58	22.9%	$4,308,239	16,000	18.2%	4.7
Essex	10	4.0%	$555,356	1,300	1.4%	2.6
Franklin	26	10.3%	$1,834,346	6,000	6.8%	3.5
Grand Isle	3	1.2%	$186,409	900	1.0%	0.2
Lamoille	14	5.5%	$981,610	3,300	3.8%	1.7
Orange	12	4.7%	$838,612	4,300	4.9%	0.2-
Orleans	11	4.3%	$604,377	4,200	4.8%	0.5-
Rutland	26	10.3%	$1,696,257	10,000	11.4%	1.1-
Washington	33	13.0%	$2,137,912	9,000	10.3%	2.7
Windham	6	2.4%	$401,159	7,100	8.1%	5.7-
Windsor	9	3.6%	$608,778	9,600	11.0%	7.4-
TOTAL	253	100.0%	$16,949,784	87,800	100.0%	

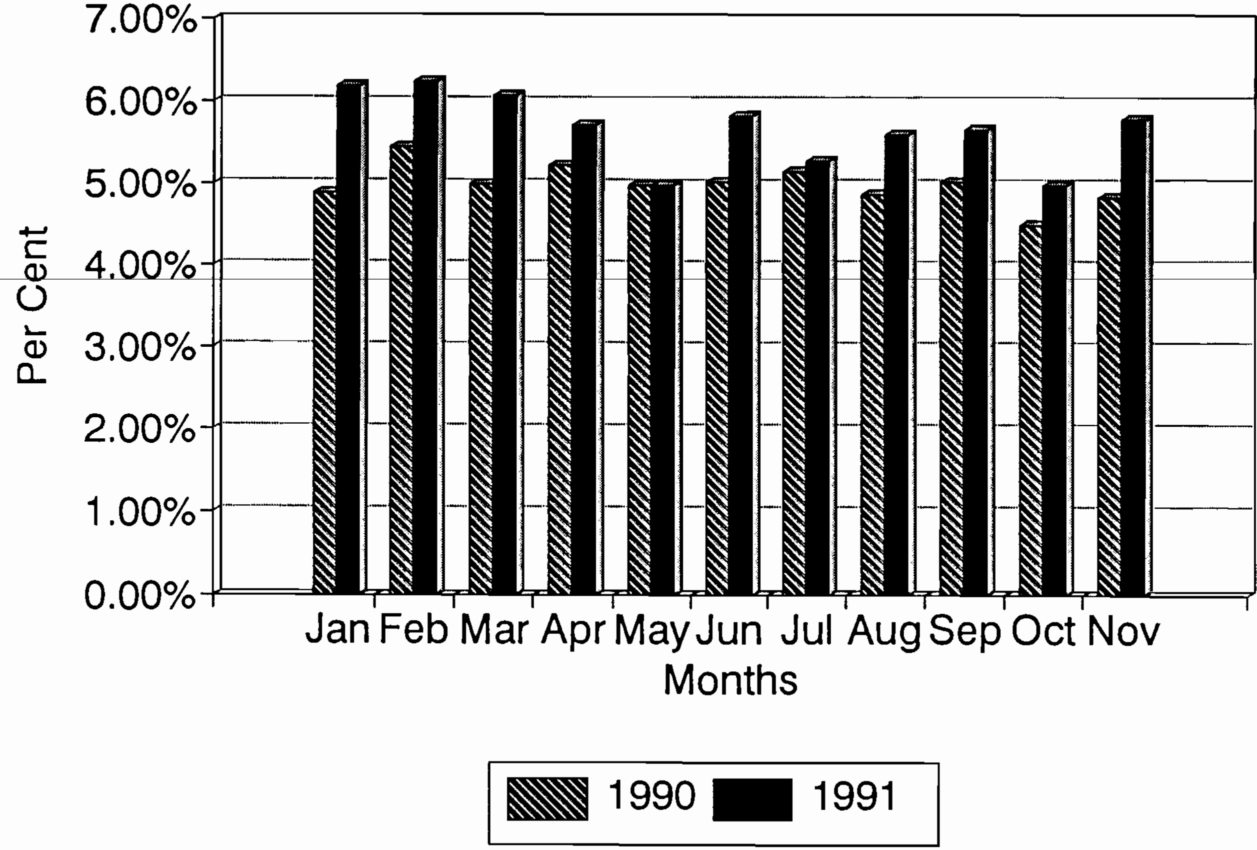
* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 11/30/91

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	384	11	2.86%	2	0.52%	2	0.52%	15	3.91%	0	0	0.00%	0	0.00%	15	3.91%
Bennington Coop Savings & Loan Assn Inc	64	3	4.69%	0	0.00%	1	1.56%	4	6.25%	0	0	0.00%	0	0.00%	4	6.25%
Bradford National Bank	62	1	1.61%	0	0.00%	0	0.00%	1	1.61%	0	0	0.00%	0	0.00%	1	1.61%
Calcdonia National Bank of Danville, Th	138	8	5.80%	1	0.72%	1	0.72%	10	7.25%	0	1	0.72%	2	1.45%	13	9.42%
Chittenden Trust Company	1,080	52	4.81%	10	0.93%	11	1.02%	73	6.76%	0	2	0.19%	1	0.09%	76	7.04%
Citizens Savings Bank	14	1	7.14%	0	0.00%	0	0.00%	1	7.14%	0	0	0.00%	0	0.00%	1	7.14%
Comfed Mortgage Co., Inc.	16	2	12.50%	0	0.00%	0	0.00%	2	12.50%	0	0	0.00%	0	0.00%	2	12.50%
Commonwealth Mortgage Company, Inc	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	147	7	4.76%	1	0.68%	2	1.36%	10	6.80%	0	0	0.00%	4	2.72%	14	9.52%
Factory Point National Bank, The	28	1	3.57%	0	0.00%	0	0.00%	1	3.57%	0	0	0.00%	0	0.00%	1	3.57%
First Brandon National Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Twin-state Bank	154	8	5.19%	0	0.00%	0	0.00%	8	5.19%	0	0	0.00%	0	0.00%	8	5.19%
First Vermont Bank and Trust Company	178	13	7.30%	1	0.56%	3	1.69%	17	9.55%	0	0	0.00%	0	0.00%	17	9.55%
Franklin-Lamoille Bank	213	7	3.29%	1	0.47%	0	0.00%	8	3.76%	0	0	0.00%	0	0.00%	8	3.76%
Granite Savings Bank and Trust Company	39	2	5.13%	0	0.00%	0	0.00%	2	5.13%	0	0	0.00%	0	0.00%	2	5.13%
Green Mountain Bank	19	1	5.26%	0	0.00%	0	0.00%	1	5.26%	0	0	0.00%	0	0.00%	1	5.26%
Howard Bank, National Assn, The	476	23	4.83%	10	2.10%	8	1.68%	41	8.61%	0	3	0.63%	2	0.42%	46	9.66%
Lomas & Nettleton Company, The	25	2	8.00%	0	0.00%	1	4.00%	3	12.00%	0	0	0.00%	0	0.00%	3	12.00%
Lyndonville Savings Bank & Trust Compan	53	1	1.89%	0	0.00%	1	1.89%	2	3.77%	0	1	1.89%	0	0.00%	3	5.66%
Marble Bank	235	14	5.96%	1	0.43%	2	0.85%	17	7.23%	0	0	0.00%	1	0.43%	18	7.66%
Merchants Bank, The	307	8	2.61%	1	0.33%	2	0.65%	11	3.58%	0	0	0.00%	0	0.00%	11	3.58%
Mortgage Service Center of New England	33	0	0.00%	2	6.06%	0	0.00%	2	6.06%	0	0	0.00%	0	0.00%	2	6.06%
National Bank of Middlebury, The	70	0	0.00%	0	0.00%	1	1.43%	1	1.43%	0	0	0.00%	0	0.00%	1	1.43%
New England IBM Employees Fed Crdt Unio	72	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	135	9	6.67%	1	0.74%	3	2.22%	13	9.63%	0	0	0.00%	0	0.00%	13	9.63%
Passumpsic Savings Bank	188	8	4.26%	1	0.53%	5	2.66%	14	7.45%	0	1	0.53%	1	0.53%	16	8.51%
Peoples Trust Company of St Albans	171	7	4.09%	3	1.75%	2	1.17%	12	7.02%	0	0	0.00%	0	0.00%	12	7.02%
Proctor Bank	118	5	4.24%	1	0.85%	0	0.00%	6	5.08%	0	0	0.00%	0	0.00%	6	5.08%
Randolph National Bank	77	3	3.90%	1	1.30%	0	0.00%	4	5.19%	0	0	0.00%	0	0.00%	4	5.19%
Statewide Funding Corporation	61	5	8.20%	1	1.64%	1	1.64%	7	11.48%	0	0	0.00%	0	0.00%	7	11.48%
Union Bank	160	4	2.50%	1	0.63%	1	0.63%	6	3.75%	0	0	0.00%	1	0.63%	7	4.38%
Vermont Federal Bank, FSB	963	38	3.95%	5	0.52%	6	0.62%	49	5.09%	0	1	0.10%	1	0.10%	51	5.30%
Vermont Mortgage Group, Inc	157	5	3.18%	2	1.27%	2	1.27%	9	5.73%	0	0	0.00%	0	0.00%	9	5.73%
Vermont National Bank	454	11	2.42%	2	0.44%	4	0.88%	17	3.74%	0	0	0.00%	2	0.44%	19	4.19%
Wells River Savings Bank	24	0	0.00%	1	4.17%	0	0.00%	1	4.17%	0	0	0.00%	0	0.00%	1	4.17%
Woodstock National Bank	14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	6,369	260	4.08%	49	0.77%	59	0.93%	368	5.78%	0	9	0.14%	15	0.24%	392	6.15%
October 31, 1991	6,393	214	3.35%	49	0.77%	55	0.86%	318	4.97%	0	9	0.14%	14	0.22%	341	5.33%

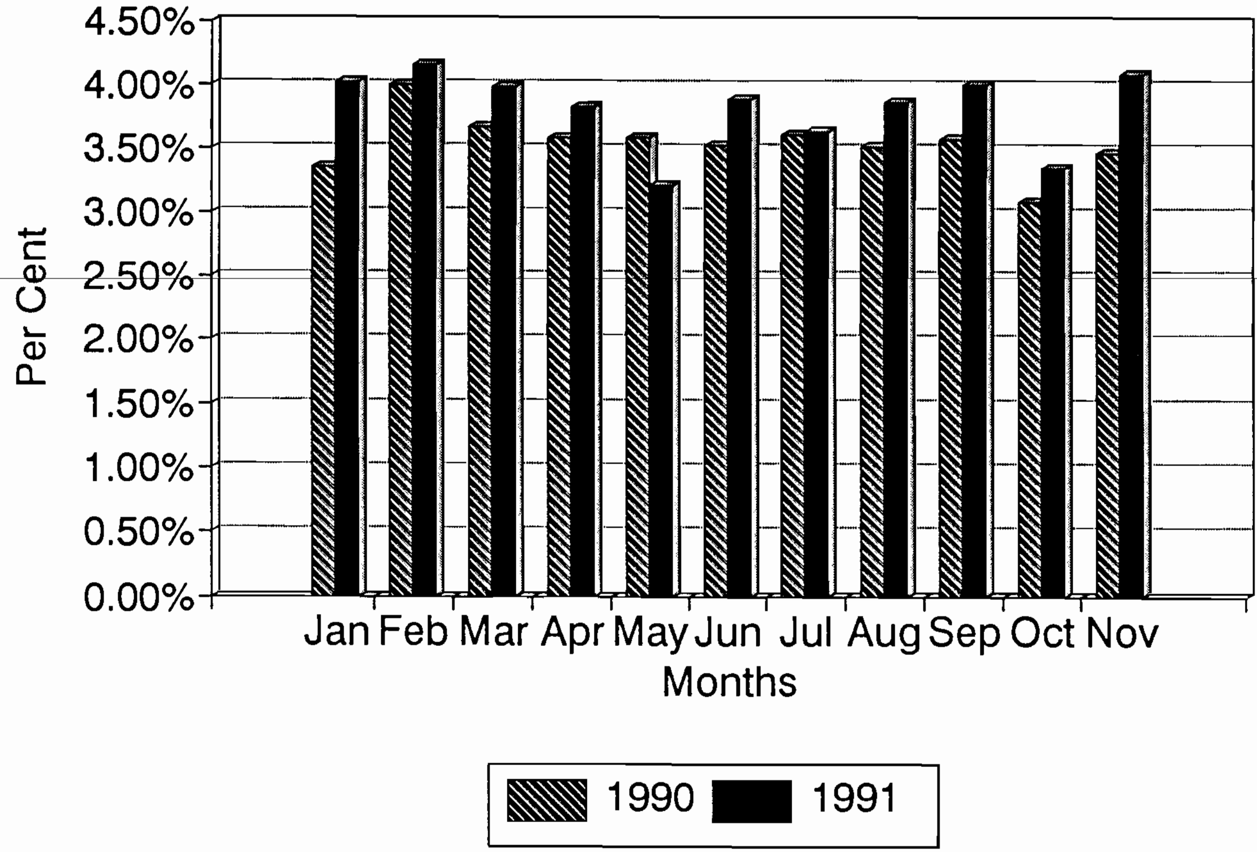
VERMONT HOUSING FINANCE AGENCY

Total Delinquency Comparison



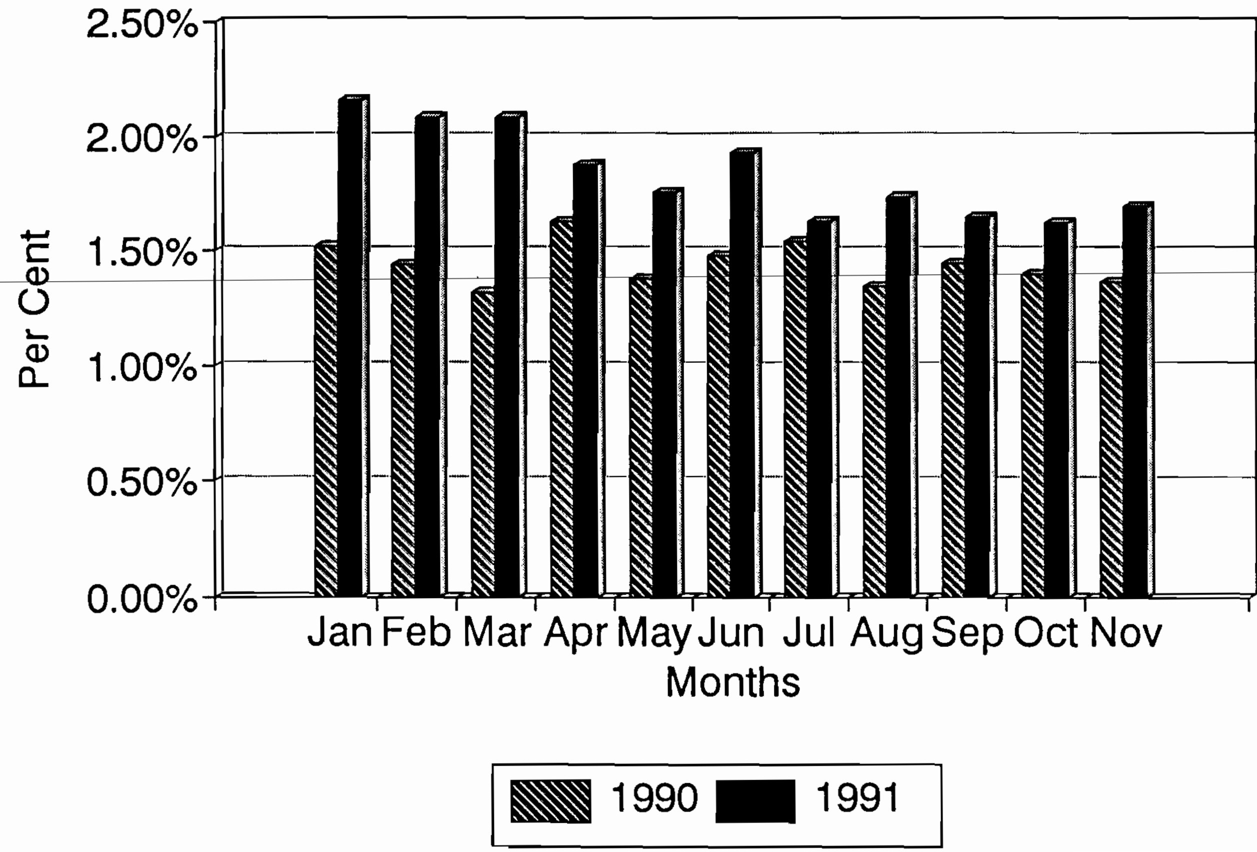
VERMONT HOUSING FINANCE AGENCY

30 Day Delinquency Comparison



VERMONT HOUSING FINANCE AGENCY

60/90 Day Delinquency Comparison



vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development *Meg Pond*

DATE: January 10, 1992

RE: **PROPOSED SECTION 8 PREPAYMENT LOAN PROGRAM**

Background:

Over the past six months, we have received approximately $4.7 million in prepayments on loans to Section 8 developments. In addition, we have received notice of intent to prepay up to $2.8 million more over the next several months. The rates are very favorable (between 7.7% and 8.5%) with remaining terms of 17 - 28 years (mostly 17 and 18 years). Because of the low fixed rate, this money is a very valuable resource. Since these funds must be used in no more than twelve months, there is a sense of urgency to identify their most productive use.

Staff has been considering a few alternatives for the potential use of this money. The key elements of these funds are:

- Any new developments financed with recycled proceeds would have to be sufficiently viable so that the bond resolutions will not be unduly weakened.
- If the funds were pooled, the rate would be approximately 8.2% - 8.5%, making it a valuable resource in today's market;
- Replacing large stable Section 8 developments with many smaller nonprofit and private landlord owned properties will create an increased workload in servicing and monitoring the portfolio by multi-family management staff to preserve the relative security within each bond issue.
- There are cashflow considerations that will be addressed in a separate memo from Roger Schoenbeck, Director of Finance.

Here are three proposed uses for these funds that have been discussed by staff: 1) to loan to nonprofits for their smaller proposals; 2) to loan to smaller private landlords who are having difficulty securing loans from lenders at this time; and 3) to loan to larger development proposals such as we have been doing over the past years.

The first proposed use is to dedicate this resource to making smaller loans to nonprofits, as little as $100,000, to try to accommodate the smaller proposals that nonprofits throughout the state are developing. The primary benefit of focusing on these smaller developments is that we would finally be reaching an audience hitherto under served by us as well as providing permanently affordable financing. A significant concern with this proposal was how it would impact the business of the Vermont Community Loan Fund (VCLF) which funds a portion of most of the small developments on a short term (three to five years) basis. If VHFA was to offer financing that eliminated the need for the interim loans from the VCLF, the major portion of their activity could be temporarily at a standstill.

I met with Nancy Wasserman (Fund Manager of VCLF) and Michael Richardson (VCLF board member and President of Housing Vermont) to discuss this. They both expressed concern but also thought that we would not be able to market over six million to the nonprofit sector within such a short time frame. Nancy is going to do a projection of what our potential business might be with the nonprofit community based on the VCLF history.

Out of that discussion came another proposed use. "Mom and Pop" landlords have few places to turn given the lending atmosphere and the economy. These small landlords provide by far the vast majority of affordable housing to low and moderate income Vermonters. There are, unfortunately, increasing numbers of multi-family buildings experiencing financial stress. VHFA could create a partnership with a consortium of lenders to provide affordable financing to landlords that also would require rehabilitation. This potentially could support the proposed rental housing code legislation.

Another proposed use is to use the funds on larger nonprofit developments (such as Templeton in White River Junction), or limited partnership developments as we have done over the past years. Probably some mixture of the three proposed uses will ultimately make sense. The primary objective is to reinvest these funds in the limited time frame into the best use.

I have attached a draft term sheet of the terms and conditions for this proposed program, with both nonprofit and for profit developers and owners in mind.

Recommendation:

Staff recommends approval of the concept of creating a small program utilizing Section 8 recycled funds to be targeted to small development financing, primarily rehabilitation, for both nonprofit and for profit developers, contingent upon feasible financial projections for the bond cashflows.

SECTION 8 PREPAYMENT LOAN PROGRAM
Loan Features

Mortgage rate:	8.2% - 8.5%
Mortgage term:	20 year term with 20 - 25 year amortization.
Mortgage type:	Fixed rate; no stepped rates.
Loan-to-value ratio:	Maximum 100% of security value of the project for nonprofit developers; limited partnerships or for-profits must make a minimum equity contribution of 10% of total development costs.
Debt service coverage:	May be as low as 1.05 to 1 if warranted by a low loan-to-value (75% or less).
Revenue deficit escrow:	Funded in cash at permanent loan closing to cover rent up risk; sized according to rent up schedule.
Working capital:	For new construction, funded in cash or by a letter of credit at permanent loan closing in an amount equal to 40% of annual debt service; may be reduced annually after two years of breakeven cash flow if funded in cash outside of loan proceeds. For seasoned developments, 20% of the annual debt service.
Replacement reserves:	Five percent of gross rental income for rehabilitations; 3% for new construction.
Prepayment:	Fifteen year prepayment lockout.
Lien position:	First mortgage only; leases must be subordinated.
Fees:	One point of the mortgage amount at permanent closing; plus maximum transaction costs of $1,500.
Environmental assessment:	Phase One assessment, plus more if need indicated.
Energy upgrade:	An energy assessment is required.
Size of development:	Five unit minimum.
Displacement policy:	No displacement of residents allowed; displacement plan required.

vhfa

VERMONT HOUSING FINANCE AGENCY

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: JANUARY 9, 1992

RE: MULTI-FAMILY RECYCLE PROGRAM

Attached to this memorandum is an analysis which demonstrates the differences to the cash flows of the Multi-Family Mortgage Program under our current projections versus the contemplated recycle program of Section 8 prepayment funds.

Current Information
The Multi-Family Mortgage resolution contains Section 8 projects financed between 1977-1979 as well as the South Meadow and Riverside projects financed in 1986 and 1988, respectively. Our current cash flow assumptions are that $460,000 a year is released from these bond programs to the General Fund of the Agency to subsidize operating expenses and also pay an annual fee of $73,000 to the State Housing Authority to reimburse them for their work in administering the projects. In addition to the annual release of funds we had structured a cushion of $800,000 to remain in the resolution. This resolution is backed by the moral obligation of the State of Vermont and is currently on CreditWatch by Standard & Poor's rating agency due to the downgrade of the State's credit. A required changed assumption in the current cash flow just run is that we must calculate retained funds at an assumed investment rate of 3% interest rate as opposed to the 5.5% rate used in the past.

Comparative Analysis
The schedule attached shows the differences between the current cash flow outcome of the program with the current mortgage pool assuming redemption of bonds with $6 million of prepayments and a new mortgage pool which would include $6 million of new loans with extended terms of 25 years and a balloon payment in 20 years replacing mortgages paying off with 17-20 year remaining terms. The major differences in these two scenarios are: in the current program case the residual balance is maintained at a higher level and average agency draws are somewhat higher until 2010; in the recycle program case the total return to VHFA is $800,00 more over the 29 year remaining life of the program. A critical item to this analysis is also the assumed interest rate of 3%. If reinvestment rates were to improve to more historic levels of the last 15 years, the current case scenario would significantly benefit due to the fact that under current assumptions we are losing 4.6% annually on held funds (the difference between the bond cost of 7.6% and the 3% reinvestment rate).

Consideration Factors
As demonstrated in the comparative analysis, normal takeouts from this resolution to the General Fund to subsidize operating expenses will be somewhat diminished under the Recycle loan program. Another key point is what impact this change will have on S&P's analysis of the program and the potential linkage to the bond rating. We do not expect to issue new bonds under this resolution and therefore, a ratings downgrade should only impact existing bondholders. On the positive side, VHFA will be able to utilize a fairly low rate source of funds to create additional affordable housing units, address the need of smaller size developments and increase the total funds available to the Agency over the long term.

Recommended Action
Proceed with the recycle loan program and refine the cash flows so that sufficient residual balances are maintained by reducing annual Agency draws to lower annual levels.

COMPARATIVE CASH FLOW SCHEDULE
MULTI-FAMILY HOWARD PROGRAM
FOR THE YEARS 1992-2021

CURRENT PROGRAM			RECYCLE PROGRAM		
DATE	AGENCY DRAW	RESIDUAL BALANCE	DATE	AGENCY DRAW	RESIDUAL BALANCE
Feb-92	$460,000	$992,000	Feb-92	$460,000	$1,058,000
Feb-93	460,000	915,000	Feb-93	460,000	926,000
Feb-94	460,000	838,000	Feb-94	460,000	792,000
Feb-95	460,000	741,000	Feb-95	460,000	636,000
Feb-96	460,000	658,000	Feb-96	460,000	504,000
Feb-97	460,000	562,000	Feb-97	460,000	359,000
Feb-98	460,000	394,000	Feb-98	460,000	137,000
Feb-99	460,000	307,000	Feb-99	448,000	0
Feb-00	460,000	222,000	Feb-00	314,000	0
Feb-01	460,000	110,000	Feb-01	287,000	0
Feb-02	459,000	0	Feb-02	290,000	0
Feb-03	326,000	0	Feb-03	265,000	0
Feb-04	410,000	0	Feb-04	347,000	0
Feb-05	249,000	0	Feb-05	185,000	0
Feb-06	206,000	0	Feb-06	140,000	0
Feb-07	188,000	0	Feb-07	116,000	0
Feb-08	176,000	0	Feb-08	97,000	0
Feb-09	186,000	0	Feb-09	109,000	0
Feb-10	460,000	104,000	Feb-10	460,000	19,000
Feb-11	230,000	(12,000)	Feb-11	108,000	(62,000)
Feb-12	153,000	0	Feb-12	353,000	2,092,000
Feb-13	94,000	0	Feb-13	460,000	1,725,000
Feb-14	95,000	0	Feb-14	460,000	1,357,000
Feb-15	87,000	0	Feb-15	460,000	966,000
Feb-16	81,000	0	Feb-16	460,000	560,000
Feb-17	87,000	0	Feb-17	460,000	145,000
Feb-18	364,000	0	Feb-18	455,000	0
Feb-19	230,000	277,000	Feb-19	230,000	218,000
Feb-20	253,000	362,000	Feb-20	230,000	268,000
Feb-21	1,212,000	0	Feb-21	1,034,000	0
	$10,146,000			$10,988,000	

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

MegPond

DATE: January 10, 1992

RE: BENNINGTON - DEPOT STREET (REGIONAL AFFORDABLE HOUSING CORPORATION) COMMITMENT LETTER RESOLUTION

THE DEVELOPMENT

1. General Description

Attached is a Commitment Letter Resolution authorizing the Agency to issue a permanent loan not to exceed $150,000 in tax exempt financing to Regional Affordable Housing Corporation (RAHC) for the purchase and renovation of two existing buildings containing seven units in Bennington.

The sponsor is a fairly new nonprofit, with very limited development experience. The sponsor's goal is to maintain these units as perpetually affordable to families with incomes below 50% of median income. The sponsor has a signed purchase and sale agreement which expires February 15, 1992.

Total development costs are currently estimated at $258,400 or $36,914 per unit.

Actual and projected per unit costs at other VHFA financed developments are: Templeton (rehab) $57,500; St. Johnsbury (rehab) $46,375; Northgate (rehab) $58,540; Highgate (rehab) $67,135; Pine Meadow (new construction, free land) $72,000; Winchester (new construction) $71,939.[1]

[1] The Northgate and Winchester per unit costs include an adjustment for capitalized land leases, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

The proposed acquisition price is $17,143 per unit. This compares with other VHFA financed units which may or may not be of similar construction to less than $29,400/unit for Northgate, $26,525/unit for Highgate, $20,600/unit for St. Johnsbury and 443,000/unit at Templeton.

The Vermont Housing and Conservation Board (VHCB) considered the development at their December 9th Board meeting. They approved a $84,213 deferred payment loan and a $17,133 grant.

The Town Board of Selectmen will be considering the request for a $28,000 low interest loan at their January 22nd meeting.

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached. These projections incorporate VHFA's recommended changes to the proposal.

Also attached is a location map of the development.

2. Financial Projections

Project finances are absolutely dependent upon the approval of seven project based Section 8 certificates. The Vermont State Housing Authority has not yet sent this request to HUD, but will do so shortly, and HUD approval would be expected by mid-February. The project based certificates are for five years minimum with two five year renewable terms, depending on HUD funding authorization.

The projections are quite weak due to the lack of equity and the few number of units. One three bedroom unit vacancy for three months equals the 5% annual vacancy assumption. The operating expenses have been set at a bare-bones level given our experience.

The rehabilitation budget needed to be cut substantially (20%) from the sponsor's application in order to achieve feasibility. While still generous, it is not yet known what impact these cuts will have on the integrity of the buildings. The only alternative for the sponsor is to request a total deferment of debt service payments for the town community development loan. The projections already show that no debt service can be paid to the VHCB for at least twenty years.

The VHFA note would have a twenty year balloon payment due. Assuming that the VHCB would also want a balloon payment at that time, the projections show that the project could not sustain payments on a refinancing note for the combined balance assuming 11% rates over fifteen years.

The projected permanent sources of funds are:

	Amount	Percent
Equity	0	0.0
VHFA 1st Mortgage Loan	129,052	49.9
VHCB Deferred Payment Loan	84,213	32.6
VHCB Grant	17,133	6.6
Town CD Loan	28,000	10.8
TOTAL	**258,398**	100.0%

The sponsor has not pursued Low Income Housing Tax Credits (tax credits) as an alternative financing strategy due to the complexity of the tax credit program. This may be a route for them to explore if the projections become any tighter.

3. Unit Breakdown, Rents and Income Limits

The development has four two-bedroom units and three three-bedroom units. Projected rents, to be covered via Section 8 certificates are $385 and $495 for the respective unit type. Utility costs will be paid separately by the Section 8 certificate holders.

4. Site/Location

The development is located in a mixed residential and commercial neighborhood in Bennington. (See attached location map.)

5. Renovation Plan

The architect for the renovations is John Traver of Tim Smith & Associates of Bennington. Mr. Traver is on the Board of RAHC. They will be preparing the bid documents, handle the bid administration and act as clerk of the works on the project. They will be taking a fee significantly below their costs for this project.

The architect says the wood frame buildings are very sound structurally, that he does not expect any surprises, and that the finished units will be of fairly high quality. He said when finished they would be attractive to market rate tenants, not taking into consideration the location. The buildings are at least 75 years old, possibly 120, and are listed on the State Historic Sites Survey.

The list of proposed renovations at this time includes code issues, new individual unit propane heating systems, refurbished windows and doors, new cabinets in the kitchens and bathrooms, wall insulation, new kitchen sinks and baths, exterior painting, new flooring and carpets, repairs to foundations, roofs, etc.

Bids will be available prior to closing to ensure that the scope of work can be done within the proposed budget.

VHFA will be commissioning an energy analysis of the two buildings from the Vermont Energy Investment Corporation (VEIC).

6. Appraisal

An appraisal was done for RAHC by Richard Goodfellow of Green Mountain Appraisals on September 10, 1991. The appraisal value is $130,000. The acquisition price is $120,000, or $17,143 per unit. The total development cost is $258,400, or $36,914 per unit. The requested VHFA loan would be for $129,052, which is 49.9% of TDC and 99.2% of the appraisal.

The appraisal notes that "The subject suffers a large amount of physical depreciation due to abuse by the tenants. Most of the floor coverings are in poor condition and need replacing. The walls need repainting throughout. Some walls need patching and many of the doors, vanities and kitchen cabinets are in poor condition. The utilities have been updated. The electrical is 100 amp and four of the furnaces are fairly new. The hot water heaters are modern ... The exterior needs paint and the porches are in need of repair."

The sponsor's consultant, Tim McKenzie, former Executive Director of the Burlington Community Land Trust, feels that these statements significantly overstate the extent of physical depreciation. This is somewhat confirmed by the VSHA's initial finding, during their due diligence for the Section 8 application, that the buildings do not violate the Housing Quality Standards (HQS).

There is little doubt that a substantial renovation will add to the buildings' appraisal value. As noted earlier, a completed development cost of $36,900 per unit is very low compared to many other renovation projects VHFA has financed. Assuming that a quality renovation is completed, it would appear that VHFA's risk of owning a substantially over-valued building is fairly small.

7. Market Demand and Rent Levels

The appraiser notes that "Properties have sold lower on Depot Street than in other Bennington neighborhoods. There is a supervised home for troubled youths in the neighborhood which may also limit neighborhood appeal." In summary he says "The subject suffers a great deal of physical depreciation and it also suffers external depreciation due to neighborhood influences and current market conditions."

According to Mr. Paul Bohne of the City's Community Development office, the City has already begun a multi-year improvement program for Depot Street, which will mean a newly paved road and new sidewalks in 1993. Mr. Bohne feels that while the market is soft for one bedroom units, the market for two and three bedroom units remains strong. It should be noted that Mr. Bohne is also a member of the RAHC Board.

A copy of a current page of rental housing classifieds in the Bennington Record newspaper shows a fairly large number of two bedroom units being available at quite low rents.

The property currently has three vacancies. It is assumed that the seller has not made strong efforts to re-rent given the looming transaction. From one perspective the vacancies are good in that it will ease RAHC's relocation difficulties during renovation. Project based Section 8 certificates also permit coverage of one month's rent when a tenant moves out, thus, significantly reducing the effective vacancy loss. The financial projections assume a 5% vacancy rate.

8. Management

The proposed management agent is the Bennington Housing Authority (BHA). BHA manages some 135 scattered site rental units in Bennington.

9. Environmental Concerns

No environmental assessment has been done for the property. According to the architect, asbestos is not a likely concern. Nevertheless, VHFA will be requiring a Phase I environmental assessment, with specific sampling and testing in both buildings for asbestos and lead. VHFA has approved a $3,000 Ventures loan for the sponsor so that this work can be done prior to closing.

DISCUSSION

<u>Strengths</u>

The primary strengths of this development include:

a. The presumed availability of project based Section 8 certificates permit higher rent levels to be charged than the market, while still permitting low income tenants to be charged no more than 30% of their income.

b. They are pre-existing buildings, there are four current tenants and there is some history of market acceptance.

c. The Vermont Housing and Conservation Board has already approved their portion of the financing.

d. The acquisition price and completed total development cost on a per unit basis are fairly low compared to other developments financed by VHFA.

e. There is Town support for the development and hopefully a $28,000 loan to substantiate that support.

Weaknesses

The potential weaknesses of this development are:

a. This is not a mixed income development, which has been a general standard of the Agency.

b. There is no equity in the deal, except for a $17,000 grant. The sponsor has essentially no assets to cover significant operating shortfalls if they should happen to occur.

c. The sponsor has no rental housing development experience as this is their first rental development. There are no organizational plans for any other rental acquisition at this time. There is a new Executive Director at RAHC who has some experience with homeless shelter development and operations.

d. The development's finances are very tight, with little room for error if there are significant rent-up problems or long term management problems.

e. The rental market is soft, apparently due to the state of the regional economy.

f. Until bids are received, it is not clear what effect the proposed 20% reduction in the rehabilitation would mean. VHFA staff has not yet evaluated the proposed scope of work.

g. RAHC does not have a long term strategy for their development direction.

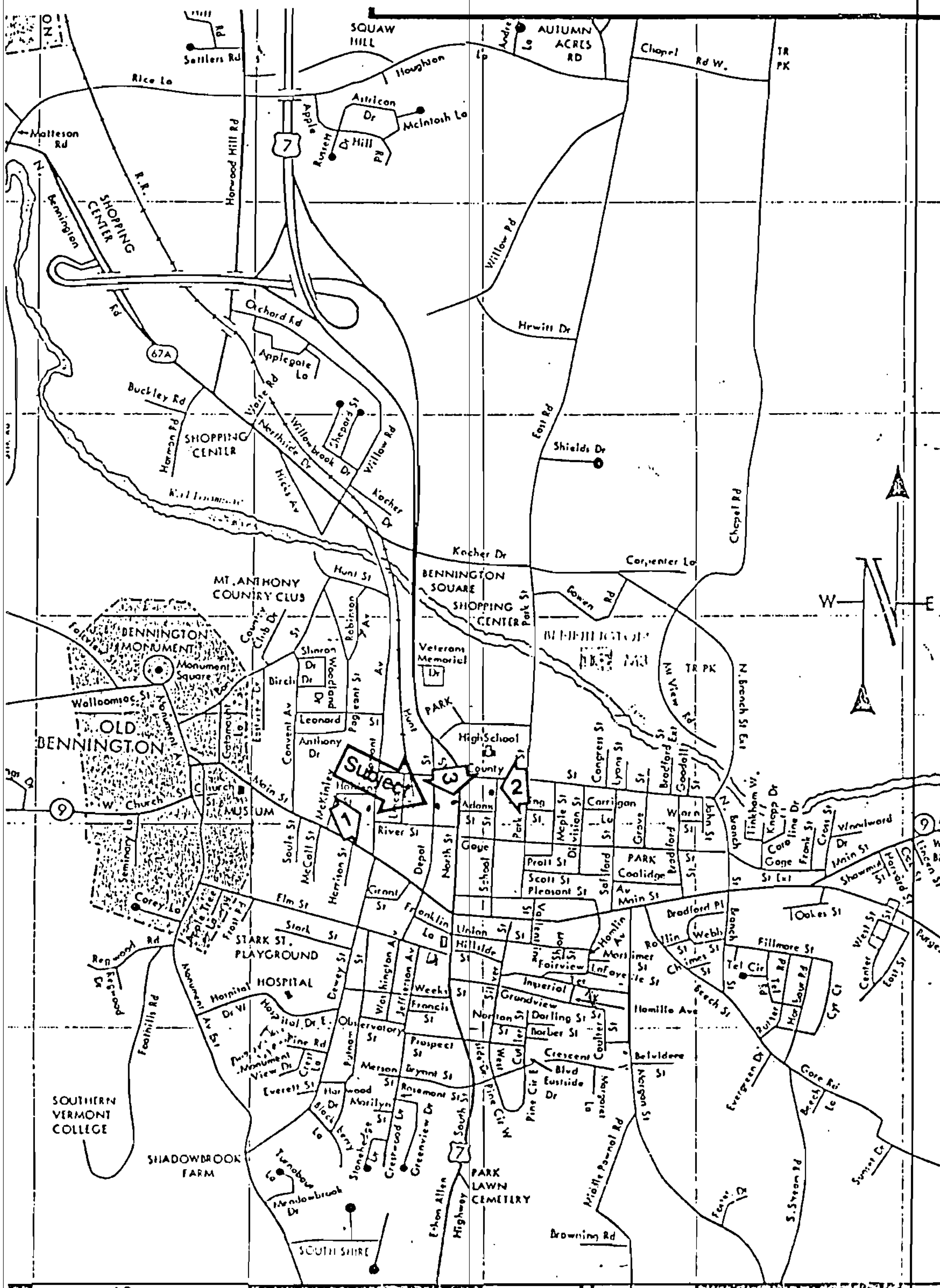
RECOMMENDED ACTION

Staff recommends approval of the attached Resolution Pertaining to Issuance of Commitment Letter for the Bennington Depot Development authorizing the Executive Director to issue a Commitment Letter in an amount not to exceed $150,000 for a seven unit family development located in Bennington, subject to required project based Section 8 subsidies and Town of Bennington deferred loan of $28,000.

File No. rg1163-91

LOCATION MAP

Borrower/Client NA			
Property Address 211-213 and 215 Depot Street			
City Bennington	County Bennington	State VT	Zip Code 05201
Lender Regional Affordable Housing Corp.			



Project:	Depot Street-McKenzie	RUN DATE:	1/9/92

*********Unit Information********		**********Assumptions*********	
Total Res Units:	7		
Res Restricted Units:	7	Rent increase:	3.00%
Percent Restricted:	100.00%	Expense increase:	5.00%
Avg Net Monthly Rent:	411	Vacancy Rate:	5.00%
TDC	258,398		
TDC/Unit	36,914		

REFINANCE ASSUMPTIONS

yr 20 Balance - VHFA	50,650	yr 20 Balance - VHCB	70,716
DS on VHFA Balloon 11% 15yr	7,044	DS on HCTF Balloon 11% 15 YR	9,834
Current DS	12,470		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Equity	0	0.00%	N/A	N/A	
VHCB	84,213	32.59%	3.00%	30	Deferred
VHFA	129,052	49.94%	8.50%	25	
Town	28,000	10.84%	5.00%	20	
VHCB Grant	17,133	6.63%			
	258,398	100.00%			

Depot Street-McKenzie		DEVELOPMENT BUDGET	1/9/92
		Residential	
		Budget	Per Unit
Acquisition		120,000	17,143
Construction/Rehab		80,000	11,429
Contingency	15.00%	12,000	1,714
Architectural		4,833	690
Legal Fees		1,250	179
Appraisal		700	100
Relocation		4,000	571
Accounting & Bookkeeping		400	57
Development Consultant		2,500	357
Impact Fees		624	89
Environmental Assessment		3,000	429
Marketing/Public Relations		500	71
Construction Interest		0	0
Title Insurance		500	71
Loan Origination Fees (1%)	1,291	1,291	184
VHFA Transaction Fees		1,800	257
Working Capital	4,988	5,000	714
Operating Reserve		0	0
Developer's Fee	7.74%	20,000	2,857
TOTAL DEVELOPMENT COSTS		258,398	36,914

Notes: Projections Assume no debt service paid on HCTF Loan
Debt service deferred one year on Town CD loan.
Development budget cut rehab by $13,000 and developer fee by $4,500 to make projections feasible.
Working capital is 40% of VHFA debt service
First year of projections is run at 75%, assuming March 1 closing.

13,590 Depot Street-McKenzie PRO FORMA ********* PRO FORM*********

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent		20,000	35,520	36,585	37,683	38,813	39,978	41,177	42,412	43,685	44,995	46,345	47,735	49,167	50,642	52,162	53,727	55,338	56,998	58,708	60,470
Less Res Vacancy		0	(1,776)	(1,829)	(1,884)	(1,941)	(1,999)	(2,059)	(2,121)	(2,184)	(2,250)	(2,317)	(2,387)	(2,458)	(2,532)	(2,608)	(2,686)	(2,767)	(2,850)	(2,935)	(3,023)
Plus Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Income		20,000	33,744	34,756	35,799	36,873	37,979	39,118	40,292	41,500	42,745	44,028	45,349	46,709	48,110	49,554	51,040	52,571	54,149	55,773	57,446
Less Operating Exp.		11,773	17,380	18,249	19,161	20,120	21,125	22,182	23,291	24,455	25,678	26,962	28,310	29,726	31,212	32,773	34,411	36,132	37,938	39,835	41,827
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		8,227	16,364	16,507	16,637	16,753	16,853	16,936	17,001	17,045	17,067	17,066	17,038	16,983	16,898	16,781	16,629	16,440	16,210	15,938	15,619
Less VHFA DS		9,352	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470
Less Town DS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less VHCB DS		0	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217
Cash Flow		(1,125)	1,676	1,819	1,950	2,066	2,166	2,249	2,313	2,358	2,380	2,378	2,351	2,296	2,211	2,094	1,942	1,752	1,523	1,250	932
Oper Subsidy	1,062	1,125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		0	1,676	1,819	1,950	2,066	2,166	2,249	2,313	2,358	2,380	2,378	2,351	2,296	2,211	2,094	1,942	1,752	1,523	1,250	932
DCR (before subsidy)		87.97%	111.41%	112.39%	113.27%	114.06%	114.75%	115.31%	115.75%	116.05%	116.20%	116.19%	116.01%	115.63%	115.05%	114.25%	113.22%	111.93%	110.37%	108.51%	106.34%

INCOME

RENTS

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	Flat	0	0	0	0	0
1 Br	Common	0	0	0	0	0
1 Br		0	0	0	0	0
	Totals	0	0	0		0

Restricted Units (see assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
		0	0	0	0	0
2 Br		0	4	385	0	18,480
3 Br		0	3	495	0	17,820
		0	0	0	0	0
		0	0	0	0	0
	Totals	0	7	880		36,300
All Units						
	Grand Tot	0	7	880		36,300
	Less Vaca		5.00%			(1,815)

NET RENT	34,485

OTHER INCOME

Laundry	0
Parking	0
Interest Income	0
Total Other Income	0

TOTAL INCOME	34,485

Note: Year One Projections Assume $20,000 rental income due to current vacancies, 9 month rehab period and phase-in's of Section 8 FMR level rents. Only 4 units currently occupied.

EXPENSE BUDGET

	Year One (Annualiz	Per Unit Per Month	Year Two	Per Unit Per Month
Water & Sewer	1,500	18	1,654	20
Management Fee	2,069	25	2,131	25
Utilities	1,235	15	1,362	16
Maintenance	3,500	42	3,675	44
Taxes	3,381	40	4,260	51
Insurance	884	11	974	12
Replace Reserves	1,724	21	1,776	21
Trash & Snow	1,404	17	1,548	18
Total	15,697	187	17,380	207

Note: Projections Assume 75% Year One Expenses

PROPERTY DESCRIPTION & ANALYSIS

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

File No. rg1163-91

Subject

Property address	211-213 and 215 Depot Street		Lender discretionary use
City Bennington	County Bennington	State VT	Zip code 05201
Legal description	Book 260 Page 189		Sale price $
Owner/occupant	Harold and Jane Markham	Tax year 91-92 R.E. taxes $ 3,441.12	Gross monthly rent $
Sale price $ NA	Date of sale NA	Census tract NA	Map reference 50-51-767.1
Property rights appraised	[x] Fee simple [ ] Leasehold	[ ] Condominium [ ] PUD	HOA$ /Mo.
Borrower NA		Project name NA	
Loan charges/concessions to be paid by seller $ NA			
Lender/client	Regional Affordable Housing Corp.		
Appraiser	Richard Goodfellow		

Lender discretionary use: Sale price $; Gross monthly rent $; Closing date; Mortgage amount $; Mortgage type; Discount points and other concessions; Paid by seller $; Source

Neighborhood

				Predominant occupancy	Single family housing PRICE $(000)	AGE (yrs)
Location	[x] Urban	[ ] Suburban	[ ] Rural			
Built up	[x] Over 75%	[ ] 25-75%	[ ] Under 25%	[ ] Owner	60 Low	60
Growth rate	[ ] Rapid	[x] Stable	[ ] Slow	[x] Tenant	85 High	100
Property values	[ ] Increasing	[x] Stable	[x] Declining	[x] Vacant (0-5%)	Predominant	
Demand/supply	[ ] Shortage	[ ] In balance	[x] Over supply	[ ] Vacant (over 5%)	70	70
Marketing time	[ ] Under 3 mos.	[ ] 3-6 mos.	[x] Over 6 mos.			

Neighborhood analysis	Good	Avg.	Fair	Poor
Employment stability		x		
Convenience to employment		x		
Convenience to shopping		x		
Convenience to schools		x		
Adequacy of public transportation		x		
Recreation facilities		x		
Adequacy of utilities		x		
Property compatibility		x	x	
Protection from detrimental cond.		x		
Police & fire protection		x		
General appearance of properties		x	x	
Appeal to market			x	

Typical 2-4 family bldg. Type Wd Frame; No. stories 2; No. units 4; Age 70 yrs. Condition Average

Typical rents $ 250 to $ 500 — [ ] Increasing [x] Stable [ ] Declining

Est. neighborhood apt. vacancy 05 % — [ ] Increasing [x] Stable [ ] Declining

Present land use %	
One family	20
2-4 family	40
Multifamily	20
Commercial	10
Industrial	
Vacant	10

Land use change: [x] Not likely [ ] Likely [ ] In process To:

2-4 family housing PRICE (000): 60 Low, 100 High, Predominant 85; AGE (yrs): 60, 100+, 70

Rent controls [ ] Yes* [x] No [ ] Likely*

Note: Race and the racial composition of the neighborhood are not considered reliable appraisal factors.

Description of neighborhood boundaries: North and East: North Street, South: Main Street, West: Benmont Avenue.

Description of those factors, favorable or unfavorable, that affect marketability (including neighborhood stability, appeal, property conditions, vacancies, *rent control, etc.).
The subject is located in the central business district in a predominately tenant occupied neighborhood. The mix of commercial and apartments limits the appeal of this neighborhood for owner occupation. Properties have sold lower on Depot Street than in other Bennington neighborhoods. There is a supervised home for troubled youths in the neighborhood which may also limit the neighborhoods appeal.

The following available listings represent the most current, similar, and proximate competitive properties to the subject property in the subject neighborhood. This analysis is intended to evaluate the inventory currently on the market competing with the subject property in the subject neighborhood and recent price and marketing time trends affecting the subject property. (Listings outside the subject neighborhood are not considered applicable). The listing comparables can be the rental or sale comparables if they are currently for sale.

ITEM	SUBJECT	COMPARABLE LISTING NO. 1	COMPARABLE LISTING NO. 2	COMPARABLE LISTING NO. 3
Address	211-213 and 215 Depot Street	501-507 South Street Bennington	324 Pleasant Street Bennington	233 School Street Bennington
Proximity to subject		2 Miles	3 Miles	2 Miles
Listing price	$ NA	[x] Unf. [ ] Furn. $ 149,000	[x] Unf. [ ] Furn. $ 180,000	[x] Unf. [ ] Furn. $ 132,000
Approximate GBA	5898	5648	5589	2500+/-
Data source	Inspection	Realtor	Realtor	Realtor
# Units/Tot. rms./BR/BA	7 / 33 / 17 / 7	5 / 26 / 12 / 5	9 / 32 / 16 / 11	5 / 16 / 6 / 5
Approximate year built	1870/1900	1900+/-	1870	1900+/-
Approx. days on market	360+/-	Off Market now	2 Months	Over one year

Comparison of listings to subject property: Comparable #1 is in fair condition and had no offers. It is overpriced. Comp. #2 is a large victorian with a detached laundry/office and apartment. It is in superior condition. Comparable #3 is a smaller building with mostly one bedroom units.

Reconciliation: Description and analysis of the general market conditions that affect 2-4 family properties in the subject neighborhood (including the above neighborhood indicators of growth rate, property values, demand/supply, and marketing time) and the prevalence and impact in the subject market are regarding loan discounts, interest buydowns, and concessions; and identification of trends in listing prices, average days on market and any change over past year, etc.: The multifamily market is very soft like the rest of the real estate market. Prices have declined in some cases. Local financing is available but banks are now requiring larger down payments. This has reduced the number of potential buyers. Marketing time is over six months and many properties have been listed over twelve months. The supply of multifamily properties has grown over the last two years.

Site

Dimensions 89' x 199' x 89' x 197'

Site area 17,622Sq Ft /.40 Acre — Corner lot [x] No [ ] Yes

Specific zoning classification and description Multi-Residential

Zoning compliance [ ] Legal [x] Legal nonconforming (Grandfathered use) [ ] Illegal [ ] No zoning

Highest & best use as improved: [x] Present use [ ] Other use (explain)

Topography	Level
Size	Competitive
Shape	Rectangular
Drainage	Average
View	Average
Landscaping	Minimal
Driveway	Gravel
Apparent easements	Right of way

Utilities	Public	Other	Off-site Improvements	Type	Public	Private
Electricity	x		Street	Paved	x	
Gas			Curb/gutter	None		
Water	x		Sidewalk	Concrete	x	
Sanitary sewer	x		Street lights	Yes	x	
Storm sewer	x		Alley	None		

FEMA Special flood hazard area [x] Yes* [ ] No

*FEMA Zone/Map Date 6/17/86

*FEMA Map No. 500013 0020 C

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning, use, etc.): The subject is in zone B or 500 year flood zone. The subject would not meet current zoning requirements but is pre-existing. There is a gravel parking area for off street parking. The neighboring property has a 10' right of way over the subjects driveway.

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

Description of Improvements

General description
- Units/bldgs: 7 / 2
- Stories: 2/3
- Type (det./att.): Detached
- Design (style): Old Style
- Existing/proposed: Existing
- Under construction: No
- Year Built: 1870/1900
- Effective Age (yrs.): 30

Exterior description (Materials/Condition)
- Foundation: Concrete/Stone
- Exterior walls: Wood Clapboard
- Roof surface: Slate
- Gutters & dwnspts.: None
- Window type: Double Hung
- Stormsash/Screens: Combination
- Manufactured housing*: Yes [ ] No [x]
- *(Complies with the HUD Manufactured Housing Construction and Safety Standards.)

Foundation
- Slab: 270' #215
- Crawl space: -0-
- Sump Pump: None
- Dampness: Minor
- Settlement: None Evident
- Infestation: None Evident
- Basement: 100 % of 1st floor area
- Basement Finish: None

Insulation (R-value if known)
- [x] Roof
- [x] Ceiling
- [x] Walls
- [ ] Floor
- [ ] None
- Adequacy: Average
- Energy efficient items: None None

Units	Level(s)	Foyer	Living	Dining	Kitchen	Den	Family rm.	# Bedrooms	# Baths	Laundry	Other	Sq. ft./unit	Total
2	1		1		1			2	1			806	1,612
2	2		1		1			3	1			740	1,480
1	3		1		1			3	1			840	840
2	1/2		1		1			2	1		Stor	983	1,966

Improvements contain: 33 Rooms; 17 Bedroom(s); 7 Bath(s); 5,898 Square feet of GROSS BUILDING AREA

GROSS BUILDING AREA (GBA) IS DEFINED AS THE TOTAL FINISHED AREA (INCLUDING COMMON AREAS) OF THE IMPROVEMENTS BASED UPON EXTERIOR MEASUREMENTS. The duplex has two storage rooms which could be extra bedrooms.

Surfaces (Materials/condition)
- Floors: Carpet/SW Fair
- Walls: Plaster/SR Fair A
- Trim/finish: Wood Avg
- Bath floor: Vinyl Fair
- Bath wainscot: Sr/Panel Fair
- Doors: Wood/Hollow Avg
- Fireplace(s): None # 0

Heating
- Type: HWBB/FHA
- Fuel: Gas/Oil
- Condition: Avg/Gd
- Adequacy: Averag

Cooling
- Central: None
- Other: None
- Condition:
- Adequacy:

Kitchen equip. (#/unit-cond.)
- Refrigerator: 3
- Range/oven: 2
- Disposal
- Dishwasher
- Fan/hood
- Compactor
- Washer/dryer
- Microwave
- Intercom

Attic
- [ ] None
- [ ] Stairs
- [ ] Drop stair
- [x] Scuttle
- [ ] Floor
- [ ] Heated
- [ ] Finished
- [ ] Unfinished

Improvement analysis	Good	Avg.	Fair	Poor
Quality of construction		x		
Condition of improvements			x	
Room sizes/layout		x		
Closets and storage		x		
Energy efficiency		x		
Plumbing-adequacy & condition		x		
Electrical-adequacy & condition		x		
Kitchen cabinets-adequacy & cond.		x	x	
Compatibility to neighborhood		x		
Appeal & marketability		x	x	

Estimated remaining economic life 30 years

Car storage: [ ] Garage [ ] Carport [ ] Attached [ ] Detached [ ] Adequate [ ] Inadequate [x] None [ ] Offstreet
No. Cars: 0

Comments on repairs needed, additional features, modernization, etc.: Each building has open porches. There are decks and fire escape on 211-213. The subject suffers a large amount of physical depreciation due to abuse by the tenants. Most of the floor coverings are in poor condition and need replacing. The walls need repainting throughout. Some walls need patching and many of the doors, vanities and kitchen cabinets are in poor condition. The utilities have been updated. The electrical is 100 amp and four of the furnaces are fairly new. The hot water heaters are modern and either owned or rental units. The exterior needs paint and the porches are in need of repair.

Additional comments on neighborhood, site and description of improvements

Depreciation (physical, functional, and external inadequacies, etc.): The subject suffers a great deal of physical depreciation and it also suffers external depreciation due to neighborhood influences and current market conditions.

Environmental conditions observed by or known to the appraiser: No environmental conditions were apparent that would adversely affect the subjects marketability.

VALUATION ANALYSIS

Purpose of Appraisal is to estimate Market Value as defined in the Certification & Statement of Limiting Conditions.

Cost approach

Comments on cost approach, accrued depreciation, and estimated site value: Due to the subjects age the cost approach has not been considered valid. A true reproduction cost would be difficult to estimate and the estimation of accrued depreciation would be very subjective .

ESTIMATED REPRODUCTION COST - NEW - OF IMPROVEMENTS:

Sq. Ft. @ $	= $
Sq. Ft. @ $	=
Sq. Ft. @ $	=
Sq. Ft. @ $	=
Extras	=
	=
	=
Special Energy Efficient Items	=
Porches, Patios, etc.	=
Total Estimated Cost New	= $
Less Depreciation (Physical / Functional / External)	= $ 0
Depreciated Value of Improvements	= $ 0
Site Imp "as is" (driveway, landscaping, etc.)	= $
ESTIMATED SITE VALUE	= $ 20,000
(If leasehold, show only leasehold value.)	
INDICATED VALUE BY COST APPROACH	= $

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: BENNINGTON DEPOT STREET DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Regional Affordable Housing Corp., a non-profit corporation, involving the acquisition and rehabilitation of seven apartment units in two separate buildings in Bennington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, a Vermont non-profit corporation, Regional Affordable Housing Corp., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Vermont Housing and Conservation Board approved a $84,213 deferred payment loan and a grant of $17,133 for the Development at its December meeting; and

WHEREAS, the sponsor has applied to the Town of Bennington for a $28,000 loan, which request will be considered by the Board of Selectmen at its January 22, meeting;

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

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

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for construction and a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $150,000, for the Depot Street Development in Bennington.

2. The Commitment Letter shall be issued to Regional Affordable Housing Corp.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be determined by the Agency depending on the term of the bonds the recycled proceeds of which will be used to provide funds for the mortgage loan (the "Bonds"), but that the loan shall be amortized over a period not to exceed 25 years, with a final payment due no earlier than the maximum term possible given the term of the Bonds.

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

6. The Commitment Letter shall require as conditions that the sponsor receive a loan of approximately $28,000 from the Town of Bennington and that it provide evidence of the receipt of seven project-based Section 8 certificates.

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

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

REVISED

Project:	Depot Street-RAHC	RUN DATE:	1/16/92

*****Unit Information********		**********Assumptions*********	
Total Res Units:	7	Increase Market	3.00%
TDC	284,408	Expense increase:	5.00%
TDC/Unit	40,630	Vacancy Rate:	5.00%

REFINANCE ASSUMPTIONS

yr 20 Balance - VHFA	60,858	yr 20 Balance - VHCB	83,695
DS on VHFA Balloon 11% 15yr	8,463	DS on HCTF Balloon 11% 15 YR	11,639
Current DS (VHFA & Town)	17,201	Combined New & Old DS Yr 15	22,320

FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Equity	0	0.00%	N/A	N/A	
VHCB	84,213	29.61%	1.00%	30	Deferred
VHFA	155,062	54.52%	8.50%	25	
Town	28,000	9.85%	5.00%	20	
VHCB Grant	17,133	6.02%			
	284,408	100.00%			

Depot Street-RAHC	DEVELOPMENT BUDGET		1/16/92

		Residential Budget	Per Unit
Acquisition		120,000	17,143
Construction/Rehab		95,000	13,571
Contingency	15.00%	14,250	2,036
Architectural		4,833	690
Legal Fees		1,250	179
Appraisal		700	100
Relocation		4,000	571
Accounting & Bookkeeping		400	57
Development Consultant		2,500	357
Impact Fees		624	89
Environmental Assessment		3,000	429
Marketing/Public Relations		500	71
Construction Interest		0	0
Title Insurance		500	71
Loan Origination Fees (1%)		1,551	222
VHFA Transaction Fees		1,800	257
Working Capital		6,000	857
YR 1 Operating Reserve		3,000	429
Developer's Fee	8.61%	24,500	3,500
TOTAL DEVELOPMENT COSTS		284,408	40,630

Notes: Projections assume partial debt service paid on HCTF Loan.
Debt service deferred one year on Town CD loan.
Development budget cut rehab by $5,750 from sponsor's application
Working capital is 40% of VHFA debt service (standard)
First year of projections is run at 75%, assuming April 1 closing.

Depot Street-RAHC PRO FORMA 1/16/92

Year	1	2	3	4	5	6	7	8	9
esidential Rent	20,000	37,389	38,511	39,666	40,856	42,082	43,344	44,644	45,984
ess Res Vacancy	0	(1,869)	(1,926)	(1,983)	(2,043)	(2,104)	(2,167)	(2,232)	(2,299)
Plus Other Income	0	0	0	0	0	0	0	0	0
otal Actual Income	20,000	35,520	36,585	37,683	38,813	39,978	41,177	42,412	43,685
Less Operating Exp.	11,773	17,380	18,249	19,161	20,120	21,125	22,182	23,291	24,455
	0	0	0	0	0	0	0	0	0
et Operating Income	8,227	18,140	18,33[illegible]	18,[illegible]	18,694	18,[illegible]	18,95[illegible]	19,121	19,229
Less VHFA DS	11,237	14,983	14,983	14,983	14,983	14,983	14,983	14,983	14,983
Less VHCB DS	0	75	262	439	603	754	890	1,010	1,113
Less Town DS	0	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217
ash Flow	(3,010)	864	873	882	890	898	905	911	916
per Subsidy Needed	3,010	0	0	0	0	0	0	0	0
et Cash	0	864	873	882	890	898	905	911	916
CR (before subsidy)	73.21%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%

Depot Street-RAHC PRO FORMA 1/16/92

10	11	12	13	14	15	16	17	18	19	20
47,363	48,784	50,248	51,755	53,308	54,907	56,554	58,251	59,998	61,798	63,652
(2,368)	(2,439)	(2,512)	(2,588)	(2,665)	(2,745)	(2,828)	(2,913)	(3,000)	(3,090)	(3,183)
0	0	0	0	0	0	0	0	0	0	0
44,995	46,345	47,735	49,167	50,642	52,162	53,727	55,338	56,998	58,708	60,470
25,678	26,962	28,310	29,726	31,212	32,773	34,411	36,132	37,938	39,835	41,827
0	0	0	0	0	0	0	0	0	0	0
19,317	19,383	19,425	19,442	19,430	19,389	19,315	19,207	19,060	18,873	18,643
14,983	14,983	14,983	14,983	14,983	14,983	14,983	14,983	14,983	14,983	14,983
1,196	1,259	1,299	1,315	1,304	1,265	1,195	1,091	952	774	554
2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217	2,217
920	923	925	926	925	923	920	915	908	899	888
0	0	0	0	0	0	0	0	0	0	0
920	923	925	926	925	923	920	915	908	899	888
105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%

1/15/92 C:\DATA\QUATTRO\PROJECTS\FINNCOMM.WKQ

KOPPELKAM

VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- REHABILITATION & ACQUISITION - 1986-1992

PROJECT	NORTHGATE	ST. JOHNSBURY	HIGHGATE	TEMPLETON	BENNINGTON - DEPOT STREET	TOTALS
SPONSOR(S)	HOUSING VERMONT NORTHGATE NONPROFIT	NORTHERN COMMUNITY HOUSING CORP HOUSING VERMONT	HG NONPROFIT HOUSING VERMONT	VT HOUSING ENTERPRISES	RAHC (PROPOSED)	
TYPE	FAMILY ACQUISITION & REHAB	FAMILY ACQUISITION & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	
LOCATION	BURLINGTON	ST. JOHNSBURY	BARRE	WHITE RIVER JUNCTION	BENNINGTON	
STATUS	ACQUISITION - 12/89 PHASE I REHAB COMPLETE - 6/91 PHASE II REHAB COMPLETE - 12/92	AQUISITION - 8/90 REHAB COMPLETE - 4/91	ACQUISITION - 5/91 PHASE I REHAB COMPLETE - 12/92	ACQUISITION - 8/91 REHAB IN PROGRESS	ACQUISITION (PROPOSED) - 2/92	
TOTAL # OF UNITS	336	32	120	36	7	531
# OF LIHTC UNITS	163	22	101	35	0	321
# OF PROJECT BASED SECTION 8 UNITS	163	13	113	35	7	331
TOTAL DEVELOPMENT COST (TDC)	$19,669,197	$1,686,996	$8,307,394	$1,911,750	$284,407	$31,859,744
						AVERAGES
TDC/UNIT	$58,539	$52,719	$69,228	$53,104	$40,630	$54,844
REHAB COSTS/UNIT	$18,512	$24,206	$31,208	$10,278	$15,607	$19,962
ACQUIS COSTS/UNIT	$29,665	$21,072	$26,528	$37,500	$17,143	$26,381
ALL OTHER COSTS/UNIT	$10,363	$7,442	$11,492	$5,326	$7,880	$8,501
TAX CREDITS YES OR NO	YES	YES	YES	YES	NO	
DEVELOPER/SYND FEES AS % OF TDC	2.03%	4.74%	2.91%	0.52%	8.61%	3.76%
SOURCES OF FINANCING AS % OF TDC						
EQUITY	17.34%	30.52%	19.45%	0.00%	0.00%	
VHFA	43.11%	24.40%	9.34%	86.31%	54.52%	
HCTF	15.50%	23.17%	11.44%	13.69%	35.63%	
CDBG	0.00%	21.91%	7.91%	0.00%	9.85%	
HODAG/HUD	15.25%	0.00%	43.69%	0.00%	0.00%	
OTHER	8.80%	0.00%	8.17%	0.00%	0.00%	
TOTAL SOURCES	100.00%	100.00%	100.00%	100.00%	100.00%	
NUMBER OF VACANCIES AS OF TODAY	22	2	10	1	N/A	
VACANCY RATE AS OF TODAY	6.55%	6.25%	8.33%	2.78%	N/A	

Notes: TDC = Total Development Cost; LIHTC = Low Income Housing Tax Credit
Construction Costs/Hard Costs include buildings, contingency, equipment & bond. It does not include sitework or furnishings.
VHFA=Vermont Housing Finance Agency; HCTF=Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;
HUD= Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: BENNINGTON DEPOT STREET DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Regional Affordable Housing Corp., a non-profit corporation, involving the acquisition and rehabilitation of seven apartment units in two separate buildings in Bennington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, a Vermont non-profit corporation, Regional Affordable Housing Corp., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Vermont Housing and Conservation Board approved a $84,213 deferred payment loan and a grant of $17,133 for the Development at its December meeting; and

WHEREAS, the sponsor has applied to the Town of Bennington for a $28,000 loan, which request will be considered by the Board of Selectmen at its January 22, meeting;

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

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

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for construction and a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $175,000, for the Depot Street Development in Bennington.

2. The Commitment Letter shall be issued to Regional Affordable Housing Corp.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be determined by the Agency depending on the term of the bonds the recycled proceeds of which will be used to provide funds for the mortgage loan (the "Bonds"), but that the loan shall be amortized over a period not to exceed 25 years, with a final payment due no earlier than the maximum term possible given the term of the Bonds.

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

6. The Commitment Letter shall require as conditions that the sponsor receive a loan of approximately $28,000 from the Town of Bennington and that it provide evidence of the receipt of seven project-based Section 8 certificates.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development *Meg Pond*

DATE: January 10, 1992

RE: **1991 LOW INCOME HOUSING TAX CREDIT SUMMARY**

Summary of 1991 Allocation:

I am pleased to report that we succeeded in allocating 100% of the tax credit available to us in 1991! We had a total of $1,286,660 ($577,910 carried forward from 1990, and $708,750 authorized for 1991) and allocated it to fourteen developments throughout the state. By allocating 100%, we will be able to participate in the tax credit national pool which will be in the first half of 1992.

Attached is a chart that summarizes the activity for the year.

1992 LIHTC Program:

We commenced preparation for a 1992 program as soon as Congress passed the six month extension of the program in November. From our vantage point now, we are preparing to aggressively encourage use of the credit prior to June 1992, because the program is scheduled to expire on June 30, 1992. However, we are hoping that Congress will choose to act on the permanent extension of this program earlier in the year, so our strategy may very well change to a more modest campaign. We will keep you posted on the developments as they unfold.

Staff has drafted a 1992 Allocation Plan which is currently being examined by Commissioner Mullikin Drake and the Joint Tax Credit Committee members. We expect that this Plan will be put in final form by January 13th in order for the Department of Housing and Community Affairs to hold a hearing on January 28th. There will be two rounds for review of applications between now and June 30th, unless the Plan is amended to reflect future changes to the program.

It is fair to say at this time that it will be a challenge to allocate our 1992 allocation of $708,750 worth of tax credits, especially if we participate in the national pool. Regulations for participating in the national pool are yet to be released.

Recommended action:

No action needed.

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VHFA 1991 LOW INCOME HOUSING TAX CREDITS 12/27/91

APPLICATIONS TO DATE AND ANALYSIS C:\DATA\QUATTRO\LIHTC\LI

1991 Vermont Allocation**	$708,750	Make-up of remaining LIHTC	
Total Amount Being Carried Forward From 1990	$577,910		
Total 1991 LIHTC Available	$1,286,660	1991 Authority	$0
Less Reservations Made to Date	$1,286,660	1990 Authority	($0)
Remaining 1991 LIHTC	($0)		($0)

Note: 1991 Authority is used first

1991 LIHTC RESERVATIONS TO DATE

Project Name	City	Sponsor	Total # of Units	# of LIHTC Units	Project Type	LIHTC Credit Requested	LIHTC Credit Reserved	Credit Type Requested
*Putney Cares	Putney	Realty Resources	28	28	new constr-elderly	$90,300	$88,302	4%
*Pine Meadow	Middlebury	Interfaith-Housing VT	30	24	new constr-family	$166,062	$166,062	9%
Genest Bldg	Winooski	Mansfield	10	10	rehab	$29,070	$31,163	9%
*Highgate	Barre	CVOEO-Housing VT	120	87	rehab-family	$176,000	$176,000	9%
*Highgate	Barre	CVOEO-Housing VT	n/a	n/a	acquis-family	$57,968	$57,968	4%
North Pleasant St	Middlebury	ACCAG	20	12	acquis & rehab-family	$23,973	$24,166	9% & 4%
Williston	Williston	Williston Elders-HV	44	28	new constr-elderly	$158,568	$160,462	9%
Bradford	Bradford	Realty Resources	24	24	new constr-family	$75,546	$74,610	4%
Abbot Block	Brattleboro	HV/Abbot Group	19	8	acquis & rehab-family	$10,678	$17,563	4%
Williamstown	Williamstown	HFI	15	15	new constr-family	$45,846	$49,310	4%
Bristol	Bristol	ACCAG	9	9	new constr-family	$82,200	$80,481	9%
Stowe St	Waterbury	HV	16	10	acquis & rehab	$37,522	$37,522	9%
Pleasant Brook	Chester	Bracciotti/SK Properties	24	22	new construct-family	$83,194	$76,962	4%
St. Johnsbury	St. Johnsbury	HV	32	22	acquis & rehab	$2,703	$2,703	9%
Hardscrabble	Williston	Hardscrabble Farm Elder	98	49	new contruct-elderly	$273,526	$243,386	9%
Totals - Tax Credit Reservations to Date			489	348		$1,313,156	$1,286,660	

Notes: *Dual Year (1990 & 1991) Reservations

All reservations carry various contingencies. Project costs are approximate.

Developer Fees include syndication expenses.

**Based on Aug 1991 IRS ruling re population figures

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development and Patricia A. Crady, Development Coordinator

Meg Pond PAC

DATE: January 10, 1992

RE: Interest from Real Estate Trust Accounts

As a result of interviews with over 1400 potential home buyers at VHFA Home Buyer Days held throughout the state, it has become apparent to staff that many credit worthy Vermonters cannot make the move to homeownership because of the lack of funds for down payment. In 1991 the Vermont Legislature passed a bill (H-435), which was signed into law, requiring real estate brokers and salespersons to place certain deposits on real estate transactions in interest-bearing escrow accounts to be used to assist home buyers with down payment and/or closing costs. Financial institutions will remit the interest paid on these trust accounts to VHFA. The law requires that priority for use of the funds be given to persons and families at or below 90% of median income and to persons and families purchasing perpetually affordable housing.

Staff has been working on a pilot program to use these funds to allow home buyers without access to funds for down payment to purchase a home through VHFA's MOVE and HOUSE programs. VHFA has submitted a proposal to VHMGB for consideration which would leverage the estimated $60,000 VHFA will receive in the first year for up to $15 million in mortgage financing requiring no down payment from the home buyer. A draft of the proposed program is attached. The funds received by VHFA from real estate trust accounts will be used to fund a loan loss reserve to share a portion of the risk with VHMGB to allow for 100% financing for home buyers who do not have access to funds for down payment. VHFA will make an initial contribution to establish the fund. This amount has been estimated to be $39,800.

The proposed risk-sharing agreement with VHMGB would be that VHMGB provides normal coverage based on a LTV of 95%. In the event a loan defaults and a claim is filed with VHMGB, VHFA would utilize funds in the special loan loss reserve to cover up to 5% of the original mortgage amount. Losses that exceed the amount covered by the fund and VHMGB's guarantee would be paid by VHFA.

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EQUAL HOUSING OPPORTUNITY

We have had some discussion with VHMGB staff and they have identified issues which they feel make the program unworkable for them. They are concerned because while the amount of a potential claim would not change, the number of claims might increase because 100% loans are thought to be riskier. VHMGB is also concerned about the effect on their secondary market approvals and reserve requirements. While we agree that these loans may have a greater risk of default, there is no data available that supports this. It has been VHFA's experience that loans default primarily because of the breakup of the household or over-indebtedness. We feel there are offsetting factors and benefits to both VHFA and VHMGB which must be considered including:

- Assisting up to 200 households obtain homeownership;
- Demonstrating to the Legislature how funds provided through this legislation can be leveraged into a worthwhile program;
- We will demonstrate the cooperation that exists between VHFA and VHMGB and the importance of having a strong mortgage guarantee program and perhaps avoid any future raids on VHMGB reserves.

We plan to continue working with VHMGB to develop a program they can support. Our target date for implementing this initiative is March 1992.

ACTION REQUESTED BY THE BOARD

Preliminary approval of this initiative which will utilize interest received from real estate trust accounts to establish a loan loss reserve fund and authority for staff to negotiate with VHMGB to resolve their concerns and develop a risk sharing agreement for VHFA Board approval.. The loan loss reserve fund will allow VHFA to provide 100% financing to eligible MOVE and HOUSE borrowers.

INTEREST FROM REAL ESTATE TRUST ACCOUNTS PILOT PROGRAM

In 1991 the Vermont Legislature passed a bill, which was signed into law, requiring real estate brokers and salespersons to place certain deposits on real estate transactions in interest-bearing escrow accounts to be used to assist home buyers with down payment and/or closing costs. Financial institutions will remit the interest paid on these trust accounts to Vermont Housing Finance Agency (VHFA). The law requires that priority for use of the funds be given to persons and families at or below 90% of median income and to persons and families purchasing perpetually affordable housing. VHFA and the Vermont Home Mortgage Guarantee Board (VHMGB) working cooperatively have developed a method which they will offer on a pilot basis in the Spring of 1992 which will leverage the estimated $60,000 VHFA is expected to receive in the first year to $15 million in mortgage financing requiring no down payment from the home buyers.

Both VHFA and VHMGB currently require a minimum down payment of 5% of the purchase price. As a result of interviews with over 1400 potential home buyers at VHFA Home Buyer Days held throughout the state, it has become apparent that many credit worthy Vermonters cannot make the move to homeownership because of the lack of funds for down payment. The funds received by VHFA from real estate trust accounts will be used to create a loan loss reserve fund to share a portion of the risk with VHMGB to allow for 100% financing for home buyers who do not have access to funds for down payment. VHFA will make a contribution to initially establish the fund. This pilot program will replace the VHFA/VHMGB Down Payment Assistance feature available with MOVE and HOUSE mortgages. Our target date for implementing this initiative is March 1992.

The goal of the fund will be to provide 100% financing to home buyers eligible for VHFA's MOVE or HOUSE financing and eligible for guarantee by VHMGB based on VHFA/VHMGB's normal underwriting guidelines. Eligibility for 100% financing would be restricted to persons whose liquid assets do not exceed 125% of the total of 5% of the value of the home plus estimated closing costs. A minimum of $7.5 million in mortgages will be available to persons whose income does not exceed 90% of the median income for the area in which the home is located. Persons purchasing perpetually affordable housing will be eligible regardless of their income.

This pilot program will allow home buyers without access to funds for down payment to purchase a home through VHFA's MOVE and HOUSE programs. The risk-sharing nature of the agreement with VHMGB would be that VHMGB provides coverage based on a LTV of 95%. In the event a loan defaults and a claim is filed with VHMGB, VHFA would utilize funds in the special loan loss reserve fund up to a maximum of 5% of the original mortgage amount. Losses that exceed the amount covered by the fund would be paid by VHFA. VHMGB would pay up to their maximum coverage as though it were a 95% loan with the fund picking up the balance up to 5% of the original mortgage amount. Home buyers would be required to participate in a homeownership counseling program if and when one is developed by VHFA.

Estimates of the interest that will be received by VHFA in 1992 range from $59,000 to $70,000. An actuarial study completed for VHMGB as of June 30, 1990 indicates that one percent (1%) of all loans guaranteed by VHMGB result in a claim. Assuming that loans with no down payments will result in a higher claim rate ratio of 5%, $39,800 would be required to fund the loan loss reserve each year based on $15 million in MOVE and HOUSE mortgages.

ASSUMPTIONS FOR LOAN LOSS RESERVE FUND USING IORTA FUNDS

- VHFA will purchase $15 million or 207 MOVE and HOUSE mortgages.
- The average purchase price will be $72,300.
- 5% or 11 loans will result in a claim.
- The average claim against the loan loss reserve fund will be $3615.
- Contribution required to the loan loss reserve fund for 1992 will be $39,800. VHFA will make an initial contribution to establish the fund.

For those loans with LTV's of 100%, VHMGB's guarantee will be limited to 25% of the purchase price minus 5% of the purchase price.

	95% LTV Loan	100% LTV Loan
Purchase Price	$72,300	$72,300
Loan Amount	$68,685	$72,300
VHMGB Guarantee	$14,460	$14,460
IORTA Reserve Fund	0	$ 3,615

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director of Multi-Family Management
Susi Taylor, Multi-Family Management Officer

DATE: January 9, 1992

RE: ABENAKI ACRES - Request For Financing Energy Improvements

Abenaki Acres is a 12 unit Section 8 family housing development located in Swanton. It is owned by a local nonprofit, Abenaki Self Help Association, Inc. (ASHAI). When the units were built in 1982, an electric radiant ceiling panel heating system was installed which was thought to be state of the art. This system has begun to fail and repair and replacement costs are expensive and challenging as electricians are reluctant to work on the system.

In 1990, VHFA began work with VEIC (Vermont Energy Investment Corporation) to identify energy improvements that would be cost effective at Abenaki Acres. The result of VEIC's study is a recommendation to convert from electric heat to a gas system at a cost estimated between $60,000 and $93,000. The Abenakis have been unsuccessful at securing conventional bank financing although they anticipate receiving a $25,000 grant from the Weatherization Trust Fund, and as a nonprofit may be eligible for an interest buy down from the Vermont Public Service Department.

There is an agreement with VSHA (HUD Contract Administrator) to pass on the utility cost savings to the owner as a way to pay debt service on a loan. These savings are estimated to be $80 per unit per month. Assuming a loan amount of $73,000 at a rate of 8%, the payback would be less than ten years. If Weatherization Trust Funds and an interest buy-down materialize, the payback would be less than 5 years. Additional cash flow is anticipated as a result of our Multi-Family Refinancing program which will reduce the current loan rate of 13.75%.

It is expected that the residents will see net utility savings, in addition to having a better heating system without the shock of high winter electric bills.

RECOMMENDED ACTION

Staff recommends that the Board authorize the Executive Director, at his discretion, to approve a loan in an amount not to exceed $93,000, for the purpose of financing the heating system conversion at Abenaki Acres.

VERMONT HOUSING FINANCE AGENCY

February 10, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, February 20, at 2:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director ASH

DATE: February 14, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 2:30 p.m. *(please note the later start time)* Thursday, February 20, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 2:30 February 20!

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

One Burlington Square
Burlington, Vermont

Thursday, February 20, 1992 at 2:30 p.m.

1. Review and approval of minutes of January 16, 1992

2. Administration
   A. Executive Director's Report **[Hunt]**

3. Operations
   A. MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**

4. Multi-Family Management
   A. TEAM Approach (Service Coordination) Update **[Falzone//Enclosure]**

5. Development
   A. Expansion of Down Payment Assistance Program **[Pond/Crady//Enclosure]**
   B. Hillside (Starksboro) Letter of Commitment **[Pond/Koppelkam//Encl.]**
   C. Windemere (Colchester) Letter of Commitment **[Pond/Koppelkam//Encl.]**

6. Finance
   A. Budget Update as of December 31, 1991 **[Schoenbeck//Encl.]**

7. Communications
   A. Spring Ad Campaign **[Sullivan//Enclosure]**
   B. NCSHA Contest Information **[Giancola//Encl.]**

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

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VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, January 16, 1992

PRESENT: Commissioners Shaw, Hebard, Rockford (designee of Mr. Johnson), Shouldice (designee of McDougall), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Jarrett, Mr. Koppelkam, Mr. Lothrop, Mr. Francis, Ms. Pond, Mr. Falzone, Mrs. Parker

Guests: Ms. Pearson (VHMGB); Mr. McKenzie (representing the Depot Street project in Bennington)

The meeting was called to order at 1:35 p.m.

Upon a motion duly made and seconded, the minutes of the December 13, 1991 meeting were unanimously accepted as written.

Mr. Hunt's Executive Director's report began with a review of the Dalton Drive project. The model unit has been completed and an open house for those who attended the ground breaking ceremony has been scheduled for January 24. Approximately 200 individuals attended an open house for those who had expressed early interest in purchasing the units. Of those 200 attendees, 90 are interested in proceeding with a reservation for a specific unit. There are at least eight sale closings in process. The various issues involved in abandoning the three-phased plan for completing the rehabilitation of all of the buildings are still under serious consideration, but no determination has been made. Staff will prepare a recommendation to present at an upcoming Board meeting. Completing his report, Mr. Hunt informed the Board that he is honored to have been appointed to the Federal Home Loan Bank of Boston's advisory committee on affordable housing programs. The Board expressed congratulations in recognition of Mr. Hunt's appointment.

The "Flexible Spending Account Amendment" described in his memo of January 10, included in the Board packet, was reviewed by Mr. Francis. A "Corporate Resolution was distributed to the Board; following a motion duly made and seconded, this resolution authorizing the amendment to the Agency's flexible spending account, as attached to these minutes, was unanimously adopted.

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Mr. Lothrop reviewed the MOVE 1990 Series 1 Update, noting that activity has slowed down somewhat. However, a survey of seven participating lenders has shown that nearly 75 to 80 percent of their current mortgage activity involves refinancing rather than new originations. According to Mr. Lothrop, delinquencies have increased by one half of one percent, but this appears to be attributable to both the holiday season and the economy. No Board action was necessary.

The "Proposed Section 8 Prepayment Loan Program" was reviewed by Ms. Pond, as detailed in her memo of January 10, included in the Board packet. A draft term sheet indicating the proposed usage of the funds at a mortgage rate of 8.2 percent in a 20 year term with 20 to 25 year amortization was attached to Ms. Pond's memo. Before acting upon the recommendation from Ms. Pond, the Board reviewed Mr. Schoenbeck's memo of January 9, included in the Board packet, regarding the "Multi-Family Recycle Program." Mr. Schoenbeck explained the various comparisons considered by the staff in drafting the recommendations to the Board. In response to a question from Chairman Shaw as to whether there appears to be a demand to make these funds available to new projects through nonprofits, Ms. Pond acknowledged that it is not known whether there is enough interest among the nonprofits for the entire $6 million. However, Ms. Pond noted that it would be realistic to assume that the entire amount could be used this year in the various methods described in her memo. Mr. Shouldice suggested that an affordability mechanism be added to the loan term page in view of the risks raised in Mr. Schoenbeck's memo; Ms. Pond agreed to revise the sheet. Mr. Hunt informed the Board that in earlier conversations with Mr. Seelig (who was absent from the meeting due to ill health), regarding the prepayment/recycle program, Mr. Seelig had stated that it was important to avoid competing against ourselves when refunding a new issue. Mr. Seelig also had suggested that charging a transaction fee could be an irritant to nonprofits and a hindrance to financings; as an alternative, points could be charged rather than a transaction fee. Mr. Shouldice suggested that staff consider an application fee and points at the time of financing, with pre-screening used to keep costs down. A motion was then made to approve the concept of creating a small program utilizing Section 8 recycled funds to be targeted to small development financing, primarily for acquisition and rehabilitation, for both nonprofit and for-profit developers, and adjusting annual Agency draws from the bond resolution so that sufficient residual balances are maintained; this motion was seconded and carried unanimously.

Next, Ms. Pond reviewed the "Bennington - Depot Street (Regional Affordable Housing Corporation) Commitment Letter Resolution" as detailed in her memo of January 10, included in the Board packet. Ms. Pond also introduced Mr. McKenzie, who is the project's consultant. Revised financial information and proformas were distributed to the Board. There are several conditions which must be met before financing will be provided, including that the results of construction bids be known prior to the issuance of a commitment letter, evidence of approval of seven project-based Section 8 certificates, and a requirement that the Town of Bennington provide a loan of at least $28,000 to the sponsor. Ms. Pond noted that the Vermont Housing & Conservation Board had at their December meeting approved a loan to this project in the amount of $84,000 and a grant of $17,000. According to Mr. McKenzie, the Agency's loan is a key piece of financing for this project. Following a motion duly made and seconded, the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter re: Bennington Depot Street Development" as attached to these minutes was unanimously adopted.

The Board acknowledged receipt of the "1991 Low Income Housing Tax Credit Summary" contained in Ms. Pond's memo of January 10, included in the Board packet, and commended the staff for having allocated 100 percent of tax credits available for the third year in a row. It is expected that tax credit allocations will continue to go well.

Ms. Pond reviewed the "Interest from Real Estate Trust Accounts" as described in her memo of January 10, included in the Board packet. These funds, referred to as IORTA, are expected to total between $40,000 and $70,000 in the first year, and consideration is being given to the most effective use of the funds. Mr. Hunt further explained that a pilot program is being considered which would allow approximately 200 eligible borrowers to purchase a home with no down payment. Research and actual experience has indicated that financing without requiring a down payment does not necessarily result in higher risk loan. There are a few issues to be resolved with VHMGB, such as the amount of exposure for their portfolio and how to "co-insure" with them. It is expected that the number of claims may rise slightly, but not to a significant amount. There currently is a Down Payment Assistance Program in place, which allows eligible borrowers to adjust the amount of down payment by eligible closing costs. It is anticipated that 50 percent of IORTA funds would be reserved for those at 90 percent of median income or below. Ms. Pearson advised caution in order to avoid too much risk for VHMGB, and suggested that the current Down Payment Assistance Program might be replaced with this proposed program. Mr. Jarrett advised the Board that his research indicates that the Agency can do self-insurance under this resolution. According to Mr. Hunt, the pool of funds is not expected to be particularly large. A motion was duly made and seconded to offer preliminary approval of this initiative, as described in Ms. Pond's memo, which will utilize interest received from real estate trust accounts to establish a loan loss reserve fund and authority for staff to negotiate with VHMGB to resolve their concerns and develop a risk sharing agreement for approval by the Board; further, the loan loss reserve fund will allow the Agency to provide 100 percent financing to eligible MOVE and HOUSE borrowers. This motion carried unanimously.

The "Abenaki Acres - Request for Financing Energy Improvements" was reviewed by Mr. Falzone, in reference to his memo of January 9, included in the Board packet. The energy improvements as proposed would probably allow the monthly utility allowance of $150 to drop to nearly $70. Following a brief discussion, a motion was made, seconded and carried unanimously authorizing the Executive Director, at his discretion, to approve a loan in an amount not to exceed $93,000 for the purpose of financing the heating system conversion at Abenaki Acres in Swanton.

Mr. Jarrett reported on the status of litigation involving the Agency, and noted that additional documents will be reviewed in the case of the owner of several multi-family projects. One of the projects, located in Plainfield, has been sold resulting in restoration of $10,000 to the project and reducing the counterclaim to $30 million. In another unrelated litigation matter, the master's report has been received and indicates that approximately $50,000 had been improperly removed from the project by the owner.

Various legislative issues of interest to the Agency were reviewed by Mr. Jarrett; they included proposed legislation dealing with $2 million in rental assistance; common interest ownership; mobile home lot rent review procedure; accessory apartments; permits to affordable housing developers; rental housing code (affordable units exempt); and a bill proposing that condominium conversions would not be allowed for existing mobile home parks, but newly created parks could be condominiums.

In other business brought before the Board, Mr. Francis summarized the Comprehensive Housing Affordability Strategy (CHAS) which is required in order to obtain federal HOME funds for Vermont. HUD has required that a document be drafted describing the potential use for these funds. The Agency of Development and Community Affairs was assigned the task of drafting the document, and a 15-member CHAS Advisory Group was formed consisting of legislators, planners, bankers, state agency directors, and nonprofit and for-profit developers. Mr. Francis represented the Agency on this Advisory Group. The draft document was released in December, initiating a 60-day comment period. Various affordable housing advocates have scrutinized the report. There are several major concerns, including (1) the data and needs assessment do not support the conclusions drawn; (2) findings of the needs assessment do not substantiate conclusions; (3) a stated priority is that all of the $3.5 million in HOME funds available to Vermont should go to those earning 30 percent of median income or less who are not eligible for Section 8 funds. The Agency, in agreement with the findings of the Advisory Group, has determined that it is imperative that the CHAS document be revised to explain how the stated goals will be accomplished if the goals are not revised. Mr. Hunt further expressed concerns that there is no plan to leverage HOME funds to accomplish rental rehabilitation, which was suggested by the Advisory Group but not incorporated into the CHAS document as drafted. Mr. Francis pointed out that the broad recommendations of the Advisory Group had not, in every case, been incorporated into the CHAS document as drafted.

Mr. Hunt informed the Board that along with Ms. Pond and Mr. Falzone, he had met with a developer who is interested in creating a community care home in Fair Haven for Alzheimer's patients. As proposed, the project would not include medical facilities. The Agency's legislative mandate includes the ability to finance this type of project. The developer is planning to reserve at least 20 percent of the rooms for lower income people, including those on SSI or at fixed income levels. No formal action was taken, but staff was encouraged to proceed with negotiations if no affordable housing projects were pending which should take precedence.

According to Mr. Hunt, new legislation is being considered which would require home buyers to make their homes meet energy standards at some point during their ownership (i.e., before the property could be sold). This concept is supported by various utilities and home builders throughout the state. The Board will be kept informed of any future developments regarding this potential legislation.

The next meeting was scheduled for Thursday, February 20, in Burlington. There being no further business and following a motion duly made and seconded, the meeting adjourned at 3:15 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: BENNINGTON DEPOT STREET DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Regional Affordable Housing Corp., a non-profit corporation, involving the acquisition and rehabilitation of seven apartment units in two separate buildings in Bennington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, a Vermont non-profit corporation, Regional Affordable Housing Corp., will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Vermont Housing and Conservation Board approved a $84,213 deferred payment loan and a grant of $17,133 for the Development at its December meeting; and

WHEREAS, the sponsor has applied to the Town of Bennington for a $28,000 loan, which request will be considered by the Board of Selectmen at its January 22, meeting;

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

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

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first

mortgage for construction and a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $175,000, for the Depot Street Development in Bennington.

2. The Commitment Letter shall be issued to Regional Affordable Housing Corp.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be determined by the Agency depending on the term of the bonds the recycled proceeds of which will be used to provide funds for the mortgage loan (the "Bonds"), but that the loan shall be amortized over a period not to exceed 25 years, with a final payment due no earlier than the maximum term possible given the term of the Bonds.

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

6. The Commitment Letter shall require as conditions that the sponsor receive a loan of approximately $28,000 from the Town of Bennington and that it provide evidence of the receipt of seven project-based Section 8 certificates.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on January 16, 1992.

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

VERMONT HOUSING FINANCE AGENCY

CORPORATE RESOLUTION

WHEREAS, the Vermont Housing Finance Agency, known hereunder as the EMPLOYER, has adopted a Flexible Benefit Plan under Code Section 125 of the Internal Revenue Code;

WHEREAS, Section 8.01 of the current plan document allows for amendment to the Flexible Benefit Plan;

WHEREAS, the EMPLOYER intends to provide its employees with dependent care and uninsured medical and dental reimbursement benefits;

NOW THEREFORE let it be RESOLVED that the Vermont Housing Finance Agency Flexible Benefit Plan be amended to include all the necessary provisions in order to provide its employees with uninsured medical and dental reimbursement and dependent care assistance reimbursement account benefits.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on January 16, 1992.

Allan S. Hunt

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

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: February 20, 1992

RE: SALES AND RESERVATIONS AT DALTON DRIVE

The attached provides detailed information on our activity at Fort Ethan Allen to date.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

OFFICERS' ROW PURCHASE CONTRACT & RESERVATION HOLDERS
11-Feb-92

UNIT #	ADULTS/KIDS	FAMILY INCOME	% MEDIAN	BASE PRICE	1ST MTG AMT	1TYPE	1LTV	1%RATE	1P&I	2ND MTG AMT	TLTV	DWNPMT%	EST CLOS	UVM
406B	1/0	$31,623.96	109.05%	$82,000	$77,900	CARE D/MCC	95.00%	8.875%	$619.81		95.00%	5.00%	4/92	N
406C	2/1	$21,475.00	57.57%	$92,000	$72,126	VHFA HOUSE	78.40%	6.200%	$441.75	$19,874	100.00%	0.00%	4/92	N
406D	1/0	$35,400.00	122.07%	$92,000	$82,800	1ST STEP/MCC	90.00%	7.000%	$550.87		90.00%	10.00%	6/92	N
407D	1/1	$28,135.00	85.00%	$98,900	$88,282	VHFA HOUSE	89.26%	6.200%	$540.70	$10,618	100.00%	0.00%	4/92	N
408B	1/0	$31,520.00	108.69%	$89,000	$79,900	CARE D/MCC	89.78%	8.875%	$635.72		89.78%	10.22%	4/92	N
408C	1/0	$21,840.00	75.31%	$72,900	$42,900	1ST STEP/MCC	58.85%	7.000%	$285.41		58.85%	41.15%	4/92	N
410A*	2/0	$42,029.66	126.98%	$114,900	$105,000	CARE D	91.38%	7.875%	$761.32		91.38%	8.62%	3/92	N
410B*	2/0	$55,500.00	167.67%	$117,900	$106,110	ADJ. CONVT.	90.00%	5.375%	$594.19		90.00%	10.00%	3/92	N
411A	2/2	$46,000.00	111.11%	$114,900	$91,920	ADJ. CONVT.	80.00%	5.375%	$514.73		80.00%	20.00%	4/92	N
411B*	2/1	$42,613.50	102.93%	$114,900	$91,920	CARE D	80.00%	8.875%	$675.50		80.00%	20.00%	2/92	N
500F*	2/0	$47,808.00	144.44%	$62,900	$56,610	ADJ. CONVT.	90.00%	5.375%	$317.00		90.00%	10.00%	3/92	Y
502C	1/0	$19,626.96	67.68%	$74,900	$67,373	VHFA HOUSE	89.95%	6.200%	$412.64	$7,527	100.00%	0.00%	9/92	Y
502D	1/1	$17,781.00	53.72%	$74,900	$59,033	VHFA HOUSE	78.82%	6.200%	$361.56	$15,000	98.84%	1.16%	9/92	Y
502E	1/1	$20,051.00	60.58%	$65,900	$53,572	VHFA HOUSE	81.29%	6.200%	$328.11	$12,328	100.00%	0.00%	9/92	Y
601D	1/0	$20,750.00	71.55%	$74,900	$64,189	VHFA HOUSE	85.70%	6.200%	$393.14	$10,710	100.00%	0.00%	6/92	Y
601F	1/0	$18,720.00	64.55%	$65,900	$51,513	VHFA HOUSE	78.17%	6.200%	$315.50	$12,000	96.38%	3.62%	6/92	N
602B	1/0	$20,400.00	70.34%	$86,500	$63,929	1ST STEP/MCC	73.91%	7.000%	$425.32		73.91%	26.09%	5/92	N
602C	1/0	$20,414.00	70.39%	$74,900	$62,573	VHFA HOUSE	83.54%	6.200%	$383.24	$12,000	99.56%	0.44%	4/92	Y
602E*	1/0	$37,000.00	127.59%	$62,900	$56,610	CARE D	90.00%	8.875%	$450.41		90.00%	10.00%	2/92	N
602F*	1/0	$29,806.00	102.78%	$62,900	$59,755	CARE D	95.00%	8.875%	$475.44		95.00%	5.00%	2/92	N
604B	1/1	$35,000.00	105.74%	$105,000	$84,000	CHIT ADJ/MCC	80.00%	6.500%	$530.94		80.00%	20.00%	5/92	N
605A	1/0	$35,500.00	122.41%	$105,000	$94,500	1ST STEP	90.00%	7.000%	$628.71		90.00%	10.00%	4/92	N
605B*	1/2	$29,000.00	77.75%	$105,000	$83,973	VHFA HOUSE	79.97%	6.200%	$514.31	$20,000	99.02%	0.98%	4/92	Y

* PURCHASE CONTRACT SIGNED

CONTRACTED/RESERVED UNIT FINANCING INFORMATION (PRELIMINARY):

FIRST STEP MTG TOTAL	$284,129	# OF UNITS UNDER CONTRACT	7
CARE D MTG TOTAL	$471,085	# OF UNITS RESERVED	16
CHITT CONVT. MTG TOTAL	$254,640	# OF PERPET. AFF. UNITS	9
VHFA HOUSE MTG TOTAL	$602,634	# OF <= MEDIAN BUYERS	11
VHFA MOVE MTG TOTAL	$0	# OF UVM EMPLOYED BUYERS	7
SECOND MTG POOL TOTAL	$120,057		
MCC USERS	$431,429		

TOTAL OF 1ST MTGS NEEDED $1,696,488

OFFICERS' ROW MORTGAGES CLOSED
11-Feb-92

UNIT NO.	ADULTS/KIDS	FAMILY INCOME	% MEDIAN	BASE PRICE	1ST MTG AMT	1TYPE	1LTV	1%RATE	1P&I	2ND MTG AMT	TLTV	DWNPMT%	EST CLOS	UVM
500 E	1/0	$17,888.00	61.68%	$62,900	$47,404	VHFA HOUSE	75.36%	6.200%	$290.34	$12,000	94.44%	5.56%	01/27/92	N
501 E	1/0	$16,640.00	57.38%	$62,900	$50,806	VHFA HOUSE	80.77%	6.200%	$311.17	$12,000	99.85%	0.15%	01/27/92	N
501 F	1/0	$25,025.00	86.29%	$62,900	$52,900	1ST STEP/MCC	84.10%	7.500%	$369.88		84.10%	15.90%	01/27/92	N
604 A	2/2	$38,266.20	92.43%	$99,440	$90,000	CARE D/MCC	90.51%	8.875%	$700.01		94.97%	5.03%	12/01/91	N

FINANCING INFORMATION (FINAL):

FIRST STEP MTG TOTAL	$52,900	# OF UNITS SOLD	4
CARE D MTG TOTAL	$90,000	# OF PERPET. AFF. UNITS	2
CHITT CONVT. MTG TOTAL	$0	# OF <= MEDIAN BUYERS	3
VHFA HOUSE MTG TOTAL	$98,210	# OF UVM EMPLOYED BUYERS	0
VHFA MOVE MTG TOTAL	$0		
SECOND MTG POOL TOTAL	$24,000		
MCC USERS	$142,900		

TOTAL O[illegible]ST MTGS CLOSED $241,110

U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

RECEIVED
DEC 13 19..
VHFA

DEC 12 1991

Mr. Allan S. Hunt
Executive Director
Vermont Housing Finance Agency
One Burlington Square
Post Office Box 408
Burlington, VT 05402-0408

Dear Mr. Hunt:

Please excuse the delay in responding to your letter addressed to Assistant Secretary Arthur J. Hill, which outlines proposed bond refundings for 28 of the Section 8 projects which your Agency financed in 1981 and 1982.

I have no objection to your proposal in principal so long as all units meet the Section 8 Housing Quality Standards and are in otherwise good physical condition, and the projects are being operated and the subsidy administered in accordance with applicable contract provisions. This assumes there are no restrictions in the HAP or similar contracts. Any savings on bond-interest must be used to preserve or increase the stock of low- or moderate-income housing.

Saving on any projects which are subject to Financial Adjustment Factors (FAF) rules would be shared on a 50-50 basis pursuant to Section 1012 of the McKinney Amendments.

Project specific proposals including copies of any applicable ACC's and HAP contracts and your certification as to the physical condition of the properties and the specific housing related use of the savings should be submitted through the Manchester Office to HUD Headquarters for approval.

Questions concerning approval of bond refunding terms and disposition of savings for any projects subject to the 1981 FAF and McKinney Act requirements should be addressed to Mr. James Mitchell, Director, Financial Services Division at (202) 708-4325.

Sincerely,

Albert B. Sullivan

for Donald A. Kaplan
Director
Office of Multifamily
Housing Management

vhfa

VERMONT HOUSING FINANCE AGENCY

May 24, 1991

Mr. Arthur J. Hill
Acting Assistant Secretary for Housing
Federal Housing Commissioner
US Department of Housing And Urban Development
Washington, DC 20410-8000

Re: Proposal for Refunding of Bonds and Refinancing of High Interest Section 8 Properties Financed by Vermont Housing Finance Agency

Dear Mr. Hill:

During 1981 and 1982 VHFA financed 28 Section 8 developments under state agency regulations, at interest rates between 12% and 14% utilizing tax exempt bonds (only one of these was covered by the 1981 FAF Regulations). These properties were prohibited from prepaying and refinancing their loans for a period of ten years. Since many of the properties have now reached the point when they are eligible to prepay and refinance these loans, VHFA has developed a plan to provide a method of offering reduced debt service on these loans, and at the same time allow the resulting savings to be used to help create additional affordable housing units. The plan also provides the opportunity to enter into Preservation Agreements with owners so that these units will be protected from future conversion to unassisted use.

The basic outline of our plan would include issuing a series of new money bonds to finance proposed affordable housing projects. The coupon rate on these new bonds is projected to be about 8% and rates on the new loans would be written down further using the savings generated by the refunding of 1981 and 1982 bonds, and a lowering of debt service (300 basis points) on the existing project loans. The savings would come from the difference in the rate on the new bonds and the reduced rate on existing loans that are currently as high as 14%. This blending of interest rates between the existing loans and new loans would be accomplished so as to comply with the yield limitation rules under the Internal Revenue Code of 1986.

Owners of the existing projects would be required to waive their prepayment rights under the promissory notes on existing loans, and enter into Preservation Agreements with the Agency that would run for the full term of the mortgage and Housing Assistance Payments Contract. These Agreements would assure that all future 5 year renewal terms under the HAP contract would be honored, and provide VHFA an option to purchase should an owner wish to sell the property. In exchange, owners could increase their distributions up to the maximum amounts allowable under HUD regulations (24 C.F.R. 883.306 (b)). The additional project cash flow generated by the reduction in debt service payments would also be available to invest in energy saving capital improvements such as heating system conversions. Many of these projects are electrically heated and there is a huge potential to save future ACC Project Account dollars by making these improvements at a time when there is still 20 years left on HUD's obligation to provide funding under the HAP contracts.

Our Preservation Agreements would also offer the opportunity to reduce the need to amend the ACC and HAP contracts by requiring owners to accept annual rent increases only in amounts necessary to meet operating expenses and pay full annual distributions as approved by the Agency. Instead of requesting annual rent increases that end up being deposited into residual receipts accounts, owners would be able to request only that portion of the Annual Adjustment Factor needed to meet operating expenses. This method would insulate owners from an increasing tax burden caused by taxable income being produced by these restricted accounts. Replacement Reserve deposits would continue to be made as outlined in 24 C.F.R. 883.703.

It is unclear whether HUD's consent or approval is required in relation to the proposal we have outlined. Because of the obvious mutual benefits that would result from such a plan, we are enlisting your support for this proposal. Specifically, we seeking your affirmation that the restructuring of debt on the existing loans will not invalidate the ACC and HAP contracts and that monthly housing assistance payments to owners will continue unimpeded. We also ask that you review any changes to previously approved financing documents that may be necessary to implement our plan, to insure that the revised documents are consistent with Section 8, the regulations and HUD's interpretation of each. 24 C.F.R., 883.307 (b) (2).

In summary, VHFA is eager to work with HUD and the owners to develop strategies that will allow the reduction in debt service payments on our high interest non-FAF projects. Our goal is to determine how these interest savings can best be shared and made available to 1) help reduce the need for future commitments of federal dollars provided through ACC and HAP contract amendments, 2) provide additional incentives through increased owner distributions in exchange for a Preservation Agreement that would prevent the conversion of these properties to unassisted use, and 3) be used to produce additional affordable housing units by reducing the interest rates on new multi-family loans.

I am hopeful that you can see the value in such a program and are equally motivated by the potential to find a creative way to make more efficient use of limited federal housing dollars. Members of my staff and I are available at any time to discuss the details of our proposal with you or other members of the department. As some owners have already contacted us regarding prepayment of their mortgage loans, we are most anxious to proceed with this plan to avoid the possible loss of these units to the open market. I look forward to hearing from you in the near future.

Very truly yours,

Allan S. Hunt
Executive Director

ASH292/bp

cc: James Barry, Manager - HUD Manchester Office, Region I

bcc: James Logue, NCSHA
Nick Nibi, Director of Housing, Boston Regional Office
David Aborn, HUD Legal Counsel, Manchester Office

CREDIT COMMENTS

THE STATE OF STATE HOUSING FINANCE AGENCY DEBT

"The condition of state HFA debt as a whole is very strong."

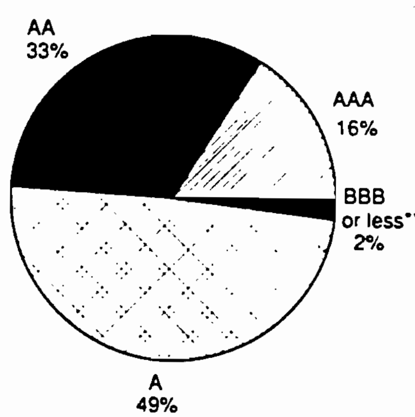
Like most housing issues, much more state housing finance agency (HFA) debt was downgraded than upgraded in 1991 *(see Jan. 13, 1992 CreditWeek Municipal)*. However, the condition of state HFA debt as a whole is very strong, with less than 2% of ratings falling below the 'A' rating category *(see pie chart)*. With the exception of Louisiana HFA, Oklahoma HFA, and Mississippi Home Corp., the downgradings do not reflect the deteriorating credit quality of the mortgage portfolio, but of the financial institutions that supply investment agreements for the issues or states that provide the moral obligation pledge.

State HFA transactions that provide financing for multifamily and single-family housing are, by and large, structured financings, which are rated giving weight to each component of the transaction. Although it is important from a credit standpoint that the ratings reflect the current credit quality of these components, investors can benefit from a deeper understanding of what precipitates these downgrades and how such rating actions might be viewed against the total ratings picture.

CONSERVATIVE STRUCTURES

State HFAs have to be conservative, by the nature of their mandate and their constituency; the controls over them as lenders, portfolio managers, and issuers of tax-exempt bonds; their involvement in federal, state, and local programs; and the demands of their investors. Most agencies issue only rated debt, which is very conservatively structured. Debt ratings on a particular type of structure will vary, depending on such things as characteristics of the underlying mortgage portfolio, investment and insurance providers, stress tests for projected cash flows, tests for open flow, and the state's rating if the state's credit stands behind the issue, as in moral obligation structures.

STATE AGENCY RATINGS PROFILE*



*Represents 46 issuers totaling $76 billion in debt. **Includes less than 0.5% of debt rated in the 'BB' category or 'D'. 'AAA' debt does not include bond-insured or LOC-backed deals.

For example, single-family transactions rated 'AAA' are generally supported by mortgages wrapped with GNMA, FNMA or FHLMC certificates. At lower rating levels, mortgages are not securitized, but will also consist of first lien, fully amortizing loans, primarily fixed rate, owner-occupied properties. All mortgages will have either private mortgage insurance and/or will be insured under a federal program or through an agency self-insurance fund. Losses not absorbed by the primary mortgage insurance will be covered by a pool policy, LOC, or viable substitute, as well as a special hazard policy or cash reserve. A portion of bond proceeds will be set aside to fund a liquidity reserve fund of at least 2% of mortgages or, in many cases, even more.

Investment of all funds will be highly restricted. In all cases, cash flows will show that bonds can be paid under a variety of stress conditions relating to prepayments, bond calls, and loan originations. The underlying structure of state HFA transactions may not differ from that of local issues. However, the added financial and management support of a strong state HFA has resulted in far fewer cases of deteriorating credit quality than is true for local issuers.

STATE HFA STRENGTH

Most state HFAs have demonstrated a high level of management capability in such areas as portfolio oversight and financial planning. This type of oversight is critical to ensure that the issues will perform as expected and be able to weather extremely adverse circumstances. Through the years, most agencies have proven themselves to be adept master servicers, able to review the performance of servicers on portfolios as large as 40,000 loans. More and more agencies, such as those in Wyoming, West Virginia, and Idaho, are taking servicing in-house. Pennsylvania HFA, for instance, is now its own largest single-family servicer and has demonstrated an excellent track record to date.

Because of this oversight, state agency delinquencies have been lower than or in line with national levels, even though these agencies typically deal with low- to moderate-income first-time homebuyers. Oversight of underwriting or re-underwriting all or a portion of loans also con- ▶

"There are a number of ways that agency fund balances and program oversight are used to bolster bond programs."

tributes to the health of state agencies' loan portfolios. As a result of close monitoring of loans, agencies are able to pinpoint problem areas and trends that can be addressed in the underwriting process, which sometimes results in more conservative guidelines than would be used by others in the industry.

On the multifamily side, state agencies, such as in Pennsylvania, Illinois, Maine, Minnesota, Missouri, and Massachusetts, have demonstrated excellent oversight of large portfolios of predominantly subsidized and federally insured loans. When called upon to do so, all of these agencies have demonstrated their ability to turn around distressed properties through a variety of workout techniques.

FINANCIAL SUPPORT

Many agencies have also been able to build up significant fund balances in their own general funds, as well as under various bond programs. Under large parity resolutions, it is not unusual to see several million dollars in excess assets available at any point in time. The amount of unrestricted funds varies widely from agency to agency, ranging from almost no money to a few million dollars to well over half a billion. For example, 11 agencies that bear S&P's "top tier" designation have, for all intents and purposes, carved out a cushion of 4% assets over liabilities to be available as rainy day funds for their bond programs. These agencies have also demonstrated a prudent investment and portfolio management approach, a diversified lending base, a seasoned professional staff, a positive relationship to state government, and a long and successful track record as issuers *(see March 25, 1991 CreditWeek for discussion of top tier agencies).*

Many other extremely strong agencies--Alaska, Georgia, Kentucky, Illinois, North Carolina, Utah, Idaho, Colorado, and Wisconsin, to name several--are not top tier for one reason or another. Alaska Housing Finance Corp., for example, is the only agency thus far that has received an unsecured rating based on its own G.O. pledge ('A+'). S&P has also assigned an 'A-1' commercial paper rating to Alaska's Eurocommercial paper program. Although the agency does not meet the explicit profile for top tier, because of its financial position it was able to demonstrate the ability to absorb a significant level of loan losses as well as demonstrating a high degree of liquidity. In addition, the legal structure of the corporation, its G.O. pledge to bondholders, and its relationship with the state offer a great deal of comfort that its fund balances will be able to support its debt at its assigned rating level.

AGENCY STRENGTH PROVIDES SUPPORT

There are a number of ways that agency fund balances and program oversight are used to bolster bond programs, both at the outset of a financing and as difficulties occur. In structuring programs, agencies often use fund balances to take the place of pool or primary mortgage insurance, such as in Minnesota, Michigan, Massachusetts, Virginia, Rhode Island, and Pennsylvania. California, State of New York Mortgage Agency Insurance Fund, Vermont, and Maryland have established insurance subsidiaries or state insurance funds as an alternative to conventional insurance programs. Such insurance alternatives give agencies increased control, most significantly over the claims process, which results in curtailment of losses due to foreclosure.

The managerial and financial strength of state HFAs has proven to be an effective cushion for bondholders when problems occur. Alaska Housing Finance Corp., the state's largest mortgage lender, bore the brunt of an economic downturn, which in 1988 resulted in a peak of over $642 million in nonperforming loans, without ever missing a bond payment. Many state agencies have successfully avoided downgrades stemming from the decline of financial institutions or mortgage insurance providers by making funds available to cover projected losses.

In addition, many state agencies have programs that are rated based on the state's moral obligation pledge. Typically, these ratings are set at one rating category below the state's rating. Therefore, when the state's G.O. rating is changed, the moral obligation rating is directly affected. Among others, agencies in New Jersey, Massachusetts, Illinois, and Rhode Island have all faced downgradings of their moral obligation debt when their states were downgraded. In some cases, upon review, S&P was able to affirm all the debt based on factors such as an authority's G.O. pledge, mortgage insurance, subsidies, reserves, liquidity, cash flows, and investments. The fact that these ratings could be affirmed is another indication of the conservative nature, careful portfolio management, and overall strength inherent in most state agency programs. Even in situations where moral obligation ratings were downgraded, as in Maine, the underlying credit quality was still deemed to be extremely strong. However, the flexibility afforded the agency under the program made it difficult to assess the strength of the program in years to come.

WEAKNESSES IN STRUCTURED FINANCINGS

Currently, ratings on 196 individual state agency issues are on CreditWatch due to the downgrading of Citicorp and Citibank debt. In 1991, $10.4 billion in state agency and local issuer debt was downgraded because of the downgradings of financial institutions or state G.O. debt *(see Jan. 6, 1992 CreditWeek Municipal).* In prior years, the downgrading of mortgage insurors, such as Verex Assurance Inc. and Investor's Mortgage Insurance Co., has also caused downgradings of ratings on structured financings. This is because these transactions are rated by assessing the credit quality of each component of the bond issue. If one of those components is weakened, there may be an impact on the entire issue. To illustrate, state agencies will typically invest the acquisition fund, reserve fund, and revenue fund under investment agreements. One or more funds may be invested with the same provider. If the credit quality and rating of this financial institution are weakened, principal invested and investment earnings needed to make bond payments can no longer be considered to be on an equal footing with the rest of the security. In determining the risk to the overall rating, the magnitude and duration of the exposure is assessed. For example, if the acquisition fund is invested, the exposure is significant because this represents substantially all bond proceeds. However, the duration of the exposure will be shorter than that for a reserve fund invested for the life of the bonds, since these bond proceeds are usually converted to mortgages within three years.

"Strong portfolio quality can mitigate downgrades if the bond issue and the financial institution are in the same rating category."

For large parity programs, under which most state housing agencies finance, the risk may be further diluted by other funds in the issue that are not invested with the downgraded bank. On the other hand, if only the revenue fund is invested, the exposure and duration is much more contained and may be quantified to a maximum amount of six months of mortgage payments and investment earnings at a fast prepayment speed. Each situation is assessed on a case-by-case basis.

Strong portfolio quality can mitigate downgrades if the bond issue and the financial institution are within the same rating category. If a downgrade does occur, it is an indication that the sum of all components of the security for the bondholder can no longer support the current rating. It is not an indication that there are program shortfalls or that any participant in the program is not currently performing. Rather, it is a signal that a participant's credit quality has deteriorated and it is no longer expected to perform as was originally anticipated. It is possible that issues downgraded for this reason may never experience cash flow problems or shortfalls, as would be more likely in the case of downgradings where the mortgage portfolio is not performing adequately.

When ratings are affirmed, it is an indication that the risk is considered minimal or has been quantified and covered in some way, such as with a pledge of agency fund balances or demonstration of excess assets under the bond program. S&P carefully evaluates the availability of these funds, as in any situation where credit is given to agency funds or surpluses under bond programs.

AVAILABILITY OF FUND BALANCES

S&P has traditionally been very conservative in giving credit to agency fund balances. The ratings are intended to contemplate the long view--that bonds will be able to be paid until maturity. Therefore, in looking at an agency's general fund balances, it is important to look beyond the bottom line for liabilities that may not be readily apparent, such as reimbursement obligations, collateral requirements, and risk-share exposure. It is also important to take stock of risks that may be represented in unrated programs. Another primary consideration is that state HFAs are subject to the fortunes and needs of the states they serve. Rhode Island, Connecticut, Arkansas, and Alaska have all contributed funds to their states in some manner. In Massachusetts, reductions in subsidies also could have a potential impact on the agency's financial position. Each situation must be carefully reviewed to determine what, if any, credit can be given.

The same careful consideration must be given to funds held under the various bond resolutions. Since these funds are already pledged to the benefit of bondholders, they are not subject to the same concerns as unrestricted fund balances. However, the level of available surplus can be changed dramatically by the method of bond redemption, reinvestment of funds, poor portfolio performance, meeting rebate requirements, open flow to the agency, and new issuance under an existing program. New issuance is perhaps the main cause of diminution of surpluses. Costs of issuance and negative arbitrage associated with new issuance can be easily absorbed by program excesses, and care should be taken to incorporate this trend into any analysis that gives credit to surpluses in the future.

Finally, an agency's willingness to make funds available to its programs varies. Some agencies issue a great deal of debt backed in part by their own G.O. pledge, as in Illinois, Connecticut, Michigan, and Alaska. This means that their fund balances can be called upon at any time if there is a cash flow shortfall under the G.O. bond program. Other agencies that issue limited or special obligations readily pledge funds to cover quantified shortfalls or transfer funds to an account held for the benefit of bondholders. Depending on the type of shortfall, any of these arrangements may be acceptable.

Every agency has its own philosophy regarding use of its fund balances. Some agencies may not see it as economically advantageous to cover certain shortages that they may view as theoretical. This does not mean that if a shortfall were imminent, they would not cover it. But from a rating standpoint, it would be difficult to give credit where no pledge is being offered.

CREDIT QUALITY GENERALLY HIGH

In general, state HFA debt is very conservatively structured and of high credit quality. Many state agencies have excellent management track records and have accumulated significant cash reserves in their own general funds and/or under bond programs. The availability of these excesses for any and all bond programs cannot be taken at face value, but must be carefully reviewed in each situation. Although many state agencies have had to face deteriorating economic conditions in their states, evidenced either by high delinquencies and foreclosures, downgrades of financial institutions and insurance providers, and state G.O. downgrades, very few state HFA debt ratings have fallen below the 'A' rating level, and the majority are in the higher rating categories.

Wendy Dolber
(212) 208-1893

1990 Series 2

AS OF: 02/13/92
PAGE NO. 1

Vermont Housing Finance Agency
902 - $37,310,610 MORTGAGE PURCHASE PROGRAM - MOVE
Status Report (with percent of pool proceeds approved)
Rate : 8.150%
Date : 02/13/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$355,405	0.9%	$93,005	0.2%	$75,050	$17,955	5.0%
Chittenden Bank	$847,796	2.2%	$64,600	0.1%	$64,600	$0	0.0%
Community National Bank	$72,750	0.1%	$0	0.0%	$0	$0	0.0%
Franklin-Lamoille Bank	$32,000	0.0%	$0	0.0%	$0	$0	0.0%
Green Mountain Bank	$39,000	0.1%	$0	0.0%	$0	$0	0.0%
Marble Bank	$191,735	0.5%	$50,000	0.1%	$50,000	$0	0.0%
Merchants Bank, The	$268,005	0.7%	$149,375	0.4%	$0	$149,375	55.7%
Passumpsic Savings Bank	$154,204	0.4%	$26,125	0.0%	$26,125	$0	0.0%
Peoples Trust Company of St Albans	$69,350	0.1%	$69,350	0.1%	$0	$69,350	100.0%
Statewide Funding Corporation	$424,935	1.1%	$130,300	0.3%	$0	$130,300	30.6%
Summit Financial Center, Inc.	$519,475	1.3%	$85,405	0.2%	$0	$85,405	16.4%
Union Bank	$165,450	0.4%	$73,000	0.1%	$0	$73,000	44.1%
Vermont Federal Bank, FSB	$165,650	0.4%	$50,350	0.1%	$0	$50,350	30.3%
Vermont Mortgage Group, Inc	$292,530	0.7%	$78,850	0.2%	$0	$78,850	26.9%
Vermont National Bank	$703,525	1.8%	$433,450	1.1%	$244,150	$189,300	26.9%
Wells River Savings Bank	$53,885	0.1%	$0	0.0%	$0	$0	0.0%
TOTALS 71 Loans	$4,355,695	11.6%	$1,303,810	3.4%	$459,925	$843,885	19.3%

Bennington Coop
Bradford National Bank
Caledonia National Bank
Citizens Savings Bank
Factory Point
Granite Savings Bank & Trust Co.
Kittredge Mortgage Corporation
Lyndonville Savings
Mortgage Service Center of New England
National Bank of Middlebury
New England IBM Federal Credit Union
Northfield Savings Bank
Randolph National Bank
Vermont Development Credit Union

1990 Series 1

AS OF: 02/13/92
PAGE NO. 1

Vermont Housing Finance Agency
901 - $25,000,000 SINGLE FAMILY HOUSING BONDS SERIES 1
Status Report (with percent of pool proceeds approved)
Rate : 8.950%
Date : 02/13/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$928,012	3.7%	$868,637	3.4%	$868,637	$0	0.0%
Bradford National Bank		$151,900	0.6%	$151,900	0.6%	$151,900	$0	0.0%
Caledonia National Bank of Danville, The		$48,675	0.1%	$48,675	0.1%	$48,675	$0	0.0%
Chittenden Bank		$3,715,719	14.8%	$3,715,719	14.8%	$2,845,190	$870,529	23.4%
Citizens Savings Bank and Trust		$363,905	1.4%	$363,905	1.4%	$297,405	$66,500	18.2%
Community National Bank		$804,038	3.2%	$804,038	3.2%	$648,255	$155,783	19.3%
Factory Point National Bank, The		$79,226	0.3%	$79,226	0.3%	$50,000	$29,226	36.8%
Franklin-Lamoille Bank		$469,650	1.8%	$394,650	1.5%	$309,750	$84,900	18.0%
Granite Savings Bank and Trust Company		$207,500	0.8%	$207,500	0.8%	$207,500	$0	0.0%
Kittredge Mortgage Corporation		$159,950	0.6%	$126,950	0.5%	$126,950	$0	0.0%
Lyndonville Savings Bank & Trust Company		$41,800	0.1%	$0	0.0%	$0	$0	0.0%
Marble Bank		$229,158	0.9%	$229,158	0.9%	$229,158	$0	0.0%
Merchants Bank, The		$323,775	1.2%	$260,575	1.0%	$170,525	$90,050	27.8%
Mortgage Service Center of New England		$574,782	2.2%	$483,782	1.9%	$483,782	$0	0.0%
National Bank of Middlebury, The		$145,995	0.5%	$145,995	0.5%	$145,995	$0	0.0%
New England IBM Employees Fed Crdt Union		$72,000	0.2%	$72,000	0.2%	$72,000	$0	0.0%
Northfield Savings Bank		$175,750	0.7%	$175,750	0.7%	$175,750	$0	0.0%
Passumpsic Savings Bank		$790,693	3.1%	$790,693	3.1%	$790,693	$0	0.0%
Peoples Trust Company of St Albans		$159,435	0.6%	$123,329	0.4%	$53,580	$69,749	43.7%
Randolph National Bank		$214,450	0.8%	$214,450	0.8%	$143,200	$71,250	33.2%
Statewide Funding Corporation		$1,176,357	4.7%	$1,056,482	4.2%	$498,632	$557,850	47.4%
Summit Financial Center, Inc.		$630,462	2.5%	$630,462	2.5%	$403,712	$226,750	35.9%
Union Bank		$513,463	2.0%	$513,463	2.0%	$343,413	$170,050	33.1%
Vermont Federal Bank, FSB		$2,639,881	10.5%	$2,360,731	9.4%	$2,108,037	$252,694	9.5%
Vermont Mortgage Group, Inc		$742,593	2.9%	$656,993	2.6%	$656,993	$0	0.0%
Vermont National Bank		$2,619,806	10.4%	$2,619,806	10.4%	$2,232,981	$386,825	14.7%
Wells River Savings Bank		$245,081	0.9%	$245,081	0.9%	$200,081	$45,000	18.3%
TOTALS	273 Loans	$18,224,056	72.8%	$17,339,950	69.3%	$14,262,794	$3,077,156	16.8%

1990 Series 1

STATISTICAL REPORT PROGRAM ID: 901 Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 02/13/92

Loan Status: CC,UC,O

Total Number of Loans:	255
Total Loan Amount:	$17,082,927

EXISTING:	$12,686,912	75.6%	193 Loans
NEW CONSTRUCTION:	$4,396,015	24.3%	62 Loans
NEW DETACHED HOUSING:	$3,881,740	88.3%	55 Loans
NEW CONDOMINIUM:	$514,275	11.6%	7 Loans
Funds Remaining to be Reserved:	$7,001,122	28.0%	104 Loans (Est.)

Total Insured or Guaranteed Loans:	244
Loans Guaranteed by VHMGB:	241

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$69,185	$77,344	$72,129
Avg. Loan Amount	$64,130	$72,061	$66,991
Avg. Borrower Income	$28,946	$28,920	$28,937
Avg. Housing Debt-Income Ratio	26.6%	30.4%	27.9%
Avg. Total Debt	$845.33	$874.23	$855.76
Avg. Total Debt-Income Ratio	35.0%	36.7%	35.6%
Total No. of Loans	163	92	255
% of Total Loan Amount	61.2%	38.8%	100.0%
First Time Homebuyers	85.2%	98.9%	90.1%
% Meeting Low Income Set Aside	23.9%	48.9%	32.9%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	17	6.7%	$1,180,186	5,000	5.7%	1.0
Bennington	5	2.0%	$340,899	6,300	7.2%	5.2-
Caledonia	23	9.0%	$1,276,048	4,800	5.5%	3.5
Chittenden	58	22.8%	$4,313,364	16,000	18.2%	4.6
Essex	10	3.9%	$555,356	1,300	1.4%	2.5
Franklin	26	10.2%	$1,833,958	6,000	6.8%	3.4
Grand Isle	3	1.2%	$186,409	900	1.0%	0.2
Lamoille	14	5.5%	$981,610	3,300	3.8%	1.7
Orange	12	4.7%	$838,599	4,300	4.9%	0.2-
Orleans	11	4.3%	$604,314	4,200	4.8%	0.5-
Rutland	27	10.6%	$1,764,594	10,000	11.4%	0.8-
Washington	33	12.9%	$2,137,803	9,000	10.3%	2.6
Windham	7	2.7%	$461,009	7,100	8.1%	5.4-
Windsor	9	3.5%	$608,778	9,600	11.0%	7.5-
TOTAL	255	100.0%	$17,082,927	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 Series 2

STATISTICAL REPORT PROGRAM ID: 902 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 02/13/92
Loan Status: CC,UC,O

Total Number of Loans:	20
Total Loan Amount:	$1,303,810

EXISTING:	$1,089,835	85.0%	17 Loans
NEW CONSTRUCTION:	$213,975	15.0%	3 Loans
NEW DETACHED HOUSING:	$64,600	30.1%	1 Loans
NEW CONDOMINIUM:	$149,375	69.8%	2 Loans
Funds Remaining to be Reserved:	$32,910,915	88.2%	504 Loans (Est.)

Total Insured or Guaranteed Loans:	20
Loans Guaranteed by VHMGB:	20

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$63,086	$76,433	$69,092
Avg. Loan Amount	$59,709	$71,889	$65,190
Avg. Borrower Income	$26,940	$24,957	$26,047
Avg. Housing Debt-Income Ratio	27.0%	31.7%	29.1%
Avg. Total Debt	$726.36	$744.77	$734.65
Avg. Total Debt-Income Ratio	32.1%	35.5%	33.7%
Total No. of Loans	11	9	20
% of Total Loan Amount	50.4%	49.6%	100.0%
First Time Homebuyers	81.8%	100.0%	90.0%
% Meeting Low Income Set Aside	36.3%	77.7%	55.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	2	10.0%	$102,050	6,300	7.2%	2.8
Caledonia	1	5.0%	$26,125	4,800	5.5%	0.5-
Chittenden	6	30.0%	$478,930	16,000	18.2%	11.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	2	10.0%	$130,625	6,000	6.8%	3.2
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	2	10.0%	$137,600	3,300	3.8%	6.2
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	2	10.0%	$140,250	10,000	11.4%	1.4-
Washington	3	15.0%	$143,355	9,000	10.3%	4.7
Windham	1	5.0%	$78,850	7,100	8.1%	3.1-
Windsor	1	5.0%	$66,025	9,600	11.0%	6.0-
TOTAL	20	100.0%	$1,303,810	87,800	100.0%	

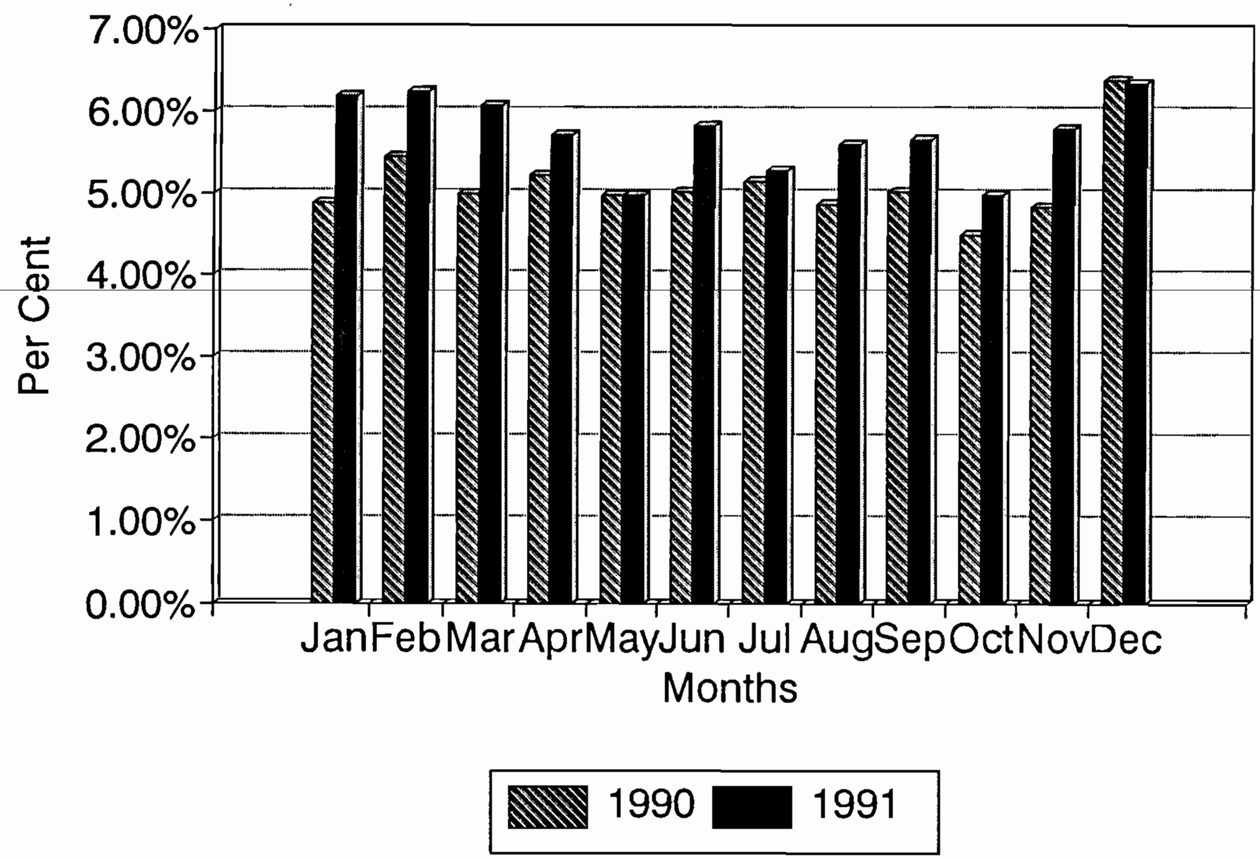
* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 12/31/91

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	375	14	3.73%	2	0.53%	2	0.53%	18	4.80%	0	0	0.00%	0	0.00%	18	4.80%
Bennington Coop Savings & Loan Assn Inc	62	2	3.23%	0	0.00%	0	0.00%	2	3.23%	0	0	0.00%	0	0.00%	2	3.23%
Bradford National Bank	60	1	1.67%	0	0.00%	0	0.00%	1	1.67%	0	0	0.00%	0	0.00%	1	1.67%
Caledonia National Bank of Danville, Th	138	11	7.97%	1	0.72%	2	1.45%	14	10.14%	0	1	0.72%	2	1.45%	17	12.32%
Chittenden Trust Company	1,060	58	5.47%	9	0.85%	9	0.85%	76	7.17%	0	3	0.28%	1	0.09%	80	7.55%
Citizens Savings Bank	16	1	6.25%	0	0.00%	0	0.00%	1	6.25%	0	0	0.00%	0	0.00%	1	6.25%
Comfed Mortgage Co., Inc.	15	2	13.33%	0	0.00%	0	0.00%	2	13.33%	0	0	0.00%	0	0.00%	2	13.33%
Commonwealth Mortgage Company, Inc	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	147	4	2.72%	5	3.40%	1	0.68%	10	6.80%	0	0	0.00%	4	2.72%	14	9.52%
Factory Point National Bank, The	28	2	7.14%	0	0.00%	0	0.00%	2	7.14%	0	0	0.00%	0	0.00%	2	7.14%
First Brandon National Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	8	1	12.50%	0	0.00%	0	0.00%	1	12.50%	0	0	0.00%	0	0.00%	1	12.50%
First Twin-state Bank	151	7	4.64%	0	0.00%	0	0.00%	7	4.64%	0	0	0.00%	0	0.00%	7	4.64%
~~First Vermont Bank and Trust Company~~	~~175~~	~~18~~	~~10.29%~~	~~3~~	~~1.71%~~	~~1~~	~~0.57%~~	~~22~~	~~12.57%~~	~~0~~	~~1~~	~~0.57%~~	~~0~~	~~0.00%~~	~~23~~	~~13.14%~~
Franklin-Lamoille Bank	209	8	3.83%	1	0.48%	1	0.48%	10	4.78%	0	0	0.00%	0	0.00%	10	4.78%
Granite Savings Bank and Trust Company	39	2	5.13%	0	0.00%	0	0.00%	2	5.13%	0	0	0.00%	0	0.00%	2	5.13%
Green Mountain Bank	19	2	10.53%	0	0.00%	0	0.00%	2	10.53%	0	0	0.00%	0	0.00%	2	10.53%
Howard Bank, National Assn, The	464	22	4.74%	10	2.16%	6	1.29%	38	8.19%	0	4	0.86%	2	0.43%	44	9.48%
Lomas & Nettleton Company, The	24	3	12.50%	0	0.00%	0	0.00%	3	12.50%	0	0	0.00%	0	0.00%	3	12.50%
Lyndonville Savings Bank & Trust Compan	53	1	1.89%	1	1.89%	0	0.00%	2	3.77%	0	1	1.89%	1	1.89%	4	7.55%
Marble Bank	235	16	6.81%	1	0.43%	1	0.43%	18	7.66%	0	0	0.00%	1	0.43%	19	8.09%
Merchants Bank, The	301	11	3.65%	2	0.66%	2	0.66%	15	4.98%	0	0	0.00%	0	0.00%	15	4.98%
Mortgage Service Center of New England	35	2	5.71%	0	0.00%	1	2.86%	3	8.57%	0	0	0.00%	0	0.00%	3	8.57%
National Bank of Middlebury, The	68	1	1.47%	0	0.00%	0	0.00%	1	1.47%	0	0	0.00%	0	0.00%	1	1.47%
New England IBM Employees Fed Crdt Unio	72	1	1.39%	0	0.00%	0	0.00%	1	1.39%	0	0	0.00%	0	0.00%	1	1.39%
Northfield Savings Bank	133	14	10.53%	2	1.50%	1	0.75%	17	12.78%	0	0	0.00%	0	0.00%	17	12.78%
Passumpsic Savings Bank	186	4	2.15%	3	1.61%	3	1.61%	10	5.38%	0	3	1.61%	1	0.54%	14	7.53%
Peoples Trust Company of St Albans	164	8	4.88%	1	0.61%	1	0.61%	10	6.10%	0	0	0.00%	0	0.00%	10	6.10%
Proctor Bank	116	4	3.45%	0	0.00%	0	0.00%	4	3.45%	0	0	0.00%	0	0.00%	4	3.45%
Randolph National Bank	74	4	5.41%	1	1.35%	0	0.00%	5	6.76%	0	0	0.00%	0	0.00%	5	6.76%
Statewide Funding Corporation	64	3	4.69%	2	3.13%	1	1.56%	6	9.38%	0	0	0.00%	0	0.00%	6	9.38%
Union Bank	161	5	3.11%	1	0.62%	2	1.24%	8	4.97%	0	0	0.00%	1	0.62%	9	5.59%
Vermont Federal Bank, FSB	949	43	4.53%	3	0.32%	9	0.95%	55	5.80%	0	1	0.11%	1	0.11%	57	6.01%
Vermont Mortgage Group, Inc	158	8	5.06%	2	1.27%	1	0.63%	11	6.96%	0	1	0.63%	0	0.00%	12	7.59%
Vermont National Bank	457	14	3.06%	1	0.22%	5	1.09%	20	4.38%	0	0	0.00%	2	0.44%	22	4.81%
Wells River Savings Bank	24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	6,284	297	4.73%	51	0.81%	49	0.78%	397	6.32%	0	1,5	0.24%	16	0.25%	428	6.81%
November 30, 1991	6,369	260	4.08%	49	0.77%	59	0.93%	368	5.78%	0	9	0.14%	15	0.24%	392	6.15%

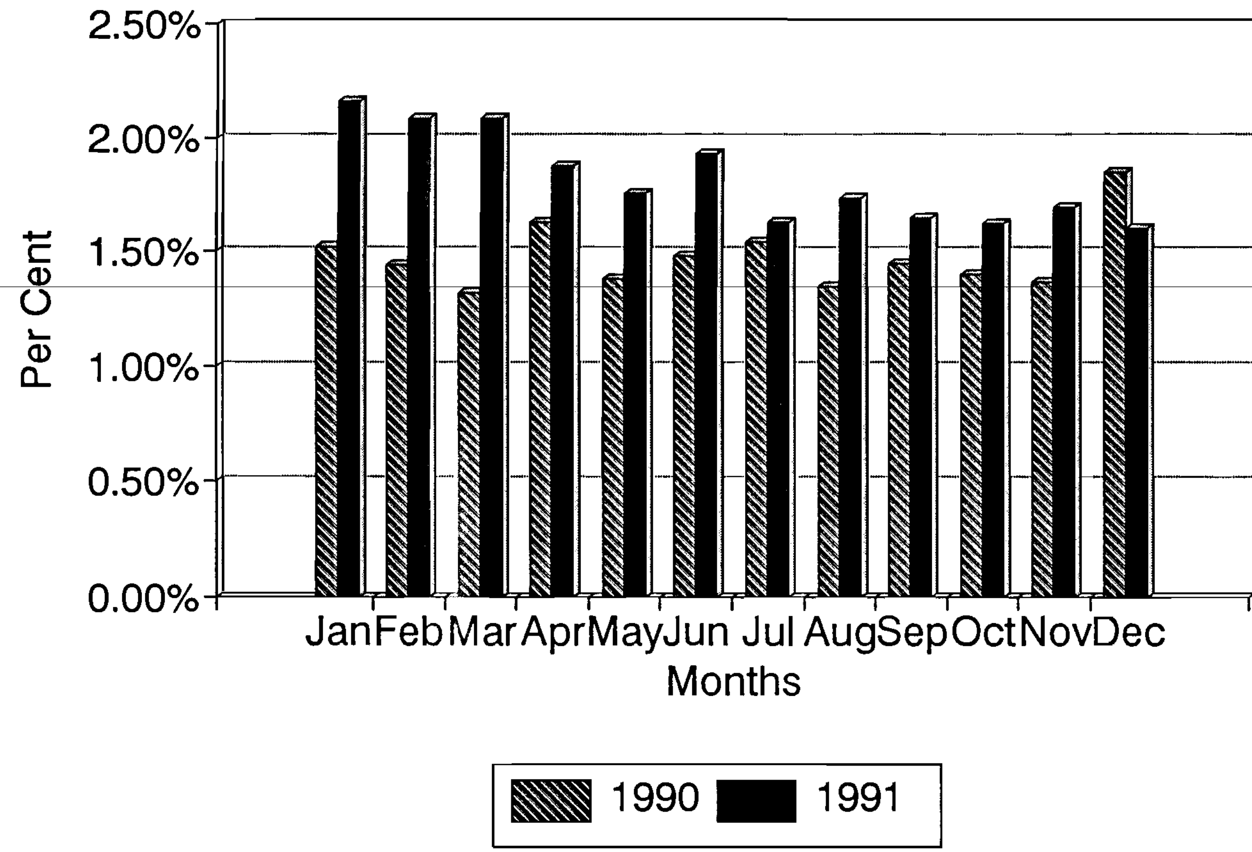
VERMONT HOUSING FINANCE AGENCY

Total Delinquency Comparison



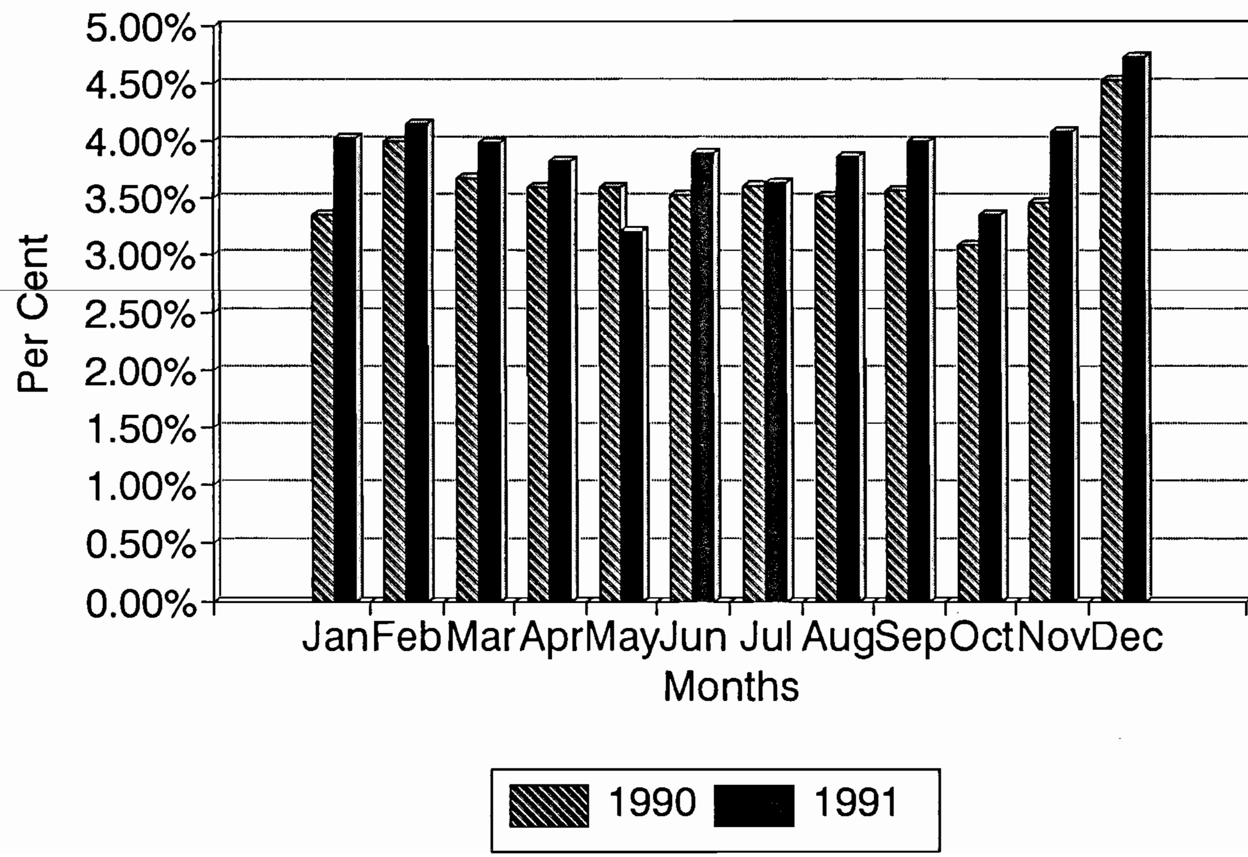
VERMONT HOUSING FINANCE AGENCY

60/90 Day Delinquency Comparison



VERMONT HOUSING FINANCE AGENCY

30 Day Delinquency Comparison



vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director of Multi-Family Management

DATE: February 13, 1992

RE: TEAM APPROACH (SERVICE COORDINATION) UPDATE

Over the past four years, through TEAM (Tenant Education and Assistance Model) VHFA has participated in two grant initiatives to help better meet the needs of elderly residents living in subsidized housing in Vermont. Under our Robert Wood Johnson Foundation and Administration on Aging grants, we have developed two service coordination models (management and regionally based).

With the January 31, 1992 expiration of one of these grants and a September 30, 1992 end to the other, staff has begun an evaluation process to determine if these activities warrant consideration as an ongoing program within the Agency. Our program evaluation criteria will include the areas of VHFA's mission/compatibility, short and long term cost to the Agency, potential for this program to become a revenue producing activity, benefits to residents and managers, and what the implications may be should we decide to formally enter the area of social service coordination.

In anticipation of our bringing this program (and its financial impact) to the Board in May, we thought it would be valuable to present an overview of what has been accomplished by TEAM Approach. Gemma Rinn, TEAM Supervisor, will make a brief presentation and show a 12 minute video that was produced last summer as a marketing tool for the program.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC

DATE: February 13, 1992

RE: Expansion of the Down Payment Assistance Pilot Program

At the January meeting we discussed with you a new initiative under consideration which would utilize funds VHFA is to receive from the interest on real estate trust accounts to expand the Down Payment Assistance Pilot Program instituted by VHFA and VHMGB in 1987. We propose using the interest on real estate trust accounts to establish a loan loss reserve fund to share part of the risk with VHMGB to allow 100% financing on a limited number of loans over the next three years. The proposal would leverage the estimated $60,000 VHFA expects to receive each year to an estimated $11 million in mortgages. VHFA would make an initial contribution of $60,000 to establish the loan loss reserve fund.

The current Down Payment Assistance Pilot Program allows home buyers to adjust the amount of their down payment by eligible closing costs. The program has been confusing for home buyers and lenders because while called down payment assistance, the home buyer is required to have a 5% down payment, but is able to finance an amount equal to closing costs. In VHFA's evaluation of the existing program, the average home buyer using Down Payment Assistance had a higher income than the average MOVE borrower and they were generally purchasing a lower priced home. This may be because the lower qualifying ratios used for Down Payment Assistance excluded lower income borrowers from eligibility. To better target the program to lower income home buyers and to simplify the program for home buyers and lenders, staff proposes expanding the program so that eligible MOVE and HOUSE borrowers may finance up to 100% of the purchase price of a home. Eligibility for 100% financing would be restricted to persons whose liquid assets do not exceed 125% of the total of 5% of the value of the home plus estimated closing costs. Qualifying ratios for Down Payment Assistance loans would be the same as for the MOVE and HOUSE programs. VHFA has proposed to VHMGB that the Down Payment Assistance Pilot Program be expanded to approximately 150 loans each year over for the next three years.

Attached is a description of the proposed expanded Down Payment Assistance Pilot Program, and a brief outline of a proposed agreement with VHMGB. There are several areas needing further discussion with VHMGB staff. Amanda Pearson, VHMGB's Executive Director will discuss the proposal with her Board at their February 24, 1992 meeting.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VHFA staff hope to use the experience gained in the first four years of operation of this pilot program in addition to evaluating on an annual basis the next three years of operation of the expanded pilot program to prove that a loan with no down payment is no greater risk than a loan with a 5% down payment. Eventually the goal is to include 100% financing as a regular feature for VHFA financing programs.

ACTION REQUESTED BY THE BOARD

Approval to expand the current Down Payment Assistance Pilot Program and to work with VHMGB to establish eligibility criteria and guidelines for home buyers and authority for the Executive Director to establish a loan loss reserve fund and negotiate and execute a risk share agreement with VHMGB.

EXPANDED DOWN PAYMENT ASSISTANCE PILOT PROGRAM

PROPOSED PROGRAM DESCRIPTION

In 1987, Vermont Housing Finance Agency (VHFA), and the Vermont Home Mortgage Guarantee Board (VHMGB), introduced a pilot program called Down Payment Assistance. Down Payment Assistance allows home buyers without funds to pay the minimum down payment and closing costs, to qualify for a mortgage through VHFA's Mortgages for Vermonters (MOVE) and Homeownership Using Shared Equity (HOUSE) programs. Generally, MOVE and HOUSE borrowers need sufficient funds to pay a down payment of five percent (5%) of the purchase price plus pay for closing costs which on average represent another four percent (4%) of the purchase price. With Down Payment Assistance, home buyers may adjust the amount of their down payment by eligible closing costs, reducing funds needed for closing from nine percent (9%) of the purchase price to five percent (5%). As a result of interviews with over 1400 potential home buyers at VHFA Home Buyer Days, the lack of funds for down payment continues to be a major obstacle to homeownership for otherwise creditworthy Vermonters.

In 1991 the Vermont Legislature passed a bill (H-435), which was signed into law, requiring real estate brokers and salespersons to place certain deposits on real estate transactions in interest-bearing escrow accounts to be used to assist home buyers with down payment and/or closing costs. Financial institutions will remit the interest paid on these trust accounts to VHFA. The law requires that priority for use of the funds be given to persons and families at or below 90% of median income and to persons and families purchasing perpetually affordable housing.

The current Down Payment Assistance Pilot Program has been confusing for home buyers and lenders because while called down payment assistance, the home buyer is required to have a 5% down payment, but is able to finance an amount equal to closing costs. In VHFA's evaluation of the existing program, the average home buyer using Down Payment Assistance had a higher income than the average MOVE borrower and they were generally purchasing a lower priced home. This may be because the lower qualifying ratios used for Down Payment Assistance excluded lower income borrowers from eligibility. To better target the program to lower income home buyers and to simplify the program for home buyers and lenders, staff proposes expanding the program so that eligible MOVE and HOUSE borrowers may finance up to 100% of the purchase price of a home. Qualifying ratios for Down Payment Assistance loans would be the same as for the MOVE and HOUSE programs.

VHFA has proposed using the interest received from real estate trust accounts to establish a loan loss reserve fund to share part of the risk with VHMGB. The loan loss reserve fund would allow for the expansion of the Down Payment Assistance Pilot Program so more lower income home buyers are eligible. VHFA has proposed purchasing up to 150 mortgages each year for the next three years under this pilot program. The creation of the loan loss reserve fund will leverage the $60,000 VHFA expects to receive in the first year to an estimated $11 million in mortgages. VHFA will make an initial contribution to establish the loan loss reserve fund.

Using the experience gained in the first four years of operation of this pilot program in addition to evaluating on an annual basis the next three years of operation of the expanded pilot program, VHFA hopes to prove that a loan with no down payment is no greater risk than a loan with a 5% down payment. Eventually the goal is to include 100% financing as a regular feature for VHFA financing programs.

<u>Special Targeting of Funds</u>

Eligibility for 100% financing would be restricted to persons whose liquid assets do not exceed 125% of the total of 5% of the value of the home plus estimated closing costs. A minimum of 75 mortgages annually will be available to persons whose income does not exceed 90% of the median income for the area in which the home is located. Persons purchasing perpetually affordable homes will be eligible regardless of their income.

<u>Loan Terms</u>

Down Payment Assistance is a special feature available to home buyers receiving financing through VHFA's MOVE and HOUSE programs. The loan terms vary from time to time for each program.

Interest rate buydowns are not allowed on Down Payment Assistance loans.

For borrowers using HOUSE financing which provides a stepped interest rate, eligibility is based on the interest rate that will be effective during the fourth year of the mortgage.

<u>Borrower Eligibility</u>

Borrowers must meet all eligibility criteria for VHFA's MOVE and HOUSE Programs.

<u>Property Eligibility</u>

To be eligible, property must meet the requirements of VHFA's MOVE and HOUSE programs.

<u>The Application Process</u>

Participating Lenders process an application for Down Payment Assistance in conjunction with an application for MOVE or HOUSE financing. The lender determines preliminary eligibility and submits the application to VHFA for approval for financing and VHMGB for a mortgage guarantee commitment.

OUTLINE OF A PROPOSED RISK SHARING AGREEMENT WITH VHMGB

- VHFA deposits fund received from the interest on real estate trust accounts in a loan loss reserve account.

- VHMGB insures the loan as if the LTV were 95%. The maximum claim is based on a 95% LTV.

Example:	95% LTV	100% LTV
Purchase Price	$72,300	$72,300
Loan Amount	$68,685	$72,300
VHMGB Guarantee	$14,460	$14,460
Maximum Fund Liability	$ 0	$ 3,615

- If a loan defaults, the loan loss reserve fund covers any loss not covered by VHMGB. An actuarial study completed for VHMGB as of June 30, 1990 indicates that one percent (1%) of all loans guaranteed by VHMGB result in a claim. In establishing the loan loss reserve, we will assume that loans with no down payment will result in a higher claim ratio of ten percent (10%). The higher claim ratio is not based on what we believe our actual experience will be but on a very worse case senario. Based on this assumption approximately $55,000 will be required in 1992 based on projected activity of $11 million in mortgages with no down payment. (more detail follows)

  - VHFA will purchase $11 million or 150 MOVE and HOUSE Mortgages.

  - The average purchase price will be $72,300.

  - 10% or 15 loans will result in a claim.

  - Estimated maximum claim against the loan loss reserve fund for each loan will be $3,615.

  - Balance required in the loan loss reserve fund for 1992 will be $54,225.

- The expanded Down Payment Assistance Pilot Program will operate for a period of 3 years with an annual review and evaluation.

- Evaluation will include establishing a test group of 95% LTV loans to compare with the performance of 100% LTV loans.

- A similar test group will be established for the original Down Payment Assistance to evaluate the first 3-4 years of program operation. This test group will also be evaluated on an annual basis.

- Loans in the test group must have the following characteristics:

    - All loans must be 95% LTV and be guaranteed by VHMGB;

    - The 95% LTV loans must have the same credit characteristics as the 100% LTV loans;

    - The 95% LTV loans must have the same geographic distribution as the 100% LTV loans;

    - The 95% LTV loans must have been originated during the same time period as the 100% LTV loans.

- Performance standards/criteria will be established by VHFA/VHMGB as part of the risk sharing agreement

- An initial contribution will be made by VHFA to establish the fund. All funds received by VHFA from the interest on real estate trust accounts will be deposited in the loan loss reserve fund.

- VHFA will report to VHMGB quarterly as the balance in the loan loss claim fund.

vhfa

VERMONT HOUSING FINANCE AGENCY
MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret Pond, Director of Development
Mark Koppelkam, MF Underwriter

DATE: February 13, 1992

RE: Starksboro: Hillside Manor Mobile Home Park
Request for Commitment Letter

Note: This report is quite similar to the report presented at the December 1991 Commission meeting. Substantive changes are highlighted.

PROJECT SUMMARY

Staff recommends VHFA Board approval of a commitment letter resolution for permanent financing for the Hillside Manor Mobile Home Park in Starksboro. Hillside is a 29 unit park. The purchase price being proposed is $314,000, or $10,828/lot. The total development cost has increased by $50,500 to $567,500 ($19,569 per lot) since the approval of the letter of interest due to higher engineering cost estimates. The sponsor is the Addison County Community Trust (ACCT).

THE PROJECT

1. Financing

Sources:		**Uses:**	
VHFA	$324,080	Acquisition	314,000
VHCB loan	100,000	Infrastructure Rehab	166,000
VHCB grant	33,420	Finance & Closing	9,000
CD	110,000	Legal & Title	5,000
Total	$567,500	Working Capital	13,000
		Appraisal	1,500
TDC	$19,569/lot	Clerk of Works	15,000
		Contingency	9,000
		Development fee	35,000
		Total Development Costs	567,500

The VHFA loan as proposed is structured with a stepped interest rate starting at 9.75% and averaging 10.75% over 25 years, with a 20 year balloon. The Vermont Housing and Conservation Board (VHCB) approved at their January 1992 meeting a $100,000 low

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interest deferred payment loan and $33,420 grant. However acquisition was made contingent upon evidence of securing a new and satisfactory water supply. VHFA's financial projections would require a VHCB loan repayment plan which permits a debt coverage ratio (after allowance of the VHFA and VHCB annual debt service) of 1.05. Our projections show that the net present value of repayments to VHCB is essentially equal, so VHCB should not have any economic objections to this plan.

The sponsor's request for a $110,000 grant from the Community Development (CD) Program ($100,000 for acquisition of the park and $10,000 to contract with the Trust to administer the grant) was postponed based on the need for additional engineering.

2. Appraisal & Loan To Project Value

An appraisal was done at the request of the sponsor in July 1991 by Stephen D. Allen, who estimated the value of the Park to be $340,000 or $11,724/lot. The appraisal uses only a comparative approach - no income capitalization method or replacement cost methods are used. The signed purchase agreement calls for an acquisition price of $314,000.

VHFA's multi-family rules state that the VHFA loan will be limited to no more than 95% of the total housing costs or security value of the project, whichever is less. As proposed VHFA's loan equals 95.3% of the appraised value, and 57.11% of the total development costs. Thus part of the VHFA Board's findings in approving the financing would be that the post-renovation security value of the park would be at least $342,000.

The park was acquired by the present owner in 1987 for $216,000. Thus the property has increased in value 45% over six years, a 9% annual return before capital gains taxes are paid.

3. Lot Rent/Market Demand/Income Mix

The current rent is $175/month with a $15 discount for prompt payment. The proposed rents are $180/month. This level would equal the rent at ACCT's other mobile home parks - Lazy Brook MHP and Otter Creek MHP.

Addison County has been relatively fast growing, adding 12.1% to its population from 1980 to 1990. The county is in the Burlington commuting radius, and the park could be expected to serve a low income population in that regional marketplace.

Mobile home park vacancy rates statewide are reported at 1%. There are no current vacancies at Hillside, and just a few units for sale. The historical vacancy rate and turnover rate are not known. The financial projections use a 3% vacancy rate.

The income mix of the tenants surveyed to date (25 of 29) is as follows:

Income Category	# of Households	% of Total Responses
Below 50% of median	5	20%
Between 50% and 80%	11	44%
Between 80% and 100%	9	36%
Total	25	100%

4. Location/Site

Hillside Manor Mobile Home Park is situated on 21 acres on Big Hollow Road and Ruby Brace Road in Starksboro. Both Big Hollow Road and Ruby Brace road are town gravel roads. The overall setting is part wooded and part meadow, with a brook running around and through the park. The main park entrance road is moderately sloping and needs winter sanding. There are steep drops to the brook.

A large part of the parcel is currently vacant and may have further housing development potential. One condition of the VHCB loan is to encourage the sponsor to set forth a plan for this additional land. However the need for a new well may fully tie up this land. The site is 1/4 mile down the road from Lazy Brook mobile home park, which the sponsor acquired in January 1992.

The Hillside Manor mobile park is, in the words of the appraiser, "fair to average in terms of it's aesthetic character and level of maintenance." About half of the homes are arranged parallel to the park roads while the others are perpendicular (see attached site map). Each home has a small yard area, and lot maintenance and landscaping is the responsibility of the individual residents.

5. Sponsors/Parties

ACCT was established in 1989 and has an approved 501(c)(3) designation. ACCT has completed six family homes under the land trust model, manages three Community Development Block Grant contracts for the Town of Middlebury, and operates a Homeshare program. ACCT sponsored the recently acquired Otter Creek (formerly Town & Country) mobile home park in Vergennes that VHFA financed. The sponsor successfully acquired the nearby Lazy Brook mobile home park in January 1992. ACCT's housing development and housing management experience is increasing. They have recently hired Kevin Cosgrove, who was a rehabilitation specialist with Lake Champlain Housing Development Corporation and Scott Atherton as a fulltime business manager to improve their capacity. ACCT's experience with Otter Creek and Lazy Brook mobile home parks will be helpful.

Management responsibilities are proposed to be split with a resident association. ACCT may consider turning ownership over to a resident cooperative in the future. A complete management plan and a five year improvement plan, specific to Hillside, will be a condition of closing.

6. Timetable

The Purchase and Sales Contract was signed on August 30, 1991 and calls for a March 1, 1992 closing. Acquisition will clearly depend upon hydro-geologic studies into a new water supply system. Although finding a new supply may go quickly, the full approval permit may take up to two years. It is the sponsor's desire to proceed with acquisition as soon as the engineers think a new water supply that will meet state standards is found.

7. Infrastructure

The park is serviced by a private well and individual septic systems. The appraiser states, "it is assumed that the water system, including the well, and distribution network are functionally adequate and safe to continue serving park residents basic needs". The appraisal assumed that the existing electrical system is substandard, and that repairs are needed to the septic and water systems.

The existing water supply system was installed in 1968. A 1989 inspection by the Vermont Department of Health found numerous major deficiencies with the water system. The cited deficiencies included inadequate chlorination, storage capacity and water pressure, and a comment that the source is too close to the stream.

An engineering assessment of the park has been completed. The most significant finding is that the existing well appears to be "hydraulically connected" to a nearby surface stream, and thus unsuitable for meeting the June 1993 federal drinking water standards. A new water source is needed, along with a new storage system and primary parts of the distribution system. The estimated cost of this work, including engineering, is $125,000.

The engineering report is not very informative about the park's septic systems. Each home has its own system. No accurate records exist about construction or repair to any of the existing systems. Area soil maps indicate that while most of the soils are good for septic, soils along the eastern edge have a high seasonal water table, coming within 12 feet of the surface. The engineer says "It is unlikely that any replacement system could meet current Environmental Protection rules to the letter because of existing site constraints, however, staff at the Regional office in Pittsford have stated that 'it is not the policy of the Environmental Protection Division to deny repairs to the septic systems of existing dwellings unless there is a significant health hazard.'"

The engineer's report on septic recommends a one-time pumping of all systems at the time of acquisition, and then providing regular annual maintenance and collecting data on system failures over time.

The park roads are gravel and are in adequate condition. None of the units are on a concrete slab, and none is proposed. New slab installation costs about $2,000 per unit.

8. <u>Environmental Assessment</u>

A Phase I environmental assessment of the site has not yet been done, but shall be performed and yield satisfactory findings prior to acquisition as a condition of financing. No problems are expected as the park has been in use some 30 years, and there have not been any obvious commercial uses of any of the surrounding lands.

DISCUSSION

9. <u>Strengths and Weaknesses</u>

The primary strengths of this project include:

a. The park is fully occupied and has a quiet and pleasant rural character. Statewide and regionally the demand for mobile home sites remains strong.

b. The general location of the park is attractive, though it is strongly rural and fairly distant from stores and shops.

c. The sponsor appears eager to take on a third mobile home park (Hillside). This will presumably provide some management efficiencies and economies of scale. The sponsor has hired a good management team that will hopefully excel at the mobile home park trade.

d. Vacant land attached to the park may offer additional housing development opportunities.

The potential weaknesses of this project include:

a. There is only "soft equity" from VHCB and CDBG (CDBG not yet approved) in the project, and the sponsor has little net worth. The VHFA portion of the total sources of financing is 57.11%.

b. Though the proposed acquisition price of $314,000 is one of the lowest on a per unit basis of all the parks acquired to date by non-profits and state related agencies, the completed development cost estimates make it the highest cost on a per unit basis.

c. The engineering analysis has been completed, and water related development cost estimates are now substantially higher than originally projected ($147,000 versus $100,000). The net impact financially is to make this the most expensive park acquired and developed to date. From a hydro-geologic perspective, it is not known at this time what the prospects are for finding a suitable water supply are. A hydro-geologist has been hired to undertake this study immediately.

d. The engineering report indicates that state approval of a new water source may take 1 to 2 years. The sponsor wants to undertake the acquisition as soon as the engineer and hydro-geologist have determined that there is a water supply that will meet state standards. Unfortunately the engineers cannot certify what exactly will satisfy the state regulators, and the sponsor does not feel comfortable holding up the seller for two years while the regulators make their decisions. This situation will put VHFA in the position of having to judge when the acquisition could and should occur in relation to the permitting process.

We have reached a conceptual agreement with the sponsor to approve proceeding with acquisition at the time that a written "Source Approval" is received from the Agency of Natural Resources (ANR) for a new water supply, no later than May 1, 1992. In addition there would be cost limitations beyond which our financing commitment would become null and void. Those limits would be that all costs associated with securing the "Source Approval" not exceed $35,000, and that total projected costs of the new water supply system (including distribution) not exceed $125,000. Both cost limits would include all engineering, professional fees, construction, testing, permits etc. The projected costs would include the actual costs incurred in securing the "Source Approval," plus a projection of remaining system construction costs updated from the January 1992 Systems Analysis written by Phelps Engineering, and would be certified by the Project Engineer to be accurate and reasonable.

e. The engineering report is not very helpful in determining the condition of the septic systems, as no in-situ investigation could be made without digging up working systems. However the engineer feels that the systems are generally of better quality than at Lazy Brook. Estimates of the cost of replacement of individual systems are $5,000 to $8,000 each. The sponsor has included approximately $15,000 for replacement of systems from the date of acquisition.

RECOMMENDED ACTION

Staff recommends approval of the attached Commitment Letter Resolution for the Hillside Manor Mobile Home Park. The Commitment Letter would include conditions requiring a satisfactory Phase I environmental assessment, and development of a new water source which will clearly meet state and federal drinking water quality standards. Development of that new water source would be subject to specific cost limitations described above.

Hillside Manor MHP   VHFA Financial Projections   C:\QUATTRO\MHP\HILLSD3.WKQ
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SOURCES AND USES OF FINANCING

Permanent Financing			Rate	Term	Comments	
VHFA 1st Mortgage	$324,080	57.11%	10.75%	25	Stepped Rate,Balloon Yr20	
CD	$110,000	19.38%	N/A			
VHCB-grant	$33,420	5.89%	N/A			
VHCB loan	$100,000	17.62%	3.00%	30	DS payments max to 1.05 DCR	
Total Permanent Financing	567,500	100.00%		NPV of VHCB Cash Flow @ 6%		$37,677
				End Year 20 Balances	Annual D/S	
Per Unit	19,569			VHCB 83,502	11,612	
				VHFA 144,230	20,057	

Note: D/S @ 11% 15 years

Total Development Budget					
Property Acquisition		314,000	$10,828	/lot	
Infrastructure Repair					
Electrical	17,000				
Road	2,000				
Septic/Water	147,000				
Rehab subtotal		166,000			
Contingency	5.42%	9,000			
Appraisal		1,500			
Legal and Title Fees		5,000			
VHFA Finance Fees (1%)		3,241			3,241
VHFA Transaction Costs		2,500			
Other Closing/Misc		3,259			
Working capital (40% of DS)		13,000			(13,862)
Clerk of Works		15,000			
Development fee	6.17%	35,000			
Total Development Costs		$567,500			

ASSUMPTIONS	Oper cost/lot/month
Income Increase	3.00%
Expense Increase	4.50%
Replace. Reserve	4.50%

Rents*	Units	Yr 1 Rents	Ann Rents
# Mobile Homes	29	$180	$62,640

Hillside Manor MHP   2/13/92

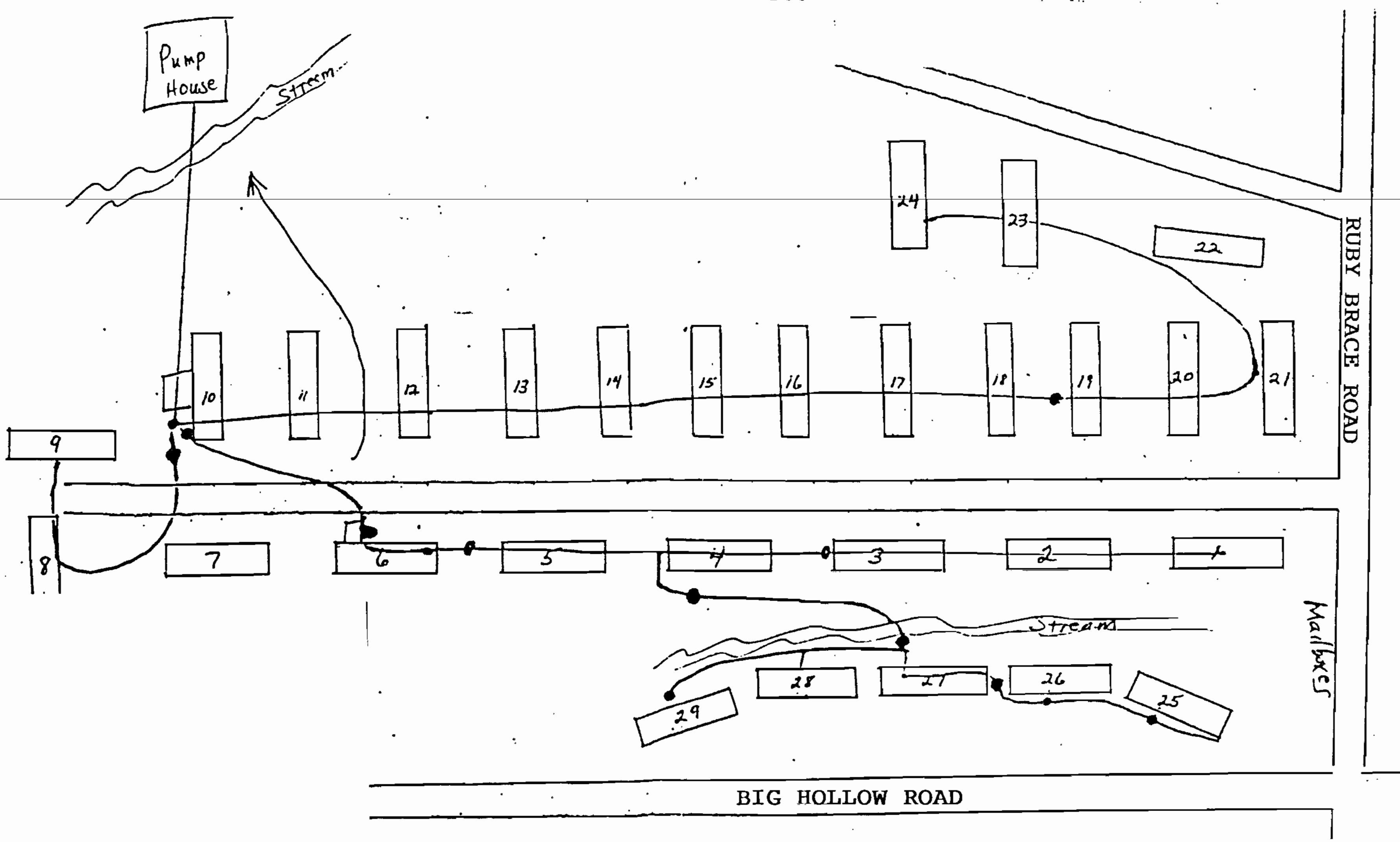
PROJECT OPERATING PRO FORMA

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Gross Annual Income		62,640	64,519	66,455	68,448	70,502	72,617	74,795	77,039	79,350	81,731	84,183	86,708	89,310	91,989	94,749	97,591	100,519	103,534	106,640	109,84
Less Vacancy																					
Allowance:	3%	1,879	1,936	1,994	2,053	2,115	2,179	2,244	2,311	2,381	2,452	2,525	2,601	2,679	2,760	2,842	2,928	3,016	3,106	3,199	3,29
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adjusted Gross Income		60,761	62,584	64,461	66,395	68,387	70,438	72,552	74,728	76,970	79,279	81,657	84,107	86,630	89,229	91,906	94,663	97,503	100,428	103,441	106,54
Management	192	5,568	5,819	6,080	6,354	6,640	6,939	7,251	7,577	7,918	8,275	8,647	9,036	9,443	9,868	10,312	10,776	11,261	11,767	12,297	12,85
Audit/Legal	103	3,000	3,135	3,276	3,423	3,578	3,739	3,907	4,083	4,266	4,458	4,659	4,869	5,088	5,317	5,556	5,806	6,067	6,340	6,625	6,92
Utilities & water	141	4,079	4,263	4,454	4,655	4,864	5,083	5,312	5,551	5,801	6,062	6,335	6,620	6,918	7,229	7,554	7,894	8,249	8,620	9,008	9,41
Trash (included above)	0																				
Maintenance--total	103	3,000	3,135	3,276	3,423	3,578	3,739	3,907	4,083	4,266	4,458	4,659	4,869	5,088	5,317	5,556	5,806	6,067	6,340	6,625	6,92
Real Estate Taxes	96	2,792	2,918	3,049	3,186	3,330	3,479	3,636	3,800	3,971	4,149	4,336	4,531	4,735	4,948	5,171	5,403	5,646	5,901	6,166	6,44
Insurance	62	1,800	1,881	1,966	2,054	2,147	2,243	2,344	2,450	2,560	2,675	2,795	2,921	3,053	3,190	3,334	3,484	3,640	3,804	3,975	4,15
Replacement Reserve	86	2,500	2,613	2,730	2,853	2,981	3,115	3,256	3,402	3,555	3,715	3,882	4,057	4,240	4,430	4,630	4,838	5,056	5,283	5,521	5,77
Other: Snow Plowing	52	1,500	1,568	1,638	1,712	1,789	1,869	1,953	2,041	2,133	2,229	2,329	2,434	2,544	2,658	2,778	2,903	3,034	3,170	3,313	3,462
Total Expenses	836	24,239	25,330	26,470	27,661	28,905	30,206	31,565	32,986	34,470	36,021	37,642	39,336	41,106	42,956	44,889	46,909	49,020	51,226	53,531	55,940
Net Operating Income		36,522	37,254	37,992	38,734	39,481	40,232	40,986	41,742	42,500	43,258	44,015	44,771	45,524	46,273	47,017	47,754	48,483	49,202	49,910	50,604
Debt Service: Primary		(34,656)	(34,656)	(34,656)	(34,656)	(34,656)	(36,777)	(36,777)	(36,777)	(36,777)	(36,777)	(38,573)	(38,573)	(38,573)	(38,573)	(38,573)	(40,276)	(40,276)	(40,276)	(40,276)	(40,276
Debt Service: CDOP		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: HCTB		(127)	(824)	(1,526)	(2,234)	(2,945)	(1,540)	(2,258)	(2,978)	(3,699)	(4,421)	(3,346)	(4,066)	(4,783)	(5,496)	(6,205)	(5,205)	(5,899)	(6,584)	(7,258)	(7,919
Cash Flow		1,739	1,774	1,809	1,844	1,880	1,916	1,952	1,988	2,024	2,060	2,096	2,132	2,168	2,203	2,239	2,274	2,309	2,343	2,377	2,410
Debt Coverage Ratio		1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.0
Op Exp/Lot/Month		$70	$73	$76	$79	$83	$87	$91	$95	$99	$104	$108	$113	$118	$123	$129	$135	$141	$147	$154	$161
Monthly Lot rent		$180	$185	$191	$197	$203	$209	$215	$221	$228	$235	$242	$249	$257	$264	$272	$280	$289	$298	$306	$316

HILLSIDE MANOR MOBILE HOME PARK

STARKSBORO

PROPERTY SKETCH



VHFA - Koppelkam 2/13/92

COMPARISION OF MOBILE HOME PARK COSTS C:\DATA\QUATTRO\MHP\MHPCOMP.WKQ

	Sandy Pines E. Mtplr	Tri-Park Brattleboro	Mountain View Hinesburg	Hunters Grand Isle	Riverside Woodstock	French Hill Williston	Town & Count Vergennes	Fernwood Bolton	Projected Coburn Clarendon	Projected Lazy Brook Starksboro	Projected Windemere Colchester	Projected Hillside Starksboro
Year Acquired	1990	1986	1989	1989	1989	1990	1991	1991	1991	1991	1992	1992
Property Acquisition	$980,000	$3,750,000	$820,000	$360,000	$325,000	$144,000	$1,300,000	$1,425,000	$300,000	$625,000	$1,357,500	$314,000
Dvlmpt Costs	$36,300	$0	$50,000	$94,000	$27,634	$22,500	$84,625	$58,250	$370,317	$248,000	$255,100	$253,500
Total Development Costs	$1,016,300	$3,750,000	$870,000	$454,000	$352,634	$166,500	$1,384,625	$1,483,250	$670,317	$873,000	$1,612,600	$567,500
VHFA Financing	N/A	N/A	N/A	N/A	N/A	122,000	1,068,625	1,203,250	264,727	521,000	1,285,100	324,080
% of VHFA to Total						73.27%	77.18%	81.12%	39.49%	59.68%	79.69%	57.11
#lots	56	330	52	24	40	9	73	78	46	52	85	29
Propery Acq Cost/Lot	$17,500	$11,364	$15,769	$15,000	$8,125	$16,000	$17,808	$18,269	$6,522	$12,019	$15,971	$10,828
Dvlmpt Cost/lot	$648	$0	$962	$3,917	$691	$2,500	$1,159	$747	$8,050	$4,769	$3,001	$8,741
Total Cost/lot	$18,148	$11,364	$16,731	$18,917	$8,816	$18,500	$18,967	$19,016	$14,572	$16,788	$18,972	$19,569

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VHFA Koppelkam

MOBILE HOME PARK COMPARISONS

OPERATING EXPENSE DETAIL PER LOT - ANNUAL

Park Name	Sandy Pines E. Mtplr	Tri-Park Brattleboro	Mountain View Hinesburg	Hunters Grand Isle	Riverside Woodstock	French Hill Williston	Town & Count Vergennes	Fernwood Bolton	Proposed Coburns Clarendon	Proposed Lazy Brook Starksboro	Proposed Windemere Colchester	Projected Hillside Starksboro
Number of Lots	56	330	52	24	40	9	73	78	46	52	85	29
Avg Rent	200	155	160	190	125	195	180	195	175	180	210	180
Gross Annual Income	134,400		99,840	54,720	60,000	21,060	157,680	182,520	96,600	112,320	214,200	62,640
Per Lot Expenses - Annual												
Management***	180		217	275	218	100	144	210	226	192	210	192
Audit & Legal	27		29	63	38	22	27	19	33	38	18	103
Trash	111		0	0	100	78	67	0	0	0	0	0
Utilities	170		125	129	115	94	94	135	296	168	241	141
Maintenance	21		61	104	30	89	41	32	130	58	88	103
Taxes	214		115	149	120	187	79	91	174	67	141	96
Insurance	15		69	31	53	169	30	19	33	35	16	62
Misc	64		0	0	0	0	0	0	209	0	0	0
Snow	64		29	42	120	42	21	13	43	29	0	52
Replacement Reserve	71		96	83	100	62	64	70	65	66	76	86
TOTAL	938		741	876	893	843	568	589	1208	653	789	836
OPER EXP/GROSS INC	39.09%		38.59%	38.44%	59.50%	36.04%	26.30%	25.16%	57.54%	30.25%	31.33%	38.70
ADJUSTED RATIO*	28.61%		22.29%	22.72%	38.33%	29.10%	16.66%	13.22%	43.69%	18.29%	20.01%	25.82
PREVIOUS OWNER ADJUST RA	24.00%		22.00%				16.00%					

* (Operating Expense - Replacement Reserve - Management)/Gross Income
The adjusted ratio is to enable better comparison with private sector data from appraisals.

** Data from Keller Navin Cable & O'Brien appraisal for Fernwood using 1989 expenses supplied by owners.

*** Note: Riverside, Hunters and Mountain View management costs include resident manager.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: HILLSIDE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Trust (ACCT), a non-profit corporation, involving the acquisition of Hillside Mobile Home Park ("Hillside"), a 29 unit mobile home park in Starksboro (the "Development"); and

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

WHEREAS, the Sponsor has been granted a Housing and Conservation Board loan of $100,000 and a grant of $34,420 for Hillside; and

WHEREAS, the Sponsor has applied for a $110,000 deferred payment loan from the Community Development Block Grant ("CDBG") program; and

WHEREAS, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to ACCT for the acquisition of Hillside; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of intent/commitment letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Hillside Mobile Home Park. The Commitment Letter may be issued before or after the special conditions set out herein have been satisfied, but if it is issued before the satisfaction of the special conditions, the Executive Director shall require those conditions to be satisfied before the Agency's loan is made for acquisition and/or rehabilitation of the park.

2. The Commitment Letter shall be issued to the Addison County Community Trust as the housing sponsor.

3. The special conditions applicable to this Commitment Letter are:

   a. A written "Source Approval" must be obtained from the Vermont Agency of Natural Resources for a new water supply by May 1, 1992, with all costs associated with securing the "Source Approval" not to exceed $35,000, and with total projected costs of the new water supply system (including distribution) not to exceed $125,000. Both cost limits shall include all engineering, professional fees, construction, testing, permits, and the like. The projected costs shall include the actual costs incurred in securing the "Source Approval," plus a projection of remaining system construction costs updated from the January 1992 Systems Analysis written by Phelps Engineering, and shall be certified by the Project Engineer to be accurate and reasonable.

   b. The sponsor shall obtain approval for a loan, grant, or combination of the two from the CDBG program in the combined amount of at least $100,000 and the CDBG money shall be available for disbursement at the closing of the acquisition of the development.

4. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan and transaction costs.

5. The term of the mortgage loan shall be 20 years, the principal and interest payments will be calculated on a 25 year term and will not be fully amortizing, and the

interest rate to be charged may be a graduated rate, which will be determined by the Executive Director.

6. The Commitment Letter shall require the Sponsor to demonstrate to the satisfaction of the Executive Director that equity funds and/or deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

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

8. The Executive Director is authorized to make arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

9. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met.

10. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to ACCT in an amount not to exceed $340,000 for a 20 year term at the closing on the Development.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development
Mark Koppelkam, Multi-Family/Development Underwriter

DATE: February 13, 1992

RE: COLCHESTER, WINDEMERE MOBILE HOME PARK
REQUEST FOR COMMITMENT LETTER

Note: This report is quite similar to the report presented at the December 1991 Commission meeting. Substantive changes are highlighted.

PROJECT SUMMARY

The Housing Foundation Inc. is requesting a loan of up to $1,300,000 to acquire and renovate Windemere, an 85 unit park in Colchester. The purchase price being proposed is $1,357,500, or $15,971 per unit. The development budget includes $170,000 for electrical codework, water, sewer, road and stormwater basin repairs. The total development cost at present is $1,612,600, or $18,972/lot, making this one of the most expensive parks acquired to date. Lot rents were raised in September 1991 to $210 per month, which is also the highest of all the parks VHFA has financed to date. This park has a high level of lower income residents (29% below 50% of median, and 63% below 80% of median) who are perceived as being "at risk" if the rents continue to escalate as they have over the past six years.

THE PROJECT

1. Financing

Sources:	
VHFA	$1,285,100
Seller loan	42,500
VHCB loan	260,000
VHCB grant	25,000
Total	$1,612,600
TDC	$18,972/lot

Uses:	
Acquisition	$1,357,500
Rehab Work	170,000
Contingency	20,000
Finance & Closing	16,350
Legal & Title	5,000
Engineering	3,500
Co-op Contract	15,000
Working Capital	13,750
Appraisal	1,500
Development fee	10,000
Total Development Costs	$1,612,600

The VHFA loan as proposed is structured with a stepped interest rate, starting at 9.75% and increasing .75% every five years to a final interest rate of 12.0%. The stepped rate structure yields approximately 10.75% over the term of the loan. The loan is for 20 years but is amortized over 25 years; approximately $580,000 will need to be refinanced at the end of year 20. Assuming a refinancing at that time using a 12% rate over 15 years, the debt service on the remaining balance would be significantly less (approximately 60%) than the VHFA debt service paid up to that time.

The Vermont Housing and Conservation Board (VHCB) approved a loan of $260,000 (3% interest with deferred payments for 8 years) and a grant of $25,000 at their December 1991 meeting. A primary condition of their approval was that "HFI shall negotiate a purchase price that reflects the estimated cost of infrastructure improvements." As a result of that condition and VHFA's expressed concerns HFI has negotiated a reduction in price of $42,500 (3%) and seller financing of $42,500 over 25 years. Assuming that the new proposed acquisition price is acceptable, we would further propose limiting VHCB debt service payments so that the debt coverage ratio (for all debt) does not drop below 1.05 over the course of the VHFA loan.

Although there is no financial involvement by the Department of Housing and Community Affairs, a nonprofit acquisition of Windemere has been one of the Department's priorities over the past year.

Our projections assume a 3% annual increases in income, and 5% annual increases in expenses.

2. Appraisal and Loan to Project Value

An appraisal was done at the request of the sponsor in May 1991 by Richard P. Navin, who estimated the value of the park to be $1,400,000 or $16,471/lot. The appraiser did not account in any way for numerous infrastructure deficiencies (see section on infrastructure below). In fact, he compared it equally with a premier quality park VHFA financed last year--Town & Country in Vergennes, which had no utility problems or infrastructure needs, where every home has a concrete pad and generous spacing from their neighbor.

In August 1991, the sponsor requested that Richard P. Navin perform an update income capitalization analysis of Windemere to reflect the September 1991 rental increase (from $190 to $210) and some changes in the expense data. Based on the income capitalization analysis, that value increased by $85,000, for a new total of $1,485,000 ($17,471/lot). The appraiser did not address an overall new value (combining the income capitalization method with the comparative method), but says that a recent sale of a park in Colchester "lends general support to the value estimation as per the income capitalization approach." This appraisal update did not address the infrastructure deficiencies either. Two of the four comparables used in the appraisal were nonprofit purchases of two premier quality (though not urban) parks financed by VHFA (Fernwood in Bolton and Town & Country in Vergennes). Since we have current data on both these parks, we can see that the appraisal report uses old operating expense data (from the former owners), and thus skews the income capitalization ratios.

According to the sponsor, an appraisal done for the seller established a value of $1,625,000.

The current purchase agreement calls for an acquisition price of $1,357,500, which is down from $1,400,000. VHFA's multi-family rules state that the VHFA loan will be limited to no more than 95% of the total housing costs or security value of the project, whichever is less. As proposed, the VHFA loan equals 86.5% of the revised (i.e., higher-$1,485,000) appraised value, and 79.7% of the total development costs. Eighty-five percent of appraised value is the highest loan level for a mobile home park that VHFA has approved to date.

According to the appraisal, Mr. Lavin purchased the property in 1986 for $595,000. Thus the property has supposedly increased in value 128% over six years, a 21% annual return before capital gains taxes are paid.

3. Lot Rent/Market Demand/Income Mix

The current rent is $210/month and is projected to remain at that level in the year following acquisition.

Mobile home park vacancy rates statewide are reported at 1%, and that is the vacancy rate VHFA has assumed in all of its mobile home park financings. There are no current vacancies at Windemere. The historical vacancy rate and turnover rate are not known. The financial projections use a 1% vacancy rate. The park currently has 8-10 homes being advertised for sale. The sponsors attribute this to a typical level of turnover, with some influence from the current recession.

The income mix of the tenants surveyed to date (76 of 85) is as follows:

Income Category	# of Households	% of Total
Below 50% of median	25	29%
Between 50% to 80% of median	29	34%
Between 80% to 100% of median	15	18%
Greater than 100% of median	7	8%
Non Respondents	9	11%
Totals	85	100%

4. Location/Site

Windemere Mobile Home Park is situated on a level area of 6.5 acres on Johnson Ave in Colchester. The property is slightly irregular in shape, and is boarded on two sides by Camp Johnson, one side by residential condominiums, and fronts the street on the final side. The park roads are paved, but the mobile home parking areas are primarily gravel. None of the homes has concrete pads.

Windemere is located close to urban services and on a bus line.

5. Sponsors/Parties

Housing Foundation, Inc. (HFI) is a nonprofit corporation associated with the Vermont State Housing Authority. HFI was created to purchase and preserve affordable housing. HFI has purchased seven mobile home parks to date (in Bolton, East Montpelier, Grand Isle, Springfield, Woodstock, Hinesburg and Brattleboro), and is hoping to close on another in late spring (Coburn in Clarendon).

HFI has been and will continue to work with Champlain Valley Office of Economic Opportunity during the acquisition and renovation. HFI will assume all management responsibilities (via the Vermont State Housing Authority), while Champlain Valley Office of Economic Opportunity will do cooperative organizing with the goal of eventual resident acquisition of the park.

6. Timetable

The original purchase and sale agreement was signed on August 28, 1991, and called for a January 2, 1992, closing. If the Commitment Letter of Interest is approved, the sponsor would want to close by the end of March.

7. Infrastructure

The park was developed over 30 years ago as a mobile home park. Over the years, certain portions of the infrastructure have become seriously deficient. Engineers Construction, Inc. (ECI) inspected the park in June 1991 and cited numerous deficiencies in a summary report. ECI identified serious problems in the electrical system which needs to be completely replaced, sewers and storm drainage system ("minimal" at present) in particular. The sewer system could not fully be accessed as there are no existing manholes or cleanout points-- these will have to be installed as part of the renovation work. The storm basin in one area "belch(es) sewage" during heavy storms, and the observed sewer lines were half the thickness of normal sewer pipe ("leachfield grade"). ECI's June 1991 cost estimate was $2,000 per unit ($170,000, which equals the proposed renovation budget), but noted that "For a margin I would use $3,000 per unit." That recommendation would yield a budget of $255,000.

The appraisal report notes that a storm drainage system was "reportedly" installed in 1984. Clearly it was not done very well.

In December 1991 HFI requested a more detailed report and cost estimate from ECI. The December cost estimate equals $178,500, plus an additional $65,000 if the state Department of Labor and Industry requires a full code electrical upgrade of all units immediately after acquisition. Further, if this extra electrical work is done over time, the collective cost would be closer to $95,000 due to the lack of one-time jobsite efficiencies. The sponsors indicate that unless this work is an immediate requirement by the state, residents moving new homes to the park would pay this cost. This would add approximately $1,900 to each new move-in.

At HFI's request a state inspector with Labor and Industry did do an "off-the-record" inspection. He concentrated on the electrical system, and agreed that full replacement is necessary. In VHFA's discussions with this inspector, he has indicated that a full code upgrade can be phased in gradually as units are replaced.

The author of the engineering report feels that his cost estimates are reliable with a minimum of cost risk.

8. Environmental Assessment

An environmental assessment of the park has not yet been completed. A Phase I assessment would be performed prior to a Letter of Commitment being issued.

DISCUSSION

9. Strengths and Weaknesses

The primary strengths of this project include:

a. The general location of the park is attractive to park residents. It is located on the bus line and is close to shops and stores. This is the most urban mobile home park that VHFA has considered.

b. The park provides affordable housing. A resident who would buy a new 12 foot home today at Windemere ($20,000) would pay total monthly housing costs (including lot rent) of $456. This is affordable (i.e. no more than 30% of income) to someone making an annual income of $18,265.

c. Sale of this park to a capable nonprofit would provide the longterm security for affordable lot rents that has been noticeably absent under the current owner.

d. The seller owns at least 4 large parks throughout the state. The sponsor would like to purchase other parks from this seller in the future in an effort to preserve affordable housing for low- to moderate-income buyers.

e. The park sale to a nonprofit has gained support from the residents of the park as well as the town of Colchester. The residents of the park are organized in a tenant's association and have legislative support. The town manager, David Timmons, is concerned with the level of care and management of the property under the current ownership.

f. The sponsor clearly has housing management experience, and currently owns seven mobile home parks. However, these are all fairly recent acquisitions, and all are in very different parts of the state. Fair evaluation of HFI (and VSHA's) mobile home park management capacity will take some time.

g. In the last report to the Commissioners, we recommended that the acquisition price be reduced. It has been by 3%. In addition, the concept of seller financing was proposed by VHFA as a way to reduce our risk. Because the VHCB approved substantially less in loans and grants at their December meeting than originally proposed, the VHFA loan is actually a bit higher than originally proposed. Nevertheless the seller financing is of some benefit from a risk perspective.

The potential weaknesses of this project include:

a. The density of the park is very high (13 units/acre), although the sponsors say that the residents do not find it to be a major concern. David Timmons, Colchester Town Manager, has stated a willingness to apply for CDBG funds to improve the general park aesthetics.

b. The appearance of the park is fairly run-down. Many of the homes are old and quite small. There are 19 ten foot homes in the park, although nearly all have a porch or other addition. The most common single-wide mobile home sold is 14 feet by 70 feet. Unfortunately this dimension would not fit in most of the sites at Windemere. However, due to the second home and specialty market, dealers we talked with said 12 foot homes would always be available, though they are just as costly as larger homes due to their being a specialty item.

c. With the engineer's second report and cost estimate, our concerns about potential cost risk have been substantially alleviated. The sponsors have indicated that individual home owners would pay for additional electrical work, if it imposed by the state. The project budget does not include this substantial cost. A secondary concern is pinning down the sponsor to actually defining necessary work, since except for electrical there are no known outstanding code problems at the park.

d. We perceive the lot rents ($210/month) to be quite high, particularly in relation to comparative value. For example the lot rents are the nearby Westbury park in Colchester (owned by David Atkins) are only $200/month. Westbury is much newer and has 1/3 acre lots. This situation will make the projected 3% annual rent increases more difficult to justify.

e. VHFA is facing a situation where our financing is not adding any significant new economic value to a development or a community, but is largely a rescue operation for residents (and maybe the seller too). Mobile home residents suffer particularly from the ills and injustices of a speculative market place due to the lack of choices they face with regard to mobile home park alternatives. A primary reason for this lack of alternatives is the difficulty developers (for-profit or non-profit) face in trying to site new mobile home parks. VHFA's proposed involvement in Windemere may be exacerbating the situation for mobile home residents statewide as park acquisition prices appear to be driven at this point by non-profit acquisitions.

RECOMMENDED ACTION

At the writing of this memo, staff has not settled on a recommendation. We look forward to discussing this with the Board and expect to have a recommendation to present at that time.

Windemere MHP
Colchester

VHFA Financial Projections

SOURCES AND USES OF FINANCING

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2/10/92

Permanent Financing			Rate	Amortization Term	Comments
					Stepped Rate (9.75% start)
VHFA 1st Mortgage*	$1,285,100	79.69%	10.75%	25	20 year term balloon
VHCB-grant	$25,000	1.55%	N/A		
VHCB loan	$260,000	16.12%	3.00%	30	Deferred payment
Seller	$42,500	2.64%	8.00%	25	
Total Permanent Financing	$1,612,600	100.00%			
				$0	
Per Unit	18,972				

Total Development Budget

Property Acquisition		1,357,500	$15,971	/lot
Rehab Work				
Electrical	27,686			
Sewer Repairs	60,249			
Storm Drainage Basins	9,475			
Water Line	55,355			
Repair Roadway & Paveme	25,743			
Less Needed Cuts	(8,508)			
Rehab subtotal		170,000		
Contingency	11.76%	20,000		
Appraisal		1,500		
Engineering		3,500		
Legal and Title Fees		5,000		
VHFA Financing Fee (1%)	12,851	12,850		
VHFA Transaction Costs		2,500		
Closing		1,000		
Working capital	(13,742)	13,750		
Co-op Contract		15,000		
Development fee	0.62%	10,000		
Total Development Costs		$1,612,600		

Year 20 Balloon Payments

Loan	Amount	Annual DS
VHFA	581,228	80,829
VHCB	146,120	20,320
Seller	23,204	3,227
	750,552	104,376

Note: DS at 11% 15 yrs
Yr 20 LTV 28.37%

ASSUMPTIONS

Oper cost/lot/month	
Income Increase	3.00%
Expense Increase	5.00%
Replace. Reserve	5.00%

NOTES: VHFA LOAN VARIABLE RATE
VHCB LOAN MAX CASH FLOW TO LEAVE 1.05 DCR
SELLER FINANCING NO PAYMENTS NO INTEREST ACCRUAL FOR 3 YEARS, THEN AMORTIZED OVER 20 YEARS WITH BALLOON IN YEAR 20
LINE ITEMS UNDER REHAB FROM ENGINEERING REPORT TOTAL $178,508
NOT INCLUDING $60,600 TO $95,000 ADDT FOR CODE ELECTRICAL FOR ALL UNITS

Rents*	Units	Yr 1 Rents	Ann Rents
Mobile Homes	85	$210	$214,200

Windemere MHP
PROJECT OPERATING PRO FOR'

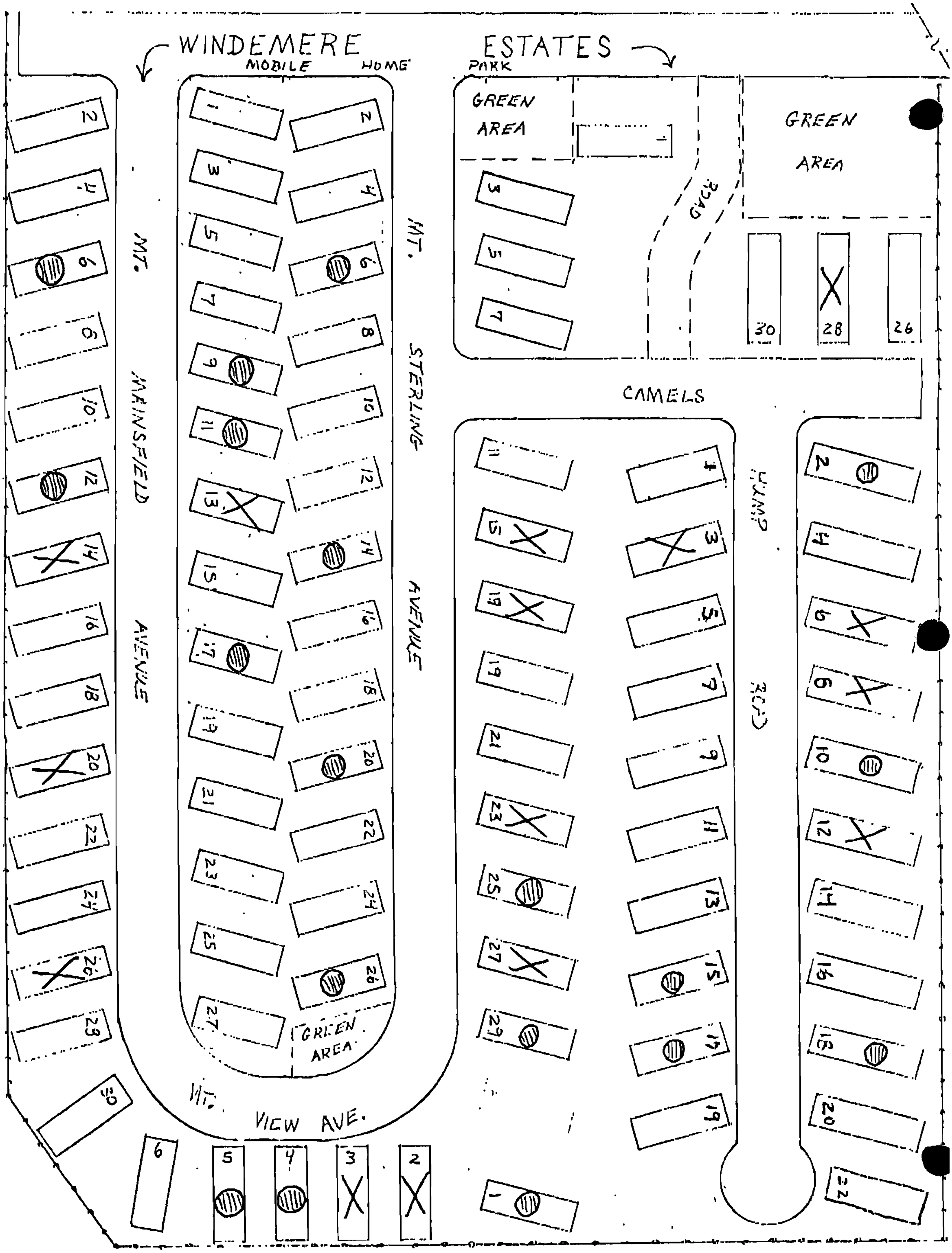
r 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Gross Annual 1 …52	241,084	248,317	255,766	263,439	271,342	279,482	287,867	296,503	305,398	314,560	323,997	333,717	343,728	354,040	364,661	375,601
Less Vacanc' Allowar	2,411	2,483	2,558	2,634	2,713	2,795	2,879	2,965	3,054	3,146	3,240	3,337	3,437	3,540	3,647	3,756
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		245,833	253,208	260,805	268,629	276,688	284,988	293,538	302,344	311,414	320,757	330,379	340,291	350,500	361,015	371,845
		743	23,881	25,075	26,328	27,645	29,027	30,478	32,002	33,602	35,282	37,047	38,899	40,844	42,886	45,030
		914	2,010	2,111	2,216	2,327	2,443	2,566	2,694	2,828	2,970	3,118	3,274	3,438	3,610	3,790
		160	27,468	28,841	30,283	31,798	33,387	35,057	36,810	38,650	40,583	42,612	44,742	46,979	49,328	51,795
		572	10,051	10,553	11,081	11,635	12,217	12,828	13,469	14,142	14,849	15,592	16,372	17,190	18,050	18,952
		315	16,081	16,885	17,729	18,616	19,547	20,524	21,550	22,628	23,759	24,947	26,194	27,504	28,879	30,323
		736	1,823	1,914	2,009	2,110	2,215	2,326	2,442	2,564	2,693	2,827	2,969	3,117	3,273	3,437
		201	8,611	9,042	9,494	9,969	10,467	10,991	11,540	12,117	12,723	13,359	14,027	14,729	15,465	16,238
		642	89,924	94,421	99,142	104,099	109,304	114,769	120,507	126,533	132,859	139,502	146,477	153,801	161,491	169,566
		,191	163,284	166,384	169,487	172,589	175,685	178,769	181,837	184,882	187,897	190,877	193,813	196,698	199,523	202,279
		,834)	(145,834)	(145,834)	(145,834)	(145,834)	(152,957)	(152,957)	(152,957)	(152,957)	(152,957)	(159,708)	(159,708)	(159,708)	(159,708)	(159,708)
		,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)
		,793)	(5,738)	(8,691)	(11,646)	(14,600)	(10,425)	(13,363)	(16,285)	(19,184)	(22,057)	(18,144)	(20,940)	(23,688)	(26,378)	(29,003)
		,628	7,775	7,923	8,071	8,219	8,366	8,513	8,659	8,804	8,947	9,089	9,229	9,367	9,501	9,632
		1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
		$84	$88	$93	$97	$102	$107	$113	$118	$124	$130	$137	$144	$151	$158	$166
		$243	$251	$258	$266	$274	$282	$291	$299	$308	$318	$327	$337	$347	$358	$368

MT STERLIN
LOT 6 -
LOT 14 -
LOT 30 -
LOT 25 -
LOT 26 -
LOT 29 -

CAMELS HUMP
LOT 8 -
LOT 10 -
LOT 18 -

MT MANSFIELD AVE:
LOT 12 - ADDITION
LOT 9 - porch
LOT 17 - ADDITION

MT VIEW AVE:
LOT 1 - ADDITION
LOT 4 - "
LOT 5 - "



X Homes replaced within the Last 5 years

Homes 14' or less

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **FEBRUARY 14, 1992**

RE: **GENERAL FUND BUDGET PERFORMANCE**

On the reverse side of this memo is the budget performance report for the period ending December 31, 1991 representing the first six months of the fiscal year ending June 30, 1992. As half the year is over, budger categories should be at approximately 50%.

In reviewing the budget performance report to date, we are close to expectations in most cases. A primary exception is in the areas of interest income and expense. Interest income is higher than expected due to higher than estimated funds held, although some of the funds invested have offsetting interest expense payments. Our net interest income is lower than budgeted due to the continued low reinvestment rates available. Current short term reinvestment rates are struggling to stay above 4%.

INCOME. Fee income collected is a little less than anticipated due to the severe drop in mortgage loans financed caused mostly by very competitive conventional mortgage rates. An improvement in this area has been developing recently.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected.

EXPENSES. Total expenses are at 48% of the annual budgeted amounts and most line items are within expected ranges other than interest expense as mentioned above. We might also see an increase in trustee fees due to the multiple early redemptions of bonds outstanding.

If you have any questions relative to the budget performance report, feel free to contact me at your convenience, or bring your questions to the Board meeting.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
DECEMBER 31, 1991

	CURRENT APPROVED BUDGET	ACTUAL YR TO DATE SEP 30, 1991	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	545,950	256,494	46.98%
MULTI-FAMILY FEES	125,000	51,745	41.40%
PROJECT ADMIN FEES	120,000	55,285	46.07%
INTEREST INCOME	330,000	181,470	54.99%
MISCELLANEOUS	44,500	24,501	55.06%
TOTAL INCOME	1,165,450	569,495	48.86%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	10,000	14,411	144.11%
SHAWMUT MTG PURCHASE	100,000	50,000	50.00%
HOWARD MTG PURCHASE	1,250,000	500,000	40.00%
HOWARD HOME MTG PURCH	375,000	189,500	50.53%
HOWARD MULTI-FAMILY	430,000	215,000	50.00%
CONN NATL MULTI-FAMILY	80,000	53,640	67.05%
HOUSING DEVELOP BDS-MF	10,000	10,000	100.00%
DIRECT PLACEMENT BONDS	32,500	5,000	15.38%
TOTAL TRANSFERS	2,287,500	1,037,551	45.36%
TOTAL INC & TFRS	3,452,950	1,607,046	46.54%
EXPENSES			
ADVERTISING & PROMOTION	50,050	12,231	24.44%
AUDIT	28,000	24,500	87.50%
ANNUAL REPORT	15,000	13,946	92.97%
COMMISSIONERS EXPENSES	4,000	978	24.45%
CONSULTING FEES	51,500	21,055	40.88%
DUES & SUBSCRIPTIONS	29,500	14,013	47.50%
INSURANCE	165,000	73,806	44.73%
INTEREST EXPENSE	48,000	37,530	78.19%
LEGAL	75,000	21,264	28.35%
MISCELLANEOUS	12,000	6,597	54.97%
OFFICE EXPENSES	32,000	16,259	50.81%
PENSION PLAN	104,000	50,086	48.16%
POSTAGE	20,000	9,929	49.65%
RENT	112,000	55,489	49.54%
REPAIRS & MAINTENANCE	42,000	17,791	42.36%
SALARIES & WAGES	1,273,018	613,419	48.19%
STAFF TRAVEL & TRAINING	98,650	23,751	24.08%
SUBSIDY-HVT, ERH, ETC.	135,000	70,119	51.94%
TAXES-PAYROLL	93,700	44,902	47.92%
TELEPHONE	36,000	17,938	49.83%
TRUSTEE & CREDIT FEES	255,000	145,706	57.14%
DEPRECIATION	80,000	38,321	47.90%
TOTAL EXPENSES	2,759,418	1,329,630	48.19%
SURPLUS (DEFICIT)	693,532	277,416	40.00%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board Members

FROM: Mary Sullivan, MS Interim Director of Communications

DATE: February 20, 1992

RE: SPRING AD CAMPAIGN

There will be a new ad campaign starting soon. As you know, Sandage, Inc. was hired last year to take on our advertising account and has recently created for us an ad campaign with the theme: "Now's the Time to Make your Move." The campaign will be used in the TV and print media throughout the state.

The 30-second TV spots will be shown at various times on WCAX, WVNY, WPTZ, and WNNE. The tentative schedule for the ads to be aired is February 24 through May 9, 1992. (See the attached television schedule for specifics.)

It has been about four years since television has been used. It was very successful then. We're counting on it being successful this time.

Sandage came up with a low-cost, quality commercial using Resolution for its production. They stayed within budget. The production of the ad is done with various time pieces, a black background and special effects with lighting. The sounds of the time pieces are used as background noise along with a voice encouraging consumers to call the VHFA for more information. The print ad is designed to reinforce the TV ad because it uses the visuals seen in the TV advertisement. In addition, the print ad includes a coupon for home buyers to mail in to receive more information on VHFA programs.

In closing, the Hotline will be monitoring responses from the TV/print ads comparing it to our fall radio/print ads to see which medium is the most effective.

Attachment

VERMONT HOUSING FINANCE AGENCY

Proposed General Television Schedule
February 24, 1992 - May 9, 1992

STATION	PROGRAM	TIME/# OF WEEKS AIRED	DMA/HH RATING	#/ WK	COST/SPOT	COST/ CAMPAIGN
WCAX (Ch. 3)	CBS This Morning	M-F 7:00A-9:00A (8wks)	7.7	1	$ 55.00	$ 440.00
(CBS Affil.)	Regis & Kathie Lee	M-F 9:00A-10:00A (8wks)	7.8	1	$ 50.00	$ 400.00
	WCAX Newshour	M-F 6:00P-7:00P (8wks)	21.8	1	$ 437.50	$3,500.00
	Golden Girls	M-F 7:30P-8:00P (8wks)	16.0	1	$ 337.50	$2,700.00
	CBS Sunday Morning	SUN 9:00A-10:30A (8wks)	9.1	1	$ 160.00	$1,280.00
	Face The Nation/Quote Me	SUN 10:30A-11:30A (8wks)	3.6	1	$ 55.00	$ 440.00
	WCAX News at 11	M-F 11:00P-11:30P (8wks)	6.2	1	$ 175.00	$1,400.00
			----	---	---------	---------
	(PSAs Running ROS During Off Weeks)		**72,2**	**7**	**$1,270.00**	**$10,160.00**
WVNY (Ch 22)	Good Morning America	M-F 7:00A-9:00A (8wks)	2.0	5	$ 20.00	$ 800.00
(ABC Affil.)	People's Court	M-F 5:30P-6:00P (8wks)	3.0	1	$ 65.00	$ 520.00
	Star Trek:Next Gen.	M-F 7:00P-8:00P (8wks)	7.0	1	$ 150.00	$1,200.00
	Star Trek:Next Gen.	SAT 7:00P-8:00P (8wks)	12.0	1	$ 225.00	$1,800.00
	Dinosaurs/Wonder Yrs.	WED 8:00P-9:00P (8wks)	11.0	1	$ 325.00	$2,600.00
	Civil Wars	WED 10:00P-11:00P (8wks)	7.0	1	$ 200.00	$1,600.00
	(WVNY MATCHING SPOTS AS PSAs)		20.0	10	- 0 -	N/C
			----	---	---------	---------
			62.0	**20**	**$ 985.00**	**$8,520.00**
WPTZ (Ch. 5)	News at Sunrise/Today Shw	M-F 6:00A-9:00A (8wks)	2.0	2	$ 60.00	$ 960.00
(NBC Affil.)	Weather/Sports Spnrshp	M-S 6:00P-6:30P (8wks)	10.0	2	$ 400.00	$6,400.00
	Jeopardy/Wheel of Fort.	M-S 7:00P-8:00P (8wks)	10.0	1	$ 275.00	$2,200.00
	Weather/Sports Spnrshp	M-S 11:00P-11:30P (8wks)	4.0	1	$ 125.00	$1,000.00
	Unsolved Mystery	W 8:00P-9:00P (2wks)	17.0	1	$ 475.00	$ 950.00
	Cosby	TH 8:00P-8:30P (2wks)	22.0	1	$ 525.00	$1,050.00
	Cheers	TH 8:30P-9:00P (2wks)	17.0	1	$ 500.00	$1,000.00
			----	---	---------	---------
	(PSAs Running ROS During Entire 12 Weeks)		**82.0**	**6-7**	**$2,360.00**	**$13,560.00**

STATION	PROGRAM	TIME/# OF WEEKS AIRED	DMA/HH RATING	#/ WK	COST/SPOT	COST/ CAMPAIGN
WNNE (Ch 31)	Today Show	M-F 7:00A-9:00A (8wks)	8.0	2	$ 25.00	$ 400.00
(NBC Affil.)	Donahue Show	M-F 9:00A-10:00A (8wks)	5.0	2	$ 30.00	$ 480.00
	Oprah Winfrey	M-F 5:00P-6:00P (8wks)	5.0	2	$ 40.00	$ 640.00
	News 31	M-F 6:00P-6:30P (8wks)	14.0	2	$ 125.00	$2,000.00
	Jeopardy	M-S 7:00P-7:30P (8wks)	10.0	2	$ 80.00	$1,280.00
	News 31 at 11	M-F 11:00P-11:30P (8wks)	4.0	2	$ 25.00	$ 400.00
	Tonight Show	M-F 11:35P-12:35A (8wks)	3.0	2	$ 20.00	$ 320.00
	Saturday Night Live	SAT 11:30P-1:00A (8wks)	5.0	1	$ 15.00	$ 120.00
	(Given 30% price discount -- regularly $7,800)		**54.0**	**15**	**$ 360.00**	**$5,640.00**

TOTAL TELEVISION: $37,880.00

(270.2 weekly gross rating points)

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Louis Giancola, Community Relations Coordinator
Denise McKenna, Planning/Design Coordinator

DATE: February 20, 1992

RE: "What My Home Means To Me" Essay and Coloring Contest

We are pleased to inform you of our participation in NCSHA's essay/coloring contest for children of families who have purchased their homes with the help of MRBs.

The purpose for sponsoring the contest is to create a book, illustrated with drawings and excerpts from essays done by the children, to present to the members of Congress. NCSHA hopes that publishing the book for our Legislative Conference, March 30 - April 1, will help in the fight for permanent MRB and Tax Credit extensions.

Based on guidelines suggested by NCSHA, we created an essay/coloring contest for children from ages 4 -12 whose families live in VHFA financed homes. We mailed letters to these targeted families with an explanation of the contest and an application form. Using "What My Home Means To Me" as the theme, they were instructed to show and tell us (with a colored drawing and brief essay) why they like their homes.

Prizes to be awarded for this contest include:
First Prize - $100 Savings Bond and $10.00 Gift Certificate from Ben & Jerry's
Second Prize - $50 Savings Bond and $10.00 Gift Certificate from Ben & Jerry's
Other Prizes - $10.00 Gift Certificates from Ben & Jerry's for the next eight finalists.

The judges will select the winners based on the child's creativity, originality, sincerity of expression and age group. Ten finalists will also be eligible for the national award of a $500 savings bond from NCSHA.

In addition to the good will generated by sponsoring this contest, a secondary benefit is the permission to use the drawings and essays for other VHFA publications. We have several ideas of how they could be incorporated in our marketing or used for a future annual report.

We are very enthusiastic about this contest and hope to receive several entries. Please feel free to call us if you have any further questions on our essay/coloring contest.

Thank you.

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VERMONT HOUSING FINANCE AGENCY

March 16, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Tuesday, March 24, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: March 4, 1992

RE: RESCHEDULING THE UPCOMING BOARD MEETING

Due to some scheduling conflicts it is necessary to reschedule the Board Meeting to Tuesday, March 24. The meeting will be held at 1:30 p.m. Tuesday, March 24, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

The agenda and Board packet will be mailed by Friday, March 13.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 March 24!

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: March 13, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Tuesday, March 24, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 March 24!

vhfa

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Tuesday, March 24, 1992 at 1:30 p.m.

1. Review and approval of minutes of February 20, 1992

2. Administration
   A. Executive Director's Report **[Hunt]**

3. Operations
   A. MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**

4. Development
   A. Gilman Housing (Lyndonville) Resolution of Interest **[Pond/Roy//Enclosure]**
   B. Coburn Mobile Home Park (Clarendon) New Commitment Resolution **[Pond/Koppelkam//Encl.]**
   C. New Avenue (St. Johnsbury) Resolution of Interest **[Pond/Koppelkam//Encl.]**
   D. Mortgage Credit Certificate Program Changes **[Crady//Enclosure]**
   E. Hardscrabble Farms (Williston) Update **[Pond//Enclosure]**

5. Legal
   A. Legislative Update **[Jarrett]**

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

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Thursday, February 20, 1992

PRESENT: Commissioners Shaw, Seelig, Myette, Rockford (designee of Mr. Johnson), Mullikin Drake (designee of Mr. McDougall)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mr. Francis, Ms. Pond, Mr. Falzone, Mrs. Parker, Ms. Wadhams, Ms. Rinn, Ms. Gent, Ms. Crady

Guests: Ms. Pearson (VHMGB); Ms. Cade (Bank of Boston); Ms. Dunn (CVOEO); Mr. Giblin (HFI); Sen. Ready (via speakerphone)

The meeting was called to order at 2:35 p.m.

Upon a motion duly made and seconded, the minutes of the January 16, 1992 meeting were unanimously accepted as written.

Ms. Wadhams reported that delays in the marketing of the rehabilitated units which comprise Officers' Row on Dalton Drive at Fort Ethan Allen are occurring due to the slow process for asbestos abatement. Currently, Engelberth Construction is not able to work on any unit located in a building in which asbestos abatement has not been completed. However, by calling construction Phases 3 and 4 it should be possible to keep the overall cost of asbestos abatement to a minimum and allow Engelberth Construction to proceed with the rehabilitation of units in a manner which would allow for completed sales of individual units. Mr. Myette noted that calling the phases would be to everyone's advantage. According to Mr. Hunt, the turnover of the units should be fast enough to keep the Agency's financial exposure within the agreement between the Agency and the Bank of Boston; another major advantage would be having more units available for the spring and summer sales seasons. Ms. Wadhams cautioned the Board that it has been and will continue to be difficult to avoid change orders since the project involves extensive rehabilitation, and it is likely that the biggest change orders will involve asbestos. Following a review of the "Sales and Reservations at Dalton Drive" as shown in Mr. Hunt's memo of February 20, distributed at the meeting, a motion was made and seconded allowing staff to move forward with construction Phases 3 and 4, if further review by staff and a member of the Board designated by the Chairman determines that such action would be financially advisable; this motion carried unanimously.

The "Expansion of the Down Payment Assistance Pilot Program" was addressed by Ms. Crady, who reviewed her memo of February 13, included in the Board packet. Mr. Seelig asked for clarification that the original program was set up to help with closing costs, but if revised as suggested the result would be to provide 100% financing, leaving the borrower to handle closing costs; Ms. Crady agreed that this would be the case, but assured the Board that the revised program would make loan processing easier and require less staff time. A motion was made and seconded to approve the expansion of the current Down Payment Assistance Pilot Program and encourage staff to work with VHMGB to establish eligibility criteria and guidelines for home buyers; further, the motion authorized the Executive Director to establish a loan loss reserve fund and negotiate and execute a risk share agreement with VHMGB. The motion was carried unanimously, but Ms. Mullikin Drake noted that although she is in favor of the program in theory, further discussions of the program's implications will take place at the VHMGB Board meeting scheduled for the following week.

Ms. Pond opened a discussion on the "Colchester, Windemere Mobile Home Park Request for Commitment Letter" as detailed in her memo of February 13, included in the Board packet. Three residents of the park were introduced to the Board, as well as Ms. Dunn of the Champlain Valley Office on Economic Opportunity and Mr. Giblin of Housing Foundation, Inc. The seller has reduced by $42,500 the purchase price of the 85-unit park and is willing to carry financing of the same amount. The engineer's report appears to support the anticipated costs for infrastructure rehabilitation, including an electrical system replacement in order to meet electrical code requirements. Of chief concern to staff are the high acquisition cost and high lot rents, as well as the density of the park, although density does not seem to be a concern of the tenants. Mr. Seelig suggested that any concerns regarding density could be dealt with after the property has been purchased, and noted that it is important to consider how any difficulties that may arise between the residents and the present owner will be handled. Ms. Mullikin Drake noted that the Department of Housing and Community Affairs had been involved with this project before the Agency was contacted, and also observed that the urban location and commercial zoning of the property placed additional pressures on the property. She added that it was possible for the town to apply for CDBG funds for park improvements. The importance of learning from the overall mobile home park experience was emphasized by Mr. Hunt, who also pointed out that legislation needs to indicate the seller's responsibility for any code-related improvements; and further that the cash flow for Windemere could be strengthened by securing financing for the park through the sale of taxable bonds at favorable rates to a Vermont bank, which is under discussion at this time. Ms. Drake cautioned that when appraisers use other nonprofit mobile home parks as comparables it can result in unrealistic purchase price recommendations. A suggestion was made by Mr. Seelig that as bills regarding mobile home parks have been introduced for legislation, Mr. Jarrett could propose that an amendment be made to have findings of code violations included in land records; this would allow code enforcement to begin with mobile home parks on a pilot basis. A proposed resolution regarding Windemere was distributed to the Board by Ms. Pond. Mr. Giblin pointed out that HFI did not agree with the inclusion of the staff's suggestion that an application could be made for CDBG funds to cover the costs of some improvements for the park. Following further discussion, a motion was duly made and seconded to adopt the "Resolution Pertaining to Combined Letter of Intent and Commitment Letter re: Windemere Mobile Home Park" as attached to these minutes; the motion was unanimously carried, with Mr. Shaw abstaining. After the motion was passed all of the guests left, with the exception of Ms. Cade.

Next, Mr. Francis introduced Ms. Cathleen Gent, the Agency's new research analyst who was previously employed by the University of Vermont. Mr. Francis also explained that one or two staff members are invited to observe Board meetings when they are held in Burlington.

Mr. Lothrop reported that activity has picked up in the MOVE 1990 Series 2 program, as detailed in the update included in the Board packet. The monthly report also included a brief overview of participating lender activity. Mr. Lothrop noted that although Bennington Cooperative Savings & Loan has paid the appropriate fee to be considered a participating lender, there have been no loans submitted from Bennington Coop under the MOVE program. Both Mr. Lothrop and Mr. Hunt have contacted the bank's president directly to discuss the bank's lack of activity in the MOVE program, which encourages loans of up to 95 percent. However, it is Bennington Coop's policy not to provide loans with a loan-to-value ratio of more than 90 percent, which the bank's president considers to be a sound policy. Mr. Hunt also noted that several realtors have questioned the appropriateness of listing Bennington Coop as a participating lender when, in fact, they do not allow these loans. No Board action was taken, but Mr. Rockford said that he would discuss this issue with representatives of the bank.

The monthly delinquency activity was also reviewed by Mr. Lothrop, who noted that the current total delinquencies are less than they were one year ago. This is primarily due to the diligence of the staff. No Board action was necessary.

The "TEAM Approach (Service Coordination) Update" was reviewed by Mr. Falzone, as described briefly in his memo of February 13, included in the Board packet.

Mr. Falzone introduced Ms. Gemma Rinn, TEAM supervisor (Tenant Education and Assistance Model), who in turn described the accomplishments of the supportive service coordination efforts that have been financed by grants from the Robert Wood Johnson Foundation and the Administration on Aging. Ms. Rinn reported that a needs assessment study was undertaken in the early days of the program's implementation. This study has resulted in discovering many innovative approaches to providing supportive services, such as tapping student resources at high schools and vocation schools within local communities to bring needed services to elderly tenants. A brief videotape on the TEAM Approach was then viewed by the Board. Following the video presentation, Ms. Rinn reported that currently there are 11 TEAM coordinators (four of whom are Agency staff members) who are able to reach nearly 35 percent of the multi-family portfolio. Rather than providing direct services to the elderly, the TEAM coordinators act as brokers who match a stated need with an available service. According to Mr. Hunt, the objective is to have owners/managers carry the expense of continuing this program. Since the grant funding is due to expire later this year, at an upcoming Board meeting staff will present recommendations as to whether the Agency should consider including a budget line item to continue to provide funding for salaries and other needs for supportive service coordination. No Board action was necessary.

Ms. Pond then led a discussion of "Starksboro: Hillside Manor Mobile Home Park Request for Commitment Letter" as detailed in her memo of February 13, included in the Board packet. Senator Ready, representing the Addison County Community Trust, joined the meeting via speakerphone for this discussion. Ms. Pond emphasized the need for an adequate water source that would meet 1993 standards before financing would be authorized by the Agency. Ms. Ready noted that the owner had extended the closing commitment. After a brief discussion, a motion was made to amend the "Resolution Pertaining to Combined Letter of Intent and Commitment Letter re: Hillside Mobile Home Park" by removing the date referenced for a source approval for a new water supply from paragraph 3(a); this motion was seconded and the amended resolution was unanimously adopted as attached to these minutes.

The "General Fund Budget Performance" as outlined in Mr. Schoenbeck's memo of February 14, included in the Board packet, was discussed next. Mr. Schoenbeck noted that expenses are in line with year to date expectations. No Board action was necessary.

The Board noted receipt of the memos regarding the "Spring Ad Campaign" and the "'What My Home Means To Me' Essay and Coloring Contest," which did not require any Board action.

Turning to other business, Mr. Hunt distributed a letter received from HUD in response to an earlier letter from the Agency regarding proposed bond refundings for Section 8 projects financed in 1981 and 1982. According to Mr. Hunt, the primary benefit to the owners is a higher rate of return on equity. Mr. Schoenbeck reported that preliminary cash flows indicate savings of nearly $1 million a year would be possible as a result of refunding this debt; early calculations assume that half of that amount would be applied to reducing the interest rates on the existing projects. Several concepts have been under discussion for utilizing the remainder of the savings, such as: (1) create new mortgage funds for multi-family projects (reduce rate from 8 percent to 5 percent), with 75-80 percent of the residents in these projects at or below 80 percent of median income, leaving some room for market rate rentals; (2) rental or homeowner rehab program to meet code requirements, energy efficiency, etc.; (3) provide lower rates on mobile home park financing, thus making these projects more feasible; or (4) use for special needs housing. Although no formal vote was taken, it was the general consensus of the Board that staff should proceed with research on these various concepts, keeping the Board informed of progress.

Ms. Pond reminded the Board of discussions held at a prior meeting regarding the plans for an expansion of Deepwood mobile home park in Brattleboro. The possibility has now arisen for a more favorable arrangement with the seller. The development is costly due to the geographic location, and associated costs of doing the infrastructure development. According to Ms. Pond, it is possible that some residents and homes currently located in a mobile home park in Guilford would be relocated into the expanded Deepwood park. Mr. Hunt noted that the high cost of lot rentals is a concern, and that staff recommends keeping some lots open for relocating existing mobile homes, rather than having only new units placed there. No formal vote was taken, but with the consent of the Board Mr. Shaw recommended that staff proceed with discussions regarding Deepwood and keep Mr. Seelig and Ms. Mullikin Drake advised of the status.

Ms. Pond then informed the Board that she has decided to leave the Agency at the end of March, but plans to continue work in the field of affordable housing. The Board expressed its best wishes for her success.

The next meeting was scheduled for Thursday, March 19, *{later rescheduled to Tuesday, March 24}* in Montpelier. There being no further business and following a motion duly made and seconded, the meeting adjourned at 4:25 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: HILLSIDE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Trust (ACCT), a non-profit corporation, involving the acquisition of Hillside Mobile Home Park ("Hillside"), a 29 unit mobile home park in Starksboro (the "Development"); and

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

WHEREAS, the Sponsor has been granted a Housing and Conservation Board loan of $100,000 and a grant of $34,420 for Hillside; and

WHEREAS, the Sponsor has applied for a $110,000 deferred payment loan from the Community Development Block Grant ("CDBG") program; and

WHEREAS, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to ACCT for the acquisition of Hillside; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of intent/commitment letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Hillside Mobile Home Park. The Commitment Letter may be issued before or after the special conditions set out herein have been satisfied, but if it is issued before the satisfaction of the special conditions, the Executive Director shall require those conditions to be satisfied before the Agency's loan is made for acquisition and/or rehabilitation of the park.

2. The Commitment Letter shall be issued to the Addison County Community Trust as the housing sponsor.

3. The special conditions applicable to this Commitment Letter are:

    a. A written "Source Approval" must be obtained from the Vermont Agency of Natural Resources for a new water supply, with all costs associated with securing the "Source Approval" not to exceed $35,000, and with total projected costs of the new water supply system (including distribution) not to exceed $125,000. Both cost limits shall include all engineering, professional fees, construction, testing, permits, and the like. The projected costs shall include the actual costs incurred in securing the "Source Approval," plus a projection of remaining system construction costs updated from the January 1992 Systems Analysis written by Phelps Engineering, and shall be certified by the Project Engineer to be accurate and reasonable.

    b. The sponsor shall obtain approval for a loan, grant, or combination of the two from the CDBG program in the combined amount of at least $100,000 and the CDBG money shall be available for disbursement at the closing of the acquisition of the development.

4. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan and transaction costs.

5. The term of the mortgage loan shall be 20 years, the principal and interest payments will be calculated on a 25 year term and will not be fully amortizing, and the interest rate to be charged may be a graduated rate, which will be determined by the Executive Director.

6. The Commitment Letter shall require the Sponsor to demonstrate to the

satisfaction of the Executive Director that equity funds and/or deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

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

8. The Executive Director is authorized to make arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

9. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met.

10. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to ACCT in an amount not to exceed $340,000 for a 20 year term at the closing on the Development.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on February 20, 1992.

Allan S Hunt

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: WINDEMERE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Housing Foundation, Inc. ("HFI"), a nonprofit corporation, involving the acquisition of the Windemere Mobile Home Park ("Windemere"), an 85 unit mobile home park in Colchester; and

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

WHEREAS, the Sponsor has been approved for a Housing and Conservation Board loan of $260,000 and a grant of $25,000 for Windemere; and

WHEREAS, among other sources of funds, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to HFI for the acquisition of Windemere; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $1,300,000, for the Windemere Mobile Home Park. Further Agency action will be conditioned upon receipt of a satisfactory environmental assessment report.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan and transaction costs.

4. The term of the mortgage loan shall be no less than 20 years, the principal and interest payments will be calculated on no less than a 25 year term and will not be fully amortizing, and the interest rate to be charged may be a graduated rate, all of which will be determined by the Executive Director.

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

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

7. The Executive Director is authorized to make arrangements for the issuance and the private placement of federally taxable bonds of the Agency to provide proceeds for financing this loan.

8. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met.

9. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to HFI in an amount not to exceed $1,300,000 for a term of at least 20 years at the closing on the Development.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on February 20, 1992.

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

1990 Series 1

AS OF: 03/16/92
PAGE NO. 1

Vermont Housing Finance Agency
901 - $25,250,000 SINGLE FAMILY HOUSING BONDS SERIES 1
Status Report (with percent of pool proceeds approved)
Rate : 8.950%
Date : 03/16/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$928,012	3.6%	$868,637	3.4%	$868,637	$0	0.0%
Bradford National Bank	$151,900	0.6%	$151,900	0.6%	$151,900	$0	0.0%
Caledonia National Bank of Danville, The	$48,675	0.1%	$48,675	0.1%	$48,675	$0	0.0%
Chittenden Bank	$3,720,224	14.7%	$3,720,224	14.7%	$3,165,755	$554,469	14.9%
Citizens Savings Bank and Trust	$363,660	1.4%	$363,660	1.4%	$363,660	$0	0.0%
Community National Bank	$803,996	3.1%	$803,996	3.1%	$648,213	$155,783	19.3%
Factory Point National Bank, The	$79,226	0.3%	$79,226	0.3%	$50,000	$29,226	36.8%
Franklin-Lamoille Bank	$384,750	1.5%	$309,750	1.2%	$309,750	$0	0.0%
Granite Savings Bank and Trust Company	$207,500	0.8%	$207,500	0.8%	$207,500	$0	0.0%
Kittredge Mortgage Corporation	$159,950	0.6%	$126,950	0.5%	$126,950	$0	0.0%
Lyndonville Savings Bank & Trust Company	$41,800	0.1%	$0	0.0%	$0	$0	0.0%
Marble Bank	$229,158	0.9%	$229,158	0.9%	$229,158	$0	0.0%
Merchants Bank, The	$260,575	1.0%	$260,575	1.0%	$170,525	$90,050	34.5%
Mortgage Service Center of New England	$483,782	1.9%	$483,782	1.9%	$483,782	$0	0.0%
National Bank of Middlebury, The	$145,995	0.5%	$145,995	0.5%	$145,995	$0	0.0%
New England IBM Employees Fed Crdt Union	$72,000	0.2%	$72,000	0.2%	$72,000	$0	0.0%
Northfield Savings Bank	$175,750	0.6%	$175,750	0.6%	$175,750	$0	0.0%
Passumpsic Savings Bank	$790,693	3.1%	$790,693	3.1%	$790,693	$0	0.0%
Peoples Trust Company of St Albans	$159,435	0.6%	$123,329	0.4%	$53,580	$69,749	43.7%
Randolph National Bank	$214,450	0.8%	$214,450	0.8%	$214,450	$0	0.0%
Statewide Funding Corporation	$1,056,330	4.1%	$1,056,330	4.1%	$552,630	$503,700	47.6%
Summit Financial Center, Inc.	$473,712	1.8%	$473,712	1.8%	$403,712	$70,000	14.7%
Union Bank	$513,206	2.0%	$513,206	2.0%	$407,206	$106,000	20.6%
Vermont Federal Bank, FSB	$2,578,131	10.2%	$2,360,731	9.3%	$2,219,137	$141,594	5.4%
Vermont Mortgage Group, Inc	$742,593	2.9%	$656,993	2.6%	$656,993	$0	0.0%
Vermont National Bank	$2,776,253	10.9%	$2,776,253	10.9%	$2,451,828	$324,425	11.6%
Wells River Savings Bank	$245,081	0.9%	$245,081	0.9%	$200,081	$45,000	18.3%
TOTALS 267 Loans	$17,806,837	70.5%	$17,258,556	68.3%	$15,168,560	$2,089,996	11.7%

1990 Series 2

AS OF: 03/16/92 | Vermont Housing Finance Agency | Report: 1130

PAGE NO. 1 | 902 - $37,310,610 MORTGAGE PURCHASE PROGRAM - MOVE | PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 8.150%

Date : 03/16/92

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$579,953	1.5%	$157,993	0.4%	$92,993	$65,000	11.2%
Chittenden Bank	$1,798,122	4.8%	$533,100	1.4%	$64,600	$468,500	26.0%
Citizens Savings Bank and Trust	$106,248	0.2%	$0	0.0%	$0	$0	0.0%
Community National Bank	$53,200	0.1%	$0	0.0%	$0	$0	0.0%
Franklin-Lamoille Bank	$147,225	0.3%	$62,225	0.1%	$0	$62,225	42.2%
Green Mountain Bank	$105,975	0.2%	$39,000	0.1%	$0	$39,000	36.8%
Marble Bank	$199,385	0.5%	$50,000	0.1%	$50,000	$0	0.0%
Merchants Bank, The	$392,705	1.0%	$249,825	0.6%	$149,375	$100,450	25.5%
Mortgage Service Center of New England	$253,561	0.6%	$0	0.0%	$0	$0	0.0%
New England IBM Employees Fed Crdt Union	$66,500	0.1%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank	$272,200	0.7%	$26,125	0.0%	$26,125	$0	0.0%
Peoples Trust Company of St Albans	$69,350	0.1%	$69,350	0.1%	$0	$69,350	100.0%
Statewide Funding Corporation	$615,513	1.6%	$251,425	0.6%	$0	$251,425	40.8%
Summit Financial Center, Inc.	$305,700	0.8%	$227,450	0.6%	$0	$227,450	74.4%
Union Bank	$385,180	1.0%	$122,780	0.3%	$73,000	$49,780	12.9%
Vermont Federal Bank, FSB	$384,200	1.0%	$50,350	0.1%	$0	$50,350	13.1%
Vermont Mortgage Group, Inc	$404,211	1.0%	$197,111	0.5%	$153,126	$43,985	10.8%
Vermont National Bank	$1,091,460	2.9%	$983,160	2.6%	$556,560	$426,600	39.0%
Wells River Savings Bank	$246,050	0.6%	$0	0.0%	$0	$0	0.0%
TOTALS 115 Loans	$7,476,738	20.0%	$3,019,894	8.0%	$1,165,779	$1,854,115	24.7%

1990 Series 1
STATISTICAL REPORT PROGRAM ID: 901 — Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 03/16/92
Loan Status: CC,UC,O

Total Number of Loans: 254
Total Loan Amount: $17,001,533

EXISTING:	$12,606,248	75.5%	192 Loans
NEW CONSTRUCTION:	$4,395,285	24.4%	62 Loans
NEW DETACHED HOUSING:	$3,881,010	88.2%	55 Loans
NEW CONDOMINIUM:	$514,275	11.7%	7 Loans
Funds Remaining to be Reserved:	$7,441,970	29.4%	111 Loans (Est.)

Total Insured or Guaranteed Loans: 243
Loans Guaranteed by VHMGB: 240

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$69,089	$77,344	$72,079
Avg. Loan Amount	$64,028	$72,053	$66,935
Avg. Borrower Income	$28,932	$28,960	$28,942
Avg. Housing Debt-Income Ratio	26.6%	30.3%	27.9%
Avg. Total Debt	$845.62	$874.23	$855.99
Avg. Total Debt-Income Ratio	35.1%	36.6%	35.6%
Total No. of Loans	162	92	254
% of Total Loan Amount	61.0%	39.0%	100.0%
First Time Homebuyers	85.8%	98.9%	90.5%
% Meeting Low Income Set Aside	24.0%	48.9%	33.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	17	6.7%	$1,180,034	5,000	5.7%	1.0
Bennington	5	2.0%	$340,899	6,300	7.2%	5.2-
Caledonia	23	9.1%	$1,275,803	4,800	5.5%	3.6
Chittenden	58	22.9%	$4,312,824	16,000	18.2%	4.7
Essex	10	3.9%	$555,356	1,300	1.4%	2.5
Franklin	25	9.8%	$1,749,058	6,000	6.8%	3.0
Grand Isle	3	1.2%	$186,409	900	1.0%	0.2
Lamoille	14	5.5%	$986,498	3,300	3.8%	1.7
Orange	12	4.7%	$838,599	4,300	4.9%	0.2-
Orleans	11	4.3%	$604,272	4,200	4.8%	0.5-
Rutland	27	10.6%	$1,764,366	10,000	11.4%	0.8-
Washington	33	13.0%	$2,137,803	9,000	10.3%	2.7
Windham	7	2.8%	$460,834	7,100	8.1%	5.3-
Windsor	9	3.5%	$608,778	9,600	11.0%	7.5-
TOTAL	254	100.0%	$17,001,533	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 Series 2
STATISTICAL REPORT PROGRAM ID: 902 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 03/16/92
Loan Status: CC,UC,O

Total Number of Loans: 44
Total Loan Amount: $2,945,794

EXISTING:	$2,609,519	88.6%	39 Loans
NEW CONSTRUCTION:	$336,275	11.3%	5 Loans
NEW DETACHED HOUSING:	$131,100	38.9%	2 Loans
NEW CONDOMINIUM:	$205,175	61.0%	3 Loans
Funds Remaining to be Reserved:	$29,833,600	79.9%	445 Loans (Est.)

Total Insured or Guaranteed Loans: 44
Loans Guaranteed by VHMGB: 44

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$64,725	$78,599	$71,662
Avg. Loan Amount	$60,921	$72,978	$66,949
Avg. Borrower Income	$41,502	$26,987	$34,244
Avg. Housing Debt-Income Ratio	24.7%	30.7%	27.7%
Avg. Total Debt	$713.22	$805.04	$759.13
Avg. Total Debt-Income Ratio	31.5%	35.9%	33.7%
Total No. of Loans	22	22	44
% of Total Loan Amount	45.5%	54.5%	100.0%
First Time Homebuyers	90.9%	100.0%	95.4%
% Meeting Low Income Set Aside	40.9%	68.1%	54.5%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	4.5%	$131,500	5,000	5.7%	1.2-
Bennington	2	4.5%	$102,050	6,300	7.2%	2.7-
Caledonia	2	4.5%	$70,775	4,800	5.5%	1.0-
Chittenden	15	34.2%	$1,146,175	16,000	18.2%	16.0
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	5	11.4%	$363,560	6,000	6.8%	4.6
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	4	9.1%	$231,365	3,300	3.8%	5.3
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	7	15.9%	$452,375	10,000	11.4%	4.5
Washington	3	6.8%	$143,343	9,000	10.3%	3.5-
Windham	1	2.3%	$78,850	7,100	8.1%	5.8-
Windsor	3	6.8%	$225,801	9,600	11.0%	4.2-
TOTAL	44	100.0%	$2,945,794	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

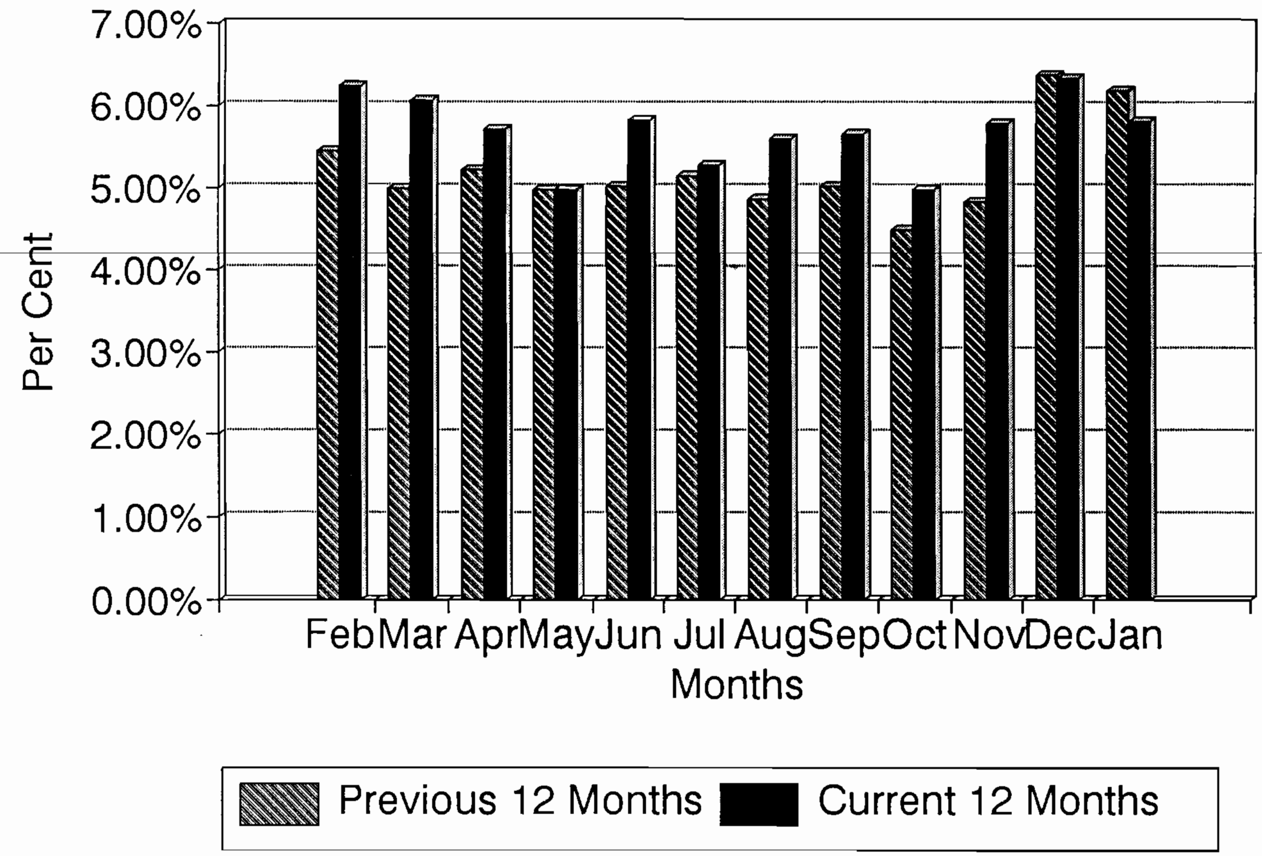
Card Mailing 3/92

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 01/31/92

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	372	9	2.42%	6	1.61%	2	0.54%	17	4.57%	0	0	0.00%	0	0.00%	17	4.57%
Bennington Coop Savings & Loan Assn Inc	62	1	1.61%	1	1.61%	0	0.00%	2	3.23%	0	0	0.00%	0	0.00%	2	3.23%
Bradford National Bank	60	2	3.33%	0	0.00%	0	0.00%	2	3.33%	0	0	0.00%	0	0.00%	2	3.33%
Caledonia National Bank of Danville, Th	137	7	5.11%	2	1.46%	3	2.19%	12	8.76%	0	1	0.73%	2	1.46%	15	10.95%
Chittenden Trust Company	1,057	53	5.01%	9	0.85%	11	1.04%	73	6.91%	0	3	0.28%	1	0.09%	77	7.28%
Citizens Savings Bank	20	1	5.00%	0	0.00%	0	0.00%	1	5.00%	0	0	0.00%	0	0.00%	1	5.00%
Comfed Mortgage Co., Inc.	15	1	6.67%	0	0.00%	0	0.00%	1	6.67%	0	0	0.00%	0	0.00%	1	6.67%
Commonwealth Mortgage Company, Inc	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	149	6	4.03%	1	0.67%	4	2.68%	11	7.38%	0	0	0.00%	4	2.68%	15	10.07%
Factory Point National Bank, The	28	2	7.14%	0	0.00%	0	0.00%	2	7.14%	0	0	0.00%	0	0.00%	2	7.14%
First Brandon National Bank	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	7	1	14.29%	0	0.00%	0	0.00%	1	14.29%	0	0	0.00%	0	0.00%	1	14.29%
First Twin-state Bank	150	2	1.33%	0	0.00%	0	0.00%	2	1.33%	0	0	0.00%	0	0.00%	2	1.33%
First Vermont Bank and Trust Company	171	14	8.19%	3	1.75%	0	0.00%	17	9.94%	0	1	0.58%	0	0.00%	18	10.53%
Franklin-Lamoille Bank	206	8	3.88%	1	0.49%	2	0.97%	11	5.34%	0	0	0.00%	0	0.00%	11	5.34%
Granite Savings Bank and Trust Company	38	2	5.26%	0	0.00%	0	0.00%	2	5.26%	0	0	0.00%	0	0.00%	2	5.26%
Green Mountain Bank	20	2	10.00%	0	0.00%	0	0.00%	2	10.00%	0	0	0.00%	0	0.00%	2	10.00%
Howard Bank, National Assn, The	461	21	4.56%	9	1.95%	5	1.08%	35	7.59%	0	3	0.65%	3	0.65%	41	8.89%
Lomas & Nettleton Company, The	23	2	8.70%	1	4.35%	0	0.00%	3	13.04%	0	0	0.00%	0	0.00%	3	13.04%
Lyndonville Savings Bank & Trust Compan	50	2	4.00%	0	0.00%	0	0.00%	2	4.00%	0	1	2.00%	0	0.00%	3	6.00%
Marble Bank	235	10	4.26%	3	1.28%	1	0.43%	14	5.96%	0	0	0.00%	1	0.43%	15	6.38%
Merchants Bank, The	300	8	2.67%	4	1.33%	4	1.33%	16	5.33%	0	0	0.00%	0	0.00%	16	5.33%
Mortgage Service Center of New England	36	2	5.56%	0	0.00%	1	2.78%	3	8.33%	0	0	0.00%	0	0.00%	3	8.33%
National Bank of Middlebury, The	69	2	2.90%	0	0.00%	0	0.00%	2	2.90%	0	0	0.00%	0	0.00%	2	2.90%
New England IBM Employees Fed Crdt Unio	71	1	1.41%	0	0.00%	0	0.00%	1	1.41%	0	0	0.00%	0	0.00%	1	1.41%
Northfield Savings Bank	133	7	5.26%	3	2.26%	1	0.75%	11	8.27%	0	0	0.00%	0	0.00%	11	8.27%
Passumpsic Savings Bank	184	6	3.26%	0	0.00%	3	1.63%	9	4.89%	0	4	2.17%	1	0.54%	14	7.61%
Peoples Trust Company of St Albans	163	9	5.52%	0	0.00%	1	0.61%	10	6.13%	0	0	0.00%	0	0.00%	10	6.13%
Proctor Bank	116	7	6.03%	0	0.00%	0	0.00%	7	6.03%	0	0	0.00%	0	0.00%	7	6.03%
Randolph National Bank	74	3	4.05%	1	1.35%	0	0.00%	4	5.41%	0	0	0.00%	0	0.00%	4	5.41%
Statewide Funding Corporation	64	5	7.81%	0	0.00%	1	1.56%	6	9.38%	0	0	0.00%	0	0.00%	6	9.38%
Union Bank	161	4	2.48%	0	0.00%	3	1.86%	7	4.35%	0	0	0.00%	1	0.62%	8	4.97%
Vermont Federal Bank, FSB	942	32	3.40%	8	0.85%	9	0.96%	49	5.20%	0	1	0.11%	1	0.11%	51	5.41%
Vermont Mortgage Group, Inc	160	6	3.75%	1	0.63%	2	1.25%	9	5.63%	0	1	0.63%	0	0.00%	10	6.25%
Vermont National Bank	460	13	2.83%	1	0.22%	5	1.09%	19	4.13%	0	0	0.00%	2	0.43%	21	4.57%
Wells River Savings Bank	24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Woodstock National Bank	14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	6,261	251	4.01%	54	0.86%	58	0.93%	363	5.80%	0	15	0.24%	16	0.26%	394	6.29%
December 31, 1991	6,284	297	4.73%	51	0.81%	49	0.78%	397	6.32%	0	15	0.24%	16	0.25%	428	6.81%

VERMONT HOUSING FINANCE AGENCY

Total Delinquency Comparison



vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development
Kimberly A. Roy, Development Assistant

Kimberly A. Roy

DATE: March 16, 1992

RE: Lyndonville - 118 Main Street

THE DEVELOPMENT

1. General Description

The Gilman Housing Trust (GHT) is requesting a loan for $64,495 to acquire and renovate 5 units of transitional housing located at 118 Main Street in Lyndonville.

Gilman Housing Trust, a nonprofit housing corporation, serves the housing needs of low income residents in the Northeast Kingdom. It has executed the acquisition and rehabilitation of 23 units to date. GHT was approached by the Lyndon Area Ecumenical Council Homes (LAEC) to do a transitional housing project. LAEC, a ministry based organization, is concerned that there is not enough housing available for the very low income and has chosen to support this transitional housing program which will provide service coordination and counseling to residents. In Lyndonville, many students from Lyndon State College occupy the few inexpensive rental units..

The property will be acquired and renovated by Gilman Housing Trust. GHT will act as the program operator and be responsible for developing a management plan. They have contacted the Addison County Community Action Group (ACCAG) and the Burlington Transitional Housing Program, which have experience with transitional housing, for copies of their management plans to use as guides. An operating agreement will be drawn up by GHT to address management issues with LAEC. LAEC will lease the property and provide the needed management with the supervision of GHT. Their goal for the 5 units is to provide housing to very low income residents who have poor rental histories and who lack housekeeping and home management skills. Presently, the 118 Main Street property has 2 units occupied by students (these units will be available in late April) and 3 units occupied by qualified tenants that have expressed interest in the transitional housing program. A purchase and sales agreement has been signed, but needs an extension. GHT is waiting on the extension until there is a financing commitment.

Total development costs are currently estimated at $129,495, or $25,899 per unit. The proposed acquisition price is $81,000 or $16,200 per unit.

The Vermont Housing and Conservation Board (VHCB) considered the development at their December Board meeting. VHCB has given a conditional approval to Gilman Housing Trust for $65,000: a $53,000 loan deferred for 20 years at 2% and a grant for $12,000.

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached. These projections incorporate VHFA's recommended changes to the proposal.

Also attached is a location map of the development.

2. Projected Funding Sources

The projected permanent sources of funds are:

	Amount	Percent
Sponsor Equity	0	0.0
VHFA - 1st Mortgage Loan	64,495	49.8
VHCB Deferred Loan	53,000	40.9
VHCB Grant	12,000	9.3
Total	$129,495	100.0%

3. Unit Breakdown and Rents

The development has 1 one bedroom unit and 4 two bedroom units. The units are small, the sizes range from 609-676 square feet. Projected rents are $340/month for the one bedroom unit and $390/month for the two bedroom units, and this includes all utilities. GHT is applying for project based Section 8 certificates.

4. Site/Location

The development is located in the Village of Lyndonville, within walking distance to many services. (see attached location map).

5. Renovation Plan

The rehabilitation costs have been estimated by Ed Stretch, Executive Director of Gilman Housing Trust. He has a background in development and renovation of low/moderate income housing and is an architect by profession. Patty Gelo, Director and Charlie Gross, Rehab Specialist of NEKCA Housing will assist GHT by providing estimates, specifications and inspections. The actual construction will be put out to bid. GHT hopes to use several small contractors to save on costs. NEKCA will act as the general contractor.

According to Ed the building is structurally sound. It is in need of cosmetic improvements like paint and replacing windows. The estimated rehab costs are \$5,880/unit. These costs cover replacing appliances, flooring, kitchen cabinets, bathrooms as well as the central heating system.

The development has one wood frame building and an attached barn. The building is eighty years old, and is served by Village water and sewer. The barn will be converted into office space for onsite housing management. It is LAEC's responsibility to finance and carry out the conversion.

6. Appraisal

An appraisal was done for Gilman Housing Trust by S.G. Coull in November, 1991. His recommended value, based completely on market rate rents and costs, is \$84,000. The purchase and sale agreement is written for \$81,000. The appraisal assumed that no major repairs were needed.

The requested VHFA loan equals 76.8% of appraised value, and 49.8% of total development costs.

7. Market Demand and Rent Levels

According to LAEC and NEKCA, there is a need for very low income housing in the Lyndonville area. Both agencies have current and potential renters with immediate need. VSHA verified a low vacancy rate for this area.

The sponsor hopes to secure project based Section 8 subsidies for this development. The Vermont State Housing Authority will need to make an expection of the building to see if these units are eligible for Section 8 subsidies. In the mean time, they have contacted the Vermont Community Foundation and have preliminary approval for a subsidy of \$100/month per unit for up to two years. This will give them time to secure the project based subsidies.

8. Management

The proposed management agent is LEAC. LAEC is an organization made up of several small churches in the Lyndonville area. They run a food shelf program in West Burke. This is LAEC's first endeavor in managing a housing development. Ed Stretch is writing the management plan and sitting on the Board of LAEC in order to bring some management experience to this project. VHFA will require a management plan that clearly spells out the responsibilities and will reserve the right to reassign the management to another entity if needed.

9. Environmental Concerns

An environmental assessment has not yet been done for the property. GHT has budgeted for the assessment and at this point is looking to hiring someone.

GHT is hiring Dean Boucher of Northern Energy Training (NETO) to do the energy assessment. The assessment is being done outside of the development budget.

DISCUSSION

Strengths

The primary strengths of this development include:

a) Gilman Housing Trust has received conditional approval and support of $53,000 in a loan and $12,000 in a grant from the Vermont Housing and Conservation Board.

b) The sponsor hopes to secure project based Section 8 subsidies to insure long term affordability. They will apply in the earliest round. They have 14 project based Section 8 units in other projects they own.

c) GHT has received preliminary approval from the Vermont Community Foundation for rental subsidies for up to two years.

d) Although Gilman Housing Trust has gone through an uneven past few years, it now has a strong Board of Directors. Dick White, GHT Board President and President of Community National Bank will provide financial planning direction for this development.

e) Ed Stretch, new Executive Director of GHT, has experience in development and rehabilitation.

f) If the transitional housing plan does not work for any reason, GHT will retain the property and manage it as perpetually affordable rental units.

Weaknesses

The potential weaknesses of this development are:

a) The management capacity of the LAEC Homes. This is their first housing project and they will be dealing with residents that have poor track records (lack housekeeping and home management skills).

b) This is the first transitional housing development VHFA has financed.

c) VHFA has had experience with one nonprofit ecumenical group that turned into a difficult work out and subsequent sale to another nonprofit, at costs to the quality of life of the residents as well as financial cost to VHFA and VHCB.

RECOMMENDATION

Staff recommends Resolution of Interest. The Resolution includes the following conditions: satisfaction with LAEC's capacity to manage the property, approval of operating agreement between GHT and LAEC, and approval of all plans and specifications for the proposed rehabilitation.

C:\DATA\QUATTRO\PROJECTS\LYNDON.WKQ RUN DATE: 3/16/92

Project: 118 Main St - Lyndonville

********Unit Information********		***********Assumptions*********	
[illegible]al Res Units:	5		
Res Restricted Units:	5	Rent increase	3.00%
Percent Restricted:	100.00%	Exp increase:	4.00%
Avg Net Monthly Rent:	361	Vacancy Rate:	5.00%
TDC	129,495		
TDC/Unit	25,899		

FINANCING SOURCES 0

	Amount	% of TDC	Interest	Term
Equity	0	0.00%	N/A	N/A
VHCB Loan	53,000	40.93%	2.00%	30
VHFA	64,495	49.81%	8.50%	25
VHCB Grant	12,000	9.27%	N/A	N/A
	129,495	100.00%		

Notes:
VHFA Balloon Payment in Year 20 = $29,211
VHCB Loan is deferred for 20 years

Lyndonville DEVELOPMENT BUDGET 3/16/92

		Residential Budget	Per Unit
Acquisition		81,000	16,200
Construction/Rehab		29,400	5,880
Contingency	13.61%	4,000	800
Rehab Spec Fee		600	120
Legal Fees		500	100
Appraisal		500	100
Title and Recording		250	50
Permits & Fees		600	120
Environmental Assessment		1,500	300
Loan Origination Fees (1%)	645	645	129
Recording Fees		0	0
Project Consultants		0	0
Working Capital	2,493	2,500	500
Operating Deficit Reserve		0	0
Developer's Fee	6.18%	8,000	1,600
TOTAL DEVELOPMENT COSTS		129,495	25,899

Notes: VHFA changes to Sponsor's Development Budget

$645 for Loan Orgination Fees

Lyndonville INCOME & EXPENSE BUDGET 3/16/92

INCOME

RENTS

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	Flat	0	0	0	0	0
1 Br	Common	0	0	0	0	0
1 Br		0	0	0	0	0
	Totals	0	0	0		0

Restricted Units (see assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		0	1	340	0	4,080
2 Br		0	4	390	0	18,720
3 Br		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
	Totals	0	5	730		22,800
All Units						
	Grand Tota	0	5	730		22,800
	Less Vacan		5.00%			(1,140)

NET RENT	21,660

OTHER INCOME

Laundry	0
Parking	0
Interest Income	0
Total Other Income	0
TOTAL GROSS INCOME	21,660

EXPENSE BUDGET

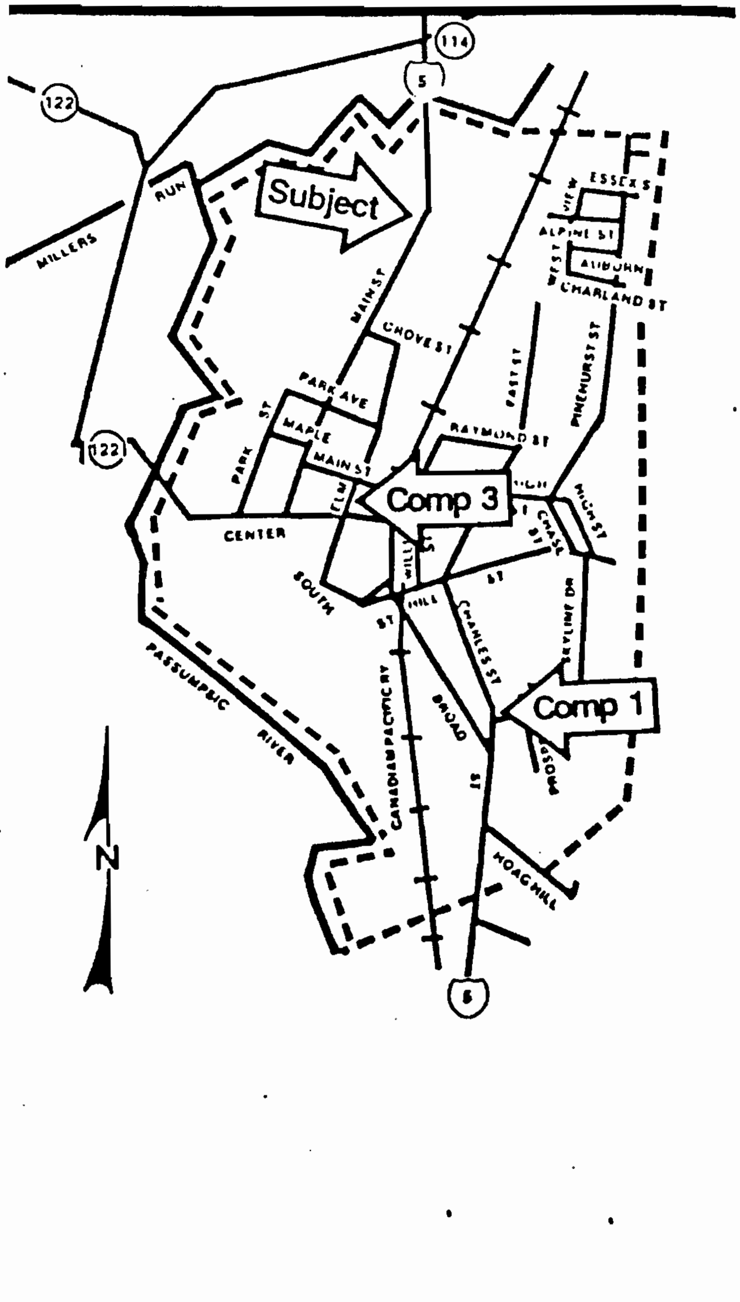
	Year	Per Unit Per Month
Administrative	2,800	47
Utilities	4,700	78
Maintenance	3,550	59
Taxes	1,850	31
Insurance	650	11
Replace Reserves	1,000	17
Total	14,550	243

$2,250 management fee is included in administrative expense.
$1,800 increase in maintenance expense.

13,590 118 Main St - Lyndonville PRO FORMA 16-Mar-92 PRO FORMA*********

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent		22,800	23,484	24,189	24,914	25,662	26,431	27,224	28,041	28,882	29,749	30,641	31,561	32,507	33,483	34,487	35,522	36,587	37,685	38,815	39,980
Less Res Vacancy		(1,140)	(1,197)	(1,257)	(1,320)	(1,386)	(1,455)	(1,528)	(1,604)	(1,684)	(1,769)	(1,857)	(1,950)	(2,047)	(2,150)	(2,257)	(2,370)	(2,488)	(2,613)	(2,744)	(2,881)
Plus Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Income		21,660	22,287	22,932	23,594	24,276	24,976	25,697	26,437	27,198	27,980	28,784	29,611	30,460	31,333	32,230	33,152	34,099	35,072	36,072	37,099
Less Operating Exp.		14,550	15,132	15,737	16,367	17,021	17,702	18,410	19,147	19,913	20,709	21,538	22,399	23,295	24,227	25,196	26,204	27,252	28,342	29,476	30,655
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		7,110	7,155	7,194	7,228	7,254	7,274	7,286	7,290	7,285	7,271	7,247	7,212	7,165	7,106	7,034	6,948	6,847	6,730	6,596	6,445
Less VHFA DS		6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232	6,232
Less VHCB DS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		878	923	962	996	1,023	1,042	1,054	1,058	1,053	1,039	1,015	980	933	874	802	716	615	498	364	213
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		878	923	962	996	1,023	1,042	1,054	1,058	1,053	1,039	1,015	980	933	874	802	716	615	498	364	213
DCR (before subsidy)		114.09%	114.81%	115.44%	115.98%	116.41%	116.72%	116.92%	116.98%	116.90%	116.67%	116.28%	115.72%	114.97%	114.03%	112.87%	111.49%	109.87%	107.99%	105.85%	103.41%
DCR (after subsidy)		114.09%	114.81%	115.44%	115.98%	116.41%	116.72%	116.92%	116.98%	116.90%	116.67%	116.28%	115.72%	114.97%	114.03%	112.87%	111.49%	109.87%	107.99%	105.85%	103.41%
Credit Enhancement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR (with cr enhance)		114.09%	114.81%	115.44%	115.98%	116.41%	116.72%	116.92%	116.98%	116.90%	116.67%	116.28%	115.72%	114.97%	114.03%	112.87%	111.49%	109.87%	107.99%	105.85%	103.41%

LYNDONVILLE VILLAGE



RESOLUTION OF INTEREST RE:
GILMAN HOUSING TRUST (LYNDONVILLE) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Gilman Housing Trust involving the acquisition and rehabilitation of a 5 unit transitional housing development at 118 Main Street in Lyndonville (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, the Gilman Housing Trust will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Gilman Housing Trust proposed to have the Lyndonville Area Ecumenical Council Homes (LAEC) manage the Development; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage for acquisition and rehabilitation in an amount not to exceed $70,000, for the 118 Main Street Development.

2. Further Agency action will be conditioned upon satisfaction of the staff with the capacity of LAEC to manage the property, approval of management agreements between the Gilman Housing Trust and LAEC, and staff approval of plans and specifications for the proposed rehabilitation.

3. This Resolution of Interest is not a commitment to finance and shall be conditional upon the availability of funds from recycled mortgage proceeds of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: March 16, 1992

RE: Clarendon: Coburn Mobile Home Park, Recommend Approval of Attached Resolution Amending the Commitment Letter

The VHFA Board approved a commitment letter resolution for the Coburn mobile home park on June 19, 1991. The Vermont State Housing Authority (VSHA) has now come back to us with a request to increase our loan commitment from $300,000 to $340,000. A comparative development budget is attached which shows the proposed changes. Costs for engineering and the water/septic repairs have both gone up significantly. Post-rehabilitation total development costs have increased from $670,000 ($14,530 per unit) to $742,000 (15,787 per unit), a 10.7% increase. VSHA has increased the number of units from 46 to 47. (The park originally had 52 units, which needed to be reduced to provide land for the septic system.)

VHFA's share of the financing has moved from 39.5% to 45.4%. No equity is being provided by the sponsor. There is no change in the amounts or terms of loans from any of the other funding sources. A complete listing of the updated sources and uses with 25 year projections is attached.

Two minor amendments to the indirect discharge permit will be submitted next week. After a 30 day warning period, the sponsor expects issuance of the final permit April 19th.

The most troubling part of the higher costs is the overall development cost versus appraised value. Three appraisals were done on the park. A May 1990 appraisal, done by the Sargeant Appraisal Service of Rutland, estimated the value of the Park after infrastructure improvements to be $650,000 or $12,500/lot. An April 1988 appraisal done for the seller by Richard Dusablon, based on the assumption that "the condition of the site and its improvements are considered good", also established a value of $650,000. Both of these earlier appraisals assumed that the park would be able to rent 52 lots.

A 1991 appraisal by Keller Navin Cable & O'Brien established a market value of $635,000. This appraisal was based on 46 lots, and assumed market rents of $175 per month with a 1% vacancy rate. The appraiser noted that there are "existing violations primarily with regards to the on-site septic sewer system", but did not deduct any amount from his estimate to reflect the needed repairs.

Thus while the original Total Development Cost (TDC) was 3% higher than an appraised value of $650,000, the new TDC is 14% higher.

In spite of current costs and circumstances, we are recommending approval of the higher loan commitment. On balance we believe that this is a reasonable action considering:

* The amount of time and engineering invested to date (including $52,000 from the VHFA Ventures Loan Fund);

* That the VHFA loan remains a relatively low proportion of the overall financing package (45%);

* That the financial projections still work comfortably (assuming some forbearance on repayment by the VHCB);

* The primary goal of saving the park remains valid.

RECOMMENDED ACTION

Staff recommends approval of the Amended Resolution Pertaining to a Commitment Letter for the Coburn Mobile Home Park, authorizing the Executive Director to issue a commitment letter toward providing up to $340,000 in permanent taxable financing for the acquisition and renovation of this park.

Coburn Mobile Home Park
Development Budget Comparison

Total Development Budget		5/4/91	3/12/92
Property Acquisition		300,000	300,000
Easement to Sewer Line		15,000	5,000
Water/Septic Repair		200,000	253,100
Ventures Interest		600	1,000
Contingency	25,310	20,000	43,000
Ventures Report		4,847	4,847
Closing Costs		1,500	500
Permits/Fees		3,200	1,830
Appraisal		1,500	1,500
Engineering		48,210	85,573
Consultants		20,000	0
Legal and Title Fees		5,000	5,000
Permanent Loan Fee	5,055	3,960	3,372
VHFA Trans Costs		1,500	2,500
Co-oping Costs		15,000	15,000
Town Grant Admin		15,000	5,000
Working Capital Re	14,415	5,000	5,000
Development Fee	1.35%	10,000	10,000
Total Development Costs		670,317	742,222

Coburn Mobile Home Park/Clarendon 3/13/92
VHFA-Koppelkam

ASSUMPTIONS

Income Increase	3.00%
Expense Increase	4.50%

Rents	Units	Monthly Lot Rent	Total Annual Rents
# Mobile Homes	47	$175	$98,700

TERMS OF FINANCING

Permanent Financing			Rate	Term	Comments
VHFA	$337,222	45.43%	Variable	25	9.75%, stepped .75% every 5 yea
Rental Rehab	$5,000	0.67%			
VHCB	$175,000	23.58%	3.00%	25	
VHCB Grant	$25,000	3.37%			
CDOP Loan	$200,000	26.95%	0.00%	25	deferred 10 years
Total	$742,222	100.00%			

Total Development Budget			%TDC	Per Unit
Property Acquisition		300,000	40.42%	6,383
Easement to Sewer Line		5,000	0.67%	106
Water/Septic Repair		253,100	34.10%	5,385
Ventures Interest		1,000	0.13%	21
Contingency	16.99%	43,000	5.79%	915
Ventures Report		4,847	0.65%	103
Closing Costs		500	0.07%	11
Permits/Fees		1,830	0.25%	39
Appraisal		1,500	0.20%	32
Engineering/Consultants		85,573	11.53%	1,821
		0	0.00%	0
Legal and Title Fees		5,000	0.67%	106
Permanent Loan Fee	3,372	3,372	0.45%	72
VHFA Trans Costs		2,500	0.34%	53
Co-oping Costs		15,000	2.02%	319
		0	0.00%	0
Town Grant Admin		5,000	0.67%	106
Working Capital Reserve		5,000	0.67%	106
Development Fee	1.35%	10,000	1.35%	213
Total Development Costs		742,222	100.00%	15,792

Coburn Mobile Home Park/Clarendon 3/11/92

PROJECT OPERATING PRO FORMA

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Gross Annual Income	98,700	101,661	104,711	107,852	111,088	114,420	117,853	121,389	125,030	128,781	132,645	136,624	140,723	144,944	149,293	153,771	158,385	163,136	168,030	173,071
Less Vacancy																				
Allowance: 1%	987	1,017	1,047	1,079	1,111	1,144	1,179	1,214	1,250	1,288	1,326	1,366	1,407	1,449	1,493	1,538	1,584	1,631	1,680	1,731
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted Gross Income	97,713	100,644	103,664	106,774	109,977	113,276	116,674	120,175	123,780	127,493	131,318	135,258	139,315	143,495	147,800	152,234	156,801	161,505	166,350	171,340
Management Fee	8,460	8,841	9,239	9,654	10,089	10,543	11,017	11,513	12,031	12,572	13,138	13,729	14,347	14,993	15,667	16,372	17,109	17,879	18,684	19,524
Resident Manager	2,100	2,195	2,293	2,396	2,504	2,617	2,735	2,858	2,986	3,121	3,261	3,408	3,561	3,722	3,889	4,064	4,247	4,438	4,638	4,847
Audit/Legal	1,500	1,568	1,638	1,712	1,789	1,869	1,953	2,041	2,133	2,229	2,329	2,434	2,544	2,658	2,778	2,903	3,034	3,170	3,313	3,462
Electric	4,500	4,703	4,914	5,135	5,366	5,608	5,860	6,124	6,399	6,687	6,988	7,303	7,631	7,975	8,334	8,709	9,101	9,510	9,938	10,385
Septic system	6,800	7,106	7,426	7,760	8,109	8,474	8,855	9,254	9,670	10,105	10,560	11,035	11,532	12,051	12,593	13,160	13,752	14,371	15,018	15,693
Water	2,300	2,404	2,512	2,625	2,743	2,866	2,995	3,130	3,271	3,418	3,572	3,733	3,901	4,076	4,259	4,451	4,651	4,861	5,080	5,308
Snow Plow	2,000	2,090	2,184	2,282	2,385	2,492	2,605	2,722	2,844	2,972	3,106	3,246	3,392	3,544	3,704	3,871	4,045	4,227	4,417	4,616
Maintenance/repairs	6,000	6,270	6,552	6,847	7,155	7,477	7,814	8,165	8,533	8,917	9,318	9,737	10,175	10,633	11,112	11,612	12,134	12,680	13,251	13,847
Real Estate Taxes	8,000	8,360	8,736	9,129	9,540	9,969	10,418	10,887	11,377	11,889	12,424	12,983	13,567	14,178	14,816	15,482	16,179	16,907	17,668	18,463
Insurance	1,500	1,568	1,638	1,712	1,789	1,869	1,953	2,041	2,133	2,229	2,329	2,434	2,544	2,658	2,778	2,903	3,034	3,170	3,313	3,462
Replacement Reserve	3,000	3,135	3,276	3,423	3,578	3,739	3,907	4,083	4,266	4,458	4,659	4,869	5,088	5,317	5,556	5,806	6,067	6,340	6,625	6,924
Fund for Sewer Connection	9,600	10,032	10,483	10,955	11,448	11,963	12,502	13,064	13,652	14,267	0	0	0	0	0	0	0	0	0	0
Total Expenses	55,760	58,269	60,891	63,631	66,495	69,487	72,614	75,882	79,296	82,865	71,685	74,911	78,282	81,805	85,486	89,333	93,353	97,553	101,943	106,531
Net Operating Income	41,953	42,375	42,772	43,142	43,482	43,789	44,060	44,293	44,484	44,629	59,633	60,347	61,033	61,690	62,314	62,901	63,448	63,951	64,406	64,810
Debt Service																				
VHFA	36,061	36,061	36,061	36,061	36,061	38,085	38,085	38,085	38,085	38,085	39,945	39,945	39,945	39,945	39,945	41,708	41,708	41,708	41,708	41,708
VHCB	3,894	4,296	4,675	5,027	5,350	3,619	3,877	4,099	4,280	4,419	10,540	10,540	10,540	10,540	10,540	10,540	10,540	10,540	10,540	10,540
CDOP											6,308	6,988	7,642	8,267	8,861	7,658	8,179	8,658	9,091	9,475
Cash Flow	1,998	2,018	2,037	2,054	2,071	2,085	2,098	2,109	2,118	2,125	2,840	2,874	2,906	2,938	2,967	2,995	3,021	3,045	3,067	3,086
VHFA Interest Rate	9.75%					10.50%					11.25%					12.00%				
Debt Coverage Ratio	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
hctf 1.05 calc	3,894	4,296	4,675	5,027	5,350	3,619	3,877	4,099	4,280	4,419										
cdbg 1.05 calc											6,308	6,988	7,642	8,267	8,861	7,658	8,179	8,658	9,091	9,475

Note: HCTF Repayment set at 100% of cash flow after 1.05% DCR, then amortized at 3% over 25 years starting in Year 11.
CDBG repayment starts in Year 11, calculated at 100% of cash flow after 1.05 DCR. Level amortized over 25 years would be $8,000.
Projections assume annual contributions to Fund for Sewer Devel end Yr 11.
That cash flow (starting yr 11) then goes to CDBG repayment.
Year 10 Balance of Sewer Fund, undiscounted and without interest, is:117,967

VHFA - Koppelkam 3/12/92
COMPARISION OF MOBILE HOME PARK COSTS
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	Sandy Pines E. Mtplr	Tri-Park Brattleboro	Mountain View Hinesburg	Hunters Grand Isle	Riverside Woodstock	French Hill Williston	Town & Count Vergennes	Fernwood Bolton	Projected Coburn Clarendon	Projected Lazy Brook Starksboro	Projected Windemere Colchester	Projected Hillside Starksboro
Year Acquired	1990	1986	1989	1989	1989	1990	1991	1991	1991	1991	1992	1992
Property Acquisition	$980,000	$3,750,000	$820,000	$360,000	$325,000	$144,000	$1,300,000	$1,425,000	$300,000	$625,000	$1,357,500	$314,000
Dvlmpt Costs	$36,300	$0	$50,000	$94,000	$27,634	$22,500	$84,625	$58,250	$442,000	$248,000	$255,100	$253,500
Total Development Costs	$1,016,300	$3,750,000	$870,000	$454,000	$352,634	$166,500	$1,384,625	$1,483,250	$742,000	$873,000	$1,612,600	$567,500
VHFA Financing	N/A	N/A	N/A	N/A	N/A	122,000	1,068,625	1,203,250	337,000	521,000	1,285,100	324,080
% of VHFA to Total						73.27%	77.18%	81.12%	45.42%	59.68%	79.69%	57.11%
#lots	56	330	52	24	40	9	73	78	47	52	85	29
Propery Acq Cost/Lot	$17,500	$11,364	$15,769	$15,000	$8,125	$16,000	$17,808	$18,269	$6,383	$12,019	$15,971	$10,828
Dvlmpt Cost/lot	$648	$0	$962	$3,917	$691	$2,500	$1,159	$747	$9,404	$4,769	$3,001	$8,741
Total Cost/lot	$18,148	$11,364	$16,731	$18,917	$8,816	$18,500	$18,967	$19,016	$15,787	$16,788	$18,972	$19,569

3/12/92
VHFA
MOBILE HOME PARK COMPARISONS
OPERATING EXPENSE DETAIL PER LOT - ANNUAL
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Koppelkam

Park Name	Sandy Pines E. Mtplr	Tri-Park Brattleboro	Mountain View Hinesburg	Hunters Grand Isle	Riverside Woodstock	French Hill Williston	Town & Count Vergennes	Fernwood Bolton	Proposed Coburns Clarendon	Proposed Lazy Brook Starksboro	Proposed Windemere Colchester	Projected Hillside Starksboro
Number of Lots	56	330	52	24	40	9	73	78	47	52	85	29
Avg Rent	200	155	160	190	125	195	180	195	175	180	210	180
Gross Annual Income	134,400		99,840	54,720	60,000	21,060	157,680	182,520	98,700	112,320	214,200	62,640
Per Lot Expenses - Annual												
Management***	180		217	275	218	100	144	210	225	192	210	192
Audit & Legal	27		29	63	38	22	27	19	32	38	18	103
Trash	111		0	0	100	78	67	0	0	0	0	0
Utilities	170		125	129	115	94	94	135	289	168	241	141
Maintenance	21		61	104	30	89	41	32	128	58	88	103
Taxes	214		115	149	120	187	79	91	170	67	141	96
Insurance	15		69	31	53	169	30	19	32	35	16	62
Misc	64		0	0	0	0	0	0	204	0	0	0
Snow	64		29	42	120	42	21	13	43	29	0	52
Replacement Reserve	71		96	83	100	62	64	70	64	66	76	86
TOTAL	938		741	876	893	843	568	589	1186	653	789	836
OPER EXP/GROSS INC	39.09%		38.59%	38.44%	59.50%	36.04%	26.30%	25.16%	56.49%	30.25%	31.33%	38.70%
ADJUSTED RATIO*	28.61%		22.29%	22.72%	38.33%	29.10%	16.66%	13.22%	42.76%	18.29%	20.01%	25.82%
PREVIOUS OWNER ADJUST RA	24.00%		22.00%				16.00%					

* (Operating Expense - Replacement Reserve - Management)/Gross Income
The adjusted ratio is to enable better comparison with private sector data from appraisals.
** Data from Keller Navin Cable & O'Brien appraisal for Fernwood using 1989 expenses supplied by owners.
*** Note: Riverside, Hunters and Mountain View management costs include resident manager.

AMENDED RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: COBURN MOBILE HOME PARK

WHEREAS, a proposal has previously been presented to the Agency by the Housing Foundation, Inc.("HFI"), a non-profit corporation, involving the acquisition of Coburn Mobile Home Park ("Coburn"), a 46 unit mobile home park in Clarendon; and

WHEREAS, this development has previously been the subject of Agency resolutions on June 26, 1991 and May 23, 1991; and

WHEREAS, HFI has received a commitment for a deferred loan in the amount of $169,000 and a grant in the amount of $31,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to HFI for the acquisition of Coburn; and

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

WHEREAS, the costs of the proposed rehabilitation have increased and the Agency has been requested to increase the amount of its mortgage loan;

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Coburn Mobile Home Park.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan and transaction costs.

4. The term of the mortgage loan shall be 20 years, the principal and interest payments will be calculated on a 25 year term and will not be fully amortizing, and the interest rate to be charged may be a graduated rate, which will be determined by the Executive Director.

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

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

7. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

8. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met.

9. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to Housing Foundation, Inc. in an amount not to exceed $340,000 for a 20 year term at the closing on the Development.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret A. Pond, Director of Development

DATE: March 17, 1992

RE: HARDSCRABBLE FARMS RETIREMENT COMMUNITY (WILLISTON)

At a recent Multi-Family Loan Committee meeting we decided that this development as proposed was not ready to be presented to the Board for a Letter of Commitment. The key reasons for our decision to put a hold on this loan request were that the market survey was inconclusive, the project proforma and cash flows were not working, and the developers had not demonstrated an ability to successfully carry off this project.

At the December, 1991 Board meeting, a Letter of Interest was approved by the Board contingent upon numerous items, including a market survey demonstrating the demand for the units as proposed. We worked very closely with the developer's representative, Allen Hebert, to arrive at a market survey instrument that would elicit the information that would give VHFA the assurance that there would be an identifiable market for the units at the varying rent levels. The market survey was performed in January and a report was presented to us by Mr. Hebert in early February.

The report did not present the data very effectively and it was recommended that Mr. Hebert avail himself of a professional to analyze the data and write a more substantive report. When we received the revised report from Mr. Hebert last week, it still did not demonstrate the demand for units of the type that have been contemplated. While the survey demonstrated a need for subsidized affordable units the development numbers could only support market rate units with a maximum of 20 subsidized. This fell far short of the original 49 market rate and 49 subsidized/tax credit eligible units contemplated.

Additionally, the financial projections had many untenable points. Operating expenses were too low, the difference between rent increases and expense increases was too small (3% annual rent increases vs. 3.75% annual expense increases), the projections were run at interest rates that we did not consider feasible. Beyond those concerns, the tax credit equity rate and schedule was very aggressive and the rents being projected for the

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Section 8 project based subsidized units were too high, to name the most troublesome of the points. Any one or two of these issues could probably have been worked out, but the convergence of so many weak links made it overall a very shaky financial proposal.

Finally, although Mr. Hebert has worked diligently on resolving many issues and questions related to this venture, he has not been successful in addressing staff's concerns about the demand for the units, the financial viability of the development and the ability of the developers to see this project through to completion.

RECOMMENDED ACTION

No Board action is necessary.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

To: VHFA Board of Commissioners

From: Margaret A. Pond, Director of Development
Mark Koppelkam, MF Development Underwriter

Date: March 16, 1992

Re: New Avenue Building, St. Johnsbury

Note: This same development was proposed for VHFA financing at the October 1990 Board meeting. The proposal was not approved at that time. There have been several significant changes, which are noted in this report.

<u>Summary</u>

The sponsor, Depot Square Apartments Limited Partnership, is requesting up to $1.2 million in VHFA taxable financing, construction and permanent, for the restoration of the New Avenue House Building in St. Johnsbury. The proposed development would have 47 small residential units on the top three floors of a four story building. All the units would have 15 year project based Section 8's, meaning that residents would pay no more than 30% of their income for rent and utilities.

Total development costs for the New Avenue House Building are currently estimated at $1,843,000, or $39,212 per unit. This level is fairly low compared to actual or projected per unit costs at other recent VHFA financed developments: St. Johnsbury (rehab) $46,375; Northgate (rehab) $58,540; Templeton (rehab) $53,104; Highgate (rehab) $67,135 and Upper Welden (elderly, rehab) $26,750.[1] Northgate, Highgate and Templeton are family developments. The sponsor feels that due to location, unit sizes, unit floorplans and market demand, these will largely be rented to the elderly.

There is evidence of strong Town support for an effort to renovate the building. The Town Board of Selectmen has approved a 5 year property tax stabilization agreement, and the Town Manager has written a letter indicating support for some assistance with the parking situation.

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1 The Northgate per unit costs include an adjustment for a capitalized land lease, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

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The sponsor initially asked for $2 million in VHFA financing, and the package included numerous storefront commercial spaces on the first floor. The commercial space will be separated into two separate condominiums whose mortgage will be held by Bay Bank.

Sponsor

The sponsor is a limited partnership, Depot Square Apartments Limited Partnership of Holyoke, Massachusetts. The general partners are Herbert, Mark and Stephen Berezin, all from Massachusetts. The Berezins intend to syndicate the Low Income Housing Tax Credits (issued by VHFA to this project in 1989), Historic Tax Credits and other project benefits to a large national syndication firm. The Berezins own and manage 23 subsidized housing properties, primarily in Massachusetts. They own and manage two developments in Vermont, Armory Square in Windsor, and Green Mountain Apartments in Brattleboro.

Location and Building Description

The building is a four story historic landmark in downtown St. Johnsbury. It is a large brick structure that was at one time a hotel, and has 6 or so commercial storefront spaces on the first floor. The upper 3 floors are all residential, with wide hallways, 12-14 foot ceilings, large windows and generally small units (estimated average 450 square feet). The building has been entirely vacant for several years, with the exception of a Chinese restaurant.

Since being acquired from the Vermont National Bank as part of a foreclosure action several years ago, the owners have replaced the roof, removed asbestos and secured the building. An engineer hired by the owners says the building is generally structurally sound, with some areas of framing weakness, water damage, and fire damage to the exterior that resulted from the burning of an adjacent building (which has been completely torn down and is now a public parking lot). The building was inspected in 1988 by Fire Prevention Division of Labor and Industry.

The building does not currently have any parking. There is a small backyard which may allow a few spots. The developer claims that 8 spots can be sited in the back. There are numerous public parking lots in the immediate area, which serve the downtown retail stores. The Town manager has written that he supports granting two on-street handicapped parking spots, plus 12 additional spots in a municipal lot across the street. This would be for a 5 year term, with renewal options, and assume some owner contributions for plowing etc.

The previous owner was in the process of renovating the building, and had installed a sprinkler system. Unfortunately it was done in such a way so as to now force the installation of drop ceilings in all the hallways and residential units at 7 1/2 ft.

The building has a small 2 person elevator. According to the sponsor the current elevator meets state code requirements. It is not clear if a larger elevator is possible, or what the cost would be.

VHFA will be engaging an independent architect to review the plans and specifications and provide an assessment regarding the cost, quality, compliance with building and accessibility codes etc.

Financial Projections/Sources and Uses of Funds

The attached projections show that the project can work financially, assuming a taxable rate of 10.75% over 30 years and establishment of a substantial operating subsidy fund ($110,000 at this time) outside of the development budget to cover operating losses for the first 6 years. Since all of the units are Section 8's, rents are assumed to rise in conjunction with operating expenses until year 15, when operating expenses are assumed to increase 5% annually. The projections assume a 5% vacancy rate, with first year rent-up revenues at 75% of capacity. A deficit escrow reserve would be sized at permanent closing, and is not a part of the development budget.

The development received a Low Income Housing Tax Credit (LIHTC) allocation in 1989 of $103,000 from VHFA, and will also be applying for a substantial amount of Historic Tax Credit. These two tax vehicles can leverage up to $617,000 in project equity. Any remaining equity needed will be provided by the sponsor, by way of leaving in investments made to date, which total over $600,000 (including acquisition). Total equity of $717,000 equals 38.8% of total development cost.

Due to the proposed use of the LIHTC program, a HUD Subsidy Layering Review of the development is needed. This will be commenced when a resolution of interest for financing is approved.

Sources

Tax Credit Equity	617,000
Sponsor Equity	100,000
VHFA Taxable Note Mortgage	1,125,958
Total Sources	1,842,958

Uses

Acquisition	215,500
Construction Contract	866,071
Bond	0
Contingency	61,681
Architect/Engineer	10,000
Title	5,000

Legal/Acct	15,000
Permits/Fees	0
Taxes/Insurance	15,200
Construction Loan Interest	33,000
Construction Loan Fees	17,190
Permanent Loan Fee	17,190
Utilities during Rehab	25,000
Improvements & Carrying Costs	400,000
VHFA Transaction Costs	2,500
Working Capital	51,000
Developer Fee	108,626
Total Uses	1,842,958

Per Unit Total Development Cost: $39,212 (not counting operating subsidy funds or any commercial space).

Loan to Value

An appraisal was done for VSHA by Frank Bredice in December 1988. His valuation of the total building, based strictly on comparables, was $274,000. The appraisal used a "sale price per square foot" as the primary measure to compare various buildings of similar character. The appraisal assumed major renovation needs estimated at $500,000. The current construction budget (including contingency) is over $925,000.

The sponsor has sent VHFA a new appraisal figure, which results from work done for Fleet bank. The new appraisal is $1.9 million after renovation. The appraisal was done by Bruce A Taylor (MAI). We have not yet received a complete copy of this appraisal.

Assuming that the residential portion of the building represents 3/4 of the total value of the building (based solely on a square footage basis), the proposed VHFA loan of $1.125 million would represent 79% of the adjusted (i.e. 3/4 of) appraised value of the residential portion of the completed building. We can review the appraiser's assumptions about income differential for the residential versus commercial space when we receive the full report.

The proposed VHFA loan constitutes 61% of the total financing for the residential portion of the building.

Unit Breakdown and Rents

The sponsor has a commitment from HUD for 47 Section 8 Mod Rehab certificates (i.e. 100% of the units). These subsidies run for 15 years. HUD has not yet approved an extension of the approval past February 1992, but is expected to do so.

The proposed unit breakdown is 11 efficiencies, 29 1-BR's, and 7 2-BR's. Unit rents would be $367 per month for the efficiencies, $445 for the 1-BR's, and $524 for the 2-BR's. As a result of the Section 8 subsidies, tenant households would pay no more than 30% of their income toward rent. The owner would pay heat and all other utilities except electric and phone.

Under the Section 8 Mod Rehab program all tenants must be screened in advance by the Vermont State Housing Authority (VSHA) for eligibility and elective prioritization under the federal preferences rules. The sponsor will choose the "first come, first serve" option as far as applicants who meet the federal preferences rules. The sponsor feels the unit layouts will make this largely an elderly project. VHFA staff concludes that the tenant mix will likely include low income families and individuals with mental health disabilities, resulting in a complex tenant mix from a property management perspective. The sponsor responds that such a tenant mix is common in subsidized housing and that they have extensive experience in dealing with it.

Renovation Plans

Renovation work plans were initially derived from a work write-up done by VSHA staff. Since that time the Berezins have hired Ben Nickerson to provide detailed floorplans.[2] These new plans have not yet been reviewed by VHFA. VSHA had earlier done cost estimates which generally verified the sponsor's estimates back in 1990.

VHFA will also have an energy analysis done to ensure that the most effective heating system and conservation techniques are incorporated into the proposal.

The sponsor had earlier expressed an interest in acting as general contractor. They now have a letter of intent and fixed contract price from Scott Construction. VHFA will need to obtain an independent cost estimate in lieu of the normal bid process.

Market Data

Little market data has been generated by the sponsor to support the demand for the residential units. Clearly we know that the St. Johnsbury rental market is very soft. The sponsors do have the strong benefit of Section 8 certificates for all of the units, which means that any tenant pays only 30% of their income toward rent and utilities.

The sponsor ran a trial ad for units back in 1990 and received a positive response. The sponsor also did some recent on-site "market testing," again with results which give the sponsors confidence in the market demand. However we have not seen any convincing

[2] Ben Nickerson has a job with NCIC of St. Johnsbury, but was hired by the Berezins in an independent capacity. Ben is a registered architect.

written data. The sponsor concludes that there are many eligible tenants, elderly in particular, who are currently living in substandard apartments for affordability reasons. This conclusion partially affirms data from the 1986 AER study that "... the principal housing problems of (St. Johnsbury) are related to quality and condition rather than those of affordability."

The 1986 AER study found that:

> "St. Johnsbury rents are among the lowest in the state and the percent of renters having a housing problem is below the state average. This area also ranks at the state average in terms of the percent of its renter households who are low income and who overpay for their housing. Its ranks fourth, however, in terms of the percent of its renters who are in large low income households with a housing problem. Both the statistical information and the interviews suggest that the principal housing problems of this area are related to quality and condition rather than those of affordability."

Rent data from the 1989 statewide study done by VSHA confirms that St. Johnsbury continues to be a relatively low cost rental market. Median monthly gross rents (i.e. including utility allowances) for St. Johnsbury compared to the State averages were:

# of BRS	St. Johnsbury Rents	Statewide Avg Rents
0 BR	$249	$362
1 BR	$329	$417
2 BR	$427	$547
3 BR	$560	$664

The AER study indicated that St. Johnsbury had a relatively high need for assisted units for the elderly - the third highest of the twelve largest labor market areas in Vermont. A local non-profit housing corporation in St. Johnsbury which manages two Section 8 elderly developments in that area report a 53 person waiting list. This compares to 15 at the time this proposal was originally considered in 1990.

Environmental Assessment

A Phase I environmental assessment has not yet been done on the property. The sponsor did have asbestos removed early on as part of their acquisition clean-up. (A new roof was also put on at that time).

Comments

The project strengths are:

1. Strong management capabilities in subsidized housing projects, and specific experience with the federal preferences procedures. The Berezins have a good reputation with our Massachusetts sister agency, MHFA, where they have done most of their work. VHFA staff visited the Berezin's completed Mod Rehab project in Windsor (74 family units) in 1990, and were impressed by the quality of the rehab, the fine condition of the building and the careful management scrutiny of applicants despite numerous vacancies (at that time). The Windsor building has reportedly filled since that time.

2. The building is a real centerpiece in St. Johnsbury, even in its current sorry and dilapidated condition. The building appears structurally sound. There is strong community support for its renovation. Its location would be excellent for tenants.

3. The sponsors clearly have deeper pockets than the nonprofit developers VHFA has financed in recent years, which would help in the way of securing any credit enhancements guaranteeing completion of the work, rent-up and operating expenses according to projections.

4. The Section 8 program provides relatively high rents to the sponsor despite market conditions. It also provides 2 months rent subsidies for all the units during renovation.

5. The sponsors have already given an option to purchase to Housing Vermont in 30 years for 75% of the property's market value. This option was negotiated by VHFA as part of the 1989 LIHTC negotiations.

6. The declaration of condominiums, removing the commercial space from the VHFA mortgage, lowers the loan amount. It is not clear to what extent it ultimately lessens the risk. However it may also reduce the potential for restricting certain commercial uses which may be detrimental to the adjoining residential use.

7. The sponsors have secured 47 project based Section 8's for a central city location. This will be an important resource for many very low income individuals.

The <u>project weaknesses</u> at this time are:

1. The sponsors need to provide better market demand information.

2. The quality of the proposed renovation appears questionable at this time. The large number of efficiencies, the small size of the units, the 7 1/2 ft drop ceilings, the minimal kitchen and bathroom designs and upgrades, the tiny elevator and the lack of any common space (except a laundry) are all worrisome. Some improvements have been made since our 1990 site visit, as a result of an attempt to secure HUD mortgage insurance. Though there may be letter-of-the-law compliance with the new federal

handicap accessibility rules (which give leeway for renovations where the cost of accessibility improvements may be unreasonable), as a policy concern we will want to ensure that a full implementation of the accessibility rules is evaluated. This element will be an important VHFA concern as we engage a professional to assist us in an evaluation.

3. The site has very limited on-site parking, either for residential or commercial tenants, or for their visitors and customers. According to the sponsor there are 8 spaces in the back of the building. The town has unofficially offered a number of parking spaces on the street (for handicapped individuals) and nearby in a municipal lot. Overall parking demand, and the car use interaction between residents and business tenants is likely to be a longterm headache.

4. Federal preference procedures for Section 8 projects will make this a challenging development from a property management perspective. The tenant population is likely to include elderly, families and mentally handicapped individuals.

5. Splitting the different building uses into condominiums does not address potential problems that the presence of mixed uses in one building may cause for residents. We will need to ensure that commercial tenant uses are compatible with residents.

6. We do not have a good sense about the strength of the St. Johnsbury commercial market. A concern would be that a weak market may lead to vacant first floor storefronts for a long period of time. The sponsor feels that interest in the commercial space has been good. However they have not been able to proceed independently with the commercial space because the whole building needs operational sprinklers for fire protection.

7. There is potential for the 15 year Section 8's to be discontinued or altered after that time. The projections assume longterm continuation of the Section 8's.

Recommendation

Staff recommends adoption of a Resolution of Interest (attached), giving preliminary endorsement to VHFA taxable financing (construction and permanent) of up to $1.2 million for the New Avenue House Building in St. Johnsbury. VHFA's conditions of participation would include the following qualifications and requirements:

1. A written letter from the sponsor that they can provide the needed operating subsidies (currently estimated at $110,000), and further have the capacity to establish a deficit escrow fund according to standard Agency policies at permanent closing. Either of these two funds can be cash or an approved letter of credit.

2. An architect or other building professional must be involved to insure that local,

state and federal housing codes are addressed, including those relating to handicapped accessibility. VHFA will be hiring an independent architect, energy consultant and cost estimator to carefully review the sponsor's plans.

3. A management plan that acknowledges the mixed tenant populations (i.e. elderly, family and mentally handicapped) that will likely result from the federal preference regulations.

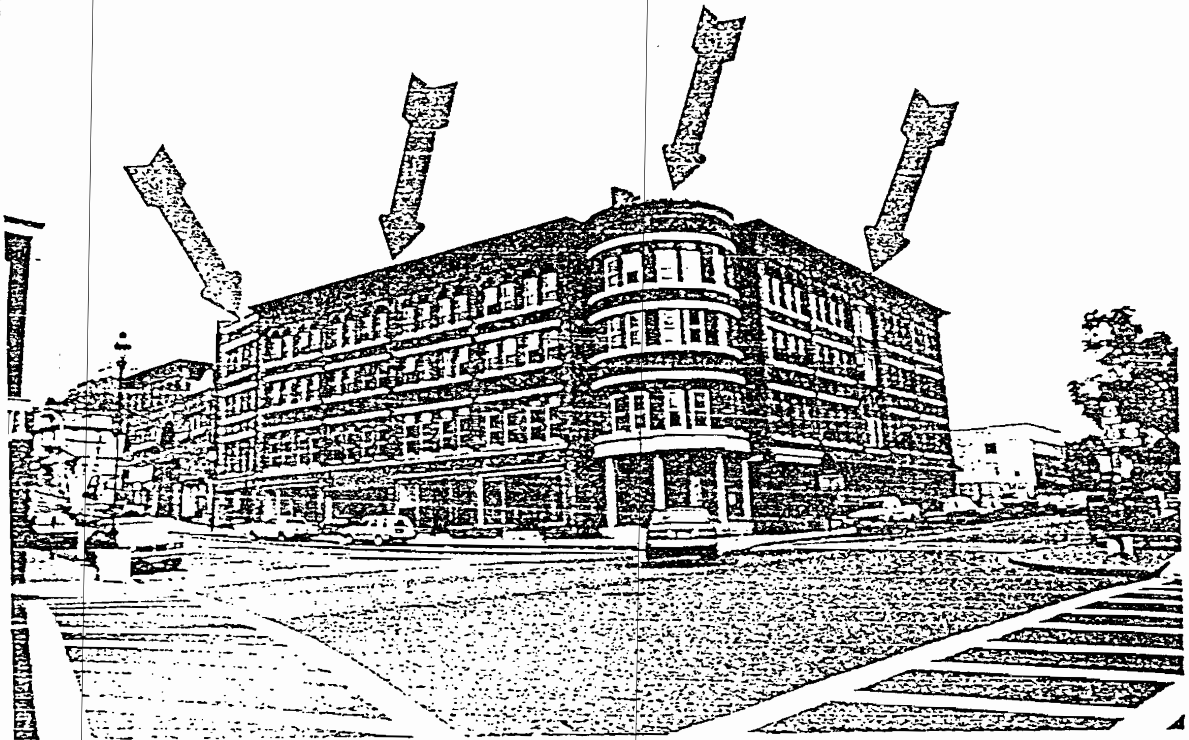
4. Further resolution of the parking problem, through a formal agreement with the Town. The informal arrangement suggested by the Town Manager does go a long way toward meeting our concerns about parking.

5. Strong encouragement to the sponsor to secure additional commercial tenant commitments, and to make improvements (e.g. facades, back entryways for suppliers, loading dock etc) related to the commercial space.

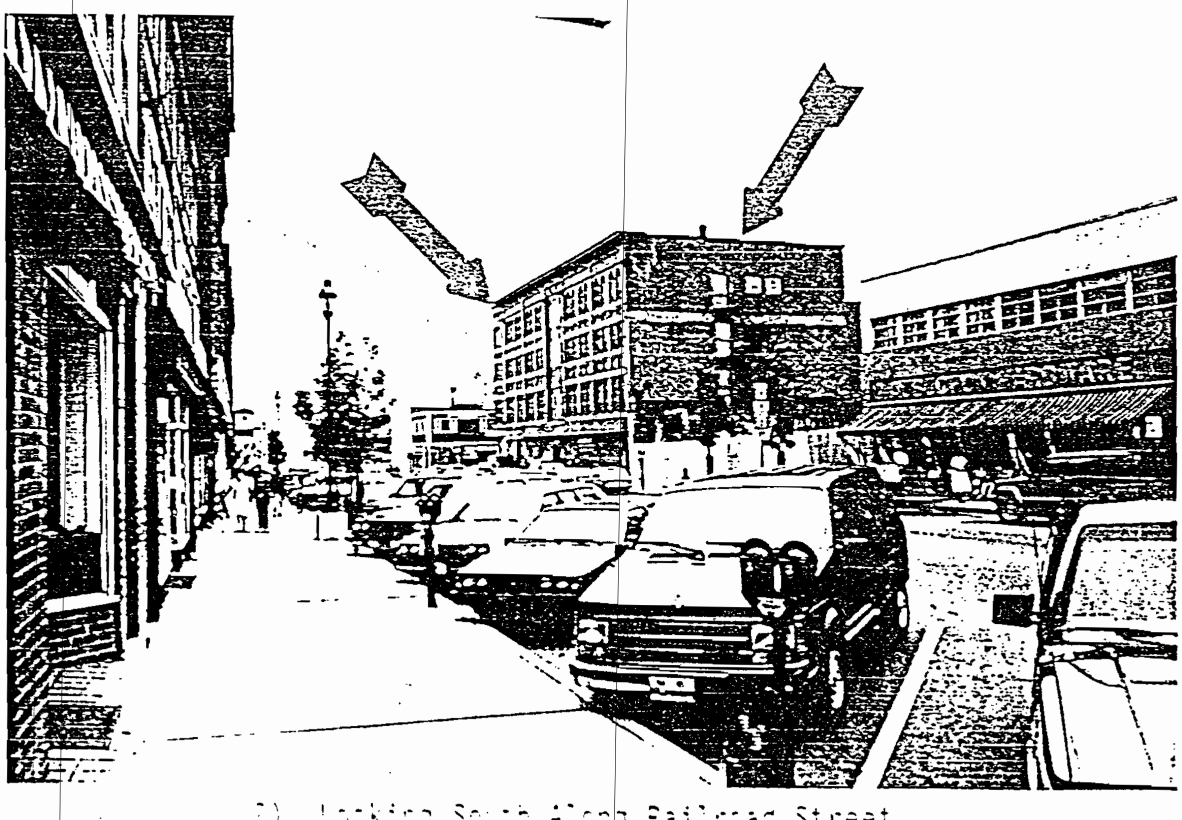
6. Favorable approval from the HUD Subsidy Layering Review.

New Avenue Project

St. Johnsbury, VT



1) Looking North Across Intersection of Railroad Street and Eastern Avenue, Subject at Arrows.

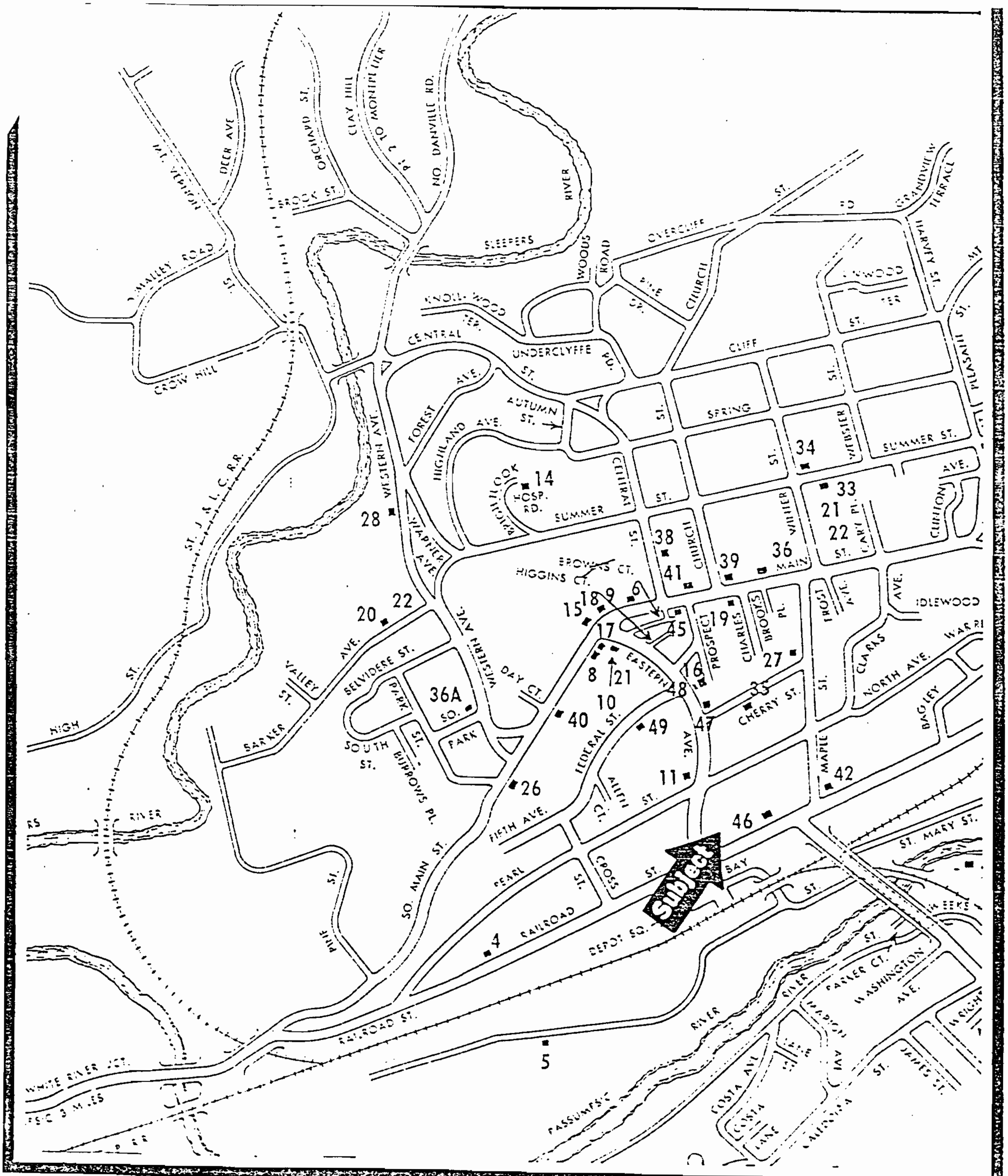


2) Looking South Along Railroad Street. Part of Subject at Arrows.

New Avenue Project

St. Johnsbury

Location Map



Project: Berezin-St Johnsbury-New Avenue RUN DATE: 3/16/92

*********Unit Information********		**********Assumptions*********	
Total Residential Units:	47	Income Increase:	3.00%
Percent Restricted:	100.00%	Exp increase(yrs 1-15)	3.00%
		Exp increase(yrs 16-30	5.00%
Total Development Cost	1,842,958	Vacancy Rate	5.00%
TDC/Residential Unit	39,212	Partner's Tax Rate:	34.00%
		Depreciation Schedule:	27.5 includes

*********LIHTC SUMMARY*********			
Gross Syndication @NPV21	665,494	Cash Flow Subsidy	77,968
Annual Credit Amount	103,104	DCR Credit Enhancement	32,925
		Years to Breakeven	7

FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Tax Credit Eq	617,000	33.48%	N/A	N/A	13,128
Sponsor Equit	100,000	5.43%			2,128
VHFA	1,125,958	61.10%	10.75%	30	23,957
	0	0.00%		0	
	---------	-------			--------
	1,842,958	100.00%			39,212

Berezin-St Johnsbury-New Avenue DEVELOPMENT BUDGET 3/16/92

		Budget	Per Unit	Per Sq.Ft.
Acquisition		215,500	4,585	
Market Study		0	0	
Site Work/Landscaping		0	0	
Construction Contract		866,071	18,427	
Bond Premium		0	0	
Contingency	7.12%	61,681	1,312	
Arch/Engineering		10,000	213	
Consultants		0	0	
Title & Recording		5,000	106	
Appraisal		0	0	
Legal/Accounting		15,000	319	
Permits/Fees		0	0	
Taxes/Insurance		15,200	323	
Construction Loan Intere	34,818	33,000	702	
Construction Loan Fees		17,190	366	
Permanent Loan Fee	16,889	17,190	366	
Marketing / Management		0	0	
Utilities during Rehab		25,000	532	
Improvements/Carrying Costs		400,000	8,511	
VHFA Transaction Costs		2,500	53	
Clerk of Works		0	0	
Working Capital	50,451	51,000	1,085	
Syndication Expenses		0	0	
Developer's Fee	5.89%	108,626	2,311	
		-----------	-----------	
TOTAL DEVELOPMENT COSTS		1,842,958	39,212	

Notes

Commercial portion of the building has been put into a separate condominium
Construction loan interest @11%, with 1.5% fee
Permanent Loan fee 1.5%
Working Capital 40% of VHFA annual debt service
Operating Exp trended at same rate as rents for 15 yrs due to Section 8's.
First year income 75% of capacity due to rent-up
Development Budget does not include sinking fund, credit enhancement or
deficit escrow for rent up period

Berezin-St Johnsbury-NewINCOME & EXPENSE BUDGET 3/16/92

INCOME

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Rent
Efficiency	Flat	0	11	367	0	4,037
1 BR	Flat	0	29	446	0	12,934
2 BR	Flat	0	7	516	0	3,612
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
	Totals	0	47	246,996	(annual)	20,583

Commerical Space

	Type	Sq.Feet	Number	Rent	Total Rent
Unit 1		0	0	0	0
Unit 2		0	0	0	0
		0		0	0
		0		0	0
		0		0	0
		0		0	0
	Totals	0	0	0 (annual)	

All Units

	Sq.Feet	Number	Rent
Grand Total	0	47	246,996

Floor Space N/A	Less Resid Vacan	5.00%	(12,350)
Unit Frac. 100.00%	Less Comm VacancN/A		N/A

NET RENT	234,646

OTHER INCOME

Laundry	2,800
Parking	0
Interest Income	0
Other	0
Total Other Income	2,800

EXPENSE BUDGET

	Annual	Per Year	Per Month
Administration	26,000	553	46
Utilities	44,854	954	80
Maintenance	34,000	723	60
Taxes	7,500	160	13
Insurance	7,200	153	13
Reserves	10,000	213	18
	0	0	0
Total	129,554	2,756	230

Note: Reserves at 4.5% x gross income
Taxes subject to approved five year stabilization plan.
Owner pays all utilities except electric and phone.

Berezin-St Johnsbury-New Avenue

Year	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Residential Rent	77,996	286,336	294,926	303,774	312,887	322,274	331,942	341,900	352,157	362,722	373,604	384,812	396,356	408,247	420,494	433,109	446,102	459,485	473,270	487,468
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Rent Potential		286,336	294,926	303,774	312,887	322,274	331,942	341,900	352,157	362,722	373,604	384,812	396,356	408,247	420,494	433,109	446,102	459,485	473,270	487,468
Less Resident Vacancy		14,317)	(14,746)	(15,189)	(15,644)	(16,114)	(16,597)	(17,095)	(17,608)	(18,136)	(18,680)	(19,241)	(19,818)	(20,412)	(21,025)	(21,655)	(22,305)	(22,974)	(23,663)	(24,373)
Plus Other Income			3,343	3,444	3,547	3,653	3,763	3,876	3,992	4,112	4,235	4,362	4,493	4,628	4,767	4,910	5,057	5,209	5,365	5,526
Total Actual			93,523	292,029	300,790	309,813	319,108	328,681	338,542	348,698	359,159	369,933	381,031	392,462	404,236	416,363	428,854	441,720	454,971	468,621
Less Oper			694	159,335	164,115	169,039	174,110	179,333	184,713	190,254	195,962	205,760	216,048	226,851	238,193	250,103	262,608	275,738	289,525	304,001
Net Op				132,694	136,675	140,775	144,998	149,348	153,828	158,443	163,197	164,173	164,983	165,612	166,043	166,261	166,246	165,982	165,446	164,619
				6,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127	126,127
					10,547	14,648	18,871	23,221	27,701	32,316	37,069	38,046	38,856	39,485	39,916	40,133	40,119	39,854	39,319	38,492
					108.36%	111.61%	114.96%	118.41%	121.96%	125.62%	129.39%	130.16%	130.81%	131.31%	131.65%	131.82%	131.81%	131.60%	131.17%	130.52%
					(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
					10,547	14,648	18,871	23,221	27,701	32,316	37,069	38,046	38,856	39,485	39,916	40,133	40,119	39,854	39,319	38,492
					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					1.08	1.12	1.15	1.18	1.22	1.26	1.29	1.30	1.31	1.31	1.32	1.32	1.32	1.32	1.31	1.31

9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
136,675	140,775	144,998	149,348	153,828	158,443	163,197	164,173	164,983	165,612	166,043	166,261	166,246	165,982	165,446	164,619
8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280
120,197)	(118,646)	(116,924)	(115,013)	(112,891)	(110,535)	(107,920)	(105,016)	(101,791)	(98,209)	(94,232)	(89,814)	(84,908)	(79,457)	(73,403)	(66,676)
(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)
(30,451)	(24,799)	(18,854)	(12,593)	(5,990)	980	8,349	12,230	16,265	20,474	24,883	29,518	34,411	39,596	45,116	51,015

9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
10,547	14,648	18,871	23,221	27,701	32,316	37,069	38,046	38,856	39,485	39,916	40,133	40,119	39,854	39,319	38,492
10,353	8,432	6,410	4,282	2,037	(333)	(2,839)	(4,158)	(5,530)	(6,961)	(8,460)	(10,036)	(11,700)	(13,463)	(15,339)	(17,345)
103,104	103,104														
124,004 •	126,183	25,281	27,502	29,738	31,983	34,231	33,888	33,326	32,523	31,456	30,097	28,419	26,392	23,980	21,147

) residual value to Berezin. HV does have option in Yr 30 for 75% of market value.

RESOLUTION OF INTEREST RE:
NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the acquisition and rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

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

WHEREAS, Depot Square Apartments Limited Partnership will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the real property in question also includes commercial space, which will be separated from the residential portion of the Development through a condominium declaration; and

WHEREAS, the Development has been approved by the Department of Housing and Urban Development for 15 year project based Section 8 moderate rehabilitation certificates; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for acquisition and rehabilitation in an amount not to exceed $1,200,000, for the New Avenue House Development.

2. Further Agency action will be conditioned upon final approval of the Section 8 certificates by HUD; staff approval of: plans and specifications for the proposed rehabilitation; the structure of the proposed condominium and sufficient control over the non-residential parts of the condominium to insure that the residential units are not adversely affected; sufficient parking being available for the residential units; the management plan and satisfactory credit enhancements.

3. This Resolution of Interest is not a commitment to finance and shall be conditional upon the availability of funds from federally taxable bonds or notes of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC

DATE: March 13, 1992

RE: MORTGAGE PLUS Program Changes -- Public Notice for MCC Issue #5

In 1987 VHFA introduced MORTGAGE PLUS which provides a federal tax credit called a Mortgage Credit Certificate (MCC) to eligible home buyers. By reducing the amount of federal income tax owed, an MCC makes more income available both to qualify for a mortgage and to make monthly housing payments. Mortgage Credit Certificates are issued on loans obtained from conventional lenders who have agreed to participate in the program. Since VHFA does not provide the financing, MORTGAGE PLUS borrowers pay an application fee to offset the cost of processing the application and program administration. This fee is currently $150. The lender retains $100 and forwards $50 to VHFA. We estimate that the annual cost to operate and administer MORTGAGE PLUS based on current activity levels is approximately $50,000. In 1991 VHFA issued 225 MCCs, compared to 118 MCCs issued in 1990, and received $11,250 in fees.

One of our 1992 objectives with MORTGAGE PLUS is to offset the cost of program operation and administration with fee income. In return for the $150 application fee paid, the borrower receives a tax credit which on an $80,000 mortgage at 8.5% for 30 years is worth approximately $26,000 over the term of the mortgage. Lenders currently pay a one time fee of $250 to participate in MORTGAGE PLUS. Lenders receive $100 in fee income for each MCC application they process. Lenders receive additional benefits from MORTGAGE PLUS. They are able to qualify borrowers that may not qualify for MOVE. With conventional rates so low, the effective qualifying rate on a mortgage at 8.5% with an MCC is 6.5%. If the borrower meets other conventional eligibility guidelines, a lender is able qualify a lower income borrower with MORTGAGE PLUS than with MOVE. Originating a conventional mortgage is more profitable to a lender than a MOVE mortgage.

If we rely totally on borrower fees to offset the cost of MORTGAGE PLUS, we are dependent on volume to recover the costs of program operation and administration. Even if volume decreases we still have to update lending manuals, train lenders, and complete IRS reports. We are also concerned with a large increase in the borrower application fee. While we do not have the same information about the typical MORTGAGE PLUS borrower as we do with MOVE (we plan to start compiling this data in 1992), we do know that the lack of resources available for down payment and closing costs is an issue with first-time home buyers. Recent feedback from lenders is that the typical MORTGAGE PLUS borrower has more resources available than the typical MOVE borrower.

After much discussion with the Program Group and input from participating lenders, we propose the following revised fee schedule for MORTGAGE PLUS:

> <u>Increase the borrower application fee from $150 to $250.</u> Participating lenders would continue to receive $100 and VHFA would receive $150. Based on projected activity of 300 MCCs, the revised fee will provide VHFA with $45,000 in fee income.
>
> <u>Assess an annual lender participation fee of $500.</u> A lender participation fee will offset the costs not associated with the actual issuing of an MCC. Lenders would receive no increase in fees for the processing of an application for an MCC. If 15 lenders participate, VHFA will receive $7,500 annually in fee income.
>
> <u>Other Miscellaneous Fees.</u> In the lending manual VHFA allows for a fee of $15 to extend a commitment. This is to encourage lenders to submit documents to VHFA as soon as possible after closing to avoid having to track applications for an extended period of time. We have just recently started to enforce this fee and will continue to do so. We also are receiving a number of requests from borrowers who have lost or misplaced their MCC asking for a certified copy. We plan to charge $25 to issue another copy but will have the option of waiving the fee if we feel circumstances warrant.

In December of 1991 VHFA converted $35 million in MRB authority to MCCs. MCC regulations require a 90 day public notice informing potential applicants about the availability of the program before we can use this authority. Because any licensed lender in the state is eligible to participate (after signing an agreement) and because VHFA maintains a list of participating lenders, we are also required to provide notice to lenders about the availability of the program. Attached are drafts of a Public Notice for potential home buyers and an Invitation to Lenders.

ACTION REQUESTED BY THE BOARD

Approval of the attached Public Notice and Invitation to Lenders and approval of the a revised fee schedule for MORTGAGE PLUS of a $250 borrower application fee, a $500 annual lender participation fee and other miscellaneous fees noted above.

PUBLIC NOTICE

MORTGAGE CREDIT CERTIFICATE PROGRAM

This notice is published pursuant to Section 25 of the Internal Revenue Code of 1986 (the "Code") and Treasury Temp. Reg. Sec. 1.25-7T.

Vermont Housing Finance Agency (VHFA") announces its Mortgage Credit Certificate Program (the "Program") to take effect on or after July 1, 1992.

Under the Program, VHFA will issue Mortgage Credit Certificates ("Certificates") through participating lenders for the purpose of aiding persons and families of low and moderate income to purchase affordable single family primary residences in the State of Vermont, or mobile homes that meet certain conditions. Certificates will also be issued for qualified home improvement loans on the borrower's principal residence. A Certificate will entitle the borrower to the annual federal income tax credit established by Section 25 of the Code.

Program Requirements.

Some requirements of the Program vary according to the location of the particular residence to be acquired. In general, the requirements are less restrictive in the following counties, known as "Targeted Areas": Caledonia, Essex, Franklin, Lamoille, Orange, Orleans, Rutland, Washington, and Windham. Targeted Areas are entitled to a preference under the Program; therefore, Certificates pertaining to non-Targeted Areas may be delayed or unavailable from time to time. The basic requirements of the Program are explained below.

Income Limits. Income must be adjusted for family size on the basis of those families of 3 or more individuals ("Large Families") versus families of less than 3 individuals ("Small Families"). In Targeted areas, the borrower's annual family income may not exceed the median gross income of the higher of the state or area (generally the county) by 140% for Large Families and 120% for Small Families. In all other areas the borrower's annual family income may not exceed the median gross income of the higher of the state or area by 115% for Large Families and 100% for Small Families. For the purposes of the Program, and until further notice, the table below sets forth maximum eligible borrower family income by area:

Area	Small Family	Large Family	Area	Small Family	Large Family
ADDISON	$34,400	$39,500	LAMOILLE	$39,300	$45,100
BENNINGTON	34,400	39,500	ORANGE	39,300	45,100
CALEDONIA	39,300	45,100	ORLEANS	39,300	45,100
CHITTENDEN	39,300	45,100	RUTLAND	39,300	45,100
ESSEX	39,300	45,100	WASHINGTON	39,300	45,100
FRANKLIN	39,300	45,100	WINDHAM	39,300	45,100
GRAND ISLE	34,400	39,500	WINDSOR	36,000	41,400

Principal Residence Requirement. The borrower must intend to occupy, and must occupy, the residence as the borrower's principal residence within 60 days of the time the mortgage loan is provided by the lender. A Certificate will cease to be valid, and will be revoked, if and when the residence to which it applies ceases to be the principal residence of the Borrower. For the purposes of this requirement, a "residence" may include any manufactured home which has a minimum of 400 square feet of living space and a minimum width in excess of 102 inches and which is of a kind customarily used at a fixed location. A residence may also include a duplex that was first occupied at least five years prior to the date of the mortgage ("Qualified Duplex").

Three-Year Requirement. In non-targeted Areas, the borrower must not have held a present ownership interest in borrower's principal residence (excluding any manufactured housing not permanently affixed to real property) at any time during the three-year period ending on the date the mortgage is executed. **This rule does not apply in Targeted Areas.**

New Mortgage Requirement. Under the Program, except in the case of a qualified home improvement loan, a mortgage must be a new mortgage; it must not be used to acquire or replace any existing mortgage except for a construction loan or bridge financing or other temporary financing not exceeding 24 months. Further (subject only to these limited exceptions) the residence must not have been subject to any mortgage given by the borrower, whether or not paid off, at any time prior to execution of the mortgage given under the Program.

Purchase Price Limits. Subject to change as required by data published by the Federal government or as otherwise determined by VHFA, the purchase price of a residence under the Program may not exceed $110,000 for a newly constructed one-family residence or $97,000 for an existing one-family residence or Qualified Duplex.

Recapture Tax Requirement. The Technical and Miscellaneous Revenue Act passed by Congress in 1988 mandated the collection of a Recapture Tax on all mortgage loans on which a Mortgage Credit Certificate (MCC) is issued after December 31, 1990. All VHFA MCC applicants will be required to sign an "Acknowledgment of Federal Recapture Tax Requirements" so they may be informed of the possibility of this tax's applicability to them. The Recapture Tax due, if any, will be collected by the Internal Revenue Service at the time a home ceases to be the applicant's principal residence or the home is sold or the indebtedness is otherwise retired. The mechanism used to collect the recapture tax will be the personal federal income tax return.

Method by which Certificates will be issued under the Program.

Certificates will be issued through any lender that has entered a Program participation agreement with VHFA. Application for a Certificate will be taken by a participating lender at the same time as the lender takes a formal loan application. The opportunity to participate will be open to any lender. A list of currently participating lenders will be available from VHFA on or before the effective date of the Program.

Fees. Each applicant will be charged a processing fee of $250, in addition to other normal loan charges. Fees may be subject to change.

Further Information.

For further information, write to Vermont Housing Finance Agency, P.O. Box 408, Burlington, VT 05402, ATTN: Douglas R. Lothrop, or phone, toll free: 1-(800)-339-5866.

INVITATION TO LENDERS

MORTGAGE CREDIT CERTIFICATE PROGRAM

This notice is published pursuant to Section 25 of the Internal Revenue Code of 1986 (the "Code") and Treasury Temp. Reg. Sec. 1.25-3t(J)(4).

Vermont Housing Finance Agency (VHFA") announces its Mortgage Credit Certificate Program (the "Program") to take effect on or after July 1, 1992.

Under the Program, VHFA will issue Mortgage Credit Certificates ("Certificates") through participating lenders for the purpose of aiding persons and families of low and moderate income to purchase affordable single family primary residences in the State of Vermont, or mobile homes that meet certain conditions. Certificates will also be issued for qualified home improvement loans on the borrower's principal residence. A Certificate will entitle the borrower to the annual federal income tax credit established by Section 25 of the Code.

Program Requirements.

Some requirements of the Program vary according to the location of the particular residence to be acquired. In general, the requirements are less restrictive in the following counties, known as "Targeted Areas": Caledonia, Essex, Franklin, Lamoille, Orange, Orleans, Rutland, Washington, and Windham. Targeted Areas are entitled to a preference under the Program; therefore, Certificates pertaining to non-Targeted Areas may be delayed or unavailable from time to time. The basic requirements of the Program are explained below.

Income Limits. Income must be adjusted for family size on the basis of those families of 3 or more individuals ("Large Families") versus families of less than 3 individuals ("Small Families"). In Targeted areas, the borrower's annual family income may not exceed the median gross income of the higher of the state or area (generally the county) by 140% for Large Families and 120% for Small Families. In all other areas the borrower's annual family income may not exceed the median gross income of the higher of the state or area by 115% for Large Families and 100% for Small Families. For the purposes of the Program, and until further notice, the table below sets forth maximum eligible borrower family income by area:

Area	Small Family	Large Family	Area	Small Family	Large Family
ADDISON	$34,400	$39,500	LAMOILLE	$39,300	$45,100
BENNINGTON	34,400	39,500	ORANGE	39,300	45,100
CALEDONIA	39,300	45,100	ORLEANS	39,300	45,100
CHITTENDEN	39,300	45,100	RUTLAND	39,300	45,100
ESSEX	39,300	45,100	WASHINGTON	39,300	45,100
FRANKLIN	39,300	45,100	WINDHAM	39,300	45,100
GRAND ISLE	34,400	39,500	WINDSOR	36,000	41,400

Principal Residence Requirement. The borrower must intend to occupy, and must occupy, the residence as the borrower's principal residence within 60 days of the time the mortgage loan is provided by the lender. A Certificate will cease to be valid, and will be revoked, if and when the residence to which it applies ceases to be the principal residence of the Borrower. For the purposes of this requirement, a "residence" may include any manufactured home which has a minimum of 400 square feet of living space and a minimum width in excess of 102 inches and which is of a kind customarily used at a fixed location. A residence may also include a duplex that was first occupied at least five years prior to the date of the mortgage ("Qualified Duplex").

Three-Year Requirement. In non-targeted Areas, the borrower must not have held a present ownership interest in borrower's principal residence (excluding any manufactured housing not permanently affixed to real property) at any time during the three-year period ending on the date the mortgage is executed. **This rule does not apply in Targeted Areas.**

New Mortgage Requirement. Under the Program, except in the case of a qualified home improvement loan, a mortgage must be a new mortgage; it must not be used to acquire or replace any existing mortgage except for a construction loan or bridge financing or other temporary financing not exceeding 24 months. Further (subject only to these limited exceptions) the residence must not have been subject to any mortgage given by the borrower, whether or not paid off, at any time prior to execution of the mortgage given under the Program.

Purchase Price Limits. Subject to change as required by data published by the Federal government or as otherwise determined by VHFA, the purchase price of a residence under the Program may not exceed $110,000 for a newly constructed one-family residence or $97,000 for an existing one-family residence or Qualified Duplex.

Recapture Tax Requirement. The Technical and Miscellaneous Revenue Act passed by Congress in 1988 mandated the collection of a Recapture Tax on all mortgage loans on which a Mortgage Credit Certificate (MCC) is issued after December 31, 1990. All VHFA MCC applicants will be required to sign an "Acknowledgment of Federal Recapture Tax Requirements" so they may be informed of the possibility of this tax's applicability to them. The Recapture Tax due, if any, will be collected by the Internal Revenue Service at the time a home ceases to be the applicant's principal residence or the home is sold or the indebtedness is otherwise retired. The mechanism used to collect the recapture tax will be the personal federal income tax return.

Method by which Certificates will be issued under the Program.

Certificates will be issued through any lender that has entered a Program participation agreement with VHFA. Application for a Certificate will be taken by a participating lender at the same time as the lender takes a formal loan application. The opportunity to participate will be open to any lender. A list of currently participating lenders will be available from VHFA on or before the effective date of the Program.

Fees. Each applicant will be charged a processing fee of $250, in addition to other normal loan charges. Participating lenders will be charged an annual participation fee of $500.00. Fees may be subject to change.

Further Information.

For further information, write to Vermont Housing Finance Agency, P.O. Box 408, Burlington, VT 05402, ATTN: Douglas R. Lothrop, or phone, toll free: 1-(800)-339-5866.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gemma Rinn, TEAM Supervisor

DATE: March 17, 1992

RE: TEAM Approach Program - Additional Information

I appreciated the opportunity to provide the Board with a brief overview of the TEAM Approach program at your February 20th meeting. I am sure you will concur that our "Aging in Place" video clearly demonstrates the TEAM Approach Program's initiative and its impact on the safety and quality of life of tenants of elderly subsidized housing.

The TEAM Approach program responds not only to the needs of the tenants and their families, but also to the needs of subsidized housing management staff, supportive service agencies, and the community at large. Enclosed is our quarterly Newsletter which is distributed to housing managers, and social service agencies; also enclosed is a TEAM Approach brochure which provides a brief outline and history of the TEAM program.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: April 9, 1992

RE: 15,000th MORTGAGE CELEBRATION AND CANCELLATION OF NEXT BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting scheduled for April has been cancelled. The next meeting will be held Thursday, May 21, here in Burlington.

However, I hope that you will be able to join me in Montpelier on Wednesday, April 22, when Governor Dean will present a plaque to honor our 15,000th mortgagors. The borrowers, Mr. and Mrs. Andrew Hoadley, have purchased a home in Belvidere through the Chittenden Bank. The reception will take place at 12:30 in the Governor's Conference Room at the Pavilion Building, and light refreshments will be served.

I look forward to seeing you in Montpelier April 22, and again here in Burlington for the Board meeting May 21.

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VERMONT HOUSING FINANCE AGENCY

May 13, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Wednesday, May 20, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: April 28, 1992

RE: RESCHEDULING UPCOMING (MAY) BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been rescheduled. The meeting will be held at 1:30 p.m. Wednesday, May 20, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

The agenda and board packet will be mailed to you May 15.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 May 20!

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: May 15, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Wednesday, May 20, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 May 20!

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VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Wednesday, May 20, 1992 at 1:30 p.m.

1. Review and approval of minutes of March 24, 1992

2. Administration
   A. Executive Director's Report **[Hunt//Enclosure]**

3. Operations
   A. MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**
   B. Mortgage Credit Certificate (MCC) Updates **[Lothrop//Enclosure]**
   C. Computer Search Update **[Gandini//Enclosure]**

4. Multi-Family Management
   A. Multi-Family Refunding Update **[Falzone//Enclosure]**

5. Development
   A. Hardscrabble (Williston) Commitment Letter **[Koppelkam//Enclosure]**
   B. New Avenue (St. Johnsbury) Commitment Letter **[Koppelkam//Enclosure]**
   C. Randolph House (Randolph) Commitment Letter **[Koppelkam//Enclosure]**
   D. Whalen Building BCLT General Fund Loan **[Roy//Enclosure]**
   E. Star Lake Village (Norwich) Commitment Letter **[Crady//Enclosure]**

6. Finance
   A. Convertible Option Bond (COB) Financing **[Schoenbeck//Enclosure]**
   B. Recycle Program **[Schoenbeck//Enclosure]**
   C. General Fund Update 03/31/92 **[Schoenbeck//Enclosure]**
   D. Six Month Full Financials **[Schoenbeck]**

7. Legal
   A. Windemere (Colchester) Supplemental Resolution **[Jarrett//Enclosure]**
   B. Coburn (Rutland) Supplemental Resolution **[Jarrett//Enclosure]**
   C. Litigation Update **[Jarrett]**
   D. IORTA Risk Sharing Agreement (VHMGB) **[Jarrett//Enclosure]**

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

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VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Vermont Housing & Conservation Board
136½ Main Street
Montpelier, Vermont

Tuesday, March 24, 1992

PRESENT: Commissioners Ruse, Seelig, Rockford (designee of Mr. Johnson), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mr. Francis, Ms. Crady, Mr. Falzone, Mrs. Parker, Ms. Roy, Mr. Koppelkam, Mr. Jarrett

Guests: Mr. Berezin, Ms. Berezin, Mr. Lyon (representing the New Avenue project)

The meeting was called to order by Vice Chairman Ruse at 1:35 p.m.

Upon a motion duly made and seconded, the minutes of the February 20, 1992 meeting were unanimously accepted as written.

Beginning his Executive Director's report, Mr. Hunt noted that he has been on medical leave for much of the past month, having undergone surgery several times and trying to recover from post-surgical infections. According to Mr. Hunt, negotiations for the purchase of Westgate Apartments in Brattleboro are continuing. Revisions to the Option Agreement have been necessitated by changes in the federal law which prohibit purchasing the property at the prices already quoted in the original Option Agreement, which was drafted at the time of the Northgate purchase. No revised Option Agreement has been signed at this time. The first payment is due at the end of March on the Premium Note which was signed when the purchase of Northgate was completed. However, no payments will be made unless the revised Option Agreement reflects that any payments made do not constitute a legal commitment to purchase the property at the price originally quoted.

Mr. Hunt continued his report by updating the Board on the latest activity at Officers Row on Dalton Drive in Fort Ethan Allen. During the month of March, closings will take place on six units. Reservations have been received for 30 out of the 77 units that will be available; however, many potential buyers are waiting until all of the units have been completed before making a commitment to purchase. As a result of recent negotiations with Engelberth Construction, access to units still under construction will be allowed at any time during non-working hours, so that potential buyers can tour these units. Construction has been accelerated and should be completed by September 1992. Current construction budget estimates appear to indicate that BancBoston's $4.5 million cap will not be exceeded; however, if sales slow down and construction draws increase, there is a potential for exceeding the loan limit. Mr. Schoenbeck assured the Board that approval would be sought from the Board and BancBoston before staff would allow the $4.5 million cap to be exceeded.

Concluding his report, Mr. Hunt noted that nearly 60 applicants had submitted resumes for the Director of Development position, to replace Ms. Pond. Interviews will be scheduled with five finalists and it should be another month or so before the position is filled. A motion was made and seconded that a formal resolution be drafted recognizing Ms. Pond's contributions to the Agency and the accomplishments of the Development department under her guidance; this "Resolution Recognizing the Contributions Made By Meg Pond During Her Tenure at VHFA" was unanimously adopted, as attached to these minutes.

Mr. Lothrop reviewed the MOVE program activity and indicated that reservations are being made at the rate of approximately $1 million per week. Delinquencies have decreased and are expected to continue to be reduced. According to Mr. Lothrop, a review appraisal process will be instituted shortly to determine if properties are still at or near the value of mortgages held by the Agency. Mr. Myette noted that he would expect that values would not have dropped more than ten percent. Over the past few months payoffs of current mortgages, primarily due to refinancing, have been occurring at the rate of nearly 80 per month, which is about twice the normal activity. The current Single Family portfolio consists of nearly 6,000 mortgages.

The "New Avenue Building, St. Johnsbury" was reviewed by Mr. Koppelkam, as per his memo of March 16, included in the Board packet. Mr. Koppelkam introduced Mr. Berezin, Ms. Berezin, and Mr. Lyon, who were available to answer any questions the Board had regarding this project. Photographs of the site were circulated for the Board's review. Mr. Berezin noted that there is much local support for the development, which currently is the only vacant building in St. Johnsbury's downtown area. Mr. Berezin also noted that although the project is not planned as an elderly housing project, it is not anticipated that there will be many families with small children occupying the units due to the nature of the development and the number of bedrooms in each unit. However, Mr. Hunt pointed out that there are several accessibility concerns, including the size of the elevator and the width of the hallways. Mr. Lyon, of Scott Construction, cautioned that major structural renovations would be required if the elevator were to be replaced. The Board was assured by Mr. Koppelkam that compliance with the Americans with Disabilities Act and other regulations relating to accessibility would be reviewed before a letter of commitment would be issued. Ms. Berezin noted that although the project would be eligible for tax credits for 15 years, every effort would be made to avoid displacement of tenants after tax credits are no longer applicable. She also commented that their own market survey indicates that there is much interest in the project within St. Johnsbury, and their rent projections are lower than what is typical for other comparable projects. Mr. Seelig asked that staff share this market study information with the Board before a commitment letter is issued. In answer to Mr. Seelig's follow-up question on management, Ms. Berezin confirmed that if possible a live-in manager would be hired, preferably someone who is from the local area; this has been their practice in other projects managed throughout Vermont. Mr. Berezin also pointed out the Area Office on Aging has expressed interest in renting the storefront property, as it would be handicapped accessible. According to Mr. Berezin, the Town of St. Johnsbury is willing to commit 14 or 16 parking spaces on the street nearby once financing has been secured; this is in addition to the eight parking spaces already available for the building. There will also be two handicapped parking spaces available directly in front of the building, and an access ramp will be installed. Following a brief discussion during which staff was advised to obtain any available letters of support from the Town of St. Johnsbury and the neighboring community, as well as further details from the prospective owners, a motion was made and seconded to adopt the "Resolution of Interest re: New Avenue House (St. Johnsbury) Development" as attached to these minutes; this motion carried unanimously.

Mr. Koppelkam next reviewed his memo of March 16, included in the Board packet, regarding the "Clarendon: Coburn Mobile Home Park." According to Mr. Seelig, the request for an increased loan commitment amount is based upon the anticipated need for a "bridge" loan until federal funds become available. However, Mr. Hunt noted that severe prepayment penalties might be applied if state pension funds were used to finance this bridge loan. An alternative would be to authorize a loan of up to $40,000 from the Agency's General Fund in addition to the $300,000 already requested. Following a brief discussion, a motion was made, seconded and unanimously carried to further amend the "Amended Resolution Pertaining to Combined Letter of Intent and Commitment Letter re: Coburn Mobile Home Park" as attached to these minutes to include the availability of up to $40,000 from the General Fund.

Mr. Hunt introduced the Agency's Development Assistant, Ms. Roy, who reviewed the "Lyndonville—118 Main Street" memo dated March 16, as included in the Board packet. According to Ms. Roy, this would be the first project to utilize the 8.5 percent recycle funds. It is anticipated that the current student tenants would be phased out at the end of the year and the units would be rehabilitated. Following a brief discussion, a motion was made and seconded to adopt the "Resolution of Interest re: Gilman Housing Trust (Lyndonville) Development" as attached to these minutes; this motion carried unanimously.

Next, Mr. Hunt reviewed Ms. Pond's memo to the Board regarding the decision not to proceed with the "Hardscrabble Farms Retirement Community (Williston)" as originally proposed. Also, the Windemere Mobile Home Park has obtained approval for conventional financing and it does not appear that Agency financing will be needed, although a letter of commitment was authorized at the February Board meeting. No Board action was required on either of these projects.

The "Mortgage Plus Program Changes—Public Notice for MCC Issue #5" as outlined in her memo of March 13, included in the Board packet, was briefly reviewed by Ms. Crady. A motion was then made and seconded to approve the Public Notice and Invitation to Lenders and further approve the revised fee scheduled for Mortgage Plus of a $250 borrower application fee, a $500 annual lender participation fee, and increasing the commitment fee to $25; this motion carried unanimously.

Turning to current legislative issues, Mr. Jarrett discussed S.390, a bill intended to amend the State's condominium conversion notice requirement so that it would apply to existing mobile home parks.

Mr. Jarrett then reviewed litigation pending regarding properties owned by Judd Babcock. In order to enhance the outlook for a favorable conclusion, Mr. Jarrett recommended that he be considered the primary lawyer for this litigation, but that an experienced and aggressive litigator be retained. Mr. Jarrett proposed that Mr. Michael Rosenberg, with the Burlington law firm of Miller, Eggleston and Rosenberg, be retained for this purpose. A motion was duly made, seconded and unanimously carried authorizing staff to retain Mr. Rosenberg for the Babcock litigation with a cap of $15,000 on the contract, which amount would not be exceeded without prior Board approval.

Under the order of other old or new business, Mr. Schoenbeck recommended that the Board consider having staff conduct a request for proposals (RFP) for a nationally recognized audit firm. For the past five years, KPMG Peat Marwick has conducted audits of the Agency, but Mr. Schoenbeck feels that it could be useful to seek other interested firms. According to bond regulations, the accounting firm conducting the audit must be nationally recognized. Following a brief discussion, a motion was made and seconded to authorizing staff to conduct a request for proposal for a nationally recognized accounting firm to conduct the Agency's audit after the close of the current fiscal year; the motion further authorized staff to accept other than the lowest bid, if the preferred bid is within 20 percent of the lowest bid; staff was also advised to return to the Board if there is a greater variance between the lowest bid and a bid which staff would prefer to accept; this motion carried unanimously.

Mr. Schoenbeck then reviewed the latest activity regarding Multi-Family refunding, cautioning the Board that neither the Agency's bond counsel, Palmer & Dodge, nor Orrick, Herrington & Sutcliffe, who represent PaineWebber, Inc., are comfortable with the interpretation of special counsel (Arter Hadden) regarding the permitted use of funds generated from the refunding of bonds related to the multi-family properties. A brief discussion followed regarding possibilities and the restrictions involved. No Board action was taken.

The termination of the Four-Star Mortgage program was announced by Mr. Hunt, who noted that in the last six months there had been no real movement within this program which offered a mortgage rate of 8.25 percent over a 25 year term.

The next meeting was scheduled for Wednesday, April 22, in Montpelier *{later, the April meeting was canceled and the next meeting was scheduled for Thursday, May 21 in Burlington}*. There being no further business and following a motion duly made and seconded, the meeting adjourned at 3:15 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION RECOGNIZING THE CONTRIBUTIONS MADE BY MEG POND DURING HER TENURE AT VERMONT HOUSING FINANCE AGENCY

WHEREAS, VHFA has as its mission the responsibility to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs; and

WHEREAS, Margaret A. Pond (hereinafter "Meg") has been an employee of VHFA since November 13, 1984; and

WHEREAS, Meg has held the position of Director of Development since January 1, 1988; and

WHEREAS, during her period of employment Meg has been instrumental in the promotion and production of affordable housing for low- and moderate-income Vermonters; and

WHEREAS, Meg has made many contributions toward proposals leading to the acquisition of mobile home parks by nonprofit corporations, thereby ensuring continued affordability for park residents; and

WHEREAS, Meg has been instrumental in facilitating the successful purchase of Northgate and Highgate Apartments; and

WHEREAS, Meg has been a valued member of the Agency's senior staff ("Core" group);

NOW, THEREFORE, be it RESOLVED that:

Meg Pond is and shall be considered a friend of affordable housing and recognized as an important, key participant in enabling the Agency to achieve its mission.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 24, 1992.

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

RESOLUTION OF INTEREST RE: NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the acquisition and rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

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

WHEREAS, Depot Square Apartments Limited Partnership will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the real property in question also includes commercial space, which will be separated from the residential portion of the Development through a condominium declaration; and

WHEREAS, the Development has been approved by the Department of Housing and Urban Development for 15 year project based Section 8 moderate rehabilitation certificates; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for acquisition and rehabilitation in an amount not to exceed $1,200,000, for the New Avenue House Development.

2. Further Agency action will be conditioned upon final approval of the Section 8 certificates by HUD; staff approval of: plans and specifications for the proposed rehabilitation; the structure of the proposed condominium and sufficient control over the non-residential parts of the condominium to insure that the residential units are not adversely affected; sufficient parking being available for the residential units; the management plan and satisfactory credit enhancements.

3. This Resolution of Interest is not a commitment to finance and shall be conditional upon the availability of funds from federally taxable bonds or notes of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 24, 1992.

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

AMENDED RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: COBURN MOBILE HOME PARK

WHEREAS, a proposal has previously been presented to the Agency by the Housing Foundation, Inc.("HFI"), a non-profit corporation, involving the acquisition of Coburn Mobile Home Park ("Coburn"), a 46 unit mobile home park in Clarendon; and

WHEREAS, this development has previously been the subject of Agency resolutions on June 26, 1991 and May 23, 1991; and

WHEREAS, HFI has received a commitment for a deferred loan in the amount of $169,000 and a grant in the amount of $31,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Agency has available to it a commitment from the State's pension funds to purchase taxable bonds issued by the Agency, the proceeds of which can be used to make a mortgage loan to HFI for the acquisition of Coburn; and

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

WHEREAS, the costs of the proposed rehabilitation have increased and the Agency has been requested to increase the amount of its mortgage loan;

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Coburn Mobile Home Park. Of that total, not more than $40,000 shall be a bridge loan from the Agency's General Fund.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan and transaction costs.

4. The term of the mortgage loan shall be 20 years, the principal and interest payments will be calculated on a 25 year term and will not be fully amortizing, and the interest rate to be charged may be a graduated rate, which will be determined by the Executive Director.

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

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

7. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

8. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met.

9. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to Housing Foundation, Inc. in an amount not to exceed $340,000 for a 20 year term at the closing on the Development.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 24, 1992.

Allan S. Hunt

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

RESOLUTION OF INTEREST RE:
GILMAN HOUSING TRUST (LYNDONVILLE) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Gilman Housing Trust involving the acquisition and rehabilitation of a 5 unit transitional housing development at 118 Main Street in Lyndonville (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, the Gilman Housing Trust will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Gilman Housing Trust proposed to have the Lyndonville Area Ecumenical Council Homes (LAEC) manage the Development; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage for acquisition and rehabilitation in an amount not to exceed $70,000, for the 118 Main Street Development.

2. Further Agency action will be conditioned upon satisfaction of the staff with the capacity of LAEC to manage the property, approval of management agreements between the Gilman Housing Trust and LAEC, and staff approval of plans and specifications for the proposed rehabilitation.

3. This Resolution of Interest is not a commitment to finance and shall be conditional upon the availability of funds from recycled mortgage proceeds of the Agency and the satisfactory completion of such further requirements as the Agency may establish. The Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on March 24, 1992.

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

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

ALLAN

FROM: Allan S. Hunt, Executive Director

DATE: May 15, 1992

RE: EXECUTIVE DIRECTOR'S REPORT

Given the amount of time that has passed since the last Board meeting, and the amount of activities that have occurred, I decided to put some of my thoughts in writing.

Commissioner appointment: Doug Richards, an attorney from Springfield, has been confirmed by the Senate to replace Emory Hebard. We will be welcoming Doug to the Board at our upcoming meeting.

Radio interviews: I will have done interviews on 5 radio talk shows by the time of our Board meeting. These are a good opportunity to get the word out on our programs and I enjoy doing them! Locally, I did a show with Jack Barry on WVMT, with Rod Clarke on Vermont Public Radio and Rod's other show in Barre, and on radio stations in Rutland and Manchester.

Director of Development search: Continues with our leading candidate still trying to resolve family and business issues in Connecticut. This will be resolved by Board meeting time.

Housing Vermont investor lunch: Horace and I attended this luncheon, at which Jeff Johnson was the speaker. HV discussed with their tax credit investors their success to date, noting the creation of over 1,300 affordable housing units, with all projects doing well. Their biggest problem currently is finding additional investor equity, with the banks being somewhat "tapped out." Discussions with the utilities and captive insurers are ongoing, with only limited success to date.

Homebuilder Annual Awards Dinner: Was attended by eight staff members as a result of our sponsorship of the affordable housing category. VHFA played a critical role in the financing of many of the entries in this category.

Westgate Apartments: Negotiations continue with Mr. Gilhuly on extending the option for Westgate and Applegate. We are close to reaching an agreement extending the option to 1995 on Westgate and 1998 on Applegate. Additionally, they have agreed to pay 50% of our development expenses in the event that one or both projects can't move forward as a result of appraisal problems or other unforeseen problems. An update will be provided at the Board meeting.

Dalton Drive: Is proceeding smoothly, with sales brisk. The attached sheet indicates activity for sales, contracts, and reservations.

15,000th Mortgage: Governor Dean joined Chairman Shaw, Gus Seelig, Paul Ruse, Bill Rockford and numerous Agency staff to celebrate the 15,000th loan origination. The Governor presented a painting to the Hoadley family from Belvidere. Plaques were presented to the mortgage originator, Chittenden Bank, as well as to the Hoadley family.

Date: 5/13/92
Activity: +1
Resv.Total: 18
CLOSED TOTAL: 12

OFFICERS' ROW
PHASE I

LDG/UNIT		TYPE	PRICE	STATUS	NAME	DATE	2ND	UVM	CLOSING	REF	FINAL $
10	A	3TH	$114,900	CLOSED	M/B Kramer	10/21/91	N	N	3/92		$114,104
10	B	3TH	$117,900	CLOSED	B.Donahue	1/18/92	N	N	4/92		$118,500
11	A	3TH	$119,900	RESV	Brenda Woodbury	4/18/92	N	N	5/92		?
11	B	3TH	$114,900	CLOSED	J & K Glaser	10/4/91	N	N	3/92		$114,900
00	A	1Conv	$86,500	OFFICE							
00	B	1Conv	$94,500	MODEL							
00	C	2Bdr	$74,900								
00	D	2Bdr	$74,900								
00	E	1/1ft	$62,900	CLOSED	Laura McHugh	9/29	Y	N	1/92		$64,967
00	F	1/1ft	$62,900	CLOSED	Leskinen/Hunt	8/26	N	Y	3/92		$63,955
01	A	1Conv	$88,900	* P &S	Frank Talbott	5/92	N	N	5/92		$88,900
01	B	1Conv	$88,900								
[illegible]	C	2Bdr	$74,900								
[illegible]	D	2Bdr	$74,900	P &S	Brenda Harmon	4/22/92	Y	N	6/92		
[illegible]	E	1/1ft	$62,900	CLOSED	Briana Lovejoy	9/13	Y	N	1/92	C&F	$65,490
[illegible]	F	1/1ft	$62,900	CLOSED	John Gant	8/15	N	N	1/92		$62,900
02	A	1Conv	$88,500								
02	B	1Conv	$86,500	P &S	Judith Terp	1/31/92	N	N	4/92		
02	C	2Bdr	$74,900	CLOSED	C. Rubalcaba	2/3/92	Y	Y	4/92	C-21	$77,420
02	D	2Bdr	$74,900	P &S	Kelly Keefe	4/23/92	Y	N	7/92		
02	E	1/1ft	$69,900								
02	F	1/1ft	$62,900	CLOSED	Chas Billingsley	9/30	N	N	3/92		$65,335
04	A	3TH	$105,000	CLOSED	Mansfield-Marcoux	8/1	N	N	12/91		$99,500
04	B	3TH	$105,000	CLOSED	C. Blackwell	2/3/92	N	N	4/92		$105,000

For internal use only. Prices subject to change. 5/13/92 mm

Date:5/13/92

OFFICERS' ROW
PHASE II

BLDG/UNIT	TYPE	PRICE	STATUS	NAME	DATE	2ND	UVM	CLOSING REF	FINAL $
406 A	1Bdr	$82,000							
406 B	1Bdr	$82,000	P &S	Mark Wood	11/11/	N	N	6/92	
406 C	2Bdr	$92,000	* change	Bob Corey	3/2	N	N	6/92	
406 D	2Bdr	$92,000	P &S	David Smith	1/28	N	N	6/92	
408 A	2Bdr	$102,000	P &S	Carol Dussault	3/14	N	N	7/92	
408 B	2Bdr	$89,000	P &S	Andy Gardiner	10/7/91	N	N	5/92	
408 C	1/lft	$72,900	P &S	Jim Morgan	1/14/92	N	N	5/92	
409 A	2Bdr	$98,900							
409 B	2Bdr	$98,900							
409 C	3Bdr	$98,900							
409 D	3Bdr	$98,900	RESV	Darrin Green	10/17	Y	N	4/92	
409 E	2/lft	$91,500							
605 A	3TH	$105,000	* DFT	S & K Bigelow					
605 B	3TH	$105,000	CLOSED	Ann Donahue	10/3/91	Y	Yes	4/92	

OTHER RESERVATIONS

PHASE 4

BLDG/UNIT	TYPE	PRICE	STATUS	NAME	DATE	2ND	UVM	CLOSING REF
502 E	3/lft	$65,900	RESV	Karen McGregor	10/3/91	Y	Yes	9/92
502 C	2Bdr	$74,900	RESV	Nancy Hayes	10/2/91	Y	Yes	9/92
502 D	2Bdr	$74,900	RESV	Linda DeMag	11/30/91	Y	Yes	9/92

PHASE 3

BLDG/UNIT	TYPE	PRICE	STATUS	NAME	DATE	2ND	UVM	CLOSING REF
601 D	2Bdr	$74,900	* P &S	Annette Mailhot	10/7/91	Y	Yes	6/92
601 F	3/lft	$67,900	RESV	M. Companion	10/13/91	Y	No	6/92
407 C	2Bdr	$92,000	* RESV	Bob Corey	4/24/92	N	No	8/92

* indicates change in status

For internal use only. Prices subject to change. 5/13/92 mm

OFFICERS' ROW MORTGAGES CLOSED
14-May-92

UNIT	BDRMS	ADULTS/KIDS	INCOME	% MEDIAN	PURCH PRICE	1ST MTG	1TYPE	1LTV	1%RATE	1P&I	2ND MTG	DWNPMT%	UVM	CLOSED
410 A	3	2/0	$42,029.00	126.98%	$114,900	$105,000	1ST STEP	91.38%	7.875%	$761.32		8.62%	N	03/30/92
410 B	3	2/0	$55,500.00	167.67%	$118,500	$105,300	ADJ CONVT/CHIT	88.86%	5.625%	$606.17		11.14%	N	04/17/92
411 B	3	2/1	$45,000.00	108.70%	$114,900	$91,920	1ST STEP	80.00%	7.125%	$619.28		20.00%	Y	03/06/92
500 E	1	1/0	$17,888.00	61.68%	$64,967	$48,000	VHFA HOUSE/IBM	73.88%	6.200%	$290.34	$12,000	7.65%	N	01/30/92
500 F	1	2/0	$47,808.00	144.44%	$62,900	$50,000	ADJ CONVT/CHIT	79.49%	5.625%	$287.83		20.51%	Y	03/31/92
501 E	1	1/0	$16,640.00	57.38%	$65,490	$50,900	VHFA HOUSE/BOV	77.72%	6.200%	$311.17	$12,000	0.15%	N	01/31/92
501 F	1	1/0	$25,025.00	86.29%	$62,900	$52,900	1ST STEP/MCC	84.10%	6.375%	$369.88		15.90%	N	01/23/92
502 C	2	1/0	$20,414.00	70.39%	$77,420	$65,650	VHFA HOUSE/VFB	84.80%	6.200%	$402.08	$11,770	0.00%	Y	04/17/92
502 F	1	1/0	$29,806.00	102.78%	$62,900	$59,755	CARE D	95.00%	8.375%	$475.44		5.00%	N	03/16/92
504 A	3	2/2	$38,266.00	92.43%	$99,440	$90,000	CARE D/MCC	90.51%	8.875%	$700.01		5.03%	N	12/18/91
504 B	3	1/1	$35,000.00	105.74%	$105,000	$84,000	3YR CONVT/CHIT	80.00%	6.500%	$530.94		20.00%	N	03/23/92
505 B	3	1/2	$27,800.00	74.53%	$105,000	$85,000	VHFA HOUSE/VFB	80.95%	6.200%	$520.59	$20,000	0.00%	Y	04/17/92

FINANCING INFORMATION (FINAL):

BANK OF VERMONT MTG TOTAL	$300,626
CHITTENDEN BANK MTG TOTAL	$339,055
VERMONT FEDERAL BANK MTG TOTAL	$150,650
VHFA HOUSE MTG TOTAL	$249,550
VHFA MOVE MTG TOTAL	$0
SECOND MTG POOL TOTAL	$55,770
MCC USERS	$226,900
TOTAL OF 1ST MTGS CLOSED	$888,425

# OF UNITS SOLD	12
# OF PERPETUALLY AFFORDABLE UNITS	4
# OF <= MEDIAN BUYERS	6
# OF UVM-EMPLOYED BUYERS	4

OFFICERS' ROW PURCHASE CONTRACT & RESERVATION HOLDERS
14-May-92

UNIT #	ADULTS/KIDS	INCOME	% MEDIAN	PRICE	1ST MTG	1TYPE	1LTV	1%RATE	1P&I	2ND MTG	TLTV	UVM	EST CLOS
406B*	1/0	$31,623.96	109.05%	$82,000	$77,900	CARE D/MCC	95.00%	8.875%	$619.81		95.00%	N	5/92
406D*	1/0	$35,400.00	122.07%	$92,000	$82,800	1ST STEP/MCC	90.00%	7.000%	$550.37		90.00%	N	6/92
407C	1/0	$30,000.00	103.45%	$92.000	$87,400	1ST STEP/MCC	95.00%	7.125%	$588.83		95.00%	N	7/92
408A*	1/0	$34,000.00	117.24%	$102,000	$35,000	ADJ CONVT/VFB	34.31%	6.000%	$209.84		34.31%	N	5/92
408B*	1/0	$31,520.00	108.69%	$89,000	$79,900	1ST STEP/MCC	89.78%	8.875%	$635.72		89.78%	N	5/92
408C*	1/0	$21,840.00	75.31%	$72.900	$38.854	CARE D/MCC	53.30%	8.875%	$309.14		53.30%	N	5/92
409D	1/1	$28,135.00	85.00%	$98,900	$88,282	VHFA HOUSE	89.26%	6.200%	$540.70	$10,618	100.00%	N	6/92
411A	1/1	$36,000.00	108.76%	$117,900	$94,320	ADJ CONVT/CHIT	80.00%	5.625%	$542.96		80.00%	N	6/92
501A*	1/0	$42,000.00	144.83%	$88,900	$80,010	ADJ CONVT/CHIT	90.00%	7.250%	$545.81		90.00%	N	5/92
501D*	1/0	$20,300.00	71.72%	$77,098	$60,581	VHFA HOUSE/IBM	78.58%	6.200%	$374.02	$16,517	100.00%	N	5/92
502C	1/0	$19.626.96	67.68%	$74,900	$67,373	VHFA HOUSE	89.95%	6.200%	$412.64	$7,527	100.00%	Y	9/92
502D	1/1	$17,781.00	53.72%	$74.900	$59,033	VHFA HOUSE	78.82%	6.200%	$361.56	$15,867	100.00%	Y	9/92
502F	1/1	$20,051.00	60.58%	$65,900	$53.572	VHFA HOUSE	81.29%	6.200%	$328.11	$12,328	100.00%	Y	9/92
601D*	1/0	$20,750.00	71.55%	$76,473	$59,450	VHFA HOUSE/VFB	77.74%	6.200%	$393.14	$17,000	99.97%	Y	6/92
601F*	1/0	$18,720.00	64.55%	$68,888	$51,650	VHFA HOUSE	74.98%	6.200%	$315.50	$17,000	99.65%	N	6/92
602B*	1/0	$20,400.00	70.34%	$86,500	$63,929	1ST STEP/MCC	73.91%	7.000%	$425.32		73.91%	N	5/92
602D*	1/1	$22,000.00	66.47%	$77.658	$57,658	VHFA HOUSE/VFB	74.25%	6.200%	$361.93	$20,000	100.00%	N	7/92

* PURCHASE CONTRACT SIGNED

CONTRACTED/RESERVED UNIT FINANCING INFORMATION (PRELIMINARY):

BANK OF VERMONT MTG TOTAL	$314,029	# OF UNITS UNDER CONTRACT	11
CHITTENDEN BANK MTG TOTAL	$291,084	# OF UNITS RESERVED	6
VERMONT FEDERAL BANK MTG TOTAL	$152,108	# OF PERPET. AFFORDABLE UNITS	3
VHFA HOUSE MTG TOTAL	$497,599	# OF <= MEDIAN BUYERS	10
VHFA MOVE MTG TOTAL	$0	# OF UVM-EMPLOYED RESERVATIONS	4
SECOND MTG POOL TOTAL	$116,857		
MCC USERS	$430,783		

TOTAL OF 1ST MTGS NEEDED $1,137,712

1990 Series 2

AS OF: 05/14/92 — Vermont Housing Finance Agency — Report: 1130

PAGE NO. 1 — 902 - $37,310,610 MORTGAGE PURCHASE PROGRAM - MOVE — PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 8.150%

Date : 05/14/92

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$1,346,186	3.6%	$875,686	2.3%	$325,726	$549,960	40.8%
Bradford National Bank	$126,996	0.3%	$67,200	0.1%	$0	$67,200	52.9%
Caledonia National Bank of Danville, The	$92,625	0.2%	$92,625	0.2%	$0	$92,625	100.0%
Chittenden Bank	$2,607,573	6.9%	$1,385,637	3.7%	$222,500	$1,163,137	44.6%
Citizens Savings Bank and Trust	$283,266	0.7%	$118,728	0.3%	$0	$118,728	41.9%
Community National Bank	$350,340	0.9%	$350,340	0.9%	$127,775	$222,565	63.5%
Franklin-Lamoille Bank	$498,780	1.3%	$62,225	0.1%	$62,225	$0	0.0%
Granite Savings Bank and Trust Company	$57,000	0.1%	$0	0.0%	$0	$0	0.0%
Green Mountain Bank	$218,100	0.5%	$218,100	0.5%	$39,000	$179,100	82.1%
Kittredge Mortgage Corporation	$55,100	0.1%	$55,100	0.1%	$0	$55,100	100.0%
Lyndonville Savings Bank & Trust Company	$190,325	0.5%	$69,825	0.1%	$0	$69,825	36.6%
Marble Bank	$363,600	0.9%	$210,600	0.5%	$50,000	$160,600	44.1%
Merchants Bank, The	$794,443	2.1%	$582,668	1.5%	$321,418	$261,250	32.8%
Mortgage Service Center of New England	$378,211	1.0%	$220,311	0.5%	$0	$220,311	58.2%
National Bank of Middlebury, The	$119,995	0.3%	$57,995	0.1%	$0	$57,995	48.3%
New England IBM Employees Fed Crdt Union	$144,900	0.3%	$144,900	0.3%	$66,500	$78,400	54.1%
Passumpsic Savings Bank	$461,412	1.2%	$303,049	0.8%	$68,875	$234,174	50.7%
Peoples Trust Company of St Albans	$69,259	0.1%	$69,259	0.1%	$69,259	$0	0.0%
Statewide Funding Corporation	$990,448	2.6%	$631,994	1.6%	$228,861	$403,133	40.7%
Summit Financial Center, Inc.	$708,133	1.8%	$325,180	0.8%	$0	$325,180	45.9%
Union Bank	$684,730	1.8%	$435,780	1.1%	$73,000	$362,780	52.9%
Vermont Federal Bank, FSB	$1,598,381	4.2%	$610,367	1.6%	$140,567	$469,800	29.3%
Vermont Mortgage Group, Inc	$720,001	1.9%	$435,001	1.1%	$153,126	$281,875	39.1%
Vermont National Bank	$2,111,326	5.6%	$1,471,726	3.9%	$962,576	$509,150	24.1%
Wells River Savings Bank	$354,953	0.9%	$293,578	0.7%	$0	$293,578	82.7%
TOTALS 241 Loans	$15,326,083	41.0%	$9,087,874	24.3%	$2,911,408	$6,176,466	40.3%

1990 Series 2

STATISTICAL REPORT PROGRAM ID: 902 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 05/14/92
Loan Status: CC,UC,O

Total Number of Loans:	138
Total Loan Amount:	$8,878,979

EXISTING:	$7,414,532	85.5%	118 Loans
NEW CONSTRUCTION:	$1,464,447	14.4%	20 Loans
NEW DETACHED HOUSING:	$923,922	63.0%	12 Loans
NEW CONDOMINIUM:	$540,525	36.9%	8 Loans
Funds Remaining to be Reserved:	$21,913,396	58.7%	340 Loans (Est.)

Total Insured or Guaranteed Loans:	133
Loans Guaranteed by VHMGB:	133

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$64,093	$76,421	$69,095
Avg. Loan Amount	$59,778	$71,020	$64,340
Avg. Borrower Income	$27,814	$28,404	$28,054
Avg. Housing Debt-Income Ratio	25.1%	28.8%	26.6%
Avg. Total Debt	$761.31	$825.82	$787.49
Avg. Total Debt-Income Ratio	33.2%	35.3%	34.0%
Total No. of Loans	82	56	138
% of Total Loan Amount	55.2%	44.8%	100.0%
First Time Homebuyers	91.4%	100.0%	94.9%
% Meeting Low Income Set Aside	34.1%	51.7%	41.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	6	4.3%	$396,903	5,000	5.7%	1.4-
Bennington	11	8.0%	$707,134	6,300	7.2%	0.8
Caledonia	16	11.6%	$807,715	4,800	5.5%	6.1
Chittenden	32	23.3%	$2,429,785	16,000	18.2%	5.1
Essex	2	1.4%	$81,150	1,300	1.4%	0.0
Franklin	13	9.4%	$943,003	6,000	6.8%	2.6
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	8	5.8%	$475,345	3,300	3.8%	2.0
Orange	8	5.8%	$565,106	4,300	4.9%	0.9
Orleans	8	5.8%	$370,090	4,200	4.8%	1.0
Rutland	13	9.4%	$870,580	10,000	11.4%	2.0-
Washington	12	8.7%	$677,300	9,000	10.3%	1.6-
Windham	2	1.4%	$111,536	7,100	8.1%	6.7-
Windsor	7	5.1%	$443,332	9,600	11.0%	5.9-
TOTAL	138	100.0%	$8,878,979	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

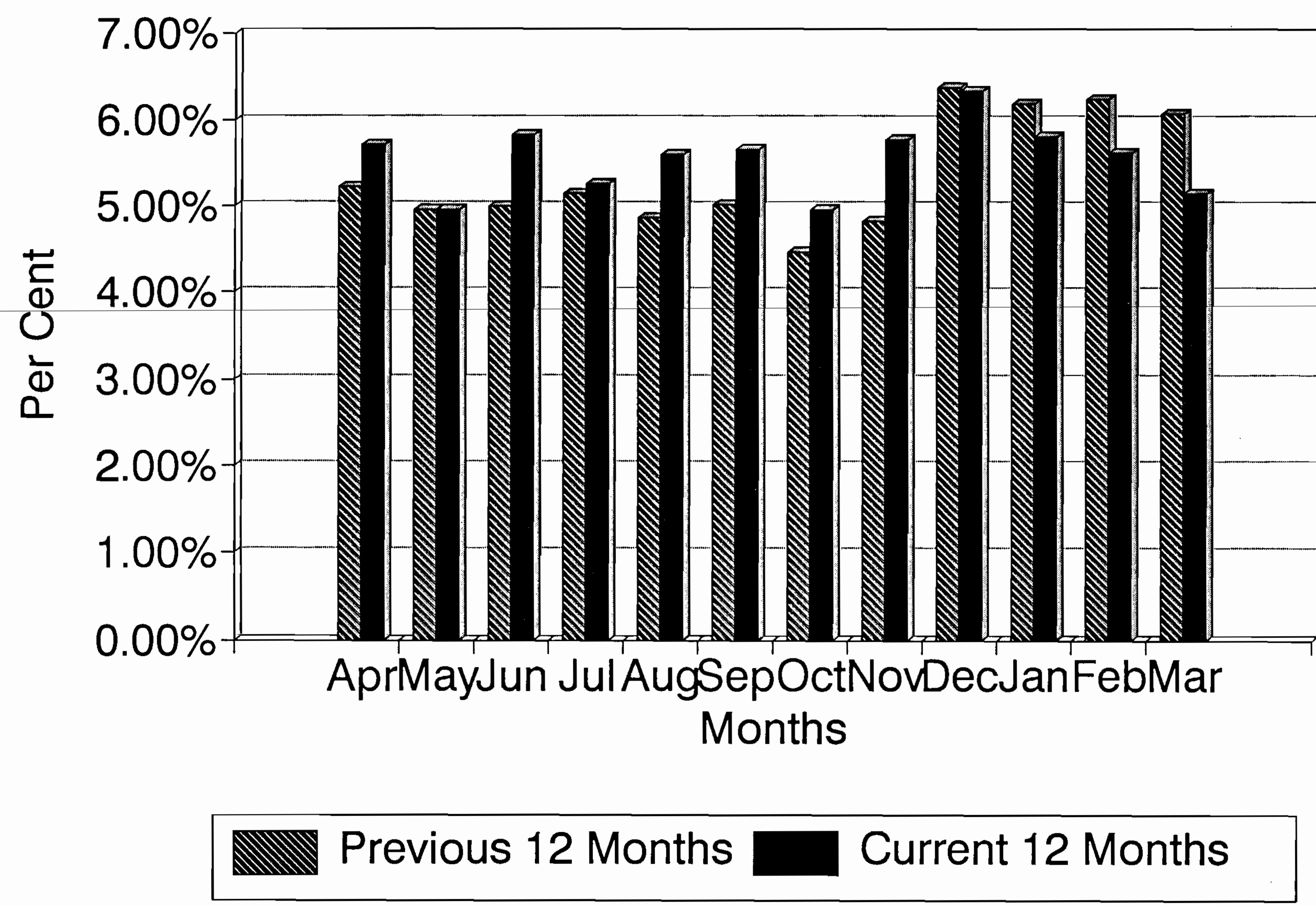
Boardmailing 5/92

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 03/31/92

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	364	11	3.02%	0	0.00%	3	0.82%	14	3.85%	0	0	0.00%	0	0.00%	14	3.85%
Bennington Coop Savings & Loan Assn Inc	59	2	3.39%	1	1.69%	0	0.00%	3	5.08%	0	0	0.00%	0	0.00%	3	5.08%
Bradford National Bank	55	3	5.45%	0	0.00%	0	0.00%	3	5.45%	0	0	0.00%	0	0.00%	3	5.45%
Caledonia National Bank of Danville, Th	130	4	3.08%	3	2.31%	0	0.00%	7	5.38%	0	2	1.54%	1	0.77%	10	7.69%
Chittenden Trust Company	1,030	38	3.69%	12	1.17%	13	1.26%	63	6.12%	0	3	0.29%	0	0.00%	66	6.41%
Citizens Savings Bank	21	1	4.76%	0	0.00%	0	0.00%	1	4.76%	0	0	0.00%	0	0.00%	1	4.76%
Comfed Mortgage Co., Inc.	15	2	13.33%	0	0.00%	0	0.00%	2	13.33%	0	0	0.00%	0	0.00%	2	13.33%
Commonwealth Mortgage Company, Inc	24	1	4.17%	0	0.00%	0	0.00%	1	4.17%	0	0	0.00%	0	0.00%	1	4.17%
Community National Bank	152	4	2.63%	1	0.66%	2	1.32%	7	4.61%	0	0	0.00%	4	2.63%	11	7.24%
Factory Point National Bank, The	27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Brandon National Bank	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Twin-state Bank	146	5	3.42%	0	0.00%	0	0.00%	5	3.42%	0	0	0.00%	0	0.00%	5	3.42%
First Vermont Bank and Trust Company	168	10	5.95%	1	0.60%	0	0.00%	11	6.55%	0	0	0.00%	1	0.60%	12	7.14%
Franklin-Lamoille Bank	199	10	5.03%	1	0.50%	2	1.01%	13	6.53%	0	0	0.00%	0	0.00%	13	6.53%
Granite Savings Bank and Trust Company	36	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Green Mountain Bank	20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Howard Bank, National Assn, The	437	25	5.72%	5	1.14%	3	0.69%	33	7.55%	0	0	0.00%	6	1.37%	39	8.92%
Lomas & Nettleton Company, The	22	2	9.09%	0	0.00%	0	0.00%	2	9.09%	0	0	0.00%	0	0.00%	2	9.09%
Lyndonville Savings Bank & Trust Compan	50	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	1	2.00%	0	0.00%	1	2.00%
Marble Bank	226	14	6.19%	1	0.44%	0	0.00%	15	6.64%	0	0	0.00%	1	0.44%	16	7.08%
Merchants Bank, The	292	12	4.11%	1	0.34%	3	1.03%	16	5.48%	0	0	0.00%	0	0.00%	16	5.48%
Mortgage Service Center of New England	36	2	5.56%	0	0.00%	0	0.00%	2	5.56%	0	0	0.00%	0	0.00%	2	5.56%
National Bank of Middlebury, The	68	1	1.47%	0	0.00%	1	1.47%	2	2.94%	0	0	0.00%	0	0.00%	2	2.94%
New England IBM Employees Fed Crdt Unio	69	1	1.45%	0	0.00%	0	0.00%	1	1.45%	0	0	0.00%	0	0.00%	1	1.45%
Northfield Savings Bank	127	4	3.15%	2	1.57%	1	0.79%	7	5.51%	0	0	0.00%	0	0.00%	7	5.51%
Passumpsic Savings Bank	177	4	2.26%	2	1.13%	1	0.56%	7	3.95%	0	0	0.00%	4	2.26%	11	6.21%
Peoples Trust Company of St Albans	159	9	5.66%	1	0.63%	3	1.89%	13	8.18%	0	0	0.00%	0	0.00%	13	8.18%
Proctor Bank	111	3	2.70%	1	0.90%	0	0.00%	4	3.60%	0	0	0.00%	0	0.00%	4	3.60%
Randolph National Bank	70	2	2.86%	0	0.00%	0	0.00%	2	2.86%	0	0	0.00%	0	0.00%	2	2.86%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	68	4	5.88%	0	0.00%	1	1.47%	5	7.35%	0	1	1.47%	0	0.00%	6	8.82%
Union Bank	159	3	1.89%	0	0.00%	2	1.26%	5	3.14%	0	0	0.00%	0	0.00%	5	3.14%
Vermont Development Credit Union	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	919	31	3.37%	4	0.44%	10	1.09%	45	4.90%	0	1	0.11%	2	0.22%	48	5.22%
Vermont Mortgage Group, Inc	160	6	3.75%	2	1.25%	2	1.25%	10	6.25%	0	1	0.63%	0	0.00%	11	6.88%
Vermont National Bank	466	11	2.36%	1	0.21%	3	0.64%	15	3.22%	0	1	0.21%	2	0.43%	18	3.86%
Wells River Savings Bank	25	2	8.00%	0	0.00%	0	0.00%	2	8.00%	0	0	0.00%	0	0.00%	2	8.00%
Woodstock National Bank	14	1	7.14%	0	0.00%	0	0.00%	1	7.14%	0	0	0.00%	0	0.00%	1	7.14%
Overall Totals:	6,114	228	3.73%	39	0.64%	50	0.82%	317	5.18%	0	10	0.16%	21	0.34%	348	5.69%
February 29, 1992	6,174	230	3.73%	69	1.12%	47	0.76%	346	5.60%	0	14	0.23%	16	0.26%	376	6.09%

VERMONT HOUSING FINANCE AGENCY

Total Delinquency Comparison



MORTGAGE CREDIT CERTIFICATE 4

AS OF: 05/14/92 Vermont Housing Finance Agency Report: 1130

PAGE NO. 1 MC4 - $34,985,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #4 PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 0.000%

Date : 05/14/92

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$3,827,280	10.9%	$2,742,750	7.8%	$2,117,800	$624,950	16.3%
Chittenden Bank		$7,774,459	22.2%	$7,139,180	20.4%	$6,181,775	$957,405	12.3%
Commonwealth Mortgage Company, Inc		$1,021,858	2.9%	$860,421	2.4%	$770,427	$89,994	8.8%
Franklin-Lamoille Bank		$1,041,505	2.9%	$1,041,505	2.9%	$829,005	$212,500	20.4%
Granite Savings Bank and Trust Company		$50,000	0.1%	$50,000	0.1%	$50,000	$0	0.0%
Marble Bank		$835,775	2.3%	$767,775	2.1%	$637,650	$130,125	15.5%
Merchants Bank, The		$2,562,057	7.3%	$2,230,614	6.3%	$1,746,850	$483,764	18.8%
Northfield Savings Bank		$142,800	0.4%	$142,800	0.4%	$83,000	$59,800	41.8%
Passumpsic Savings Bank		$341,800	0.9%	$341,800	0.9%	$199,200	$142,600	41.7%
Statewide Funding Corporation		$5,596,131	15.9%	$5,331,505	15.2%	$4,180,207	$1,151,298	20.5%
Summit Financial Center, Inc.		$3,152,761	9.0%	$2,793,616	7.9%	$2,269,947	$523,669	16.6%
Vermont Federal Bank, FSB		$3,204,730	9.1%	$3,118,730	8.9%	$2,440,460	$678,270	21.1%
Vermont Mortgage Group, Inc		$2,168,100	6.1%	$1,900,130	5.4%	$1,477,830	$422,300	19.4%
Vermont National Bank		$1,393,920	3.9%	$752,075	2.1%	$511,900	$240,175	17.2%
Wells River Savings Bank		$55,575	0.1%	$55,575	0.1%	$55,575	$0	0.0%
TOTALS	445 Loans	$33,168,751	94.8%	$29,268,476	83.6%	$23,551,626	$5,716,850	17.2%

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC4
UNDERWRITING DATABASE
EFFECTIVE: 05/14/92

Total Number of Loans:	395
Total Loan Amount:	$29,268,476
Average Loan Amount:	$74,097

EXISTING:	$21,415,533	74.6%	295 Loans
NEW CONSTRUCTION:	$7,852,943	25.3%	100 Loans
NEW DETACHED HOUSING:	$5,548,259	70.6%	70 Loans
CONDOMINIUM:	$4,493,600	15.4%	61 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$77,822	$87,206	$81,599
Avg. Loan Amount	$70,907	$78,831	$74,097
Avg. Borrower Income	$32,402	$30,438	$31,612
Total No. of Loans	236	159	395
First Time Homebuyers	91.1%	98.7%	94.1%
% of Total Loan Amount	57.2%	42.8%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	6	1.5%	$460,700	5,000	5.7%	4.2-
Bennington	4	1.0%	$315,688	6,300	7.2%	6.2-
Caledonia	14	3.5%	$902,706	4,800	5.5%	2.0-
Chittenden	137	34.7%	$10,892,860	16,000	18.2%	16.5
Essex	1	0.3%	$60,325	1,300	1.4%	1.1-
Franklin	42	10.6%	$3,028,377	6,000	6.8%	3.8
Grand Isle	2	0.5%	$163,850	900	1.0%	0.5-
Lamoille	14	3.5%	$991,197	3,300	3.8%	0.3-
Orange	22	5.6%	$1,540,759	4,300	4.9%	0.7
Orleans	7	1.8%	$393,611	4,200	4.8%	3.0-
Rutland	62	15.7%	$4,497,845	10,000	11.4%	4.3
Washington	69	17.5%	$4,899,942	9,000	10.3%	7.2
Windham	5	1.3%	$419,511	7,100	8.1%	6.8-
Windsor	10	2.5%	$701,105	9,600	11.0%	8.5-
TOTAL	395	100.0%	$29,268,476	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1990 County Sourcebook

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: JAMES GANDINI, DATA PROCESSING MANAGER

DATE: MAY 14, 1992

RE: VHFA COMPUTER SEARCH UPDATE

BACKGROUND

Since January we have been engaged in a process to select a new computer system for the Agency.

During brainstorming sessions with each department, quantifying what they would need in a new system, what they felt they could use to do their jobs better, and details about day to day activities, a requirements document was formulated. Along with this document, a general information flow document and a requirements checklist were created. At this time, the data processing department was gathering sales literature from various software vendors on their mortgage lending, servicing, and accounting products, as well as soliciting information from other housing finance agencies about their computer systems.

Upon completion of the requirements documents, and after preliminary discussions about each of the vendors that had sent us literature, we chose seven vendors to receive our request for information. These were vendors that seemed to have products that would most likely be able to meet the needs of VHFA. Realizing that very few vendors develop products strictly for housing finance agencies, we had to look for vendors that either had extremely flexible products or were willing to do a fair amount of custom work in order to win our business.

Six vendors replied to our request. After receiving invitations, three vendors visited Vermont to meet with the staff of VHFA, demonstrate their product and explain, face to face, how they would work with us to develop a solution to our needs.

Each vendor spent a little more than one day meeting with the various departments, demonstrating their products, getting to know the employees, and discussing possible solutions for each department. They even discussed approaches to satisfy the needs of those departments for which the vendor currently had no applications, but were willing to develop something, such as a Multi-Family project management system, or processing for the Guarantee Board (VHMGB).

Presently, each of the members of the selection committee and their respective departments are preparing comments on the various demos. Focusing on the products as well as the overall impression they had of the vendor representative. We are looking for a relationship with the vendor, not just a simple purchase, as the human interaction factor is important. When the feedback is received and compiled, I will formulate a proposal for a solution, and present it to the selection committee, to senior management and ultimately to the Board.

Once a solution has been determined, the final step, prior to the actual conversion, will be the negotiation process. We will utilize our consultants, Wagner-Weber, for guidance during this process. This stage will involve detailed discussions on software customization, hardware requirements, a conversion and implementation schedule, customer support, and all associated costs. This portion of the process is a strength of Wagner-Weber, and their services will be invaluable to the Agency.

As stated in the December board presentation, the price range of $300,000 to $400,000 is still appropriate. This amount will cover software, additional customization, necessary hardware, and training. As contract negotiations progress, we will provide the Board with a complete itemized list of potential purchase, conversion, implementation, and training expenses.

RECOMMENDED ACTION

Authorization from the Board for staff to continue the computer search and enter into subsequent contract negotiations with updates to the Board on the progress with a final presentation to the Board for approval prior to system acquisition. Funding for this project will be included in the FY93 budget.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management

DATE: May 14, 1992

RE: Multi-Family Refunding Update

Background

In December 1991, HUD approved the Agency's plan to refinance high interest rate multi-family mortgages and use the resulting savings to offer owners an increased return on equity, and provide VHFA with a source of funds to help create additional affordable housing units.

At the March Board meeting, Roger informed the Board that attorneys for both the Agency's bond counsel and underwriters were increasingly uncomfortable with our Washington special counsel's interpretation of the permitted uses of funds generated from the refunding of 81A and 82A series bonds. Upon subsequent consultation with Vermont legal counsel, staff has concluded that there are limitations on the level of return on equity we can offer owners of elderly and mixed elderly-family properties. Although HUD had conceptually approved the Agency's plan (which included using up to 50% of the difference in debt service savings between the old bonds and new bonds to increase owners' return on equity), their approval does not go beyond any existing limitation imposed by either the HAP contract or HUD regulation. As a result, we have had to think of other incentives for owners of elderly and mixed developments that will be attractive enough to convince them to participate in our refinancing plan. In the course of doing so, we have reshaped the incentive package for family projects as well.

Current Status

We have prepared draft term sheets for the two general classes of developments that will be subject to different restrictions on the maximum return on equity which we can offer owners in connection with our multi-family refinance program (see attached). In addition to increasing return on equity, we are considering the possibility of making energy conversion loans that would be underwritten by a portion of the interest savings. Other incentives being considered are equity take out loans financed from authorized return on equity, tax credits for developments that can add new units, and the use of interest savings to pay the cost of providing supportive services coordination where desired. Negotiations on the exact terms of refinancing will be different for each development although all owners will be required to sign a Preservation Agreement that will effectively prohibit prepayment of their promissory note, assure that the full HAP contract term will be honored, provide for budget based rent increases, and give VHFA an option to purchase the property should they wish to sell.

Expected Results

Assuming that our refinancing terms are attractive enough to convince the majority of owners to participate in the program, the potential impact of these negotiations would result in:

* Up to 29 additional Preservation Agreements signed assuring continued affordability of units for at least the full term of the HAP contract.

* Energy conversions of 400 existing units from electric to fuel fired heating systems. These conversions would reduce utility allowances and ultimately contribute to the preservation of long term subsidy funding committed under the ACC and HAP contracts.

* The construction of 29 new units at existing elderly development sites.

* The construction of 4 new units at existing family development sites.

* Approximately $250,000 a year in net interest income to VHFA from the loans transferred to the refunding resolution.

* Approximately $255,000 a year in HUD-subsidized debt service savings is made available to VHFA to write down the interest rates on new unrelated projects.

Recommended Action

Staff seeks Board approval for the continued work in developing this program including the test marketing of these ideas to a sample group of owners.

MULTI-FAMILY REFINANCE PROGRAM
Post '81 (Family Projects Only)

VHFA has received HUD's conceptual approval of our plan to restructure the debt on high interest rate mortgages provided from bonds issued during 1981-1982. Our proposal allows for reduced debt service savings to be used to provide increased incentives to owners, and help produce additional affordable housing units in Vermont. We are therefore now prepared to begin negotiations with owners on the exact terms for restructuring the debt on each development covered by our plan. The following information is being provided to you as a basis for these negotiations.

Mortgage Rate:	The new rate would be based on up to a 75% difference in the rate between the new bonds and the old bonds (300 to 450 basis points). It is anticipated that loans with a 14% rate would be restructured to produce a rate in the range of 9.5 - 12.5%.
Mortgage Term:	Mortgage term would remain the same and be coterminous with the full 30 year HAP Contract.
Return on Equity:	Owner's return on equity would be based on a redefined equity position consistent with HUD rules and reflecting other aspects of our negotiated agreement. The maximum return on equity would be adjusted up to the 10% normally allowed by HUD on family projects.
Other Incentives:	Any savings remaining from the rate difference on the restructured loan would also be available to pay additional debt service for energy conversions, add new units where feasible, and/or possibly help underwrite the cost of providing supportive services coordination.
Preservation Agreement:	Owners would be required to pay a very large premium if they wanted to prepay their promissory note, and enter into a Preservation Agreement with VHFA that will run with the full term of the mortgage and HAP Contract. These Agreements would assure that the two 5 year renewal terms under the HAP would be honored and provide VHFA an option to purchase the property should an owner wish to sell. These Agreements would further require owners to accept annual rent increases limited to amounts necessary to meet operating expenses and pay full annual distributions as approved by the VHFA. This would preserve ACC Budget Authority and at the same time insulate owners from an increasing tax burden caused by taxable income.

MULTI-FAMILY REFINANCE PROGRAM
Post '81 (Elderly and Mixed Projects Only)

VHFA has received HUD's conceptual approval of our plan to restructure the debt on high interest rate mortgages provided from bonds issued during 1981-1982. Our proposal allows for reduced debt service savings to be used to provide increased incentives to owners, and help produce additional affordable housing units in Vermont. We are therefore now prepared to begin negotiations with owners on the exact terms for rerestructuring the debt on each development covered by our plan. The following information is being provided to you as a basis for these negotiations.

Mortgage Rate:	The new rate would be based on up to a 75% difference in the rate between the new bonds and the old bonds (300 to 450 basis points). It is anticipated that loans with a 14% rate would be restructured to produce a rate in the range of 9.5 -12.5%.
Mortgage Term:	Mortgage term would remain the same and be coterminous with the full 30 year HAP Contract.
Return on Equity:	Owner's return on equity would be recalculated based on the maximum equity position allowed by HUD regulation (approximately 10% of Total Development Costs). The maximum yearly and accrued return on equity would be adjusted to the maximum allowed by HUD (6%).
Other Incentives:	Any savings remaining from the rate difference on the restructured loan would also be available to pay additional debt service for energy conversions, add new units where feasible, and/or possibly help underwrite the cost of providing supportive services coordination.
Preservation Agreement:	Owners would be required to pay a very large premium if they wanted to prepay their promissory note, and enter into a Preservation Agreement with VHFA that will run with the full term of the mortgage and HAP Contract. These Agreements would assure that the two 5 year renewal terms under the HAP would be honored and provide VHFA an option to purchase the property should an owner wish to sell. These Agreements would further require owners to accept annual rent increases limited to amounts necessary to meet operating expenses and pay full annual distributions as approved by the VHFA. This would preserve ACC Budget Authority and at the same time insulate owners from an increasing tax burden caused by taxable income.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Mark Koppelkam, Multi-Family Development Underwriter

DATE: May 14, 1992

RE: WILLISTON: HARDSCRABBLE FARMS SENIOR HOUSING COMMITMENT LETTER RESOLUTION

THE DEVELOPMENT

1. General Description

Attached is a resolution authorizing issuance of a Commitment Letter to provide for up to $3.0 million in construction and permanent taxable bond financing for a proposed new 49 unit elderly development in Williston. A resolution of interest for a $6 million VHFA loan for Hardscrabble was approved by the VHFA Board of Commissioners in December 1991. The development has been reduced in size from 98 units to 49 units since that time. The sponsors have also agreed to pre-lease at least 75% of the market rate units as a condition of VHFA financing.

The sponsor is a limited partnership in which there are two general partners: a for-profit affiliate of the Winooski Housing Authority, and a non-profit called Hardscrabble Nonprofit Inc. The development manager is Allen Hebert, who has been working under contract with the Winooski Housing Authority. The land was purchased by the sponsor in December 1991.

Total development costs are currently estimated at $3.9 million or $79,500 per unit. This compares to $68,780 per unit at Whitney Hill (elderly), $72,225 at Pine Meadows (family), $71,940 at Winchester (family) and $50,041 at Heineberg (elderly). Both Pine Meadow and Heineberg had free land.

Equity will come from the syndication of Low Income Housing Tax Credits, which were allocated in 1991.

The developer has all needed state and local permits in place, and is hoping to begin construction in October 1992.

A detailed set of budgets and financial projections is attached.

Also attached is a site plan of the development. The development is located just behind (to the northeast of) Tafts Corners, between Highways 2 and 2A.

2. Financial Projections

The current financial projections assume taxable bond financing at a 9.5% rate. This rate will not be achievable without the assistance of a bank using the Federal Home Loan Bank Board Community Investment Program (CIP) funds to purchase a VHFA bond. This was the technique used at Whitney Hill, where a 9.75% VHFA bond rate was achieved for the primary financing. The CIP funds are limited to a 20 year term, so a balloon payment (or Agency refinancing) would be required at that time.

Generally speaking, the projections are quite tight and work largely because of the low taxable interest rate and because the sponsor has allegedly lined up a direct placement for the tax credits (as opposed to using a national syndicator). The direct placement can nearly double the amount of equity raised per dollar of tax credit allocated. VHFA has not yet seen evidence of the tax credit placement. There will need to be a HUD subsidy layering review as part of the tax credit approval, due to the use of the project based Section 8's.

The financial projections assume a 4% vacancy rate, annual rent increases of 3%, and expense increases of 5%. As shown, the development does not reach breakeven for 10 years.

In order to cover the shortfalls, the current plan requires that approximately $282,000 be set aside in a project sinking fund/credit enhancement. This plan is similar to that used at the Winchester, Pine Meadow and Whitney Hill developments.

As per VHFA policies, a deficit escrow reserve would be sized at the time of permanent closing, dependent on rent-up progress to that point.

In the earlier proposal, Mr. Pecor had proposed providing up to a $500,000 in credit enhancements, plus guaranteeing the construction (in lieu of a contractor securing a construction bond). It is assumed that the same level of credit security will be available for this new proposal, though we have not seen anything to date to that effect. We have also proposed subordinating the land purchase, holding payment until after successful rent-up.

The development manager will be leaving a large portion of his fee in as a longterm deferred payment debt.

3. Unit Breakdown, Rents and Income Limits

At this time the development is projected to include a mix of 19 rent restricted/tax credit and 30 market rate units. The financing would be contingent on securing at least nineteen project based Section 8 certificates. The Section 8 certificates would be coming from the Winooski Housing Authority, which needs to effect the transfer over time as open certificates become available.

The units are a mix of one and two bedroom units, with the final mix not yet determined. Unit sizes will be roughly 575 to 600 sq. ft. for the 1 BR, and 650 sq. ft. for the 2 BR. These are typical for elderly developments, and are about the size of the units at Whitney Hill and Heineberg. Projected rents are shown on the attached financial summary. 10% of the units will be handicapped accessible, and all will meet HUD's new accessibility codes. The sponsor intends to pay all utilities, including heat and electricity.

4. Site/Location

The site is about four acres in size, and is located just behind Tafts Corners, between Highways 2 and 2A. It will likely be downsized due to the new scope of the development. It is to the rear of an existing 110 acre horse farm, and backs to Allen Brook. The site is fairly open, and has good views to the Green Mountains. A proposed 29 acre park is to be located on the other side of Allen Brook. The area already has a nice network of walkways, which will be complemented by this and other future developments.

Access will be via Highway 2. The developer is currently being required by the town to build a section of a four lane roadway as part of this project, although negotiations about that are in progress. When completed over the long run, the new roadway would serve provide access to Highway 2A, and act as a bypass around Taft Corners.

Residents will have easy pedestrian access to numerous restaurants, retail and banking services. Walmart is hoping to build nearby, and the large Pyramid Mall is pending for a site across Highway 2.

5. Design and Permits

The proposed architect for the development is Weimann Lamphere, which designed both Winchester and Whitney Hill. The proposed engineering firm is Civil Engineering of Shelburne. Preliminary elevations were shown at the December Board meeting for the 98 project. A new conceptual design has not yet been generated.

VHFA will be participating in the design process, including securing an independent architectural review and energy analysis. The Act 250 and all local zoning and utility permits have been approved. The site will have municipal water and sewer.

6. Market Demand and Rent Levels

The sponsor's market strategy is to attract senior tenants from a regional area by providing a package of services to complement the units. These services could include three daily meals, limited medical visitations etc. All these services would be provided at extra costs to tenants.

The nearby Whitney Hill senior housing development was completed in December and had a strong rent-up (43 of 44 apartments at closing). The sponsors there report that the majority of renters have been Williston residents, and that they had more difficulty renting the rent-restricted units. They also have a very short waiting list.

The Hardscrabble sponsors have conducted a fairly broad market study. It is on that basis that they have proposed making the financing dependent upon securing pre-leases for at least 75% of the market units. The local Williston demand for additional senior housing is probably tapped out (by Whitney Hill), so Hardscrabble will need to reach out to a regional market. Any difficulties Whitney Hill had renting rent-restricted units will be largely mitigated by the availability of the Section 8 certificates.

Hardscrabble's 30 market units appear to be priced at the higher end of the rental market at prices of $645 for the one bedroom units, and $695 for the two bedroom units. However the rents include all utilities, and would not take effect until June 1993. These compare to current market rents at Whitney Hill of $550 and $580 for the one bedroom units, and $630 and $675 for the two bedroom units. The sponsor feels that the service component (i.e., meals available) of the development will warrant the higher rents.

7. Management

Management responsibilities will likely be shared between the Winooski Housing Authority and Cathedral Square, which has agreed in concept to participate. We have expressed our position that experienced, professional management is critical to the design, rent-up and longterm viability of the development. Cathedral Square is "the regional senior housing expert," and we believe their involvement adds a good deal to the project development team.

8. Environmental Concerns

A Phase I environmental assessment has been conducted. No significant environmental hazard concerns were cited for the property.

DISCUSSION

Strengths

The primary strengths of this development include:

a. Ray Pecor's agreement (which has not been finalized) to act as a source of credit enhancements, to guarantee the construction, and to subordinate land payments until after successful rent-up makes the project feasible and provides a great deal of comfort to VHFA.

b. The developer's proposal to secure at least 75% pre-lease agreements for the market rate units will guarantee evidence of a strong rent-up prior to VHFA's final commitment.

c. The availability of 19 project based Section 8 certificates greatly reduces rent-up concerns for the rent restricted units.

d. The development is allegedly getting a direct placement of tax credit equity, which dramatically improves the project's economic feasibility.

e. The regional economic down-turn should mean low construction bids, which should assist the development financially.

Weaknesses

The potential weaknesses of this development are:

a. The weak regional economy may make seniors less willing to sell homes to make the move to a rental unit at this time. At Whitney Hill the sponsors argued that many seniors unfortunately do not have the luxury of deferring this decision.

c. The development manager, Allen Hebert, has limited experience with multi-family or elderly development. However, he has done a good job bringing in well qualified professionals as needed to get the job done.

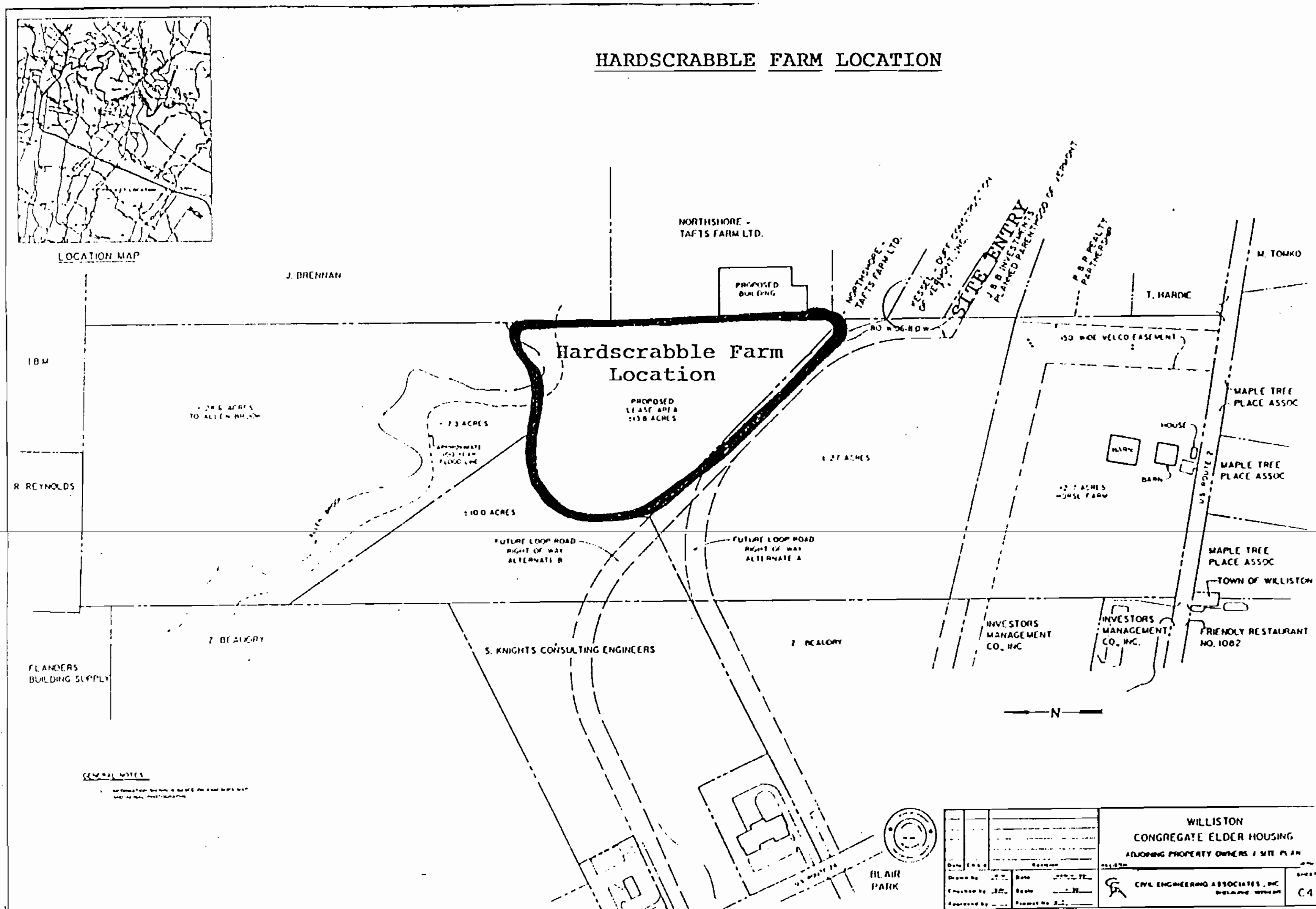
d. The weak economy can lead to contractor and subcontractor stresses during construction, with extremely tight profit margins and bankruptcies due to cash flow problems. However Mr. Pecor is apparently willing and able to guarantee the construction.

e. VHFA has not yet conducted a detailed architectural or energy review of the plans for the development as they are still preliminary.

RECOMMENDED ACTION

Staff recommends approval of the attached Resolution Authorizing Issuance of a Commitment Letter for the Hardscrabble development, authorizing the Executive Director to issue a Commitment Letter in an amount not to exceed $3.0 million for a 49 unit mixed income senior housing development located in Williston. The Commitment Letter would be contingent upon VHFA satisfaction with the Pecor credit enhancements, the availability of the project based Section 8 certificates, evidence of the pre-lease agreements for the market units, the availability of bond proceeds that would permit a feasible loan rate, evidence of an equity commitment as presented, a favorable HUD subsidy layering review and other standard VHFA criteria as set forth in the Resolution.

HARDSCRABBLE FARM LOCATION



Land Sale 4
Williston 2A Park
James
Brown Dr
River Cove Circle
Morgan Parkway
Circle Gallop Hill
Stirrup
River Cove Road
Palmer Court
Shady Lane
Williston Hills
Hillside Dr
Essex Road
2
Redmond Road
Whitcomb Park
Oneida Acres
Many's Corner
Mountain View Road
(Proposed
WILLISTON
Griswold Indust Park
Ave
Meadowbrook
1
Land Sale 2
Industrial Ave
7
Country Lane
Pinecrest Circle
Chittenden Hywy
North Brownell
Country Crossing
Beaudry Lane
Adams Dr
Winter Sports Lane
Munson Indus Pk
Lamplite Acres
Court
Taft's Farm
Winslow Lane
Chamberlin Lane
Pidgeon's Indust Pk
Cadieux Lane
Colton Place
Blair Park Rd
Blair Park
Subject
Bingham Lane
Talcott Road
Commerce St
Shunpike Road
Armand Lane
Krupp Dr
Taft Corners Commercial Pk
Land Sale 3
Land Sale 1
Taft's Farm
Metcalf
South Ridge
Hart Circle
Goodrich Rd
Ridge Rd
Production Park
Leroy Road
Marshall Ave
Harvest Lane
Williston Driving Range
Williston Road
South
McMullen La
Marshall Avenue
Adams Park
Circle
Boyer
6
Pinecrest Camping
89
Exit 12
Hurricane Lane
Hillside East
Walker Hill Road
Brook
Fortier Drive
Highlands Dr
Oak Knoll Road
Oak Hill Mobile Park
Van Sicklen Rd
West Oak Hill Road
Road
Lane

Project: HARDSCRABBLE FARMS RUN DATE: 5/11/92

*********Unit Information********		**********Assumptions*********	
Total Res Units:	49	Increase LIHTC	3.00%
Res Restricted Units:	19	Increase Market	3.00%
Percent Restricted:	38.78%	Expense increase:	5.00%
Avg Net Monthly Rent:	0	Vacancy Rate:	4.00%
TDC	3,897,228	Partner's Tax Rate:	34.00%
TDC/Unit	79,535	Depreciation Schedule:	27.5
		*********LIHTC SUMMARY*********	
Sinking Fund Needed	170,394	Percent Alloc.Needed	100.00%
Credit Enhancement	111,613	Gross Syndication	878,450
Years to breakeven	10	Tax Credit Percentage	8.77%
Tax Credit Rate of Return	13.00%	Annual Credit Amount	119,607
Calc Purchase Price LIHTC	0.73		
Construction Int Rate	9.50%		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Equity	$878,500	22.54%	N/A	N/A	
HEBERT	$100,000	2.57%	N/A	N/A	
Res 1ST MORT	$2,893,728	74.25%	9.50%	30	
EARNINGS	$25,000	0.64%			
Other	$0	0.00%			
	$3,897,228	100.00%			

Notes:
Investors get half of remaining cash flow when cash flow is positive
Construction loan at 9.5%, with 50% equity at start.
Earnings based on 5% on unspent bond proceeds.
No interest paid or accrued on Hebert financing.
Credit enhancement is outside of the development budget.
Sinking fund is called operating deficit in the development budget
Construction bond will be covered by Pecor guarantee.

HARDSCRABBLE FARMS DEVELOPMENT BUDGET 5/11/92

		Residential Budget	Per Unit	% of Total Dev. Costs
Acquisition		0	0	0.00%
Land		100,000	2,041	2.57%
Site Work		575,000	11,735	14.75%
Construction		2,068,813	42,221	53.08%
Dev/Construction Management		0	0	0.00%
Bond Premium	26,438	0	0	0.00%
Contingency	5.00%	132,190	2,698	3.39%
Arch/Engineering		208,925	4,264	5.36%
Consultants		0	0	0.00%
Title & Recording		0	0	0.00%
Appraisal		5,000	102	0.13%
Legal/Accounting		75,000	1,531	1.92%
Permits/Fees		45,000	918	1.15%
Taxes/Insurance		7,500	153	0.19%
Construction Loan Interes	91,601	91,500	1,867	2.35%
Construction Loan Fees		43,400	886	1.11%
Permanent Loan Fee (1.5%)	43,406	43,400	886	1.11%
Marketing / Management		15,000	306	0.38%
Letter of Credit		0	0	0.00%
Pre-Construction Expenses		0	0	0.00%
VHFA Fees		2,500	51	0.06%
Clerk of Works		15,000	306	0.38%
Working Capital(40% of DS	116,794	110,000	2,245	2.82%
Syndication Exp		0	0	0.00%
Oper Def	170,394	170,000	3,469	4.36%
Soft Cost Contingency		9,000	184	0.23%
Developer's Fee	4.62%	180,000	3,673	4.62%
TOTAL DEVELOPMENT COSTS		3,897,228	79,535	100.00%

HARDSCRABBLE FARMS INCOME & EXPENSE BUDGET 5/11/92

ERR INCOME

RENTS

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Monthly Rent	Utilities	Total Annual Rent
1 Br		0	0	0	70	0
1 Br	PBA	0	12	571	70	82,224
2 Br	PBA	0	7	670	82	56,280
2 Br		0	0	0	70	0
	Totals	0	19	1,241		138,504

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Monthly Rent	Utilities	Total Annual Rent
1 Br	Flat	0	0	0	70	0
1 Br	Flat	0	10	645	70	77,400
1 Br	HC Flat	0	0	0	70	0
1 Br	Flat	0	0	0	70	0
2 Br	Flat	0	20	695	92	166,800
	Totals	0	30	1,340		244,200
All Units	Grand Totals	0	49	2,581		

NET RENT (Before Vacancy) 382,704

Note: Owner pays all utilities except phone.

OTHER INCOME

Laundry	3,900
Parking	0
Interest Income	1,540
Total Other Income	5,440

TOTAL INCOME 388,144

EXPENSE BUDGET

		Per Unit Per Month
Administratn	25,550	43
Management Fe	19,017	32
Utilities	29,988	51
Maintenance	22,344	38
Taxes	12,250	21
Insurance	3,494	6
Reserves	11,400	19
	0	0
Total	124,043	211

Reserves are 3% of gross income

Management Fee 5% of gross income.

HARDSCRABBLE FARMS PRO FORMA 11-May-92

PRO FORMA 11-May-92

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Residential Rent		382,704	394,185	406,011	418,191	430,737	443,659	456,969	470,678	484,798	499,342	514,322	529,752	545,644	562,014	578,874
Less Res Vacancy		(15,308)	(15,767)	(16,240)	(16,728)	(17,229)	(17,746)	(18,279)	(18,827)	(19,392)	(19,974)	(20,573)	(21,190)	(21,826)	(22,481)	(23,155)
Plus Other Income		5,440	5,603	5,771	5,944	6,123	6,306	6,496	6,691	6,891	7,098	7,311	7,530	7,756	7,989	8,228
Total Actual Income		372,836	384,021	395,542	407,408	419,630	432,219	445,185	458,541	472,297	486,466	501,060	516,092	531,575	547,522	563,948
Less Operating Exp.		124,043	130,245	136,757	143,595	150,775	158,314	166,229	174,541	183,268	192,431	202,053	212,156	222,763	233,902	245,597
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		248,793	253,776	258,784	263,813	268,855	273,905	278,956	284,000	289,029	294,035	299,007	303,936	308,811	313,620	318,351
Less 1st Mort DS		291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984	291,984
Less Hebert DS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		(43,192)	(38,209)	(33,200)	(28,172)	(23,129)	(18,079)	(13,028)	(7,984)	(2,955)	2,050	7,023	11,952	16,827	21,636	26,367
Oper Subsidy	170,394	43,192	38,209	33,200	28,172	23,129	18,079	13,028	7,984	2,955	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0	2,050	7,023	11,952	16,827	21,636	26,367
DCR (before subsidy)		85.21%	86.91%	88.63%	90.35%	92.08%	93.81%	95.54%	97.27%	98.99%	100.70%	102.41%	104.09%	105.76%	107.41%	109.03%
DCR (after subsidy)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.70%	102.41%	104.09%	105.76%	107.41%	109.03%
Credit Enhanc	111,613	14,599	14,599	14,599	14,599	14,599	14,599	14,599	14,599	14,599	12,549	7,576	2,647	0	0	0
DCR (with cr enhance)		105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.00%	105.76%	107.41%	109.03%
342		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		248,793	253,776	258,784	263,813	268,855	273,905	278,956	284,000	289,029	294,035	299,007	303,936	308,811	313,620	318,351
Plus Reserves		11,400	11,970	12,569	13,197	13,857	14,550	15,277	16,041	16,843	17,685	18,569	19,498	20,473	21,496	22,571
Less Interest Expense		(274,140)	(272,369)	(270,423)	(268,283)	(265,930)	(263,345)	(260,502)	(257,378)	(253,943)	(250,168)	(246,017)	(241,455)	(236,440)	(230,928)	(224,868)
Less Depreciation		(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)	(127,899)
Taxable Income (Loss)		(141,847)	(134,523)	(126,969)	(119,173)	(111,118)	(102,789)	(94,168)	(85,236)	(75,970)	(66,347)	(56,340)	(45,920)	(35,055)	(23,710)	(11,845)
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flow		0	0	0	0	0	0	0	0	0	1,025	3,511	5,976	8,413	10,818	13,183
Plus Tax Savings		48,228	45,738	43,170	40,519	37,780	34,948	32,017	28,980	25,830	22,558	19,156	15,613	11,919	8,061	4,027
Plus Tax Credits		119,607	119,607	119,607	119,607	119,607	119,607	119,607	119,607	119,607	119,607					
Less Cap Gain Tax																(14,938)
After Tax Cash Flow		167,835	165,345	162,777	160,126	157,387	154,556	151,625	148,587	145,437	143,190	22,667	21,589	20,332	18,879	2,272
Total 15 years		1,642,606														
@NPV	13.00%	878,450														

10 YR LIHTC @ 45 cents 538,233

Original Basis		3,517,228
Less Losses		(1,231,011)
Basis at Sale		2,286,217
Sales Price		2,330,153
Gain		43,936
Tax	34.00%	14,938

/11/92 C:\DATA\QUATTRO\PROJECTS\FINNCOMM.WKQ

OPPELKAM

VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- NEW CONSTRUCTION - 1986-1991

							PROPOSED	
PROJECT	SOUTH MEADOW	SALMON RUN	HEINEBERG	WINCHESTER	PINE MEADOWS	WHITNEY HILL	HARDSCRABBLE FARMS	TOTALS
SPONSOR(S)	SOUTH MEADOW HOUSING ASSOCIATES	HOUSING VERMONT LAKE CHAMPLAIN HDC	HOUSING VERMONT HEINEBERG SENIORS	HOUSING VERMONT MERCHANTS PROPERTIES, INC	HOUSING VERMONT INTERFAITH	WILLISTON ELDER HOUSING VERMONT	WINOOSKI HOUSING AUTHORITY	
TYPE	FAMILY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION	ELDERLY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION	ELDERLY NEW CONSTRUCTION	ELDERLY NEW CONSTRUCTION	
LOCATION	BURLINGTON	BURLINGTON	BURLINGTON	COLCHESTER	MIDDLEBURY	WILLISTON	WILLISTON	
STATUS	COMPLETED AUGUST 1987	COMPLETED JULY 1990	COMPLETED DECEMBER 1989	COMPLETED JUNE 1990	COMPLETED MARCH 1991	COMPLETED DECEMBER 1991	PROPOSED COMPLETION MARCH 1993	
TOTAL # OF UNITS	148	80	81	166	30	44	49	598
# OF LIHTC UNITS	30	36	41	70	24	31	19	251
# OF PROJECT BASED SECTION 8 UNITS	0	0	0	0	0	0	20	20
TOTAL DEVELOPMENT COST (TDC)	$9,170,333	$7,439,582	$4,053,306	$11,941,820	$2,166,778	$2,806,402	$3,897,228	$41,475,449
								AVERAGES
TDC/UNIT	$61,962	$92,995	$50,041	$71,939	$72,226	$63,782	$79,535	$70,354
CONSTRUCTION COSTS/UNIT	$45,447	$67,296	$40,681	$46,054	$49,828	$47,933	$56,653	$50,556
LAND/UNIT	$4,944	$5,416	N/A	$7,948	N/A	$3,523	$2,041	$3,410
ALL OTHER COSTS/UNIT	$11,571	$20,283	$9,359	$14,896	$22,398	$12,326	$20,841	$15,954
HARD COSTS/SQ FT	N/A	$73.00	$51.00	$47.00	$52.07	$64.00	n/a	$47.85
DEVELOPER/SYND FEES AS % OF TDC	N/A	8.42%	4.62%	2.67%	4.76%	3.96%	4.62%	4.15%
SOURCES OF FINANCING AS % OF TDC								
EQUITY	10.00%	17.33%	35.09%	21.06%	46.29%	40.05%	22.54%	
VHFA	51.67%	33.99%	47.60%	71.99%	36.66%	44.54%	74.25%	
HCTF	0.00%	3.36%	15.42%	0.00%	12.55%	15.11%	0.00%	
CDBG	0.00%	0.00%	0.00%	0.00%	4.50%	0.00%	0.00%	
HODAG/HUD	38.33%	38.98%	0.00%	0.00%	0.00%	0.00%	0.00%	
OTHER	0.00%	6.34%	1.89%	6.95%	0.00%	0.30%	3.21%	
TOTAL SOURCES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	AS OF 3/92	AS OF 4/92	AS OF 4/92	AS OF 5/92	AS OF 4/92	AS OF 4/92		
NUMBER OF VACANCIES	7	0	0	0	0	2	n/a	
VACANCY RATE	4.73%	0.00%	0.00%	0.00%	0.00%	4.55%	n/a	

Notes:

TDC = Total Development Cost; LIHTC = Low Income Housing Tax Credit

Construction Costs/Hard Costs include buildings, contingency, equipment & bond. It does not include sitework or furnishings.

VHFA = Vermont Housing Finance Agency; HCTF=Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;

HUD = Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.

Heineberg sitework not broken out, but fairly minimal.

Winchester per unit costs do not equal total development costs as the land leases have been capitalized here for comparison purposes. Winchester NPV 30 years @7%, NG @ Derway lease of $725,000.

"Other" percentage financing on Winchester and Pine Meadow is sinking fund investment.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: HARDSCRABBLE FARMS (WILLISTON) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Winooski Housing Authority and a group including Allen Hebert, the development manager, and Ray Pecor, a local businessman, involving the construction of a 49 unit elderly apartment development near the intersection of Routes 2 and 2A in Williston (the "Development"); and

WHEREAS, the Development has been the subject of an earlier resolution of this Board dated December 13, 1991; and

WHEREAS, a limited partnership called Hardscrabble Farms Elder Housing Associates has been formed, with co-general partners being a for-profit affiliate of the Winooski Housing Authority (Hardscrabble Farms Senior Housing Inc.) and a non-profit called Hardscrabble Nonprofit Inc., which will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

It is hereby DETERMINED:

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

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

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after a satisfactory source of funding is identified, in his

discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for construction and permanent loans, in an amount to be determined by the Executive Director, but not to exceed $3,000,000, for the Hardscrabble Farms Apartments Development. The Commitment Letter shall be issued to the Allen Hebert as representative of the limited partnership.

2. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan.

3. The term of the mortgage loan shall be at least 15 years, the principal and interest payments may be calculated on a 30 year term and need not be fully amortizing, and the interest rate to be charged shall be determined by the Executive Director. The permanent loan shall be subject to receipt, on or before the date of the permanent loan closing, of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

5. The Commitment Letter shall require the Developer to provide evidence satisfactory to the staff that pre-leasing commitments for at least 75% of the market rate units have been secured, that satisfactory arrangements for the management of the Development have been made and that sufficient equity from the sale of the low income housing tax credits has been realized, that the credit enhancements for the Development are satisfactory, and that the Section 8 certificates are available

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

7. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of federally taxable bonds of the Agency to provide proceeds for financing this loan.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: HARDSCRABBLE FARMS (WILLISTON) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Winooski Housing Authority and a group including Allen Hebert, the development manager, and Ray Pecor, a local businessman, involving the construction of a 49 unit elderly apartment development near the intersection of Routes 2 and 2A in Williston (the "Development"); and

WHEREAS, the Development has been the subject of an earlier resolution of this Board dated December 13, 1991; and

WHEREAS, a limited partnership called Hardscrabble Farms Elder Housing Associates has been formed, with the ~~co-~~general partner~~s~~ being a for-profit ~~affiliate~~ corporation whose directors are board members and the Executive Director of the Winooski Housing Authority (Hardscrabble Farms Senior Housing Inc.) and is owned by a non-profit called Hardscrabble Nonprofit Inc.,whose directors are board members of the Winooski Housing Authority, which will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

It is hereby DETERMINED:

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

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

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after a satisfactory source of funding is identified, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for construction and permanent loans, in an amount to be determined by the Executive Director, but not to exceed $3,000,000, for the Hardscrabble Farms Apartments Development. The Commitment Letter shall be issued to the Allen Hebert as representative of the limited partnership.

2. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan.

3. The term of the mortgage loan shall be at least 15 years, the principal and interest payments may be calculated on a 30 year term and need not be fully amortizing, and the interest rate to be charged shall be determined by the Executive Director. The permanent loan shall be subject to receipt, on or before the date of the permanent loan closing, of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

5. The Commitment Letter shall require the Developer to provide evidence satisfactory to the staff that pre-leasing commitments for at least 75% of the market rate units have been secured, that satisfactory arrangements for the management of the Development have been made and that sufficient equity from the sale of the low income housing tax credits has been realized, that the credit enhancements for the Development are satisfactory, and that the Section 8 certificates are available

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

7. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of federally taxable bonds of the Agency to provide proceeds for financing this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Mark Koppelkam, Multi-Family Development Underwriter

DATE: May 14, 1992

RE: New Avenue Building/Depot Square, St. Johnsbury

Note: This report is substantially the same as presented for approval at the March Board meeting, at which time a Letter of Interest Resolution was approved. Changes to the report since then are highlighted.

Summary

The sponsor, Depot Square Apartments Limited Partnership, is requesting up to ~~$1.2~~ $1.0 million in VHFA taxable financing, construction and permanent, for the restoration of the New Avenue House Building in St. Johnsbury. The proposed development would have 47 small residential units on the top three floors of a four story building. All the units would have 15 year project based Section 8's, meaning that residents would pay no more than 30% of their income for rent and utilities.

Total development costs for the New Avenue House Building are currently estimated at $1,832,500, or $38,990 per unit. This level is fairly low compared to actual or projected per unit costs at other recent VHFA financed developments: St. Johnsbury (rehab) $46,375; Northgate (rehab) $58,540; Templeton (rehab) $53,104; Highgate (rehab) $67,135 and Upper Welden (elderly, rehab) $26,750.[1] Northgate, Highgate and Templeton are family developments. The sponsor feels that due to location, unit sizes, unit floorplans and market demand, the New Avenue project will largely be rented to the elderly.

There is evidence of strong Town support for an effort to renovate the building. The Town Board of Selectmen has approved a 5 year property tax stabilization agreement, and the Town Manager has written a letter indicating support for some assistance with

[1] The Northgate per unit costs include an adjustment for a capitalized land lease, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

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the parking situation.

The sponsor initially asked (i.e. in 1989) for $2 million in VHFA financing, and the package included numerous storefront commercial spaces on the first floor. The commercial space will be separated into a condominium whose mortgage will be held by Bay Bank.

Sponsor

The sponsor is a limited partnership, Depot Square Apartments Limited Partnership of Holyoke, Massachusetts. The general partners are Herbert, Mark and Stephen Berezin, all from Massachusetts. The Berezins intend to syndicate the Low Income Housing Tax Credits (issued by VHFA to this project in 1989), Historic Tax Credits and other project benefits to a national syndication firm. The Berezins own and manage 23 subsidized housing properties, primarily in Massachusetts. They own and manage two developments in Vermont, Armory Square in Windsor, and Green Mountain Apartments in Brattleboro.

Location and Building Description

The building is a four story historic landmark in downtown St. Johnsbury. (See attached location map). It is a large brick structure that was at one time a hotel, and has 6 or so commercial storefront spaces on the first floor. The upper 3 floors are all residential, with wide hallways, 12-14 foot ceilings, large windows and generally small units. The building has been entirely vacant for several years, with the exception of a Chinese restaurant.

Since being acquired from the Vermont National Bank as part of a foreclosure action several years ago, the owners have replaced the roof, removed asbestos and secured the building. An engineer hired by the owners reports that the building is generally structurally sound, with some areas of framing weakness, water damage, and fire damage to the exterior that resulted from the burning of an adjacent building (which has been completely torn down and is now a public parking lot). The building was inspected in 1988 by Fire Prevention Division of Labor and Industry.

The building does not currently have any parking. There is a small backyard that the developer claims can hold 8 parking spots. There are numerous public parking lots in the immediate area, which serve the downtown retail stores. The Town manager has written that he supports granting two on-street handicapped parking spots, plus 12 additional spots in a municipal lot across the street. This would be for a 5 year term, with renewal options, and assume some owner contributions for plowing etc.

The previous owner was in the process of renovating the building, and had installed a sprinkler system. Unfortunately it was done in such a way so as to now force the installation of drop ceilings in all the hallways and residential units at 7 1/2 ft.

The building has a small (56" x 51") 2 person elevator. The current elevator apparently meets state code requirements as a "grandfathered" condition. VHFA has asked the sponsor to determine if a larger elevator is possible, and what the cost would be.

VHFA has received reports from an independent architect, a cost estimator and Vermont Energy Investment Corporation (VEIC) regarding the sponsor's plans and specifications. We are in the process of sharing the results with the sponsor and getting their responses back. Generally speaking we have been asking for improved quality considerations in a number of areas, and the sponsor has shown some willingness to make changes.

Financial Projections/Sources and Uses of Funds

The attached projections show that the project can work financially, assuming a taxable rate of 10.75% over 30 years, establishment of an operating subsidy fund ($48,000 at this time) to cover operating losses for the first 2 years, and a credit enhancement ($15,000 at this time), both of which will be outside of the development budget . Since all of the units are Section 8's, the spread between operating expense increases (4.25% annually) and rent increases (3% annually) is assumed to be more modest than we typically underwrite.

The Section 8 contracts are for 15 years. We have assumed full continuation of those contracts for the term of the VHFA mortgage (30 years). The Section 8 rents are approximately $100 per month higher than current market rents for every unit type. If the Section 8 contracts are not continued, project revenues in Year 16 would be an estimated 10% ($40,000) short of that needed for breakeven.

The projections assume a 5% vacancy rate, with a two year rent-up period. The first year rent-up revenues are assumed at 63% of capacity, and the second year at 91%, before deduction of the normal vacancy rate. Losses during rent-up are mitigated by the ability under the Section 8 program to recover 80% of two months worth of rents for vacancies.

A deficit escrow reserve would be sized at permanent closing, and is not a part of the development budget. It is currently estimated at $75,000, based on rent-up of 22 units by the time construction is completed.

The sponsor received a Low Income Housing Tax Credit (LIHTC) allocation in 1989 of $103,000 from VHFA, and will also be applying for a substantial amount of Historic Tax Credit for this building. These two tax vehicles can leverage up to $617,000 in project equity. Any remaining equity needed will be provided by the sponsor, by way of leaving in investments made to date, which total over $600,000 (including acquisition). Total equity of ~~$717,000~~ $832,578 equals ~~38.8%~~ 45.43% of total development cost.

Due to the proposed use of the LIHTC program, a HUD Subsidy Layering Review of the development is needed. This will be commenced when a resolution of interest for financing is approved.

For a full look at the sources and uses of funds and the financial projections, please see the attached pro-formas.

Loan to Value

An appraisal was done for Vermont State Housing Authority (VSHA) by Frank Bredice in December 1988. His valuation of the total building, based strictly on comparables, was $274,000. The appraisal used a "sale price per square foot" as the primary measure to compare buildings of similar character.

To establish a VHFA security value using Mr. Bredice's $274,000, I have pro-rated for the residential portion (approximately 3/4 of square footage) for an "as-is" value of $205,500. Our cost estimator (Frank Alling) established a renovation cost of $899,300, plus $60,000 contingency. Adding those costs to the pro-rated "as-is" value results in a completed building value of $1,164,300. That would make a $1 million VHFA loan equal to 85% of security value.

I reviewed the Fleet Bank appraisal that was done by Bruce Taylor (MAI), and found it to be of limited usefulness for establishing a credible security value for the building. He assumed subsidized rents, and estimated a completed value of $1.9 million for the entire building. 75% of that value (solely for the residential) would be $1.425 million.

The proposed VHFA loan constitutes 54.6% of the total financing for the residential portion of the building.

Unit Breakdown and Rents

The sponsor has a commitment from HUD for 47 Section 8 Mod Rehab certificates (i.e. 100% of the units). These subsidies run for 15 years. HUD has granted an extension of the approval until August 1992. At that time a HAP (Housing Assistance Payment) agreement would be signed, assuming that the VHFA financing has been finalized. According to Paul Dettman of the VSHA, the agreement would likely only have 13 or so years left.

The proposed unit breakdown is 11 efficiencies, 29 1-BR's, and 7 2-BR's. Unit rents would be $367 per month for the efficiencies, $445 for the 1-BR's, and $524 for the 2-BR's. As a result of the Section 8 subsidies, tenant households would pay no more than 30% of their income toward rent. The owner would pay heat and all other utilities except electricity and phone.

Under the Section 8 Mod Rehab program all tenants must be screened in advance by the Vermont State Housing Authority (VSHA) for eligibility and elective prioritization under the federal preferences rules. The sponsor will choose the "first come, first serve" option as far as applicants who meet the federal preferences rules. The sponsor feels the unit layouts will make this largely an elderly project. VHFA staff concludes that the tenant mix will likely include low income families and individuals with mental health disabilities, resulting in a complex tenant mix from a property management perspective. The sponsor responds that such a tenant mix is common in subsidized housing and that they have extensive experience in dealing with it.

Renovation Plans

Renovation work plans were initially derived from a work write-up done by VSHA staff. Since that time the Berezins have hired Ben Nickerson to provide detailed floorplans.[2]

The sponsor had earlier expressed an interest in acting as general contractor. They now have a letter of intent and fixed contract price from Scott Construction. A construction bond is included in Scott's price. Based on the independent cost estimate made for VHFA, we are comfortable with the Scott's price established to date.

Market Data

At the time the VHFA Board approved the Resolution of Interest, little market data had been generated by the sponsor to support the demand for the residential units. Since that time the sponsor has run an ad and elicited some names of people clearly interested and eligible. We also organized a mailing to individuals and families on the Section 8 waiting list for St. Johnsbury and Caledonia County. To date 31 positive responses have been received that appear to be eligible. All but two are either elderly or single mothers with children on ANFC.

We interpret this information to give fairly good support to the development, but that it would be wise to expect a long rent-up period for all 47 units. As noted earlier, our current projections assume that 22 units would be rented at the completion of construction, and that full rent-up would take two years.

Clearly we know that the St. Johnsbury rental market is very soft. The sponsors have the benefit of Section 8 certificates for all of the units, which means that any tenant pays only 30% of their income toward rent and utilities.

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[2] Ben Nickerson has a job with NCIC of St. Johnsbury, but was hired by the Berezins in an independent capacity. Ben is a registered architect.

The sponsor asserts that there are many eligible tenants, elderly in particular, who are currently living in substandard apartments for affordability reasons. This conclusion partially affirms data from the 1986 AER study that "... the principal housing problems of (St. Johnsbury) are related to quality and condition rather than those of affordability."

The 1986 AER study found that:

> "St. Johnsbury rents are among the lowest in the state and the percent of renters having a housing problem is below the state average. This area also ranks at the state average in terms of the percent of its renter households who are low income and who overpay for their housing. Its ranks fourth, however, in terms of the percent of its renters who are in large low income households with a housing problem. Both the statistical information and the interviews suggest that the principal housing problems of this area are related to quality and condition rather than those of affordability."

This information is also confirmed by 1990 Census data about the age of housing structures (see attached graph "Age of Housing Stock"). 75% of the housing stock in St. Johnsbury is older than 50 years old, with less than 18% of the housing stock being built since 1960. It is assumed that the renovated New Avenue building will be attractive in comparison with much of the rental housing, particularly that available to low income elderly and families.

Rent data from the 1989 statewide study done by VSHA confirms that St. Johnsbury continues to be a relatively low cost rental market. Median monthly gross rents (i.e. including utility allowances) for St. Johnsbury compared to the State averages were:

# of BRS	St. Johnsbury Rents	Statewide Avg Rents
0 BR	$249	$362
1 BR	$329	$417
2 BR	$427	$547
3 BR	$560	$664

The AER study indicated that St. Johnsbury had a relatively high need for assisted units for the elderly - the third highest of the twelve largest labor market areas in Vermont. A local non-profit housing corporation in St. Johnsbury which manages two Section 8 elderly developments in that area report a 53 person waiting list. This compares to 15 at the time this proposal was originally considered in 1990.

Environmental Assessment

A Phase I environmental assessment has not yet been completed. The sponsor did have asbestos removed early on as part of their acquisition clean-up, and the follow-up air tests were satisfactory. We expect that some lead paint will be found, and a remediation plan will need to be approved.

Comments

The project strengths are:

1. Strong management capabilities in subsidized housing projects, and specific experience with the federal preferences procedures. The Berezins have a good reputation with our Massachusetts sister agency, MHFA, where they have done most of their work. VHFA staff visited the Berezin's completed Mod Rehab project in Windsor (74 family units) in 1990, and were impressed by the quality of the rehab, the good condition of the building and the careful management scrutiny of applicants despite numerous vacancies (at that time). The Windsor building has reportedly filled since that time.

2. The building is a real centerpiece in St. Johnsbury, even in its current sorry and dilapidated condition. The building appears structurally sound. There is strong community support for its renovation. Its location would be excellent for tenants.

3. The sponsors clearly have deeper pockets than the nonprofit developers VHFA has financed in recent years, which would help in the way of securing any credit enhancements guaranteeing completion of the work, rent-up and operating expenses according to projections.

4. The Section 8 program provides relatively high rents to the sponsor despite market conditions. It also provides nearly 2 months worth of rent subsidies (80%) for all the units during renovation.

5. The sponsors have already given an option to purchase to Housing Vermont in 30 years for 75% of the property's market value. This option was negotiated by VHFA as part of the 1989 LIHTC negotiations.

6. The declaration of condominiums, removing the commercial space from the VHFA mortgage, lowers the loan amount, and thus the risk. However it may also reduce the potential for restricting certain commercial uses which may be detrimental to the adjoining residential use.

7. The sponsors have secured 47 project based Section 8's for a central city location. This will be an important resource for many very low income individuals.

The project weaknesses at this time are:

1. Generally weak rental housing demand in St. Johnsbury. However the availability

of the Section 8 certificates, particularly in the current weak economy, will provide a good base of rentals.

2. The quality of the proposed renovation continues to be a matter of concern. The large number of efficiencies, the small size of the units (350 sq ft efficiency, 450 sq ft - 1 BR, 600 sq ft 2 BR), the minimal kitchen and bathroom designs and upgrades, small closets, the tiny elevator, and the limited common space are all worrisome. We are trying to encourage some quality improvements as a result of our architectural and energy evaluations.

3. Though there appears to be letter-of-the-law compliance with the state and federal handicap accessibility rules, we are evaluating changes to the elevator in particular as a way of increasing accessibility for handicapped tenants.

4. The site has very limited on-site parking, either for residential or commercial tenants, or for their visitors and customers. According to the sponsor there are 8 spaces in the back of the building. The town has unofficially offered a number of parking spaces on the street (for handicapped individuals) and nearby in a municipal lot. Overall parking demand, and the car use interaction between residents and business tenants is likely to be a longterm headache.

5. Federal preference procedures for Section 8 projects will make this a challenging development from a property management perspective. The tenant population is likely to include elderly, families and mentally handicapped individuals.

6. Splitting the different building uses into condominiums does not address potential problems that the presence of mixed uses in one building may cause for residents. We will need to ensure that commercial tenant uses are compatible with residents.

7. We do not have a good sense about the strength of the St. Johnsbury commercial market. A weak commercial market may lead to vacant first floor storefronts for a long period of time. The sponsor feels that interest in the commercial space has been good. However they have not been able to proceed independently with the commercial space because the whole building needs operational sprinklers for fire protection.

8. There is potential for the 15 year Section 8's to be discontinued or altered after that time. The projections assume longterm continuation of the Section 8's.

<u>Recommendation</u>

Staff recommends adoption of a Resolution of Commitment (attached), giving preliminary endorsement to VHFA taxable financing (construction and permanent) of up to $1.0 million for the New Avenue House Building in St. Johnsbury. VHFA's conditions of participation would include the following qualifications and requirements:

1. A written letter from the sponsor that they can provide the needed operating subsidies (currently estimated at $63,000), and further have the capacity to establish a deficit escrow fund (currently estimated at $75,000) according to standard Agency policies at permanent closing. Either of these two funds can be cash or an approved letter of credit.

2. An architect or other building professional must be involved to insure that local, state and federal housing codes are addressed, including those relating to handicapped accessibility. VHFA will be hiring an independent architect, energy consultant and cost estimator to carefully review the sponsor's plans.

3. A management plan that acknowledges the mixed tenant populations (i.e. elderly, family and mentally handicapped) that will likely result from the federal preference regulations.

4. Further resolution of the parking problem, through a formal agreement with the Town. The informal arrangement suggested by the Town Manager does go a long way toward meeting our concerns about parking.

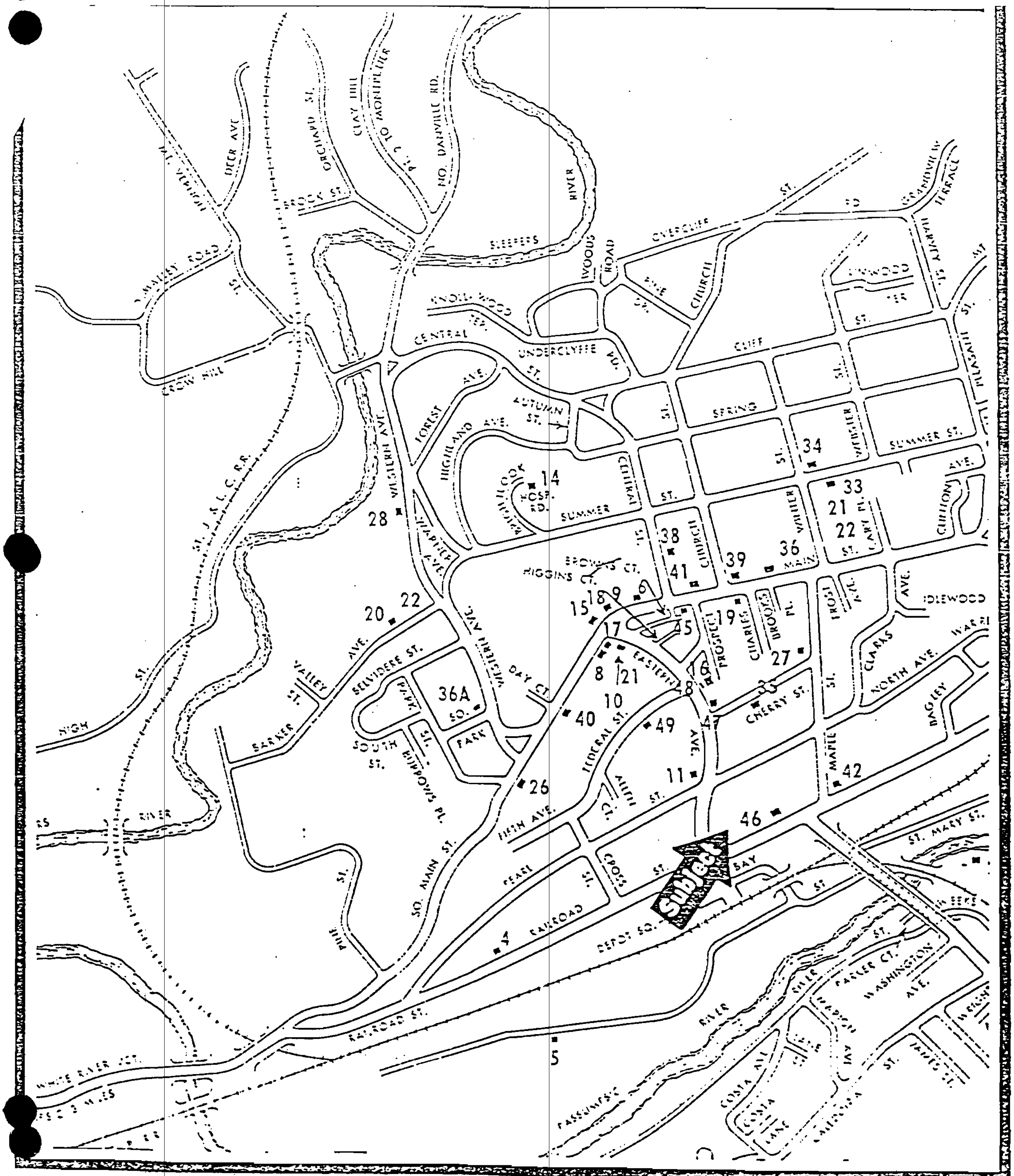
5. Strong encouragement to the sponsor to secure additional commercial tenant commitments, and to make improvements (e.g. facades, back entryways for suppliers, loading dock etc) related to the commercial space.

6. Favorable approval from the HUD Subsidy Layering Review.

New Avenue Project

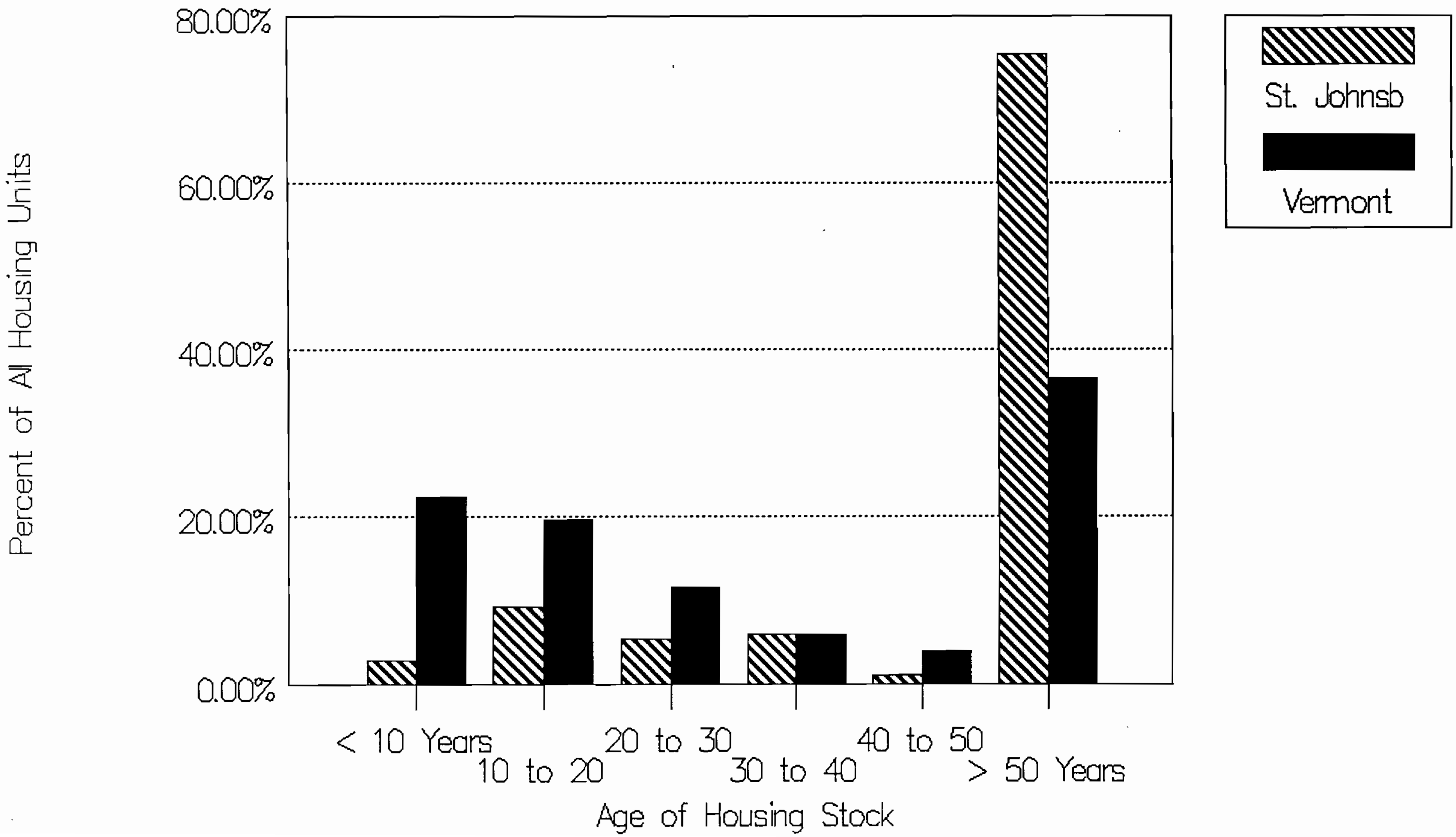
St. Johnsbury

Location Map



Age of Housing Stock

St Johnsbury Compared to Vermont



Project: Berezin-St Johnsbury New Avenue RUN DATE: 5/6/92

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*********Unit Information********		**********Assumptions*********	
Total Residential Units:	47	Income Increase:	3.00%
Percent Restricted:	100.00%	Exp increase	4.25%
		Vacancy Rate	5.00%
Total Development Cost	1,832,578	Partner's Tax Rate:	34.00%
[illegible]/Residential Unit	38,991	Depreciation Schedule:	27.5
			includes Vt Tax
*********LIHTC SUMMARY*********		Cash Flow Subsidy	48,112
Gross Syndication @NPV21	701,217	DCR Credit Enhancement	14,734
Annual Credit Amount	103,104	Est Deficit Escrow	74,111
		Years to Breakeven	3

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FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Tax Credit Eq	617,000	33.67%	N/A	N/A	13,128
Sponsor Equit	215,578	11.76%			4,587
VHFA	1,000,000	54.57%	10.75%	30	21,277
	0	0.00%		0	
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	1,832,578	100.00%			38,991

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Berezin-St Johnsbury-New Avenue DEVELOPMENT BUDGET 5/6/92

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		Budget	Per Unit	Per Sq.Ft.
Acquisition		215,500	4,585	
Market Study		0	0	
Site Work/Landscaping		0	0	
Construction Contract		866,071	18,427	
Bond Premium		0	0	
Contingency	7.12%	61,681	1,312	
Arch/Engineering		10,000	213	
Consultants		0	0	
Title & Recording		5,000	106	
Appraisal		0	0	
Legal/Accounting		15,000	319	
Permits/Fees		0	0	
Taxes/Insurance		15,200	323	
Construction Loan Intere	34,234	33,000	702	
Construction Loan Fees		15,000	319	
Permanent Loan Fee	15,000	15,000	319	
Marketing / Management		0	0	
Utilities during Rehab		25,000	532	
Improvements/Carrying Costs		400,000	8,511	
VHFA Transaction Costs		2,500	53	
Clerk of Works		0	0	
Working Capital	44,807	45,000	957	
Syndication Expenses		0	0	
Developer's Fee	5.93%	108,626	2,311	

TOTAL DEVELOPMENT COSTS		1,832,578	38,991	

Notes

- Commercial portion of the building has been put into a separate condominium
- Construction loan interest @11%, with 1.5% fee
- Permanent Loan fee 1.5%
- Working Capital 40% of VHFA annual debt service
- Yr 1 income & oper exp 63% of capacity, Yr 2 91% - rent-up assumption
- Development Budget does not include sinking fund, credit enhancement or deficit escrow for rent up period

INCOME

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Rent	Total Sq.Feet
Efficiency	Flat	0	11	367	0	4,037	0
1 BR	Flat	0	29	446	0	12,934	0
2 BR	Flat	0	7	516	0	3,612	0
		0	0	0	0	0	0
		0	0	0	0	0	0
		0	0	0	0	0	0
	Totals	0	47	246,996	(annual)	20,583	

Commerical Space

	Type	Sq.Feet	Number	Rent		Total Rent	Total Sq.Feet
Unit 1		0	0	0		0	0
Unit 2		0	0	0		0	0
		0		0		0	0
		0		0		0	0
		0		0		0	0
		0		0		0	0
	Totals	0	0	0	(annual)		

All Units

Grand Total		0	47	246,996
Floor Space	N/A	Less Resid Vacan	5.00%	(12,350)
Unit Frac.	100.00%	Less Comm VacancN/A		N/A

NET RENT 234,646

OTHER INCOME

Laundry	2,800
Parking	0
Interest Income	0
Other	0
Total Other Income	2,800

EXPENSE BUDGET

	Annual	Per Year	Year 1 Per Month	Year 2 Per Month	Year 3 Per Month	Year 4 Per Month	Year 5 Per Month	Year 6 Per Month
Administration	26,000	553	46	47	49	50	52	53
Utilities	35,000	745	62	64	66	68	70	72
Maintenance	40,000	851	71	73	75	77	80	82
Taxes	8,525	181	15	19	22	26	29	38
Insurance	7,200	153	13	13	14	14	14	15
Reserves	10,000	213	18	18	19	19	20	21
	0	0	0	0	0	0	0	0
Total	126,725	2,696	225	235	245	255	265	280

Note: Reserves at 4.5% x gross income
Taxes subject to approved five year stabilization plan.
Yr 6 Taxes projected from Yr 1 base of $400 per year per unit.
Owner pays all utilities except electric and phone.

Berezin-St Johnsbury-New Avenue 262,038 PRO FORMA 06-May-92 PRO FORMA06-May-92

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent	155,607	232,781	262,038	269,899	277,996	286,336	294,926	303,774	312,887	322,274	331,942	341,900	352,157	362,722	373,604	384,812	396,356	408,247	420,494	433,109
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Rent Potential	155,607	232,781	262,038	269,899	277,996	286,336	294,926	303,774	312,887	322,274	331,942	341,900	352,157	362,722	373,604	384,812	396,356	408,247	420,494	433,109
Less Resident Vacancy	(7,780)	(11,639)	(13,102)	(13,495)	(13,900)	(14,317)	(14,746)	(15,189)	(15,644)	(16,114)	(16,597)	(17,095)	(17,608)	(18,136)	(18,680)	(19,241)	(19,818)	(20,412)	(21,025)	(21,655)
Plus Other Income	2,100	2,884	2,971	3,060	3,151	3,246	3,343	3,444	3,547	3,653	3,763	3,876	3,992	4,112	4,235	4,362	4,493	4,628	4,767	4,910
Total Actual Income	149,927	224,026	251,907	259,464	267,248	275,265	283,523	292,029	300,790	309,813	319,108	328,681	338,542	348,698	359,159	369,933	381,031	392,462	404,236	416,363
Less Operating Exp.	79,837	121,028	137,923	143,685	149,560	158,186	164,909	171,917	179,224	186,841	194,782	203,060	211,690	220,687	230,066	239,844	250,037	260,663	271,742	283,291
Net Operating Income	70,090	102,998	113,983	115,779	117,688	117,079	118,615	120,112	121,566	122,973	124,326	125,621	126,852	128,011	129,093	130,090	130,995	131,799	132,495	133,073
Less VHFA Debt Service	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018	112,018
Cash Flow	(41,927)	(9,019)	1,966	3,761	5,670	5,062	6,597	8,094	9,548	10,955	12,309	13,604	14,834	15,993	17,075	18,072	18,977	19,781	20,477	21,055
Debt Cov.Ratio	62.57%	91.95%	101.75%	103.36%	105.06%	104.52%	105.89%	107.23%	108.52%	109.78%	110.99%	112.14%	113.24%	114.28%	115.24%	116.13%	116.94%	117.66%	118.28%	118.80%
Cash Flow Subsidy	41,927	9,019	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
~~Net Cash Flow~~	0	0	1,966	3,761	5,670	5,062	6,597	8,094	9,548	10,955	12,309	13,604	14,834	15,993	17,075	18,072	18,977	19,781	20,477	21,055
DCR Credit Enhancement	5,334	5,334	3,462	1,752	0	514	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR w/ Credit Enhancemen	1.05	1.05	1.05	1.05	1.05	1.05	1.06	1.07	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.18	1.19
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Net Operating Income	70,090	102,998	113,983	115,779	117,688	117,079	118,615	120,112	121,566	122,973	124,326	125,621	126,852	128,011	129,093	130,090	130,995	131,799	132,495	133,073
Plus Reserves	7,500	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
Less Interest Expense	(107,271)	(106,734)	(106,138)	(105,473)	(104,734)	(103,911)	(102,996)	(101,977)	(100,842)	(99,580)	(98,175)	(96,611)	(94,871)	(92,934)	(90,779)	(88,380)	(85,709)	(82,738)	(79,430)	(75,749)
Less Depreciation	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)	(55,208)
Taxable Income (Loss)	(84,888)	(48,644)	(36,753)	(33,975)	(30,999)	(30,447)	(27,649)	(24,774)	(21,817)	(18,768)	(15,618)	(12,356)	(8,970)	(5,446)	(1,768)	2,082	6,124	10,382	14,881	19,650
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Cash Flow	0	(9,019)	1,966	3,761	5,670	5,062	6,597	8,094	9,548	10,955	12,309	13,604	14,834	15,993	17,075	18,072	18,977	19,781	20,477	21,055
Plus Tax Savings	28,862	16,539	12,496	11,552	10,540	10,352	9,401	8,423	7,418	6,381	5,310	4,201	3,050	1,852	601	0	0	0	0	0
Plus Historic Tax Cred	250,000																			
Plus Tax Credits	103,104	103,104	103,104	103,104	103,104	103,104	103,104	103,104	103,104	103,104										
After Tax Cash Flow	381,966	110,623	117,565	118,416	119,313	118,518	119,101	119,621	120,070	120,440	17,619	17,805	17,884	17,845	17,676	18,072	18,977	19,781	20,477	21,055
	1,534,461																			
NPV @ 21%	701,217																			
~~NPV @ 16%~~	808,348																			

Note: No Sale Projected as part of NPV calculations. (i.e. no residual value to B rezin. HV does have option in Yr 30 for 75% of market value.

Market Value of LIHTC @.45 463,967

5/14/92
KOPPELKAM

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VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- REHABILITATION & ACQUISITION - 1986-1992

					PROPOSED	
PROJECT	NORTHGATE	ST. JOHNSBURY	HIGHGATE	TEMPLETON	NEW AVENUE BUILDING	TOTALS
SPONSOR(S)	HOUSING VERMONT NORTHGATE NONPROFIT	NORTHERN COMMUNITY HOUSING CORP HOUSING VERMONT	HG NONPROFIT HOUSING VERMONT	VT HOUSING ENTERPRISES, INC.	BEREZIN	
TYPE	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	ELDERLY ACQUIS & REHAB	
LOCATION	BURLINGTON	ST. JOHNSBURY	BARRE	WHITE RIVER JUNCTION	ST. JOHNSBURY	
STATUS	ACQUISITION - 12/89 PHASE I REHAB COMPLETE - 6/91 PHASE II REHAB COMPLETE - 12/92	AQUISITION - 8/90 REHAB COMPLETE - 4/91	ACQUISITION - 5/91 PHASE I REHAB COMPLETE - 12/92	ACQUISITION - 8/91 REHAB IN PROGRESS	ACQUISITION - 12/88 PROPOSED REHAB COMPLETE - 12/92	
TOTAL # OF UNITS	336	32	120	36	47	571
# OF LIHTC UNITS	163	22	101	35	47	368
# OF PROJECT BASED SECTION 8 UNITS	163	13	113	35	47	371
TOTAL DEVELOPMENT COST (TDC)	$19,669,197	$1,686,996	$8,307,394	$1,911,750	$1,832,578	$33,407,915
						AVERAGES
TDC/UNIT	$58,539	$52,719	$69,228	$53,104	$38,991	$54,516
REHAB COSTS/UNIT	$18,512	$24,206	$31,208	$10,278	$18,427	$20,526
ACQUIS COSTS/UNIT	$29,665	$21,072	$26,528	$37,500	$4,585	$23,870
ALL OTHER COSTS/UNIT	$10,363	$7,442	$11,492	$5,326	$15,979	$10,120
TAX CREDITS YES OR NO	YES	YES	YES	YES	YES	
DEVELOPER/SYND FEES AS % OF TDC	2.03%	4.74%	2.91%	0.52%	5.93%	3.23%
SOURCES OF FINANCING AS % OF TDC						
EQUITY	17.34%	30.52%	19.45%	0.00%	45.43%	
VHFA	43.11%	24.40%	9.34%	86.31%	54.57%	
HCTF	15.50%	23.17%	11.44%	13.69%	0.00%	
CDBG	0.00%	21.91%	7.91%	0.00%	0.00%	
HODAG/HUD	15.25%	0.00%	43.69%	0.00%	0.00%	
OTHER	8.80%	0.00%	8.17%	0.00%	0.00%	
TOTAL SOURCES	100.00%	100.00%	100.00%	100.00%	100.00%	
	AS OF 3/92	AS OF 3/92	AS OF 3/92	AS OF 5/92		
NUMBER OF VACANCIES	22	2	8	1	n/a	
VACANCY RATE	6.55%	6.25%	6.67%	2.78%	n/a	

Notes: TDC = Total Development Cost; LIHTC = Low Income Housing Tax Credit
Construction Costs/Hard Costs include buildings, contingency, equipment & bond. It does not include sitework or furnishings.
VHFA=Vermont Housing Finance Agency; HCTF=Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;
HUD= Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.

RESOLUTION PERTAINING TO
COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE:
NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the acquisition and rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

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

WHEREAS, Depot Square Apartments Limited Partnership will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the real property in question also includes commercial space, which will be separated from the residential portion of the Development through a condominium declaration; and

WHEREAS, the Development has been approved by the Department of Housing and Urban Development for 15 year project based Section 8 moderate rehabilitation certificates; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment (the "Commitment Letter") to provide a first mortgage for acquisition and rehabilitation in an amount to be determined by the Executive Director, but not to exceed $1,000,000, for the New Avenue House Development.

2. The Commitment Letter shall be issued to Herbert Berezin as a representative of the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan and, on or before the date of the permanent closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan.

4. The commitment of the Agency shall be subject to securing a source or sources of funds for the loan, that in the sole opinion of the Executive Director, will allow the Agency to make a loan with a mortgage term of 30 years, and an interest rate of not more than 11.0 % per annum.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The Commitment Letter shall require the Developer, as a condition of the loan, to demonstrate to the Executive Director's satisfaction that provisions have been made to deal with any environmental concerns of the Agency.

7. The Commitment Letter shall require the Developer, as a condition of the loan, to demonstrate to the Executive Director's satisfaction that the following items have been achieved:

   Final approval of the Section 8 certificates by HUD;

   Staff approval of plans and specifications for the proposed rehabilitation;

Staff approval of the structure of the proposed condominium, including sufficient control over the commercial portions of the condominium to insure that the residential units are not adversely affected by the non-residential portion;

Availability of sufficient parking for the residential units;

A satisfactory management plan; and

Sufficient credit enhancements.

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

9. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

10. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Mark Koppelkam, Multi-family Development Underwriter
Kimberly A. Roy, Development Assistant

DATE: May 14, 1992

RE: Randolph House - Commitment Resolution

THE DEVELOPMENT

1. General Description

Randolph House Limited Partnership (RHLP), whose general partners are a subsidiary of Housing Vermont and Randolph Neighborhood Housing Services (RNCS), is requesting a tax exempt VHFA loan for $740,000 to acquire and renovate an existing 48 unit elderly housing development located on Main Street in Randolph. The Randolph House property is currently owned by Randolph Housing Associates and was financed by VHFA in 1978. The current owner has been working with the sponsor for the past year to arrange a sale. A purchase and sales agreement was signed on January 31, 1992 with a June 1, 1992 expiration date.

Randolph House is an essential part of the rental housing stock for the elderly in the Randolph area. The building has been well maintained since it was built. The sponsor will ensure that the units stay perpetually affordable.

A closing date is tentatively scheduled for June 1, 1992. Renovations, which include new windows, lighting and replacement of the electric heating system, will begin soon after acquisition.

Total development costs are estimated at $2,939,405, or $61,238 per unit. The proposed acquisition price is $2,300,000, or $47,917 per unit. The acquisition price includes $609,092 in cash reserve and escrow accounts. Subtracting the reserves and escrows, the net acquisition price is $1,690,908, or $35,227 per unit.

RHLP will assume the seller's existing VHFA debt, which has an existing balance of $1,400,000. Neighborhood Reinvestment Corporation (NRC) has given a conditional commitment for a grant of $120,000. Housing Vermont (HV) will be providing a second mortgage of $71,126 for 30 years at 8%.

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached. These projections incorporate VHFA's recommended changes to the proposal.

Also attached is a location map.

2. Projected Funding Sources

The projected sources of funds at this time are:

	Amount	Percent
Equity	0	0.0%
Existing VHFA Loan	1,400,000	47.6%
New VHFA Loan	739,187	25.2%
Neighborhood Reinvestment Corp. Grant	120,000	4.1%
Housing Vermont Second Mortgage	71,126	2.4%
Existing Project Reserves	609,092	20.7%
Total	$2,939,405	100.0%

According to the sponsor, a Low Income Housing Tax Credit (LIHTC) application will be submitted for the May 15th round, possibly in conjunction with another proposed development in Randolph. The Randolph House project could raise approximately $265,000 in equity, assuming a national syndication rate of about 45 cents on the credit dollar. LIHTC equity would be used to repay the HV note and the NCR grant. The sponsor will have to go through a HUD subsidy layering review due to the involvement of tax credits.

Projections show that Randolph House should have a strong cash flow from the start. Please see the attached financial projections for financial detail.

3. Unit Breakdown and Rents

Randolph House is a six story building containing 48 units. Of the 48 units, 42 are one bedroom apartments and 6 are two bedroom apartments. All 48 units have Housing Assistance Payments (HAP) contracts. The HAP contract allows tenants to pay no more than 30% of their income toward rent and utilities and HUD subsidizes the remainder. The rent for the one bedroom units is $728 and $830 for the two bedroom units.

The maximum yearly amount of subsidy available under the ACC account is nearly depleted. Amendments of both the ACC and HAP contract will need to be secured from HUD. At $728/month (1 BR) and $830/month (2 BR), the project is clearly dependent upon continued HAP assistance for the life of the VHFA mortgage. A comparability ruling limiting future rent increases to market levels would also seriously jeopardize the long term financial health of the property.

4. Site/Location

The development is located on 7.5 acres in the Village of Randolph. It is within walking distance of many services including shopping, community services, municipal offices, movie theater and post office. The bus stop for the local bus system and Vermont Transit are a block or two away. The hospital, doctors' and dentists' offices are less than a mile away and are on the bus route.

5. Renovation Plan

The renovation costs have been estimated by William Fyfe of Hallam Associates. The renovations include heating system conversion (from electric to oil), window replacement, lighting replacement and interior improvements. The estimated rehab budget is $402,500 or $8,386/unit.

6. Loan to Value

A requirement for an appraisal for Randolph House was waived by VHFA. The building is already in VHFA's loan portfolio, and VHFA staff is very familiar with its financial and physical condition. The value of a market appraisal for a highly subsidized project of this nature is also questionable.

7. Management

Randolph House is currently managed by the Paul Stewart Management Company and the plan is to continue working with this company with the understanding that a more cost effective contract will be negotiated. Once the acquisition takes place RNHS will immediately become responsible for oversight of the existing management company. When RNHS has developed greater property management expertise and experience, they may eventually take on the management role at Randolph House.

8. Market Demand

According to Ms. Jan Titcomb of the management company, there are no vacant units and 17 people are on the waiting list. She estimates that 3 to 4 units become available in the average year, with no significant vacancy loss. With the availability of the HAP contracts, this will always be a very attractive alternative for low income elderly residents in the Randolph area.

9. Environmental Concerns

Dennison Environmental Services will be performing a Phase I Environmental Assessment, a radon gas test and a lead paint inspection. An energy analysis was performed in January, 1991 by Vermont Energy Investment Corporation (VEIC). The recommendations of the VEIC study have been incorporated into the renovation plan.

DISCUSSION

Strengths

a) This is an existing elderly development, financed by VHFA, that is fully occupied and well maintained. The seller is transferring the property to nonprofit ownership under quite favorable terms.

b) The project financial projections are quite strong.

c) There will be longterm affordability due to the nonprofit ownership and the Preservation Agreement.

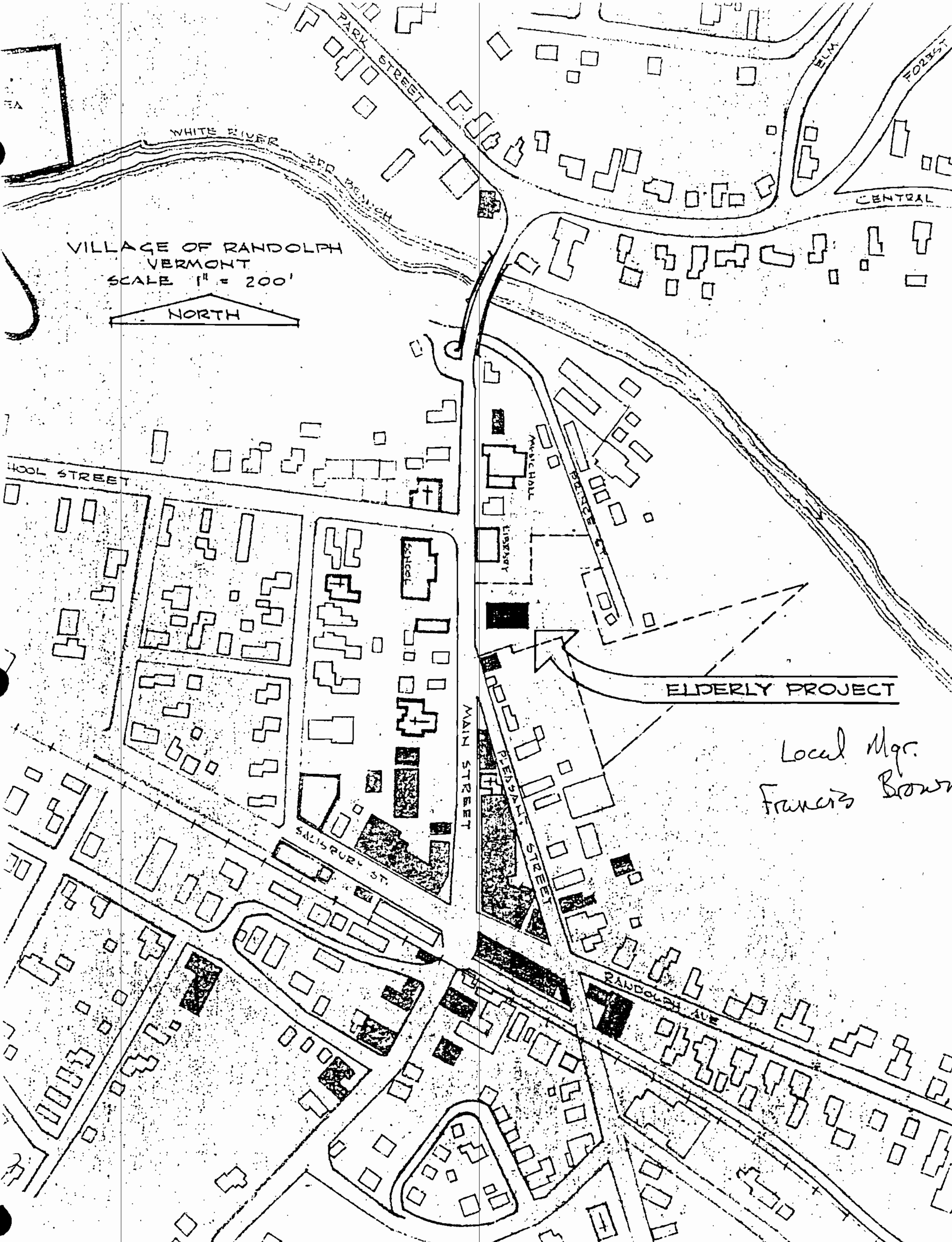
Weaknesses

a) Amendments to both the ACC and HAP contract will need to be secured from HUD. Rent comparability may become an important issue affecting the financial projections which have assumed continued HAP assistance based on rents increasing at 3% per year for the life of the VHFA loan.

b) Due to the proposed use of the LIHTC program, HUD will need to do a Subsidy Layering review.

RECOMMENDATION

Staff recommends approval of the attached Commitment Resolution, approving new financing of up to $740,000 in tax exempt financing. The transaction is contingent upon the sponsors signing a preservation agreement to ensure longterm affordability of the units.



Local Mgr.
Francis Brown

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Project: RANDOLPH HOUSE RUN DATE: 5/13/92

*********Unit Information*****************		******Assumptions*********	
Total Res Units:	48	Increase LIHTC	3.00%
Restricted Units:	48	Increase Market	3.00%
Percent Restricted:	100.00%	Expense increase:	5.00%
Avg Net Monthly Rent:	719	Vacancy Rate:	3.00%
Total Dev Costs	2,939,405	Partner's Tax Rate:	34.00%
TDC/Unit	61,238	Depreciation Schedule:	27.5

*********LIHTC SUMMARY*********

Acquisition (Net)	1,690,908	Percent Alloc.Needed	100.00%
Per Unit (Net)	35,227	Gross Syndication	469,328
		Tax Credit Percentage	8.68%
		Tax Credit Percentage	3.72%
		4% Annual Credit Amount	58,783
		9% Annual Credit Amount	58,980
		(0)Total Tax Credit Amount	117,763

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
Equity	0	0.00%	N/A	N/A
Existing VHFA	1,400,000	47.63%	7.70%	27 *
New VHFA	739,187	25.15%	8.50%	25
NRC	120,000	4.08%	N/A	N/A
HV	71,126	2.42%	8.00%	30
Replace Reserve	109,460	3.72%		
Op. Reserve	67,458	2.29%		
Project Escrow	137,476	4.68%		
Oper Account Bal	294,698	10.03%		
	2,939,405	100.00%		

* Date of original mortgage - 10/78, Original mortgage amount = $1,571,313
Original term = 40 years

RANDOLPH HOUSE DEVELOPMENT BUDGET

		Residential Budget	Per Unit
Acquisition		2,300,000	47,917
Construction		350,000	7,292
Contingency	15.00%	52,500	1,094
Arch/Engineering		27,000	563
Legal/Accounting		9,500	198
Permits/Fees		2,500	52
Permanent Loan Fee (1.5%)	12,155	12,155	253
Property Tax Transfer		28,750	599
Accounts Payable		12,000	250
Replacement Reserve		80,000	1,667
Working Capital		50,000	0
Developer's Fee	0.51%	15,000	313
TOTAL DEVELOPMENT COSTS		2,939,405	61,238

RANDOLPH HOUSE INCOME & EXPENSE BUDGET 5/7/92

INCOME

RENTS

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	Flat	0	42	728	0	366,912
2 Br	Townhouse	0	6	830	0	59,760
3 Br		0	0	0	0	0
	Totals	0	48	1,558		426,672

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br	Flat	0	0	0	0	0
1 Br	Flat	0	0	0	0	0
1 Br	HC Flat	0	0	0	0	0
1 Br	Flat	0	0	0	0	0
2 Br	Flat	0	0	0	0	0
	Totals	0	0	0		0
All Units						
	Grand Totals	0	48	1,558		426,672
	Less Vacancy		3.00%			(12,800)

NET RENT	413,872

OTHER INCOME

Laundry & Interest Income	7,600
Parking	0
	0
Total Other Income	7,600
TOTAL INCOME	421,472

EXPENSE BUDGET

		Per Unit Per Month	
Administration	33,655	58	
Utilities	49,536	86	
Maintenance	44,625	77	
Taxes	58,000	101	
Insurance	7,000	12	
Reserves	8,500	15	
Property Lease	0	0	12,416
Total	201,316	350	

PRO FORMA 13-May-92 PRO FORMA 13-May-92

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent		426,672	439,472	452,656	466,236	480,223	494,630	509,469	524,753	540,495	556,710	573,411	590,614	608,332	626,582	645,380	664,741	684,683	705,224	726,381	748,172
Less Res Vacancy		(12,800)	(13,184)	(13,580)	(13,987)	(14,407)	(14,839)	(15,284)	(15,743)	(16,215)	(16,701)	(17,202)	(17,718)	(18,250)	(18,797)	(19,361)	(19,942)	(20,540)	(21,157)	(21,791)	(22,445)
Plus Other Income		7,600	7,828	8,063	8,305	8,554	8,810	9,075	9,347	9,627	9,916	10,214	10,520	10,836	11,161	11,496	11,841	12,196	12,562	12,938	13,327
Total Actual Income		421,472	434,116	447,139	460,554	474,370	488,601	503,259	518,357	533,908	549,925	566,423	583,416	600,918	618,946	637,514	656,639	676,339	696,629	717,528	739,053
Less Operating Exp.		201,316	211,382	221,951	233,048	244,701	256,936	269,783	283,272	297,435	312,307	327,923	344,319	361,535	379,611	398,592	418,522	439,448	461,420	484,491	508,716
Less Prop Lease		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		220,156	222,734	225,189	227,505	229,669	231,665	233,477	235,085	236,472	237,618	238,500	239,097	239,383	239,334	238,922	238,118	236,891	235,209	233,037	230,338
Less New VHFA DS		71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426	71,426
Less Existing VHFA DS		126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880	126,880
Less HV DS		6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263	6,263
Cash Flow		15,587	18,166	20,620	22,937	25,101	27,097	28,908	30,517	31,904	33,050	33,932	34,528	34,815	34,766	34,354	33,549	32,323	30,640	28,468	25,769
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		15,587	18,166	20,620	22,937	25,101	27,097	28,908	30,517	31,904	33,050	33,932	34,528	34,815	34,766	34,354	33,549	32,323	30,640	28,468	25,769
DCR (before subsidy)		107.62%	108.88%	110.08%	111.21%	112.27%	113.25%	114.13%	114.92%	115.60%	116.16%	116.59%	116.88%	117.02%	116.99%	116.79%	116.40%	115.80%	114.98%	113.92%	112.60%
DCR (after subsidy)		107.62%	108.88%	110.08%	111.21%	112.27%	113.25%	114.13%	114.92%	115.60%	116.16%	116.59%	116.88%	117.02%	116.99%	116.79%	116.40%	115.80%	114.98%	113.92%	112.60%
Credit Enhancement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR (with cr enhance)		107.62%	108.88%	110.08%	111.21%	112.27%	113.25%	114.13%	114.92%	115.60%	116.16%	116.59%	116.88%	117.02%	116.99%	116.79%	116.40%	115.80%	114.98%	113.92%	112.60%

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		220,156	222,734	225,189	227,505	229,669	231,665	233,477	235,085	236,472	237,618	238,500	239,097	239,383	239,334	238,922
Plus Reserves		8,500	8,925	9,371	9,840	10,332	10,848	11,391	11,960	12,558	13,186	13,846	14,538	15,265	16,028	16,829
Less Interest Expense		(177,168)	(174,903)	(172,451)	(169,795)	(166,919)	(163,805)	(160,432)	(156,780)	(152,825)	(148,542)	(143,904)	(138,880)	(133,440)	(127,548)	(121,166)
Less Depreciation		(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)	(57,461)
Taxable Income (Loss)		(5,973)	(705)	4,648	10,089	15,621	21,248	26,974	32,804	38,744	44,801	50,981	57,293	63,747	70,353	77,124

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		2,031	240	(1,580)	(3,430)	(5,311)	(7,224)	(9,171)	(11,153)	(13,173)	(15,232)	(17,334)	(19,480)	(21,674)	(23,920)	(26,222)
Plus Tax Credits		58,783	117,763	117,763	117,763	117,763	117,763	117,763	117,763	117,763	58,980					
Less Cap Gain Tax																0
After Tax Cash Flow		60,814	118,003	116,183	114,333	112,452	110,539	108,592	106,610	104,590	43,748	(17,334)	(19,480)	(21,674)	(23,920)	(26,222)
Total 15 years		887,232														
@NPV	16.00%	469,328														

10 YR LIHTC @ 45 cents 264,523

Original Basis		2,939,405
Less Losses		507,749
Basis at Sale		2,431,656
Sales Price		2,070,213
Gain		(361,443)
Tax	34.00%	(122,891)

5/14/92
KOPPELKAM

VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- REHABILITATION & ACQUISITION - 1986-1992

PROJECT	UPPER WELDEN	RANDOLPH HOUSE	TOTALS
SPONSOR(S)	VT HOUSING ENTERPRISES, INC.	HOUSING VERMONT	
TYPE	ELDERLY ACQUIS & REHAB	ELDERLY ACQUIS & REHAB	
LOCATION	ST. ALBANS	RANDOLPH	
STATUS	ACQUISITION - 1/92 REHAB IN PROGRESS	PROPOSED ACQUIS - 6/92 PROPOSED REHAB COMPLETE - 11/92	
TOTAL # OF UNITS	40	48	88
# OF LIHTC UNITS	0	0	0
# OF PROJECT BASED SECTION 8 UNITS	40	48	88
TOTAL DEVELOPMENT COST (TDC)	$1,070,000	$2,939,405	$4,009,405
			AVERAGES
TDC/UNIT	$26,750	$61,238	$43,994
REHAB COSTS/UNIT	$2,500	$7,292	$4,896
ACQUIS COSTS/UNIT	$21,750	$47,917	$34,833
ALL OTHER COSTS/UNIT	$2,500	$6,029	$4,265
TAX CREDITS YES OR NO	NO	NO	
DEVELOPER/SYND FEES AS % OF TDC	0.93%	0.51%	0.72%
SOURCES OF FINANCING AS % OF TDC			
EQUITY	0.00%	0.00%	
VHFA	77.57%	72.78%	
HCTF	16.36%	0.00%	
CDBG	2.34%	0.00%	
HODAG/HUD	0.00%	0.00%	
OTHER	3.74%	27.22%	
TOTAL SOURCES	100.00%	100.00%	
NUMBER OF VACANCIES AS OF 5/92	0	0	
VACANCY RATE AS OF 5/92	0.00%	0.00%	

Notes: TDC = Total Development Cost; LIHTC = Low Income Housing Tax Credit
Construction Costs/Hard Costs include buildings, contingency, equipment & bond. It does not include sitework or furnishings
VHFA=Vermont Housing Finance Agency; HCTF=Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;
HUD= Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.

RESOLUTION PERTAINING TO
COMBINED RESOLUTION OF INTEREST
AND COMMITMENT LETTER RE: RANDOLPH HOUSE

WHEREAS, a proposal has been presented to the Agency by Randolph House Limited Partnership (RHLP), a limited partnership whose general partners are a subsidiary of Housing Vermont and Randolph Neighborhood Housing Services (RNCS) involving the acquisition and rehabilitation of 48 elderly apartment units in a building located on Main Street in Randolph (the "Development"); and

WHEREAS, the proposal contemplates assumption of the existing mortgage on the Development and an additional loan of approximately $750,000 from the proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986, as amended; and

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

WHEREAS, the Neighborhood Reinvestment Corporation has given the sponsor conditional approval of a $120,000 grant and Housing Vermont will finance a second mortgage of approximately $72,000; and

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

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

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

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $750,000.

2. The Commitment Letter shall be issued to Housing Vermont as a representative of Randolph House Limited Partnership.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the additional loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be 8.5% per annum and that the loan term will be 25 years.

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

6. The Commitment Letter shall require as a condition that the sponsor sign, at the closing on the acquisition of the Development, a Preservation Agreement in form acceptable to the Executive Director.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kimberly A. Roy, Development Assistant Kimberly A. Roy
Mark Koppelkam, Multi-family Development Underwriter Mark Kop

DATE: May 15, 1992

RE: BCLT Daystation/COTS Offices - Pre-development Loan

1. General Description

The Burlington Community Land Trust (BCLT) has requested a short term pre-development loan from the VHFA general fund in the amount of $34,000 to cover planning and feasibility costs for the purchase and renovation a commercial building located at 177-179 South Winooski Avenue in Burlington. The existing 13,000 square foot building has three floors of commercial space. No housing units are involved in this proposal.

BCLT submitted this proposal under VHFA's Venture Loan program. It was deemed not appropriate for that program without Board review as it is not specifically a housing project. Staff recommends this loan proposal, viewing it as consistent with VHFA's mission and statutorily permissible.[1]

BCLT's goal is to establish a housing resource building, centered around the Daystation (Homeless Health Project and a day drop-in center for the homeless), the administrative offices of COTS (Committee on Temporary Shelter), and the offices of BCLT.

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[1] Under VHFA's statutory authority (10 V.S.A. Chapter 25, §621, one of VHFA's enumerated general powers and duties is to "provide advice, technical information, assistance in obtaining federal and state aid, and such grants, loans or advances as will assist the planning, construction, rehabilitation, and operation of residential housing primarily for persons of low and moderate income, including but not limited to assistance in community development and organization, advisory services,... and to encourage community organizations to assist in developing same." VHFA also has the general powers of both a for-profit and a non-profit corporation, each of which is allowed to makes loans to further its corporate purposes.

The property is currently owned as an "REO" property by the Bank of Vermont. They acquired the building through a "friendly" foreclosure from Richard Feeley. An option is currently being negotiated with the Bank of Vermont. The bank's appraisal value for the property is $479,000. BCLT is proposing an acquisition price of $400,000, plus favorable financing. The sponsors expect an official response from the Bank in the next few weeks. The VHFA pre-development loan would be contingent upon a favorable Bank response.

The sponsors need substantial levels of grants and loans from other sources. They have approached the Vermont Community Loan Fund (VCLF) for a $50,000 loan. Their application will be reviewed at VCLF's June Board meeting. Grant applications have been submitted to the United Way and CDBG ($10,000), and others are in the works. They will have word on the CDBG money in two weeks. They will need a major grant on the order of $100,000 to complete their development budget. The sponsors will be approaching the Kresge Foundation in conjunction with a capitol campaign in order to raise the rest of the money. The proposed development budget and pre-development budget is attached.

The building acquisition is proposed for October, 1992. Renovations would begin soon after the acquisition. Full occupancy would be planned for January, 1993.

2. Operating Plan

BCLT and COTS would be the building's primary tenants. BCLT would act as property manager, while COTS would manage the Daystation. They hope that the Court Diversion offices and the Intergroup offices (Alcoholics Anonymous Group) will stay on after their existing leases expire (in 1993 and 1994). These groups complement the proposed use of the Whalen building. The other three spaces are occupied by a security agency, a theatre group and an investment property management group. These groups could be asked to stay on if other nonprofit alternatives fail to materialize.

The average current rent is approximately $8.22/sq ft, not including utilities. BCLT hopes to reduce rents and utility costs. Parking will cost $50/ month. There are up to 38 parking spaces available in the Courthouse Plaza. These would be paid by each lessee except for a few common visitor spaces.

3. Site/Location

The location appears to be a good one for the Daystation, which is currently located in Union Station. The sponsors have been sharing their proposal with the building tenants, downtown merchants and neighbors, and have not yet perceived any neighborhood resistance. The zoning appears to support the proposal as a permitted use.

4. Renovation Plan

According to building evaluations by Carlson Mechanical, Inc., Hallam Associates and Duncan/Wisniewski (architect), the building is structurally sound but in need of some renovations. The proposed renovations include: heating and ventilation system replacement, building modernization to meet accessibility codes and energy efficiency requirements, and some floor plan improvements. The construction can be done without displacing the current tenants and should take about four months. The rehabilitation budget is currently $171,000.

DISCUSSION

Strengths

The primary strengths of this proposal are:

a) The Bank of Vermont will be (as a condition of the VHFA loan) offering favorable financing and acquisition terms.

b) The building is structurally sound and in a good location for the use envisioned.

c) VHFA's risk would be limited to $14,500 until the financing package is completed. The loan would be repaid in full at the construction closing.

Weaknesses

The primary weakness of this proposal is that there is a substantial gap in financing at this time. The sponsors will need a minimum of $75,000 in grant sources to complete the project.

RECOMMENDATION

Staff sees this loan proposal as consistent with VHFA's mission, statutorily permissible and recommends approval of the request for $34,000 as follows:

1) Phase I - $14,535 after agreement with the Bank of Vermont regarding the acquisition price and financing (i.e. reasonably close to projections), and preliminary agreement with the Vermont Community Loan Fund or some other source for at least $50,000.

2) Phase II - $19,465 after additional evidence of project feasibility and substantial additional grants or low interest loans.

Pre-development Budget:

	Total Budget	Phase I	Phase II
Architects/Engineers	15,000	10,000	5,000
Legal	10,000	0	10,000
Appraisal	2,500	2,500	0
Environmental Assessment	5,000	1,000	4,000
Permits	500	35	465
Option Agreement	1,000	1,000	0
	$34,000	$14,535	$19,465

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Project: BCLT - South Winooski Ave RUN DATE: 5/11/92

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*********Unit Information********		**********Assumptions*********	
Total Res Units:	8	Income Increase:	3.25%
Res Restricted Units:	8	Taxes/Utilities Increase:	5.00%
Percent Restricted:	100.00%	Expense increase:	5.00%
Avg Net Monthly Rent:	821	Vacancy Rate:	5.00%
TDC	666,389	Partner's Tax Rate:	34.00%
TDC/Unit	83,299	Depreciation Schedule:	27.5
0			

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FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Equity	0	0.00%	N/A	N/A	
ICE	0	0.00%	0.00%	0	
BOV	480,000	72.03%	6.00%	30	
VCLF	50,000	7.50%	6.00%	30	
Grants	121,477	18.23%			
Constr Rental	14,912	2.24%			
	666,389	100.00%			

In year 6 VCLF Loan is assumed to be refinanced at 9% for 20 years

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BCLT DEVELOPMENT BUDGET 5/11/92

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		Residential Budget	Per Unit
Acquisition		400,000	50,000
Construction/Rehab		156,000	19,500
Contingency	10.00%	15,600	1,950
Architectural/Engineering		23,400	2,925
Legal/Accounting		10,000	1,250
Project Manager		6,000	750
Permit/Fees		2,059	257
Construction Taxes/Ins/Util		13,589	1,699
Contruction Interest		11,511	1,439
Appraisal		1,500	188
Consultants		1,100	138
Loan Origination Fees	7,200	0	0
VHFA Transaction Fees		0	0
Working Capital	13,814	0	0
Operating Reserve		0	0
Developer's Fee	3.85%	25,630	3,204
TOTAL DEVELOPMENT COSTS		666,389	83,299

**RESOLUTION PERTAINING TO
SHORT TERM GENERAL FUND LOAN TO
BURLINGTON COMMUNITY LAND TRUST**

WHEREAS, a proposal has been presented to the Agency by the Burlington Community Land Trust, a non-profit corporation based in Burlington, involving a loan for pre-development work for the acquisition and renovation of an 8 unit commercial building located at 177-179 South Winooski Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates the establishment of a housing resource building to enable several community housing organizations to co-locate and enhance their resources by sharing a common location; and

WHEREAS, providing the loan for pre-development funds will help enable the achievement of this proposal;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a commitment letter to the Burlington Community Land Trust for a short term general fund loan of up to $34,000, with the rate and terms of the loan to be determined by the Executive Director.

2. The loan may be in two stages, with the first phase (not to exceed $15,000) to be provided to the sponsor after the Bank of Vermont has agreed to provide a favorable acquisition price and financing, and after a preliminary agreement with the Vermont Community Loan Fund or some other source for a grant or loan of at least $50,000. The second stage of the loan shall be conditioned on a showing of additional loans and grants sufficient to make the project viable.

3. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, PAC Development Coordinator

DATE: May 14, 1992

RE: STARLAKE VILLAGE - Twin Pines Housing Trust

HISTORY

At the June 1991 meeting, the Board approved a Resolution Pertaining to a Letter of Interest to provide site development financing to Twin Pines Housing Trust (TPHT) for their Starlake Village development. This request was based on preliminary information. Attached is a copy of the memo.

Starlake Village is located in Norwich and will consist of 14 single family detached homes located on a 14.9 acre site which is part of the Farrell Farm purchased by the Upper Valley Land Trust with assistance from VHCB. The 14.9 acre site will be tranferred to Twin Pines Housing Trust and VHCB will forgive $100,000 in debt. All units will be 3 bedroom cape style, manufactured homes. TPHT will lease the land to the homeowners' association and all units will be perpetually affordable. The start of this project was delayed by a frustrating and lengthy permitting process.

When this project was discussed with the Board in June 1991, it was proposed that VHFA would provide financing to develop the site, and First Twin-state Bank was to provide construction financing for the housing units. Because of First Twin-state Bank's merger with Green Mountain Bank, TPHT was no longer able to rely on this source of financing and instead applied for and received a commitment from Vermont National Bank for $669,000.

VHFA received additional information in April, 1992 and a formal request for $250,514 in site development financing. Because of the way the project was conceived, with no subdivision of the individual lots, VHFA would be required to subordinate its first mortgage when Vermont National closed the construction loan. This would leave VHFA in a position of having a second mortgage and no control over the project after the completion of the site development.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

FINANCING REQUEST/OPTIONS

Option A

Staff has had preliminary discussions with Bill Bittinger, Executive Director of Twin Pines Housing Trust, and Richard Colantuono and Robin Willey of Vermont National Bank about the possibility of a participation loan or an arrangement similiar to that approved by the Board in August 1991, for the Redrocks development in Burlington, whereby VHFA guaranteed a portion of the site development loan. For Starlake Village, staff has proposed that Vermont National Bank make a first mortgage in the amount of $919,514. VHFA would guarantee the collection but not the payment of up to $250,514. VHFA would designate for the benefit of Vermont National Bank an account or accounts in which it maintains a balance of at least $250,514. VHFA would receive a 1% guarantee fee.

Option B

VHFA would provide financing for site development to TPHT in the amount of $250,514 at an interest rate of 8% for a term of 12 months. VHFA would receive an origination fee of 1.5%. Under the terms of TPHT's commitment with Vermont National Bank, VHFA would be required to subordinate its first mortgage position upon the closing of the construction mortgage.

Presale Requirement

VHFA has indicated to TPHT that we would require that 7 units be under contract, with the buyers having financing commitments, before the start of the site development. Vermont National Bank's commitment for construction financing requires that all 14 units be under contract with financing commitments. TPHT has requested that Vermont National Bank change their commitment to be consistent with VHFA's requirement. If we move forward with Option B (VHFA loan for site development) we will need to review our requirement of 7 presales because TPHT would not be able to access funds for construction until all 14 are sold.

CURRENT STATUS OF PROJECT/CHANGES - TIMETABLE FOR DEVELOPMENT

Attached is a budget of development costs and a schedule of income and uses. While we have not received the final contracts (but we expect to before the Board meeting), Bill Bittinger, Executive Director of Twin Pines Housing Trust, informs us that contracts have been signed. This budget assumes additional construction subsidy from the Vermont Housing and Conservation Board will be approved in the amount of $47,056.

We have a current appraisal of the land which shows a value of $114,000. If we assume the total value of the project is the sum of the land value plus the projected sale proceeds of $912,000, the total value would be $1,026,000 making the loan-to-value 89%.

AFFORDABILITY AND MARKET DEMAND

Based on the new projected sale price of $66,000 and a first year interest rate of 6.2% for VHFA's HOUSE Program, families would need a minimum income of $21,000 in order to purchase a home. This amount is approximately 73% of the median income for Windsor County based on a family size of two, 65% of median income based on a family size of three, and 60% of median income based on a family size of four. Although the sale price has increased, the affordability remains the same because of higher qualifying ratios introduced by VHFA for energy efficient homes. Starlake Village continues to be the only affordable project planned for low- to moderate-income families in Norwich. Hartford Housing Authority developed six Six units are under contract and an additional four units are under deposit.

DISCUSSION

Strengths

- Commitment of TPHT to complete the project;
- Support for the project from VHCB of $135,000 with an additional $47,057 pending;
- Strong market demand and acceptance.

Weaknesses

- Project budget appears to be very tight--contingencies are felt to be adequate given that the site does not present a lot of challenges and due to the modular construction of the units.

SUMMARY

Staff will be having further discussions with Vermont National Bank and TPHT concerning Option A (a VHFA guarantee of up to $255,000). Option A is preferred by staff because it provides a more efficient way to leverage VHFA's resources. We hope to have a decision from Vermont National Bank to present to you at the Board meeting next Wednesday.

ACTION REQUESTED BY THE BOARD

Staff supports Twin Pine Housing Trust's request and recommends approval of either Option A or Option B dependent upon the outcome of discussions with Vermont National Bank.

Attached are two Resolutions Pertaining to Commitment Letter. Option A authorizes the Executive Director to issue a letter of commitment and to provide a guaranty of collection in an amount to be determined, but not to exceed $255,000. Option B authorizes the Executive Director to issue a letter of commitment to provide a loan in an amount not to exceed $255,000 for site development of Starlake Village.

C:STARBOAR

Project: STARLAKE VILLAGE/LOAN GUARANTEE RUN DATE 5-12-92

Total Units:	14	
Total Square feet	17,220	(1230/Unit)
Construction Term/Months		
Sitework	3	
Houses	6	
Project Duration - Sellout	6	

PROJECT INCOME

SALES:

Unit Type		Unit Price	Total
3 BR SF	6	64,000	384,000
3 BR SF	8	66,000	528,000
3BR SF	0		
	14		912,000

VHCB GRANT FUNDS:

Acquisition	100,000
Developer's Fee	35,000
Misc. Dev. Costs (Pending)	47,057
	182,057

TOTAL PROJECT INCOME	1,094,057
TOTAL PROJECT COST	1,094,057

FINANCING SOURCES

	Amount	Int. Rate
Vt Natl Bank*	919,514	8.00%
Housing Vt	8,493	8.50%
TOTAL	928,007	

* VHFA Loan Guarantee

Sitework	202,589
Venture payback	32,413
Pre-dev costs	15,512
	250,514

STARLAKE VILLAGE/LOAN GUARANTEE DEVELOPMENT BUDGET 5-12-92

		Budget	Per Unit	Per Sq.Ft.
Sitework		178,711	12,765	10.38
Engineer/Proj Mgr./sitework		9,993	714	0.58
Engineer/Hydrologist		25,250	1,804	1.47
Sitework Contingency	6.13%	10,960	783	0.64
Construction-Hard Costs		640,500	45,750	37.20
Bond Premium		0	0	0.00
Construction Contingency	4.54%	29,050	2,075	1.69
Architect		3,969	284	0.23
Permit Consulting		5,409	386	0.31
Legal/Overhead/Title		13,075	934	0.76
Project Manager		10,500	750	0.61
Permits		5,074	362	0.29
Marketing		4,974	355	0.29
Insurance/Taxes		1,500	107	0.09
Interest VNB/HVT	8.00%	12,345	882	0.72
Interest VHV	3.00%	642	46	0.04
VHFA Loan Guarantee Fee (1%)		2,505	179	0.15
VNB Loan Fee (.5%)		4,600	329	0.27
TOTAL DEVELOPMENT COST		959,057	68,504	55.69

Add'l Development Costs paid by VHCB:

	Budget	Per Unit	Per Sq.Ft.
Land Acquisition	100,000	7,143	5.81
Twin Pines Housing Trust Fee	35,000	2,500	2.03
TOTAL PROJECT COST	1,094,057	78,147	63.53

OPTION A

RESOLUTION PERTAINING TO COMMITMENT LETTER RE: STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the proposal seeks a guaranty of collection by the Agency of up to $255,000 of a loan of up to $924,000 to be made by Vermont National Bank for infrastructure work and construction, to include the identification of a deposit of funds in at least the amount of the guaranty; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the deficiency guaranty is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after review of updated appraisals and land use permits, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a guaranty of collection (the "Guaranty") in an amount to be determined by the Executive Director, but not to exceed $255,000, for the

Starlake Village Development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust and/or Vermont National Bank.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Construction Loan by Vermont National Bank (the "Loan") of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the loan guarantee.

4. The Commitment Letter shall provide that the Agency's Guaranty shall provide that before the Agency's Guaranty is invoked, the holder of the Loan shall diligently take all legal steps to collect from the maker of the loan, including but not limited to, drawing on any credit enhancements and liquidating the Development property, and demonstrating to the satisfaction of the Agency that those steps have failed to provide sufficient funds to satisfy the Loan.

5. The Commitment Letter shall require performance and payment bonds from the site work contractor.

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

OPTION B

RESOLUTION PERTAINING TO COMMITMENT LETTER RE:
STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the proposal seeks a loan by the Agency of up to $255,000 in addition to a loan of $669,000 to be made by Vermont National Bank for infrastructure work and construction; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the deficiency guaranty is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after review of updated appraisals and land use permits, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $255,000, for the Starlake Village Development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the Loan.

4. The Loan shall bear an interest rate of ____ % per annum for a term of 1 year and be repayable in part each time one of the homes is sold.

5. The Commitment Letter shall require performance and payment bonds from the site work contractor.

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Margaret Pond, Director of Development and
Patricia Crady, Development Coordinator

DATE: June 18, 1991

RE: Twin Pines Housing Trust--Request for Development Financing

SUMMARY OF REQUEST

Staff recommends Board approval of a resolution authorizing the issuance of a letter of interest for development financing for the development of Starlake Village in Norwich, Vermont. Twin Pines Housing Trust is the developer and the project will consist of 14 single family detached homes located on a 14 acre site. All homes will be cape style, manufactured homes and will sell for approximately $59,000 with an unfinished second floor, and $64,000 with the second floor completed. Through a ground lease, the homeowner will have exclusive use of the land around the house plus access to common land owned by Twin Pines Housing Trust. Appreciation is shared between the homeowner and the land trust with the homeowner's share being 25%.

The information submitted in support of this development is preliminary, but staff wanted to give the Board an opportunity to review this development in the typical two stage process. Assuming that the Board approves this recommendation, we will be seeking the approval of a resolution authorizing the issuance of a letter of commitment to provide development financing for this project at the next meeting.

THE PROJECT

Loan Request

$185,550 to develop the site for the construction of 14 manufactured homes. (Note: Twin Pines Housing Trust has requested $35,000 in predevelopment funds from Vermont Housing Ventures. The amount of the development loan could increase to $220,550 if VHFA should decide to take out the Ventures loan with the development loan.) Also, as the request is based on estimates and not firm contracts, it is expected that the development costs and the amount of this loan request could change. VHFA has not yet identified a source of development loan funds for this project. Construction financing for individual homes will be provided by First Twin State Bank. Financing for home buyers will be provided through VHFA's HOUSE Program.

VHFA has requested and has not yet received an appraisal indicating the value of the land "as is" and after development of the infrastructure. We have also requested an appraisal of the homes to be constructed.

Sources and Uses - Based on Preliminary Budget

Sources

Housing Vermont	$ 7,000
VHFA Ventures	$ 35,000
VHFA Development Loan	$185,550
Construction Financing (1st Twin State Bank)	$668,500
Total	$896,050

Uses

Planning/Marketing/Pre-development	$ 50,500
Site Development	$177,700
House Construction	$667,850
Total	$896,050

Cost Per Unit $64,000

History of Project/Background of Twin Pines Housing Trust

Housing Vermont has been involved in the development of the Starlake Village project since the beginning, over two years ago. The project has evolved from a 30 unit LIHTC rental project to the current concept of 14 single-family, shared equity homes. Housing Vermont has re-evaluated their role in the development process due primarily to the growing strength and competence of Twin Pines Housing Trust and their new Executive Director, William Bittinger.

Housing Vermont will remain involved as a source of pre-development funds (up to $15,000) and as a development consultant. This will allow Twin Pines Housing Trust to take control of the process and yet have access to Housing Vermont's staff for project advice. Housing Vermont expects to have a new Memo of Understanding with Twin Pines by the end of June.

Twin Pines Housing Trust was formed in 1990 as a result of a merger between Twin Pines Cooperative Housing Foundation and Twin State Housing Trust, both of which were established to address the problem of the lack of affordable housing opportunities for low- and moderate-income households in the Upper Connecticut River Valley. To date Twin

Pines Housing Trust has achieved the following (some of the activities were completed prior to the merger):

- the rehabilitation of 11 apartment units in White River Junction;
- the conversion of one building with three units to a limited equity cooperative;
- sponsorship of seven single family homes in the Town of Hartford, under development by the Hartford Housing Authority;
- a cooperative relationship with Habitat for Humanity in their four-unit Lebanon (NH) project with the Trust scheduled to retain land ownership of the properties;
- a joint venture relationship with E & G Partners of Norwich to develop, if feasible, 136 units of low, moderate, and middle income housing in White River Junction.

<u>Current Status of the Project and Timetable for Development</u>

The site is presently owned by Upper Valley Land Trust. Their is an application pending with the Vermont Housing Conservation Board requested that they approve conveyance of the site to Twin Pines Housing Trust and ultimately will forgive $100,000 in debt under a VHCB loan agreement with Upper Valley Land Trust. There is also an application pending with VHCB for $35,000 to assist with development fees and as noted above, an application pending for a Vermont Housing Ventures loan for $35,000.

Once the Ventures loan is approved, Twin Pines Housing Trust will move forward to obtain local and state Act 249 and 250 approvals and related permits necessary to commence construction. Twin Pines is projecting that they will start construction by September 1, 1991, and hope to complete the entire project by December 1991. Should permitting, marketing, or construction delays occur, Twin Pines is projecting a worst case (and we feel more realistic) completion date of July 1992.

Twin Pines has indicated that they are prepared to go forward with this project under the following conditions:

- A commitment for pre-development financing from Vermont Housing Ventures;
- All local and state permits necessary to commence construction;
- Vermont Housing Conservation Board approval of the conveyance of the 14 acre site, owned by Upper Valley Land Trust, to Twin Pines Housing Trust;
- Firm construction contract prices in accordance with the project pro forma;
- A written commitment from VHFA to provide development financing;
- A written commitment from a local lender to provide financing to construct the individual units;
- A minimum of eight pre-qualified buyers with signed purchase and sales agreements and five percent deposits held in escrow. (If VHFA were to commit to providing development financing, we would probably expand on this and require that the eight pre-qualified buyers have a commitment for HOUSE financing.)

Affordability and Market Demand

Based on the projected sale prices of $59,000 and $64,000 and a first year interest rate of 6.2% for VHFA's HOUSE Program, families would need a minimum income of $21,000 in order to purchase a home. This amount is approximately 73% of the median income for Windsor County based on a family size of two, 65% of median income based on a family size of three, and 60% of median income based on a family size of four.

Based on data from the Vermont Department of Taxes, Property Transfer Tax System, the average sales price of all primary properties sold in 1990 in Windsor County (including mobile homes with land and excluding vacation homes), was approximately $127,400. Norwich is at the high end of the Windsor County market. There should be a strong market demand for homes selling in the range of $59,000 to $64,000. This is the only project planned for low- to moderate-income families in Norwich. Twin Pines indicates that they currently have 14 deposits, but they have not yet been qualified for financing.

ACTION REQUESTED BY THE BOARD

Staff recommends approval of the attached Resolution Pertaining to a Letter of Interest to provide development financing to Twin Pines Housing Trust. The Resolution authorizes the Executive Director to issue a letter of interest toward providing up to $225,000 in development financing for a 14 unit development known as Starlake Village in Norwich, Vermont.

RESOLUTION PERTAINING TO LETTER OF INTEREST RE:
TWIN PINES HOUSING TRUST-STARLAKE VILLAGE

WHEREAS, a proposal has been presented to the Agency by the Twin Pines Housing Trust, a non-profit corporation, involving the development of Starlake Village, a 14 unit single family development in Norwich; and

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

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

It is hereby DETERMINED:

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

2. The costs of site development to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of interest (the "Letter of Interest") to provide a first mortgage for development financing in an amount to be determined by the Executive Director, but not to exceed $225,000, for the Starlake Village development.

2. The Letter of Interest shall be issued to the Twin Pines Housing Trust as the housing sponsor.

3. The Letter of Interest shall state that it is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish. The letter of interest may be used by the housing sponsor in support of applications for construction financing or for other purposes with the consent of the Agency.

4. The Executive Director is authorized to make preliminary arrangements for the financing of this loan.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MAY 15, 1992

RE: SINGLE FAMILY BONDING ALTERNATIVES

We have been meeting with the bond working group during the last month in an attempt to structure a financing to counteract the never ending battle with Sunset legislation. It now appears that Sunset will happen on June 30th, but we are anticipating a Sunrise sometime later this year. A concern for VHFA over the last seven years as we have been faced with the annual Sunset scare is that our authority to issue tax-exempt bonds will not be renewed. During that time we have issued unique bonds which in effect preserved our authority to issue bonds in the future at a reasonable cost to the Agency. The recent meetings with the underwriters and the bond lawyers have been addressing three separate problems and needs. The issues are: (1) bonding to carry us past the Sunset; (2) additional funding for the stepped rate HOUSE program; and (3) what to do with the excess funds built up under the 1978 Mortgage Purchase Program. All of these issues are related since they deal with single family financing, so we have looked at them in the aggregate because they impact each other. For Board discussion purposes, I will treat them separately so they can be better understood.

HOUSE Program Funds
In 1989, in concert with the issuance of tax-exempt bonds, we dedicated a portion of the mortgage funds to a below-market stepped rate program which allowed potential purchasers to acquire a home with a beginning rate 1.5% lower than the ultimate rate. The shared appreciation aspect of this program has been well received in the non-profit community. However, we have almost depleted this source of funds and need to provide some new monies to keep the program viable for our perpetually affordable initiatives. When we issued the 1990 Series 2 Bonds at an 8.15% mortgage rate, we still had unexpended funds from the 1990 Series 1 program at an 8.95% rate. When we issued these bonds our underwriters included a provision which allows us to adjust the rate on the mortgages by remarketing the bonds that relate to any unexpended proceeds. We have begun the process to remarket the bonds, which based on today's rates would produce an 8.05% mortgage rate instead of 8.95%! We have $7.6 million unexpended funds from the Series 1 financing and would remarket that entire amount and then offer

those funds at a stepped rate which would ultimately yield us 8.05%. Using the stepped rate format would allow us to offer a rate of approximately 6.65% the first year and increase by .50% annually for three years and end up with an 8.15% rate. The remarketing issue is scheduled to close the last week of June.

CONVERTIBLE OPTION BOND (NEW ISSUE)
The working group has been looking at offering a new issue, as an insurance policy, to deal with the impending June 30th Sunset. Unfortunately, market conditions have not allowed us to use the convertible bond feature without a great deal of cost. Current estimates are that a $50 million issue would require a $1 million subsidy by VHFA. Since we still have available $42.5 million of convertible option bonds from the 1990 financing, several programs with recyclable features, and a permanent Sunset is very unlikely, staff and the underwriters cannot in good conscience recommend an issue at this time for the cost involved. It would be difficult to justify this cost even if it was expected that we would not have authority to issue tax-exempt bonds in the future. The major reason that this financing does not currently work is market conditions which require a very low rate on temporary bonds and no offsetting benefit from reinvestment. The very low short term cost is factored into the ultimate yield we are allowed to earn and does not give us enough funds to cover all the costs of the issue over its life. A fixed rate financing would cost at least as much due to reinvestment rates of under 5%, maybe as low as 3.5% based on accessing funds provisions, and a bond cost of about 7%.

REFUNDING ISSUE
Due to the problems that are explained in the preceding paragraph, and given that we have excess funds in the 1978 Mortgage Purchase Program Resolution, we were looking at ways to "marry" the excess available funds and the high cost of doing a new issue to see if there was some way to take care of both problems. As of today, we cannot make the marriage work. We do need to call bonds, in part because we are holding prepayments which were originally dedicated to the 4 Star Energy Program and there are opportunities to take low yielding reserves and excess funds and redeem additional bonds. We will be providing further information at the Board meeting regarding this program and expect Andy Gurley to be present to assist with the discussion.

RECOMMENDED ACTION
Authorize the use of the remarketing proceeds for the HOUSE program, approve the action of no new issuance and continue to pursue the refunding of the Mortgage Purchase Bonds as discussed at the Board meeting.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MAY 15, 1992

RE: MULTI-FAMILY RECYCLE PROGRAM

At the January Board meeting, we discussed some choices for using the prepayments collected on the Multi-Family Mortgage Program. At that time it was decided to reloan the prepayments on a 25 year amortization and a 20 year term. For the most part, the loans that have prepaid or are targeted for prepayment had a remaining life of 16-18 years with normal amortization. This action has the effect of earning slightly more over the life of the program but also decreases the subsidy that we draw from the program on an annual basis in the earlier years. This is demonstrated in the columns headed current program and recycled program in the attached schedule.

We are finding that our recycle program is not as attractive as originally thought. A couple of reasons have been cited for the poor acceptance of our program. One factor that has been mentioned by potential users is the competitive nature of the Vermont National Bank's Socially Responsible Fund (9% fixed for 30 years). Another factor is that our regulatory process was much more onerous than Vermont National. Although our rate is slightly more attractive, our term is not. A way to counteract the financing side was to rerun the recycling proceeds at a straight 25 year term and amortization and also with a 30 year amortization with a 25 year balloon payment. These new assumptions are incorporated into the last two sections of the attached schedule.

The summary of this information is that the cash flows work in all cases. The last two cases allow us to collect more total dollars than the redemption case or the current operating scenario. A drawback is that the Agency draws and residual balances decrease earlier in time and less money is available to support operations on an annual basis. The takeout from this program represents approximately 20% of the annual transfers to the Agency. If we would like to make this program work it appears that we need to adjust the loan terms and offer it to the general development community. The drawback to this proposal is that annual draws will have to be scaled back somewhat in the years 1998-2012.

Recommended Action

Authorize staff to alter the terms of the program by offering a 30 year amortization with a 25 year balloon payment as shown in the last section of the attached schedule.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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COMPARATIVE CASH FLOW SCHEDULE
MULTI-FAMILY HOWARD PROGRAM
FOR THE YEARS 1992-2021

CURRENT PROGRAM			RECYCLE PROGRAM			25 YEAR AMORT & TERM			30 YEAR AMORT-25 YR TERM		
DATE	AGENCY DRAW	RESIDUAL BALANCE	DATE	AGENCY DRAW	RESIDUAL BALANCE	DATE	AGENCY DRAW	RESIDUAL BALANCE	DATE	AGENCY DRAW	RESIDUAL BALANCE
Feb-92	$ 460,000	$992,000	Feb-92	$ 460,000	$1,058,000	Feb-92	$ 460,000	$1,058,000	Feb-92	$ 460,000	$1,058,000
Feb-93	460,000	915,000	Feb-93	460,000	926,000	Feb-93	460,000	926,000	Feb-93	460,000	890,000
Feb-94	460,000	838,000	Feb-94	460,000	792,000	Feb-94	460,000	792,000	Feb-94	460,000	726,000
Feb-95	460,000	741,000	Feb-95	460,000	636,000	Feb-95	460,000	636,000	Feb-95	460,000	540,000
Feb-96	460,000	658,000	Feb-96	460,000	504,000	Feb-96	460,000	504,000	Feb-96	460,000	376,000
Feb-97	460,000	562,000	Feb-97	460,000	359,000	Feb-97	460,000	359,000	Feb-97	460,000	198,000
Feb-98	460,000	394,000	Feb-98	460,000	137,000	Feb-98	460,000	137,000	Feb-98	403,000	0
Feb-99	460,000	307,000	Feb-99	448,000	0	Feb-99	447,000	0	Feb-99	279,000	0
Feb-00	460,000	222,000	Feb-00	314,000	0	Feb-00	314,000	0	Feb-00	285,000	0
Feb-01	460,000	110,000	Feb-01	287,000	0	Feb-01	288,000	0	Feb-01	259,000	0
Feb-02	459,000	0	Feb-02	290,000	0	Feb-02	289,000	0	Feb-02	261,000	0
Feb-03	326,000	0	Feb-03	265,000	0	Feb-03	265,000	0	Feb-03	237,000	0
Feb-04	410,000	0	Feb-04	347,000	0	Feb-04	347,000	0	Feb-04	318,000	0
Feb-05	249,000	0	Feb-05	185,000	0	Feb-05	185,000	0	Feb-05	157,000	0
Feb-06	206,000	0	Feb-06	140,000	0	Feb-06	140,000	0	Feb-06	111,000	0
Feb-07	188,000	0	Feb-07	116,000	0	Feb-07	116,000	0	Feb-07	88,000	0
Feb-08	176,000	0	Feb-08	97,000	0	Feb-08	97,000	0	Feb-08	69,000	0
Feb-09	186,000	0	Feb-09	109,000	0	Feb-09	108,000	0	Feb-09	79,000	0
Feb-10	460,000	104,000	Feb-10	460,000	19,000	Feb-10	460,000	19,000	Feb-10	450,000	0
Feb-11	230,000	(12,000)	Feb-11	108,000	(62,000)	Feb-11	108,000	0	Feb-11	74,500	0
Feb-12	153,000	0	Feb-12	353,000	2,092,000	Feb-12	123,000	0	Feb-12	94,000	0
Feb-13	94,000	0	Feb-13	460,000	1,725,000	Feb-13	460,000	167,000	Feb-13	460,000	124,000
Feb-14	95,000	0	Feb-14	460,000	1,357,000	Feb-14	460,000	363,000	Feb-14	460,000	290,000
Feb-15	87,000	0	Feb-15	460,000	966,000	Feb-15	460,000	554,000	Feb-15	460,000	450,000
Feb-16	81,000	0	Feb-16	460,000	560,000	Feb-16	460,000	747,000	Feb-16	460,000	611,000
Feb-17	87,000	0	Feb-17	460,000	145,000	Feb-17	460,000	798,000	Feb-17	460,000	3,007,000
Feb-18	364,000	0	Feb-18	455,000	0	Feb-18	460,000	668,000	Feb-18	455,000	2,943,000
Feb-19	230,000	277,000	Feb-19	230,000	218,000	Feb-19	460,000	672,000	Feb-19	230,000	3,016,000
Feb-20	253,000	362,000	Feb-20	230,000	268,000	Feb-20	460,000	503,000	Feb-20	230,000	2,918,000
Feb-21	1,212,000	0	Feb-21	1,034,000	0	Feb-21	1,277,000	0	Feb-21	3,764,000	0
	$10,146,000			$10,988,000			$11,464,000			$12,903,500	

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **MAY 15, 1992**

RE: **GENERAL FUND BUDGET PERFORMANCE**

On the reverse side of this memo is the budget performance report for the period ending March 31, 1992 representing the first nine months of the fiscal year ending June 30, 1992. All things being equal, budget categories should be at 75% of the annual budget.

We are still on track in most budget categories for the year. Primary exceptions continue to be in the areas of interest income and expense with the prime contributor being the Dalton Drive project who we are charging interest on the advances we have made and paying interest to the Bank of Boston on funds borrowed.

INCOME. Fee income collected is a little less than anticipated even though activity has increased significantly over the last several months, we have not purchased the mortgages which give rise to the fee income.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected.

EXPENSES. Total expenses are well within annual budgeted amounts given that interest expense is skewing the totals as mentioned above. The extra interest of $126,000 increases the overall expense percentage by approximately 5%.

If you have any questions relative to the budget performance report, feel free to contact me at your convenience, or bring your questions to the Board meeting.

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BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
MARCH 31, 1992

	CURRENT APPROVED BUDGET	ACTUAL YR TO DATE MAR 31, 1992	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	545,950	330,892	60.61%
MULTI-FAMILY FEES	125,000	101,796	81.44%
PROJECT ADMIN FEES	120,000	118,514	98.76%
INTEREST INCOME	330,000	435,005	131.82%
MISCELLANEOUS	44,500	41,316	92.84%
TOTAL INCOME	1,165,450	1,027,523	88.17%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	10,000	14,411	144.11%
SHAWMUT MTG PURCHASE	100,000	50,000	50.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	100.00%
HOWARD HOME MTG PURCH	375,000	189,500	50.53%
HOWARD MULTI-FAMILY	430,000	435,000	101.16%
CONN NATL MULTI-FAMILY	80,000	102,109	127.64%
HOUSING DEVELOP BDS-MF	10,000	10,000	100.00%
DIRECT PLACEMENT BONDS	32,500	7,500	23.08%
TOTAL TRANSFERS	2,287,500	2,058,520	89.99%
TOTAL INC & TFRS	3,452,950	3,086,043	89.37%
EXPENSES			
ADVERTISING & PROMOTION	50,050	22,190	44.34%
AUDIT	28,000	24,500	87.50%
ANNUAL REPORT	15,000	13,952	93.01%
COMMISSIONERS EXPENSES	4,000	1,755	43.87%
CONSULTING FEES	51,500	33,011	64.10%
DUES & SUBSCRIPTIONS	29,500	19,350	65.59%
INSURANCE	165,000	119,738	72.57%
INTEREST EXPENSE	48,000	174,179	362.87%
LEGAL	75,000	24,394	32.53%
MISCELLANEOUS	12,000	7,064	58.87%
OFFICE EXPENSES	32,000	20,758	64.87%
PENSION PLAN	104,000	73,241	70.42%
POSTAGE	20,000	15,214	76.07%
RENT	112,000	83,418	74.48%
REPAIRS & MAINTENANCE	42,000	27,974	66.60%
SALARIES & WAGES	1,273,018	951,629	74.75%
STAFF TRAVEL & TRAINING	98,650	33,833	34.30%
SUBSIDY-HVT, ERH, ETC.	135,000	70,074	51.91%
TAXES-PAYROLL	93,700	66,188	70.64%
TELEPHONE	36,000	25,382	70.51%
TRUSTEE & CREDIT FEES	255,000	195,306	76.59%
DEPRECIATION	80,000	58,177	72.72%
TOTAL EXPENSES	2,759,418	2,061,327	74.70%
SURPLUS (DEFICIT)	693,532	1,024,716	147.75%

VERMONT HOUSING FINANCE AGENCY

BALANCE SHEET

AS AT DECEMBER 31, 1991

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
ASSETS										
Cash and cash equivalents	$4,267,427	$6,118,326	$48,930,367	$44,869,620	$97,406,797	$6,486,271	$3,015,912	$210,469	$238,189	$211,543,378
Investments	1,511,704	993,264	5,037,380	21,151,124		4,612,219	3,137,753		881,183	37,324,627
Mortgage and construction loans receivable	5,504,833	7,553,304	44,726,094	230,620,777	11,720,488	35,848,753	23,975,182	16,810,321	7,709,978	384,469,730
Accrued interest receivable										
-Mortgage and notes	56,553	41,027	285,501	1,669,337	53,027	180,683	191,158	38,428	38,549	2,554,263
-Investments	55,971	167,203	770,915	831,041	1,175,692	152,908	136,905	906	23,824	3,315,365
Deferred cost of bond issuance		56,912	239,431	954,045	489,084	280,127	122,288	7,791	63,851	2,213,529
Office furniture and fixtures (at cost)	667,623									667,623
Accumulated depreciation	(440,800)									(440,800)
Land	725,000									725,000
Other receivables: prepaid expenses	525,691	29,945	13,660	147,087		35,028				751,411
Interfund receivables (payables)	238,018	(25,000)	115,387	(85,944)	(1,164)	(161,653)	16,889	(98,647)	2,114	0
Other assets				789,349						789,349
TOTAL ASSETS	$13,112,020	$14,934,981	$100,118,735	$300,946,436	$110,843,924	$47,434,336	$30,596,087	$16,969,268	$8,957,688	$643,913,475
LIABILITIES & FUND BALANCES										
Deferred income	1,542,591									1,542,591
Accounts payable	100,386	2,695	14,207	262,326	84,375					463,989
Escrowed cash deposits	3,359,222			271,442		79,884		30,876		3,741,424
Notes payable	2,754,080									2,754,080
Accrued interest	107,276	165,833	3,285,533	1,828,745	1,398,250	1,221,708	1,311,944	128,190	28,471	9,475,950
Accreted interest				8,653,234						8,653,234
Bonds payable	644,166	10,730,000	84,885,000	281,576,352	110,000,000	43,185,000	28,480,000	16,756,111	8,915,000	585,171,629
Unamortized premium (discount) on bonds		(202,871)	(2,292,790)	(4,783,666)	(956,158)	(752,945)	(766,346)	(24,326)	(187,858)	(9,966,960)
Fund balance	4,604,299	4,239,324	14,226,785	13,138,003	317,457	3,700,689	1,570,489	78,417	202,075	42,077,538
TOTAL LIABILITIES & FUND BALANCE	$13,112,020	$14,934,981	$100,118,735	$300,946,436	$110,843,924	$47,434,336	$30,596,087	$16,969,268	$8,957,688	$643,913,475

VERMONT HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE PERIOD ENDED DECEMBER 31, 1991

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
REVENUES:										
Interest Income:										
Mortgage and construction loans	$224,431	$282,657	$2,091,230	$10,854,407	$227,756	$1,656,592	$1,555,040	$607,385	$347,854	17,847,352
Investments	71,950	218,021	1,635,455	3,280,376	4,021,590	316,692	293,453	6,548	45,711	9,889,796
Gain on sale of investments			455,245	2,466,292						2,921,537
Fee income:										
Multi-family programs	26,842						68,446			95,288
Single-family programs	86,995									86,995
Gain on Bond Redemption		5,147								5,147
Miscellaneous income	22,333									22,333
TOTAL REVENUES	432,551	505,825	4,181,930	16,601,075	4,249,346	1,973,284	1,916,939	613,933	393,565	30,868,448
EXPENSES:										
Financing costs: including interest and amortization of premium, discount & costs of issuance	126,815	349,027	3,348,981	12,974,656	4,209,221	1,647,401	1,769,551	583,135	346,803	25,355,590
Mortgage service, contract administration fees, & property disposition expense		18,051	104,530	428,976	9,542	35,028				596,127
Salaries and benefits	750,959									750,959
Operating expenses	271,213									271,213
Professional fees	57,517									57,517
Trustee and assignee fees	145,705									145,705
Loss on bond redemptions				743,811						743,811
TOTAL EXPENSES	$1,352,209	$367,078	$3,453,511	$14,147,443	$4,218,763	$1,682,429	$1,769,551	$583,135	$346,803	$27,920,922
Excess (deficiency) of revenues over expenses	(919,658)	138,747	728,419	2,453,632	30,583	290,855	147,388	30,798	46,762	2,947,526
Fund balance, beginning of period	4,537,546	4,150,577	13,998,366	10,873,871	301,285	3,624,834	1,423,101	55,119	165,313	39,130,012
Transfer to program funds										0
Transfer to General fund	986,411	(50,000)	(500,000)	(189,500)	(14,411)	(215,000)		(7,500)	(10,000)	0
Fund balance, end of period	$4,604,299	$4,239,324	$14,226,785	$13,138,003	$317,457	$3,700,689	$1,570,489	$78,417	$202,075	$42,077,538

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: Board of Commissioners

GAJ

FROM: Glenn A. Jarrett, General Counsel

DATE: May 13, 1992

RE: Windemere Mobile Home Park

At the February 20, 1992 Board meeting the Board approved a resolution authorizing the Executive Director to issue a commitment letter to Housing Foundation, Inc. for a first mortgage loan of up to $1,300,000 for the acquisition and rehabilitation of the Windemere Mobile Home Park in Colchester. Since that time, HFI has secured a commitment for a first mortgage loan from the Vermont National Bank. However, the amount of the loan from Vermont National is insufficient to provide all the necessary funds for the proposed acquisition and rehab. HFI has asked the Agency to provide a second mortgage loan of approximately $48,000 to close the gap between the total of the first mortgage, the Housing and Conservation Board loan and grant, and the seller financing.

As you may recall, VHFA's statute was amended several years ago to remove the requirement that all our loans be first mortgage loans. This would be the Agency's first mortgage loan with other than a first lien posititiion. One requirement of the statute (10 V.S.A. § 624(b)(5)) is that there be an agreement between the Borrower and the Agency regarding restrictions on rental charges and disposition of the property. Normally, those points are covered in the Regulatory Agreement that the Agency and the Borrower sign. We do not want to impose a burdensome document on the Borrower considering the small size of the loan and the Agency's potential position as second lienholder. The issues mentioned above are covered in the Housing Subsidy Covenant that the Housing and Conservation Board and the Borrower will enter into. I have spoken to Jim Libby and we have agreed that VHFA could also be a signer of the Housing Subsidy Covenant to avoid having a separate agreement between VHFA and the Borrower.

Attached hereto is a set of financials for the revised structure of this Development.

REQUESTED ACTION:

Approval of the attached resolution authorizing a second mortgage loan to HFI of up to $50,000.

RESOLUTION PERTAINING TO
COMMITMENT LETTER RE:
WINDEMERE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Housing Foundation, Inc., ("HFI"), a non-profit corporation, involving the acquisition of the Windemere Mobile Home Park ("Windemere"), a 85 unit mobile home park in Colchester; and

WHEREAS, Windemere has been the subject of previous resolutions of this Board dated December 13, 1991 and February 20, 1992; and

WHEREAS, the Sponsor will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Sponsor has been approved for a Housing and Conservation Board loan of $260,000 and a grant of $25,000 for Windemere; and

WHEREAS, the Sponsor has secured a commitment for a first mortgage from a conventional lender, but the development is still in need of additional funds in the approximate amount of $48,000; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a commitment letter (the "Commitment Letter") to provide a second mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $50,000, for the Windemere Mobile Home Park.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan.

4. The term of the mortgage loan shall be 25 years and the interest rate shall be 9.5 % per annum.

5. The Commitment Letter shall require the Sponsor to demonstrate to the satisfaction of the Executive Director that equity, superior loan funds and/or deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

7. The source of funds for this loan will be the Agency's General Fund.

8. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met. These restrictions shall be contained in a Housing Subsidy Covenant to which the Agency shall be a signer.

9. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the second mortgage loan to HFI in an amount not to exceed $50,000 for a term of 25 years at the closing on the Development.

SOURCES AND USES OF FINANCING

Permanent Financing	Amount	%	Rate	Amortization Term	Comments
VNB 1st Mortgage*	$1,113,750	70.74%	9.00%	25	Rate review Yr 5 (9.0% start)
VHCB-grant	$25,000	1.59%	N/A		
VHCB loan	$345,000	21.91%	3.00%	30	
VHFA Second Note	$48,250	3.06%	9.50%	25	
Seller	$42,500	2.70%	8.00%	25	Payments deferred 2 years
Total Permanent Financing	$1,574,500	100.00%			

Per Unit 18,524

Total Development Budget

Property Acquisition		1,357,500	$15,971 /lot
Rehab Work			
Electrical	27,686		
Sewer Repairs	60,249		
Storm Drainage Basins	9,475		
Water Line	55,355		
Repair Roadway & Paveme	25,743		
Less Needed Cuts	(8,508)		
Rehab subtotal		170,000	
Contingency	0.00%	0	
Appraisal		1,500	
Engineering		3,500	
Legal and Title Fees		5,000	
VNB Financing Fee (1%)	11,138	11,138	
VHFA Financing Fee (1%)	483	483	
VNB Transaction Costs		0	
Closing		380	
Working capital	13,750	0	
Co-op Contract		15,000	
Development fee	0.64%	10,000	
Total Development Costs		$1,574,500	

Year 20 Balloon Payments

Loan	Amount	Annual DS
VHFA	20,072	2,791
VHCB	150,634	20,948
Seller	23,204	3,227
	193,910	26,966

Note: DS at 11% 15 yrs
Yr 20 LTV 25.51%

ASSUMPTIONS

Oper cost/lot/month	
Income Increase	3.00%
Expense Increase	5.00%
Replace. Reserve	5.00%

NOTES: VNB RATE 9% 5 YEARS, NO CAP AFTER, ASSUMED 11%
VHCB NOTE FULLY AMORTIZED
SELLER FINANCING NO PAYMENTS NO INTEREST ACCRUAL FOR 3 YEARS,
THEN AMORTIZED OVER 20 YEARS WITH BALLOON IN YEAR 20
LINE ITEMS FROM ENGINEERING REPORT TOTAL $178,508
NOT INCLUDING $60,600 TO $95,000 ADDT FOR CODE ELECTRICAL FOR ALL UNITS

Rents*	Units	Yr 1 Rents	Ann Rents
# Mobile Homes	85	$210	$214,200

Windemere MHP 5/6/92 C:\QUATTRO\MHP\WINDMR5.WKQ

PROJECT OPERATING PRO FORMA

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Annual Income		214,200	220,626	227,245	234,062	241,084	248,317	255,766	263,439	271,342	279,482
Less Vacancy											
Allowance:	2%	4,284	4,413	4,545	4,681	4,822	4,966	5,115	5,269	5,427	5,590
Other Income		0	0	0	0	0	0	0	0	0	0
Adjusted Gross Income		209,916	216,213	222,700	229,381	236,262	243,350	250,651	258,170	265,915	273,893
Management & Res Manager	210	17,820	18,711	19,647	20,629	21,660	22,743	23,881	25,075	26,328	27,645
Audit/Legal	18	1,500	1,575	1,654	1,736	1,823	1,914	2,010	2,111	2,216	2,327
Utilities & water	241	20,497	21,522	22,598	23,728	24,914	26,160	27,468	28,841	30,283	31,798
Maintenance--total	88	7,500	7,875	8,269	8,682	9,116	9,572	10,051	10,553	11,081	11,635
Real Estate Taxes	141	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616
Insurance	16	1,360	1,428	1,499	1,574	1,653	1,736	1,823	1,914	2,009	2,110
Replacement Reserve	76	6,426	6,747	7,085	7,439	7,811	8,201	8,611	9,042	9,494	9,969
Total Expenses	789	67,103	70,458	73,981	77,680	81,564	85,642	89,924	94,421	99,142	104,099
Net Operating Income		142,813	145,755	148,719	151,701	154,698	157,708	160,726	163,750	166,774	169,794
Debt Service: VNB Loan		(112,159)	(112,159)	(112,159)	(112,159)	(112,159)	(129,760)	(129,760)	(129,760)	(129,760)	(129,760)
Debt Service: Seller		0	0	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)
Debt Service: VHFA		(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)
Debt Service: VHCB		(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)
Cash Flow		13,200	16,142	15,170	18,152	21,149	6,557	9,576	12,599	15,623	18,644
Debt Coverage Ratio		1.10	1.12	1.11	1.14	1.16	1.04	1.06	1.08	1.10	1.12
VNB DCR (Before Replace Reserve)		1.11	1.13	1.16	1.18	1.21	1.09	1.11	1.13	1.16	1.18
VNB Interest Rate (Years 5-20 Assumed)		9.00%	9.00%	9.00%	9.00%	9.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Op Exp/Lot/Month		$66	$69	$73	$76	$80	$84	$88	$93	$97	$102
Monthly Lot rent		$210	$216	$223	$229	$236	$243	$251	$258	$266	$274

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Gross Annual Income	287,867	296,503	305,398	314,560	323,997	333,717	343,728	354,040	364,661	375,601
Less Vacancy										
Allowance:	5,757	5,930	6,108	6,291	6,480	6,674	6,875	7,081	7,293	7,512
Other Income	0	0	0	0	0	0	0	0	0	0
Adjusted Gross Income	282,110	290,573	299,290	308,269	317,517	327,042	336,854	346,959	357,368	368,089
Management & Res Manager	29,027	30,478	32,002	33,602	35,282	37,047	38,899	40,844	42,886	45,030
Audit/Legal	2,443	2,566	2,694	2,828	2,970	3,118	3,274	3,438	3,610	3,790
Utilities & water	33,387	35,057	36,810	38,650	40,583	42,612	44,742	46,979	49,328	51,795
Maintenance--total	12,217	12,828	13,469	14,142	14,849	15,592	16,372	17,190	18,050	18,952
Real Estate Taxes	19,547	20,524	21,550	22,628	23,759	24,947	26,194	27,504	28,879	30,323
Insurance	2,215	2,326	2,442	2,564	2,693	2,827	2,969	3,117	3,273	3,437
Replacement Reserve	10,467	10,991	11,540	12,117	12,723	13,359	14,027	14,729	15,465	16,238
Total Expenses	109,304	114,769	120,507	126,533	132,859	139,502	146,477	153,801	161,491	169,566
Net Operating Income	172,806	175,804	178,783	181,736	184,657	187,540	190,376	193,158	195,877	198,523
Debt Service: VNB Loan	(130,550)	(130,550)	(130,550)	(130,550)	(130,550)	(132,214)	(132,214)	(132,214)	(132,214)	(132,214)
Debt Service: Seller	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)	(3,936)
Debt Service: VHFA	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)	(5,059)
Debt Service: VHCB	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)
Cash Flow	20,866	23,864	26,842	29,796	32,717	33,935	36,771	39,553	42,272	44,918
Debt Coverage Ratio	1.14	1.16	1.18	1.20	1.22	1.22	1.24	1.26	1.28	1.29
VNB DCR (Before Replace Reserve)	1.20	1.22	1.24	1.27	1.29	1.30	1.32	1.34	1.37	1.39
VNB Interest Rate (Years 5-20 Assumed)	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Op Exp/Lot/Month	$107	$113	$118	$124	$130	$137	$144	$151	$158	$166
Monthly Lot rent	$282	$291	$299	$308	$318	$327	$337	$347	$358	$368

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel

DATE: May 12, 1992

RE: Coburn Mobile Home Park (Clarendon)

At the March Board meeting the Board passed an amended resolution for a commitment letter. That resolution called for a total loan of not more than $340,000, to be split between a loan funded by a federally taxable bond to be sold to the State pension funds and a general fund loan of not more than $40,000, to be repaid when certain federal monies are received. Since the March meeting the Sponsor has requested that the amount of the General Fund loan be increased to $50,000, with a concomitant decrease in the amount of the loan to be funded from the federally taxable bond. In order to accomplish that split, the Board needs to pass another resolution committing up to $50,000 from the Agency's General Fund.

REQUESTED ACTION:

Approval of the attached resolution.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

AMENDED RESOLUTION PERTAINING TO COMBINED
LETTER OF INTENT AND COMMITMENT LETTER RE:
COBURN MOBILE HOME PARK

WHEREAS, a proposal has previously been presented to the Agency by the Housing Foundation, Inc.("HFI"), a non-profit corporation, involving the acquisition of Coburn Mobile Home Park ("Coburn"), a 46 unit mobile home park in Clarendon; and

WHEREAS, this development has previously been the subject of Agency resolutions on June 26, 1991, May 23, 1991 and March 24, 1992; and

WHEREAS, the Sponsor has requested an adjustment in the distribution of the loan funds between the two promissory notes so that up to $50,000 of the total loan amount will come from the Agenyc's General Fund and be repaid upon the receipt of federal monies; and

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Coburn Mobile Home Park. Of that total, not more than $50,000 shall be a bridge loan from the Agency's General Fund.

2. The other terms of the Amended Resolution of this Board dated March 24, 1992 shall remain the same.

AMENDED RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: COBURN MOBILE HOME PARK

WHEREAS, a proposal has previously been presented to the Agency by the Housing Foundation, Inc.("HFI"), a non-profit corporation, involving the acquisition of Coburn Mobile Home Park ("Coburn"), a 46 unit mobile home park in Clarendon; and

WHEREAS, this development has previously been the subject of Agency resolutions on June 26, 1991, May 23, 1991 and March 24, 1992; and

WHEREAS, the Sponsor has requested an adjustment in the distribution of the loan funds between the two promissory notes so that up to $50,000 of the total loan amount will come from the Agenyc's General Fund and be repaid upon the receipt of federal monies; and

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Coburn Mobile Home Park. Of that total, not more than $50,000 shall be a bridge loan from the Agency's General Fund.

2. The other terms of the Amended Resolution of this Board dated March 24, 1992 shall remain the same.

3. The Three Party Agreement and Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Coburn Mobile Home Park attached hereto are approved.

4. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan and the bridge loan to Housing Foundation, Inc.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: May 14, 1992

RE: IORTA-Risk Sharing Agreement with VHMBG

We have negotiated an agreement with the Home Mortgage Guarantee Board regarding the implementation of the revised Down Payment Assistance Program utilizing the IORTA revenues that the Legislature directed to the Agency. The highlights of the program are as follows: The agreement establishes a three year program with up to 150 loans per year. There will be an annual evaluation of the performance of the loans in the program using test groups of loans. The underwriting guidelines for the loans will essentially be the same as the guidelines for loans with a 5% downpayment.

In the event of losses, the reserve fund set up with IORTA revenues will pay VHFA's share of the loss first, with losses in excess of the VHFA share being submitted to VHMBG. The IORTA program has brought in $15,797 during the first quarter of 1992, which is in line with the Agency's estimates of revenue.

If any of the Board members wish to see the agreement, I will have copies available at the meeting.

REQUESTED ACTION:

None.

allan

National Council of State Housing Agencies

WASHINGTON

John T. McEvoy, *Executive Director* | Barbara J. Thompson, *Director of Government Affairs*

May 1, 1992

EXTENDERS BECOME BASIS OF POSSIBLE SECOND TAX BILL

Extension of MRBs, the Tax Credit, and other expiring tax provisions will be the momentum behind the consideration of a second tax bill this spring.

Senator Danforth (R-MO), who initiated the last-minute effort which resulted in six-month MRB and Tax Credit extensions last fall, will join with Senator Boren (D-OK) in introducing an extender bill in mid-May for consideration before the scheduled June 30 sunset date. The bill will likely include all 15 of the expiring provisions and may propose that some be extended permanently if sufficient revenue can be identified to do so. The Senators have identified several potential revenue sources and are awaiting the Joint Tax Committee's estimate of how much revenue the enactment of their proposals would raise.

The extender bill will also include a repeal of the luxury tax, Finance Committee Chairman Bentsen's (D-TX) condition for moving any tax bill this year, and a priority issue for other key Senators such as Majority Leader Mitchell (D-ME) and lead MRB sponsor Chafee (R-RI). In addition, the bill will contain programmatic changes to the Tax Credit which were included in the vetoed bill. Key among these is a provision allowing states to allocate their carryforward credits before allocating their current year credits.

Like last year, Danforth and Boren hope to introduce the bill with the cosponsorship of a majority of their Senate Finance Committee colleagues. They will then seek commitments from all Senators that they will refrain from offering amendments to the bill when it is considered on the Senate floor. These commitments are needed to convince the House, which must initiate any tax legislation, that if they pass the same bill it could be kept clean of amendments in the Senate. Without that promise, the House will not act. Ways and Means member Rangel (D-NY) is planning to introduce a similar bill in the House.

Responding to a request from the Ranking Republican on the House Budget Committee and senior member of Ways and Means, Representative Gradison (R-OH), the Congressional Budget Office (CBO) recently issued a report comparing the effectiveness of the Tax Credit and housing vouchers claiming that the Credit "is unlikely to increase substantially the supply of affordable housing" and suggesting that vouchers are far more efficient in providing housing assistance. Two days later, HUD Secretary Kemp made similar remarks about the Tax Credit in testimony before the Senate HUD Appropriations Subcommittee.

NCSHA SUCCESSFUL IN INFLUENCING NAHA REAUTHORIZATION

Both the House and Senate Banking Committees are poised to mark up bills in early May to reauthorize the National Affordable Housing Act (NAHA). The House Banking Committee's Subcommittee on Housing and Community Development plans to meet May 13, and the Senate Banking Committee is scheduled to meet May 21. The Senate is already circulating a preliminary draft of its proposed NAHA amendments, while the House expects to release its bill during the first week of May.

NCSHA has proposed a number of amendments to the HOME program, most of which will be addressed in both the House and Senate bills. NCSHA is working with the Committees to refine a number of their proposals. Both Committees also plan to address HUD's subsidy layering review process for Tax Credit projects in this legislation. The Senate intends to delegate the subsidy layering review to the state allocating agencies, and the House currently intends to suspend HUD's authority through FY 1993. NCSHA has also been working with the Senate Committee on an FHA-HFA credit enhancement demonstration program.

The House plans to adopt the unanimous recommendation of state and local government organizations and nonprofits to remove the current disincentives to new construction under HOME by eliminating both the new production set-aside and the entire process by which HUD approves a limited number of jurisdictions to undertake new construction. Thus, jurisdictions which identified a need for new construction through their Comprehensive Housing Affordability Strategies (CHAS) could undertake it without restriction. The Senate draft would also eliminate the new production set-aside but would not do away with the designation process. Instead, the Senate would increase the list of exceptions to the process to include rural areas and would make some other, marginal changes.

Both bodies also plan to resolve several issues concerning the state and local HOME match. The Senate draft proposes leveling the match to 25 percent for all activities, a position endorsed by NCSHA, other state and local organizations, and nonprofits. The House is also likely to propose a level HOME match, but has not yet specified its position. Both bills would establish a formula to waive the match for fiscally-distressed jurisdictions. The details of how this formula would work are not yet available. Both bills are also expected to provide some credit towards match for the face value of publicly issued debt, the proceeds of which are not permanently contributed to HOME. The Senate is currently proposing that a jurisdiction's multifamily bond issuance could count for up to 25 percent of its match. The House has not yet specified its approach.

The Senate draft adopts another position endorsed by state and local government groups, including NCSHA, to allow up to 10 percent of federal HOME funds to be used towards a jurisdiction's administrative costs. The House bill is likely to include the same or a similar provision. Currently, no federal HOME funds may be used for administrative costs. NCSHA has also asked that the administrative match credit be increased from seven to 10 percent.

The Senate draft proposes adjusting the requirements for the Community Housing Development Organization (CHDO) set-aside to extend the time period for identifying CHDO's and by allowing jurisdictions to use the set-aside for capacity building and technical assistance to develop CHDO's if there are none in the jurisdiction. The House is likely to also change the CHDO requirements, possibly by making the definition of CHDO less restrictive.

Both bills will address a number of other issues, including several related to the Tax Credit. Both bills are expected to conform the HOME and Tax Credit rent rules, override the HUD regulation reducing the HOME subsidy by the Tax Credit proceeds when the two are combined, and possibly conform the HOME and Tax Credit monitoring requirements.

NCSHA will continue to work with both Committees as the bills move through Congress to ensure that the maximum possible number of positive changes are enacted.

HOUSE AND SENATE APPROVE ALTERNATIVE RESCISSION PACKAGES

House and Senate Appropriations Committees this week approved alternative versions of an FY 1992 rescission package in response to the President's March 20 request to make rescissions in some 90 federal programs, including the entire FY 1992 public housing development budget of $543 million. The House version would replace the public housing cut with a 4 percent cut in all assisted housing programs including HOME. The Senate bill rescinds $743 million in Section 8 contract amendment funds. Both versions are expected to be approved on the floor next week after which a House-Senate conference will reconcile the differences between the two bills. NCSHA, as part of our coalition of national organizations organized to lobby for housing appropriations, has sent a letter to the Appropriations Committees and congressional leadership opposing the rescissions.

RELATED SUPREME COURT CASE MAY PREVENT "CRAMDOWNS"

Last year, there was serious concern in the mortgage market that some courts had begun in Chapter 13 filings to apply "cramdown" provisions of the bankruptcy code to mortgage loans on principal residences, which had previously been considered protected. Cramdown occurs when a court holds that where the current appraised value of the collateral is less than the outstanding loan, the loan may be bifurcated into secured and unsecured portions. The secured loan is based on the current appraised value of the collateral, and the unsecured loan is based on the difference between the current appraised value and the outstanding loan. Loan payments generally continue in full only on the secured portion.

In a recent case, the Supreme Court held that cramdown of the unsecured portion of a claim is not authorized in a Chapter 7 bankruptcy. At least one bankruptcy court has applied the Supreme Court case to Chapter 13 bankruptcy filings and has held that cramdown of a single family mortgage loan under Chapter 13 is also prohibited.

vhfa
VERMONT HOUSING FINANCE AGENCY

June 15, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Wednesday, June 24, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802 864-5743 • 1-800 339-5866

Sent By: ______
Time: ______
Date: ______

vhfa

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER LETTER

DATE: 6-9-92

TIME: 10:30

TO:

NAME: News Editor

ORGANIZATION: Burlington Free Press

TITLE OR DEPARTMENT: ______

FAX PHONE NUMBER: (______) ______

FROM:

NAME: Glenn Jarrett

TITLE OR DEPARTMENT: General Counsel

FAX PHONE NUMBER: (802) 864-5746

DOCUMENT CONSISTS OF 2 PAGES INCLUDING COVER SHEET.

REMARKS: Notice of special meeting for publication prior to 6/12 meeting.

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

Sent By: ____________
Time: ____________
Date: ____________

vhfa

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER LETTER

DATE: June 9, 1992

TIME: 10:30

TO:

NAME: News Editor

ORGANIZATION: Rutland Herald

TITLE OR DEPARTMENT: ____________

FAX PHONE NUMBER: (______) ____________

FROM:

NAME: Glenn Jarrett

TITLE OR DEPARTMENT: General Counsel

FAX PHONE NUMBER: (802) 864-5746

DOCUMENT CONSISTS OF 2 PAGES INCLUDING COVER SHEET.

REMARKS: Notice of special meeting for publication prior to 6/12 meeting.

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

NOTICE OF SPECIAL MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will meet via telephone conference call on Friday, June 12, 1992, at 11:00 a.m. to consider the remarketing of a portion of the Agency's 1990 Single Family Housing Bonds, Series 1 and to take action on the proposed Supplemental Remarketing Agreeement, and any other documents or resolutions necessary to effectuate the remarketing of the Series 1 Single Family Housing Bonds, as well as any other matters properly before the meeting. The public may attend the meeting at the Agency's offices at One Burlington Square, Burlington, Vermont 05401.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: June 2, 1992

RE: RESCHEDULING/RELOCATING UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been rescheduled. *No meeting will be held June 18.* Instead, the next meeting will be held at 1:30 p.m. Wednesday, June 24, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

The agenda and Board packet will be mailed to you June 18.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 June 24!

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: June 17, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Wednesday, June 24, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 June 24!

EQUAL HOUSING OPPORTUNITY

vhfa
VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Wednesday, June 24, 1992 at 1:30 p.m.

1. Review and approval of minutes of May 20, 1992 and June 12, 1992

2. Administration
   A. Executive Director's Report — **[Hunt]**
   B. TEAM Proposal for FY93 — **[Francis//Enclosure]**

3. Operations
   A. MOVE 1990 Series 2 Update/Delinquency Report — **[Lothrop//Enclosure]**

4. Development
   A. Approval of Changes in Purchase Price/ Income Limits — **[Crady//Enclosure]**
   B. Preliminary Evaluation of Mortgage Plus — **[Crady//Enclosure]**
   C. Conversion of Volume Cap to Mortgage Credit Certificates — **[Crady//Enclosure]**
   D. Preliminary Discussion of Alzheimer's Facility (Fair Haven) — **[Koppelkam//Enclosure]**
   E. Deepwood Mobile Home Park (Brattleboro) Commitment Letter Resolution — **[Koppelkam//Enclosure]**

5. Finance
   A. Proposed FY93 Budget — **[Schoenbeck//Enclosure]**
   B. Pricing Book for Remarketed Bonds — **[Schoenbeck]**

6. Legal
   A. Qualified Housing Projects in Housing Vermont Partnerships — **[Jarrett//Enclosure]**

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

EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Wednesday, May 20, 1992

PRESENT: Commissioners Shaw, Seelig, Myette, Mullikin-Drake (designee of Mr. McDougall), Richards

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mr. Francis, Ms. Crady, Mr. Falzone, Mrs. Parker, Ms. Roy, Mr. Koppelkam, Mr. Jarrett, Mr. Gandini

Guests: Mr. Hebert (development manager for Hardscrabble Farms); Mr. Schroeder (Downs, Rachlin & Martin); Mr. Gurley, Mr. O'Brien (PaineWebber); Ms. Torpy (Burlington Community Land Trust; Mr. Dillon (Burlington CEDO); Sr. Bonvouloir (COTS); Mr. Collins (Housing Vermont)

The meeting was called to order by the Chairman at 1:35 p.m.

Upon a motion duly made and seconded, the minutes of the March 24, 1992 meeting were unanimously accepted as written.

Chairman Shaw introduced Mr. Richards, the newest member of the Board of Commissioners. Mr. Richards is an attorney in Springfield and has been appointed by Governor Dean to replace Mr. Hebard.

The "BCLT Daystation/COTS Offices - Pre-development Loan" was reviewed by Ms. Roy, who reviewed the information which was included in her memo of May 15. Ms. Torpy assured the Board that the intention of the loan would be to enable the building to be returned to commercial use and made handicapped accessible. Ms. Torpy further explained that the bank's commitment has been made contingent upon the Burlington Community Land Trust's (BCLT) ability to meet the all of the financing needs for this project. Sr. Bonvouloir noted that by relocating into the larger commercial space, planned expansion of outreach services as well as further space for COTS and the Daystation and the administrative offices would be possible. Ms. Torpy assured the Board that current tenants would not be displaced; however, expiring leases will not be renewed. The longest lease term is due to expire in 1994. It is anticipated that BCLT will own and manage the building. Following a brief discussion, a motion was duly made and seconded authorizing the "Resolution Pertaining to Short Term General Fund Loan to Burlington Community Land Trust" as attached to these minutes; Mr. Shaw abstained. Following this vote, Ms. Torpy, Mr. Dillon and Sr. Bonvouloir left the meeting.

Mr. Koppelkam reviewed his memo of May 14, concerning the "Williston: Hardscrabble Farms Senior Housing Commitment Letter Resolution," and introduced Mr. Schroeder and Mr. Hebert. According to Mr. Koppelkam, current plans call for construction to begin in October 1992, with completion anticipated in mid-1993. Direct placement of tax credits has been assured by Mr. Hebert, although staff has not seen any evidence of this as yet. Mr. Hebert then addressed the Board, explaining that in its current configuration the plans for Hardscrabble Farms call for a probable total of three buildings, with only one to be built in this first phase. It was noted by Mr. Hebert that construction of the "ring road" leading to the property would be at an anticipated cost of approximately $220,000. Mr. Hebert advised the Board that the Town of Williston has been asked to reconsider the plans for this road and reduce it from four lanes to two lanes, and the Board suggested that staff write to the Town of Williston supporting the reduction in road size. The building would be set back approximately 400' from the roadside. Also according to Mr. Hebert, nearly 75 people have been calling on a regular basis, seeking information on the project, with an average of one call a day considered as a serious inquiry. Mr. Seelig cautioned that the impact on Whitney Hill needs to be taken into consideration, as well as the range of services, how they will be priced, and whether or not they will be affordable to those residents on medicare, etc. Mr. Hebert explained that two types of services are planned: some (such as postal services and a community room) will be included in the base rent; others (such as health screenings, housekeeping and personal care) will be optional, and available at an extra cost. There is a meal plan being discussed with a nearby restaurant to supply two to three hot meals per day for each resident of the facility. Mr. Koppelkam advised the Board that a resolution was necessary at this point in order to avoid further delays in construction; there are many conditions in the Commitment Letter which, if not met, would impact the start of this project. After some discussion, a motion was made and seconded to amend the "Resolution Pertaining to Combined Letter of Intent and Commitment Letter Re: Hardscrabble Farms (Williston) Development" to include a further condition requiring the review and acceptance by the Agency of the development budget and source of financing; further, that the services plan address accessibility to services by all residents at affordable costs; and that the concerns of traffic, road cost and location be addressed prior to issuance of the commitment letter. This Resolution, as amended and attached to these minutes, was then unanimously adopted. Mr. Hebert and Mr. Schroeder left the meeting following this vote.

Next, the "New Avenue Building/Depot Square, St. Johnsbury" was reviewed by Mr. Koppelkam, as per his memo of May 14, included in the Board packet. Mr. Koppelkam then introduced Mr. Berezin and Mr. Lyons, the project sponsors. Mr. Berezin assured the Board that his property management firm has had experience with buildings in which there is a mix of commercial and family residential space. According to Mr. Berezin, potential commercial renters will be advised that there will be children in the building, and this should not affect the ability to rent the commercial space. Mr. Berezin further assured the Board that the Agency on Aging is still one of a targeted group who have expressed an interest in leasing the commercial space which will be available. The Board was cautioned by Mr. Lyons that replacement of the existing elevator would not be advisable, as the cost (more than $120,000) would be prohibitive. In order to replace the elevator with a larger unit that would be considered handicapped accessible, the structure of the building would need alteration. Instead, plans call for making the existing elevator more accessible by installing lower switches and an emergency telephone without increasing the size of the car or the hoistway. A motion was then made and seconded to amend the "Resolution Pertaining to Combined Letter of Intent and Commitment Letter Re: New Avenue House (St. Johnsbury) Development" as attached to these minutes, so as to include the understanding that staff will pursue the issue of adaptability of other apartments/units. The motion carried unanimously, and Mr. Berezin and Mr. Lyons left the meeting after the vote was taken.

Mr. Koppelkam turned next to the "Randolph House—Commitment Resolution" as described in his memo of May 14, included in the Board packet. Mr. Collins was introduced to the Board, and advised that a proposed energy conversion is under discussion with a local electric utility supplier. Following a brief discussion about the project, a motion was made and seconded to amend the "Resolution Pertaining to Combined Resolution of Interest and Commitment Letter Re: Randolph House," as amended and attached to these minutes, to include the pursuit of a demand side management program; this motion was seconded and carried unanimously; Mr. Collins then left the meeting.

The "Starlake Village - Twin Pines Housing Trust" was discussed next by Ms. Crady, who reviewed her memo of May 14, included in the Board packet. A motion was made and seconded to allow the Executive Director, at his discretion, to pursue either of the two "Resolutions Pertaining to Commitment Letter Re: Starlake Village/Twin Pines Housing Trust Development" designated as Option A and Option B, as attached to these minutes; it was noted by the Board that Option A would be preferable, although either option would be acceptable. This motion carried unanimously.

A further "Amended Resolution Pertaining to Combined Letter of Intent and Commitment Letter Re: Coburn Mobile Home Park" was reviewed by Mr. Jarrett; a motion was then made, seconded and unanimously carried adopting this Resolution as amended and attached to these minutes. In an unrelated matter, a motion was made and seconded to adopt the amended "Resolution Pertaining to Commitment Letter Re: Windemere Mobile Home Park" as attached to these minutes, which authorizes a second mortgage loan of up to $50,000 to enable the purchase of the Windemere Mobile Home Park by Housing Foundation, Inc. The motion passed unanimously.

Mr. Jarrett then offered an update on pending foreclosure litigation against a multi-family property owner. Court action has been scheduled for August, but it is hoped that the issue can be resolved earlier. In pending litigation concerning another multi-family owner of five properties, the judge determined during court proceedings earlier in the week that the defendant is not cooperating with the Agency. The case will be dismissed if in three weeks the judge determines that the defendant's degree of cooperation has still not improved.

The "IORTA-Risk Sharing Agreement with VHMGB" was reviewed by Mr. Jarrett as per his memo of May 14, included in the Board packet. According to Mr. Jarrett, these funds have yielded nearly $23,000 as of April. These funds are being directed toward the "No Down Payment" program which will be announced at the Affordable Housing Conference to be held in June. The "No Down Payment" program was authorized by the Board at an earlier meeting as a revision of the "Down Payment Assistance" program already in place. No Board action was necessary.

Turning next to the "Single Family Bonding Alternatives" as listed in his memo of May 15, included in the Board packet, Mr. Schoenbeck further detailed the various strategies for interest rate adjustment. Mr. Gurley noted that the interest rate adjustment feature on the relatively small amount of the funds available in the remarketed Series 1 would be expensive given the current probability of a Sunrise if in fact MRB authority Sunsets as expected, and given the amount of funds which are currently available at a higher interest rate. Given these considerations, the target amount for interest rate adjustment is currently $7.6 million, and it is expected that the majority of these bonds would be made available on the Vermont retail bond market. A motion was made and seconded authorizing the use of the remarketing proceeds for the MOVE program and further approving the action of no new bond issuance but allowing staff to pursue the refunding of the Series 1 Mortgage Purchase Bonds; this motion carried unanimously.

Mr. Schoenbeck then reviewed the "Multi-Family Recycle Program" detailed in his memo of May 15; no Board action was necessary. The Board also acknowledged receipt of the "General Fund Budget Performance" in Mr. Schoenbeck's memo of May 15, as well as the balance sheet as of December 31, 1991 which was distributed at the meeting.

(At this time, Mr. Richards expressed his regrets and left the meeting.)

The "Multi-Family Refunding Update" was briefly reviewed by Mr. Falzone, as detailed in his memo of May 14. A motion was made and seconded approving the continued work in developing this program, including the test marketing of these ideas to a sample group of owners; further, if funds do in fact accumulate due to anticipated annual income, the Board reserves the right to review possible uses for these funds at some future date. This motion carried unanimously.

Mr. Gandini offered supplemental information to his memo of May 14 regarding the "Computer Search Update" and noted that the search was on schedule and the cost would probably be somewhere between $300,000 to $400,000, as originally anticipated. Upon a motion duly made and seconded, the Board unanimously authorized staff to continue the computer search and enter into subsequent contract negotiations, keeping the Board informed on progress, with a final presentation to the Board for approval prior to system acquisition.

In his monthly "MOVE 1990 Series 2 Update/Delinquency Report," Mr. Lothrop noted that approximately $21 million remains available in this issue. Although the number of REO's remains high, this figure is slightly inflated since properties remain on the report until insurance payments are made; however, it should be noted that the number of REO's is favorably comparable with those at similar HFA's. Mr. Lothrop also noted that local nonprofits continue to be notified when REO's are available in their market area, but it is believed that the responses are low due to fund availability. No Board action was necessary.

Mr. Hunt expanded upon his "Executive Director's Report" of May 15 by noting that an exhaustive staff evaluation of the TEAM (Tenant Education and Assistance Model) Program has been conducted, and a comprehensive recommendation will be made at the next Board meeting. Preliminary recommendations include having a lower number of staff for this project, as well as phasing out of direct participation over the next year. The renovation of Officers' Row at Dalton Drive is proceeding well and nearly 800 people participated in a recent walking tour of the property. Mr. Hunt further reported that a new option agreement has been signed for the "Gates" projects, which extends the purchase date for Westgate through 1995 and for Applegate through 1998.

In other Board action, Mr. Francis was appointed a trustee for the Agency's pension plan, replacing Ms. Pond.

The next meeting was scheduled for Thursday, June 18, in Burlington *{later, the meeting was rescheduled for Wednesday, June 24 in Montpelier}*. There being no further business and following a motion duly made and seconded, the meeting adjourned at 4:00 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

AMENDED RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: COBURN MOBILE HOME PARK

WHEREAS, a proposal has previously been presented to the Agency by the Housing Foundation, Inc. ("HFI"), a non-profit corporation, involving the acquisition of Coburn Mobile Home Park ("Coburn"), a 46 unit mobile home park in Clarendon; and

WHEREAS, this development has previously been the subject of Agency resolutions on June 26, 1991, May 23, 1991 and March 24, 1992; and

WHEREAS, the Sponsor has requested an adjustment in the distribution of the loan funds between the two promissory notes so that up to $50,000 of the total loan amount will come from the Agency's General Fund and be repaid upon the receipt of federal monies; and

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $340,000, for the Coburn Mobile Home Park. Of that total, not more than $50,000 shall be a bridge loan from the Agency's General Fund.

2. The other terms of the Amended Resolution of this Board dated March 24, 1992 shall remain the same.

3. The Three Party Agreement and Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Housing Project Bond (Federally Taxable Issue) Coburn Mobile Home Park attached hereto are approved.

4. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan and the bridge loan to Housing Foundation, Inc.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

aaa J. H

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

RESOLUTION PERTAINING TO COMMITMENT LETTER RE: WINDEMERE MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Housing Foundation, Inc., ("HFI"), a non-profit corporation, involving the acquisition of the Windemere Mobile Home Park ("Windemere"), a 85 unit mobile home park in Colchester; and

WHEREAS, Windemere has been the subject of previous resolutions of this Board dated December 13, 1991 and February 20, 1992; and

WHEREAS, the Sponsor will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Sponsor has been approved for a Housing and Conservation Board loan of $260,000 and a grant of $25,000 for Windemere; and

WHEREAS, the Sponsor has secured a commitment for a first mortgage from a conventional lender, but the development is still in need of additional funds in the approximate amount of $48,000; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a commitment letter (the "Commitment Letter") to provide a second

mortgage for permanent financing in an amount to be determined by the Executive Director, but not to exceed $50,000, for the Windemere Mobile Home Park.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, at the time of closing, of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the mortgage loan.

4. The term of the mortgage loan shall be 25 years and the interest rate shall be 9.5 % per annum.

5. The Commitment Letter shall require the Sponsor to demonstrate to the satisfaction of the Executive Director that equity, superior loan funds and/or deferred loan funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the financing commitment.

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

7. The source of funds for this loan will be the Agency's General Fund.

8. Throughout the period of the loan, at least 51% of the pads in the park shall be rented to persons and families of low and moderate income, that is at or below 100% of median income. Income checking shall be required only before the closing and for new residents entering the park. Residents shall not be required to leave the park because their income increases beyond any applicable limit or because the occupancy mix is not met. These restrictions shall be contained in a Housing Subsidy Covenant to which the Agency shall be a signer.

9. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the second mortgage loan to HFI in an amount not to exceed $50,000 for a term of 25 years at the closing on the Development.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

Allan S Hunt

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

OPTION A

RESOLUTION PERTAINING TO COMMITMENT LETTER RE:
STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the proposal seeks a guaranty of collection by the Agency of up to $255,000 of a loan of up to $924,000 to be made by Vermont National Bank for infrastructure work and construction, to include the identification of a deposit of funds in at least the amount of the guaranty; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the deficiency guaranty is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after review of updated appraisals and land use permits, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a guaranty of collection (the "Guaranty")

in an amount to be determined by the Executive Director, but not to exceed $255,000, for the Starlake Village Development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust and/or Vermont National Bank.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Construction Loan by Vermont National Bank (the "Loan") of a commitment fee in an amount equal to one percent (1.0%) of the principal amount of the loan guarantee.

4. The Commitment Letter shall provide that the Agency's Guaranty shall provide that before the Agency's Guaranty is invoked, the holder of the Loan shall diligently take all legal steps to collect from the maker of the loan, including but not limited to, drawing on any credit enhancements and liquidating the Development property, and demonstrating to the satisfaction of the Agency that those steps have failed to provide sufficient funds to satisfy the Loan.

5. The Commitment Letter shall require performance and payment bonds from the site work contractor.

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

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

OPTION B

RESOLUTION PERTAINING TO COMMITMENT LETTER RE: STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the proposal seeks a loan by the Agency of up to $255,000 in addition to a loan of $669,000 to be made by Vermont National Bank for infrastructure work and construction; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the deficiency guaranty is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after review of updated appraisals and land use permits, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a loan (the "Loan") in an amount to be

determined by the Executive Director, but not to exceed $255,000, for the Starlake Village Development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the Loan.

4. The Loan shall bear an interest rate of ____ % per annum for a term of 1 year and be repayable in part each time one of the homes is sold.

5. The Commitment Letter shall require performance and payment bonds from the site work contractor.

6. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the acquisition and rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

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

WHEREAS, Depot Square Apartments Limited Partnership will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the real property in question also includes commercial space, which will be separated from the residential portion of the Development through a condominium declaration; and

WHEREAS, the Development has been approved by the Department of Housing and Urban Development for 15 year project based Section 8 moderate rehabilitation certificates; and

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment (the "Commitment Letter") to provide a first mortgage for acquisition and rehabilitation in an amount to be determined by the Executive Director, but not to exceed $1,000,000, for the New Avenue House Development.

2. The Commitment Letter shall be issued to Herbert Berezin as a representative of the housing sponsor.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan and, on or before the date of the permanent closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan.

4. The commitment of the Agency shall be subject to securing a source or sources of funds for the loan, that in the sole opinion of the Executive Director, will allow the Agency to make a loan with a mortgage term of 30 years, and an interest rate of not more than 11.0 % per annum.

5. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

6. The Commitment Letter shall require the Developer, as a condition of the loan, to demonstrate to the Executive Director's satisfaction that provisions have been made to deal with any environmental concerns of the Agency.

7. The Commitment Letter shall require the Developer, as a condition of the loan, to demonstrate to the Executive Director's satisfaction that the following items have been achieved:

   Final approval of the Section 8 certificates by HUD;

Staff approval of plans and specifications for the proposed rehabilitation;

Staff approval of the structure of the proposed condominium, including sufficient control over the commercial portions of the condominium to insure that the residential units are not adversely affected by the non-residential portion;

Availability of sufficient parking for the residential units;

A satisfactory management plan; and

Sufficient credit enhancements.

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

9. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

10. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

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

RESOLUTION PERTAINING TO SHORT TERM GENERAL FUND LOAN TO BURLINGTON COMMUNITY LAND TRUST

WHEREAS, a proposal has been presented to the Agency by the Burlington Community Land Trust, a non-profit corporation based in Burlington, involving a loan for pre-development work for the acquisition and renovation of an 8 unit commercial building located at 177-179 South Winooski Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates the establishment of a housing resource building to enable several community housing organizations to co-locate and enhance their resources by sharing a common location; and

WHEREAS, providing the loan for pre-development funds will help enable the achievement of this proposal;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a commitment letter to the Burlington Community Land Trust for a short term general fund loan of up to $34,000, with the rate and terms of the loan to be determined by the Executive Director.

2. The loan may be in two stages, with the first phase (not to exceed $15,000) to be provided to the sponsor after the Bank of Vermont has agreed to provide a favorable acquisition price and financing, and after a preliminary agreement with the Vermont Community Loan Fund or some other source for a grant or loan of at least $50,000. The second stage of the loan shall be conditioned on a showing of additional loans and grants sufficient to make the project viable.

3. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

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

RESOLUTION PERTAINING TO COMBINED RESOLUTION OF INTEREST AND COMMITMENT LETTER RE: RANDOLPH HOUSE

WHEREAS, a proposal has been presented to the Agency by Randolph House Limited Partnership (RHLP), a limited partnership whose general partners are a subsidiary of Housing Vermont and Randolph Neighborhood Housing Services (RNHS) involving the acquisition and rehabilitation of 48 elderly apartment units in a building located on Main Street in Randolph (the "Development"); and

WHEREAS, the proposal contemplates assumption of the existing mortgage on the Development and an additional loan of approximately $750,000 from the proceeds of tax-exempt bonds; and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986, as amended; and

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

WHEREAS, the Neighborhood Reinvestment Corporation has given the sponsor conditional approval of a $120,000 grant and Housing Vermont will finance a second mortgage of approximately $72,000; and

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

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

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

6. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide an additional loan for acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $750,000.

2. The Commitment Letter shall be issued to Housing Vermont as a representative of Randolph House Limited Partnership.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the additional loan.

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be 8.5% per annum and that the loan term will be 25 years.

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

6. The Commitment Letter shall require as a condition that the sponsor sign, at the closing on the acquisition of the Development, a Preservation Agreement in form acceptable to the Executive Director.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

9. The Sponsor shall pursue issues relating to demand side management with the Central Vermont Public Service Corp.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: HARDSCRABBLE FARMS (WILLISTON) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Winooski Housing Authority and a group including Allen Hebert, the development manager, and Ray Pecor, a local businessman, involving the construction of a 49 unit elderly apartment development near the intersection of Routes 2 and 2A in Williston (the "Development"); and

WHEREAS, the Development has been the subject of an earlier resolution of this Board dated December 13, 1991; and

WHEREAS, a limited partnership called Hardscrabble Farms Elder Housing Associates has been formed, with the general partner being a for-profit corporation whose directors are board members and the Executive Director of the Winooski Housing Authority (Hardscrabble Farms Senior Housing Inc.) and is owned by a non-profit called Hardscrabble Nonprofit Inc.,whose directors are board members of the Winooski Housing Authority, which will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

It is hereby DETERMINED:

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

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

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, after a satisfactory source of funding is identified, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for construction and permanent loans, in an amount to be determined by the Executive Director, but not to exceed $3,000,000, for the Hardscrabble Farms Apartments Development. The Commitment Letter shall be issued to Allen Hebert as representative of the limited partnership.

2. The commitment of the Agency shall be subject to receipt, on or before the date of the construction closing, of a commitment fee in an amount equal to one and a half percent (1.5%) of the principal amount of the mortgage loan.

3. The term of the mortgage loan shall be at least 15 years, the principal and interest payments may be calculated on a 30 year term and need not be fully amortizing, and the interest rate to be charged shall be determined by the Executive Director. The permanent loan shall be subject to receipt, on or before the date of the permanent loan closing, of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the mortgage loan.

4. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

5. The Commitment Letter shall require the Developer to provide evidence satisfactory to the staff that pre-leasing commitments for at least 75% of the market rate units have been secured, that satisfactory arrangements for the management of the Development have been made and that sufficient equity from the sale of the low income housing tax credits has been realized, that the credit enhancements for the Development are satisfactory, and that the Section 8 certificates are available

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

7. The Executive Director is authorized to make preliminary arrangements for the issuance and private placement of federally taxable bonds of the Agency to provide proceeds for financing this loan.

8. As an additional condition, the Board will review the development again before the Commitment Letter is issued, with emphasis on the siting of the road, feedback from the sponsors of the Whitney Hill Development, a services plan addressing the accessibility of all residents to services at a reasonable cost, the operating budget, and compliance with the Americans with Disability Act.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on May 20, 1992.

Allan S. Hunt

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

BOARD MINUTES
Vermont Housing Finance Agency
One Burlington Square
Burlington, Vermont

Friday, June 12, 1992

PRESENT: (Via Speakerphone) Commissioners Shaw, Seelig, Myette, Richards, Rockford (designee of Mr. Johnson)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mrs. Parker, Mr. Jarrett

Guests: (Via Speakerphone) Mr. Gurley, Mr. Feery (PaineWebber); Mr. Sylvester (Shearson Lehman); Mr. Hale (Palmer & Dodge); Ms. Crost (Orrick, Herrington Sutcliffe)

The meeting was called to order by the Chairman at 11:10 a.m. Participants were identified by roll call, and it was agreed that all votes would be taken by roll call.

Mr. Schoenbeck informed the Board that this bond remarketing would be in the amount of $7.6 million. Costs of issuance are expected to be $100,000 and will be included in the next budget for the next fiscal year. Mr. Gurley noted that the Agency is the first housing finance agency to incorporate an interest rate reduction feature in a bond issue, and that this would be the first time that the adjustment feature was actually applied by the Agency. According to Mr. Gurley, the underwriters have been able to secure a mortgage interest rate of 7.95%. As expected, the majority of these bonds have been made available on the Vermont retail bond market. Mr. Feery reported on other recent bond activities at housing finance agencies in Minnesota and Idaho.

Mr. Schoenbeck then thanked Mr. Gurley for his efforts in securing the lower interest rate for this transaction, and further noted that an A1 bond rating is anticipated.

Following a brief discussion, a motion was duly made and seconded to adopt the "Vote of the Commissioners Regarding Adjustment of the Interest Rate on a Portion of the Agency's Single Family Housing Bonds, Series 1" as attached to these minutes. This motion carried unanimously.

In other business, Mr. Hunt advised the Board of the latest activity regarding the possibility for extensions of Mortgage Revenue Bonds (MRB) and Low Income Housing Tax

Credits (LIHTC), which are due to Sunset at the end of this month. Previously, an attempt had been made in Congress to add the extension of these programs to the Urban Relief Act which is being drafted. However, in the most recent Congressional activity, Senate Finance Chairman Bentsen has proposed a separate bill which would again extend both programs, but not allow them to run indefinitely. Senators Leahy and Jeffords, who both have previously expressed support for the concept of an extension of these programs, have again been contacted in an effort to gain their support for this measure.

Mr. Hunt further noted that the Agency's "No Down Payment" program, which was announced this week by Governor Dean at the Affordable Housing Conference, has already resulted in 75 phone calls to the Agency's "Information Hotline" and 20 reservations of funds.

There being no further business and following a motion duly made and seconded, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

VOTE OF THE COMMISSIONERS OF THE VERMONT HOUSING FINANCE AGENCY

Regarding Adjustment of the Interest Rate
on a Portion of the Agency's
Single Family Housing Bonds, Series 1

Adopted June 12, 1992

Section 101. Authorization of Officers. The Chairman, Vice Chairman and any other Commissioner of the Vermont Housing Finance Agency (the "Agency") and the Executive Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency (each an "Authorized Officer") are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the adjustment on July 1, 1992 of the interest rate on $7,600,000 aggregate principal amount of the Agency's Single Family Housing Bonds, Series 1 (the "Series 1 Adjusted Rate Bonds") pursuant to the Agency's Single Family Housing Bond Resolution and the Agency's First Supplemental Single Family Housing Bond Resolution, each adopted September 20, 1990.

Section 102. Remarketing Agreement. The Supplemental Remarketing Agreement dated as of June 12, 1992 (the "Supplemental Remarketing Agreement") which supplements and amends the Remarketing Agreement dated September 27, 1990 (the "Remarketing Agreement") by and among the Agency and the Remarketing Agent (as defined in Section 103 below) is hereby approved in substantially the form presented at this meeting with such changes, omissions, insertions and revisions thereto as the Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The Authorized Officers of the Agency are, and each of them is, hereby authorized to execute the Supplemental Remarketing Agreement and, upon such execution, to deliver it to the Remarketing Agent.

Section 103. Remarketing Agent. The appointment of PaineWebber Incorporated, Lehman Brothers, The First National Bank of Boston, Bear Stearns & Co., Inc., and Goldman, Sachs & Co., acting jointly and severally, for whom PaineWebber Incorporated is the authorized representative (collectively, the "Remarketing Agent") as Remarketing Agent under the Supplemental Remarketing Agreement and as successor to the Remarketing Agent named in the Remarketing Agreement is hereby confirmed by the Agency.

Section 104. Reoffering Memorandum. The distribution by the Executive Director of the Preliminary Reoffering Memorandum dated June 1, 1992 relating to the Series 1 Adjusted Rate Bonds is hereby ratified and confirmed in all respects. The Authorized

Officers of the Agency are each hereby authorized to permit the distribution of a final Reoffering Memorandum, in substantially the form of the Preliminary Offering Memorandum, with such changes, omissions, insertions and revisions as they shall deem advisable and made pursuant to the Remarketing Agreement, and to sign and deliver such final Reoffering Memorandum to the Remarketing Agent.

I hereby certify that the foregoing is a true copy of a vote passed by the Vermont Housing Finance Agency Board of Commissioners at a lawful meeting of the Board held at Burlington, Vermont on June 12, 1992.

Allan S. Hunt

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

vhfa

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Board Of Commissioners

FROM: Roger A. Schoenbeck, Director of Finance RAS

DATE: June 9, 1992

RE: BOND PRICING CONFERENCE CALL

The telephone conference call scheduled for Friday, June 12, at 11:00 AM is for the purpose of approving the bond financing based on the prices obtained today by the underwriters. The total amount of this issuance is $7,600,000. It appears that we will be able to obtain a mortgage rate of 7.95% based on the pricing. As you may remember, we must sell by June 30, 1992 in order to avoid the anticipated Sunset of Mortgage Revenue Bond (MRB) authority. In approving the financing you are also accepting the enclosed documents. Normally this is done at a full Board meeting and the documents are available for review at the meeting.

The $7,600,000 represents the balance of Series 1 funds which were originally available at 8.95%, but which were not expended due to the relatively high interest rate. In the original bond documents, an interest rate adjustment feature was included which would allow for this type of reoffering.

Enclosed are several documents related to the proposed sale of the Series 1 Single Family Housing Bonds. The form of vote "Regarding Adjustment of the Interest Rate on a Portion of the Agency's Single Family Housing Bonds, Series 1" is the document authorizing this particular bond issue; the Preliminary Reoffering Memorandum is required for this type of bond offering, rather than a Preliminary Official Statement; finally, the Proposed Supplemental Remarketing Agreement is the contract with the underwriters to remarket the bonds.

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

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VOTE OF THE COMMISSIONERS OF THE VERMONT HOUSING FINANCE AGENCY

Regarding Adjustment of the Interest Rate
on a Portion of the Agency's
Single Family Housing Bonds, Series 1

Adopted June 12, 1992

Section 101. Authorization of Officers. The Chairman, Vice Chairman and any other Commissioner of the Vermont Housing Finance Agency (the "Agency") and the Executive Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency (each an "Authorized Officer") are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the adjustment on July 1, 1992 of the interest rate on $7,600,000 aggregate principal amount of the Agency's Single Family Housing Bonds, Series 1 (the "Series 1 Adjusted Rate Bonds") pursuant to the Agency's Single Family Housing Bond Resolution and the Agency's First Supplemental Single Family Housing Bond Resolution, each adopted September 20, 1990.

Section 102. Remarketing Agreement. The Supplemental Remarketing Agreement dated as of June 12, 1992 (the "Supplemental Remarketing Agreement") which supplements and amends the Remarketing Agreement dated September 27, 1990 (the "Remarketing Agreement") by and among the Agency and the Remarketing Agent (as defined in Section 103 below) is hereby approved in substantially the form presented at this meeting with such changes, omissions, insertions and revisions thereto as the Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The Authorized Officers of the Agency are, and each of them is, hereby authorized to execute the Supplemental Remarketing Agreement and, upon such execution, to deliver it to the Remarketing Agent.

Section 103. Remarketing Agent. The appointment of PaineWebber Incorporated, Lehman Brothers, The First National Bank of Boston, Bear Stearns & Co., Inc., and Goldman, Sachs & Co., acting jointly and severally, for whom PaineWebber Incorporated is the authorized representative (collectively, the "Remarketing Agent") as Remarketing Agent under the Supplemental Remarketing Agreement and as successor to the Remarketing Agent named in the Remarketing Agreement is hereby confirmed by the Agency.

Section 104. Reoffering Memorandum. The distribution by the Executive Director of the Preliminary Reoffering Memorandum dated June 1, 1992 relating to the Series 1 Adjusted Rate Bonds is hereby ratified and confirmed in all respects. The Authorized

Officers of the Agency are each hereby authorized to permit the distribution of a final Reoffering Memorandum, in substantially the form of the Preliminary Offering Memorandum, with such changes, omissions, insertions and revisions as they shall deem advisable and made pursuant to the Remarketing Agreement, and to sign and deliver such final Reoffering Memorandum to the Remarketing Agent.

OH&S DRAFT
6/8/92

SUPPLEMENTAL REMARKETING AGREEMENT

This Supplemental Remarketing Agreement (the "Supplemental Agreement") dated as of June 12, 1992 among the Vermont Housing Finance Agency (the "Agency"), and PaineWebber Incorporated, Lehman Brothers, The First National Bank of Boston, Bear, Stearns & Co., Inc. and Goldman Sachs & Co., (collectively, the "Agent"), acting jointly and severally, for whom PaineWebber Incorporated is the authorized representative, supplements the Remarketing Agreement dated as of May 23, 1991 among the Agency and the Agent, each relating to the Agency's $27,500,000 Single Family Housing Bonds, Series 1, dated September 1, 1990 (the "Series 1 Bonds") including the Series 1 Bonds to be remarketed on July 1, 1992 (the "Adjustment Date") as Series 1 Bonds bearing interest at adjusted interest rates (the "Bonds" or the "Series 1 Adjusted Rate Bonds"). The Bonds were issued pursuant to the Agency's Single Family Housing Bond Resolution (the "General Resolution") and its First Supplemental Single Family Housing Bond Resolution (the "First Supplemental Resolution" and together with the General Resolution the "Resolution") each adopted on September 20, 1990, and are to be remarketed as Series 1 Adjusted Rate Bonds pursuant thereto. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

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

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

(a) The Agency has furnished to the Agent for use in remarketing the Bonds on or prior to the Adjustment Date the Agency's Preliminary Reoffering Memorandum dated June 1, 1992 (the "Preliminary Reoffering Memorandum"). The Agency ratifies the use by the Agent, prior to the date hereof, of the Preliminary Reoffering Memorandum in connection with the public offering of the Series 1 Adjusted Rate Bonds.

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

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

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

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

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

The Agency agrees with the Agent that:

(a) The Agency will at its expense, within five (5) business days after the date hereof, furnish the Agent such number of copies of the Reoffering Memorandum as the Agent may reasonably request. The Reoffering Memorandum will be substantially in the form of the Preliminary Reoffering Memorandum, with only such changes as have been approved by the Agent, and will be executed by the Executive Director of the Agency (such Reoffering Memorandum, including the cover page and all appendices attached thereto being herein called the "Reoffering Memorandum," except that if the Reoffering Memorandum has been amended with the Agent's approval between the date hereof and the Adjustment Date, the term "Reoffering Memorandum" shall refer to the Reoffering Memorandum as so amended). As soon as practicable after receipt thereof, the Agent shall deliver the Reoffering Memorandum and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. The Agency authorizes the use of copies of the Reoffering Memorandum and the Resolution in connection with the public offering of the Series 1 Adjusted Rate Bonds.

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

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

3. Remarketing.

(a) In the event that there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Agent, would affect materially and adversely the ability of the Agent to remarket the Bonds; or there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or legislation shall be introduced in or enacted by the Congress of the United States or enacted by the State of Vermont, or shall have been reported out of committee of either body of the Congress of the United States or be pending in committee of either body or be reported out of or pending in a joint committee of Congress or legislation pending in the Congress of the United States shall be amended, or a decision shall be rendered by a court of the United States or the State of Vermont, including the Tax Court of the United States, or a ruling shall be made or a regulation shall be proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or Vermont authority having jurisdiction, with respect to federal or Vermont taxation upon revenues or other income of the general character to be derived by the Agency or by any similar body, or upon interest on obligations of the general character of the Bonds, that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or Vermont tax consequences of any of the transactions contemplated in connection herewith, and that, in the reasonable opinion of the Agent, affects materially and adversely the market for, or sale of, the Series 1 Adjusted Rate Bonds by the Agent at the contemplated offering prices or yields; or any event shall have occurred, or any condition shall exist that, in the reasonable opinion of the Agent, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Reoffering Memorandum or (B) is not reflected in the Reoffering Memorandum but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or a general banking moratorium shall have been declared by federal or New York or Vermont authorities having jurisdiction and be in force; or there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Bonds or any securities of the general character of the Bonds (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Agent, would materially adversely affect the market price of the Bonds or the marketability of the Bonds which in the Agent's judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Bonds; or any actual or proposed decision, rule or regulation of the Securities and Exchange Commission or other governmental agency or court shall have been made or issued that would make the Bonds or securities of the general character of the Bonds subject to the registration requirements of the Securities Act of 1933 or require the qualification of the Resolution under the Trust Indenture Act of 1939, as amended, and so long as such situation continues to exist, the Agent shall have the right to suspend its efforts to solicit offers to purchase the Series 1 Adjusted Rate Bonds.

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

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

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

(b) the opinion of Bond Counsel, dated the Adjustment Date, addressed to the Agency and to the Agent, to the effect that (i) this Supplemental Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the Agent, constitutes a binding agreement of the Agency in accordance with its terms; (ii) the Agency has duly approved the Reoffering Memorandum and has duly ratified the distribution of the Preliminary Reoffering Memorandum; (iii) the statements contained in the Reoffering Memorandum under the headings entitled: "Introductory Statement", "The Agency" (as to the subheading "Purpose and Powers" only), "Single Family Mortgage Purchase Program" (as to the first paragraph only under the subheading "Mortgage Insurance Requirements"), "Security for the Bonds" (except for the subheading "The Bank"), "The Series 1 Adjusted Rate Bonds", "Book-Entry System" (as to the eighth and fourteenth paragraphs under such heading only), "Summary of Certain Provisions of the General Resolution," "Pledge and Agreement of the State," "Tax Exemption," "Certain Federal Income Tax Matters" and Appendix IV - "Definitions of Certain Terms" are correct and do not omit any matter that, in their opinion, should be included or referred to therein and that is not included elsewhere in the Reoffering Memorandum; (iv) the Resolution and the Series 1 Adjusted Rate Bonds conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Reoffering Memorandum; (v) based upon the examinations that they have made as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, nothing has come to their attention that would lead them to believe that the Reoffering Memorandum contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion Bond Counsel is not required to express an opinion with respect to financial statements and other financial and statistical data included in the Reoffering Memorandum, or in the second paragraph of the inside front cover of the Reoffering Memorandum; (vi) under existing laws, the Series 1 Adjusted Rate Bonds may be offered and sold without registration under the Securities Act of 1933, as amended; and (vii) under existing law, the remarketing of the Series 1 Adjusted Rate Bonds pursuant to the terms of the Resolution and the adjustment of the interest rate on the Series 1 Adjusted Rate Bonds in accordance with the provisions of the First Supplemental Resolution does not constitute a "reissuance" of the Series 1 Bonds for federal income tax purposes;

(c) the opinion of Glenn A. Jarrett, General Counsel of the Agency, dated the Adjustment Date and addressed to the Agency and the Agent, to the effect that, with respect to matters of Vermont law only, (i) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Reoffering Memorandum; (ii) this Supplemental Agreement, the Commitment Agreements and the Purchase and Servicing Agreements have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties to the same, constitute binding agreements of the Agency in accordance with their terms; (iii) the Agency has duly approved the Reoffering Memorandum and has duly ratified the distribution of the Preliminary Reoffering Memorandum; (iv) the information in the Reoffering Memorandum with respect to the Commitment Agreements and the Purchase and Servicing Agreements is correct and does not omit any statement that, in his opinion, should be included or referred to therein, and the Commitment Agreements and the Purchase and Servicing Agreements conform as to form and tenor with the terms, provisions and descriptions thereof as summarized and set out in the Reoffering Memorandum; (v) the statements contained in the Reoffering Memorandum in the third paragraph under the heading "No Litigation" correctly state the opinions of such Counsel; (vi) based upon the examinations that he has made as counsel for the Agency but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, nothing has come to his attention that would lead him to believe that the Reoffering Memorandum (except for Appendices I, II, IIA and V as to which he need express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion counsel for the Agency shall not be required to express an opinion with respect to financial statements and other financial data included in the Reoffering Memorandum; (vii) under the Act, the Series 1 Bonds and the interest thereon and the income therefrom are exempt from all Vermont taxation, franchise fees and special assessments of every kind, except for transfer, inheritance and estate taxes; (viii) to the best of his knowledge, there is no action, suit, proceeding, investigation at law or in equity before or by any court, judicial board or body, pending or threatened, against or affecting the Agency, wherein an unfavorable decision, ruling or finding would affect materially and adversely the transactions contemplated by the Reoffering Memorandum or the validity of the Resolution, the Series 1 Bonds, the Mortgage Loans, the Commitment Agreements, the Purchase and Servicing Agreements, the Remarketing Agreement, or this Supplemental Agreement; and (ix) the execution of the Commitment Agreements, the Purchase and Servicing Agreements and this Supplemental Agreement, and compliance with the terms and provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, to the best of his knowledge after due inquiry, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party; it being understood that in rendering such opinion General Counsel of the Agency is entitled to rely on the opinion of the Vermont Department of Taxes with respect to the opinion expressed in clause (vii), need render no opinion as to the requirement of registration of the Series 1 Bonds under the Securities Act of 1933, as amended, or under the similar provisions of any state statute or regulation, and need render no opinion as to any matter of federal law;

(d) the opinion of Orrick, Herrington & Sutcliffe, New York, New York, counsel for the Agent, dated the Adjustment Date and addressed to the Agent, to the effect that (i) under existing laws, the Series 1 Adjusted Rate Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended; and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Reoffering Memorandum, but on the basis of their conferences with the representatives of the Agency, counsel for the Agency, Bond Counsel and the Agent and their examination of certain documents referred to in the Reoffering Memorandum, no information has come to the attention of the attorneys in such firm rendering legal services in connection with their representation of the Agent in this matter that would cause them to believe that the Reoffering Memorandum contains or contained an untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that in rendering such opinion counsel for the Agent is not required to express an opinion with respect to financial statements and other financial, statistical or numerical data included in the Reoffering Memorandum or any information concerning The Sanwa Bank, Limited;

(e) a certificate, dated the date of Closing, signed by the Chairman and the Executive Director or the Director of Finance of the Agency and in form and substance satisfactory to the Agent, to the effect that (i) the representations, agreements and warranties of the Agency contained herein and in the Remarketing Agreement are each true and correct in all material respects as of the Adjustment Date; (ii) the Remarketing Agreement, the General Resolution and the First Supplemental Resolution are in full force and effect as of the Adjustment Date; (iii) the Commitment Agreements, the Purchase and Servicing Agreements and this Supplemental Agreement have been duly executed by the Agency and, assuming due execution by the other parties thereto, constitute binding agreements of the Agency that are in full force and effect; (iv) no litigation is pending or, to their knowledge, threatened (a) to restrain or enjoin the remarketing of the Series 1 Adjusted Rate Bonds or the making of loans with the proceeds of the Series 1 Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds or the remarketing of the Series 1 Adjusted Rate Bonds as contemplated herein, any proceedings of the Agency taken with respect to the issuance or resale of the Bonds, the pledge or application of any money or security provided for the payment of the Bonds or the validity of the Resolution, the Commitment Agreements, the Purchase and Servicing Agreements, the Remarketing Agreement or this Supplemental Agreement, or (c) in any way contesting the existence or powers of the Agency; and (v) to the best of their knowledge, no event affecting the Agency has occurred since the date of the Reoffering Memorandum that should be disclosed in the Reoffering Memorandum for the purpose for which it is to be used or that is necessary to be disclosed therein to make the statements and information therein not misleading in any material respect;

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

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

(h) a letter from Moody's Investors Service ("Moody's") to the effect that it has assigned a rating of "A1" to the Series 1 Adjusted Rate Bonds and a letter from Standard & Poor's Corporation ("S&P") to the effect that it has assigned a rating of not lower than "A" to the Series 1 Adjusted Rate Bonds;

(i) a certified copy of each of the Remarketing Projection of Revenues, the Arbitrage Projection Certificate, the Adjustment Rating Certificate and the Certificate of the Agency with regard to the balance or deposit in the Bond Reserve Fund, the Series 1 Loan Loss Claim Fund, the Series 1 Home Improvement Loan Loss Claim Fund and the Series 1 Contingency Account all delivered in accordance with Section 203(A)(4) of the First Supplemental Resolution;

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

(k) a copy of the form of the notice of adjustment mailed pursuant to Section 203(A)(3) of the First Supplemental Resolution to Holders of the Bonds; and

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

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

B. GENERAL PROVISIONS.

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

regardless of any investigation made by or on behalf of the Agent and shall survive any remarketing of the Series 1 Adjusted Rate Bonds.

2. Amendments.

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

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

3. Term. Unless previously terminated, this Supplemental Agreement shall remain in full force and effect until August 2, 1992. The Agency may terminate this Agreement at any time by giving at least five business days' prior written notice to the Agent and the Trustee. The Agent may terminate this Agreement at any time by giving at least ten business days' prior written notice to the Agency and the Trustee. The representations, warranties and agreements of the Agency set forth herein shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Agent and shall survive the termination or expiration of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

Vermont Housing Finance
Agency

By:____________________________
Title: Director of Finance

PaineWebber Incorporated

By:____________________________
Title: Managing Director

Exhibit A
to the
Supplemental Remarketing Agreement

PROPOSED FORM OF ACCOUNTANT'S LETTER

[LETTERHEAD OF KPMG PEAT MARWICK]

June __, 1992

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

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

Ladies and Gentlemen:

We have examined the balance sheet of various programs of the Vermont Housing Finance Agency (the "Agency") as of June 30, 1991, and related statements of revenues, expenses, and changes in fund balance and changes in financial position for the year then ended, which are included in the [Preliminary] Reoffering Memorandum of the Agency, dated May __, 1992 (the "Reoffering Memorandum"), relating to the reoffering on the Adjustment Date of $7,600,000 aggregate principal amount of Single Family Housing Bonds, Series 1 (the "Bonds"); our report with respect thereto is included in such Reoffering Memorandum. In connection with the Reoffering Memorandum:

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

2. We hereby consent to the use of our report dated September 27, 1991, included in the Reoffering Memorandum and to the reference to our firm in the Reoffering Memorandum under the heading "Financial Statements of the Agency."

3. We have not examined any financial statements of the various programs of the Agency as of any date or for any period subsequent to June 30, 1991 although we have made an examination for the year ended June 30, 1991, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1991 and for the year then ended, but not on the financial statements for any interim period within that year or for any period subsequent to June 30, 1991.

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

(a) With respect to the six-month period ended December 31, 1991, we have:

(i) read the unaudited balance sheet of the Agency as of December 31, 1991 and the unaudited statements of revenues, expenses and changes in fund balances and cash flows for the six-month period then ended which are included in the Reoffering Memorandum, officials of the Agency having advised us that no financial statements as of any date or for any period subsequent to December 31, 1991 were available; and

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

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

5. Agency officials have advised us that no financial statements as of any date or for any period subsequent to June 30, 1991 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after June 30, 1991 do not constitute an examination made in accordance with generally accepted audited standards. Also they would not necessarily reveal matters of significance with respect to the comments in the following paragraphs. We have made inquiries of the Director of Finance of the Agency, the officer of the Agency responsible for accounting and financial matters, as to whether (i) there was any change at __________, 1992, [insert date within five days of pricing or adjustment, whichever is appropriate] in the debt of the Agency or any decrease in total assets as compared with the amounts shown in the June 30, 1991 audited balance sheets included in the Reoffering Memorandum or (ii) during the period from June 30, 1992 to __________, 1992, [insert date within five days of pricing or adjustment, whichever is appropriate] there were any decreases in the amount of total revenues or excess of revenues over expenses as compared with the corresponding period for the preceding year.

On the basis of these inquiries and our reading of the minutes described in paragraph 4 above, nothing came to our attention that caused us to believe that there was any such change or decrease subsequent to June 30, 1991, except in all instances for changes or decreases which the Reoffering Memorandum discloses have occurred or may occur [except as follows:]

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

Item	Page	Description
A	2	"Introductory Statement" The dollar amount in the fifth sentence of the second paragraph.
B	9	"Outstanding Indebtedness" The dollar amounts in the first sentence of the first paragraph.
C	20	"Bond Reserve Fund" The dollar amount in the second sentence of the fourth paragraph.
		Appendix I "Certain Information Relating to the Agency's Existing Single Family Mortgage Programs"
D	I-1, I-2	The tables under the headings "Portfolio of Loans Outstanding Under the Insured Mortgage Bond Program," "Portfolio of Loans Outstanding Under the Mortgage Purchase Bond Program," "Portfolio of Loans Outstanding Under the Home Mortgage Purchase Bond Program," "Portfolio of Loans Outstanding Under the Single Family Housing Bond Program" and "Delinquency Statistics."

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

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

Agreement or in any listing of documents to be delivered on the Adjustment Date pertaining to the offering of the securities covered by the Reoffering Memorandum.

Very truly yours,

Genteel living on Officer's Row

Preservation meets affordability in Fort Ethan Allen homes

University of Vermont

By Debbie Salomon
Free Press Staff Writer

Life was good for upper-echelon U.S. Army cavalry officers and their families billeted in 21 brick Colonial Revival duplexes lining crescent-shaped Dalton Drive in Fort Ethan Allen at the turn of the century. Nursemaids pushed prams under the elms while the officers played polo on the parade grounds.

As the century winds down, a sportswriter, pilot, banker, librarian, engineer, hairdresser and nurse cross paths in the same buildings, which still have curving staircases and bright, high-ceilinged rooms with pocket doors, fir floors, built-in cabinets, and carved mantels — rooms changed little by "selective rehabilitation."

But now, instead of nasty kitchens, grungy bathrooms and exorbitant heating costs endured by students who rented the space as appartments, Officer's Row, the development's new name, includes pretty homeowner toys backed up with a four-star energy rating.

"There's just so much room here," said Caitlin Glaser. Her husband Jacob Glaser rented at the fort while attending University of Vermont in the early '80s and returned to purchase the same unit. "You couldn't see the details when they were covered with odd colors of paint and linoleum," he said. The renovation, which he and Caitlin find "expansive and restful," made them eager to buy the two-story, three-bedroom, 2,100 square-foot townhouse with huge

See **FORT,** *2E*

ADAM RIESNER, *Free Press*

From left, Marcia Mattoon, Emily Wadhams, Townsend Anderson work to revitalize Officer's Row, where the 19th

Continued from Page
new country kitchen, formal dining room, basement, attic and wide porch.

Nice quarters if you can afford them, eh?

The young Glaser family could, with a first-time homeowners mortgage on their $114,900 (that's right) purchase. ~~Other models start at $69,000.~~ Half the 77 units are under deposit.

Cavalry officers enjoyed subsidized billeting at Fort Ethan Allen. Civilian Vermonters will do nearly as well, because the historic one-, two- and three-bedroom condominiums are priced and offered with finance options to income-qualified buyers as "affordable" housing.

That one word is worth a thousand pictures when it means a 1,500-square-foot condo flat with charm to die for, for $76,000.

"The only other army restoration like it is Fort McKinley on an island in Casco Bay (Maine)," said Marcia Mattoon, project sales coordinator for Coburn & Feeley Real Estate Inc., the marketing company. "Except McKinley had been abandoned and vandalized. The developer gutted it, and put in expensive housing."

□ □ □

Right off, this unique project begs definition.

"Affordable," as applied to Officer's Row, doesn't mean utilitarian homes for low-income buyers, although the project is owned by a non-profit company formed by the Vermont Housing Finance Agency (VHFA).

"Our guidelines were to provide housing for households earning 100 percent area median income or below," said Emily Wadhams, project coordinator for VHFA. Area median income is $41,000 for a family of four. Only buyers applying for a financing package, however, need meet income criteria; the financing is what makes Officers' Row "affordable." Persons of any income may buy the units with conventional financing.

The finance package available to purchasers earning 85 percent of median income or below includes shared appreciation through a second mortgage provided by non-profit trustee, the Lake Champlain Housing Development Corp., with deferred interest on the second mortgage.

"When the owner sells, half the appreciation goes back into the mortgage pool," Wadhams explains. "These plans are good for people who couldn't otherwise buy a home," Wadhams said.

Courtesy special collections, University of Vermont Library

ADAM PIKE RIESNER *Free Press*

Officers meet outside the homes at Fort Ethan Allen at the turn of the century. Above right, "Officers' Row" as it appears today.

"Selective rehabilitation" is an obvious but uncommon method that further contributes to affordability while preserving historic features. A Colchester master plan had already deemed total rehabilitation of the dilapidated buildings "too expensive for affordable housing," Wadhams said.

Townsend Anderson, president of Preservation Investments, consultant-developer for Officers' Row and specialist in historic buildings, summarizes the selective rehab concept: assess condition, decide what's salvageable and what needs doing cosmetically and for building codes, then do it in a way of least intervention with the building's "fabric."

At Officers' Row, mechanical systems, kitchens and bathrooms needed upgrading, except for some interesting bathtubs and pedestal sinks. But all 800 original windows were rehabed, and unobtrusive storm windows added. Attic and basement insulation, plus air-lock entrances and installation of natural gas as the primary energy source earned the four-star energy rating without the expense of insulating walls.

Interior walls and woodwork were simply repaired and primed white; floors, repaired but not refinished. Buyers may arrange for finishing with site contractors (and incorporate price into the mortgage), do the work themselves, or postpone.

Exterior rehabilitation is being performed in accordance with the federal government standards for historic buildings.

"The challenge was to minimize our imprint on the building," Anderson said.

"Architects love to work as fix-it people on worthwhile projects," said Burlington architect Turner Brooks, whose company worked on Officers' Row. No new walls were constructed, except to divide units. Special care was taken to preserve staircases. "We tried to make the work reversible, so 100 years from now an owner could restore the original floorplan," Wadhams said.

Leaving the floor plan intact but dividing space into units means some rooms lost their intended functions. Most of the two-story duplexes have become upstairs and downstairs condos. The downstairs units, originally comprised of parlor, dining room and kitchen, needed either parlor or dining room to be converted to a bedroom. In the second floor units, orginally bedrooms connected by a long hall, the owner assigns usage since only the kitchen is equipped. Attics have become loft condos with exposed brick, skylights and interesting angles. John Gant lives in one: "I love the slanted stuff," he said. Gant was burned out of his apartment in the fort in 1990. "This place just keeps dragging me back."

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But a thousand words, even if one is "affordable," can't describe the feel, the airiness, the aura of another time, when teenagers courted on porch swings and horses whinnied in the stables out back.

"Our home has the character and feel of a Boston brownstone," says Brian Donahue, director of Discovery Museum. "We looked at 100 houses and couldn't find this character in our price range."

Catherine Blackwell, manager of residential mortgage lending at the Chittenden Bank won't miss covered parking: "The house is more important than a garage," she said.

In 1892, Vermont Gov. Redfield Proctor, later U.S. Secretary of War, conceived a military post near the Canadian border. Vermont donated 600 acres, some of it original Allen family holdings, for a cavalry post. Fort Ethan Allen was built between 1894 and 1904 as part of the army's modernization efforts. The duplex and single-family houses followed government blueprints; local materials, particularly Drury brick, were used. Unlike modern housing developments, the 21 buildings are not identical but rather nine variations on the stiff military counterpart of the prevailing architectural style.

"These buildings are wonderfully adaptable," Anderson said. "They already have rear stairways, (fire) rated doors and firewalls."

But buyers gravitate to the colonel's dumbwaiter, French doors, butlers' pantries, oversized windows, picture rails and architectural details foreign to even high-end condominium construction.

□ □ □

Besides polo, the officers ~~played baseball and tennis and~~ held Sunday drill parades on the 22-acre parade grounds. These historic functions dictate contemporary use, although the acreage has been deeded to Colchester and Essex Center, which it straddles.

"The covenant allows for 'passive recreation,' " Wadhams says, interpreted as a baseball diamond with backstop but no permanent bleachers, new tennis courts but no swimming pool, a children's playground, public restrooms and walking path. Lilacs, elms, bridal wreath and a rare grove of pitch pine will be maintained or re-established in rehab landscaping.

□ □ □

Over the years, troops have departed from Fort Ethan Allen for the Spanish American War, World War I and World War II. In 1909 the Buffalo Soldiers — a unit of black servicemen with outstanding records in Cuba and the Phillipines — were stationed at the fort. After Fort Ethan Allen closed in 1960, the property was donated to St. Michael's College and the University of Vermont for student housing.

"It sort of fell in our laps," said Allan Hunt, VHFA executive director. "The buildings were white elephants. We had been told by the development community that keeping it affordable would be impossible."

The process by which the VHFA purchased Fort Ethan Allen from UVM for $1.5 million in 1990, transferred it to a non-profit organization, and acquired permits from Colchester and Essex Town was long and tedious, spanning a sharp decline in residential real estate prices that caused some concern.

"We met with a focus group to talk about the project," Wadhams said. "Price was an issue, but I was amazed that the things we thought were special about Officers' Row were confirmed by the group. They wanted less than a single family house, more than a condo."

In some cases, one picture *is* worth a thousand words. Jacob Glaser had a wait-and-see attitude. He didn't appreciate the details of his new home until he scanned the exterior with his video camera.

"I was intrigued from the start because of the opportunity to combine historic preservation with affordable housing," said Anderson. "It was like buying a neighborhood street and rehabilitating it."

Exactly, agrees Turner Brooks. "That wonderful, grand swoop of Dalton Drive thrusts a sense of community back into housing. It's taking a planned community that worked before, and making it work again."

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In observance of the 20th National Historic Preservation Week, May 10 to May 16, Officers' Row will host a Walk About the Fort from noon to 4 p.m. May 16. Several units will be open for viewing. There will be free historical talks, and a map of the fort will be available for walkers. For information, call 655-4663.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeffrey Francis, Deputy Director

DATE: June 15, 1992

RE: TEAM Proposal for FY93

As Allan indicated at last month's meeting, considerable effort has been spent during the past several months on conducting an evaluation of the Tenant Education and Assistance Model (TEAM) program. The evaluation, which involved personal interviews with housing managers and owners, social service agency representatives, community group participants, tenants and VHFA staff substantiated the value of and need for such a program. The evaluation also confirmed the challenges associated with VHFA's operating a regionally based supportive service program from its Burlington office and inspired questions about the appropriateness of VHFA (given its mission) continuing to provide these services to residents of elderly housing developments.

The evaluation formed the basis for consideration of several alternatives relating to how VHFA should proceed beyond the termination of grant support for the TEAM program on September 30, 1992. Based upon the evaluation and input from department directors and multi-family department staff, we are making the following proposal:

1. Continue to provide direct service coordination activities only through December 31, 1992. VHFA staff supported by grant revenues under the TEAM program will be retained through that date. Fees committed by developments currently using TEAM services will offset some of the costs associated with operation of the program through December 31, 1992.

2. Beginning July 1, 1992, VHFA will actively seek a "host" organization in each of the five geographic areas currently receiving TEAM services. Each "host" would assume responsibility for providing direct supportive services to resident of elderly developments participating in TEAM. Organizations interested in becoming a "host" will be evaluated based on the following preliminary criteria.

a. Capacity to provide direct services under the TEAM program.
b. Commitment to the service coordination concept.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

c. Experience in providing services to Vermont's elder residents.
d. Ability to sufficiently staff the supportive service activity.
e. Willingness to participate in training activities.
f. Prospects for continuing financial commitment by the "host".

3. VHFA may provide a budget enhancement to each "host" for use in establishing the supportive service activity during the period January 1, 1993 through June 30, 1993. In the aggregate, the amount allocated for that activity will not exceed $50,000. These funds may be used for salaries, marketing, training and travel costs associated with the transition of the program. Specific conditions may be imposed and "host" organizations will be asked to give strong consideration to assuming employment of the current TEAM coordinators. Provision of supportive service coordination will not be restricted to VHFA financed developments.

4. VHFA will retain one staff position for the purpose of promoting service coordination programs and their development. This position will also provide technical assistance to staff of the "host" organizations, conduct training and orientation for service coordinators, produce and distribute informational and technical assistance materials, and develop expanded supportive service activities. Additionally, VHFA will consider reviewing the supportive service component of new development proposals as part of its underwriting process.

5. VHFA will conduct a comprehensive evaluation of this effort on an annual basis and will prepare regular status reports. The FY93 evaluation will provide the basis for a recommendation on how to proceed in FY94.

The FY93 allocation of funds required to support the proposal outlined above is $105,049. Total operating cost of the program will be $158,919 with revenue anticipated of $53,870. ($29,000 AOA grant, $24,870 contract commitments). If the program is continued in FY94, costs to VHFA are expected to decrease to approximately $50,000 per year. (salary of one position plus overhead). Net fiscal year expenditures for the program by the agency were $39,000 (FY91) and $52,000 (FY92).

Recommended action:

Staff recommends authorization of the continuation of the TEAM program as outlined above in FY93.

STATISTICAL REPORT PROGRAM ID: 902 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 06/17/92
Loan Status: CC,UC,O

Total Number of Loans:	207
Total Loan Amount:	$13,232,447

EXISTING:	$10,622,676	82.1%	170 Loans
NEW CONSTRUCTION:	$2,609,771	17.8%	37 Loans
NEW DETACHED HOUSING:	$1,922,617	73.6%	27 Loans
NEW CONDOMINIUM:	$687,154	26.3%	10 Loans
Funds Remaining to be Reserved:	$15,596,810	42.9%	243 Loans (Est.)

Total Insured or Guaranteed Loans:	198
Loans Guaranteed by VHMGB:	198

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$63,983	$76,057	$68,941
Avg. Loan Amount	$59,514	$70,254	$63,924
Avg. Borrower Income	$27,716	$28,743	$28,137
Avg. Housing Debt-Income Ratio	25.1%	28.1%	26.3%
Avg. Total Debt	$761.38	$834.37	$791.35
Avg. Total Debt-Income Ratio	33.2%	35.3%	34.0%
Total No. of Loans	122	85	207
% of Total Loan Amount	54.9%	45.1%	100.0%
First Time Homebuyers	91.8%	98.8%	94.6%
% Meeting Low Income Set Aside	32.7%	48.2%	39.1%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	12	5.8%	$755,201	5,000	5.7%	0.1
Bennington	13	6.3%	$876,801	6,300	7.2%	0.9-
Caledonia	26	12.6%	$1,242,220	4,800	5.5%	7.1
Chittenden	47	22.7%	$3,536,679	16,000	18.2%	4.5
Essex	3	1.4%	$131,025	1,300	1.4%	0.0
Franklin	17	8.2%	$1,227,903	6,000	6.8%	1.4
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	13	6.3%	$734,095	3,300	3.8%	2.5
Orange	12	5.8%	$815,872	4,300	4.9%	0.9
Orleans	10	4.8%	$487,313	4,200	4.8%	0.0
Rutland	20	9.7%	$1,361,184	10,000	11.4%	1.7-
Washington	17	8.2%	$1,011,784	9,000	10.3%	2.1-
Windham	4	1.9%	$249,386	7,100	8.1%	6.2-
Windsor	13	6.3%	$802,984	9,600	11.0%	4.7-
TOTAL	207	100.0%	$13,232,447	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MORTGAGE CREDIT CERTIFICATE #4

STATISTICAL REPORT PROGRAM ID: MC4 Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 06/17/92

Loan Status: CC,UC,O

Total Number of Loans:	440
Total Loan Amount:	$32,745,503

EXISTING:	$23,729,177	74.0%	326 Loans
NEW CONSTRUCTION:	$9,016,326	25.9%	114 Loans
NEW DETACHED HOUSING:	$6,075,709	67.3%	76 Loans
NEW CONDOMINIUM:	$2,940,617	32.6%	38 Loans
Funds Remaining to be Reserved:	$950,848	2.5%	12 Loans (Est.)

Total Insured or Guaranteed Loans:	45
Loans Guaranteed by VHMGB:	45

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$78,256	$87,220	$82,065
Avg. Loan Amount	$71,279	$78,672	$74,421
Avg. Borrower Income	$6,741	$6,392	$6,592
Avg. Housing Debt-Income Ratio	0.0%	0.0%	0.0%
Avg. Total Debt	$0.00	$0.00	$0.00
Avg. Total Debt-Income Ratio	0.0%	0.0%	0.0%
Total No. of Loans	253	187	440
% of Total Loan Amount	55.1%	44.9%	100.0%
First Time Homebuyers	89.3%	100.0%	93.8%
% Meeting Low Income Set Aside	98.4%	98.3%	98.4%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	7	1.6%	$538,100	5,000	5.7%	4.1-
Bennington	4	0.9%	$315,688	6,300	7.2%	6.3-
Caledonia	15	3.4%	$958,376	4,800	5.5%	2.1-
Chittenden	162	36.8%	$12,849,447	16,000	18.2%	18.6
Essex	1	0.2%	$60,325	1,300	1.4%	1.2-
Franklin	46	10.5%	$3,353,777	6,000	6.8%	3.7
Grand Isle	2	0.5%	$163,850	900	1.0%	0.5-
Lamoille	15	3.4%	$1,067,197	3,300	3.8%	0.4-
Orange	23	5.2%	$1,610,149	4,300	4.9%	0.3
Orleans	7	1.6%	$393,611	4,200	4.8%	3.2-
Rutland	65	14.8%	$4,772,995	10,000	11.4%	3.4
Washington	75	17.0%	$5,345,550	9,000	10.3%	6.7
Windham	6	1.4%	$471,761	7,100	8.1%	6.7-
Windsor	12	2.7%	$844,677	9,600	11.0%	8.3-
TOTAL	440	100.0%	$32,745,503	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 SERIES 2

AS OF: 06/17/92
PAGE NO. 1

Vermont Housing Finance Agency
902 - $36,310,610 MORTGAGE PURCHASE PROGRAM - MOVE
Status Report (with percent of pool proceeds approved)
Rate : 8.150%
Date : 06/17/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$1,858,637	5.1%	$1,167,887	3.2%	$583,887	$584,000	31.4%
Bradford National Bank	$126,796	0.3%	$126,796	0.3%	$67,000	$59,796	47.1%
Caledonia National Bank of Danville, The	$158,375	0.4%	$158,375	0.4%	$0	$158,375	100.0%
Chittenden Bank	$3,419,697	9.4%	$2,035,944	5.6%	$629,030	$1,406,914	41.1%
Citizens Savings Bank and Trust	$563,228	1.5%	$205,603	0.5%	$37,000	$168,603	29.9%
Community National Bank	$445,578	1.2%	$405,578	1.1%	$127,775	$277,803	62.3%
Franklin-Lamoille Bank	$503,372	1.3%	$106,875	0.2%	$62,225	$44,650	8.8%
Granite Savings Bank and Trust Company	$57,000	0.1%	$0	0.0%	$0	$0	0.0%
Green Mountain Bank	$285,100	0.7%	$218,100	0.6%	$39,000	$179,100	62.8%
Kittredge Mortgage Corporation	$150,575	0.4%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$269,944	0.7%	$192,044	0.5%	$71,544	$120,500	44.6%
Marble Bank	$403,558	1.1%	$356,058	0.9%	$171,558	$184,500	45.7%
Merchants Bank, The	$1,122,873	3.0%	$716,497	1.9%	$526,097	$190,400	16.9%
Mortgage Service Center of New England	$378,021	1.0%	$378,021	1.0%	$68,785	$309,236	81.8%
National Bank of Middlebury, The	$207,803	0.5%	$123,253	0.3%	$0	$123,253	59.3%
New England IBM Employees Fed Crdt Union	$225,460	0.6%	$144,900	0.3%	$66,500	$78,400	34.7%
Northfield Savings Bank	$83,675	0.2%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank	$846,062	2.3%	$417,524	1.1%	$154,742	$262,782	31.0%
Peoples Trust Company of St Albans	$69,259	0.1%	$69,259	0.1%	$69,259	$0	0.0%
Statewide Funding Corporation	$1,716,310	4.7%	$914,825	2.5%	$429,087	$485,738	28.3%
Summit Financial Center, Inc.	$379,153	1.0%	$234,075	0.6%	$0	$234,075	61.7%
Union Bank	$798,346	2.1%	$696,130	1.9%	$268,750	$427,380	53.5%
Vermont Federal Bank, FSB	$1,880,501	5.1%	$1,358,024	3.7%	$312,817	$1,045,207	55.5%
Vermont Mortgage Group, Inc	$1,108,086	3.0%	$578,986	1.5%	$176,861	$402,125	36.2%
Vermont National Bank	$3,254,055	8.9%	$2,377,400	6.5%	$1,428,300	$949,100	29.1%
Wells River Savings Bank	$419,078	1.1%	$354,953	0.9%	$0	$354,953	84.6%
TOTALS 324 Loans	$20,730,542	57.0%	$13,337,107	36.7%	$5,290,217	$8,046,890	38.8%

MORTGAGE CREDIT CERTIFICATE #4

AS OF: 06/17/92
PAGE NO. 1

Vermont Housing Finance Agency
MC4 - $37,985,000 MORTGAGE CREDIT CERTIFICATE-ISSUE #4
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 06/17/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$4,957,990	13.0%	$3,319,100	8.7%	$2,554,550	$764,550	15.4%
Chittenden Bank	$8,334,714	21.9%	$7,952,489	20.9%	$6,596,579	$1,355,910	16.2%
Commonwealth Mortgage Company, Inc	$1,021,858	2.6%	$1,021,858	2.6%	$1,021,858	$0	0.0%
Franklin-Lamoille Bank	$1,142,755	3.0%	$1,097,755	2.8%	$969,005	$128,750	11.2%
Granite Savings Bank and Trust Company	$50,000	0.1%	$50,000	0.1%	$50,000	$0	0.0%
Marble Bank	$850,525	2.2%	$771,775	2.0%	$637,650	$134,125	15.7%
Merchants Bank, The	$2,707,307	7.1%	$2,513,807	6.6%	$1,846,600	$667,207	24.6%
Northfield Savings Bank	$217,075	0.5%	$217,075	0.5%	$217,075	$0	0.0%
Passumpsic Savings Bank	$341,800	0.8%	$341,800	0.8%	$276,800	$65,000	19.0%
Statewide Funding Corporation	$6,661,267	17.5%	$5,627,902	14.8%	$4,409,026	$1,218,876	18.2%
Summit Financial Center, Inc.	$3,446,286	9.0%	$3,007,517	7.9%	$2,557,490	$450,027	13.0%
Vermont Federal Bank, FSB	$3,442,685	9.0%	$3,442,685	9.0%	$2,440,460	$1,002,225	29.1%
Vermont Mortgage Group, Inc	$2,405,850	6.3%	$2,168,200	5.7%	$1,646,830	$521,370	21.6%
Vermont National Bank	$1,398,465	3.6%	$1,157,965	3.0%	$511,900	$646,065	46.1%
Wells River Savings Bank	$55,575	0.1%	$55,575	0.1%	$55,575	$0	0.0%
TOTALS 498 Loans	$37,034,152	97.4%	$32,745,503	86.2%	$25,791,398	$6,954,105	18.7%

Boardmailing 6/92

AS OF: 05/27/92
PAGE NO. 1

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 04/30/92

Report: 1261
DELR07B

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	361	8	2.22%	1	0.28%	1	0.28%	10	2.77%	0	0	0.00%	0	0.00%	10	2.77%
Bennington Coop Savings & Loan Assn Inc	57	1	1.75%	1	1.75%	1	1.75%	3	5.26%	0	0	0.00%	0	0.00%	3	5.26%
Bradford National Bank	52	5	9.62%	0	0.00%	0	0.00%	5	9.62%	0	0	0.00%	0	0.00%	5	9.62%
Caledonia National Bank of Danville, Th	125	7	5.60%	1	0.80%	0	0.00%	8	6.40%	0	1	0.80%	1	0.80%	10	8.00%
Chittenden Trust Company	1,016	44	4.33%	7	0.69%	15	1.48%	66	6.50%	0	3	0.30%	0	0.00%	69	6.79%
Citizens Savings Bank	24	1	4.17%	0	0.00%	0	0.00%	1	4.17%	0	0	0.00%	0	0.00%	1	4.17%
Comfed Mortgage Co., Inc.	13	2	15.38%	0	0.00%	0	0.00%	2	15.38%	0	0	0.00%	0	0.00%	2	15.38%
Commonwealth Mortgage Company, Inc	24	1	4.17%	0	0.00%	0	0.00%	1	4.17%	0	0	0.00%	0	0.00%	1	4.17%
Community National Bank	153	5	3.27%	1	0.65%	1	0.65%	7	4.58%	0	0	0.00%	4	2.61%	11	7.19%
Factory Point National Bank, The	27	1	3.70%	0	0.00%	0	0.00%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
First Brandon National Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Twin-state Bank	144	5	3.47%	0	0.00%	0	0.00%	5	3.47%	0	0	0.00%	0	0.00%	5	3.47%
First Vermont Bank and Trust Company	162	10	6.17%	3	1.85%	0	0.00%	13	8.02%	0	0	0.00%	1	0.62%	14	8.64%
Franklin-Lamoille Bank	192	11	5.73%	0	0.00%	2	1.04%	13	6.77%	0	0	0.00%	0	0.00%	13	6.77%
Granite Savings Bank and Trust Company	36	2	5.56%	0	0.00%	0	0.00%	2	5.56%	0	0	0.00%	0	0.00%	2	5.56%
Green Mountain Bank	20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Howard Bank, National Assn, The	420	23	5.48%	6	1.43%	2	0.48%	31	7.38%	0	0	0.00%	6	1.43%	37	8.81%
Lomas & Nettleton Company, The	21	1	4.76%	0	0.00%	0	0.00%	1	4.76%	0	0	0.00%	0	0.00%	1	4.76%
Lyndonville Savings Bank & Trust Compan	48	1	2.08%	0	0.00%	0	0.00%	1	2.08%	0	1	2.08%	0	0.00%	2	4.17%
Marble Bank	224	10	4.46%	2	0.89%	0	0.00%	12	5.36%	0	0	0.00%	1	0.45%	13	5.80%
Merchants Bank, The	291	9	3.09%	2	0.69%	2	0.69%	13	4.47%	0	0	0.00%	0	0.00%	13	4.47%
Mortgage Service Center of New England	37	2	5.41%	1	2.70%	0	0.00%	3	8.11%	0	0	0.00%	0	0.00%	3	8.11%
National Bank of Middlebury, The	66	1	1.52%	0	0.00%	1	1.52%	2	3.03%	0	0	0.00%	0	0.00%	2	3.03%
New England IBM Employees Fed Crdt Unio	68	2	2.94%	0	0.00%	0	0.00%	2	2.94%	0	0	0.00%	0	0.00%	2	2.94%
Northfield Savings Bank	123	5	4.07%	3	2.44%	1	0.81%	9	7.32%	0	0	0.00%	0	0.00%	9	7.32%
Passumpsic Savings Bank	177	8	4.52%	2	1.13%	0	0.00%	10	5.65%	0	0	0.00%	4	2.26%	14	7.91%
Peoples Trust Company of St Albans	158	10	6.33%	4	2.53%	0	0.00%	14	8.86%	0	0	0.00%	0	0.00%	14	8.86%
Proctor Bank	108	3	2.78%	1	0.93%	0	0.00%	4	3.70%	0	0	0.00%	0	0.00%	4	3.70%
Randolph National Bank	69	2	2.90%	0	0.00%	0	0.00%	2	2.90%	0	0	0.00%	0	0.00%	2	2.90%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	71	1	1.41%	1	1.41%	1	1.41%	3	4.23%	0	0	0.00%	1	1.41%	4	5.63%
Union Bank	158	1	0.63%	0	0.00%	2	1.27%	3	1.90%	0	0	0.00%	0	0.00%	3	1.90%
Vermont Development Credit Union	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	904	34	3.76%	6	0.66%	9	1.00%	49	5.42%	0	1	0.11%	2	0.22%	52	5.75%
Vermont Mortgage Group, Inc	157	7	4.46%	1	0.64%	2	1.27%	10	6.37%	0	1	0.64%	0	0.00%	11	7.01%
Vermont National Bank	475	9	1.89%	3	0.63%	3	0.63%	15	3.16%	0	1	0.21%	1	0.21%	17	3.58%
Wells River Savings Bank	24	1	4.17%	0	0.00%	0	0.00%	1	4.17%	0	0	0.00%	0	0.00%	1	4.17%
Woodstock National Bank	13	1	7.69%	0	0.00%	0	0.00%	1	7.69%	0	0	0.00%	0	0.00%	1	7.69%
Overall Totals:	6,030	234	3.88%	46	0.76%	43	0.71%	323	5.36%	0	8	0.13%	21	0.35%	352	5.84%
March 31, 1992	6,114	228	3.73%	39	0.64%	50	0.82%	317	5.18%	0	10	0.16%	21	0.34%	348	5.69%

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC

DATE: June 17, 1992

RE: New Income and Purchase Price Limit Recommendations

Presented below are recommendations from the Program Group for new income and purchase price limits for four homeownership programs:

- Mortgages for Vermonters (MOVE);
- Mortgage Plus (Mortgage Credit Certificate Program--MCCs);
- Homeownership Using Shared Equity (HOUSE);
- Mobile Home Assistance Program.

Attachment #1 presents the estimated home purchasing power of recommended MOVE income limits, and the maximum income and purchase price limits allowable for all programs based on Treasury regulations for MRBs and MCCs.

RECOMMENDATIONS

1) MORTGAGES FOR VERMONTERS (MOVE)

	1-2 Person Households	3+ Person Households
Recommended Income Limits	**$34,700**	**$39,900**
Current Income Limits	$34,400	$39,500

Recommended limits are set at 100% and 115% of 1992 state median income, the same basis used to determine current limits. Limits would continue to be applied statewide.

	Existing Homes	New Homes
Recommended Purchase Price Limits	**$97,000**	**$110,000**
Current Purchase Price Limits	$95,000	$105,000

Purchase price limits would continue to be applied statewide.

2) MORTGAGE PLUS

	1-2 Person Households	3+ Person Households
Recommended Income Limits:		
Addison, Bennington & Grand Isle	**$34,700**	**$39,900**
Windsor	**$36,000**	**$41,400**
All Other Counties	**$39,300**	**$45,100**
Current Limits:		
Addison, Bennington & Grand Isle	$34,400	$39,500
Windsor	$36,000	$41,400
All Other Counties	$39,300	$45,100

Recommended limits represent the maximums allowable for Addison, Bennington, Grand Isle and Windsor counties. Limits for all other areas represent the maximum allowable using Chittenden County maximums as the lowest common denominator.

	Existing Homes	New Homes
Recommended Purchase Price Limits	**$99,000**	**$115,000**
Current Purchase Price Limits	$97,000	$110,000

Purchase Price Limits would continue to be set statewide.

3) HOMEOWNERSHIP OPPORTUNITIES USING SHARED EQUITY (HOUSE)

Recommended Income Limit	**$34,700**
Current Income Limit	$34,400

Income limits would continue to be set statewide at 100% of state median income, with no adjustment for family size.

Purchase Price Limits would continue to be the same as for MOVE.

4) MOBILE HOME ASSISTANCE PROGRAM

Recommended Income Limit	**$34,700**
Current Income Limit	$34,400

Income limit would continue to be set statewide, at 100% of state median. No purchase price limits are set for this program as assistance is for refinancing of mobile homes in eligible parks rather than for home purchase. The maximum loan under this program is $65,000.

ACTION REQUESTED BY THE BOARD

Approval of the recommended income limits and purchase price limits for MOVE, HOUSE, MORTGAGE PLUS and the MOBILE HOME ASSISTANCE PROGRAM.

Attachment #1

1) RECOMMENDED HOME PURCHASING POWER OF RECOMMENDED MOVE INCOME LIMITS

Recommended MOVE Income Limits		ESTIMATED PURCHASING POWER 8.15% Rate
1-2 Person Households	$34,700	$101,000
3+ Person Households	$39,900	$117,000

2) MAXIMUM ALLOWABLE INCOME LIMITS

Maximum limits are based on HUD designations for 1) area and state median incomes for 1992 and 2) targeted and non-targeted areas.

1992 Vermont Median Income = $34,700

Maximum Income Limits = The allowable percent of the greater of state or area HUD median income. Allowable percents for Targeted and Non-Targeted Areas are as follows:

	1-2 Person Households	3+ Person Households
Targeted Areas	120%	140%
Non-Targeted Areas	100%	115%

		MAXIMUM ALLOWABLE INCOME	
COUNTY OR AREA	**MEDIAN INCOME**	**1-2 PERSON HOUSEHOLDS**	**3+ PERSON HOUSEHOLDS**
Burlington MSA	$41,400	$41,400	$47,600
Addison	$33,300	$34,700	$39,900
Bennington	$34,100	$34,700	$39,900
* Caledonia	$29,700	$41,600	$48,500
Chittenden	$39,400	$39,400	$45,300
* Essex	$27,900	$41,600	$48,500
* Franklin	$30,700	$41,600	$48,500
Grand Isle	$27,600	$34,700	$39,900
* Lamoille	$30,700	$41,600	$48,500
* Orange	$29,300	$41,600	$48,500
* Orleans	$27,900	$41,600	$48,500
* Rutland	$34,500	$41,600	$48,500
* Washington	$34,200	$41,600	$48,500
* Windham	$33,400	$41,600	$48,500
Windsor	$36,000	$36,000	$41,400

* = targeted counties

3) MAXIMUM ALLOWABLE PURCHASE PRICE LIMITS

The Internal Revenue Service has released new "Safe Harbor Limits" for 1992. Safe Harbor Limits provide the basis for determing maximum allowable purchase price limits for targeted and non-targeted areas.

FEDERAL SAFE HARBOR LIMITS

	New Homes	Existing Homes
BURLINGTON MSA	N/A	$127,000
ALL OTHER AREAS	$146,700	$112,700

MAXIMUM PURCHASE PRICE LIMITS

	New Homes	Existing Homes
Targeted Counties: Caledonia, Essex, Franklin, Lamoille, Orange, Orleans, Rutland, Washington & Windham.	$161,370	$123,970
	(110% of Safe Harbor Limits)	
Non-Targeted Counties: Addison, Bennington, Chittenden, Grand Isle & Windsor	$132,030	$101,430
	(90% of Safe Harbor Limits)	
Burlington MSA: Includes all towns within Chittenden County except Buels Gore, Bolton, Underhill and Westford plus three towns outside of Chittenden County: Georgia, Grand Isle and South Hero.	$132,030	$114,300
	(90% of Safe Harbor Limits)	

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC

DATE: June 17, 1992

RE: Preliminary Evaluation of MORTGAGE PLUS

In March 1992, staff recommended and the Board approved changes to the fee structure for MORTGAGE PLUS. The increased borrower application fee and lender participation fee is effective July 1, 1992. Staff is also in the process of further evaluating MORTGAGE PLUS to determine if additional changes are needed.

MORTGAGE PLUS activity has increased. During the first 5 months of 1992, 110 MCCs have been issued. In 1991, 225 MCCs were issued compared to 118 MCCs in 1990. This represents a 91% increase in activity. In 1991, VHFA purchased 752 MOVE mortgages compared to 944 MOVE mortgages in 1990. This represents a 25% decrease in activity. VHFA has approximately $64 million in MOVE funds from the 1990 Series bonds which must be reserved for home buyers and the loans purchased from lenders by January 1994. If VHFA were to fail to originate mortgages with these funds, we would be required to redeem bonds which would be very costly. We would also lose the ability to recycle prepayments into new mortgages which is particularly important because of the June 30, 1992 sunset.

Economic factors played a major part in the slowdown of MOVE and in increased activity for MORTGAGE PLUS. Due to the recession, the real estate market in general has been slow. At the same time, conventional interest rates have dropped and are very close to VHFA's MOVE rate of 8.15%. In addition, many lenders have developed affordable housing programs with less stringent underwriting guidelines than their conventional programs. A MCC combined with a lender's affordable housing program is a better deal for the home buyer than MOVE. An MCC effectively lowers the affordability of the financing by approximately 200 basis points.

Staff has discussed changes to MORTGAGE PLUS which would better target the program and hopefully at the same time make MOVE equally attractive to home buyers. These changes include but are not limited to:

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

- <u>Restricting MCCs to borrowers who need the MCC to qualify for their mortgage.</u> Currently the program has no such restriction. According to lenders, a high percentage of home buyers receiving a MCC used it in qualifying;

- <u>Lower the MCC rate.</u> VHFA currently offers a MCC equal to 25% of the interest paid each year on the mortgage. When the MCC program was first introduced conventional rates were 10.50-11.00%. With lower conventional interest rates, a 25% tax credit may be too high.

- <u>Have a split MCC rate.</u> VHFA would offer a higher MCC rate for energy efficient property and a lower MCC rate for property that is not energy efficient. Another option for a split rate is a higher MCC rate for lower income borrowers and a lower MCC rate for moderate income borrowers.

We plan to complete further evaluation of MORTGAGE PLUS and discuss changes with participating lenders, real estate brokers and home builders prior to making a recommendation. We hope to have our evaluation complete and a recommendation for changes at the July Board meeting.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator pac

DATE: June 17, 1992

RE: Conversion of Volume Cap to Mortgage Credit Certificates

VHFA currently has $64,615,000 in authority to issue Mortgage Revenue Bonds (MRBs). This authority is scheduled to sunset on June 30, 1992. To preserve this authority, staff recommends that we convert all MRB authority to Mortgage Credit Certificates (MCCs) on or before June 30, 1992. This conversion would allow VHFA to issue MCCs through June 30, 1994.

This recommendation may seem to contradict another memo for discussion at the Board meeting where we indicate that we are looking for ways to better target MCCs to make MOVE a more attractive option. So why do we need this amount of additional MCC authority? Conversion to MCCs provides an "insurance policy". VHFA does not plan to use this authority to issue additional MRBs at this time (we have approximately $64 million to originate and purchase by 1/94), and we cannot carryforward this authority as we have in past years because of the June 30, 1992 sunset. If we convert MRB authority to MCCs, and the program is reinstated by Congress in 1992, we can revoke all or part of our election and again have authority for MRBs.

ACTION REQUESTED BY THE BOARD

Approval of the attached "Resolution Pertaining to Election of VHFA to Convert Mortgage Revenue Bond Authority to Mortgage Credit Certificate Authority".

RESOLUTION PERTAINING TO ELECTION OF VERMONT HOUSING FINANCE AGENCY TO CONVERT MORTGAGE REVENUE BOND AUTHORITY TO MORTGAGE CREDIT CERTIFICATE AUTHORITY

WHEREAS, by a vote taken on January 31, 1992, the Emergency Board of the State allocated to the Agency $20,000,000 of the State's 1992 private activity bond volume cap ("Volume Cap") as provided in Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Agency has not previously used any of the 1992 Volume Cap allocated to the Agency; and

WHEREAS, the Agency carried forward $44,615,000 in Volume Cap from 1991, which Volume Cap may be used for the purposes of mortgage revenue bonds or mortgage credit certificates; and

WHEREAS, the Agency wishes to continue its Mortgage Credit Certificate Program; and

NOW THEREFORE, in order to continue the availability of the Mortgage Credit Certificate Program and to satisfy the requirements of Section 25 of the Code and regulations issued thereunder, it is hereby

RESOLVED:

1. The Vermont Housing Finance Agency hereby elects to utilize $20,000,000 of its 1992 private activity volume cap for the purposes of issuing qualified mortgage bonds and mortgage credit certificates.

2. The Vermont Housing Finance Agency hereby elects not to issue $64,615,000 principal amount of qualified mortgage bonds that it is otherwise authorized to issue during calendar year 1992.

3. The Executive Director, Director of Finance, and the Director of Operations are directed, and each of them is authorized, to take all steps necessary to the continuation of the Agency's Mortgage Credit Certificate Program including, but not limited to:

   A. Preparation, execution, and delivery of a Mortgage Credit Certificate Election in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

   B. Certification to the Governor as provided in the Code.

   C. Preparation of any certificate required by the Code to be signed by the Governor.

   D. Preparation and placement of the appropriate public notices, if any.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Mark Koppelkam, Multi-Family Development Underwriter
John Burczy, Multi-Family Management Officer

DATE: June 17, 1992

RE: PRELIMINARY DISCUSSION - FAIR HAVEN TERRACE, TERRACE PROPERTIES (J. HEATON) FOR A LEVEL III COMMUNITY CARE HOME

VHFA has received a request for first mortgage taxable financing in the amount of $2,470,000 for a new, private-pay 84 bed capacity Level III community care home in Fair Haven, Vermont specializing in the care of those afflicted with Alzheimer's Disease.

The sponsors are a new limited partnership, Terrace Properties, Inc. of Manchester Center, Vermont. Of the four principals, at least two, including Mr. Heaton, have experience in developing and managing the Equinox Terrace in Manchester, a 61 bed Level III Community Care Home. Mr. Heaton developed two Section 8 elderly developments that VHFA financed in the 1970's.

Development costs are currently estimated at $2,750,000 or $32,700 per bed. A summary of proposed sources and uses of funds is attached.

In 1986 VHFA financed a Level III community care home in Enosburg which had a total development cost of $591,588 or $24,650 per bed. VHFA financing was in the amount of $387,000 (65%). However that financing was tax exempt, which is no longer permitted under the Internal Revenue Code.

Project finances would be solely dependent on the ability of the 84 seniors in residence to pay the amount charged for their care. The initial rate would be $70/day, which translates to $2,128 per month. This cost would include food and appropriate care. The sponsors hope to use a part of the excess cash flow to subsidize up to 16 units at $40/day.

Section 8 certificates and low income tax credits cannot be used for this type of housing. The one income supplement program available to community care home residents, Supplemental Security Income (S.S.I.), currently provides about $21 per day. S.S.I. is a combined federal and state program. Neither Medicare nor Medicaid reimburses for the proposed project's level of care (Level III Community Care).[1]

There is one other existing Alzheimer's facilities in Vermont, located in Shelburne (the Arbors), which serves a distinctly upper income clientele. We are not familiar with the operation of other regional facilities in New York, Massachusetts and New Hampshire.

The sponsor's proposal is quite "rich" in terms of expected return. They are requesting a 10% development fee, a 15% annual return on equity from cash flow, a management fee equalling 10% of gross receipts, and a management incentive fee equaling 50% of excess cash flow before the return of equity payout.

VHFA's statute and rules require sponsors to be "organized on a nonprofit or limited profit basis..." The Agency has historically limited annual equity return to 6% on elderly developments, and 8% on all others.

VHFA's rules also provide that initial occupancy be limited to persons and families of low and moderate income, with no more than 25% of the units rented to higher income persons and families. Low and moderate income has historically been interpreted as 100% of the HUD median income for each county, adjusted for family size.

The Agency's governing statute is slightly more liberal, requiring that multi-family housing be "primarily for occupancy by persons or families of low and moderate income." In summary VHFA is absolutely restricted to financing multi-family developments where at least 51% of the units are rented to low and moderate income persons and familites.

DISCUSSION - SHOULD VHFA PURSUE THIS TYPE OF DEVELOPMENT (i.e., Level III Community Care Homes)?

a. Vermont and U.S. demographics show an aging population. Housing that population will be a growth industry.

b. VHFA has had very limited involvement in community care facilities, and none in specialized facilities such as the proposed. These facilities involve a very specialized area of human services and health care. VHFA would clearly need outside professional assistance in both underwriting and providing longterm management oversight.

c. How can low and moderate income Vermonters, relying solely on personal savings and S.S.I. income, afford this level of care?

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[1] Medicare and Medicaid do reimburse for Level 2 Intermediate Care (i.e. typical nursing home) and Level 1 Skilled Nursing Care.

DISCUSSION - SHOULD VHFA PURSUE THIS PARTICULAR PROPOSAL?

a. The planned size of 84 beds is very large for this level of care in Vermont. The average Level III home in Vermont has less than 19 beds.

b. Fair Haven has no health care facilities to provide primary care as needed. The closest hospital is in Rutland.

c. From a VHFA perspective, the financial projections as proposed are too "rich" in terms of return on investment, and need revision. In addition, the proposed incentive management structure rewards cost containment, but needs a corresponding incentive to guarantee quality care.

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Project:	Alzheimer's Center	RUN DATE:	5/26/92

*********Unit Information*********		*********Assumptions*********	
Total Res Units:	84	Increase Restricted	2.00%
Restricted Units:	16	Increase Market	2.00%
Percent Restricted:	19.05%	Expense increase:	4.00%
Avg Net Monthly Rent:	1,815	Vacancy Rate:	5.00%

Total Dev Costs	2,741,667
TDC/Unit	32,639

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
Equity	274,167	10.00%	N/A	N/A
VHFA	2,467,500	90.00%	10.00%	30
	0	0.00%	0.00%	30
	0	0.00%	N/A	N/A
	0	0.00%	0.00%	30
	2,741,667	100.00%		

Note: The sponsors would also put up $150,000 cash, and equal amount in LOC to cover sinking fund and working capital. The sponsors return on on equity is 15% annually on total investment, including $300,000 working capital.

Alzheimer's Center	DEVELOPMENT BUDGET		5/26/92
		Residential Budget	Per Unit
Land		400,000	4,762
Construction		1,392,500	16,577
Site Work		200,000	2,381
Arch/Engineering		100,000	1,190
Legal/Accounting		10,000	119
Permits/Fees/Taxes		50,000	595
Permanent Loan Fee	37,013	50,000	595
Construction Loan Fee	37,013	0	
Construction Interest		65,000	774
Furniture/Equipment		200,000	2,381
Working Capital	103,940	0	1,237
Developer's Fee	10.00%	274,167	3,264
TOTAL DEVELOPMENT COSTS		2,741,667	32,639

Aging in Vermont

Cathleen Gent
Research Analyst, VHFA
June 24, 1992

Current demographic trends show three major trends regarding elderly: (1) the number of persons age 65 and over is increasing (2) the numbers of elderly age 75 and over is increasing at a faster rate than the 55-64 or the 65-74 age groups; (2) the impact of the "Baby Boomers" will be dramatic as they begin to retire in the year 2010.

National Projections

The number of people between the ages of 65 and 74 is expected to grow very slightly in the next decade. However, the number of people 75 or older is expected to grow more than 30%. Older seniors are more likely to require assistance in performing routine daily chores or to be mentally or physically frail and to live in group quarters, congregate care, or in continuing care.

As the Baby Boomers age (those persons born between 1946 and 1964), the elderly portion of the population, persons 65 years and over, will increase from 12.5% in 1990 to a projected 18.2% in 2020. This increase will result in a significant number of elderly requiring special long-term care.

Vermont

With patterns similar to the national demographic shifts, the "greying" of Vermont is occurring (Table 1). The relative distribution of population has shifted upwards, with actual population losses between 1980 and 1990 in the under 18 and the 19-24 age categories. Significant increases, 29.8% and 20.2%, respectively, occurred in the 25-44 "Baby Boomer" category and the 45-54 age group. The Baby Boomers comprise one-third of Vermont's current population.

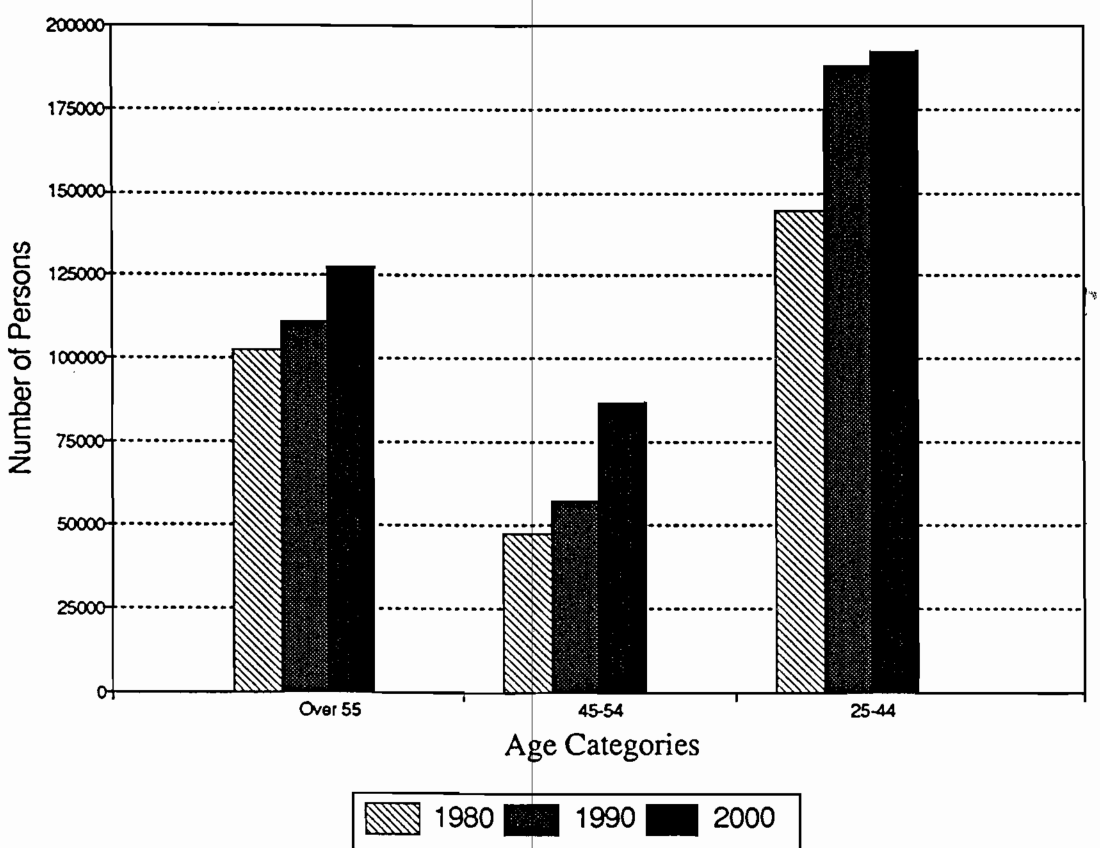
The percentage of the 1990 population age 65 and over represented 11.7% in 1990, an increase of 10.6% compared to 1980. The number of elderly age 75 and over grew to 5.2% of the population, representing more than 29,000 persons. The vast majority (92%) of persons aged 65 and over do not reside in group quarters (eg. nursing homes). Many of these persons will likely require special health care and/or housing arrangements in the near future as their health deteriorates.

Table 1. Age Distributions in Vermont, 1980-1990

Age Groups	1980 - % of Total	1990 - % of Total	% Change in # of Persons, 1980-1990	1990 - # of Persons
Under 18	30.6	27.0	-2.9	152,055
19-24	11.0	9.6	-9.3	54,194
25-44	28.3	33.3	+29.8	187,689
45-54	9.3	10.2	+20.2	57,389
55-64	8.7	8.0	+1.5	45,268
65-74	6.5	6.7	+10.6	37,072
75 & Over	4.8	5.2	+18.0	29,091
TOTAL	100	100	+10.0	562,758

The population projections for Vermont indicate that, in the year 2000, the age category 45-54 will increase significantly, primarily due to the aging of the Baby Boomers (Table 2). Persons aged 55 and over will grow moderately.

Table 2. Proportion of the Population By Selected Age Categories, 1980, 1990, 2000



Alzheimer's Disease in Vermont

According to the "Report of the Governor's Commission on Alzheimer's Disease and Related Disorders" of November, 1990, the number of persons currently having Alzheimer's disease in Vermont is estimated between 8,000-11,000. The majority of those persons, approximately 6,000, are living at home. Given the expected increase in the numbers of elderly, especially those aged 75 and above, the number of persons with Alzheimer's Disease is projected to be 12,500 in 15 years (year 2005) and 27,000 in 60 years (2050).

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Mark Koppelkam, Multi-Family Development Underwriter

DATE: June 17, 1992

RE: Brattleboro: Deepwood Mobile Home Park, Commitment Letter Resolution

PROJECT SUMMARY

Staff recommends Board approval of a resolution authorizing the issuance of a commitment letter for up to $725,000 in construction and permanent financing for development of a new mobile home park in Brattleboro. The sponsor is Housing Foundation, Inc. (HFI). Deepwood is a proposed 44 unit park located on 84 acres immediately adjacent to an existing cooperatively owned mobile home park (Tri-Park).[1] The park will have town water and sewer. An Act 250 permit has been secured.

The VHFA Board approved a letter of interest resolution for Deepwood in May 1991 for a VHFA permanent loan (i.e., not including a construction loan) of $850,000.

The sponsor wants to begin sitework in July in order to complete the first phase during this construction season. The schedule also tries to accommodate tenants from the potential closing of the Guilford mobile home park. The Guilford park has severe water supply and septic problems and is facing imminent closure by the Agency of Natural Resources. An estimated 16-18 units from the Guilford park will be moved to Brattleboro, and a separate $137,500 loan has been secured from the Vermont Housing and Conservation Board (VHCB) to assist with this process. While some of these residents will buy new homes, any existing home that is moved will be upgraded to current codes.

Total development costs are $1.266 million, or $28,785 per lot. The highest mobile home park development cost to date has been around $19,000 lot (e.g. Vergennes, Bolton, Windemere), though all of these involved the acquisition of existing parks. Complete financial projections are attached.

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[1] Tri-Park was previously acquired by HFI, then sold to the Tri-Park Cooperative.

Despite the high per unit development costs, the ultimate costs to residents should be fairly low. The sponsor is planning on modest lot development fees, and adding very nominal (if any) markup to the new mobile homes it sells. For a more detailed explanation please see Section 4 on Affordability.

Aside from the 16-18 Guilford residents, the sponsors have agreed to pre-sell a total of 10 of the other lots prior to the construction closing. Thus 59% of the total units in the development will be pre-sold prior to closing.

1. Financing

VHCB has approved a $230,000 grant for Deepwood, premised on equity restrictions at re-sale on 22 of the 44 units. The other primary sources of financing are from lot development fees, averaging $6,000 each, and lot rent during the 16 month construction period. The land is basically free in this transaction.

Sources		
VHFA	689,176	54.4%
VHCB Grant	230,000	18.2%
Lot Development Fee	264,000	20.8%
Lot Rent during Construction	83,370	6.6%
Total	$1,266,548	100.0%

TDC $28,785/lot

The VHFA permanent loan would likely be a stepped rate loan for 20 years that is amortized over 25 years. If stepped, the initial rate would be 9.75%, stepped every 5 years to reach 12% in Year 15. Approximately $312,000 would need to be refinanced at the end of year 20, which would cut debt service costs at that time roughly in half.

The source of capital for VHFA's loan will presumably be proceeds of a privately-placed taxable bond with the state pension funds. VHFA has committed $3.6 million to mobile home park acquisitions to date using the pension funds, not including Deepwood. The initial pension fund commitment to VHFA for mobile home parks was $5.5 million.

2. Loan to Value

The sponsor has an "after infrastructure completed" value from Keller Navin of $825,000. The proposed VHFA loan of $689,176 would thus be 83.5% of the appraised value. The full authorized loan amount of $725,000 would equal 87.8% of the appraised value.

3. Timetable

As indicated above the sponsors are hoping to commence construction in July. The sponsors have decided to break the project into two phases, with the entire project to be completed by October 1993. HFI is proposing to do 26 units in Phase I, 16 or so of which would be Guilford residents.

4. Affordability and Market Demand

At the December 1991 VHFA Board meeting there was a lengthy discussion about a proposed exclusive sales agreement with the seller of the land, Don Record. That arrangement has been canceled.

The current proposal involves using a sales consultant (I & Q Enterprises of Brattleboro, which is also the construction manager) to market units to prospective tenants on a fee basis. I & Q will also be handling the Guilford relocation. The specifics of the entire marketing arrangement and Guilford relocation have not been finalized, but conceptually they certainly appear to resolve prior VHFA Board concerns about the exclusive sale arrangement.

HFI's basic philosophy for this development is to target the low income market. They are adding little if any markup to the units, adding basic costs of marketing, lot development etc. The sponsor has selected Skyline of Fair Haven, Vermont as the sole manufacturer of new homes that will be placed in the park. Prospective buyers will have a choice of some 60 models in all price ranges to choose from.

An example of a proposed sale is shown below:

Mobile Home at Cost	$18,200
Sales Tax	520
Co-op Share (for future)	600
Home shipping and placement	2,000
Lot Development Fee	6,000
Marketing Fee	2,000
Closing, Appraisal etc	1,000
Total	$30,320

As initially presented in December 1991, this was not a particularly affordable park. However due to the basic gift of the land by the seller, and the direct purchase arrangement for the mobile homes, the ultimate monthly costs to residents should be fairly low. Basic lot rents will be $195 or $225/month.

HFI is expecting to use VHFA's single family mortgage programs as the primary financing source for home purchases in the park. Thus the total monthly costs (not including utilities, property taxes or insurance) for a resident buying the $18,000 unit cited above with an 8.15% VHFA mortgage would be $402 to $432, depending on lot rent.[2] A resident buying a $28,000 unit would pay approximately $462 to $492 per month.

The overall mobile home market around the Brattleboro region remains tight, with essentially no vacancies. The main section of Tri-Park, through which new residents must pass, is in great shape and very attractive. The new site, combined with the low costs and apparent market demand (based on the lack of vacancies at other parks), should guarantee success for the new park.

5. Management

The sponsor intends to have the new park managed by the adjoining Tri-Park Cooperative. The shared management functions should provide some good efficiencies of scale and mean low costs for everyone. The local permits granted for the new park require several road and infrastructure improvements which will benefit both parks, and there will be continuing shared interest in roads, snow clearance and water system operation.

A management agreement between the two parties has not been finalized. VHFA has not seen a management plan, and has not evaluated the capabilities of the Cooperative. If this plan falls through, HFI has the requisite management experience and capacity to operate the new park. HFI currently owns and manages 8 parks throughout Vermont.

VHFA has expressed concern to VSHA about its longterm housing management capacity, and specifically requested a business and management plan in February 1992. We have not received a satisfactory response to that request and would make that a pre-requisite to closing on the Deepwood development.

6. Construction Issues

From a construction perspective, the proposed site poses some development challenges in that it has lots of ledge. The development consultant had numerous test borings done and feels that they have significantly reduced construction risks as a result. (VHFA approved a Ventures loan of $50,000 to HFI in 1990 to pay for this pre-development work.) VHFA will be engaging an independent engineer to gauge the technical quality of the engineering work done to date and to evaluate the technical and financial risks of the proposed work.

[2] The 8.15% mortgage is amortized over 30 years. Limited equity buyers could secure a 6.2% VHFA mortgage, lowering costs about $35 per month.

HFI has selected a contractor based on a bidding process. Ledge blasting and rock removal were cited as $40,000 of the $594,165 contract value. HFI has proposed adding $10,000 to that cost and have the contractor pick up all risk of additional ledge costs. HFI is proposing to have the contractor offer a letter of credit for about 50% of contract value in lieu of a performance bond.

7. <u>Environmental Assessment</u>

An environmental assessment has not been completed on the property, but will be done prior to closing. VHFA staff did a site visit in the summer of 1991. The site is at the top of a large, ledge filled hill, and is covered with second growth forest. The majority of the 84 acre site will be dedicated deer habitat. We saw no indications of any potential environmental concern.

DISCUSSION

<u>Strengths</u>

a. The sponsor has agreed to pre-sell over 50% of the units prior to closing, including 16-18 lots that will be used by relocating Guilford residents.

b. Despite the high per unit development costs, the ultimate monthly lot costs for residents should be very reasonable.

c. There are no known vacancies in any mobile home park in a 20 mile radius of the site. Thus market demand for the new park should be strong, particularly given the relatively low costs.

d. The new park will be a critical relocation resource for the Guilford residents.

<u>Weaknesses</u>

a. Efforts to pre-sell units will be complicated by the Guilford relocation and by the VHCB requirement for limited equity re-sale restrictions on 22 of the 44 units. It is not clear what the market for equity restricted units will be. This issue may become magnified by the phasing of the project over a two year period.

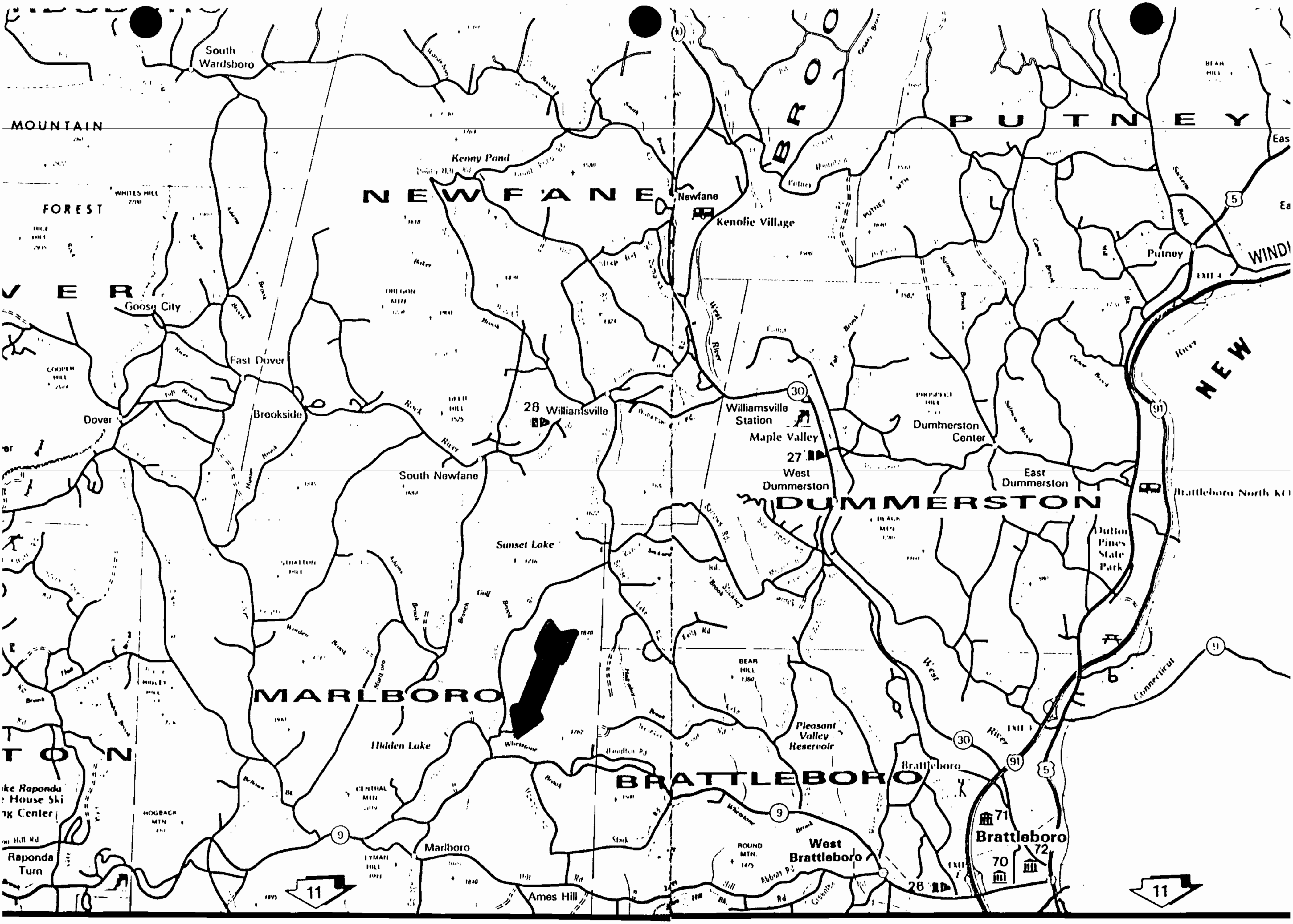
b. There may be adverse reaction to the new park from two quarters: Tri-Park residents who are currently trying to sell their homes will have to compete against new homes at low prices just up the street, and private sector mobile home dealers who will be shut out of this opportunity and see much of the regional demand be absorbed by Deepwood.

c. VHFA has not evaluated the management capabilities of the Cooperative. While HFI has good management experience and the capacity to operate the new park, they may be spread thin since the eight parks they own are in every part of the state. HFI's and VSHA's longterm ability to manage their disparate and widespread housing portfolio remains to be proven.

d. The proposed site poses some development challenges in that it is has lots of ledge. The development consultant and various engineers have done numerous test borings and feel that they have significantly reduced construction risks as a result. (VHFA approved a Ventures loan of $50,000 to HFI in 1990 to pay for this pre-development work.) VHFA has not yet initiated an independent engineering opinion to gauge either the technical quality of the engineering work done to date or the technical and financial risks relating to the resulting recommendations. The widespread presence of ledge will likely test the contractor's capabilities.

RECOMMENDED ACTION

Staff recommends approval of the attached Commitment Letter Resolution for the Deepwood Mobile Home Park, authorizing the Executive Director to issue a commitment letter to HFI providing up to $725,000 in taxable permanent and construction financing for the development of this park. Key issues to be resolved include the environmental assessment, an engineering opinion regarding the ledge and planned infrastructure work, a management plan and contract, the extent of ledge risk and bond/letter of credit associated with the construction contract, the development of the limited equity sale and pre-sale agreements, and presentation of an acceptable VSHA/HFI longterm housing management plan.



2 3 4 MILES

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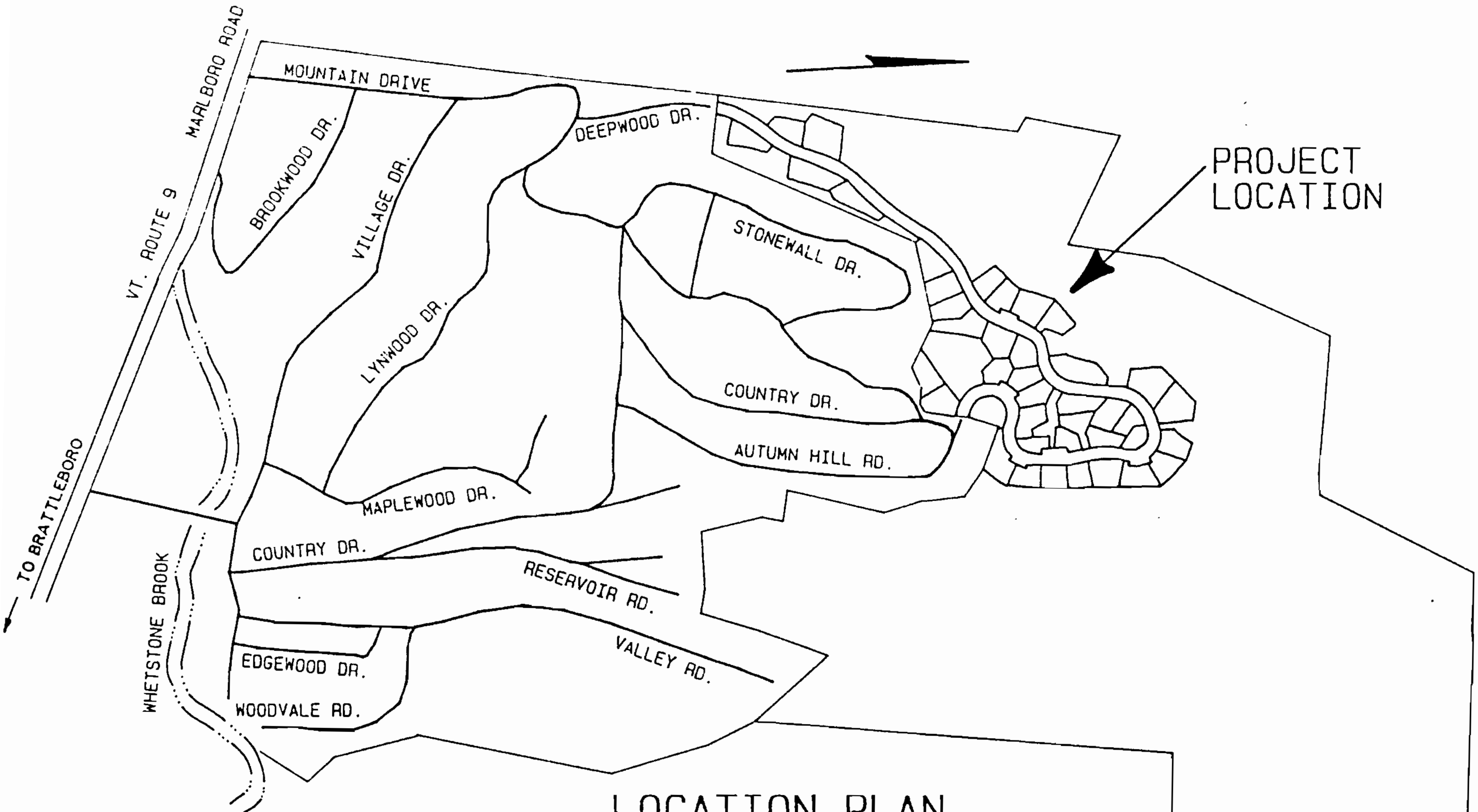
DEEPWOOD MOBILE HOME PARK (BRATTLEBORO)

DEEPWOOD MOBILE HOME PARK (BRATTLEBORO)



LOCATION PLAN

1 INCH = 400 FEET

400 0 400 800

Deepwood MHP
Brattleboro

VHFA Financial Projections

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6/16/92

SOURCES AND USES OF FINANCING

Permanent Financing		Rate		Term	Ann D/S	Comments
VHFA 1st Mortgage	689,176	54.41%	9.75% to 12%	25	Variable	Stepped Rate 25 yrs
VHCB-grant	230,000	18.16%	N/A			
Sale of Mobile Homes	264,000	20.84%	N/A			
Lot Rent During Construction	83,370	6.58%	N/A			
Total Permanent Financing	1,266,546	100.00%				

Note: VHFA Stepped Rate 9.75% years 1-5, 10.5% years 6-10, 11.25% years 11-15, and 12% years 16-20.

Total Development Budget		Costs Incurred To Date	Costs Incurred At Closing	All Other Costs	Totals
Property Acquisition					0
Construction Contract				810,400	810,400
Misc Construction				64,470	64,470
Contingency	7.50%			60,818	60,818
Appraisal		2,000			2,000
Other Pre-Construction Exp		101,027	15,858		116,885
Engineering - Pre-Construction		7,000			7,000
Construction Management				17,966	17,966
Construction Interest				59,499	59,499
Ventures Loan Interest		1,960			1,960
Legal and Title Fees		3,000		4,700	7,700
Oper Exp During Construction				17,409	17,409
Permits		3,655		39,000	42,655
Finance Fee Permanent (1%)	6,892		6,892		6,892
Finance Fee Construction (1%)			6,892		6,892
VHFA Transaction Costs			2,500		2,500
Misc Closing			500		500
Marketing			2,000		2,000
Working capital	29,479		29,000		29,000
Development fee	0.79%		10,000		10,000
	Subtotals	118,642	73,642	1,074,262	
			Total Development Costs		1,266,546

ASSUMPTIONS

Oper cost/lot/month		$61
Income Increase		3.00%
Expense Increase		4.00%
Replace. Reserve (3.25% of gross income)		4.00%
Sales commission per home:	$6,000	
Interest during Construction:	9.00%	

Rents		Units	Yr 1 Rents	Ann Rents
# Mobile Homes	Restricted Units	22	$195	$51,480
	Market Units	22	$225	$59,400
		44	$210	$110,880

Deepwood MHP 6/16/92
PROJECT OPERATING PRO FORMA

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Annual Income		110,880	114,206	117,633	121,162	124,796	128,540	132,397	136,368	140,459	144,673
Less Vacancy Allowance:	2%	2,218	2,284	2,353	2,423	2,496	2,571	2,648	2,727	2,809	2,893
Other Income		0	0	0	0	0	0	0	0	0	0
Adjusted Gross Income		108,662	111,922	115,280	118,738	122,300	125,970	129,749	133,641	137,650	141,780
Management	303	6,660	6,926	7,203	7,492	7,791	8,103	8,427	8,764	9,115	9,479
Audit/Legal	68	1,500	1,560	1,622	1,687	1,755	1,825	1,898	1,974	2,053	2,135
Utilities & water	195	4,300	4,472	4,651	4,837	5,030	5,232	5,441	5,659	5,885	6,120
Maintenance--total	45	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423
Real Estate Taxes	545	12,000	12,480	12,979	13,498	14,038	14,600	15,184	15,791	16,423	17,080
Insurance	45	1,000	1,040	1,082	1,125	1,170	1,217	1,265	1,316	1,369	1,423
Replacement Reserve	162	3,564	3,707	3,855	4,009	4,169	4,336	4,510	4,690	4,878	5,073
Other: Snow Plowing	91	2,000	2,080	2,163	2,250	2,340	2,433	2,531	2,632	2,737	2,847
Total Expenses	728	32,024	33,305	34,637	36,023	37,464	38,962	40,521	42,141	43,827	45,580
Net Operating Income		76,638	78,617	80,643	82,716	84,837	87,007	89,228	91,500	93,823	96,200
Debt Service: VHFA		(73,698)	(73,698)	(73,698)	(73,698)	(73,698)	(78,208)	(78,208)	(78,208)	(78,208)	(78,208)
Debt Service:		0	0	0	0	0	0	0	0	0	0
Debt Service:		0	0	0	0	0	0	0	0	0	0
Cash Flow		2,940	4,919	6,945	9,018	11,139	8,799	11,020	13,291	15,615	17,991
Debt Coverage Ratio		1.04	1.07	1.09	1.12	1.15	1.11	1.14	1.17	1.20	1.23
VHFA Loan Rate		9.75%	9.75%	9.75%	9.75%	9.75%	10.50%	10.50%	10.50%	10.50%	10.50%
Op Exp/Lot/Month		$61	$63	$66	$68	$71	$74	$77	$80	$83	$86
Avg Monthly Lot rent		$210	$216	$223	$229	$236	$243	$251	$258	$266	$274

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Gross Annual Income	149,013	153,484	158,088	162,831	167,716	172,747	177,930	183,268	188,766	194,429
Less Vacancy Allowance:	2,980	3,070	3,162	3,257	3,354	3,455	3,559	3,665	3,775	3,889
Other Income	0	0	0	0	0	0	0	0	0	0
Adjusted Gross Income	146,033	150,414	154,927	159,574	164,362	169,292	174,371	179,602	184,990	190,540
Management	9,858	10,253	10,663	11,089	11,533	11,994	12,474	12,973	13,492	14,032
Audit/Legal	2,220	2,309	2,402	2,498	2,598	2,701	2,809	2,922	3,039	3,160
Utilities & water	6,365	6,620	6,884	7,160	7,446	7,744	8,054	8,376	8,711	9,059
Maintenance--total	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107
Real Estate Taxes	17,763	18,473	19,212	19,981	20,780	21,611	22,476	23,375	24,310	25,282
Insurance	1,480	1,539	1,601	1,665	1,732	1,801	1,873	1,948	2,026	2,107
Replacement Reserve	5,276	5,487	5,706	5,934	6,172	6,419	6,675	6,942	7,220	7,509
Other: Snow Plowing	2,960	3,079	3,202	3,330	3,463	3,602	3,746	3,896	4,052	4,214
Total Expenses	47,403	49,299	51,271	53,322	55,455	57,673	59,980	62,380	64,875	67,470
Net Operating Income	98,630	101,115	103,655	106,252	108,906	111,619	114,391	117,223	120,116	123,070
Debt Service: VHFA	(82,028)	(82,028)	(82,028)	(82,028)	(82,028)	(85,648)	(85,648)	(85,648)	(85,648)	(85,648)
Debt Service:	0	0	0	0	0	0	0	0	0	0
Debt Service:	0	0	0	0	0	0	0	0	0	0
Cash Flow	16,602	19,087	21,627	24,224	26,878	25,971	28,743	31,575	34,467	37,422
Debt Coverage Ratio	1.20	1.23	1.26	1.30	1.33	1.30	1.34	1.37	1.40	1.44
VHFA Loan Rate	11.25%	11.25%	11.25%	11.25%	11.25%	12.00%	12.00%	12.00%	12.00%	12.00%
Op Exp/Lot/Month	$90	$93	$97	$101	$105	$109	$114	$118	$123	$128
Avg Monthly Lot rent	$282	$291	$299	$308	$318	$327	$337	$347	$358	$368

VHFA - Koppelkam
COMPARISION OF MOBILE HOME PARK COSTS 6/16/92 C:\DATA\QUATTRO\MHP\MHPCOMP.WKQ

	Sandy Pines E. Mtplr	Tri-Park Brattleboro	Mountain View Hinesburg	Hunters Grand Isle	Riverside Woodstock	French Hill Williston	Town & Count Vergennes	Fernwood Bolton	Coburn Clarendon	Lazy Brook Starksboro	Projected Windemere Colchester	Projected Hillside Starksboro	Projected Deepwood Brattleboro
Year Acquired	1990	1986	1989	1989	1989	1990	1991	1991	1992	1992	1992	1992	1992
Property Acquisition	$980,000	$3,750,000	$820,000	$360,000	$325,000	$144,000	$1,300,000	$1,425,000	$300,000	$625,000	$1,357,500	$314,000	$0
Dvlmpt Costs	$36,300	$0	$50,000	$94,000	$27,634	$22,500	$84,625	$58,250	$445,000	$323,000	$216,500	$253,500	$1,266,546
Total Development Costs	$1,016,300	$3,750,000	$870,000	$454,000	$352,634	$166,500	$1,384,625	$1,483,250	$745,000	$948,000	$1,574,000	$567,500	$1,266,546
VHFA Financing	N/A	N/A	N/A	N/A	N/A	122,000	1,068,625	1,203,250	340,000	526,000	N/A	324,080	689,176
% of VHFA to Total						73.27%	77.18%	81.12%	45.64%	55.49%		57.11%	54.41%
#lots	56	330	52	24	40	9	73	78	48	52	85	29	44
Propery Acq Cost/Lot	$17,500	$11,364	$15,769	$15,000	$8,125	$16,000	$17,808	$18,269	$6,250	$12,019	$15,971	$10,828	$0
Dvlmpt Cost/lot	$648	$0	$962	$3,917	$691	$2,500	$1,159	$747	$9,271	$6,212	$2,547	$8,741	$28,785
Total Cost/lot	$18,148	$11,364	$16,731	$18,917	$8,816	$18,500	$18,967	$19,016	$15,521	$18,231	$18,518	$19,569	$28,785

6/16/92
VHFA
MOBILE HOME PARK COMPARISONS
OPERATING EXPENSE DETAIL PER LOT - ANNUAL
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Koppelkam

Park Name	Sandy Pines E. Mtplr	Tri-Park Brattleboro	Mountain View Hinesburg	Hunters Grand Isle	Riverside Woodstock	French Hill Williston	Town & Count Vergennes	Fernwood Bolton	Coburn Clarendon	Lazy Brook Starksboro	Proposed Windemere Colchester	Projected Hillside Starksboro	Projected Deepwood Brattleboro
Number of Lots	56	330	52	24	40	9	73	78	48	52	85	29	44
Avg Rent	200	155	160	190	125	195	180	195	175	180	210	180	210
Gross Annual Income	134,400		99,840	54,720	60,000	21,060	157,680	182,520	100,800	112,320	214,200	62,640	110,880
Per Lot Expenses - Annual													
Management***	180		217	275	218	100	144	210	228	192	210	192	151
Audit & Legal	27		29	63	38	22	27	19	31	38	18	103	34
Trash	111		0	0	100	78	67	0	0	0	0	0	0
Utilities	170		125	129	115	94	94	135	283	168	241	141	98
Maintenance	21		61	104	30	89	41	32	125	58	88	103	23
Taxes	214		115	149	120	187	79	91	167	67	141	96	273
Insurance	15		69	31	53	169	30	19	31	35	16	62	23
Misc	64		0	0	0	0	0	0	200	0	0	0	0
Snow	64		29	42	120	42	21	13	42	29	0	52	45
Replacement Reserve	71		96	83	100	62	64	70	63	66	0	86	81
TOTAL	938		741	876	893	843	568	589	1170	653	714	836	728
OPER EXP/GROSS INC	39.09%		38.59%	38.44%	59.50%	36.04%	26.30%	25.16%	55.71%	30.25%	28.33%	38.70%	28.88%
ADJUSTED RATIO*	28.61%		22.29%	22.72%	38.33%	29.10%	16.66%	13.22%	41.87%	18.29%	20.01%	25.82%	19.66%
PREVIOUS OWNER ADJUST RA	24.00%		22.00%				16.00%						

* (Operating Expense - Replacement Reserve - Management)/Gross Income
The adjusted ratio is to enable better comparison with private sector data from appraisals.
** Data from Keller Navin Cable & O'Brien appraisal for Fernwood using 1989 expenses supplied by owners.
*** Note: Riverside, Hunters and Mountain View management costs include resident manager.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: DEEPWOOD MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Housing Foundation, Inc., a non-profit corporation, involving the construction and permanent financing of Deepwood Mobile Home Park, a 44 unit mobile home park to be constructed in Brattleboro; and

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

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

It is hereby DETERMINED:

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

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

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment letter (the "Commitment Letter") to provide a first mortgage for construction and permanent financing in an amount to be determined by the Executive Director, but not to exceed $725,000, for the Deepwood Mobile Home Park.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The Commitment Letter shall be conditioned upon the following contingencies:

   a. Receipt of a satisfactory environmental assessment report

   b. Receipt of a satisfactory engineering opinion regarding the ledge and planned infrastructure work

   c. Receipt of a satisfactory management agreement and plan

   d. Receipt of satisfactory payment and performance bonds or letter of credit for the construction contract

   e. Receipt of satisfactory forms of agreement for pre-sale and limited equity sales

   f. Receipt of a satisfactory long-term management plan from the sponsor and the Vermont State Housing Authority.

4. The Executive Director is authorized to make arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

5. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to Housing Foundation, Inc.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: JUNE 18, 1992

RE: FISCAL YEAR JUNE 1993 BUDGET

The accompanying budget shows the current year approved budget, the proposed budget for FY92 as formulated by staff, and a dollar and percentage increase or decrease comparison between the two years. Our goal was to limit increases to no more than 3.5% over FY92, based on the inflation rate over the past year. This goal was obtained with some qualifications. New initiatives in some program areas accounted for budget increases in the areas of consulting, salaries and subsidy expenses. The expected computer conversion added a substantial increase in the depreciation expense and the interest expense associated with the Fort Ethan Allen project increased $122,000 over the prior year expense item. The total of the above mentioned items represents expense increases of $187,000, which when deducted from the total expense increase of $218,565 results in a 1.2% total increase. Further detailed information will be provided in the expense narrative. A continuing secondary goal is to maintain an increase to the General Fund balance by showing a small surplus, which is accomplished based on the projected budget.

Income. Single family fee income is estimated to drop substantially based on the performance of the past year and the current activity in the housing market. Miscellaneous income is showing a substantial increase due to increased costs of the new computer system estimated to be passed through to the Guarantee Board and an estimated receipt of $53,800 of AOA grant funds and fee collections in connection with the TEAM program. Lower reinvestment rates on investments is offset by the expected collection of $160,000 on the Fort project.

Fund Balance Transfers. The amounts indicated in this area of the budget represent transfers from existing bond programs to help supplement income in paying expenses. No extraordinary transfers are contemplated and the levels indicated are level funding the surpluses earned by the programs. The increase in the Multi-Family program is in contemplation of the refunding bond issue and subsequent higher allowed takeout.

Capital Budget. The capital portion of the budget shows a substantial increase due to the planned acquisition of the hardware and software to replace our 10+ year old existing computer system. The total expected cost of the system is expected to be $350,000. A replacement copier, board room furniture and additional computer equipment unrelated to the new system comprise the balance of the $427,000 capital budget.

Salaries and Wages. Total salary adjustments have been limited to 3.5% based on a projected consumer price index increase of 2.5-3% and a small incremental merit component. Although the budget shows a 6% increase, that amount is somewhat misleading due to the reinstatement of the full time communications director, the reclassification of the receptionist/administrative assistant, and the inclusion of salaries for the TEAM coordinators to replace the salary funded by the Robert Wood Johnson grant. These adjustments amount to approximately $30,000 of salary increases. No new positions have been budgeted for in FY93.

Advertising. The savings in this area will result from having more of the advertising placement being done in-house rather than through an agency as was done during the past year.

Interest Expense. For FY92 this item was calculated without considering the impact of the Fort Ethan Allen cost of funds. The current year budget anticipates the cost of the loan from the Bank of Vermont through April of 1993.

Subsidy--Housing Vermont, ERH, TEAM. The recommended TEAM initiative includes a subsidy cost of $69,600 other than the salary and benefits costs mentioned above. In addition, $44,000 of the $75,000 ERH subsidy awarded by the Board in FY92 will carry over into FY93. The membership fee to Housing Vermont is expected to be reduced by half to $15,000.

Every line item of the budget has its own story. For the narrative presented with the budget numbers, we presented those areas that we feel are of most interest or significance. We will be able to provide an explanation for the calculation of any other line item that Board members are interested in. Please feel free to call upon Allan or myself at your convenience.

Recommendation: Approval of the operating budget as shown on the attached schedule and the capital budget as explained above.

PROPOSED BUDGET
VERMONT HOUSING FINANCE AGENCY
F/Y/E JUNE 30, 1993

	APPROVED FYE 6/30/92	PROPOSED FYE 6/30/93	$ INCREASE (DECREASE)	PERCENT CHANGE
INCOME				
SINGLE FAMILY FEES	545,950	395,350	(150,600)	-27.58%
MULTI-FAMILY FEES	125,000	115,000	(10,000)	-8.00%
PROJECT ADMIN FEES	120,000	116,000	(4,000)	-3.33%
INTEREST INCOME	330,000	380,000	50,000	15.15%
MISCELLANEOUS	44,500	113,300	68,800	154.61%
TOTAL INCOME	1,165,450	1,119,650	(45,800)	-3.93%
FUND TRANSFERS				
SINGLE FAM HOUSING	10,000	20,000	10,000	100.00%
SHAWMUT MTG PURCHASE	100,000	100,000	0	0.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	0	0.00%
HOWARD HOME MTG PURCH	375,000	350,000	(25,000)	-6.67%
HOWARD MULTI-FAMILY	430,000	430,000	0	0.00%
CONN NATL MULTI-FAMILY	80,000	150,000	70,000	87.50%
HOUSING DEVELOP BDS-MF	10,000	10,000	0	0.00%
DIRECT PLACEMENT BONDS	32,500	40,000	7,500	23.08%
TOTAL TRANSFERS	2,287,500	2,350,000	62,500	2.73%
TOTAL INC & TFRS	3,452,950	3,469,650	16,700	0.48%
EXPENSES				
ADVERTISING & PROMOTION	50,050	36,300	(13,750)	-27.47%
AUDIT	28,000	29,000	1,000	3.57%
ANNUAL REPORT	15,000	12,500	(2,500)	-16.67%
COMMISSIONERS EXPENSES	4,000	4,000	0	0.00%
CONSULTING FEES	51,500	63,500	12,000	23.30%
DUES & SUBSCRIPTIONS	29,500	32,500	3,000	10.17%
INSURANCE	165,000	176,800	11,800	7.15%
INTEREST EXPENSE	48,000	170,000	122,000	254.17%
LEGAL	75,000	50,000	(25,000)	-33.33%
MISCELLANEOUS	12,000	6,500	(5,500)	-45.83%
OFFICE EXPENSES	32,000	30,000	(2,000)	-6.25%
PENSION PLAN	104,000	120,000	16,000	15.38%
POSTAGE	20,000	21,000	1,000	5.00%
RENT	112,000	114,800	2,800	2.50%
REPAIRS & MAINTENANCE	42,000	38,000	(4,000)	-9.52%
SALARIES & WAGES	1,273,018	1,341,133	68,115	5.35%
STAFF TRAVEL & TRAINING	98,650	90,350	(8,300)	-8.41%
SUBSIDY-HOUSING VT, ERH	135,000	139,000	4,000	2.96%
TAXES-PAYROLL	93,700	99,600	5,900	6.30%
TELEPHONE	36,000	33,000	(3,000)	-8.33%
TRUSTEE & CREDIT FEES	255,000	255,000	0	0.00%
DEPRECIATION	80,000	115,000	35,000	43.75%
TOTAL EXPENSES	2,759,418	2,977,983	218,565	7.92%
SURPLUS (DEFICIT)	693,532	491,667	(201,865)	-29.11%

ESTIMATED BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
JUNE 30, 1992

	CURRENT APPROVED BUDGET	EXPECTED YR TO DATE JUN 30, 1992	% BUDGET RECOGNIZED TO DATE
INCOME			
SINGLE FAMILY FEES	545,950	411,528	75.38%
MULTI-FAMILY FEES	125,000	113,046	90.44%
PROJECT ADMIN FEES	120,000	118,514	98.76%
INTEREST INCOME	330,000	476,867	144.51%
MISCELLANEOUS	44,500	43,896	98.64%
TOTAL INCOME	1,165,450	1,163,851	99.86%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	10,000	24,972	249.72%
SHAWMUT MTG PURCHASE	100,000	100,000	100.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	100.00%
HOWARD HOME MTG PURCH	375,000	352,100	93.89%
HOWARD MULTI-FAMILY	430,000	435,000	101.16%
CONN NATL MULTI-FAMILY	80,000	102,109	127.64%
HOUSING DEVELOP BDS-MF	10,000	20,000	200.00%
DIRECT PLACEMENT BONDS	32,500	30,000	92.31%
TOTAL TRANSFERS	2,287,500	2,314,181	101.17%
TOTAL INC & TFRS	3,452,950	3,478,032	100.73%
EXPENSES			
ADVERTISING & PROMOTION	50,050	42,698	85.31%
AUDIT	28,000	24,500	87.50%
ANNUAL REPORT	15,000	13,952	93.01%
COMMISSIONERS EXPENSES	4,000	2,555	63.88%
CONSULTING FEES	51,500	42,094	81.74%
DUES & SUBSCRIPTIONS	29,500	25,714	87.17%
INSURANCE	165,000	159,801	96.85%
INTEREST EXPENSE	48,000	248,412	517.53%
LEGAL	75,000	61,957	82.61%
MISCELLANEOUS	12,000	9,213	76.78%
OFFICE EXPENSES	32,000	28,154	87.98%
PENSION PLAN	104,000	102,510	98.57%
POSTAGE	20,000	19,204	96.02%
RENT	112,000	111,108	99.20%
REPAIRS & MAINTENANCE	42,000	38,519	91.71%
SALARIES & WAGES	1,273,018	1,251,132	98.28%
STAFF TRAVEL & TRAINING	98,650	52,913	53.64%
SUBSIDY-HVT, ERH, ETC.	135,000	80,074	59.31%
TAXES-PAYROLL	93,700	90,047	96.10%
TELEPHONE	36,000	34,754	96.54%
TRUSTEE & CREDIT FEES	255,000	242,513	95.10%
DEPRECIATION	80,000	78,177	97.72%
TOTAL EXPENSES	2,759,418	2,760,001	100.02%
SURPLUS (DEFICIT)	693,532	718,031	103.53%

VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

GAJ

FROM: Glenn Jarrett, General Counsel

DATE: June 12, 1992

RE: "QUALIFIED HOUSING PROJECTS" In Housing Vermont Partnerships

Background:

In 1988 VHFA and Housing Vermont were successful in persuading the Legislature to add 8 VSA Sec. 1108, which basically allows Vermont banks to invest in affordable housing limited partnerships. This new legislation was key to the formation of the first Vermont Equity Fund and opened the door for over $10.5 million of equity investments from eleven Vermont banks in Housing Vermont partnerships.

Per 8 VSA Sec. 1108(b), banks can only invest in qualified housing projects, defined as "residential real estate in Vermont that is intended to primarily benefit lower income Vermonters throughout the period of investment, as determined by the board of commissioners of the Vermont housing finance agency." (emphasis added).

All Housing Vermont partnerships have received allocations of the Low Income Housing Tax Credit from the Agency; projects which receive credit allocations are "qualified housing projects". However, only on those projects in which VHFA is directly involved in the financing has the VHFA Board actually passed a resolution which specifically deems the project to be a qualified housing project. Therefore, while I believe that Housing Vermont has followed the substance of the law, they have not previously asked the Board for formal approval. These partnerships, which have received LIHTC allocations, also need a specific resolution of the VHFA Board regarding the classification as a qualified housing project.

The attached resolution lists the projects for which Housing Vermont is seeking approval. The majority of the projects have been placed in service; in the future Housing Vermont will bring all projects to the Board for such a resolution prior to being placed in service in order to follow the language of 8 VSA Sec. 1108.

RECOMMENDED BOARD ACTION:

Adoption of the attached resolution for Housing Vermont partnerships which are verified by Agency staff to be "qualified housing projects".

RESOLUTION REGARDING DETERMINATION
OF QUALIFIED HOUSING PROJECTS
PURSUANT TO 8 V.S.A. § 1108

WHEREAS, the Vermont Legislature has given the Vermont Housing Finance Agency ("VHFA") Board of Commissioners the duty of determining whether bank investments in residential real estate in Vermont are intended to primarily benefit lower income Vermonters throughout the period of the investment; and

WHEREAS, Housing Vermont has created a number of limited partnerships for affordable housing that banks have invested in through the Vermont Equity funds; and

WHEREAS, each of the developments owned by limited partnerships created by Housing Vermont to invest in affordable housing has received an allocation of low income housing tax credits from VHFA; and

WHEREAS, each such development has been reviewed by VHFA staff for the purposes of such allocation of low income housing tax credits and staff agrees with the characterization of each such development as a qualified housing project; and

WHEREAS, Housing Vermont has requested the VHFA Board of Commissioners to determine that each of the limited partnerships created by Housing Vermont that Vermont banks have heretofore invested in is a qualified housing project for purposes of 8 V.S.A. § 1108;

NOW, THEREFORE, the Board determines as follows:

1. The following housing developments in which Housing Vermont partnerships have invested are qualified housing projects within the meaning of 8 V.S.A. § 1108:

Cummings Street Apartments	Montpelier
Village Apartments	Swanton
Prospect Street Housing	Montpelier
Mountain View	Springfield
Middlebury Housing	Middlebury

2. The following housing developments, which have been allocated low income housing tax credits, but not yet placed in service, are qualified housing projects within the meaning of 8 V.S.A. § 1108 assuming they are placed in service in accordance with the projections and assumptions contained in the low income tax credit applications submitted to VHFA:

Abbot Block	Brattleboro
Peacham Housing	Peacham
North Branch Apartments	
Phase I	Montpelier
Phase II	Montpelier
Randolph House	Randolph

ermont Housing Finance Agency

Overview

The Vermont Housing Finance Agency was created in 1974 to provide assistance to eligible first time home buyers throughout the state. The agency is empowered by it's act and subsequent amendments to issue bonds and notes in an amount not to exceed $900 million outstanding at any one time. As of June 30,1991 the agency had issued approximately $884 million of bonds, of which $610 of bonds and notes were outstanding. Under the single family bond programs discussed in this report, the agency had approximately $511.7 million of outstanding bonds and with the proceeds of a portion of these bonds, was able to finance nearly 45% of all homes that sold for $98,000 or less and purchased in the state during 1990.

The agency remains moderate in size with about 40 employees who manage and oversee both the agency's single and multi-family portfolios. The agency has financed over 3,000 multi-family units in the state under four separate programs. As of June 30,1991, the agency reported $86.4 million of multi-family loan principal outstanding.

Portfolio Performance

Performance of the agency's single family mortgage loan portfolio has been favorable to date with delinquency rates comparable to the state's relatively low figures and in foreclosure rates that are consistently below national levels. Delinquency rates on the less seasoned, higher interest rate Home Mortgage Purchase Bond portfolio have increased slightly since September 30,1990 indicating the portfolio's vulnerability to a sluggish Vermont economy during 1991. Comfort that the portfolio will be insulated from severe default rates is provided by a history of strong portfolio performance characterized by low foreclosure rates and a minimal number of real estate owned properties experienced to date on this and other single family loan portfolios managed by the agency. Loan performance figures indicating no loans delinquent in the agency's Single Family Housing Bond Program begun in 1990, reflect the extremely young age of the program.

The agency report minimal uninsured losses on it's single family loan programs reflecting strong insurance provisions sufficient to cover all losses associated with defaulted loans to date. Although three of the four single family programs do not require pool insurance, primary mortgage insurance which is required down to a 75% loan to value ratio, along with loan loss claim funds, should be adequate to cover costs associated with future loan defaults. A large portion of the outstanding single family loan portfolio is insured by the Vermont Home Mortgage Guarantee Board (VHMGB). Obligations of VHMGB are backed by the general obligation pledge of the state of Vermont (rated **Aa**).

Financial Characteristics

Financial position of the agency remains satisfactory with a combined fund balance of $39 million representing 6.4% of total bonds outstanding as of June 30, 1991. Performance of the single family programs begun prior to the Ullman arbitrate restrictions has been strong with net annual revenues as a percent of gross revenues exceeding 15% for the Single Family Mortgage Purchase Bonds and 30% for the Single Family Insured Mortgage Bonds. Although financial performance of the agency's other programs are less impressive, revenues generated by each program are sufficient to pay bond debt service and program expenses associated with each program. The agency generally maintains a policy of retaining some surpluses within each bond program, although once assets exceed liabilities, they then have the ability to transfer all excess surpluses to the General Fund. Moderate amounts are periodically transferred from the program funds to the general fund to cover operating and administrative costs.

All the agency's outstanding bonds are general obligations and are secured by and payable from any of the agency's assets not already pledged for specific purposes. Since monies in the general fund may be affected by performance of the agency's programs in the future, the current balance of $4.5 million may be vulnerable to depletions in the event it is needed to pay debt service on outstanding bonds. Comfort that the general fund will continue to grow is derived from a proven management team that reports few transfers out of the general fund to date.

State Highlights

Small in population, Vermont is the most rural of the states. The economy has always relied heavily on manufacturing, although growth in the trade and service sectors has become quite apparent. In fact, during the 1980's Vermont's service sector surpassed manufacturing as the largest single source of jobs and earnings although manufacturing, particular machinery, continues to be important. Per capita income levels remain low when compared to the region, despite marked improvement achieved in the 1980's relative to the national level. The state's low unemployment rate which had been especially low in the late 1980s, has more recently approximated the national level at 6.1% for December 1991.

Vermont Housing Finance Agency

outstanding ratings:

Program	Rating
Single Family Housing Bonds	A1
Home Mortgage Purchase Bonds	A1
Single Family Mortgage Purchase Bonds	Aa
Single Family Insured Mortgage Bonds	Aa

financial overview: ($000)

	6/30/89	6/30/90	6/30/91
General Fund balance	$3,337	$3,956	$4,538
General Fund balance as % of bonds outstanding	0.7%	0.9%	0.7%
Combined fund balance	$34,124	$36,904	$39,130
Combined fund balance as % of bonds outstanding	6.9%	7.1%	6.4%
Transfers in and (out) of General Fund	$1,977	$(815)	$(25)

analysts: George Solari
(212) 553–7730
Deborah Z. Silverman
(212) 553–7734

Vermont Housing Finance Agency
Single Family Housing Bonds

Moody's rating: A1

opinion:

The portfolio of adequately insured mortgage loans and successful track record of the agency provide above average security for the bonds. Provisions of indenture established in 1990 permit additional bonds to be secured differently than current bonds. Potential concern over program flexibilty is mitigated by resolution covenants to maintain credit quality. Program is still too young to evaluate credit quality on financial and portfolio performance to date.

portfolio data:

Program Data	9/30/91
Bonds issued ($ 000)	$110,000
Bonds outstanding ($ 000)	$110,000
Loans originated (#)	NA
Loans outstanding (#)	63
Loans outstanding ($ 000)	$4,248
Cumulative foreclosed loans	NA
Interest rate on loans	7.24- 8.0 %

Loan Insurance (%)	9/30/91
VHMGB	92.10
PMI	1.60
Uninsured	6.30

Pool Insurance	9/30/91
Remaining size ($ 000)	$0
Claims paid (#)	0
Claims paid ($ 000)	$0
Provider(s):	None
Average pool claim ($)	$0
Uninsured losses ($ 000)	NA

Indenture Requirements

Special obligation of agency

Flow of Funds: Open subject to 101% asset liability test

Debt Service Reserve: Required at half maximum annual debt service

Additional Bonds: Permitted

Cross Calling: Not permitted

Recycling: Permitted

loan performance:

	% Total Delinquent	% 60 Days	% 90 Days	% In Foreclosure	% REO
Agency (9/30/91)	1.25	0.57	0.61	0.07	0.00
State (9/30/91)	1.85	0.61	0.60	0.64	NA
U.S. (9/30/91)	2.63	0.83	0.82	0.98	NA

financial data ($ 000):

	6/30/91
Program fund balance	$301
Program fund balance as % of bonds outstanding	0.00%
Program asset-to-debt ratio (PADR)	0.996
Program net revenue as % of gross revenue	4.22%
Program net interest revenue as % of gross interest revenue	4.22%
Transfers in and (out) of program fund	$20

rating history:

September 1990:	A1

Vermont Housing Finance Agency
Home Mortgage Purchase Bonds

Moody's rating: A1

opinion:

The successful single family track record and the general obligation pledge of this financially sound agency offer above average security for the bonds.

Despite downturn in area economy, portfolio performance has been strong to date with only 8 claims on self insurance fund averaging $15,000 per claim.

portfolio data:

Program Data	9/30/91
Bonds issued ($ 000)	$446,472
Bonds outstanding ($ 000)	$306,071
Loans originated (#)	NA
Loans outstanding (#)	1,850
Loans outstanding ($ 000)	$234,168
Cumulative foreclosed loans	NA
Interest rate on loans	10.00-12.00%

Loan Insurance (%)	9/30/91
VHMGB	85.40
FHA	0.10
Other	2.30
Uninsured	12.20

Pool Insurance	9/30/91
Remaining size ($ 000)	$0
Claims paid (#)	0
Claims paid ($ 000)	$0
Provider(s):	None
Average pool claim ($)	$0
Uninsured losses ($ 000)	$0

Indenture Requirements

General obligation of the agency

Flow of Funds: Open loop at 100%

Debt Service Reserve: Maximum annual debt service

Mortgage Reserve: 1.5% of loans outstanding

Additional Bonds: Permitted

Cross Calling: Permitted

Recycling: Permitted

loan performance:

	% Total Delinquent	% 60 Days	% 90 Days	% In Foreclosure	% REO
Program (9/30/91)	2.11	0.91	1.00	0.20	0.00
Program (9/30/90)	1.75	1.00	0.70	0.05	0.16
Agency (9/30/91)	1.25	0.57	0.61	0.07	0.00
State (9/30/91)	1.85	0.61	0.60	0.64	NA
U.S. (9/30/91)	2.63	0.83	0.82	0.98	NA

financial data ($ 000):

	6/30/89	6/30/90	6/30/91
Program fund balance	$8,478	$10,174	$10,873
Program fund balance as % of bonds outstanding	3.08%	3.15%	3.55%
Program asset-to-debt ratio (PADR)	1.010	0.993	0.994
Program net revenue as % of gross revenue	9.66%	4.77%	3.71%
Program net interest revenue as % of gross interest revenue	4.58%	7.18%	7.16%
Transfers in and (out) of program fund	$(1,083)	$310	$(415)

rating history:

June 1983:	A1

Vermont Housing Finance Agency
Single Family Mortgage Purchase Bonds

Moody's rating: Aa

opinion:

Favorable portfolio performance of seasoned loans, strong financial position and adequate insurance mitigate concern with weakened pool insurer and provide strong security for the bonds. The agency's policy of withdrawing excess surplus out of program does not detract from program credit quality.

portfolio data:

Program Data	9/30/91
Bonds issued ($ 000)	$188,855
Bonds outstanding ($ 000)	$84,885
Loans originated (#)	NA
Loans outstanding (#)	1,503
Loans outstanding ($ 000)	$45,776
Cumulative foreclosed loans	NA
Interest rate on loans	7.75-13.5 %

Loan Insurance (%)	9/30/91
VHMGB	78.90
FHA	2.70
MGIC	2.70
Uninsured	15.70

Pool Insurance	9/30/91
Remaining size ($ 000)	$14,627
Claims paid (#)	47
Claims paid ($ 000)	$373
Provider(s): MGIC,IMI,GEMICO	
Average pool claim ($)	$7,936
Uninsured losses ($ 000)	NA

Indenture Requirements

General obligation of the agency
Flow of Funds: Open loop at 100% asset to liability requirement
Debt Service Reserve: Maximum annual debt service
Mortgage Reserve: 1% of loans outstanding
Additional Bonds: Permitted
Cross Calling: Not permitted
Recycling: Not permitted

loan performance:

	% Total Delinquent	% 60 Days	% 90 Days	% In Foreclosure	% REO
Program (9/30/91)	1.40	0.80	0.60	0.00	0.00
Program (9/30/90)	1.36	1.10	0.20	0.06	0.00
Agency (9/30/91)	1.25	0.57	0.61	0.07	0.00
State (9/30/91)	1.85	0.61	0.60	0.64	NA
U.S. (9/30/91)	2.63	0.83	0.82	0.98	NA

financial data ($ 000):

	6/30/89	6/30/90	6/30/91
Program fund balance	$14,063	$13,964	$13,998
Program fund balance as % of bonds outstanding	14.57%	15.35%	16.49%
Program asset-to-debt ratio (PADR)	1.108	1.103	1.128
Program net revenue as % of gross revenue	21.48%	20.09%	15.25%
Program net interest revenue as % of gross interest revenue	22.29%	22.75%	17.95%
Transfers in and (out) of program fund	$(1,250)	$(2,000)	$(1,250)

rating history:

June 1980: **Aa** June 1978: **A1**

Vermont Housing Finance Agency
Single Family Insured Mortgage Bonds

Moody's rating: Aa

opinion:

Strong financial position and favorable performance of well-seasoned portfolio provide strong bondholder security despite relatively lenient insurance requirements. Agency has transferred assets out of program to it's own general fund without affecting credit quality of bonds. Portfolio performance is currently better than state and national averages.

portfolio data:

Program Data	9/30/91
Bonds issued ($ 000)	$29,940
Bonds outstanding ($ 000)	$10,730
Loans originated (#)	NA
Loans outstanding (#)	421
Loans outstanding ($ 000)	$7,666
Cumulative foreclosed loans	NA
Interest rate on loans	6.95- 7.85%

Loan Insurance (%)	9/30/91
VHMGB	75.80
FmHA	22.70
Other	1.50

Pool Insurance	9/30/91
Remaining size ($ 000)	$0
Claims paid (#)	0
Claims paid ($ 000)	$0
Provider(s):	None
Average pool claim ($)	$0
Uninsured losses ($ 000)	NA

Indenture Requirements

General obligations of agency
Flow of Funds: Open loop flow of funds
Debt Service Reserve: Maximum annual bond debt service
Additional Bonds: Permitted
Cross Calling: Not permitted
Recycling: Not permitted

loan performance:

	% Total Delinquent	% 60 Days	% 90 Days	% In Foreclosure	% REO
Program (9/30/91)	0.24	0.00	0.24	0.00	0.00
Program (9/30/90)	0.90	0.70	0.20	0.00	0.00
Agency (9/30/91)	1.25	0.57	0.61	0.07	0.00
State (9/30/91)	1.85	0.61	0.60	0.64	NA
U.S. (9/30/91)	2.63	0.83	0.82	0.98	NA

financial data ($ 000):

	6/30/89	6/30/90	6/30/91
Program fund balance	$3,504	$3,881	$4,151
Program fund balance as % of bonds outstanding	27.47%	32.28%	36.48%
Program asset-to-debt ratio (PADR)	1.246	1.270	1.336
Program net revenue as % of gross revenue	34.38%	37.03%	32.31%
Program net interest revenue as % of gross interest revenue	38.03%	40.06%	35.67%
Transfers in and (out) of program fund	$(100)	$(100)	$(100)

rating history:

July 1988:	Aa	September 1976:	A1

OFFICERS' ROW PURCHASE CONTRACT & RESERVATION HOLDERS
05-Jun-92

UNIT #	BDRMS	ADULTS/KIDS	INCOME	% MEDIAN	PRICE	1ST MTG	1TYPE	1%RATE	1P&I	2ND MTG	TLTV	DWNPMT	UVM	EST CLOS
402A	2	2/1	$53,000.00	142.09%	$102,000	$96,900	TWO STEP/VFB	7.625%	$685.85		95.00%	5.00%	N	10/92
402B	2	1/0	$30,000.00	103.45%	$94,000	$89,300	FIRST STEP/MCC	6.375%	$536.64		95.00%	5.00%	N	10/92
404C	2	1/0	$35,000.00	120.69%	$94,900	$90,155	FIRST STEP/MCC	6.875%	$592.25		95.00%	5.00%	N	10/92
406C*	2	2/1	$31,973.00	85.72%	$95,712	$76,562	CARE D	7.625%	$541.90	$19,150	100.00%	0.00%	N	7/92
407C	2	1/0	$30,000.00	103.45%	$92,000	$87,400	1ST STEP/MCC	7.125%	$588.83		95.00%	5.00%	N	7/92
409A	2	1/0	$45,600.00	157.24%	$98,900	$58,900	ADJ CONVT/CHIT	7.000%	$458.39		59.56%	40.44%	N	7/92
409C	2	2/0	$26,500.00	80.06%	$94,500	$82,485	VHFA HOUSE	6.200%	$505.20	$12,015	100.00%	0.00%	Y	7/92
409D	3	1/1	$28,135.00	85.00%	$98,900	$88,282	VHFA HOUSE	6.200%	$540.70	$10,618	100.00%	0.00%	N	6/92
411A*	3	1/1	$36,000.00	108.76%	$117,900	$94,320	ADJ CONVT/CHIT	5.625%	$542.96		80.00%	20.00%	N	7/92
500C*	2	1/0	$19,764.00	68.15%	$79,178	$67,178	VHFA HOUSE	6.200%	$411.44	$12,000	100.00%	0.00%	N	7/92
501B*	1	1/0	$30,000.00	103.45%	$88,900	$84,450	CARE D/MCC	8.625%	$656.84		94.99%	5.01%	N	7/92
501C*	2	1/0	$23,000.00	79.31%	$76,938	$64,938	VHFA HOUSE	6.200%	$397.73	$12,000	100.00%	0.00%	N	7/92
502A	1	1/0	$26,500.00	91.38%	$88,900	$78,900	CARE D/MCC	7.625%	$558.45		88.75%	11.25%	N	9/92
502C	2	1/0	$19,626.96	57.68%	$74,900	$67,373	VHFA HOUSE	6.200%	$412.64	$7,527	100.00%	0.00%	Y	9/92
502D	2	1/1	$17,781.00	53.72%	$74,900	$59,033	VHFA HOUSE	6.200%	$361.56	$15,867	100.00%	0.00%	Y	9/92
502F	1	1/1	$20,051.00	60.58%	$65,900	$53,572	VHFA HOUSE	6.200%	$328.11	$12,328	100.00%	0.00%	Y	9/92
601A	1	2/0	$63,562.00	207.14%	$88,900	$78,900	ADJ CONVT/CHIT	6.375%	$513.32		88.75%	11.25%	N	8/92
601B	1	1/0	$24,960.00	86.07%	$88,900	$75,900	VHFA HOUSE	6.200%	$470.99	$12,000	100.00%	0.00%	N	7/92
601D*	1	1/0	$20,750.00	71.55%	$76,473	$59,450	VHFA HOUSE/VFB	6.200%	$393.14	$17,000	99.97%	0.03%	Y	6/92
601F*	1	1/0	$18,720.00	64.55%	$68,883	$51,650	VHFA HOUSE	6.200%	$315.50	$17,000	99.65%	0.35%	N	6/92
[illegible]*	2	1/1	$22,000.00	66.47%	$77,658	$57,658	VHFA HOUSE/VFB	6.200%	$361.98	$20,000	100.00%	0.00%	N	7/92
[illegible]A	1	1/0	$28,300.00	97.59%	$89,900	$79,900	CARE D	7.625%	$565.53		88.88%	11.12%	N	9/92
603C	2	1/0	$20,800.00	71.72%	$78,900	$40,000	ADJ CONVT/MCC	6.875%	$262.77		50.70%	49.30%	N	9/92
603D	2	2/0	$19,360.00	58.49%	$73,900	$60,546	VHFA HOUSE	6.200%	$370.83	$13,354	100.00%	0.00%	N	9/92
605A*	3	2/3	$53,341.00	119.33%	$108,500	$97,650	ADJ CONVT/CHIT	7.250%	$666.15		90.00%	10.00%	N	7/92
606A	3	1/2	$27,500.00	61.52%	$108,500	$60,092	CARE D	8.625%	$466.69	$25,000	78.34%	21.66%	N	9/92

* PURCHASE CONTRACT SIGNED

CONTRACTED/RESERVED UNIT FINANCING INFORMATION (PRELIMINARY):

BANK OF VERMONT MTG TOTAL	$066,855
CHITTENDEN BANK MTG TOTAL	$749,584
VERMONT FEDERAL BANK MTG TOTAL	$214,008
VHFA HOUSE MTG TOTAL	$739,065
VHFA MOVE MTG TOTAL	$0
SECOND MTG POOL TOTAL	$185,859
MCC USERS	$430,205
TOTAL OF 1ST MTGS NEEDED	$1,902,404

# OF UNITS UNDER CONTRACT	9
# OF UNITS RESERVED	17
# OF PERPET. AFFORDABLE UNITS	16
# OF <= MEDIAN BUYERS	17
# OF UVM-EMPLOYED RESERVATIONS	5

= New Activity (since May 1)

OFFICERS' ROW MORTGAGES CLOSED
05-Jun-92

UNIT	BDRMS	ADULTS/KIDS	INCOME	% MEDIAN	PURCH PRICE	1ST MTG	1TYPE	1%RATE	1P&I	2ND MTG	FLTV	DWNPMT%	UVM	CLOSED
504 A	3	2/2	$38,266.00	92.43%	$99,440	$90,000	CARE D/MCC	8.875%	$709.01		90.51%	9.49%	N	12/18/91
501 F	1	1/0	$25,025.00	86.29%	$62,900	$52,900	1ST STEP/MCC	6.375%	$369.33		84.10%	15.90%	N	01/23/92
500 E	1	1/0	$17,888.00	61.68%	$54,967	$48,000	VHFA HOUSE/IBM	6.200%	$290.34	$12,000	92.35%	7.65%	N	01/30/92
501 E	1	1/0	$16,640.00	57.38%	$65,490	$50,900	VHFA HOUSE/BOV	6.200%	$311.17	$12,000	96.05%	3.95%	N	01/31/92
411 B	3	2/1	$45,000.00	108.70%	$114,900	$91,920	1ST STEP	7.125%	$619.28		80.00%	20.00%	Y	03/06/92
502 F	1	1/0	$29,806.00	102.78%	$62,900	$59,755	CARE D	8.875%	$475.44		95.00%	5.00%	N	03/16/92
504 B	3	1/1	$35,000.00	105.74%	$105,000	$84,000	3YR CONVT/CHIT	6.500%	$530.94		80.00%	20.00%	N	03/23/92
410 A	3	2/0	$42,029.00	126.98%	$114,900	$105,000	1ST STEP	7.875%	$761.32		91.38%	8.62%	N	03/30/92
5?? F	1	2/0	$47,808.00	144.44%	$62,900	$50,000	ADJ CONVT/CHIT	5.633%	$287.83		79.49%	20.51%	Y	03/31/92
505 B	3	1/2	$27,800.00	74.53%	$105,000	$85,000	VHFA HOUSE/VFB	6.200%	$520.59	$20,000	100.00%	0.00%	Y	04/17/92
410 B	3	2/0	$55,500.00	167.67%	$118,500	$105,300	ADJ CONVT/CHIT	5.625%	$606.17		88.86%	11.14%	N	04/17/92
502 C	2	1/0	$20,414.00	70.39%	$77,420	$65,650	VHFA HOUSE/VFB	6.200%	$402.08	$11,770	100.00%	0.00%	Y	04/17/92
501 A	1	1/0	$42,000.00	144.83%	$88,900	$80,010	ADJ CONVT/CHIT	7.000%	$532.31		90.00%	10.00%	N	05/26/92
501 D	2	1/0	$20,800.00	71.72%	$77,098	$60,581	VHFA HOUSE/IBM	6.200%	$371.04	$16,517	100.00%	0.00%	N	05/28/92
408 A	2	1/0	$34,000.00	117.24%	$102,000	$35,000	ADJ CONVT/VFB	6.000%	$209.84		34.31%	65.69%	N	05/29/92
403 B	2	1/0	$31,520.00	108.69%	$92,366	$85,366	1ST STEP/MCC	6.875%	$560.79		92.42%	7.58%	N	05/29/92
408 C	1	1/0	$21,840.00	75.31%	$72,900	$38,854	CARE D/MCC	8.625%	$302.20		53.30%	46.70%	N	05/29/92
502 B	1	1/0	$20,400.00	70.34%	$87,492	$63,929	1ST STEP/MCC	6.875%	$419.97		73.07%	26.93%	N	05/29/92
406 D	2	1/0	$35,400.00	122.07%	$92,507	$87,822	1ST STEP/MCC	6.875%	$577.32		94.94%	5.06%	N	05/0[illegible]
406 B	1	1/0	$31,623.96	109.05%	$82,000	$77,900	CARE D/MCC	8.525%	$605.90		95.00%	5.00%	N	06.0[illegible]

FINANCING INFORMATION (FINAL):

BANK OF VERMONT MTG TOTAL	$537,837
CHITTENDEN BANK MTG TOTAL	$585,819
VERMONT FEDERAL BANK MTG TOTAL	$185,650
VHFA HOUSE MTG TOTAL	$310,131
VHFA MOVE MTG TOTAL	$0
SECOND MTG POOL TOTAL	$72,287
MCC USERS	$550,771
TOTAL OF 1ST MTGS CLOSED	$1,417,887

# OF UNITS SOLD	20
# OF PERPETUALLY AFFORDABLE UNITS	5
# OF <= MEDIAN BUYERS	9
# OF UVM-EMPLOYED BUYERS	4

RESOLUTION PERTAINING TO AMENDMENT TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the acquisition and rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on March 24, 1992 and May 20, 1992; and

WHEREAS, the Sponsor desires to perform additional rehabilitation for the Development, which will necessitate an increased loan from the Agency.

WHEREFORE, it is hereby RESOLVED:

1. The maximum amount of the Agency's commitment shall be increased from ONE MILLION ($1,000,000) DOLLARS to ONE MILLION FIFTY THOUSAND ($1,050,000) DOLLARS.

2. All other terms and conditions of the Agency's previous resolutions referred to above relating to this Development are reaffirmed.

vhfa
VERMONT HOUSING FINANCE AGENCY

July 14, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, July 23, at 11:30 a.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

Allan

FROM: Allan S. Hunt, Executive Director

DATE: July 14, 1992

RE: RESCHEDULING UPCOMING (JULY) BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been rescheduled. The meeting will be held at 11:30 p.m. Thursday, July 23, via conference call, and is expected to last no more than one half hour. If you would prefer, you may join the staff here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

The agenda and board packet will be mailed to you July 17.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to talking with you from Burlington at 11:30 July 23!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

Allan

FROM: Allan S. Hunt, Executive Director

DATE: July 17, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 11:30 a.m. Thursday, July 23, via conference call originating from the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont. Those Board members who prefer to attend in person are welcome to do so. The conference call is expected to last no longer than one half hour.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to talking with you from Burlington at 11:30 July 23!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Thursday, July 23, 1992 at 11:30 a.m.

1. Review and approval of minutes of June 24, 1992

2. Annual Meeting and Election of Officers

3. Administration
   - Executive Director's Report [**Hunt**]

4. Operations
   - MOVE 1990 Series 2 Update/Delinquency Report [**Lothrop//Enclosure**]

5. Finance
   - Sale of Refunding Bonds [**Schoenbeck//Enclosure**]

6. Legal
   - Renewal of Vermont Development Credit Union Notes [**Jarrett//Enclosure**]

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

EQUAL HOUSING OPPORTUNITY

vhfa
VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Wednesday, June 24, 1992

PRESENT: Commissioners Shaw, Seelig, Rockford (designee of Mr. Johnson), Myette (via speakerphone)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mr. Francis, Mrs. Parker, Mr. Koppelkam, Mr. Jarrett

Guests: Ms. Pearson (VHMGB); Mr. Dettman (VSHA/HFI)

The meeting was called to order by the Chairman at 1:40 p.m.

Upon a motion duly made and seconded, the minutes of the May 20, 1992 meeting were amended to indicate that residents of the Hardscrabble Farms Senior Housing complex would be able to use Medicaid to pay for services which are normally covered under that plan; the minutes of May 20 were accepted with this amendment. A further motion was made and seconded to accept minutes of the June 12, 1992 meeting as written.

In his Executive Director's report, Mr. Hunt noted that public response to the recently introduced "No Down Payment Assistance" program appears to be very positive. The Agency's toll-free "Hotline" has received many calls requesting further information and several reservations have already been made for the funds available through this program. Mr. Seelig suggested that if the program is renewed or continued, further purchase price and income limit restrictions be considered in order to direct the program to those who would otherwise be unable to come up with an adequate down payment. Mr. Hunt then reviewed the latest information concerning Officers' Row units on Dalton Drive at Fort Ethan Allen. While no loans have been made for any of these units under the MOVE program, numerous loans have accessed the funds available through the HOUSE (shared equity) program. No major construction problems have arisen, although there was some difficulty due to peeling paint, which apparently was a result of inadequate ventilation of walls in certain units following asbestos removal; this problem appears to have been successfully addressed. Currently, it is expected that all units will be completed by October, which is on schedule, with full occupancy by November or December. Mr. Seelig pointed out that the Board and staff should be proud of this project and its apparent success. Sales and reservations at Officers' Row have been brisk and there has not been a great need for print advertising to promote the availability of the units. The deed to the Parade Ground has been conveyed to the Towns of Colchester and Essex. Should the project prove to be successful and be completed within budget, a further contribution may be made to the Towns in lieu of property taxes.

The "TEAM Proposal for FY93" was reviewed by Mr. Francis, who noted in his memo of June 15 (included in the Board packet) that a staff evaluation of the program has resulted in a recommendation to continue to the support the program while phasing out of providing direct service coordination. At least five "host" organizations will be sought following the selection criteria outlined in the memo and a year-to-year evaluation will be made based on the value of services to the community as well as individuals. It is anticipated that these host organizations would hire the four TEAM coordinators who are currently paid through the AoA grant funds. A motion was made, seconded and unanimously carried authorizing the continuation of the TEAM program for FY93 as outlined, with recommendations to be made by staff throughout the fiscal year regarding the status and future of the program, and with the further assurance that the Board would not be averse to considering allocation of additional funds in order to ensure the success of the program.

Mr. Lothrop reviewed the status of the MOVE program as detailed in the reports included in the Board packet. According to Mr. Lothrop, reservations have been strong, due in part to the introduction of the No Down Payment program. Although the number of properties held by the Agency appears to have remained the same, in fact seven homes were sold and three others are under contract; additional properties account for the number of properties appearing to remain the same. Mr. Lothrop also cautioned the Board that straight sales of these properties does not result in breaking even as far as the costs to bring the properties up to code prior to sale. In most cases where these single family residences owned by VHFA (due to foreclosures) have been sold, repairs have been made necessary due to owner neglect. Some properties have resulted in small profits when sold, but a few have resulted in what may be considered a major loss of nearly $25,000 each. Almost half of the REO properties are located in the Northeast Kingdom. No Board action was necessary.

The "Brattleboro: Deepwood Mobile Home Park, Commitment Letter Resolution" was reviewed by Mr. Koppelkam, as detailed in his memo of June 17, included in the Board packet. Mr. Seelig noted that a Business Plan may be required from Housing Foundation, Inc. (HFI) and possibly VSHA as a condition of this or any other commitment for projects involving HFI and/or VSHA, as developing a business plan is a healthy organizational exercise and he has not heard sufficient reasons from HFI or VSHA as to why a business plan has not been made developed. After Mr. Koppelkam noted that Vermont National Bank has also been approached for financing, Mr. Hunt observed that VSHA had asked for the commitment from the Agency to be expedited in the midst of a very busy season, and further commented that knowledge of the approach to Vermont National Bank might have altered the Agency's accommodations in this matter. In the future, developers will be asked about the involvement of other lenders before action will be taken by the Agency. Mr. Dettman advised that due to a tight construction schedule, it was necessary for HFI to leave their financing options open, and also noted that concerns raised by the Board regarding institutional issues could hinder HFI's ability to complete this or other projects. Mr. Seelig noted that this is the first new mobile home park in Vermont in five years and stated his appreciation for the work done so far on this transaction. Following a brief discussion, a motion was made and seconded to amend the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter re: Deepwood Mobile Home Park" to include the necessity of evidence of progress toward a long-term housing management plan and a business plan, and further authorizing the Executive Director to require any other conditions or contingencies he may deem necessary. With these amendments, the Resolution, as attached to these minutes, was unanimously adopted. Mr. Dettman left the meeting after this discussion.

Mr. Lothrop addressed the "New Income and Purchase Price Limit Recommendations" detailed in Ms. Crady's memo of June 17, included in the Board packet. These recommended changes are in accordance with new safe harbor limits which have been determined by the Department of Housing and Urban Development. After a brief discussion, a motion was then made, seconded and unanimously adopted approving the recommended income and purchase price limits for MOVE, HOUSE, Mortgage Plus and the Mobile Home Assistance Program as detailed in the above mentioned memo.

Next, the "Preliminary Evaluation of Mortgage Plus" was reviewed by Mr. Lothrop, as per Ms. Crady's memo of June 17, included in the Board packet. No Board action was necessary. On a related topic, the Board reviewed Ms. Crady's June 17 memo regarding the "Conversion of Volume Cap to Mortgage Credit Certificates" included in the Board packet. Upon a motion duly made and seconded, the Board unanimously voted to approve the "Resolution Pertaining to Election of VHFA to Convert Mortgage Revenue Bond Authority to Mortgage Credit Certificate Authority" as attached to these minutes.

A "Preliminary Discussion—Fair Haven Terrace, Terrace Properties (J. Heaton) for a Level III Community Care Home" followed, during which Mr. Koppelkam's memo of June 17 was reviewed. Ms. Gent's brief study on "Aging in Vermont" was also distributed to the Board. One concern that staff has is in determining if, in fact, this is the type of facility that the Agency should finance. Only taxable bonds could be used for this project as it would be a rental facility and therefore utilize industrial bonds rather than MRBs. Although no formal vote was taken, the general sense of the Board was that this type of facility would be beneficial to the state, and that staff should pursue the various financing possibilities, keeping the Board informed.

Mr. Koppelkam then distributed a "Resolution Pertaining to Amendment to Combined Letter of Intent and Commitment Letter re: New Avenue House (St. Johnsbury) Development." According to Mr. Koppelkam, this Resolution includes an additional $50,000 in loan authority, which would be directed toward energy savings, a handicapped accessible elevator and other such changes. Mr. Koppelkam noted that although it would not be possible to change the actual size of the elevator, the necessary electronics would be installed to bring it up to code. Three of the units have been determined to be handicapped accessible, with an additional three considered as adaptable. Mr. Seelig cautioned that staff should seek to ensure that the building renovations as planned comply with the requirements of the Americans with Disabilities Act. A motion was made, seconded and unanimously carried adopting the Resolution as attached to these minutes.

The Official Statement and Pricing Book for the Series 1 Adjusted Rate Bonds was distributed to the Board by Mr. Schoenbeck, who reminded the Board that the closing would occur June 26, with the actual transfer of funds to occur July 1. Many bond holders chose to retain the bonds despite the reduced interest rate. Mr. Schoenbeck advised the Board that the bonds were sold retail in Vermont and that indications from Standard & Poor are that the bonds will retain an A+ rating in spite of the agreement with Citibank and S&P's downgrade of Citibank.

Mr. Schoenbeck reviewed the "Fiscal Year June 1993 Budget" as detailed in his memo of June 18, included in the Board packet, and also distributed the estimated results of the FY92 budget. The areas of largest increase were addressed and explained by Mr. Schoenbeck. A motion was made and seconded, and after a brief discussion it was unanimously agreed to adopt the operating and capital budgets as proposed, with the understanding that an additional $100,000 would be necessary to cover the cost of issuance for the Series 1 Adjusted Rate Bonds referred to in the prior paragraph.

Turning to legal matters, Mr. Jarrett reviewed his memo of June 12, regarding "Qualified Housing Projects in Housing Vermont Partnerships" as included in the Board packet. Upon a motion duly made and seconded, the "Resolution Regarding Determination of Qualified Housing Projects Pursuant to 8 V.S.A. §1108" was unanimously adopted as drafted and attached to these minutes.

Mr. Jarrett then requested a motion from the Board authorizing the Executive Director, in his discretion, to settle pending litigation regarding Allen Apartments in Winooski; such a motion was made, seconded and carried unanimously. In other unrelated litigation concerning an owner of four multi-family projects, Mr. Jarrett noted that activity was continuing in an attempt to sell some of the projects to HFI. The Board assured Mr. Jarrett that sale of any or all of the projects to HFI would be acceptable. No further Board action was necessary.

The next meeting was scheduled for Thursday, July 23, in Burlington. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 3:35 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION REGARDING DETERMINATION OF QUALIFIED HOUSING PROJECTS PURSUANT TO 8 V.S.A. § 1108

WHEREAS, the Vermont Legislature has given the Vermont Housing Finance Agency ("VHFA") Board of Commissioners the duty of determining whether bank investments in residential real estate in Vermont are intended to primarily benefit lower income Vermonters throughout the period of the investment; and

WHEREAS, Housing Vermont has created a number of limited partnerships for affordable housing that banks have invested in through the Vermont Equity funds; and

WHEREAS, each of the developments owned by limited partnerships created by Housing Vermont to invest in affordable housing has received an allocation of low income housing tax credits from VHFA; and

WHEREAS, each such development has been reviewed by VHFA staff for the purposes of such allocation of low income housing tax credits and staff agrees with the characterization of each such development as a qualified housing project; and

WHEREAS, Housing Vermont has requested the VHFA Board of Commissioners to determine that each of the limited partnerships created by Housing Vermont that Vermont banks have heretofore invested in is a qualified housing project for purposes of 8 V.S.A. §1108;

NOW, THEREFORE, the Board determines as follows:

1. The following housing developments in which Housing Vermont partnerships have invested are qualified housing projects within the meaning of 8 V.S.A. §1108:

Cummings Street Apartments	Montpelier
Village Apartments	Swanton
Prospect Street Housing	Montpelier
Mountain View	Springfield
Middlebury Housing	Middlebury

2. The following housing developments, which have been allocated low income housing tax credits, but not yet placed in service, are qualified

housing projects within the meaning of 8 V.S.A. §1108 assuming they are placed in service in accordance with the projections and assumptions contained in the low income tax credit applications submitted to VHFA:

Abbot Block	Brattleboro
Peacham Housing	Peacham
North Branch Apartments	
Phase I	Montpelier
Phase II	Montpelier
Randolph House	Randolph.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on June 24, 1992.

Allan S Hunt

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: DEEPWOOD MOBILE HOME PARK

WHEREAS, a proposal has been presented to the Agency by the Housing Foundation, Inc., a non-profit corporation, involving the construction and permanent financing of Deepwood Mobile Home Park, a 44 unit mobile home park to be constructed in Brattleboro; and

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

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

It is hereby DETERMINED:

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

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

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment letter (the "Commitment Letter") to provide a first mortgage for construction and permanent financing in an amount to be determined by the Executive Director, but not to exceed $725,000, for the Deepwood Mobile Home Park.

2. The Commitment Letter shall be issued to the Housing Foundation, Inc. as the housing sponsor.

3. The Commitment Letter shall be conditioned upon the following contingencies:

   a. Receipt of a satisfactory environmental assessment report

   b. Receipt of a satisfactory engineering opinion regarding the ledge and planned infrastructure work

   c. Receipt of a satisfactory management agreement and plan

   d. Receipt of satisfactory payment and performance bonds or letter of credit for the construction contract

   e. Receipt of satisfactory forms of agreement for pre-sale and limited equity sales

   f. Evidence of satisfactory progress toward a long-term housing management plan and business plan from the sponsor and the Vermont State Housing Authority acceptable to VHFA

   g. Satisfactory compliance with any other conditions or contingencies required by the Executive Director.

4. The Executive Director is authorized to make arrangements for the issuance and private placement of taxable bonds of the Agency to provide proceeds for financing this loan.

5. The Executive Director, the Director of Finance, the Deputy Director, or any of them, are authorized to do all acts and things and to execute and deliver any and all documents or other instruments, in form satisfactory to counsel for the Agency, necessary or desirable for the purpose of effectuating the permanent loan to Housing Foundation, Inc.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on June 24, 1992.

Allan S Hunt

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

RESOLUTION PERTAINING TO ELECTION OF VERMONT HOUSING FINANCE AGENCY TO CONVERT MORTGAGE REVENUE BOND AUTHORITY TO MORTGAGE CREDIT CERTIFICATE AUTHORITY

WHEREAS, by a vote taken on January 31, 1992, the Emergency Board of the State allocated to the Agency $20,000,000 of the State's 1992 private activity bond volume cap ("Volume Cap") as provided in Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Agency has not previously used any of the 1992 Volume Cap allocated to the Agency; and

WHEREAS, the Agency carried forward $44,615,000 in Volume Cap from 1991, which Volume Cap may be used for the purposes of mortgage revenue bonds or mortgage credit certificates; and

WHEREAS, the Agency wishes to continue its Mortgage Credit Certificate Program; and

NOW THEREFORE, in order to continue the availability of the Mortgage Credit Certificate Program and to satisfy the requirements of Section 25 of the Code and regulations issued thereunder, it is hereby

RESOLVED:

1. The Vermont Housing Finance Agency hereby elects to utilize $20,000,000 of its 1992 private activity volume cap for the purposes of issuing qualified mortgage bonds and mortgage credit certificates.

2. The Vermont Housing Finance Agency hereby elects not to issue $64,615,000 principal amount of qualified mortgage bonds that it is otherwise authorized to issue during calendar year 1992.

3. The Executive Director, Director of Finance, and the Director of Operations are directed, and each of them is authorized, to take all steps necessary to the continuation of the Agency's Mortgage Credit Certificate Program including, but not limited to:

   A. Preparation, execution, and delivery of a Mortgage Credit Certificate Election in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

B. Certification to the Governor as provided in the Code.

C. Preparation of any certificate required by the Code to be signed by the Governor.

D. Preparation and placement of the appropriate public notices, if any.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on June 24, 1992.

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

RESOLUTION PERTAINING TO AMENDMENT TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the acquisition and rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on March 24, 1992 and May 20, 1992; and

WHEREAS, the Sponsor desires to perform additional rehabilitation for the Development, which will necessitate an increased loan from the Agency.

WHEREFORE, it is hereby RESOLVED:

1. The maximum amount of the Agency's commitment shall be increased from ONE MILLION ($1,000,000) DOLLARS to ONE MILLION FIFTY THOUSAND ($1,050,000) DOLLARS.

2. All other terms and conditions of the Agency's previous resolutions referred to above relating to this Development are reaffirmed.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on June 24, 1992.

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

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: July 17, 1992

RE: DIRECTOR OF DEVELOPMENT

I am pleased to announce that Irene D. Jenkins will be joining VHFA as Director of Development effective August 3. Irene has worked in the field of affordable housing for nearly 20 years. Most recently, she was Housing Development Coordinator for the Rhode Island Housing and Mortgage Finance Corporation. Before that, she held several posts with the U.S. Department of Housing and Urban Development.

In addition to her background in development and program administration, Irene was a Fulbright Scholar and holds graduate degrees from the Massachusetts Institute of Technology and Harvard University. She completed her undergraduate studies at Brandeis University.

Irene will be a valuable asset to our Development department, and I am sure that you will join me in welcoming her to our staff. I have attached a copy of her resume for your review.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

E: Irene

Office (401) 751-5566 X 316

IRENE D. JENKINS
10 Roberts Street
Cumberland, Rhode Island 02864
(401) 658-4039

Education

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
Master of Science in Real Estate Development, 1989

HARVARD UNIVERSITY, Master of Arts in History, 1973

UNIVERSITY OF CLERMONT-FERRAND, FRANCE
Fulbright Scholar, History, 1968-69

BRANDEIS UNIVERSITY, Bachelor of Arts, Magna Cum Laude, 1968
Brandeis Honorary Scholar, 1966, Phi Beta Kappa, 1967

Experience

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

1990 to the present

Housing Development Coordinator

Underwrite construction and permanent loans, financed with taxable and tax-exempt bonds, for low and moderate income multifamily housing developments sponsored by for-profit and non-profit developers. Structure complex transactions that typically require bond-financed first mortgages, soft second mortgages, and investor equity from the sale of low income housing tax credits.

Allocate Federal low income housing tax credits to developments on behalf of the State.

Review tax credit deals on behalf of the Rhode Island Housing Equity Corporation for investment by the Rhode Island Housing Equity Pool, a limited partnership.

Recommend and present feasible development proposals to the Corporation's Board for approval.

Prepare loan and syndication commitments. Coordinate closing of approved loans and Equity Pool syndications. Approve payouts during construction. Monitor developments through completion and occupancy.

Developed a program and financial model for long term preservation of subsidized housing at risk of loss to the low income housing market. Almost 400 units in 4 developments preserved to date.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Planning and Development Representative

1982-1988 Administered Urban Development Action Grant (UDAG) and Community Development Block Grant (CDBG) Programs in Greater Boston cities. Responsible for multi-million dollar grants.

Provided technical assistance on financing and implementation of residential, commercial, and industrial projects. Worked with local officials, private developers, and citizens.

1979-1982 Administered HUD community development programs in the City of Boston, including annual CDBG grant of approximately $20 million and UDAG projects.

1975-1979 Administered HUD community development programs in Michigan communities--cities, townships, counties--in urban, suburban, and rural areas. Addressed issue of suburban resistance to development of assisted housing.

Urban Intern

1974-1975 Interned in HUD offices (Detroit, Chicago, and Washington, D.C.) in the Community Development, Housing Development, Housing Management, and Economic and Market Analysis Divisions, as well as in State and local community development and housing agencies.

JOINT CENTER FOR URBAN STUDIES, MIT and Harvard University

1973-1974 **Research Associate**

Professional Affiliations

Certified Planner--AMERICAN INSTITUTE OF CERTIFIED PLANNERS

Member--AMERICAN PLANNING ASSOCIATION

Associate Member--URBAN LAND INSTITUTE

1990 SERIES 2

STATISTICAL REPORT PROGRAM ID: 902 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/16/92
Loan Status: CC,UC,O

Total Number of Loans: 265
Total Loan Amount: $17,049,465

EXISTING:	$13,673,789	81.8%	217 Loans
NEW CONSTRUCTION:	$3,375,676	18.1%	48 Loans
NEW DETACHED HOUSING:	$2,461,557	72.9%	35 Loans
NEW CONDOMINIUM:	$914,119	27.0%	13 Loans
Funds Remaining to be Reserved:	$10,695,138	29.4%	166 Loans (Est.)

Total Insured or Guaranteed Loans: 256
Loans Guaranteed by VHMGB: 256

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$64,630	$76,292	$69,163
Avg. Loan Amount	$60,340	$70,623	$64,337
Avg. Borrower Income	$30,172	$28,516	$29,529
Avg. Housing Debt-Income Ratio	24.8%	28.5%	26.3%
Avg. Total Debt	$768.00	$828.80	$791.63
Avg. Total Debt-Income Ratio	33.0%	35.3%	33.9%
Total No. of Loans	162	103	265
% of Total Loan Amount	57.3%	42.7%	100.0%
First Time Homebuyers	88.8%	99.0%	92.8%
% Meeting Low Income Set Aside	31.4%	51.4%	39.2%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	14	5.3%	$904,156	5,000	5.7%	0.4-
Bennington	14	5.3%	$937,601	6,300	7.2%	1.9-
Caledonia	36	13.6%	$1,845,624	4,800	5.5%	8.1
Chittenden	60	22.5%	$4,510,514	16,000	18.2%	4.3
Essex	5	1.9%	$220,275	1,300	1.4%	0.5
Franklin	25	9.4%	$1,765,708	6,000	6.8%	2.6
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	16	6.0%	$952,857	3,300	3.8%	2.2
Orange	13	4.9%	$885,872	4,300	4.9%	0.0
Orleans	10	3.8%	$487,313	4,200	4.8%	1.0-
Rutland	27	10.2%	$1,844,009	10,000	11.4%	1.2-
Washington	24	9.1%	$1,403,511	9,000	10.3%	1.2-
Windham	6	2.3%	$370,041	7,100	8.1%	5.8-
Windsor	15	5.7%	$921,984	9,600	11.0%	5.3-
TOTAL	265	100.0%	$17,049,465	87,800	100.0%	

*Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MORTGAGE CREDIT CERTIFICATE #5

STATISTICAL REPORT PROGRAM ID: MC5 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 07/16/92
Loan Status: CC,UC,O

Total Number of Loans: 112
Total Loan Amount: $8,544,614

EXISTING:	$5,777,318	69.6%	78 Loans
NEW CONSTRUCTION:	$2,767,296	30.3%	34 Loans
NEW DETACHED HOUSING:	$1,832,444	66.2%	23 Loans
NEW CONDOMINIUM:	$934,852	33.7%	11 Loans
Funds Remaining to be Reserved:	$33,526,230	71.2%	439 Loans (Est.)

Total Insured or Guaranteed Loans: 1
Loans Guaranteed by VHMGB: 1

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$82,049	$86,076	$83,667
Avg. Loan Amount	$74,764	$78,564	$76,291
Avg. Borrower Income	$0	$6,400	$2,571
Avg. Housing Debt-Income Ratio	0.0%	0.0%	0.0%
Avg. Total Debt	$0.00	$0.00	$0.00
Avg. Total Debt-Income Ratio	0.0%	0.0%	0.0%
Total No. of Loans	67	45	112
% of Total Loan Amount	58.6%	41.4%	100.0%
First Time Homebuyers	91.0%	100.0%	94.6%
% Meeting Low Income Set Aside	100.0%	97.7%	99.1%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	1.8%	$139,650	5,000	5.7%	3.9-
Bennington	1	0.9%	$83,025	6,300	7.2%	6.3-
Caledonia	3	2.7%	$174,670	4,800	5.5%	2.8-
Chittenden	38	33.7%	$3,043,748	16,000	18.2%	15.5
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	15	13.4%	$1,136,200	6,000	6.8%	6.6
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	4	3.6%	$310,668	3,300	3.8%	0.2-
Orange	6	5.4%	$420,920	4,300	4.9%	0.5
Orleans	2	1.8%	$126,250	4,200	4.8%	3.0-
Rutland	12	10.7%	$965,539	10,000	11.4%	0.7-
Washington	20	17.9%	$1,478,357	9,000	10.3%	7.6
Windham	5	4.5%	$396,615	7,100	8.1%	3.6-
Windsor	4	3.6%	$268,972	9,600	11.0%	7.4-
TOTAL	112	100.0%	$8,544,614	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

1990 SERIES 2

AS OF: 07/16/92 — Vermont Housing Finance Agency — Report: 1130

PAGE NO. 1 — 902 - $36,310,610 MORTGAGE PURCHASE PROGRAM - MOVE — PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 8.150%

Date : 07/16/92

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$2,245,487	6.1%	$1,590,232	4.3%	$870,232	$720,000	32.0%
Bradford National Bank	$67,000	0.1%	$67,000	0.1%	$67,000	$0	0.0%
Caledonia National Bank of Danville, The	$47,500	0.1%	$47,500	0.1%	$0	$47,500	100.0%
Chittenden Bank	$3,956,046	10.8%	$2,612,251	7.1%	$1,066,422	$1,545,829	39.0%
Citizens Savings Bank and Trust	$811,294	2.2%	$504,532	1.3%	$117,431	$387,101	47.7%
Community National Bank	$733,228	2.0%	$405,578	1.1%	$186,200	$219,378	29.9%
Factory Point National Bank, The	$88,837	0.2%	$0	0.0%	$0	$0	0.0%
First National Bank of Vermont	$395,421	1.0%	$170,671	0.4%	$0	$170,671	43.1%
Franklin-Lamoille Bank	$483,372	1.3%	$254,485	0.7%	$62,225	$192,260	39.7%
Green Mountain Bank	$391,100	1.0%	$280,100	0.7%	$151,125	$128,975	32.9%
Kittredge Mortgage Corporation	$150,575	0.4%	$90,250	0.2%	$0	$90,250	59.9%
Lyndonville Savings Bank & Trust Company	$269,944	0.7%	$269,944	0.7%	$71,544	$198,400	73.4%
Marble Bank	$542,358	1.4%	$356,058	0.9%	$171,558	$184,500	34.0%
Merchants Bank, The	$1,250,387	3.4%	$1,059,387	2.9%	$716,412	$342,975	27.4%
Mortgage Service Center of New England	$592,071	1.6%	$435,021	1.1%	$68,785	$366,236	61.8%
National Bank of Middlebury, The	$123,253	0.3%	$123,253	0.3%	$0	$123,253	100.0%
New England IBM Employees Fed Crdt Union	$317,515	0.8%	$225,460	0.6%	$66,500	$158,960	50.0%
Northfield Savings Bank	$83,675	0.2%	$49,000	0.1%	$0	$49,000	58.5%
Passumpsic Savings Bank	$1,303,654	3.5%	$556,899	1.5%	$291,542	$265,357	20.3%
Peoples Trust Company of St Albans	$138,259	0.3%	$69,259	0.1%	$69,259	$0	0.0%
Statewide Funding Corporation	$2,449,990	6.7%	$1,399,130	3.8%	$509,885	$889,245	36.2%
Summit Financial Center, Inc.	$320,375	0.8%	$64,125	0.1%	$0	$64,125	20.0%
Union Bank	$1,026,753	2.8%	$831,530	2.2%	$370,580	$460,950	44.8%
Vermont Federal Bank, FSB	$2,288,889	6.3%	$1,578,839	4.3%	$595,532	$983,307	42.9%
Vermont Mortgage Group, Inc	$1,650,968	4.5%	$795,493	2.1%	$305,918	$489,575	29.6%
Vermont National Bank	$3,573,465	9.8%	$2,963,175	8.1%	$1,878,775	$1,084,400	30.3%
Wells River Savings Bank	$419,078	1.1%	$354,953	0.9%	$0	$354,953	84.6%
TOTALS 404 Loans	$25,720,494	70.8%	$17,154,125	47.2%	$7,636,925	$9,517,200	37.0%

MORTGAGE CREDIT CERTIFICATE #5

AS OF: 07/16/92
PAGE NO. 1

Vermont Housing Finance Agency
MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 07/16/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$2,741,940	5.8%	$1,219,410	2.5%	$77,600	$1,141,810	41.6%
Chittenden Bank		$1,910,660	4.0%	$1,541,660	3.2%	$258,855	$1,282,805	67.1%
Commonwealth Mortgage Company, Inc		$71,250	0.1%	$0	0.0%	$0	$0	0.0%
Franklin-Lamoille Bank		$298,750	0.6%	$298,750	0.6%	$63,750	$235,000	78.6%
Marble Bank		$148,750	0.3%	$148,750	0.3%	$0	$148,750	100.0%
Merchants Bank, The		$975,172	2.0%	$698,412	1.4%	$109,450	$588,962	60.3%
Northfield Savings Bank		$61,000	0.1%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank		$159,500	0.3%	$65,000	0.1%	$0	$65,000	40.7%
Statewide Funding Corporation		$2,819,547	5.9%	$1,991,511	4.2%	$82,884	$1,908,627	67.6%
Summit Financial Center, Inc.		$1,190,421	2.5%	$336,911	0.7%	$87,661	$249,250	20.9%
Vermont Federal Bank, FSB		$1,286,275	2.7%	$943,775	2.0%	$76,000	$867,775	67.4%
Vermont Mortgage Group, Inc		$915,970	1.9%	$549,870	1.1%	$52,250	$497,620	54.3%
Vermont National Bank		$981,065	2.0%	$750,565	1.5%	$0	$750,565	76.5%
TOTALS	179 Loans	$13,560,300	28.8%	$8,544,614	18.1%	$808,450	$7,736,164	57.0%

Boardmailings 7/92
PAGE NO. 1

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 06/30/92

Report: 1261
DELR078

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	360	8	2.22%	3	0.83%	2	0.56%	13	3.61%	0	0	0.00%	0	0.00%	13	3.61%
Bennington Coop Savings & Loan Assn Inc	56	1	1.79%	1	1.79%	1	1.79%	3	5.36%	0	0	0.00%	0	0.00%	3	5.36%
Bradford National Bank	52	3	5.77%	2	3.85%	0	0.00%	5	9.62%	0	0	0.00%	0	0.00%	5	9.62%
Caledonia National Bank of Danville, Th	120	6	5.00%	2	1.67%	0	0.00%	8	6.67%	0	1	0.83%	1	0.83%	10	8.33%
Chittenden Trust Company	1,007	46	4.57%	4	0.40%	14	1.39%	64	6.36%	0	1	0.10%	2	0.20%	67	6.65%
Citizens Savings Bank	27	1	3.70%	0	0.00%	0	0.00%	1	3.70%	0	0	0.00%	0	0.00%	1	3.70%
Comfed Mortgage Co., Inc.	13	1	7.69%	0	0.00%	0	0.00%	1	7.69%	0	0	0.00%	0	0.00%	1	7.69%
Commonwealth Mortgage Company, Inc	24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	154	4	2.60%	1	0.65%	0	0.00%	5	3.25%	0	0	0.00%	3	1.95%	8	5.19%
Factory Point National Bank, The	26	1	3.85%	0	0.00%	0	0.00%	1	3.85%	0	0	0.00%	0	0.00%	1	3.85%
First Brandon National Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Twin-state Bank	142	5	3.52%	2	1.41%	1	0.70%	8	5.63%	0	0	0.00%	0	0.00%	8	5.63%
First Vermont Bank and Trust Company	156	7	4.49%	2	1.28%	1	0.64%	10	6.41%	0	0	0.00%	1	0.64%	11	7.05%
Franklin-Lamoille Bank	190	10	5.26%	0	0.00%	2	1.05%	12	6.32%	0	0	0.00%	0	0.00%	12	6.32%
Granite Savings Bank and Trust Company	34	1	2.94%	0	0.00%	1	2.94%	2	5.88%	0	0	0.00%	0	0.00%	2	5.88%
Green Mountain Bank	22	1	4.55%	0	0.00%	0	0.00%	1	4.55%	0	0	0.00%	0	0.00%	1	4.55%
Howard Bank, National Assn, The	402	15	3.73%	5	1.24%	3	0.75%	23	5.72%	0	0	0.00%	5	1.24%	28	6.97%
Lomas & Nettleton Company, The	21	2	9.52%	1	4.76%	0	0.00%	3	14.29%	0	0	0.00%	0	0.00%	3	14.29%
Lyndonville Savings Bank & Trust Compan	51	2	3.92%	0	0.00%	0	0.00%	2	3.92%	0	0	0.00%	1	1.96%	3	5.88%
Marble Bank	220	13	5.91%	1	0.45%	0	0.00%	14	6.36%	0	0	0.00%	1	0.45%	15	6.82%
Merchants Bank, The	291	9	3.09%	4	1.37%	1	0.34%	14	4.81%	0	0	0.00%	0	0.00%	14	4.81%
Mortgage Service Center of New England	39	2	5.13%	1	2.56%	1	2.56%	4	10.26%	0	0	0.00%	0	0.00%	4	10.26%
National Bank of Middlebury, The	66	1	1.52%	0	0.00%	1	1.52%	2	3.03%	0	0	0.00%	0	0.00%	2	3.03%
New England IBM Employees Fed Crdt Unio	67	1	1.49%	0	0.00%	0	0.00%	1	1.49%	0	0	0.00%	0	0.00%	1	1.49%
Northfield Savings Bank	120	5	4.17%	1	0.83%	1	0.83%	7	5.83%	0	0	0.00%	0	0.00%	7	5.83%
Passumpsic Savings Bank	175	7	4.00%	2	1.14%	0	0.00%	9	5.14%	0	0	0.00%	4	2.29%	13	7.43%
Peoples Trust Company of St Albans	156	9	5.77%	3	1.92%	1	0.64%	13	8.33%	0	0	0.00%	0	0.00%	13	8.33%
Proctor Bank	105	3	2.86%	1	0.95%	1	0.95%	5	4.76%	0	0	0.00%	0	0.00%	5	4.76%
Randolph National Bank	67	2	2.99%	0	0.00%	0	0.00%	2	2.99%	0	0	0.00%	0	0.00%	2	2.99%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	77	2	2.60%	0	0.00%	2	2.60%	4	5.19%	0	0	0.00%	1	1.30%	5	6.49%
Union Bank	157	2	1.27%	1	0.64%	0	0.00%	3	1.91%	0	0	0.00%	1	0.64%	4	2.55%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	904	37	4.09%	4	0.44%	8	0.88%	49	5.42%	0	2	0.22%	2	0.22%	53	5.86%
Vermont Mortgage Group, Inc	160	5	3.13%	1	0.63%	1	0.63%	7	4.38%	0	1	0.63%	0	0.00%	8	5.00%
Vermont National Bank	483	8	1.66%	4	0.83%	2	0.41%	14	2.90%	0	1	0.21%	1	0.21%	16	3.31%
Wells River Savings Bank	24	0	0.00%	1	4.17%	0	0.00%	1	4.17%	0	0	0.00%	0	0.00%	1	4.17%
Woodstock National Bank	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	5,993	220	3.67%	47	0.78%	44	0.73%	311	5.19%	0	6	0.10%	23	0.38%	340	5.67%
May 31, 1992	6,032	246	4.08%	56	0.93%	47	0.78%	349	5.79%	0	6	0.10%	22	0.36%	377	6.25%

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **JULY 17, 1992**

RE: **1978-1980 SINGLE FAMILY BOND REFUNDING**

One of the purposes of the telephone conference call scheduled for Thursday, July 23, at 11:30 AM is to approve the bond refunding based on the prices obtained Tuesday by the underwriters. It appears that we will be able to obtain a mortgage rate of 7.10% based on the expected pricing. In approving the financing you are also accepting the documents that we will be sending out Monday for delivery on Tuesday.

The package will consist of documents related to the proposed sale of the 1990 Series 4 Single Family Housing Bonds. The preliminary official statement (POS) is the document that potential investors receive prior to ordering bonds; the Series resolution is the legal document authorizing this particular bond issue; finally, the purchase contract and the remarketing agreement are the contracts with the underwriters to sell the bonds.

A synopsis of how this issue works is that $55 million of new bonds will be issued and the proceeds will be used to redeem (or technically refund) the 1978, 1979 and 1980 Series of Mortgage Purchase Bonds. In addition, cash freed up from this resolution will be used to pay underwriting costs, fund a Loan Loss Claim fund and Bond Reserve fund and provide funding for approximately $14 million of new mortgages. $5 million of the new mortgage funds will be used to provide stepped rate mortgages for the HOUSE program and the other $9 million of funds will be used for additional targeted mortgages. The rates for the mortgages are expected to be 7.1% for the targeted group and 5.6%, 6.1%, 6.6% and 7.1% for the HOUSE mortgages. This transaction will also free up between $4 and $5 million from the retired resolution which we expect to transfer to the General Fund and should be used to subsidize operations at the rate of $1,250,000 per year, as we have done in the past.

The Loan Loss Claim fund requirement has been calculated at $1,008,500 to cover potential future losses. We expect that in the next couple of months we will replace this cash fund with a letter of credit from Sanwa Bank. The short time frame of this financing made it impossible to get a letter of credit approved in time for the bond sale.

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

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: July 15, 1992

RE: Vermont Development Credit Union
Energy Improvement Loan Notes

BACKGROUND

Attached hereto is a resolution authorizing the issuance of Energy Improvement Loan Notes to the Vermont Development Credit Union in the maximum amount of $200,000. The Board passed a similar resolution in June, 1991 authorizing the issuance of up to $250,000 of such notes. Those notes have matured and the Credit Union's investment has been paid back.

The amount of the notes will depend on the portfolio of energy loans the Agency is holding. The interest rate will be determined by a calculation based on the loans in the Agency's portfolio, but is expected to be less than eight percent per annum. This resolution would also give staff the ability to renew the notes in the future without the Board passing another resolution.

RECOMMENDED ACTION

Approval of the attached resolution, allowing the Agency to issue Energy Improvement Notes to the Vermont Development Credit Union.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF ITS ENERGY IMPROVEMENT LOAN NOTES

Be it Resolved by the Vermont Housing Finance Agency and the Commissioners thereof as follows:

SECTION 101. Definitions.

In this Resolution unless a different meaning clearly appears from the context:

"Act" means the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended to the date of adoption of this Resolution.

"Agency" means the Vermont Housing Finance Agency, a body politic and corporate organized under the Act, or any instrumentality of the State which shall hereafter succeed to its powers.

"Authorized Officer" means the Chairman, Vice Chairman, Executive Director and Secretary, Deputy Director and Director of Finance of the Agency, and any other person authorized by resolution of the Agency to act as an Authorized Officer under this Resolution.

"Note" or "Notes" means the Notes of the Agency authorized by this Resolution.

"Program" means the Agency's program of making energy improvement loans to homeowners pursuant to the Act.

"State" means the State of Vermont.

SECTION 102. Authority.

This Resolution is adopted pursuant to the Act and shall take effect upon its adoption. The Agency is duly authorized under the Act and all applicable laws to issue the Notes and to adopt this Resolution in the manner and to the extent provided herein. The Agency will at all times, to the extent permitted by law, defend, preserve and protect all the rights of the owner of the Notes hereunder against all claims and demands of all persons whomsoever.

SECTION 103. The Notes.

The Notes of the Agency, designated "Energy Improvement Loan Notes", are hereby authorized to be issued as herein provided in an aggregate principal amount not to exceed Two Hundred Thousand Dollars ($200,000), the original principal amount of the Notes to be determined upon their issuance by the Authorized Officers of the Agency executing the same. The Notes shall be in such denomination and shall pay such rate of interest as the authorized officers of the Agency shall determine. The Notes shall be dated and shall bear interest from the date of issuance and shall mature, subject to prior redemption as herein and in the Note provided, one year from the date of issuance. Interest on the Notes shall be payable on October 1, January 1, April 1 and July 1. If any of the interest payment dates falls on a holiday or weekend, interest will be payable the next business day. The form of the Notes, the rate of interest payable thereon, and all other terms and conditions thereof shall be as set forth in Section 106 of this Resolution.

SECTION 104. Sale of the Notes.

The Notes are hereby sold to the Vermont Development Credit Union at the price of par on the terms and conditions provided herein.

SECTION 105. Obligation of the Notes.

The Notes shall be general obligations of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than the Notes pledging particular revenues, moneys or assets for the payment thereof. The Agency hereby covenants and agrees with the owners of the Notes that it will not grant to any person any lien on or pledge of the loans made pursuant to the Program unless the Agency shall simultaneously therewith grant to the owners of the Notes a prior and senior lien on or pledge of those loans. The Notes shall not constitute a debt or grant or loan of credit of the State and the State shall not be liable thereon nor shall the Notes be payable out of any funds other than those of the Agency. The Agency is not obligated to pay the Notes or the interest thereon except from the revenues or assets of the Agency pledged therefor under this Resolution and neither the faith nor credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Notes.

SECTION 106. FORM OF THE NOTES.

The Notes shall be issued substantially in the following form:

VERMONT HOUSING FINANCE AGENCY
VERMONT DEVELOPMENT CREDIT UNION NOTE
ENERGY IMPROVEMENT LOANS

No. ___ $___,000

FOR VALUE RECEIVED, the Vermont Housing Finance Agency (herein called the "Agency"), a body politic and corporate of the State of Vermont, hereby promises to pay to Vermont Development Credit Union or its successors and assigns, on the ____ day of July 1993, the principal sum of ______________________________ and No Dollars ($___,000), upon presentation and surrender hereof, and to pay interest on the principal balance hereof outstanding from time to time from the date hereof until final payment hereof at the annual rate provided below. The principal or redemption price of and interest on this Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts and shall be payable by check or draft mailed to the owner.

The rate of interest on this Note is _____ percent (__%) per annum.

Interest on the Notes shall be payable on October 1, January 1, April 1 and July 1. If any of the interest payment dates falls on a holiday or weekend, interest will be payable the next business day.

This Note is issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act") and under and pursuant to a resolution of the Agency adopted July 23, 1992 entitled "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Energy Improvement Loan Notes" (the "Resolution"). This Note is a general obligation of the Agency, payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than this Note pledging particular revenues, moneys or assets for the payment thereof.

The Agency is not obligated to pay this Note or the interest hereon except from the revenues or assets of the Agency pledged under the Resolution and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this Note.

Copies of the Resolution are on file at the office of the Agency in the City of Burlington, Vermont, and reference to the Resolution and to the Act is made for a description of the covenants securing this Note the manner of enforcement of the covenants, the rights and remedies of the owner of this Note with respect thereto, and the terms and conditions upon which this Note is issued.

Principal and interest shall be payable at the Credit Union offices at 64 North Street, Burlington, Vermont 05401, or at such other place as the Note Holder may designate.

This Note may be prepaid in whole or in partial prepayments without penalty at any time. Any partial prepayment shall be applied against the principal amount outstanding.

Upon default in the payment of any installment of principal and/or interest for more than 15 days after the due date thereof, if the Agency fails to commence the curing thereof within 30 days after the occurrence of said default and thereafter to proceed promptly and with due diligence and in good faith to cure the same, then, or at any time thereafter during default, the Note Holder may, without notice, declare the entire debt then remaining unpaid, immediately due and payable. The Agency shall pay to the Note Holder a late charge of 5% of any installment not received by the Note Holder within ten (10) days after the installment is due. If this Note is referred to an attorney for collection, the Note Holder shall be entitled to collect all reasonable attorney's fees and expenses of suit.

The Agency waives presentment, demand for payments, protest and notice of dishonor of this Note, and authorizes the Note Holder without notice or further consent, to grant extensions of time in the payment of any monies payable to under this Note, and to waive compliance with any of the provisions of this Note.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this Note to be executed in its name by the manual signature of an authorized officer of the Agency.

ATTEST: VERMONT HOUSING FINANCE AGENCY

By: ______________________ By: ______________________
Authorized Officer Authorized Officer

Note Date: ____________ __, 19__

SECTION 107. Default.

If the Agency defaults in the payment of principal of or interest on any Note when due, or in the performance of any covenant in this Resolution, then the owner of the Note shall have the right, by mandamus or other suit, action or proceedings at law or in equity, to bring suit upon the Note, to enforce its rights under the Resolution and the Note, to compel performance by the Agency of its obligations under the Note and the Resolution; to require the

Agency to account as trustee of an express trust; to require the Agency to effectuate the assignment of the loans made pursuant to the Program to such owner; or to enjoin any acts which may be unlawful or in violation of the rights of the owners of the Notes. No remedy conferred by the Resolution upon the owners of the Notes is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or the Notes or provided at law or in equity or by the Act. No delay or omission of the owners of the Notes to exercise any right or power arising upon the happening of a default shall impair any right or power or be construed to be a waiver of the default. The owners of the Notes may waive any default and its consequences. No such waiver shall extend to any subsequent or other default.

SECTION 108. Amendment.

This Resolution may be amended by the Agency without the consent of the owners of the Notes to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not inconsistent with this Resolution as theretofore in effect. The Agency may also adopt a resolution amending, supplementing or otherwise modifying this Resolution without the consent of the owners of the Notes, provided no such resolution shall reduce the principal amount of the Notes or the rate of interest payable thereon or change the maturity date thereof or the dates for payment of interest thereon or the terms of redemption thereof or the security granted for the payment thereof without the express written consent of the owners of the Notes.

SECTION 109. Authorization of Officers.

The Chairman, Vice-Chairman, Executive Director, Deputy Director, Director of Finance and all other Authorized Officers of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates, and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution, including the renewal of the Notes or issuance of similar Notes in an amount to be determined by the Agency staff, but not to exceed TWO HUNDRED THOUSAND DOLLARS ($200,000).

SECTION 110. Severability.

If any provision of this Resolution is held invalid in any circumstances, that invalidity shall not affect any other provisions or circumstances.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Roger A. Schoenbeck, Director of Finance RAS

DATE: July 20, 1992

RE: BOND PRICING CONFERENCE CALL

The telephone conference call scheduled for Thursday, July 23, at 11:30 AM is for the purpose of approving the bond financing based on the prices obtained by the underwriters. The total amount of this issuance is $55,000,000. It appears that we will be able to obtain a mortgage rate of 7.10% based on the expected pricing. In approving the financing you are also accepting the enclosed documents.

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

Enclosures

VERMONT HOUSING FINANCE AUTHORITY
Single Family Housing Bonds, Series 4
$55,000,000

FINAL PRICING INFORMATION

Moody's: A1 S&P: A+
Dated Date: 6-1-92 First Coupon: 5-1-93
All Bonds are Priced at Par.

Date	Maturity Amount	Coupon	Takedown
05/1/1993	$1,350,000.00	3.00 %	$2.50
11/1/1993	1,500,000.00	3.25	3.75
05/1/1994	1,200,000.00	4.00	5.00
11/1/1994	1,300,000.00	4.00	5.00
05/1/1995	1,320,000.00	4.40	5.00
11/1/1995	1,375,000.00	4.40	5.00
05/1/1996	1,440,000.00	4.70	5.00
11/1/1996	1,300,000.00	4.70	5.00
05/1/1997	275,000.00	4.90	6.25
11/1/1997	315,000.00	4.90	6.25
05/1/1998	355,000.00	5.10	6.25
11/1/1998	400,000.00	5.10	6.25
05/1/1999	440,000.00	5.30	6.25
11/1/1999	480,000.00	5.30	6.25
05/1/2000	535,000.00	5.50	6.25
11/1/2000	585,000.00	5.50	6.25
05/1/2001	560,000.00	5.70	7.50
11/1/2001	540,000.00	5.70	7.50
05/1/2002	585,000.00	5.80	7.50
11/1/2002	640,000.00	5.80	7.50
05/1/2003	700,000.00	5.90	7.50
11/1/2003	750,000.00	5.90	7.50
05/1/2004	810,000.00	6.00	7.50
11/1/2004	875,000.00	6.00	7.50
05/1/2012	7,735,000.00	6.75	7.50
11/1/2025	27,635,000.00	6.40	7.50
	$55,000,000.00		

Revised pricing scale; replaces the cover of the P.O.S. for Series 4 Bond Issue.

07/21/92

PaineWebbe

VERMONT HOUSING FINANCE AGENCY

Single Family Housing Bonds,
Series 4

VOTED: That the Fifth Supplemental Single Family Housing Bond Resolution, in substantially the form presented at this meeting, is hereby adopted with such additions, deletions or other changes thereto as may be approved by the Chairman, Vice Chairman, Executive Director or Director of Finance at or prior to the authentication and delivery of the Agency's Single Family Housing Revenue Bonds, Series 4, authorized by said resolution.

Draft 7/17/92

VERMONT HOUSING FINANCE AGENCY

FIFTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Adopted July 23, 1992

TABLE OF CONTENTS

FIFTH SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION

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

ARTICLE I

Definitions and Authority

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

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

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

"Adjusted Interest Rate" means the rate or rates of interest to be borne by all Adjusted Rate Bonds subsequent to the Adjustment Date as determined pursuant to Section 203(A)(4) hereof.

"Adjusted Rate Bonds" means all Series 4 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 4 Bonds authenticated and delivered under the Resolution thereafter upon transfer of, or in exchange or substitution for, any such Bonds.

"Adjustment Date" means the Business Day, if any, not later than the last Business Day of the Adjustment Option Period, on which the interest rate on the Series 4 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 203(A)(2) hereof.

"Adjustment Option Period" means the period commencing on the original date of authentication and delivery of the Series 4 Bonds and ending on May 1, 1995, inclusive.

"Adjustment Rating Certificate" means (i) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 4 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 203(A)(6) hereof, accompanied by (ii) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 4 Tender Bonds will not cause such Agency to change the credit ratings then assigned by it to any Bonds Outstanding.

"Arbitrage Projection Certificate" means a certificate of an Authorized Officer setting forth the Agency's reasonable expectations that adjustment of the interest rate on the Series 4 Tender Bonds on the Adjustment Date to the Adjusted Interest Rate and the purchase or making thereafter of Loans at a certain specified rate or rates with proceeds allocable to the Adjusted Rate Bonds will not cause the Series 4 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, accompanied by an opinion of Bond Counsel to the effect that such certificate is sufficient to satisfy the criteria which are necessary under Section 148(a) of the Code to support the conclusion of Bond Counsel that adjustment of the interest rate on the Series 4 Tender Bonds on the Adjustment Date will not cause the Series 4 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"Authenticating Agent", with respect to all Series 4 Bonds, means the Trustee.

"Beneficial Owner" means the person or entity that is considered to be the beneficial owner of any Series 4 Bond pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

"Bond Counsel" means Palmer & Dodge, Boston, Massachusetts, or any successor firm of attorneys.

"Bond Depository" means The Depository Trust Company, and its successors and any replacement depository appointed pursuant to Section 202 hereof.

"Bond Year" means the twelve (12) month period beginning on the date of original delivery of the Series 4 Bonds and each successive twelve (12) month period thereafter.

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

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

"Code" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 4 Bonds.

"Loan Loss" means the amount, certified to the Trustee by an Authorized Officer, of any loss realized by the Agency upon the default on a Loan, including without limitation any Prior Resolution Loan, held under the Resolution for the account of the Series 4 Bonds, which amount shall not exceed the sum of (i) the unpaid principal balance of such Loan at the date of the default, (ii) the amount of accumulated delinquent interest due on such Loan (excluding late charges and penalty interest), and (iii) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (iv) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same), (v) the amount of cash remaining in any escrow account maintained for such Loan, (vi) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of such Loan and (vii) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 4 Loan Loss Claim Fund.

"Loan Loss Claim Fund Withdrawals" means amounts withdrawn from the Series 4 Loan Loss Claim Fund pursuant to Section 305(B) hereof on account of a Loan Loss.

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

"Official Statement" means the Official Statement of the Agency describing the Series 4 Bonds, in preliminary form dated July 16, 1992 and in final form substantially as presented at this meeting and included in the minutes hereof.

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

"Principal Amount", for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 4 Bond, the stated principal amount thereof.

"Prior Resolution" means, collectively, the resolutions of the Agency entitled (i) "Single Family Mortgage Purchase Bond Resolution," adopted June 16, 1978; (ii) "Series Resolution Authorizing the Issuance and Sale of $27,210,000 Single Family Mortgage Purchase Bonds, 1978 Series A," adopted June 16, 1978; (iii) "Series Resolution Authorizing the Issuance and Sale of $35,120,000 Single Family Mortgage Purchase Bonds, 1979 Series A," adopted July 25, 1979; and (iv) "Series Resolution Authorizing the Issuance and Sale of $75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A," adopted May 2, 1980.

"Prior Resolution Bonds" means all bonds of the Agency issued pursuant to the Prior Resolution and outstanding thereunder on the date of authentication and delivery of the Series 4 Bonds, as more fully described in Section 302(B) hereof.

"Prior Resolution Loans" means all Mortgage Loans (as defined in the Prior Resolution) held under or pursuant to the Prior Resolution and pledged by Section 501 of the Prior Resolution to secure the payment of the principal or redemption price of and interest on the Prior Resolution Bonds.

"Prior Resolution Trustee" means The Howard Bank, N.A., Burlington, Vermont.

"Pro-Forma Adjusted Interest Rate" shall have the meaning given such term in Section 203(A)(1) hereof.

"Pro-Forma Tender Bonds" shall have the meaning given such term in Section 203(A)(1) hereof.

"Purchase Contract" means the Contract of Purchase dated July 23, 1992 by and between the Agency and the Underwriters named therein providing for the terms and conditions of sale of the Series 4 Bonds in substantially the form presented at this meeting and included in the minutes hereof.

"Record Date", with respect to the payment of interest on a Series 4 Bond, means the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 4 Bond or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 4 Bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty (20) Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 4 Bonds Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten (10) days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"Remarketing Agent" means collectively PaineWebber Incorporated, Bear Stearns & Co. Inc., Goldman, Sachs & Co., Lehman Brothers and The First National Bank of Boston, or any other entity or entities at the time acting in the capacity of Remarketing Agent under the Remarketing Agreement.

"Remarketing Agreement" means the Remarketing Agreement dated as of the date of original delivery of the Series 4 Bonds by and between the Agency and the Remarketing Agent, or any other remarketing agreement pertaining to the Series 4 Bonds executed and delivered by the Agency in substitution for such Remarketing Agreement, as such agreements may be amended, modified or supplemented from time to time in accordance with their terms.

"Remarketing Projection of Revenues" means a Projection of Revenues satisfying the requirements of Section 203(A)(6) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 203(A)(5) hereof.

"Representation Letter" means the letter from the Agency and the Trustee to the Bond Depository attached hereto in Exhibit A.

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

"Series 4 Bonds" means the Bonds of the Series authorized by this Fifth Supplemental Resolution.

"Series 4 Bond Reserve Requirement" means an amount with respect to the Series 4 Bonds at least equal to the lesser of (1) fifty percent (50%) of the maximum amount of Debt Service payable on all Series 4 Bonds Outstanding in the current or any subsequent Fiscal Year and (2) ten percent (10%) of the original net proceeds of the Series 4 Bonds.

"Series 4 Cost of Issuance Account" means the account in the Program Fund so designated and created by Section 301 hereof.

"Series 4 Loan Loss Claim Fund Requirement" means, as of any date of computation, (1) an amount at least equal to

(x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 4 Program Account, plus (ii) the aggregate amount, if any, then held in the Series 4 Program Account which may be applied to the purchase of such Loans, plus (iii) the aggregate unpaid principal amount of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, less (y) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 4 Loan Loss Claim Fund, or (2) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

"Series 4 Loan Loss Claim Fund" means the fund so designated and created pursuant to Section 301 hereof.

"Series 4 Rebate Account" means the account in the Rebate Fund so designated and created pursuant to Section 301 hereof.

"Series 4 Rebate Requirement", with respect to the Series 4 Bonds, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 307 hereof.

"Series 4 Tender Bonds" means the Series 4 Bonds selected in accordance with Section 203(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"Series 4 Tender Bonds Proceeds Subaccount" means the Series 4 Program Account - Tender Bonds Proceeds Subaccount established pursuant to Section 301 hereof.

"Trustee" means The Howard Bank, N.A., Burlington, Vermont, or its successor in trust under the Resolution.

"Yield" means the yield on the Series 4 Bonds or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 4 Bonds calculated as required by Section 148(h) of the Code.

(C) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Fifth Supplemental Resolution, the term "Interest Payment Date" with respect to the Series 4 Bonds shall mean May 1 and November 1 of each year commencing on the date provided in Section 201(D) hereof, any redemption date of any Series 4 Bonds and any other date on which interest on the Series 4 Bonds is required or permitted by the Resolution to be paid.

(D) Unless a different meaning clearly appears from the context, any reference in this Fifth Supplemental Resolution to the exclusion of interest on the Series 4 Bonds from gross income for federal income tax purposes shall not include reference to any inclusion of interest on the Series 4 Bonds in the computation of the alternative minimum tax imposed on corporations by the Code.

Section 103. Authority. This Fifth Supplemental Resolution supplements the Resolution and is adopted pursuant to the Resolution and in accordance with the Act.

ARTICLE II

Authorization of Series 4 Bonds

Section 201. Series 4 Bonds; Authorization; Purpose; Findings. (A) A Series of Bonds, designated "Single Family Housing Bonds, Series 4", is hereby authorized to be issued in the aggregate Principal Amount of $55,000,000. The Agency hereby determines (1) that the original aggregate Principal Amount of the Series 4 Bonds is necessary to provide sufficient funds to be used and expended for the Program, (2) that Loans made on behalf of the Agency with moneys allocable to the Series 4 Bonds can be issued bearing rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency, and (3) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 4 Bonds and from the Prior Resolution Loans as provided herein sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 4 Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 4 Bonds are being issued. For purposes of Section 204(B) of the Resolution, all Series 4 Bonds shall be issued as "Fixed-Rate Bonds" as described in Section 203(B) of the Resolution and as "Tender Bonds" as described in Section 203(D) of the Resolution.

(B) The purposes for which the Series 4 Bonds are being issued are to refund the Prior Resolution Bonds and thereby to transfer the Prior Resolution Loans to the Resolution and to provide funds, in the manner described in Section 302 hereof, for deposit in the Series 4 Program Account, the Series 4 Cost of Issuance Account, the Series 4 Loan Loss Claim Fund, the Revenue Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution and in Article III hereof.

(C) Subject to Section 202 hereof, all Series 4 Bonds shall be issued only in the form of fully registered bonds each in the denomination of $5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letter "R" and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(D) The Series 4 Bonds shall be dated August 1, 1992. All Series 4 Bonds shall bear interest from the May 1 or November 1 to which interest has been paid or duly provided for next preceding their date of authentication or, if no interest has been paid, from August 1, 1992, or if the date of authentication of any Series 4 Bond is subsequent to the Record Date for any interest payment and on or prior to the Interest Payment Date therefor and if interest is paid on such Interest Payment Date, from such Interest Payment Date. Interest on each Series 4 Bond shall be payable on November 1, 1992 and semi-annually thereafter on May 1 and November 1 of each year. Subject to Section 203 hereof, the Series 4 Bonds shall mature on the dates and in the Principal Amounts and shall bear interest at the rates shown below:

Due	Amount	Interest Rate	Due	Amount	Interest Rate
November 1, 1993	$	%	November 1, 1999	$	%
May 1, 1994			May 1, 2000		
November 1, 1994			November 1, 2000		
May 1, 1995			May 1, 2001		
November 1, 1995			November 1, 2001		
May 1, 1996			May 1, 2002		
November 1, 1996			November 1, 2002		
May 1, 1997			May 1, 2003		
November 1, 1997			November 1, 2003		
May 1, 1998			May 1, 2004		
November 1, 1998			November 1, 2004		
May 1, 1999			May 1, 2012		

(E) The Principal Amount and Redemption Price of the Series 4 Bonds shall be payable at the Principal Office of the Trustee. Interest on the Series 4 Bonds shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 4 Bond on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 4 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (E) to the contrary, if at any time the Series 4 Bonds are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 202 hereof, the Principal Amount and Redemption Price of and interest on the Series 4 Bonds of any registered owner of Series 4 Bonds of $1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 4 Bonds on account of which such payment is made.

(F) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 4 Bond a fee sufficient to reimburse the Agency for the cost of preparing each new Series 4 Bond delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 202. Book Entry System. Notwithstanding the foregoing provisions of Section 201 hereof and anything in Article III of the Resolution to the contrary:

(1) The Series 4 Bonds shall be initially issued in the form of a single separate fully registered bond for each maturity of the Series 4 Bonds in the amount of such maturity. Upon initial issuance, the ownership of the Series 4 Bonds shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 4 Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 4 Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 4 Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 4 Bonds, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 4 Bonds. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 4 Bonds only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 4 Bonds to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 4 Bond evidencing the obligation of the

Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." in this Fifth Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(2) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 4 Bonds shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the Series 4 Bondholders transferring or exchanging Series 4 Bonds shall designate, in accordance with the provisions of the Resolution.

(3) In the event the Agency determines that Beneficial Owners should be able to obtain Series 4 Bond certificates, the Agency shall notify the Bond Depository and the Trustee of the availability of Series 4 Bond certificates. In such event, the Trustee shall issue, transfer and exchange Series 4 Bond certificates as requested by the Bond Depository (or, pursuant to Section 202(2) hereof, any other Series 4 Bondholder) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the Series 4 Bonds to any Participant having Series 4 Bonds credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 4 Bonds.

(4) Notwithstanding any other provision of this Fifth Supplemental Resolution to the contrary, so long as any Series 4 Bond is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 203. Adjusted Rate Bonds. (A) The Series 4 Bonds are issued subject to the provision that all or part of such Bonds may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 4 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 203.

(1) If at any time and from time to time during the Adjustment Option Period (but not less than fifty-four (54) days prior to the end of the Adjustment Option Period) any amount attributable to the Series 4 Bonds remains on deposit in the Series 4 Program Account and the Agency has determined (i) that the rate of interest to be borne by Loans allocable to Series 4 Bonds bearing interest at the rates set forth in Section 201(D) hereof either (x) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (y) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans to the Agency or (ii) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 4 Bonds bearing interest at the rates set forth in Section 201(D) hereof cannot be issued bearing a rate or rates of interest which is less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Agency may deliver to the Remarketing Agent a certificate of an Authorized Officer directing the Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than five (5) days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 4 Bonds (not in excess of the amount then on deposit in the Series 4 Program Account and in a multiple of $5,000) for which the Pro-Forma Adjusted Interest Rate shall be determined (hereinafter referred to as the "Pro-Forma Tender Bonds"). On the Certification Date, the Remarketing Agent shall determine and certify to the Agency and the Trustee the Pro-Forma Adjusted Interest Rate with respect to the Pro-Forma Tender Bonds. The Pro-Forma Adjusted Interest Rate shall be the lowest rate or rates which, in the Remarketing Agent's judgment on the basis of prevailing market conditions, would permit the resale of the Pro-Forma Tender Bonds at par plus accrued interest, if any, on the Certification Date.

(2) If on or after any Certification Date (i) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least one-half of one percent (1/2 of 1%) lower than the yield on the Series 4 Bonds (calculated as of the original date of authentication and delivery of the Series 4 Bonds) and (ii) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 4 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate does not exceed that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford and does not exceed the maximum rate which is allowable under Section 148(a) of the Code without causing the Series 4 Bonds to become "arbitrage bonds" within the meaning of Section 148(a) of the Code and (iii) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 4 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or

rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (iv) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Remarketing Agent to call a Principal Amount of Series 4 Bonds (not in excess of the Principal Amount of Pro-Forma Tender Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after which the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than forty-eight (48) days after the date such certificate is delivered to the Trustee.

(3) If the Agency shall have elected to call a Principal Amount of Series 4 Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (2) of this Section 203, the Trustee shall select the Outstanding Series 4 Bonds (hereinafter referred to as "Series 4 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 4 Bonds specified by the Agency pursuant to Paragraph (A)(2) of this Section 203). If less than all Series 4 Bonds are to be tendered, Series 4 Bonds of each maturity Outstanding shall be called for tender, as nearly as practicable, in accordance with the ratio which the aggregate Principal Amount of Series 4 Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 4 Bonds of all maturities Outstanding. If less than all Series 4 Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 4 Bonds within such maturity to be tendered. Not later than the Notice Date, notice of tender shall be given by the Trustee, in the name of the Agency, by first-class registered mail to all Holders of Series 4 Tender Bonds at their addresses appearing on the registration books of the Agency maintained by the Trustee (or at such other address as may have been provided to the Trustee for such purpose). A copy of such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any Bonds Outstanding. In addition to the purposes provided in this Section 203, the notice of tender shall also constitute a notice of redemption of the Series 4 Tender Bonds to be tendered on the Adjustment Date to the extent the conditions provided in Paragraphs (A)(4) or (A)(7) of this Section 203 shall occur. Each such notice shall state in effect:

(i) the Principal Amount of Series 4 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(ii) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (4) or Paragraph (7) of this Section 203(A) shall occur, Series 4 Tender Bonds of such Holder will be exchanged for and either redelivered to such Holder or remarketed as Adjusted Rate Bonds on the Adjustment Date, in either case bearing the same maturity dates as the Series 4 Tender Bonds for which they were exchanged;

(iii) that the Holders of Series 4 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 4 Tender Bonds retained as provided in Section 203(B)(3) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(iv) that each Series 4 Tender Bond shall be purchased on the Adjustment Date unless the Bondholder directs the Agency and the Trustee not to purchase all or any specified portion of such Holder's Series 4 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (3) of Section 203(B);

(v) the date by which a Holder making the election described in Section 203(B)(3) hereof must notify the Trustee of such election and the address and telecopier number to which a Holder making the election may deliver notice of such election;

(vi) that if the Series 4 Tender Bonds had been exchanged for Adjusted Rate Bonds on the Certification Date, they would have borne interest thereafter at the Pro-Forma Adjusted Interest Rate and that the actual Adjusted Interest Rate will be determined on the Calculation Date (describing the dates on which the Calculation Date may occur and the method by which the actual Adjusted Interest Rate will be determined);

(vii) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of his Series 4 Tender Bonds in accordance with Section 203(B)(3), unless such Bonds are registered in the name of the Bond Depository or its nominee, he shall deliver such Bond or Bonds to the Trustee no later than 10:30 A.M. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 4 Tender Bonds); and

(viii) that if no adjustment of interest rate takes place as a result of a failure by or inability of the Remarketing Agent to set the Adjusted Interest Rate on the Calculation Date, or otherwise as provided herein, whether or not a Bondholder has elected to direct the Agency or the Trustee not to purchase all or a portion of his Series 4 Tender Bonds, all Series 4 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(4) On the Calculation Date the Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (5) of this Section 203(A), the Adjusted Interest Rate that the Adjusted Rate Bonds of each applicable maturity shall bear as of the Adjustment Date. The Adjusted Interest Rate shall be the lowest rate which, in the judgment of the Remarketing Agent, as of the date of such determination and under prevailing market conditions, would permit the resale of the Adjusted Rate Bonds on such date at par plus accrued interest, if any. If the Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 4 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Remarketing Agent shall announce the Adjusted Interest Rate by telephone to the Trustee and the Agency prior to 12:00 Noon, New York City time, on the Calculation Date, and shall confirm such notice by telex, telecopier or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (7) of this Section 203(A), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 4 Tender Bonds purchased pursuant to subparagraph (B)(3) below of the Adjusted Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the Adjustment Date, the Agency shall also deliver to the Trustee (i) an Arbitrage Projection Certificate, (ii) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (6) of this Section 203(A), (iii) an Adjustment Rating Certificate and (iv) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 4 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 4 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(5) On the Certification Date and on the Calculation Date the Remarketing Agent shall deliver to the Agency and the Trustee a schedule of Principal Installments (including Sinking Fund Installments, if any) of the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable. The maturity dates of, and schedule of Principal Installments for, the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable, shall be the same dates and schedule as established pursuant to Sections 201(D) and 204(D) hereof for the Series 4 Bonds for which they are to be exchanged, provided that the Sinking Fund Installments, if any, for the Adjusted Rate Bonds of any maturity shall be the pro-rata proportion of each Sinking Fund Installment established for such maturity pursuant to Section 204(D) hereof determined, as nearly as practicable, in accordance with the ratio which the aggregate Outstanding Principal Amount of Adjusted Rate Bonds of

such maturity bears to the aggregate Outstanding Principal Amount of all Series 4 Bonds of such maturity.

(6) In addition to the requirements of Section 610 of the Resolution, the Remarketing Projection of Revenues delivered in connection with the remarketing of the Adjusted Rate Bonds shall assume the schedule of Principal Installments for the Adjusted Rate Bonds delivered to the Agency on the Calculation Date in accordance with Paragraph (5) of this Section 203(A) and shall demonstrate that following such remarketing expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses or, if not, that the amount of Revenues and other funds available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year on all Bonds Outstanding other than the Series 4 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 4 Tender Bonds to Adjusted Rate Bonds than would be the case if the Agency did not remarket the Adjusted Rate Bonds but redeemed the Series 4 Tender Bonds in accordance with Section 204(B) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 4 Bonds will be invested following the Adjustment Date, shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Series 4 Bonds not later than ten (10) days prior to the Adjustment Date. In addition to the foregoing requirements, the Remarketing Projection of Revenues shall also take into account the provisions of Section 303(C) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Loan Loss Claim Fund Deposits available therefor on the Adjustment Date for such Adjusted Rate Bonds in the Funds and Accounts held under the Resolution, and no other Additional Security for the Series 4 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 4 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Loan Loss Claim Fund Deposits in one or more of the Funds or Accounts held under the Resolution, or shall have assigned or delivered such Additional Security to the Trustee, and shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such moneys, Reserve Deposits, Loan Loss Claim Fund Deposits or Additional Security have been validly pledged as security for the payment of the Principal Amount and Redemption Price of and interest on the Bonds.

(7) If on or prior to the Adjustment Date either (i) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate, Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (4) of this Section 203(A) or (ii) either (x) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to

be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (y) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate, or (z) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency, the Series 4 Tender Bonds shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date and the Trustee shall redeem on the Adjustment Date all Series 4 Tender Bonds in accordance with Section 204(B) hereof.

(B)(1) Subject to Paragraph (B)(3) of this Section 203, all Series 4 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 4 Tender Bond subject to purchase on the Adjustment Date shall be purchased on the Adjustment Date from moneys transferred to the Debt Service Fund pursuant to Section 304(C) hereof at a purchase price equal to the Principal Amount thereof plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(i) Series 4 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (2) hereof;

(ii) Series 4 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (3) hereof not to purchase the same; or

(iii) Series 4 Tender Bonds issued in exchange for or upon the transfer of Series 4 Tender Bonds referred to in the preceding subclauses (i) or (ii).

(2) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 304(C) hereof, the purchase price of Series 4 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of sale of Adjusted Rate Bonds to a person or persons designated by the Remarketing Agent (who may but need not be the Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Remarketing Agent if the purchase price in immediately available funds is delivered to the Trustee by 10:30 A.M., New York City time on the Adjustment Date. The Remarketing Agent, acting pursuant to the Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the fifth Business Day immediately preceding the Adjustment Date of the identity of the purchasers to whom the Adjusted Rate Bonds shall be remarketed as

of the Adjustment Date, the names in which such Bonds are to be registered and addresses and tax identification number of such purchasers and the Principal Amount, denominations, maturity date or dates and interest rate or rates of the Adjusted Rate Bonds which shall be so purchased.

(i) Any Series 4 Tender Bond subject to purchase and not delivered to the corporate trust office of the Trustee (or to a depository previously approved by the Trustee) by 10:30 A.M., New York City time, on the Adjustment Date will be deemed tendered, and an Adjusted Rate Bond may be issued in place thereof and delivered to the purchaser thereof. Any Series 4 Tender Bond deemed tendered and purchased shall not bear interest from and after the Adjustment Date and shall not be entitled to any rights under, or be secured by the pledge of, the Bond Resolution, but shall have only the right to receive the purchase price thereof.

(ii) For all Series 4 Tender Bonds purchased as herein provided, the Trustee shall authenticate Adjusted Rate Bonds in the appropriate denominations and maturity and bearing interest at the Adjusted Interest Rate and, after receipt of the purchase price therefor, deliver the same to, and register the same in the name of, such person or persons as shall be designated by the Remarketing Agent. Any Series 4 Tender Bonds presented to the Trustee after the Adjustment Date for payment shall be paid from the aforementioned amounts set aside and shall be cancelled in accordance with Section 308 of the Resolution.

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

Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(4) Unless otherwise agreed to by the Trustee with respect to Series 4 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 4 Tender Bonds described in subparagraph (3) of this Section 203(B) shall state:

(i) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 4 Tender Bonds are to be exchanged and the Principal Amount or Amounts applicable to such maturity date(s) but shall acknowledge that if the conditions described in Section 203(A)(4) or Section 203(A)(7) hereof shall occur, his Series 4 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(ii) that such person is the owner of the Series 4 Tender Bonds to be exchanged for Adjusted Rate Bonds.

Any instrument delivered to the Trustee in accordance with this Paragraph (4) shall be irrevocable. Any Holder's failure to deliver such notice in a timely manner shall result in the purchase of all of such Holder's Series 4 Tender Bonds subject to tender on the Adjustment Date.

Section 204. Redemption Provisions. (A) All Series 4 Bonds shall be subject to redemption prior to maturity on and after November 1, 2002, in whole at any time or in part, from such maturities of Series 4 Bonds of similar tenor selected by the Agency and by lot if within a maturity of Series 4 Bonds of similar tenor, on any Interest Payment Date, from moneys deposited in the Series 4 Optional Redemption Account in the Redemption Fund, at the following Redemption Prices, expressed as percentages of the Principal Amount of each Series 4 Bond or portion thereof redeemed, plus accrued interest to the redemption date:

Redemption Dates (Both Dates Inclusive)	Redemption Price
November 1 2002 to October 31, 2003	102%
November 1, 2003 to October 31, 2004	101
November 1, 2004 and thereafter	100

(B) All Series 4 Tender Bonds shall be subject to redemption prior to maturity in whole only on the Adjustment Date as provided in Section 203(A)(4) and Section 203(A)(7) hereof from moneys deposited in the Special Redemption Account pursuant to Section 304(B) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(C) All Series 4 Bonds shall be subject to redemption prior to maturity at any time in whole or in part from such maturities of Series 4 Bonds of similar tenor as the Agency shall designate in its discretion in accordance with the Resolution (and, if less than all Series 4 Bonds of similar tenor of a maturity are to be redeemed, by lot among such Series 4 Bonds of similar tenor of such maturity), at a Redemption Price equal to the Principal Amount of each Series 4 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date, from any moneys deposited in any Special Redemption Account in the Redemption Fund (other than as provided in Section 304(B) hereof) and upon compliance with the provisions of Section 509 of the Resolution.

(D) Series 4 Bonds maturing on May 1, 2012 shall be subject to redemption prior to maturity in part on May 1 and November 1 in each of the following years and in the following Principal Amounts through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 4 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date. Unless none of the Series 4 Bonds maturing on such dates shall then be Outstanding, there shall be due and the Agency shall in all events pay, as and for Sinking Fund Installments for the retirement of such Series 4 Bonds the following amounts on May 1 or November 1, as the case may be, of each of the following years; provided, however, that where there has been special or optional redemption of such Bonds, or purchase of such Bonds in lieu of redemption as provided in the Resolution, the amount of each future Sinking Fund Installment shown will be reduced as provided in the certificate of an Authorized Officer filed pursuant to Section 509(F) of the Resolution prior to such special or optional redemption or purchase; and provided further that, if the Agency shall adjust the interest rate of the Adjusted Rate Bonds pursuant to Section 203 hereof, the amount of each Sinking Fund Installment shown below shall be adjusted by the Trustee to reflect the schedule of Principal Installments for the Series 4 Bonds prepared by the Remarketing Agent in accordance with Section 203(A)(5) hereof:

Series 4 Bonds due May 1, 2012

Date	Amount	Date	Amount

(E) Except as otherwise provided herein, notice of redemption of Series 4 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 4 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than sixty (60) days and not less than thirty (30) days prior to the redemption date to the registered owners of all Series 4 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 4 Bonds or portions thereof given to the registered owner of $1,000,000 or more Principal Amount of Series 4 Bonds Outstanding shall, upon the prior written request of such owner to the Trustee, be mailed by certified mail, return receipt requested. Failure to mail any redemption notice as herein provided with respect to a Series 4 Bond or any defect therein shall not affect the redemption of any other Series 4 Bonds for which the required notice of redemption shall have been given. Not less than two (2) Business Days prior to the giving of any notice of redemption of Series 4 Bonds to the registered owners thereof, the Agency shall also give notice of such redemption to at least two national information services who customarily disseminate information concerning the redemption of bonds (provided failure to give such notice or any defect therein shall not affect the redemption of such Series 4 Bonds on the redemption date therefor). If any Series 4 Bonds called for redemption as provided herein are not presented for payment within sixty (60) days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 4 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 4 Bonds on the redemption date therefor.

Section 205. Sale of Series 4 Bonds. (A) The Series 4 Bonds shall be sold to the underwriters identified in the Purchase Contract (collectively the "Underwriters"), at the price(s), on the terms and conditions, and upon the representations set forth in the Purchase Contract, which Purchase Contract and the execution thereof on behalf of the Agency is hereby accepted and approved in all respects. The Chairman, the Vice Chairman and the Executive Director of the Agency are each hereby authorized to execute the Purchase Contract and, upon such execution, to deliver it to the Underwriters.

(B) The distribution of the preliminary Official Statement by the Executive Director is hereby ratified and confirmed in all respects. The final Official Statement is hereby approved and the Chairman, the Vice Chairman and the Executive Director are each hereby authorized to permit the distribution of the final Official Statement, with such changes, omissions, insertions and revisions as they shall deem advisable and made pursuant to the Purchase Contract, and to sign and deliver such final Official Statement to the Underwriters.

(C) The Series 4 Bonds shall be delivered upon compliance with the provisions of Section 204 of the Resolution, at the time and place provided by the Purchase Contract.

(D) The proceeds of the good faith check received by the Agency under the Purchase Contract shall be deposited with the

Trustee in a special account established by the Agency and invested in Investment Obligations, subject to the terms of the Purchase Contract.

ARTICLE III

Establishment of Accounts and Application of Series 4 Bond Proceeds

Section 301. Establishment of Accounts. (A) There is hereby established in the Program Fund a separate account designated the "Series 4 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(B) There is hereby established in the Program Fund a separate account designated the "Series 4 Program Account," moneys in which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 303 of this Fifth Supplemental Resolution. There is also hereby established in the Series 4 Program Account a separate subaccount designated the "Series 4 Tender Bonds Proceeds Subaccount", moneys in which shall be used solely for the purposes and as authorized by Section 304 hereof. Except as provided in Section 304 hereof, amounts on deposit in the Series 4 Tender Bonds Proceeds Subaccount shall be considered for all purposes of the Resolution as on deposit in the Series 4 Program Account.

(C) In accordance with Section 502 of the Resolution, a separate fund is hereby established designated the "Series 4 Loan Loss Claim Fund" to be held by the Trustee, the moneys in which shall be used for the purposes and as provided in Section 306 of this Fifth Supplemental Resolution. The Series 4 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 4 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(D) There is hereby established in the Rebate Fund a separate account designated the "Series 4 Rebate Account", moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 307 of this First Supplemental Resolution.

Section 302. Application of Proceeds and Other Moneys. (A) Upon the authentication and delivery of the Series 4 Bonds, the proceeds of sale of the Series 4 Bonds shall be deposited by the Trustee as follows:

(1) To the Debt Service Fund an amount equal to the interest accrued on the Series 4 Bonds from their date to the date of delivery thereof; and

(2) To the Prior Resolution Trustee to be applied, together with other amounts held by the Prior Resolution

Trustee for such purpose, to the payment of the redemption price of the Prior Resolution Bonds upon redemption thereof on September 1, 1992, as directed by a certificate of an Authorized Officer of the Agency, an amount equal to $55,000,000.

(B) Unless otherwise determined in a certificate of an Authorized Officer delivered to the Prior Resolution Trustee as hereinafter provided, the Prior Resolution Bonds shall include all bonds outstanding under the Prior Resolution on the Date of authentication and delivery of the Series 4 Bonds, consisting of the following series of bonds issued under the Prior Resolution, such bonds to be redeemed on September 1, 1992 (or such earlier or later date as may be directed by an Authorized Officer) in accordance with the applicable series resolution therefor in the following principal amounts:

Series	Principal Amount of Prior Resolution Bonds to be Redeemed
1978 Series A	$17,210,000
1979 Series A	17,740,000
1980 Series A	20,055,000

On or before the date of delivery of the Series 4 Bonds, the Agency shall deliver to the Prior Resolution Trustee a certificate of an Authorized Officer confirming the series, maturities and principal amount of Prior Resolution Bonds to be redeemed on the redemption date therefor and the proceeds of the Series 4 Bonds to be applied to such redemption and shall irrevocably instruct the Prior Resolution Trustee to give as soon as practicable (at the times and in the form and manner provided in Article VII of the Prior Resolution) notice of redemption of the Prior Resolution Bonds to be so redeemed.

(C) Simultaneously with the authentication and delivery of the Series 4 Bonds and application of the proceeds thereof as provided in Paragraph (A) of this Section 302, the Trustee shall apply the amount of $_________ transferred to the Trustee on such date by the Prior Resolution Trustee in accordance with the direction of an Authorized Officer of the Agency as follows and in the following amounts (or in such greater or lesser amounts as shall be certified to the Trustee by an Authorized Officer of the Agency at or prior to the authentication and delivery of the Series 4 Bonds):

(1) To the Bond Reserve Fund an amount equal to the Series 4 Bond Reserve Fund Requirement, or such greater or lesser amount such that following such deposit the amount on deposit in the Bond Reserve Fund will equal the Bond Reserve Fund Requirement;

(2) To the Series 4 Program Account, the amount of $___________;

(3) To the Series 4 Loan Loss Claim Fund, the amount of $____________, or such greater or lesser amount such that following such deposit the amount on deposit in the Series 4 Loan Loss Claim Fund will equal the Series 4 Loan Loss Claim Fund Requirement;

(4) To the Series 4 Cost of Issuance Account the amount of $_______; and

(5) To the Revenue Fund, the balance of the moneys remaining after the foregoing payments.

(D) Simultaneously with the authentication and delivery of the Series 4 Bonds and application of the proceeds thereof as provided in Paragraph (A) of this Section 302, the Agency shall transfer, or cause to be transferred, to the Trustee the original executed notes evidencing all Prior Resolution Loans held under or pursuant to the Prior Resolution for the account of the Prior Resolution Bonds. Upon such transfer, the Prior Resolution Loans shall be, and hereby and by Section 501 of the Resolution are, pledged as security for the Bonds, subject to the provisions of the Resolution, and, except as otherwise provided herein, shall be considered Loans for all purposes of the Resolution allocable to the Series 4 Bonds. All revenues, including without limitation all payments or prepayments of principal and interest, received by or on behalf of the Agency with respect to the Prior Resolution Loans, and all amounts received from or on account of any collateral securing any Prior Resolution Loan or any insurance or guarantee securing the same, shall constitute Revenues under the Resolution and shall be applied as provided in the Resolution.

<u>Section 303</u>. <u>Application of Certain Amounts in Series 4 Program Account</u>. (A) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided amounts deposited in the Series 4 Program Account in accordance with Section 302 hereof shall be applied solely to the purchase or making of Mortgage Loans (excluding Mortgage Loans for the construction of Residential Housing) as provided herein and in Section 504 of the Resolution. Amounts deposited in the Series 4 Program Account as provided herein or in the Resolution may be applied by the Agency to the purchase or making of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans provided that at or prior to the purchase or making of any such Loan the Agency shall deliver to the Trustee a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the purchase or making of such Loans will not cause such agency to lower, suspend or otherwise modify adversely the credit ratings then assigned to any Bonds Outstanding. In connection with the purchase of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans, if any, hereunder the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms of such Loans and any

conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 4 Bonds in accordance with Section 207 of the Resolution.

(B) Subject to the provisions of Paragraph (A) of this Section 303, (i) not in excess of five million dollars ($5,000,000) of the amounts deposited in the Series 4 Program Account as provided herein and in the Resolution may be applied by the Agency to the purchase or origination of Loans bearing interest in each case at ___% per annum during the first year of the term of such Loan, at ___% per annum during the second year of the term of such Loan, at ___% per annum during the third year of the term of such Loan and at ___% per annum thereafter and (ii) all other amounts so deposited in the Series 4 Program Account shall be applied by the Agency to the purchase or origination of Loans bearing interest in each case at ___% per annum during the full term of such Loan. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restrictions if at or prior to the purchase or making of such Loans the Agency delivers to the Trustee (i) a Projection of Revenues demonstrating that following the purchase or making of such Loans, expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses, and (ii) an opinion of Bond Counsel to the effect that the purchase or making of such Loans will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding.

(C) Notwithstanding anything in Section 504 of the Resolution to the contrary, (1) if on December 31, 1993 (or on any earlier date as shall be specified in a certificate of an Authorized Officer) any amount remains on deposit in the Series 4 Program Account, other than amounts deposited therein pursuant to Section 506(C)(6) of the Resolution, the Trustee shall transfer such amount to the Series 4 Special Redemption Account in the Redemption Fund and shall apply such amount to the redemption of Series 4 Bonds in accordance with Section 203(C) hereof on February 1, 1994 (or on such date prior thereto as the Agency in its discretion may direct the Trustee). Notwithstanding the foregoing, if the amount remaining on deposit in the Series 4 Program Account is less than $50,000, all or part of such amount may, at the option of the Agency expressed in a certificate of an Authorized Officer delivered to the Trustee, be deposited in the Debt Service Fund. Notwithstanding the foregoing, the Agency may direct the Trustee in a certificate of an Authorized Officer delivered to the Trustee prior to December 31, 1993 to retain in the Series 4 Program Account all or any portion of the amount then held therein as aforesaid to such later date or dates as shall be specified in such certificate if such certificate is accompanied by (x) a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that retention of such amount to such later date or dates will not adversely affect the credit ratings then assigned to the Bonds Outstanding and (y) an opinion of Bond Counsel to the effect that retention of such amount to such later date or dates will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. A copy of such certificate shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Bonds at the same time it is filed with the Trustee. If any such amount is so retained in the Series 4 Program Account, any amount remaining on deposit in the Series 4 Program Account on the date or dates specified in such certificate shall be transferred by the Trustee on such date to the Series 4 Special Redemption Account and shall be applied to the redemption of Series 4 Bonds in accordance with Section 203(C) hereof on the next succeeding May 1 or November 1 for which the required notice of redemption can be practicably given (or on such earlier date as the Agency shall direct).

Section 304. Application of Series 4 Tender Bond Proceeds Subaccount. Notwithstanding anything in Section 504 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 203(A)(2) hereof to the effect that the Agency has elected to call a Principal Amount of Series 4 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw from the Series 4 Program Account and deposit in the Series 4 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 4 Bonds so certified. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (B) and (C) of this Section 304.

(B) Notwithstanding anything in Section 504 of the Bond Resolution to the contrary, if the conditions specified in Section 203(A)(4) or Section 203(A)(7) hereof shall have occurred, the Trustee shall transfer from the Series 4 Tender Bonds Proceeds Subaccount to the Series 4 Special Redemption Account in the Redemption Fund the entire balance on deposit in the Series 4 Tender Bonds Proceeds Subaccount for application to the redemption of all Series 4 Tender Bonds in accordance with Section 204(B) hereof.

(C) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 4 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 203(B)(2) hereof, the Trustee shall transfer from the Series 4 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the Principal Amount of all such Series 4 Tender Bonds not so remarketed. The amount so transferred shall be applied on the Adjustment Date to the purchase of Series 4 Tender Bonds as provided in Section 203(B)(1) hereof.

(D) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (B) and (C) of this Section 304, the Trustee shall transfer the entire balance then remaining in the Series 4 Tender Bonds Proceeds Subaccount to the Series 4 Program Account for application thereafter as provided in Section 504 of the Resolution and Section 303 hereof.

<u>Section 305</u>. <u>Application of Series 4 Loan Loss Claim Fund</u>. (A) The Trustee shall deposit in the Series 4 Loan Loss Claim Fund (i) the amount provided in Section 302(C) hereof, (ii) any amount deposited therein from the Revenue Fund pursuant to Section 308 of this Fifth Supplemental Resolution and (iii) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 4 Loan Loss Claim Fund shall be used solely for the purposes provided in Paragraphs (B) and (C) of this Section 305.

(B) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 4 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(C) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of any Bonds Outstanding pursuant to Section 509(C) of the Resolution the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund and the Series 4 Loan Loss Claim Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption. To the extent that the amount on deposit and available therefor in all such Funds and Accounts, after consideration of amounts, if any, deposited in the Revenue Fund pursuant to the foregoing sentence of this Paragraph (C) and any similar provision of any Supplemental Resolution heretofore or hereafter adopted, is insufficient to pay the Principal Amount of any Bonds to be purchased or redeemed as hereinabove provided, the Trustee shall draw the amount of the deficiency from the Series 4 Loan Loss Claim Fund, provided that following such withdrawal the amount on deposit in the Series 4 Loan Loss Claim Fund shall be not less than the Series 4 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 4 Loan Loss Claim Fund in accordance with this Paragraph (C) shall be deposited in the Revenue Fund and shall be applied to the purchase or redemption of Bonds as aforesaid.

(D) Nothing in the Resolution or this Fifth Supplemental Resolution shall obligate the Agency to deposit in the Series 4 Loan Loss Claim Fund an amount which would cause the balance in the Series 4 Loan Loss Claim Fund, after application of amounts therein to Loan Loss Claim Fund Withdrawals notice of which has theretofore been received by the Trustee, to exceed the Series 4 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate original principal amount of all Loans purchased or made under the Resolution from amounts on deposit in the Series 4 Program Account, plus (ii) the aggregate amount, if any, then held in the Series 4 Program Account which may be applied to the purchase or making of such Loans, plus (iii) the aggregate unpaid principal amount (calculated at the date of authentication and delivery of the Series 4 Bonds) of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, or (y) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(E) If at any time the amount of cash and Investment Obligations on deposit in the Series 4 Loan Loss Claim Fund exceeds the Series 4 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit the amount withdrawn as directed by an Authorized Officer of the Agency in whole or in part in the Revenue Fund, the Series 4 Program Account or the Series 4 Special Redemption Account, provided that the request of the Agency shall be accompanied by (i) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the credit ratings then assigned to any Bonds Outstanding, and (ii) an opinion of Bond Counsel to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding.

(F) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 4 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 4 Loan Loss Claim Fund provided that prior to any such withdrawal the Agency shall deliver to the Trustee (i) one or more Reserve Deposits in an aggregate amount available to be drawn thereunder, together with any moneys to remain on deposit in the Series 4 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 4 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 4 Loan Loss Claim Fund.

(G) Notwithstanding anything herein to the contrary, the Series 4 Loan Loss Claim Fund Requirement shall be reduced to zero (0) if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 4 Bonds are Outstanding under the Resolution, against loss arising during the period of insurance eligibility specified in such policy due to defaults occurring on any Prior Resolution Loan held for the account of the Series 4 Bonds and on any Loan purchased or made from moneys in the Series 4 Program Account up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 4 Loan Loss Claim Fund Requirement will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(H) Interest or other income derived from the investment or deposit of moneys in the Series 4 Loan Loss Claim Fund shall be transferred by the Trustee to the Revenue Fund provided that following such transfer the balance on deposit in the Series 4 Loan Loss Claim Fund shall be not less than the Series 4 Loan Loss Claim Fund Requirement.

<u>Section 306</u>. <u>Series 4 Rebate Account.</u> (A) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five (5) years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the Yield on the Series 4 Bonds, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 4 Rebate Account and available therefor is sufficient for such payment, and to establish such accounting procedures as are

required to determine the amount of such excess investment earnings and the Series 4 Rebate Requirement.

(B) Within thirty (30) days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 4 Rebate Requirement for such Bond Year.

(C) Within forty-five (45) days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 4 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within forty-five (45) days after the Series 4 Bonds have been paid in full, the Trustee shall pay to the United States from the Series 4 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038 (or other similar information reporting form) filed with respect to the Series 4 Bonds and a statement prepared by the Agency summarizing the determination of the amount required to be paid.

(D) In the event that, at the time of any required payment of the Series 4 Rebate Account, the amount in the Series 4 Rebate Account available for such payment shall be insufficient to make such payment, the Agency shall pay the amount of the deficiency from the General Fund or from any other moneys available to the Agency and not pledged under the Resolution to the Bonds.

(E) In the event that on any Interest Payment Date of the Series 4 Bonds the amount on deposit in the Series 4 Rebate Account exceeds the Series 4 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

(F) For purposes of this Section 306 and Section 307(D), the term "Nonpurpose Investments" shall have the meaning given in Section 148(f) of the Code. Nonpurpose Investments shall be valued at market for the purposes of this Section 306. In determining the aggregate amount earned on Nonpurpose Investments, any gain or loss on the disposition of such Investments shall be taken into account.

(G) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 4 Bonds.

(H) The purpose of this Section 306 is to satisfy the requirements of Section 148(f) of the Code and any applicable regulations thereunder or official interpretations thereof. Accordingly, this section shall be construed so as to meet such requirements.

Section 307. Additional Requirements for Purchase of Loans. (A) Subject to the provisions of Section 303(A) hereof, each Loan acquired or made in whole or in part by the Agency out of amounts in the Series 4 Program Account shall be a Mortgage Loan and shall meet the requirements of Paragraph (B) of this Section 307 at the date of purchase or origination thereof, as applicable, in addition to the requirements set forth in Section 303 hereof and in Section 607 of the Resolution.

(B) No Loan shall be purchased or made by the Agency unless a mortgage note, endorsed to the Agency, shall have been executed to evidence the Loan, and unless a mortgage securing such Loan shall have been properly executed, acknowledged, and duly recorded, and an assignment thereof to the Agency duly executed, acknowledged and recorded (or which is to be recorded promptly after such purchase), to perfect a first mortgage lien on a fee simple interest in the real property covered thereby in accordance with the requirements of existing laws and (except to the extent that a variance from such requirement is required by an agency or instrumentality of the United States of America or the State insuring or guaranteeing the payment of a Loan or is necessary or desirable in connection with the implementation of any self-insurance program established by or on behalf of the Agency in accordance with Paragraph (B)(f)(ii)(z) of this Section 307 or is otherwise required in order to secure the interests of the Agency in the collateral securing such Loan or the instruments evidencing the same in the manner and to the extent contemplated by the Resolution or to maintain the exclusion from gross income of interest on the Series 4 Bonds for federal income tax purposes as evidenced by a Counsel's Opinion to such effect delivered to the Trustee):

(a) The Loan is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms;

(b) The Loan is free from any right of set-off, counter-claim or other claim, defense or security interest except such claims or security interests which do not in the opinion of the Agency materially affect the security for or enforceability of the Loan;

(c) The Loan shall be a fixed-rate, direct reduction Loan evidenced by a mortgage note secured by a first mortgage lien on real estate in the State on which there is located a residential condominium unit or a one or two family residence occupied by the Borrower, subject only to the liens of taxes or assessments which are not delinquent or building restrictions or other restrictive covenants, conditions, liens or easements which do not in the opinion of the Agency materially affect the security for the Loan (for purposes of this Section called "Permitted Encumbrances");

(d) The terms of the Loan permit the monthly collection of escrow payments for property taxes, mortgage insurance or other applicable assessments to the maximum extent permitted by the Real Estate Settlement Procedures Act as amended along with the monthly installments of principal and interest. The Loan shall provide that, in the case of default of any escrow payments required thereunder, the applicable Mortgage Lender or the Agency shall pay the same or any of them and that the moneys so paid by the Agency or Mortgage Lender in discharge of taxes, mortgage insurance or other applicable assessments shall be a lien on the premises added to the amount of the Loan and payable on demand with interest (at the rate applicable under the Loan) from the time of payment of the same and secured by the mortgage lien, the pledge of shares and the assignment of lease, as applicable;

(e) At the time of the closing of the Loan, (i) the property securing such Loan is insured against loss by fire and other hazards as required by the Agency to protect its interest and (ii) the Mortgage Lender servicing the Loan shall maintain fiduciary and mortgagee insurance with mortgage impairment coverage; and

(f) Each Loan must either:

(i) have a principal balance not exceeding seventy-five percent (75%) of the value of the property securing the Loan, as determined by independent appraisal; or

(ii) have a principal balance in excess of seventy-five percent (75%), but not exceeding 100%, of the value of the property securing the Loan as determined by independent appraisal but only if the Loan shall be (x) insured or guaranteed by the Federal Housing Administration, the Farmers Home Administration, the Veterans Administration or the Vermont Home Mortgage Guarantee Board, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred or which is exercising similar powers with reference to the insurance or guaranty of Loans, or (y) insured by a private mortgage insurer licensed to do business in the State and qualified to insure Loans purchased by the Federal Home Loan Mortgage Corporation or the Federal

National Mortgage Association in either case (x) or (y) such that the outstanding principal balance of any Loan (excluding any portion thereof held in escrow pending the construction, rehabilitation or improvement of the property securing such Loan until such amount is disbursed to pay the cost of such construction, rehabilitation or improvement) less the amount of private mortgage insurance proceeds available therefor shall not exceed 75% of the value of the property securing the Loan, provided that the Agency shall not purchase Loans with private mortgage insurance issued by any particular private mortgage insurer if such purchase would adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency or (z) insured, guaranteed or otherwise secured by a program of self-insurance established by or on behalf of the Agency, provided the use of any such self-insurance program shall not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency;

(C) In the event the Agency discovers that any Loan fails to meet any of the requirements of Paragraph (B) of this Section 307, the Agency shall either (1) sell the Loan or (2) declare the Loan to be immediately due and payable and take all actions necessary to promptly recover from the Borrower all amounts due on the Loan or (3) substitute for such Loan another Loan satisfying all of the requirements of Paragraph (B) of this Section 307 and all other provisions of the Resolution.

(D) At no time during any Bond Year shall the amount of Gross Proceeds (as defined in Section 148(f)(6)(B) of the Code) of the Series 4 Bonds invested in Nonpurpose Investments with a Yield in excess of the Yield on the Series 4 Bonds exceed 150 percent of the debt service on the Series 4 Bonds for such Bond Year as determined in accordance with the Code. The aggregate amount invested as provided in the previous sentence shall be promptly and appropriately reduced by the Agency as the amount of the Series 4 Bonds Outstanding is reduced, provided, however, that the Agency shall not be required to sell or dispose of any Nonpurpose Investment if such sale or disposition would result in a loss which exceeds the amount which (but for such sale or disposition) would be paid to the United States under Section 306(B) of this Fifth Supplemental Resolution at the time of such sale or disposition. In calculating the "debt service" due in a Bond Year for all Series 4 Bonds, the Agency shall not take into account amounts scheduled with respect to any Series 4 Bonds which have been redeemed before the beginning of such Bond Year. The requirements of this Section 307(D) shall not apply to (1) proceeds of the Series 4 Bonds invested for an initial temporary period, if any, permitted under the Code until such proceeds are needed for the governmental purpose of the Series 4 Bonds, and (2) temporary investment periods related to debt service.

(E) The amount of "issuance costs" (within the meaning of the Code) financed with proceeds allocable to the Series 4 Bonds shall not exceed two percent (2%) of the sale proceeds of the Series 4 Bonds.

(F) Notwithstanding the definition of Bond Reserve Fund Requirement in the Resolution, at no time shall the amount, if any, in the Bond Reserve Fund and the Series 4 Loan Loss Claim Fund applicable to the Series 4 Bonds invested at a yield higher than the yield on the Series 4 Bonds exceed ten percent (10%) of the proceeds of the Series 4 Bonds. At no time shall the amount, if any, of proceeds allocable to the sale of the Series 4 Bonds on deposit in the Bond Reserve Fund and the Series 4 Loan Loss Claim Fund exceed ten percent (10%) of the proceeds of the Series 4 Bonds.

(G) The provisions of Paragraphs (D), (E) and (F) of this Section 307 shall be complied with in order to meet the requirements of the Code such that interest on the Series 4 Bonds shall be and remain excludable from gross income for federal income tax purposes; provided, however, that the Agency shall not be required to comply with any such provision with respect to the Series 4 Bonds contained in Paragraphs (D), (E) and (F) of this Section 307 in the event the Agency receives an opinion of Bond Counsel that compliance with such provision is no longer required to satisfy the requirements of such provisions of the Code or that compliance with some other provision in lieu of a provision specified in this Section is required to or will satisfy the requirements of said Code, in which case compliance with such other provisions specified in such opinion shall constitute compliance with the provisions specified in this Section. The Agency shall adopt a Supplemental Resolution reflecting the deletion or substitution of any such provision of this Section in the same manner as provided for Supplemental Resolutions adopted in accordance with Section 701 of the Resolution.

<u>Section 308</u>. <u>Application of Certain Amounts in Revenue Fund</u>. (A) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series 4 Bonds Outstanding, after satisfying the requirements of Clauses (1) through (6), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 4 Bonds to the Series 4 Loan Loss Claim Fund to the extent the amount therein is less than the Series 4 Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(B) Notwithstanding anything in Section 506(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 4 Bonds that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year shall not exceed $20,000 in the aggregate unless the Agency shall file with the Trustee a certificate of an Authorized Officer to the effect that the Agency has confirmed that a greater amount (specified in such certificate) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(C) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 4 Bonds shall be paid to the Agency unless the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(8) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 4 Bonds, plus the unpaid balance of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 4 Bonds, other than amounts held in the Rebate Fund, the Series 4 Contingency Account and the Series 4 Loan Loss Claim Fund and the amounts attributable to the Series 4 Bonds then to be paid to the Agency in accordance with said Section 506(B)(8), are at least equal to 101% of the Principal Amount of all Series 4 Bonds Outstanding plus all interest accrued and unpaid thereon as of such date.

ARTICLE IV

Form of Series 4 Bonds

Section 401. Form of Series 4 Bonds. (A) All Series 4 Bonds authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution or this Fifth Supplemental Resolution, as the Chairman, Executive Director or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 4 Bonds hereunder.

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

ARTICLE V

Miscellaneous

Section 501. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this

Fifth Supplemental Resolution, the Resolution, the Purchase Contract, the Remarketing Agreement and the Official Statement.

Section 502. Governmental Program Requirement. The Agency shall not make any arrangement, formal or informal, pursuant to which any Mortgage Lender or other person (including any related person as defined in Section 144(a)(3) of the Code) from whom the Agency may purchase a Loan under the Program, shall purchase Bonds in an amount related to the amount of such Loan.

Section 503. Remarketing Agreement. The Remarketing Agreement is hereby approved in substantially the form presented at this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, the Executive Director or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Remarketing Agreement and, upon such execution, to deliver it to the Remarketing Agent.

Section 504. Remarketing Agent. (A) The Remarketing Agent is hereby appointed by the Agency to serve as Remarketing Agent hereunder.

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

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

Section 505. Effective Date. This Fifth Supplemental Resolution shall take effect immediately.

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VERMONT HOUSING FINANCE AGENCY

$55,000,000 Single Family Housing Bonds
Series 4

PURCHASE CONTRACT

July 23, 1992

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

Ladies and Gentlemen:

We, the undersigned (the "Underwriters"), hereby offer to enter into this Purchase Contract with you (the "Agency") for the purchase by the Underwriters and sale by the Agency of your $55,000,000 Single Family Housing Bonds, Series 4, sometimes collectively referred to herein as the "Bonds". This offer is made subject to acceptance by the Agency prior to 5:00 p.m., Vermont time, on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon both the Agency and the Underwriters. If this offer is not so accepted, it is subject to withdrawal by us upon written notice delivered to your office at any time prior to acceptance hereof by you.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the Agency and the Agency agrees to sell to the Underwriters all (but not less than all) of the Bonds, at a purchase price of $_________ (representing the principal amount of the Bonds less original issue discount of $_______ less underwriters discount of $__________) plus accrued interest on the Bonds from the date of the same to the Closing, to which reference is made in Section 7 hereof. The aggregate principal amount of the Bonds, the date of the Bonds upon initial issuance, the dates on which and years in which the Bonds mature, the principal amount of the Bonds due on each maturity date, the initial interest rate for the Bonds due on each maturity date, and the dates upon which interest is to be paid shall be as set forth on the cover of the Official Statement.

The Series 4 Bonds shall be described in, and shall be issued and secured under and pursuant to, the Agency's Single Family Housing Bond Resolution adopted on September 20, 1990, authorizing the issuance and sale of its Single Family Housing Bonds as heretofore amended and supplemented (the "General Resolution") and the Fifth Supplemental Single Family Housing Bond Resolution authorizing the issuance and sale of the Series 4 Bonds, adopted on July 23, 1992 (the "Fifth Supplemental Resolution"). The Fifth Supplemental Resolution is sometimes collectively referred to herein as the "Supplemental Resolution" and, together with the General Resolution, is sometimes collectively referred to herein as the "Resolution." The Underwriters agree to make a bona fide public offering of the Bonds at not in excess of the initial offering prices or yields set forth in the Official Statement; reserving, however, the right to change such initial offering prices or yields as the Underwriters deem necessary in connection with the offering of the Bonds. We also reserve the right to overallot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

2. PaineWebber Incorporated ("PaineWebber") represents that it is authorized on behalf of the Underwriters to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters. The Agency and the Underwriters agree that any authority, discretion or other power conferred upon the Underwriters under any of the provisions of this Purchase Contract may be exercised by PaineWebber, and payment for, acceptance of, and delivery and execution of any receipt for the Bonds and any other instruments upon or in connection with the Closing hereunder solely by PaineWebber on behalf of the Underwriters shall be valid and sufficient for all purposes and binding upon each of the Underwriters. No such action by PaineWebber shall impose any obligation or liability upon it or any other Underwriter, other than as may arise as expressly set forth in this Purchase Contract.

3. As security for the performance by the Underwriters of their obligation to accept and pay for the Bonds at the Closing in accordance with the provisions of this Purchase Contract, we herewith deliver to you a certified or official bank check payable to your order in New York Clearing House funds, in the amount of $550,000 (the "Good Faith Deposit"). Said check may be cashed and the proceeds thereof may be invested and held as such security until the Closing. Concurrently with the delivery of and payment for the Bonds at the Closing, the amount of the Good Faith Deposit shall be applied in partial payment of the purchase price of the Bonds. If the Agency does not accept this offer, or fails to deliver the Bonds at the Closing, or is unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Contract (unless waived by the Underwriters), or if such obligations are terminated for any reason permitted by this Purchase Contract, you shall

immediately return the amount of the Good Faith Deposit to us, and thereupon all claims and rights hereunder of the Underwriters against you shall be fully released and discharged. If the Underwriters fail (other than for a reason permitted under this Purchase Contract) to accept and pay for the Bonds at the Closing, the proceeds of the Good Faith Deposit and the investment earnings thereon shall be retained by the Agency as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and thereupon all your claims and rights hereunder against the Underwriters shall be fully released and discharged. Notwithstanding the foregoing, the respective obligations of the Agency and the Underwriters for the payment of expenses set forth in paragraph 10 hereof shall survive any such termination.

4. You shall deliver or cause to be delivered to us, promptly after your acceptance hereof, two copies each of the General Resolution, the Fifth Supplemental Resolution and, within five business days from the date hereof, a reasonable number of copies of the Official Statement of the Agency dated July 23, 1992 with respect to the Bonds, substantially in the form of the Preliminary Official Statement of the Agency dated July 16, 1992 with respect to the Bonds (the "Preliminary Official Statement") with only such changes as have been approved by the Underwriters, signed on your behalf by the Executive Director of the Agency (such Official Statement, including the cover page and all appendices attached thereto being herein called the "Official Statement," except that if the Official Statement has been amended with our approval between the date thereof and the date upon which the Bonds are delivered to us, the term "Official Statement" shall refer to the Official Statement as so amended). As soon as practicable after receipt thereof, the Underwriters shall deliver the Official Statement and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. You authorize the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Bonds. You ratify the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement in connection with the public offering of the Bonds.

5. The Agency represents to and agrees with the Underwriters that:

(a) both as of the date of the Official Statement and at all times subsequent thereto up to and including a date 25 days following the "End of the Underwriting Period" (hereinafter defined) (i) the statements and information contained in the Official Statement (other than the public offering prices or yields of the Bonds shown on the cover of the Official Statement, the stabilization clause on the inside front cover thereof, the information under the captions "Security for the Bonds -- The

Bank" and "Underwriting", and any other statements and information therein furnished in writing to the Agency by the Underwriters and statements and information relating to the book entry system) are and will be true, correct and complete in all material respects and (ii) the Official Statement does not and will not omit any statement or information that is necessary to make the statements and information therein (other than the public offering prices or yields of the Bonds shown on the cover of the Official Statement, the stabilization clause on the inside front cover thereof or the information under the captions "Security for the Bonds -- The Bank" and "Underwriting"), in the light of the circumstances under which they were made, not misleading in any material respect;

(b) the Agency is and will be at the date of Closing duly created and established as a body politic and corporate having the powers and authority set forth in No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended, the same being Chapter 25 of Title 10 of the Vermont Statutes Annotated, as amended (the "Act");

(c) between the date of this Purchase Contract and the Closing, the Agency will not, without the prior consent of the Underwriters, issue any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement, and, except in the ordinary course of its business of conducting its programs as described in or contemplated by the Official Statement and except as otherwise described in or contemplated by the Official Statement, will not incur any liabilities, direct or contingent, and there will not have been any adverse change of a material nature in the financial position or in the results of operations of the Agency as disclosed in the Official Statement;

(d) when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Purchase Contract, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the Agency, in conformity with, and entitled to the benefit and security of, the Act, the General Resolution and the Supplemental Resolution;

(e) the adoption of the Resolution, the execution of this Purchase Contract, the Mortgage Loan Application and Commitment Agreements (the "Commitment Agreements") and the Mortgage Loan Purchase and Servicing Agreements (the "Purchase and Servicing Agreements"), each as described in the Official Statement, the execution of the letter of representation dated August 5, 1992 (the "Representation Letter") addressed to The Depository Trust Company ("DTC"), and the execution of the Remarketing Agreement for the Bonds, among the Agency and PaineWebber (the "Remarketing Agent"), acting thereunder by and on behalf of itself, Lehman Brothers, The First National Bank of Boston, Bear Stearns & Co., Inc. and Goldman, Sachs & Co., as remarketing agents for the Bonds (the "Remarketing Agreements"), and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or violate any existing law, ordinance, administrative regulation, court order or consent decree to which the Agency is subject; and

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

6. Prior to or simultaneously with the execution of this Purchase Contract, we shall have received from KPMG Peat Marwick a letter substantially in the form set forth in Exhibit A hereto.

7. At 10:00 a.m. Eastern Daylight Time on August 5, 1992, or at such other time or on such earlier or later date upon which we mutually agree (herein called the "Closing"), the Agency will deliver or cause to be delivered the Bonds to DTC, in New York, New York, and the other documents hereinafter mentioned to be delivered to us at the offices of Palmer & Dodge in Boston, Massachusetts, or at such other place upon which we may mutually agree, provided that the Bonds shall be available to the Underwriters at DTC for checking at least 24 hours prior to the Closing. The Underwriters will accept delivery of the Bonds at the Closing and pay the purchase price thereof (plus accrued interest on the Bonds from the date thereof to the date of

Closing less the amount of the Good Faith Deposit) by check or checks payable in New York Clearing House funds to the order of the Agency. The Bonds shall be delivered as duly executed, fully registered bonds in definitive form and bearing CUSIP numbers. The Bonds (one Bond for each maturity in the respective principal amounts equal to the aggregate principal amounts of the Bonds for each maturity) will be typewritten and registered in the name of Cede & Co.

8. The Underwriters have entered into this Purchase Contract in reliance upon the representations and agreements of the Agency herein and the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) at the time of Closing, (i) the Official Statement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) you shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Palmer & Dodge, Boston, Massachusetts (herein called "Bond Counsel"), are necessary in connection with the transactions contemplated hereby;

(b) the Underwriters shall have the right pursuant to written notice given to the Agency to cancel their obligations to purchase the Bonds if, between the date hereof and the Closing: (i) legislation shall be introduced in or enacted by the Congress of the United States or enacted by the State of Vermont, or shall have been reported out of committee of either body of the Congress of the United States or be pending in committee of either body or be reported out of or pending in a joint committee of Congress or legislation pending in the Congress of the United States shall be amended, or a decision shall be rendered by a court of the United States or the State of Vermont, including the Tax Court of the United States, or a ruling shall be made or a regulation shall be proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or Vermont authority having jurisdiction, with respect to federal or Vermont taxation upon revenues or other income of the general character to be derived by the Agency or by any similar body, or upon interest on obligations of the general character of the Bonds, that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or Vermont tax consequences of any of the transactions contemplated in connection herewith, and that, in the reasonable opinion of the Underwriters, affects materially and adversely the market for, or sale of, the Bonds by the Underwriters at the contemplated offering prices or yields; or (ii) any event shall have occurred, or any condition shall exist that, in the reasonable opinion of the Underwriters, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or (iii) there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriters, would affect materially and adversely the ability of the Underwriters to market the Bonds; or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or (v) a general banking moratorium shall have been declared by federal or New York or Vermont authorities having jurisdiction and be in force; or (vi) there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Bonds or any securities of the general character of the Bonds (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Underwriters would materially and adversely affect the market price of the Bonds or the marketability of the Bonds which in the Underwriters' judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Bonds; or (vii) a decision of any Federal or state court or a ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency or Court shall have been made or issued that would (A) make the Bonds or any securities of the general character of the Bonds subject to the registration requirements of the Securities Act of 1933 or (B) require the qualification of the General Resolution or the Supplemental Resolution under the Trust Indenture Act of 1939, as amended; and

(c) at or prior to the Closing, we shall receive the following documents:

(1) the unqualified approving opinion of Bond Counsel, dated the date of Closing, in substantially the form

included as Appendix V to the Official Statement, accompanied by a supplementary opinion thereto, dated the date of the Closing and addressed to the Agency and to the Underwriters, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the Underwriters, constitutes a binding agreement of the Agency in accordance with its terms; (ii) the Agency has duly approved the Official Statement and has duly ratified the distribution of the Preliminary Official Statement; (iii) the statements contained in the Official Statement under the headings entitled: "Introductory Statement," "The Agency" (as to the subheading "Purpose and Powers" only), "Single Family Mortgage Purchase Program" (as to the first paragraph only under the subheading "Mortgage Insurance Requirements"), "Security for the Bonds" (except for the subheading "The Bank"), "The Series 4 Bonds," "Book-Entry System" as to the eighth and fourteenth paragraphs under such heading only), "Summary of Certain Provisions of the General Resolution," "Pledge and Agreement of the State," "Tax Exemption," and Appendix IV - "Definitions of Certain Terms" are correct and do not omit any matter that, in their opinion, should be included or referred to therein and that is not included elsewhere in the Official Statement; (iv) the Resolution and the Bonds conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement; (v) based upon the examinations that they have made as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to their attention that would lead them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion Bond Counsel is not required to express an opinion with respect to financial statements and other financial and statistical data included in the Official Statement or the information contained under the heading "Underwriting", or in the second paragraph of the inside front cover of the Official Statement; (vi) under existing laws, the Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and the Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended; and (vii) under existing law, the adjustment of the interest rate on all or a portion of the Bonds in accordance with the provisions of the Fifth Supplemental Resolution would not constitute a "reissuance" of the Bonds for federal income tax purposes.

(2) the opinion of Glenn A. Jarrett, General Counsel of the Agency, dated the date of Closing and addressed to the Agency and the Underwriters, with respect to the Bonds, to the effect that, with respect to matters of Vermont law only, (i)

the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Official Statement; (ii) the Remarketing Agreement and the Representation Letter have been duly authorized, executed and delivered by the Agency; (iii) this Purchase Contract, the Commitment Agreements and the Purchase and Servicing Agreements have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties to the same, constitute binding agreements of the Agency in accordance with their terms; (iv) the Agency has duly approved the Official Statement and has duly ratified the distribution of the Preliminary Official Statement; (v) the information in the Official Statement with respect to the Commitment Agreements and the Purchase and Servicing Agreements is correct and does not omit any statement that, in his opinion, should be included or referred to therein, and the Commitment Agreements and the Purchase and Servicing Agreements conform as to form and tenor with the terms, provisions and descriptions thereof as summarized and set out in the Official Statement; (vi) the statements contained in the Official Statement in the first paragraph under the heading "No Litigation" correctly state the opinions of such Counsel; (vii) based upon the examinations that he has made as counsel for the Agency but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to his attention that would lead him to believe that the Official Statement (except for Appendices I, II, IIA and V as to which he need express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion counsel for the Agency shall not be required to express an opinion with respect to financial statements and other financial data included in the Official Statement; (viii) under the Act, the Bonds and the interest thereon and the income therefrom are exempt from all Vermont taxation, franchise fees and special assessments of every kind, except for transfer, inheritance and estate taxes; (ix) to the best of his knowledge, there is no action, suit, proceeding, investigation at law or in equity before or by any court, judicial board or body, pending or threatened, against or affecting the Agency, wherein an unfavorable decision, ruling or finding would affect materially and adversely the transactions contemplated by the Official Statement or the validity of the Resolution, the Bonds, the Mortgage Loans, the Commitment Agreements, the Purchase and Servicing Agreements, the Remarketing Agreement, or this Purchase Contract; and (x) the adoption of the General Resolution, and the Supplemental Resolution and the execution and delivery by the Agency of the Bonds, the Commitment Agreements, the Purchase and Servicing

Agreements, the Representation Letter, the Remarketing Agreement, and this Purchase Contract, and compliance with the terms and provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, to the best of his knowledge after due inquiry, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party; it being understood that in rendering such opinion General Counsel of the Agency is entitled to rely on the opinion of the Vermont Department of Taxes with respect to the opinion expressed in clause (vii), need render no opinion as to the requirement of registration of the Bonds under the Securities Act of 1933, as amended, or under the similar provisions of any state statute or regulation, and need render no opinion as to any matter of federal law;

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

(4) a certificate, dated the date of Closing, signed by the Chairman and the Executive Director or the Director of Finance of the Agency and in form and substance satisfactory to us, to the effect that (i) the representations, agreements and warranties of the Agency herein are true and correct in all material respects as of the date of Closing; (ii) the Commitment Agreements, the Remarketing Agreement and the Purchase and Servicing Agreements have been duly executed by the Agency and,

assuming due execution by the other parties thereto, constitute binding agreements of the Agency that are in full force and effect; (iii) no litigation is pending or, to their knowledge, threatened (a) to restrain or enjoin the issuance, sale, execution or delivery of any of the Bonds or the making of loans with the proceeds of the Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds, any proceedings of the Agency taken with respect to the issuance or sale of the Bonds, the pledge or application of any money or security provided for the payment of the Bonds or the validity of the Resolution, the Commitment Agreements, the Purchase and Servicing Agreements, the Representation Letter, the Remarketing Agreement or this Purchase Contract, or (c) in any way contesting the existence or powers of the Agency; and (iv) to the best of their knowledge, no event affecting the Agency has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to be disclosed therein to make the statements and information therein not misleading in any material respect;

(5) a letter of KPMG Peat Marwick, dated the date of Closing and addressed to the Agency and the Underwriters, to the effect that such accountants reaffirm, as of a date not more than five business days prior to the Closing, the statements made in the letter furnished by such accountants pursuant to paragraph 6 hereof;

(6) two certified copies of the Preliminary Official Statement, the Official Statement and this Purchase Contract;

(7) a letter of Bond Counsel, dated the date of the Closing and addressed to PaineWebber on behalf of the Underwriters, with respect to the Bonds, to the effect that their final approving opinion on the Bonds may be relied upon by the Underwriters to the same extent as if such opinion was addressed to the Underwriters;

(8) the Remarketing Agreement dated the date of Closing and in form satisfactory to the Underwriters;

(9) a letter from Moody's Investors Service to the effect that it has assigned a rating of "A-1" to the Bonds and a letter from Standard & Poor's Corporation to the effect that it has assigned a rating of not lower than "A";

(10) the Representation Letter; and

(11) such additional legal opinions, certificates, proceedings, instruments and other documents as we or Bond Counsel may reasonably request to evidence compliance by the

Agency with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Agency herein and in the Official Statement, and the due performance or satisfaction by you at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by you.

If the Agency shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Contract with respect to the Bonds or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the Agency shall have any further obligation hereunder, except that the amount of the Good Faith Deposit shall be returned to us and the respective obligations under paragraph 10 hereof shall continue.

9. At the Closing, contemporaneously with the receipt of the Bonds, the Underwriters will deliver to you a receipt therefor, in form satisfactory to Bond Counsel, signed by PaineWebber on behalf of the Underwriters. On or before the date of the Closing, the Underwriters shall furnish to you a certificate acceptable to Bond Counsel signed by PaineWebber on behalf of the Underwriters to the effect that (i) all of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or at yields no lower than, those shown on the cover of the Official Statement and (ii) based on the Underwriters' records and other information available to them which they believe to be correct, a substantial amount (at least 10%) of each maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial prices no higher than, or yields no lower than, those shown on the cover of the Official Statement.

10. The Agency shall pay any expenses incident to the performance of its obligations hereunder including but not limited to: (i) the fees and disbursements of Bond Counsel; (ii) the cost of preparing and printing the Preliminary Official Statement and the Official Statement; (iii) the fees of rating agencies; and (iv) the fees and disbursements of any other counsel, experts or consultants retained by the Agency.

The Underwriters shall pay: (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing the Blue Sky Memorandum and this Purchase Contract; (iii) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Bonds, including the fees and disbursements of counsel retained by them; and (iv) all expenses incurred by them in connection with their performance in the capacity of Underwriters for the Bonds.

11. Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to Allan S. Hunt, Executive Director, Vermont Housing Finance Agency, P.O. Box 408, Burlington, Vermont 05402 and such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019, to the attention of Andrew F. Gurley.

12. This Purchase Contract is made solely for the benefit of the Agency and the Underwriters (including the successors or assigns of any of the Underwriters) and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements of the Agency in this Purchase Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriters and shall survive the delivery of and payment for the Bonds. This Purchase Contract shall be enforceable in accordance with the laws of the State of New York.

13. For purposes of this Purchase Contract, the End of the Underwriting Period shall mean the earlier of (a) the day of the Closing unless the Agency has been notified in writing to the contrary by the Underwriters on or prior to the day of Closing, or (b) the date on which the "End of the Underwriting Period" for the Bonds has occurred under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule").

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

14. The approval of the Underwriters when required hereunder shall be in writing signed by PaineWebber and delivered to you.

PAINEWEBBER INCORPORATED
LEHMAN BROTHERS
THE FIRST NATIONAL BANK OF BOSTON
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

By: PaineWebber Securities, Inc.

By:________________________________
Managing Director

Accepted pursuant to
resolution of the Agency
adopted July 23, 1992

VERMONT HOUSING FINANCE AGENCY

By:____________________________
Executive Director

Exhibit A
to the
Purchase Contract

PROPOSED FORM OF ACCOUNTANT'S LETTER

[LETTERHEAD OF KPMG PEAT MARWICK]

July ___, 1992

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

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

Ladies and Gentlemen:

We have examined the balance sheet of various programs of the Vermont Housing Finance Agency (the "Agency") as of June 30, 1991, and related statements of revenues, expenses, and changes in fund balance and changes in financial position for the year then ended, which are included in the Preliminary Official Statement of the Agency, dated July 16, 1992 (the "Official Statement"), relating to the issuance on August 5, 1992 of $55,000,000 aggregate principal amount of Single Family Housing Bonds, Series 4 (the "Bonds"); our report with respect thereto is included in such Official Statement. In connection with the Official Statement:

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

2. We hereby consent to the use of our report dated September 27, 1991, included in the Official Statement and to the reference to our firm in the Official Statement under the heading "Financial Statements of the Agency."

3. We have not audited any financial statements of the Agency as of any date or for any period subsequent to June 30, 1991 although we have made an audit for the year ended June 30, 1991, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1991 and for the year then ended, but not on the financial statements for any interim period within that year or for any period subsequent to June 30, 1991.

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

(a) With respect to the six-month period ended December 31, 1991, we have:

(i) read the unaudited balance sheet of the Agency as of December 31, 1991 and the unaudited statements of revenues, expenses and changes in fund balances and cash flows for the six-month period then ended which are included in the Official Statement, officials of the Agency having advised us that no financial statements as of any date or for any period subsequent to December 31, 1991 were available; and

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

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

Nothing came to our attention as a result of the foregoing procedures, however, that causes us to believe that:

(a) the unaudited financial statements described in paragraph 3(a)(i) are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements.

(b) for the six months ended December 31, 1991, there were any decreases in the amount of total revenues or the excess of revenues over expenses as compared with the corresponding period for the preceding year, except in all instances for changes or decreases which the Official Statement discloses have occurred or may occur.

5. Agency officials have advised us that no financial statements as of any date or for any period subsequent to December 31, 1991 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after December 31, 1991 have, of necessity, been even more limited than those with respect to the periods referred to in item 4. We have made inquiries of the Director of Finance of the Agency, the officer of the Agency responsible for accounting and financial matters, as to whether (i) there was any change at July __, 1992, in the debt of the Agency or any decrease in total assets as compared with the amounts shown in the December 31, 1991 unaudited balance sheets included in the Official Statement or (ii) during the period from December 31, 1991 to July __, 1992, there were any decreases in the amount of total revenues or excess of revenues over expenses as compared with the corresponding period for the preceding year.

On the basis of these inquiries and our reading of the minutes described in paragraph 4 above, nothing came to our attention that caused us to believe that there was any such change or decrease subsequent to December 31, 1991, except in all instances for changes or decreases which the Official Statement discloses have occurred or may occur [except as follows:]

6. For the purposes of this letter, we have also read the following information set forth in the Reoffering Memorandum on the indicated pages and under the indicated captions and have performed the additional procedures stated below with respect to such information. Our audit of the financial statements for the period referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For neither the period referred to therein nor any other period did we perform audit tests for the purpose of expressing an opinion on individual balances or accounts or

summaries of selected transactions such as those enumerated below and, accordingly, we express no opinion thereon:

Item	Page	Description
A	2	"Introductory Statement" The dollar amount in the fifth sentence of the second paragraph.
B	9	"Outstanding Indebtedness" The dollar amounts in the first sentence of the first paragraph.
C	20	"Bond Reserve Fund" The dollar amount in the second sentence of the fourth paragraph.
		Appendix I "Certain Information Relating to the Agency's Existing Single Family Mortgage Programs"
D	I-1, I-2	The tables under the headings "Portfolio of Loans Outstanding Under the Insured Mortgage Bond Program," "Portfolio of Loans Outstanding Under the Mortgage Purchase Bond Program," "Portfolio of Loans Outstanding Under the Home Mortgage Purchase Bond Program," "Portfolio of Loans Outstanding Under the Single Family Housing Bond Program" and "Delinquency Statistics."

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

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

pertaining to the offering of the securities covered by the Official Statement.

Very truly yours,

VERMONT HOUSING FINANCE AUTHORITY
Single Family Housing Bonds, Series 4
$55,000,000

FINAL PRICING INFORMATION

Moody's: A1 S&P: A+
Dated Date: 8-1-92 First Coupon: 5-1-93
All Bonds are Priced at Par.

Date	Maturity Amount	Coupon	Takedown
05/1/1993	$1,350,000.00	3.00 %	$2.50
11/1/1993	1,500,000.00	3.25	3.75
05/1/1994	1,200,000.00	4.00	5.00
11/1/1994	1,300,000.00	4.00	5.00
05/1/1995	1,320,000.00	4.40	5.00
11/1/1995	1,375,000.00	4.40	5.00
05/1/1996	1,440,000.00	4.70	5.00
11/1/1996	1,300,000.00	4.70	5.00
05/1/1997	275,000.00	4.90	6.25
11/1/1997	315,000.00	4.90	6.25
05/1/1998	355,000.00	5.10	6.25
11/1/1998	400,000.00	5.10	6.25
05/1/1999	440,000.00	5.30	6.25
11/1/1999	480,000.00	5.30	6.25
05/1/2000	535,000.00	5.50	6.25
11/1/2000	585,000.00	5.50	6.25
05/1/2001	560,000.00	5.70	7.50
11/1/2001	540,000.00	5.70	7.50
05/1/2002	585,000.00	5.80	7.50
11/1/2002	640,000.00	5.80	7.50
05/1/2003	700,000.00	5.90	7.50
11/1/2003	750,000.00	5.90	7.50
05/1/2004	810,000.00	6.00	7.50
11/1/2004	875,000.00	6.00	7.50
05/1/2012	7,735,000.00	5.75	7.50
11/1/2025	27,635,000.00	6.40	7.50
	$55,000,000.00		

Revised pricing scale; replaces the cover of the P.O.S. for Series 4 Bond Issue.

07/21/92

PaineWebbe

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Mark Koppelkam, Multi-Family Development Underwriter

DATE: July 21, 1992

RE: FLYNN AVENUE COOPERATIVE - LETTER OF CREDIT REQUEST

Lake Champlain Housing Development Corporation (LCHDC) is requesting a $420,000 letter of credit from VHFA. The purpose of the letter of credit is to provide financing if cash from a signed and approved funding request from HUD has not been appropriated by March 1, 1993.

LCHDC wants to proceed to a construction closing on Thursday, July 30, 1992. The City of Burlington is providing a "float loan" of the $420,000 from CDBG funds at that time. However, the City absolutely needs access to the CDBG funds in March, and wants written assurance of an alternate source of funds if for some reason the HUD monies are not available by that time. The Vermont Housing and Conservation Board (VHCB) is administering the HUD Special Purpose Grant. It is everyone's expectation that the HUD monies would be available by November 1992.

The project is a 28-unit apartment-style cooperative, to be located on Flynn Avenue in Burlington. The Vermont National Bank is providing a first mortgage of $910,000, and is requiring a second mortgage on a $326,874 grant from the Federal Home Loan Bank that they are administering. The remainder of funding is from numerous grants, with $67,500 being invested by the cooperative members (i.e., $2,000 per unit). The total development budget is $2,149,374, for a per unit cost of $76,763. A development budget is attached.

In the worst possible case, where the HUD money never appears, the VHFA loan would be a third mortgage, constituting nearly 20% of total development costs. Fully amortizing payments even at zero percent interest would be difficult, though substantial payments could be made, particularly if vacancy is low and HUD retains all 10 Section 8 units beyond the first 5 years. Potential rent increases to cover additional debt would be severely limited by low income affordability covenants set by the VHCB and other parties.

An option of taking out the first mortgage Vermont National Bank loan of $910,000 (currently amortized at 9% over 30 years, increasing to 10% in Year 10) is not useful from a financial perspective, as payments on even a 8% tax exempt note rate would be difficult. Such a move would also increase VHFA's exposure from 20% of project value to over 60%.

RECOMMENDATION

Staff recommends approval of the attached Resolution, authorizing the Executive Director to issue a Letter of Credit (or similar credit facility) to LCHDC for up to $420,000.

RESOLUTION PERTAINING TO AUTHORIZATION OF CREDIT FACILITY FOR FLYNN AVENUE COOPERATIVE

WHEREAS, the Lake Champlain Housing Development Corporation ("LCHDC") is developing a 28 unit cooperative housing building to be located on Flynn Avenue in Burlington (the "Development"); and

WHEREAS, LCHDC is scheduled for a construction closing for the Development on July 30, 1992; and

WHEREAS, the United States Department of Housing and Urban Development ("HUD") has approved a funding request for the Development in the amount of $420,000, however, the money has not yet been delivered; and

WHEREAS, the City of Burlington ("City") has agreed to provide the Development with a temporary loan of $420,000 from Community Development Block Grant funds, but is requiring the loan to be repaid no later than March, 1993 and is requiring LCHDC to secure a source of funds to replace the City's money if the HUD money is not received by March, 1993; and

WHEREAS, LCHDC has requested the Agency to provide it with a credit facility for up to $420,000 to satisfy the City's request for a backup source of funds;

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue the Agency's letter of credit or other credit facility for the benefit of the City of Burlington for up to $420,000 to be conditioned on the failure to receive monies from HUD for the Flynn Avenue Cooperative.

2. The letter of credit or other credit facility shall contain whatever terms and conditions the Executive Director deems necessary and appropriate.

@CURVALUE("file","save") 17-Jul-92

FINANCIAL ANALYSIS

Project: flynn RUN DATE: 17-Jul-92 ft.

********Summary*********		************Assumptions************	
Total Units:	28	Trend Factors:	
VHCB Restricted Units:	27	Increase/vli units	4.00%
Percent Restricted:	96.43%	Increase/Market Units	3.50%
Total Cost:	2,149,374		
Total Cost/Unit:	76,763	Expense increase:	5.00%
		Vacancy Rate (Res.):	3.00%

FINANCING SUMMARY

Source	Amount	% of TDC	Per Unit	Rate	Term	Notes
Equity VHCB	67,500	3.14%	2,411	grant		
FHLB	326,874	15.21%	11,674	grant		
share loans	56,000	2.61%	2,000	member equity		
HUD Spec. proj.	420,000	19.54%	15,000	grant		
City grants	70,000	3.26%	2,500			
Vermont National	910,000	42.34%	32,500	9.00%	30	rate changes to 10% year 10 to 20
University of Vt grant	9,000	0.42%	321	9.00%		
VHCB grant	275,000	12.79%	9,821	1.00%	30	Deferred Interest Loan
city trust fund	15,000	0.70%	536	1.00%	100	
TOT. NON-TAX CR. FINANCI NG	2,149,374	100.00%	76,763			

flynn DEVELOPMENT BUDGET 17-Jul-92

		Total Budget		per unit Portion
Acquisition		233,800		8,350.00
construction		1,500,000		53,571.43
Rent Loss During Constructio n				0.00
Contingency		100,000		3,571.43
Arch/Engineering		95,000		3,392.86
Legal/Accounting		10,000		357.14
Permits/Fees		73,044		2,608.72
Act 250/State permits	7,249			
City planning	7,000			
Parks	14,000			
City Fire Dept	7,000			
State wastewater	3,339			
City wastewater	22,000			
Schools	12,456			
bldg				
Taxes/Insurance		10,000		357.14
Construction Loan Interest		35,130		1,254.64
Construction Loan Fees (*)		4,625		165.18
Marketing		5,775		206.25
capitalized reserves		12,000		428.57
Working capital		10,000		357.14
CVMHF fee		15,000		535.71
Developer Fee		45,000		1,607.14
TOTAL DEVELOPMENT COS		2,149,374	0.00	76,763.36

Residential

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF
VERMONT HOUSING FINANCE AGENCY, JULY 23, 1992

RESOLVED, ______________ is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1991 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1992 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	____________________	Allan S. Hunt
Deputy Director	____________________	Jeffrey D. Francis
Director of Operations	____________________	Douglas R. Lothrop
Director of Finance	____________________	Roger A. Schoenbeck
Controller	____________________	Timothy M. Gutchell

Any check in an amount over $1,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

vhfa
VERMONT HOUSING FINANCE AGENCY

August 17, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Wednesday, August 26, at 1:30 p.m., here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: August 20, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Wednesday, August 26, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 August 26!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: August 12, 1992

RE: RESCHEDULING UPCOMING (AUGUST) BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been rescheduled. The meeting will be held at 1:30 p.m. Wednesday, August 26, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Burlington, Vermont.

The agenda and Board packet will be mailed to you August 20.

I will be out of the office until August 24, but please feel free to contact Jeff or Barbara should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 August 26!

vhfa
VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Wednesday, August 26, 1992 at 1:30 p.m.

1. Review and approval of minutes of July 23, 1992

2. Administration
   - ⌂ Executive Director's Report **[Hunt]**

3. Operations
   - ⌂ MOVE 1990 Series 2 Update/ Delinquency Report **[Lothrop//Enclosure]**

4. Development
   - ⌂ City of Burlington—Old North End Joint Loan Program **[Jenkins/Koppelkam//Encl.]**
   - ⌂ ACCAG (Bristol) Resolution of Interest **[Jenkins/Koppelkam//Encl.]**
   - ⌂ ACCAG (Vergennes) Resolution of Interest **[Jenkins/Koppelkam//Encl.]**
   - ⌂ Pinecrest (Williston) LCHDC Commitment Letter Resolution **[Jenkins/Koppelkam//Encl.]**
   - ⌂ 700 Riverside Avenue (Burlington) Scott Mansfield Proposal **[Jenkins/Koppelkam//Encl.]**

5. Multi-Family Management
   - ⌂ A&A Realty Request for Financing Energy Improvements **[Falzone//Enclosure]**

6. Finance
   - ⌂ Series 4 Bond Sale Wrapup **[Schoenbeck]**

7. Legal
   - ⌂ Energy and Rehabilitation Loans Utilizing Recycled Multi-Family Proceeds **[Jarrett//Enclosure]**
   - ⌂ Litigation Report **[Jarrett]**

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

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

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

Thursday, July 23, 1992

PRESENT: Via speakerphone: Commissioners Shaw, Seelig, Myette, Richards, Ruse, Mullikin Drake (designee of McDougall); at VHFA office: Rockford (designee of Johnson)

Agency Staff: Mr. Hunt, Mr. Schoenbeck, Mr. Lothrop, Mr. Francis, Mrs. Parker, Mr. Koppelkam, Mr. Jarrett

Guests: Ms. Huffman (Orrick Herrington); via speakerphone: Ms. Crost (Orrick Herrington); Mr. Hale (Palmer & Dodge); Mr. Gurley, Mr. Irvin, Mr. Feery, Mr. Sacher (PaineWebber)

The meeting was called to order by the Chairman at 11:35 a.m. Participants were identified by roll call and all votes were taken by roll call.

Mr. Shaw requested that the 1990 Series 4 Bond Issue be the first item of business. The latest bond issue of $55,000,000 was reviewed by Mr. Schoenbeck, who explained that the 1978 Mortgage Purchase Resolution allows for the refunding of funds available from mortgages which were originated between 1975 and 1980. The rules that were in place when the prior resolution was adopted allows 1.5 points in earnings. High prepayments and declining short term investment rates make this refunding an attractive alternative to calling out bonds. Cash flows indicate a full spread mortgage yielding a 7.45 percent mortgage rate for $8,750,000 in new mortgages; the program also includes $5,000,000 for the Agency's stepped rate program (HOUSE, or Home Ownership Using Shared Equity) with a starting mortgage rate of 5.95 percent. Funds have been earmarked for takeout over the next five years to support operating costs. By pursuing this financing we will realize additional income of approximately $700,000 in current value earnings or $2 million over the life of the bonds. As a result of refunding the program under the original resolution, it will be possible for this program to serve other than first-time home buyers. The current financing required funding of a loan loss claim fund in excess of $1 million, but the Agency plans to approach Sanwa Bank in the near future for a letter of credit in order to draw the funds contributed by the Agency. A pre-closing is scheduled for August 4 in Burlington, with the closing to occur August 5, also in Burlington.

Funds would be available for mortgage purchase September 1. Mr. Schoenbeck expressed his appreciation for Mr. Irvin's efforts, especially in persuading bond counsel to accept the programas described, and also acknowledged the assistance of Mr. Rosen, of Bear Stearns. According to Mr. Schoenbeck, the final pricing is different from that listed on the Preliminary Official Statement distributed to the Board, but is described in the revision to the first page of that document which was included in the Board packet.

Next, Mr. Gurley reviewed the bond pricing for Series 4 and indicated that the final pricing book would be made available shortly. According to Mr. Gurley, all serial bonds for this issue were sold retail and the term bonds were sold to institutional investors. In reviewing comparable recent bond issuances, Mr. Gurley cited general obligation bonds issued by Texas Veterans, which achieved a rating of AA AA and had comparable interest rates. The only other similar recent bond issue was one from Maine which achieved a rating of A1 A+, but as that issue occurred almost a month ago, the markets have since changed to a much more favorable interest rate. Mr. Feery discussed the details of comparable bonds issued and the methods used in determining pricing for this particular issue.

A motion was made and seconded that the Fifth Supplemental Single Family Housing Bond Resolution, in substantially the form presented at the meeting, and as attached to these minutes be hereby adopted with such additions, deletions or other changes thereto as may be approved by the Chairman, Vice Chairman, Executive Director or Director of Finance at or prior to the authentication and delivery of the Agency's Single Family Housing Revenue Bonds, Series 4, authorized by said resolution; this motion was carried, with Mr. Shaw abstaining.

Turning to other agenda items, Mr. Lothrop briefly reviewed the latest MOVE program activity as detailed in the update included in the Board packet. According to Mr. Lothrop, even with conventional mortgage rates at 2.5 basis points below the Agency's, activity seems to be continuing, supported in part by the No Down Payment program. Mr. Lothrop further noted that the number of delinquencies is lower than in previous months and activity on REO properties seems to be quite positive. Mr. Hunt cautioned the Board that due to an overwhelmingly positive response to the No Down Payment program, the program will not be available after July 31, unless additional authority is found through VHMGB and/or the Farmers Home Administration. Discussions are expected to continue with the Farmers Home Administration and the Vermont Home Mortgage Guarantee Board in the interest of continuing the program in some form, since funds were reserved and distributed much faster than was originally expected. No Board action was necessary.

Upon a motion duly made and seconded, the minutes of the June 24, 1992 meeting were accepted as written.

Mr. Jarrett reviewed his memo regarding the "Vermont Development Credit Union Energy Improvement Loan Notes" included in the Board packet. Following a brief discussion, a motion was made to adopt the "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Energy Improvement Loan Notes" as attached to these minutes; this motion was seconded and carried, with Mr. Rockford abstaining.

The "Flynn Avenue Cooperative—Letter of Credit Request" was reviewed by Mr. Koppelkam, as detailed in his memo of July 21, included in the Board packet. A motion was made, seconded and carried to amend and adopt the "Resolution Pertaining to Authorization of Credit Facility for Flynn Avenue Cooperative" as attached to these minutes; Mr. Seelig abstained.

The Annual Meeting and Election of Officers was then held, and Mr. Ruse was nominated as Vice Chairman; this nomination was seconded; Mr. Seelig was also nominated as Vice Chairman, but as there was no second, the nomination was withdrawn. Mr. Schoenbeck was then nominated and seconded as Treasurer. A motion was made and seconded appointing Mr. Ruse as Vice Chairman and Mr. Schoenbeck as Treasurer, and further authorizing the signing of checks drawn against the general fund by those persons listed on the attached resolution; this motion carried unanimously.

Turning to other business, Mr. Hunt noted that negotiations and discussions have been initiated by the City of Burlington regarding abandoned or problem apartments in the Old North End of Burlington and a lack of capital to make necessary repairs. The City is considering dedicating a portion of the $500,000 in HOME funds awarded to the City by HUD in response to the City's Comprehensive Housing Affordability Strategy (CHAS) submission. Although no formal action was taken, the Board encouraged Mr. Hunt to continue discussions and keep the Board informed.

Mr. Hunt advised the Board that staff was considering several ways to utilize the funds authorized in the Series 4 bond issue. One unique aspect of the issue is that there is no first time home buyer requirement, since the funds are recycled under a resolution previously adopted. Staff may make recommendations at the next Board meeting to use these funds to plug holes in our programs. One major consideration is targeting individuals who have recently been divorced and are not considered first time home buyers or single heads of households, but would benefit from these funds. Another consideration would be to use the funds to serve counties where first time home buyer restriction appear to be a problem or counties which are currently underserved by Agency programs. A further consideration is to somehow link the program to people who have to relocate within Vermont because of a job change, but who are technically not first time home buyers. Mr. Hunt requested that members of the Board let staff know if any of these concepts would appear to be inappropriate; any negative feedback would be appreciated before too much time is spent researching this type of limitation on our program. The Board did not offer any initial comments on these ideas.

The next meeting was scheduled for Thursday, August 20, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

VERMONT HOUSING FINANCE AGENCY

Single Family Housing Bonds,
Series 4

VOTED: That the Fifth Supplemental Single Family Housing Bond Resolution, in substantially the form presented at this meeting, is hereby adopted with such additions, deletions or other changes thereto as may be approved by the Chairman, Vice Chairman, Executive Director or Director of Finance at or prior to the authentication and delivery of the Agency's Single Family Housing Revenue Bonds, Series 4, authorized by said resolution.

I hereby certify that the attached is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 23, 1992.

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

Draft 7/17/92

VERMONT HOUSING FINANCE AGENCY

FIFTH SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION

Adopted July 23, 1992

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FIFTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

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

ARTICLE I

Definitions and Authority

<u>Section 101</u>. <u>Short Title</u>. This resolution is hereinafter sometimes referred to as the "Fifth Supplemental Resolution."

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

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

"Adjusted Interest Rate" means the rate or rates of interest to be borne by all Adjusted Rate Bonds subsequent to the Adjustment Date as determined pursuant to Section 203(A)(4) hereof.

"Adjusted Rate Bonds" means all Series 4 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 4 Bonds authenticated and delivered under the Resolution thereafter upon transfer of, or in exchange or substitution for, any such Bonds.

"Adjustment Date" means the Business Day, if any, not later than the last Business Day of the Adjustment Option Period, on which the interest rate on the Series 4 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 203(A)(2) hereof.

"Adjustment Option Period" means the period commencing on the original date of authentication and delivery of the Series 4 Bonds and ending on May 1, 1995, inclusive.

"Adjustment Rating Certificate" means (i) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 4 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 203(A)(6) hereof, accompanied by (ii) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 4 Tender Bonds will not cause such Agency to change the credit ratings then assigned by it to any Bonds Outstanding.

"Arbitrage Projection Certificate" means a certificate of an Authorized Officer setting forth the Agency's reasonable expectations that adjustment of the interest rate on the Series 4 Tender Bonds on the Adjustment Date to the Adjusted Interest Rate and the purchase or making thereafter of Loans at a certain specified rate or rates with proceeds allocable to the Adjusted Rate Bonds will not cause the Series 4 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, accompanied by an opinion of Bond Counsel to the effect that such certificate is sufficient to satisfy the criteria which are necessary under Section 148(a) of the Code to support the conclusion of Bond Counsel that adjustment of the interest rate on the Series 4 Tender Bonds on the Adjustment Date will not cause the Series 4 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"Authenticating Agent", with respect to all Series 4 Bonds, means the Trustee.

"Beneficial Owner" means the person or entity that is considered to be the beneficial owner of any Series 4 Bond pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

"Bond Counsel" means Palmer & Dodge, Boston, Massachusetts, or any successor firm of attorneys.

"Bond Depository" means The Depository Trust Company, and its successors and any replacement depository appointed pursuant to Section 202 hereof.

"Bond Year" means the twelve (12) month period beginning on the date of original delivery of the Series 4 Bonds and each successive twelve (12) month period thereafter.

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

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

"Code" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 4 Bonds.

"Loan Loss" means the amount, certified to the Trustee by an Authorized Officer, of any loss realized by the Agency upon the default on a Loan, including without limitation any Prior Resolution Loan, held under the Resolution for the account of the Series 4 Bonds, which amount shall not exceed the sum of (i) the unpaid principal balance of such Loan at the date of the default, (ii) the amount of accumulated delinquent interest due on such Loan (excluding late charges and penalty interest), and (iii) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (iv) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same), (v) the amount of cash remaining in any escrow account maintained for such Loan, (vi) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of such Loan and (vii) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 4 Loan Loss Claim Fund.

"Loan Loss Claim Fund Withdrawals" means amounts withdrawn from the Series 4 Loan Loss Claim Fund pursuant to Section 305(B) hereof on account of a Loan Loss.

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

"Official Statement" means the Official Statement of the Agency describing the Series 4 Bonds, in preliminary form dated July 16, 1992 and in final form substantially as presented at this meeting and included in the minutes hereof.

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

"Principal Amount", for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 4 Bond, the stated principal amount thereof.

"Prior Resolution" means, collectively, the resolutions of the Agency entitled (i) "Single Family Mortgage Purchase Bond Resolution," adopted June 16, 1978; (ii) "Series Resolution Authorizing the Issuance and Sale of $27,210,000 Single Family Mortgage Purchase Bonds, 1978 Series A," adopted June 16, 1978; (iii) "Series Resolution Authorizing the Issuance and Sale of $35,120,000 Single Family Mortgage Purchase Bonds, 1979 Series A," adopted July 25, 1979; and (iv) "Series Resolution Authorizing the Issuance and Sale of $75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A," adopted May 2, 1980.

"Prior Resolution Bonds" means all bonds of the Agency issued pursuant to the Prior Resolution and outstanding thereunder on the date of authentication and delivery of the Series 4 Bonds, as more fully described in Section 302(B) hereof.

"Prior Resolution Loans" means all Mortgage Loans (as defined in the Prior Resolution) held under or pursuant to the Prior Resolution and pledged by Section 501 of the Prior Resolution to secure the payment of the principal or redemption price of and interest on the Prior Resolution Bonds.

"Prior Resolution Trustee" means The Howard Bank, N.A., Burlington, Vermont.

"Pro-Forma Adjusted Interest Rate" shall have the meaning given such term in Section 203(A)(1) hereof.

"Pro-Forma Tender Bonds" shall have the meaning given such term in Section 203(A)(1) hereof.

"Purchase Contract" means the Contract of Purchase dated July 23, 1992 by and between the Agency and the Underwriters named therein providing for the terms and conditions of sale of the Series 4 Bonds in substantially the form presented at this meeting and included in the minutes hereof.

"Record Date", with respect to the payment of interest on a Series 4 Bond, means the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 4 Bond or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 4 Bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty (20) Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 4 Bonds Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten (10) days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"Remarketing Agent" means collectively PaineWebber Incorporated, Bear Stearns & Co. Inc., Goldman, Sachs & Co., Lehman Brothers and The First National Bank of Boston, or any other entity or entities at the time acting in the capacity of Remarketing Agent under the Remarketing Agreement.

"Remarketing Agreement" means the Remarketing Agreement dated as of the date of original delivery of the Series 4 Bonds by and between the Agency and the Remarketing Agent, or any other remarketing agreement pertaining to the Series 4 Bonds executed and delivered by the Agency in substitution for such Remarketing Agreement, as such agreements may be amended, modified or supplemented from time to time in accordance with their terms.

"Remarketing Projection of Revenues" means a Projection of Revenues satisfying the requirements of Section 203(A)(6) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 203(A)(5) hereof.

"Representation Letter" means the letter from the Agency and the Trustee to the Bond Depository attached hereto in Exhibit A.

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

"Series 4 Bonds" means the Bonds of the Series authorized by this Fifth Supplemental Resolution.

"Series 4 Bond Reserve Requirement" means an amount with respect to the Series 4 Bonds at least equal to the lesser of (1) fifty percent (50%) of the maximum amount of Debt Service payable on all Series 4 Bonds Outstanding in the current or any subsequent Fiscal Year and (2) ten percent (10%) of the original net proceeds of the Series 4 Bonds.

"Series 4 Cost of Issuance Account" means the account in the Program Fund so designated and created by Section 301 hereof.

"Series 4 Loan Loss Claim Fund Requirement" means, as of any date of computation, (1) an amount at least equal to

(x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 4 Program Account, plus (ii) the aggregate amount, if any, then held in the Series 4 Program Account which may be applied to the purchase of such Loans, plus (iii) the aggregate unpaid principal amount of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, less (y) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 4 Loan Loss Claim Fund, or (2) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

"Series 4 Loan Loss Claim Fund" means the fund so designated and created pursuant to Section 301 hereof.

"Series 4 Rebate Account" means the account in the Rebate Fund so designated and created pursuant to Section 301 hereof.

"Series 4 Rebate Requirement", with respect to the Series 4 Bonds, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 307 hereof.

"Series 4 Tender Bonds" means the Series 4 Bonds selected in accordance with Section 203(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"Series 4 Tender Bonds Proceeds Subaccount" means the Series 4 Program Account - Tender Bonds Proceeds Subaccount established pursuant to Section 301 hereof.

"Trustee" means The Howard Bank, N.A., Burlington, Vermont, or its successor in trust under the Resolution.

"Yield" means the yield on the Series 4 Bonds or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 4 Bonds calculated as required by Section 148(h) of the Code.

(C) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Fifth Supplemental Resolution, the term "Interest Payment Date" with respect to the Series 4 Bonds shall mean May 1 and November 1 of each year commencing on the date provided in Section 201(D) hereof, any redemption date of any Series 4 Bonds and any other date on which interest on the Series 4 Bonds is required or permitted by the Resolution to be paid.

(D) Unless a different meaning clearly appears from the context, any reference in this Fifth Supplemental Resolution to the exclusion of interest on the Series 4 Bonds from gross income for federal income tax purposes shall not include reference to any inclusion of interest on the Series 4 Bonds in the computation of the alternative minimum tax imposed on corporations by the Code.

Section 103. Authority. This Fifth Supplemental Resolution supplements the Resolution and is adopted pursuant to the Resolution and in accordance with the Act.

ARTICLE II

Authorization of Series 4 Bonds

Section 201. Series 4 Bonds; Authorization; Purpose; Findings. (A) A Series of Bonds, designated "Single Family Housing Bonds, Series 4", is hereby authorized to be issued in the aggregate Principal Amount of $55,000,000. The Agency hereby determines (1) that the original aggregate Principal Amount of the Series 4 Bonds is necessary to provide sufficient funds to be used and expended for the Program, (2) that Loans made on behalf of the Agency with moneys allocable to the Series 4 Bonds can be issued bearing rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency, and (3) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 4 Bonds and from the Prior Resolution Loans as provided herein sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 4 Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 4 Bonds are being issued. For purposes of Section 204(B) of the Resolution, all Series 4 Bonds shall be issued as "Fixed-Rate Bonds" as described in Section 203(B) of the Resolution and as "Tender Bonds" as described in Section 203(D) of the Resolution.

(B) The purposes for which the Series 4 Bonds are being issued are to refund the Prior Resolution Bonds and thereby to transfer the Prior Resolution Loans to the Resolution and to provide funds, in the manner described in Section 302 hereof, for deposit in the Series 4 Program Account, the Series 4 Cost of Issuance Account, the Series 4 Loan Loss Claim Fund, the Revenue Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution and in Article III hereof.

(C) Subject to Section 202 hereof, all Series 4 Bonds shall be issued only in the form of fully registered bonds each in the denomination of $5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letter "R" and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(D) The Series 4 Bonds shall be dated August 1, 1992. All Series 4 Bonds shall bear interest from the May 1 or November 1 to which interest has been paid or duly provided for next preceding their date of authentication or, if no interest has been paid, from August 1, 1992, or if the date of authentication of any Series 4 Bond is subsequent to the Record Date for any interest payment and on or prior to the Interest Payment Date therefor and if interest is paid on such Interest Payment Date, from such Interest Payment Date. Interest on each Series 4 Bond shall be payable on November 1, 1992 and semi-annually thereafter on May 1 and November 1 of each year. Subject to Section 203 hereof, the Series 4 Bonds shall mature on the dates and in the Principal Amounts and shall bear interest at the rates shown below:

Due	Amount	Interest Rate	Due	Amount	Interest Rate
November 1, 1993	$	%	November 1, 1999	$	%
May 1, 1994			May 1, 2000		
November 1, 1994			November 1, 2000		
May 1, 1995			May 1, 2001		
November 1, 1995			November 1, 2001		
May 1, 1996			May 1, 2002		
November 1, 1996			November 1, 2002		
May 1, 1997			May 1, 2003		
November 1, 1997			November 1, 2003		
May 1, 1998			May 1, 2004		
November 1, 1998			November 1, 2004		
May 1, 1999			May 1, 2012		

(E) The Principal Amount and Redemption Price of the Series 4 Bonds shall be payable at the Principal Office of the Trustee. Interest on the Series 4 Bonds shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 4 Bond on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 4 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (E) to the contrary, if at any time the Series 4 Bonds are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 202 hereof, the Principal Amount and Redemption Price of and interest on the Series 4 Bonds of any registered owner of Series 4 Bonds of $1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 4 Bonds on account of which such payment is made.

(F) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 4 Bond a fee sufficient to reimburse the Agency for the cost of preparing each new Series 4 Bond delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

<u>Section 202</u>. <u>Book Entry System</u>. Notwithstanding the foregoing provisions of Section 201 hereof and anything in Article III of the Resolution to the contrary:

(1) The Series 4 Bonds shall be initially issued in the form of a single separate fully registered bond for each maturity of the Series 4 Bonds in the amount of such maturity. Upon initial issuance, the ownership of the Series 4 Bonds shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 4 Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 4 Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 4 Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 4 Bonds, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 4 Bonds. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 4 Bonds only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 4 Bonds to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 4 Bond evidencing the obligation of the

Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." in this Fifth Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(2) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 4 Bonds shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the Series 4 Bondholders transferring or exchanging Series 4 Bonds shall designate, in accordance with the provisions of the Resolution.

(3) In the event the Agency determines that Beneficial Owners should be able to obtain Series 4 Bond certificates, the Agency shall notify the Bond Depository and the Trustee of the availability of Series 4 Bond certificates. In such event, the Trustee shall issue, transfer and exchange Series 4 Bond certificates as requested by the Bond Depository (or, pursuant to Section 202(2) hereof, any other Series 4 Bondholder) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the Series 4 Bonds to any Participant having Series 4 Bonds credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 4 Bonds.

(4) Notwithstanding any other provision of this Fifth Supplemental Resolution to the contrary, so long as any Series 4 Bond is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 203. Adjusted Rate Bonds. (A) The Series 4 Bonds are issued subject to the provision that all or part of such Bonds may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 4 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 203.

(1) If at any time and from time to time during the Adjustment Option Period (but not less than fifty-four (54) days prior to the end of the Adjustment Option Period) any amount attributable to the Series 4 Bonds remains on deposit in the Series 4 Program Account and the Agency has determined (i) that the rate of interest to be borne by Loans allocable to Series 4 Bonds bearing interest at the rates set forth in Section 201(D) hereof either (x) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (y) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans to the Agency or (ii) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 4 Bonds bearing interest at the rates set forth in Section 201(D) hereof cannot be issued bearing a rate or rates of interest which is less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Agency may deliver to the Remarketing Agent a certificate of an Authorized Officer directing the Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than five (5) days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 4 Bonds (not in excess of the amount then on deposit in the Series 4 Program Account and in a multiple of $5,000) for which the Pro-Forma Adjusted Interest Rate shall be determined (hereinafter referred to as the "Pro-Forma Tender Bonds"). On the Certification Date, the Remarketing Agent shall determine and certify to the Agency and the Trustee the Pro-Forma Adjusted Interest Rate with respect to the Pro-Forma Tender Bonds. The Pro-Forma Adjusted Interest Rate shall be the lowest rate or rates which, in the Remarketing Agent's judgment on the basis of prevailing market conditions, would permit the resale of the Pro-Forma Tender Bonds at par plus accrued interest, if any, on the Certification Date.

(2) If on or after any Certification Date (i) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least one-half of one percent (1/2 of 1%) lower than the yield on the Series 4 Bonds (calculated as of the original date of authentication and delivery of the Series 4 Bonds) and (ii) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 4 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate does not exceed that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford and does not exceed the maximum rate which is allowable under Section 148(a) of the Code without causing the Series 4 Bonds to become "arbitrage bonds" within the meaning of Section 148(a) of the Code and (iii) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 4 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or

rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (iv) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Remarketing Agent to call a Principal Amount of Series 4 Bonds (not in excess of the Principal Amount of Pro-Forma Tender Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after which the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than forty-eight (48) days after the date such certificate is delivered to the Trustee.

(3) If the Agency shall have elected to call a Principal Amount of Series 4 Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (2) of this Section 203, the Trustee shall select the Outstanding Series 4 Bonds (hereinafter referred to as "Series 4 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 4 Bonds specified by the Agency pursuant to Paragraph (A)(2) of this Section 203). If less than all Series 4 Bonds are to be tendered, Series 4 Bonds of each maturity Outstanding shall be called for tender, as nearly as practicable, in accordance with the ratio which the aggregate Principal Amount of Series 4 Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 4 Bonds of all maturities Outstanding. If less than all Series 4 Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 4 Bonds within such maturity to be tendered. Not later than the Notice Date, notice of tender shall be given by the Trustee, in the name of the Agency, by first-class registered mail to all Holders of Series 4 Tender Bonds at their addresses appearing on the registration books of the Agency maintained by the Trustee (or at such other address as may have been provided to the Trustee for such purpose). A copy of such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any Bonds Outstanding. In addition to the purposes provided in this Section 203, the notice of tender shall also constitute a notice of redemption of the Series 4 Tender Bonds to be tendered on the Adjustment Date to the extent the conditions provided in Paragraphs (A)(4) or (A)(7) of this Section 203 shall occur. Each such notice shall state in effect:

(i) the Principal Amount of Series 4 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(ii) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (4) or Paragraph (7) of this Section 203(A) shall occur, Series 4 Tender Bonds of such Holder will be exchanged for and either redelivered to such Holder or remarketed as Adjusted Rate Bonds on the Adjustment Date, in either case bearing the same maturity dates as the Series 4 Tender Bonds for which they were exchanged;

(iii) that the Holders of Series 4 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 4 Tender Bonds retained as provided in Section 203(B)(3) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(iv) that each Series 4 Tender Bond shall be purchased on the Adjustment Date unless the Bondholder directs the Agency and the Trustee not to purchase all or any specified portion of such Holder's Series 4 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (3) of Section 203(B);

(v) the date by which a Holder making the election described in Section 203(B)(3) hereof must notify the Trustee of such election and the address and telecopier number to which a Holder making the election may deliver notice of such election;

(vi) that if the Series 4 Tender Bonds had been exchanged for Adjusted Rate Bonds on the Certification Date, they would have borne interest thereafter at the Pro-Forma Adjusted Interest Rate and that the actual Adjusted Interest Rate will be determined on the Calculation Date (describing the dates on which the Calculation Date may occur and the method by which the actual Adjusted Interest Rate will be determined);

(vii) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of his Series 4 Tender Bonds in accordance with Section 203(B)(3), unless such Bonds are registered in the name of the Bond Depository or its nominee, he shall deliver such Bond or Bonds to the Trustee no later than 10:30 A.M. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 4 Tender Bonds); and

(viii) that if no adjustment of interest rate takes place as a result of a failure by or inability of the Remarketing Agent to set the Adjusted Interest Rate on the Calculation Date, or otherwise as provided herein, whether or not a Bondholder has elected to direct the Agency or the Trustee not to purchase all or a portion of his Series 4 Tender Bonds, all Series 4 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(4) On the Calculation Date the Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (5) of this Section 203(A), the Adjusted Interest Rate that the Adjusted Rate Bonds of each applicable maturity shall bear as of the Adjustment Date. The Adjusted Interest Rate shall be the lowest rate which, in the judgment of the Remarketing Agent, as of the date of such determination and under prevailing market conditions, would permit the resale of the Adjusted Rate Bonds on such date at par plus accrued interest, if any. If the Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 4 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Remarketing Agent shall announce the Adjusted Interest Rate by telephone to the Trustee and the Agency prior to 12:00 Noon, New York City time, on the Calculation Date, and shall confirm such notice by telex, telecopier or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (7) of this Section 203(A), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 4 Tender Bonds purchased pursuant to subparagraph (B)(3) below of the Adjusted Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the Adjustment Date, the Agency shall also deliver to the Trustee (i) an Arbitrage Projection Certificate, (ii) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (6) of this Section 203(A), (iii) an Adjustment Rating Certificate and (iv) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 4 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 4 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(5) On the Certification Date and on the Calculation Date the Remarketing Agent shall deliver to the Agency and the Trustee a schedule of Principal Installments (including Sinking Fund Installments, if any) of the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable. The maturity dates of, and schedule of Principal Installments for, the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable, shall be the same dates and schedule as established pursuant to Sections 201(D) and 204(D) hereof for the Series 4 Bonds for which they are to be exchanged, provided that the Sinking Fund Installments, if any, for the Adjusted Rate Bonds of any maturity shall be the pro-rata proportion of each Sinking Fund Installment established for such maturity pursuant to Section 204(D) hereof determined, as nearly as practicable, in accordance with the ratio which the aggregate Outstanding Principal Amount of Adjusted Rate Bonds of

such maturity bears to the aggregate Outstanding Principal Amount of all Series 4 Bonds of such maturity.

(6) In addition to the requirements of Section 610 of the Resolution, the Remarketing Projection of Revenues delivered in connection with the remarketing of the Adjusted Rate Bonds shall assume the schedule of Principal Installments for the Adjusted Rate Bonds delivered to the Agency on the Calculation Date in accordance with Paragraph (5) of this Section 203(A) and shall demonstrate that following such remarketing expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses or, if not, that the amount of Revenues and other funds available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year on all Bonds Outstanding other than the Series 4 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 4 Tender Bonds to Adjusted Rate Bonds than would be the case if the Agency did not remarket the Adjusted Rate Bonds but redeemed the Series 4 Tender Bonds in accordance with Section 204(B) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 4 Bonds will be invested following the Adjustment Date, shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Series 4 Bonds not later than ten (10) days prior to the Adjustment Date. In addition to the foregoing requirements, the Remarketing Projection of Revenues shall also take into account the provisions of Section 303(C) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Loan Loss Claim Fund Deposits available therefor on the Adjustment Date for such Adjusted Rate Bonds in the Funds and Accounts held under the Resolution, and no other Additional Security for the Series 4 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 4 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Loan Loss Claim Fund Deposits in one or more of the Funds or Accounts held under the Resolution, or shall have assigned or delivered such Additional Security to the Trustee, and shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such moneys, Reserve Deposits, Loan Loss Claim Fund Deposits or Additional Security have been validly pledged as security for the payment of the Principal Amount and Redemption Price of and interest on the Bonds.

(7) If on or prior to the Adjustment Date either (i) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate, Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (4) of this Section 203(A) or (ii) either (x) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to

be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (y) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate, or (z) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency, the Series 4 Tender Bonds shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date and the Trustee shall redeem on the Adjustment Date all Series 4 Tender Bonds in accordance with Section 204(B) hereof.

(B)(1) Subject to Paragraph (B)(3) of this Section 203, all Series 4 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 4 Tender Bond subject to purchase on the Adjustment Date shall be purchased on the Adjustment Date from moneys transferred to the Debt Service Fund pursuant to Section 304(C) hereof at a purchase price equal to the Principal Amount thereof plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(i) Series 4 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (2) hereof;

(ii) Series 4 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (3) hereof not to purchase the same; or

(iii) Series 4 Tender Bonds issued in exchange for or upon the transfer of Series 4 Tender Bonds referred to in the preceding subclauses (i) or (ii).

(2) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 304(C) hereof, the purchase price of Series 4 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of sale of Adjusted Rate Bonds to a person or persons designated by the Remarketing Agent (who may but need not be the Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Remarketing Agent if the purchase price in immediately available funds is delivered to the Trustee by 10:30 A.M., New York City time on the Adjustment Date. The Remarketing Agent, acting pursuant to the Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the fifth Business Day immediately preceding the Adjustment Date of the identity of the purchasers to whom the Adjusted Rate Bonds shall be remarketed as

of the Adjustment Date, the names in which such Bonds are to be registered and addresses and tax identification number of such purchasers and the Principal Amount, denominations, maturity date or dates and interest rate or rates of the Adjusted Rate Bonds which shall be so purchased.

(i) Any Series 4 Tender Bond subject to purchase and not delivered to the corporate trust office of the Trustee (or to a depository previously approved by the Trustee) by 10:30 A.M., New York City time, on the Adjustment Date will be deemed tendered, and an Adjusted Rate Bond may be issued in place thereof and delivered to the purchaser thereof. Any Series 4 Tender Bond deemed tendered and purchased shall not bear interest from and after the Adjustment Date and shall not be entitled to any rights under, or be secured by the pledge of, the Bond Resolution, but shall have only the right to receive the purchase price thereof.

(ii) For all Series 4 Tender Bonds purchased as herein provided, the Trustee shall authenticate Adjusted Rate Bonds in the appropriate denominations and maturity and bearing interest at the Adjusted Interest Rate and, after receipt of the purchase price therefor, deliver the same to, and register the same in the name of, such person or persons as shall be designated by the Remarketing Agent. Any Series 4 Tender Bonds presented to the Trustee after the Adjustment Date for payment shall be paid from the aforementioned amounts set aside and shall be cancelled in accordance with Section 308 of the Resolution.

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

Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(4) Unless otherwise agreed to by the Trustee with respect to Series 4 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 4 Tender Bonds described in subparagraph (3) of this Section 203(B) shall state:

(i) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 4 Tender Bonds are to be exchanged and the Principal Amount or Amounts applicable to such maturity date(s) but shall acknowledge that if the conditions described in Section 203(A)(4) or Section 203(A)(7) hereof shall occur, his Series 4 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(ii) that such person is the owner of the Series 4 Tender Bonds to be exchanged for Adjusted Rate Bonds.

Any instrument delivered to the Trustee in accordance with this Paragraph (4) shall be irrevocable. Any Holder's failure to deliver such notice in a timely manner shall result in the purchase of all of such Holder's Series 4 Tender Bonds subject to tender on the Adjustment Date.

Section 204. Redemption Provisions. (A) All Series 4 Bonds shall be subject to redemption prior to maturity on and after November 1, 2002, in whole at any time or in part, from such maturities of Series 4 Bonds of similar tenor selected by the Agency and by lot if within a maturity of Series 4 Bonds of similar tenor, on any Interest Payment Date, from moneys deposited in the Series 4 Optional Redemption Account in the Redemption Fund, at the following Redemption Prices, expressed as percentages of the Principal Amount of each Series 4 Bond or portion thereof redeemed, plus accrued interest to the redemption date:

Redemption Dates (Both Dates Inclusive)	Redemption Price
November 1 2002 to October 31, 2003	102%
November 1, 2003 to October 31, 2004	101
November 1, 2004 and thereafter	100

(B) All Series 4 Tender Bonds shall be subject to redemption prior to maturity in whole only on the Adjustment Date as provided in Section 203(A)(4) and Section 203(A)(7) hereof from moneys deposited in the Special Redemption Account pursuant to Section 304(B) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(C) All Series 4 Bonds shall be subject to redemption prior to maturity at any time in whole or in part from such maturities of Series 4 Bonds of similar tenor as the Agency shall designate in its discretion in accordance with the Resolution (and, if less than all Series 4 Bonds of similar tenor of a maturity are to be redeemed, by lot among such Series 4 Bonds of similar tenor of such maturity), at a Redemption Price equal to the Principal Amount of each Series 4 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date, from any moneys deposited in any Special Redemption Account in the Redemption Fund (other than as provided in Section 304(B) hereof) and upon compliance with the provisions of Section 509 of the Resolution.

(D) Series 4 Bonds maturing on May 1, 2012 shall be subject to redemption prior to maturity in part on May 1 and November 1 in each of the following years and in the following Principal Amounts through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 4 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date. Unless none of the Series 4 Bonds maturing on such dates shall then be Outstanding, there shall be due and the Agency shall in all events pay, as and for Sinking Fund Installments for the retirement of such Series 4 Bonds the following amounts on May 1 or November 1, as the case may be, of each of the following years; provided, however, that where there has been special or optional redemption of such Bonds, or purchase of such Bonds in lieu of redemption as provided in the Resolution, the amount of each future Sinking Fund Installment shown will be reduced as provided in the certificate of an Authorized Officer filed pursuant to Section 509(F) of the Resolution prior to such special or optional redemption or purchase; and provided further that, if the Agency shall adjust the interest rate of the Adjusted Rate Bonds pursuant to Section 203 hereof, the amount of each Sinking Fund Installment shown below shall be adjusted by the Trustee to reflect the schedule of Principal Installments for the Series 4 Bonds prepared by the Remarketing Agent in accordance with Section 203(A)(5) hereof:

Series 4 Bonds due May 1, 2012

Date	Amount	Date	Amount

(E) Except as otherwise provided herein, notice of redemption of Series 4 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 4 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than sixty (60) days and not less than thirty (30) days prior to the redemption date to the registered owners of all Series 4 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 4 Bonds or portions thereof given to the registered owner of $1,000,000 or more Principal Amount of Series 4 Bonds Outstanding shall, upon the prior written request of such owner to the Trustee, be mailed by certified mail, return receipt requested. Failure to mail any redemption notice as herein provided with respect to a Series 4 Bond or any defect therein shall not affect the redemption of any other Series 4 Bonds for which the required notice of redemption shall have been given. Not less than two (2) Business Days prior to the giving of any notice of redemption of Series 4 Bonds to the registered owners thereof, the Agency shall also give notice of such redemption to at least two national information services who customarily disseminate information concerning the redemption of bonds (provided failure to give such notice or any defect therein shall not affect the redemption of such Series 4 Bonds on the redemption date therefor). If any Series 4 Bonds called for redemption as provided herein are not presented for payment within sixty (60) days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 4 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 4 Bonds on the redemption date therefor.

Section 205. Sale of Series 4 Bonds. (A) The Series 4 Bonds shall be sold to the underwriters identified in the Purchase Contract (collectively the "Underwriters"), at the price(s), on the terms and conditions, and upon the representations set forth in the Purchase Contract, which Purchase Contract and the execution thereof on behalf of the Agency is hereby accepted and approved in all respects. The Chairman, the Vice Chairman and the Executive Director of the Agency are each hereby authorized to execute the Purchase Contract and, upon such execution, to deliver it to the Underwriters.

(B) The distribution of the preliminary Official Statement by the Executive Director is hereby ratified and confirmed in all respects. The final Official Statement is hereby approved and the Chairman, the Vice Chairman and the Executive Director are each hereby authorized to permit the distribution of the final Official Statement, with such changes, omissions, insertions and revisions as they shall deem advisable and made pursuant to the Purchase Contract, and to sign and deliver such final Official Statement to the Underwriters.

(C) The Series 4 Bonds shall be delivered upon compliance with the provisions of Section 204 of the Resolution, at the time and place provided by the Purchase Contract.

(D) The proceeds of the good faith check received by the Agency under the Purchase Contract shall be deposited with the

Trustee in a special account established by the Agency and invested in Investment Obligations, subject to the terms of the Purchase Contract.

ARTICLE III

Establishment of Accounts and Application of Series 4 Bond Proceeds

<u>Section 301</u>. <u>Establishment of Accounts</u>. (A) There is hereby established in the Program Fund a separate account designated the "Series 4 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(B) There is hereby established in the Program Fund a separate account designated the "Series 4 Program Account," moneys in which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 303 of this Fifth Supplemental Resolution. There is also hereby established in the Series 4 Program Account a separate subaccount designated the "Series 4 Tender Bonds Proceeds Subaccount", moneys in which shall be used solely for the purposes and as authorized by Section 304 hereof. Except as provided in Section 304 hereof, amounts on deposit in the Series 4 Tender Bonds Proceeds Subaccount shall be considered for all purposes of the Resolution as on deposit in the Series 4 Program Account.

(C) In accordance with Section 502 of the Resolution, a separate fund is hereby established designated the "Series 4 Loan Loss Claim Fund" to be held by the Trustee, the moneys in which shall be used for the purposes and as provided in Section 306 of this Fifth Supplemental Resolution. The Series 4 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 4 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(D) There is hereby established in the Rebate Fund a separate account designated the "Series 4 Rebate Account", moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 307 of this First Supplemental Resolution.

<u>Section 302</u>. <u>Application of Proceeds and Other Moneys</u>. (A) Upon the authentication and delivery of the Series 4 Bonds, the proceeds of sale of the Series 4 Bonds shall be deposited by the Trustee as follows:

(1) To the Debt Service Fund an amount equal to the interest accrued on the Series 4 Bonds from their date to the date of delivery thereof; and

(2) To the Prior Resolution Trustee to be applied, together with other amounts held by the Prior Resolution

Trustee for such purpose, to the payment of the redemption price of the Prior Resolution Bonds upon redemption thereof on September 1, 1992, as directed by a certificate of an Authorized Officer of the Agency, an amount equal to $55,000,000.

(B) Unless otherwise determined in a certificate of an Authorized Officer delivered to the Prior Resolution Trustee as hereinafter provided, the Prior Resolution Bonds shall include all bonds outstanding under the Prior Resolution on the Date of authentication and delivery of the Series 4 Bonds, consisting of the following series of bonds issued under the Prior Resolution, such bonds to be redeemed on September 1, 1992 (or such earlier or later date as may be directed by an Authorized Officer) in accordance with the applicable series resolution therefor in the following principal amounts:

Series	Principal Amount of Prior Resolution Bonds to be Redeemed
1978 Series A	$17,210,000
1979 Series A	17,740,000
1980 Series A	20,055,000

On or before the date of delivery of the Series 4 Bonds, the Agency shall deliver to the Prior Resolution Trustee a certificate of an Authorized Officer confirming the series, maturities and principal amount of Prior Resolution Bonds to be redeemed on the redemption date therefor and the proceeds of the Series 4 Bonds to be applied to such redemption and shall irrevocably instruct the Prior Resolution Trustee to give as soon as practicable (at the times and in the form and manner provided in Article VII of the Prior Resolution) notice of redemption of the Prior Resolution Bonds to be so redeemed.

(C) Simultaneously with the authentication and delivery of the Series 4 Bonds and application of the proceeds thereof as provided in Paragraph (A) of this Section 302, the Trustee shall apply the amount of $_________ transferred to the Trustee on such date by the Prior Resolution Trustee in accordance with the direction of an Authorized Officer of the Agency as follows and in the following amounts (or in such greater or lesser amounts as shall be certified to the Trustee by an Authorized Officer of the Agency at or prior to the authentication and delivery of the Series 4 Bonds):

(1) To the Bond Reserve Fund an amount equal to the Series 4 Bond Reserve Fund Requirement, or such greater or lesser amount such that following such deposit the amount on deposit in the Bond Reserve Fund will equal the Bond Reserve Fund Requirement;

(2) To the Series 4 Program Account, the amount of $____________;

(3) To the Series 4 Loan Loss Claim Fund, the amount of $____________, or such greater or lesser amount such that following such deposit the amount on deposit in the Series 4 Loan Loss Claim Fund will equal the Series 4 Loan Loss Claim Fund Requirement;

(4) To the Series 4 Cost of Issuance Account the amount of $_______; and

(5) To the Revenue Fund, the balance of the moneys remaining after the foregoing payments.

(D) Simultaneously with the authentication and delivery of the Series 4 Bonds and application of the proceeds thereof as provided in Paragraph (A) of this Section 302, the Agency shall transfer, or cause to be transferred, to the Trustee the original executed notes evidencing all Prior Resolution Loans held under or pursuant to the Prior Resolution for the account of the Prior Resolution Bonds. Upon such transfer, the Prior Resolution Loans shall be, and hereby and by Section 501 of the Resolution are, pledged as security for the Bonds, subject to the provisions of the Resolution, and, except as otherwise provided herein, shall be considered Loans for all purposes of the Resolution allocable to the Series 4 Bonds. All revenues, including without limitation all payments or prepayments of principal and interest, received by or on behalf of the Agency with respect to the Prior Resolution Loans, and all amounts received from or on account of any collateral securing any Prior Resolution Loan or any insurance or guarantee securing the same, shall constitute Revenues under the Resolution and shall be applied as provided in the Resolution.

<u>Section 303</u>. <u>Application of Certain Amounts in Series 4 Program Account</u>. (A) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided amounts deposited in the Series 4 Program Account in accordance with Section 302 hereof shall be applied solely to the purchase or making of Mortgage Loans (excluding Mortgage Loans for the construction of Residential Housing) as provided herein and in Section 504 of the Resolution. Amounts deposited in the Series 4 Program Account as provided herein or in the Resolution may be applied by the Agency to the purchase or making of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans provided that at or prior to the purchase or making of any such Loan the Agency shall deliver to the Trustee a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the purchase or making of such Loans will not cause such agency to lower, suspend or otherwise modify adversely the credit ratings then assigned to any Bonds Outstanding. In connection with the purchase of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans, if any, hereunder the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms of such Loans and any

conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 4 Bonds in accordance with Section 207 of the Resolution.

(B) Subject to the provisions of Paragraph (A) of this Section 303, (i) not in excess of five million dollars ($5,000,000) of the amounts deposited in the Series 4 Program Account as provided herein and in the Resolution may be applied by the Agency to the purchase or origination of Loans bearing interest in each case at ___% per annum during the first year of the term of such Loan, at ___% per annum during the second year of the term of such Loan, at ___% per annum during the third year of the term of such Loan and at ___% per annum thereafter and (ii) all other amounts so deposited in the Series 4 Program Account shall be applied by the Agency to the purchase or origination of Loans bearing interest in each case at ___% per annum during the full term of such Loan. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restrictions if at or prior to the purchase or making of such Loans the Agency delivers to the Trustee (i) a Projection of Revenues demonstrating that following the purchase or making of such Loans, expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses, and (ii) an opinion of Bond Counsel to the effect that the purchase or making of such Loans will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding.

(C) Notwithstanding anything in Section 504 of the Resolution to the contrary, (1) if on December 31, 1993 (or on any earlier date as shall be specified in a certificate of an Authorized Officer) any amount remains on deposit in the Series 4 Program Account, other than amounts deposited therein pursuant to Section 506(C)(6) of the Resolution, the Trustee shall transfer such amount to the Series 4 Special Redemption Account in the Redemption Fund and shall apply such amount to the redemption of Series 4 Bonds in accordance with Section 203(C) hereof on February 1, 1994 (or on such date prior thereto as the Agency in its discretion may direct the Trustee). Notwithstanding the foregoing, if the amount remaining on deposit in the Series 4 Program Account is less than $50,000, all or part of such amount may, at the option of the Agency expressed in a certificate of an Authorized Officer delivered to the Trustee, be deposited in the Debt Service Fund. Notwithstanding the foregoing, the Agency may direct the Trustee in a certificate of an Authorized Officer delivered to the Trustee prior to December 31, 1993 to retain in the Series 4 Program Account all or any portion of the amount then held therein as aforesaid to such later date or dates as shall be specified in such certificate if such certificate is accompanied by (x) a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that retention of such amount to such later date or dates will not adversely affect the credit ratings then assigned to the Bonds Outstanding and (y) an opinion of Bond Counsel to the effect that retention of such amount to such later date or dates will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. A copy of such certificate shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Bonds at the same time it is filed with the Trustee. If any such amount is so retained in the Series 4 Program Account, any amount remaining on deposit in the Series 4 Program Account on the date or dates specified in such certificate shall be transferred by the Trustee on such date to the Series 4 Special Redemption Account and shall be applied to the redemption of Series 4 Bonds in accordance with Section 203(C) hereof on the next succeeding May 1 or November 1 for which the required notice of redemption can be practicably given (or on such earlier date as the Agency shall direct).

<u>Section 304</u>. <u>Application of Series 4 Tender Bond Proceeds Subaccount</u>. Notwithstanding anything in Section 504 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 203(A)(2) hereof to the effect that the Agency has elected to call a Principal Amount of Series 4 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw from the Series 4 Program Account and deposit in the Series 4 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 4 Bonds so certified. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (B) and (C) of this Section 304.

(B) Notwithstanding anything in Section 504 of the Bond Resolution to the contrary, if the conditions specified in Section 203(A)(4) or Section 203(A)(7) hereof shall have occurred, the Trustee shall transfer from the Series 4 Tender Bonds Proceeds Subaccount to the Series 4 Special Redemption Account in the Redemption Fund the entire balance on deposit in the Series 4 Tender Bonds Proceeds Subaccount for application to the redemption of all Series 4 Tender Bonds in accordance with Section 204(B) hereof.

(C) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 4 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 203(B)(2) hereof, the Trustee shall transfer from the Series 4 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the Principal Amount of all such Series 4 Tender Bonds not so remarketed. The amount so transferred shall be applied on the Adjustment Date to the purchase of Series 4 Tender Bonds as provided in Section 203(B)(1) hereof.

(D) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (B) and (C) of this Section 304, the Trustee shall transfer the entire balance then remaining in the Series 4 Tender Bonds Proceeds Subaccount to the Series 4 Program Account for application thereafter as provided in Section 504 of the Resolution and Section 303 hereof.

<u>Section 305</u>. <u>Application of Series 4 Loan Loss Claim Fund</u>. (A) The Trustee shall deposit in the Series 4 Loan Loss Claim Fund (i) the amount provided in Section 302(C) hereof, (ii) any amount deposited therein from the Revenue Fund pursuant to Section 308 of this Fifth Supplemental Resolution and (iii) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 4 Loan Loss Claim Fund shall be used solely for the purposes provided in Paragraphs (B) and (C) of this Section 305.

(B) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 4 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(C) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of any Bonds Outstanding pursuant to Section 509(C) of the Resolution the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund and the Series 4 Loan Loss Claim Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption. To the extent that the amount on deposit and available therefor in all such Funds and Accounts, after consideration of amounts, if any, deposited in the Revenue Fund pursuant to the foregoing sentence of this Paragraph (C) and any similar provision of any Supplemental Resolution heretofore or hereafter adopted, is insufficient to pay the Principal Amount of any Bonds to be purchased or redeemed as hereinabove provided, the Trustee shall draw the amount of the deficiency from the Series 4 Loan Loss Claim Fund, provided that following such withdrawal the amount on deposit in the Series 4 Loan Loss Claim Fund shall be not less than the Series 4 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 4 Loan Loss Claim Fund in accordance with this Paragraph (C) shall be deposited in the Revenue Fund and shall be applied to the purchase or redemption of Bonds as aforesaid.

(D) Nothing in the Resolution or this Fifth Supplemental Resolution shall obligate the Agency to deposit in the Series 4 Loan Loss Claim Fund an amount which would cause the balance in the Series 4 Loan Loss Claim Fund, after application of amounts therein to Loan Loss Claim Fund Withdrawals notice of which has theretofore been received by the Trustee, to exceed the Series 4 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (i) the aggregate original principal amount of all Loans purchased or made under the Resolution from amounts on deposit in the Series 4 Program Account, plus (ii) the aggregate amount, if any, then held in the Series 4 Program Account which may be applied to the purchase or making of such Loans, plus (iii) the aggregate unpaid principal amount (calculated at the date of authentication and delivery of the Series 4 Bonds) of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, or (y) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(E) If at any time the amount of cash and Investment Obligations on deposit in the Series 4 Loan Loss Claim Fund exceeds the Series 4 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit the amount withdrawn as directed by an Authorized Officer of the Agency in whole or in part in the Revenue Fund, the Series 4 Program Account or the Series 4 Special Redemption Account, provided that the request of the Agency shall be accompanied by (i) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the credit ratings then assigned to any Bonds Outstanding, and (ii) an opinion of Bond Counsel to the effect that such deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding.

(F) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 4 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 4 Loan Loss Claim Fund provided that prior to any such withdrawal the Agency shall deliver to the Trustee (i) one or more Reserve Deposits in an aggregate amount available to be drawn thereunder, together with any moneys to remain on deposit in the Series 4 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 4 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 4 Loan Loss Claim Fund.

(G) Notwithstanding anything herein to the contrary, the Series 4 Loan Loss Claim Fund Requirement shall be reduced to zero (0) if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 4 Bonds are Outstanding under the Resolution, against loss arising during the period of insurance eligibility specified in such policy due to defaults occurring on any Prior Resolution Loan held for the account of the Series 4 Bonds and on any Loan purchased or made from moneys in the Series 4 Program Account up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 4 Loan Loss Claim Fund Requirement will not adversely affect the credit ratings then assigned to any Bonds Outstanding.

(H) Interest or other income derived from the investment or deposit of moneys in the Series 4 Loan Loss Claim Fund shall be transferred by the Trustee to the Revenue Fund provided that following such transfer the balance on deposit in the Series 4 Loan Loss Claim Fund shall be not less than the Series 4 Loan Loss Claim Fund Requirement.

<u>Section 306</u>. <u>Series 4 Rebate Account.</u> (A) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five (5) years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the Yield on the Series 4 Bonds, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 4 Rebate Account and available therefor is sufficient for such payment, and to establish such accounting procedures as are

required to determine the amount of such excess investment earnings and the Series 4 Rebate Requirement.

(B) Within thirty (30) days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 4 Rebate Requirement for such Bond Year.

(C) Within forty-five (45) days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 4 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within forty-five (45) days after the Series 4 Bonds have been paid in full, the Trustee shall pay to the United States from the Series 4 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038 (or other similar information reporting form) filed with respect to the Series 4 Bonds and a statement prepared by the Agency summarizing the determination of the amount required to be paid.

(D) In the event that, at the time of any required payment of the Series 4 Rebate Account, the amount in the Series 4 Rebate Account available for such payment shall be insufficient to make such payment, the Agency shall pay the amount of the deficiency from the General Fund or from any other moneys available to the Agency and not pledged under the Resolution to the Bonds.

(E) In the event that on any Interest Payment Date of the Series 4 Bonds the amount on deposit in the Series 4 Rebate Account exceeds the Series 4 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

(F) For purposes of this Section 306 and Section 307(D), the term "Nonpurpose Investments" shall have the meaning given in Section 148(f) of the Code. Nonpurpose Investments shall be valued at market for the purposes of this Section 306. In determining the aggregate amount earned on Nonpurpose Investments, any gain or loss on the disposition of such Investments shall be taken into account.

(G) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 4 Bonds.

(H) The purpose of this Section 306 is to satisfy the requirements of Section 148(f) of the Code and any applicable regulations thereunder or official interpretations thereof. Accordingly, this section shall be construed so as to meet such requirements.

Section 307. Additional Requirements for Purchase of Loans. (A) Subject to the provisions of Section 303(A) hereof, each Loan acquired or made in whole or in part by the Agency out of amounts in the Series 4 Program Account shall be a Mortgage Loan and shall meet the requirements of Paragraph (B) of this Section 307 at the date of purchase or origination thereof, as applicable, in addition to the requirements set forth in Section 303 hereof and in Section 607 of the Resolution.

(B) No Loan shall be purchased or made by the Agency unless a mortgage note, endorsed to the Agency, shall have been executed to evidence the Loan, and unless a mortgage securing such Loan shall have been properly executed, acknowledged, and duly recorded, and an assignment thereof to the Agency duly executed, acknowledged and recorded (or which is to be recorded promptly after such purchase), to perfect a first mortgage lien on a fee simple interest in the real property covered thereby in accordance with the requirements of existing laws and (except to the extent that a variance from such requirement is required by an agency or instrumentality of the United States of America or the State insuring or guaranteeing the payment of a Loan or is necessary or desirable in connection with the implementation of any self-insurance program established by or on behalf of the Agency in accordance with Paragraph (B)(f)(ii)(z) of this Section 307 or is otherwise required in order to secure the interests of the Agency in the collateral securing such Loan or the instruments evidencing the same in the manner and to the extent contemplated by the Resolution or to maintain the exclusion from gross income of interest on the Series 4 Bonds for federal income tax purposes as evidenced by a Counsel's Opinion to such effect delivered to the Trustee):

(a) The Loan is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms;

(b) The Loan is free from any right of set-off, counter-claim or other claim, defense or security interest except such claims or security interests which do not in the opinion of the Agency materially affect the security for or enforceability of the Loan;

(c) The Loan shall be a fixed-rate, direct reduction Loan evidenced by a mortgage note secured by a first mortgage lien on real estate in the State on which there is located a residential condominium unit or a one or two family residence occupied by the Borrower, subject only to the liens of taxes or assessments which are not delinquent or building restrictions or other restrictive covenants, conditions, liens or easements which do not in the opinion of the Agency materially affect the security for the Loan (for purposes of this Section called "Permitted Encumbrances");

(d) The terms of the Loan permit the monthly collection of escrow payments for property taxes, mortgage insurance or other applicable assessments to the maximum extent permitted by the Real Estate Settlement Procedures Act as amended along with the monthly installments of principal and interest. The Loan shall provide that, in the case of default of any escrow payments required thereunder, the applicable Mortgage Lender or the Agency shall pay the same or any of them and that the moneys so paid by the Agency or Mortgage Lender in discharge of taxes, mortgage insurance or other applicable assessments shall be a lien on the premises added to the amount of the Loan and payable on demand with interest (at the rate applicable under the Loan) from the time of payment of the same and secured by the mortgage lien, the pledge of shares and the assignment of lease, as applicable;

(e) At the time of the closing of the Loan, (i) the property securing such Loan is insured against loss by fire and other hazards as required by the Agency to protect its interest and (ii) the Mortgage Lender servicing the Loan shall maintain fiduciary and mortgagee insurance with mortgage impairment coverage; and

(f) Each Loan must either:

(i) have a principal balance not exceeding seventy-five percent (75%) of the value of the property securing the Loan, as determined by independent appraisal; or

(ii) have a principal balance in excess of seventy-five percent (75%), but not exceeding 100%, of the value of the property securing the Loan as determined by independent appraisal but only if the Loan shall be (x) insured or guaranteed by the Federal Housing Administration, the Farmers Home Administration, the Veterans Administration or the Vermont Home Mortgage Guarantee Board, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred or which is exercising similar powers with reference to the insurance or guaranty of Loans, or (y) insured by a private mortgage insurer licensed to do business in the State and qualified to insure Loans purchased by the Federal Home Loan Mortgage Corporation or the Federal

National Mortgage Association in either case (x) or (y) such that the outstanding principal balance of any Loan (excluding any portion thereof held in escrow pending the construction, rehabilitation or improvement of the property securing such Loan until such amount is disbursed to pay the cost of such construction, rehabilitation or improvement) less the amount of private mortgage insurance proceeds available therefor shall not exceed 75% of the value of the property securing the Loan, provided that the Agency shall not purchase Loans with private mortgage insurance issued by any particular private mortgage insurer if such purchase would adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency or (z) insured, guaranteed or otherwise secured by a program of self-insurance established by or on behalf of the Agency, provided the use of any such self-insurance program shall not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency;

(C) In the event the Agency discovers that any Loan fails to meet any of the requirements of Paragraph (B) of this Section 307, the Agency shall either (1) sell the Loan or (2) declare the Loan to be immediately due and payable and take all actions necessary to promptly recover from the Borrower all amounts due on the Loan or (3) substitute for such Loan another Loan satisfying all of the requirements of Paragraph (B) of this Section 307 and all other provisions of the Resolution.

(D) At no time during any Bond Year shall the amount of Gross Proceeds (as defined in Section 148(f)(6)(B) of the Code) of the Series 4 Bonds invested in Nonpurpose Investments with a Yield in excess of the Yield on the Series 4 Bonds exceed 150 percent of the debt service on the Series 4 Bonds for such Bond Year as determined in accordance with the Code. The aggregate amount invested as provided in the previous sentence shall be promptly and appropriately reduced by the Agency as the amount of the Series 4 Bonds Outstanding is reduced, provided, however, that the Agency shall not be required to sell or dispose of any Nonpurpose Investment if such sale or disposition would result in a loss which exceeds the amount which (but for such sale or disposition) would be paid to the United States under Section 306(B) of this Fifth Supplemental Resolution at the time of such sale or disposition. In calculating the "debt service" due in a Bond Year for all Series 4 Bonds, the Agency shall not take into account amounts scheduled with respect to any Series 4 Bonds which have been redeemed before the beginning of such Bond Year. The requirements of this Section 307(D) shall not apply to (1) proceeds of the Series 4 Bonds invested for an initial temporary period, if any, permitted under the Code until such proceeds are needed for the governmental purpose of the Series 4 Bonds, and (2) temporary investment periods related to debt service.

(E) The amount of "issuance costs" (within the meaning of the Code) financed with proceeds allocable to the Series 4 Bonds shall not exceed two percent (2%) of the sale proceeds of the Series 4 Bonds.

(F) Notwithstanding the definition of Bond Reserve Fund Requirement in the Resolution, at no time shall the amount, if any, in the Bond Reserve Fund and the Series 4 Loan Loss Claim Fund applicable to the Series 4 Bonds invested at a yield higher than the yield on the Series 4 Bonds exceed ten percent (10%) of the proceeds of the Series 4 Bonds. At no time shall the amount, if any, of proceeds allocable to the sale of the Series 4 Bonds on deposit in the Bond Reserve Fund and the Series 4 Loan Loss Claim Fund exceed ten percent (10%) of the proceeds of the Series 4 Bonds.

(G) The provisions of Paragraphs (D), (E) and (F) of this Section 307 shall be complied with in order to meet the requirements of the Code such that interest on the Series 4 Bonds shall be and remain excludable from gross income for federal income tax purposes; provided, however, that the Agency shall not be required to comply with any such provision with respect to the Series 4 Bonds contained in Paragraphs (D), (E) and (F) of this Section 307 in the event the Agency receives an opinion of Bond Counsel that compliance with such provision is no longer required to satisfy the requirements of such provisions of the Code or that compliance with some other provision in lieu of a provision specified in this Section is required to or will satisfy the requirements of said Code, in which case compliance with such other provisions specified in such opinion shall constitute compliance with the provisions specified in this Section. The Agency shall adopt a Supplemental Resolution reflecting the deletion or substitution of any such provision of this Section in the same manner as provided for Supplemental Resolutions adopted in accordance with Section 701 of the Resolution.

<u>Section 308</u>. <u>Application of Certain Amounts in Revenue Fund</u>. (A) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series 4 Bonds Outstanding, after satisfying the requirements of Clauses (1) through (6), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 4 Bonds to the Series 4 Loan Loss Claim Fund to the extent the amount therein is less than the Series 4 Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(B) Notwithstanding anything in Section 506(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 4 Bonds that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year shall not exceed $20,000 in the aggregate unless the Agency shall file with the Trustee a certificate of an Authorized Officer to the effect that the Agency has confirmed that a greater amount (specified in such certificate) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(C) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 4 Bonds shall be paid to the Agency unless the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(8) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 4 Bonds, plus the unpaid balance of all Prior Resolution Loans held under the Resolution for the account of the Series 4 Bonds, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 4 Bonds, other than amounts held in the Rebate Fund, the Series 4 Contingency Account and the Series 4 Loan Loss Claim Fund and the amounts attributable to the Series 4 Bonds then to be paid to the Agency in accordance with said Section 506(B)(8), are at least equal to 101% of the Principal Amount of all Series 4 Bonds Outstanding plus all interest accrued and unpaid thereon as of such date.

ARTICLE IV

Form of Series 4 Bonds

Section 401. Form of Series 4 Bonds. (A) All Series 4 Bonds authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution or this Fifth Supplemental Resolution, as the Chairman, Executive Director or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 4 Bonds hereunder.

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

ARTICLE V

Miscellaneous

Section 501. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Director of Finance, Director of Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this

Fifth Supplemental Resolution, the Resolution, the Purchase Contract, the Remarketing Agreement and the Official Statement.

Section 502. Governmental Program Requirement. The Agency shall not make any arrangement, formal or informal, pursuant to which any Mortgage Lender or other person (including any related person as defined in Section 144(a)(3) of the Code) from whom the Agency may purchase a Loan under the Program, shall purchase Bonds in an amount related to the amount of such Loan.

Section 503. Remarketing Agreement. The Remarketing Agreement is hereby approved in substantially the form presented at this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, the Executive Director or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Remarketing Agreement and, upon such execution, to deliver it to the Remarketing Agent.

Section 504. Remarketing Agent. (A) The Remarketing Agent is hereby appointed by the Agency to serve as Remarketing Agent hereunder.

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

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

Section 505. Effective Date. This Fifth Supplemental Resolution shall take effect immediately.

This redlined draft, generated by CompareRite - The Instant Redliner, shows the differences between -

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and revised document:
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Deletions appear as a bold+dbl underlined ^
Additions appear as "redlined" text

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF ITS ENERGY IMPROVEMENT LOAN NOTES

Be it Resolved by the Vermont Housing Finance Agency and the Commissioners thereof as follows:

SECTION 101. <u>Definitions.</u>

In this Resolution unless a different meaning clearly appears from the context:

"Act" means the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended to the date of adoption of this Resolution.

"Agency" means the Vermont Housing Finance Agency, a body politic and corporate organized under the Act, or any instrumentality of the State which shall hereafter succeed to its powers.

"Authorized Officer" means the Chairman, Vice Chairman, Executive Director and Secretary, Deputy Director and Director of Finance of the Agency, and any other person authorized by resolution of the Agency to act as an Authorized Officer under this Resolution.

"Note" or "Notes" means the Notes of the Agency authorized by this Resolution.

"Program" means the Agency's program of making energy improvement loans to homeowners pursuant to the Act.

"State" means the State of Vermont.

SECTION 102. <u>Authority.</u>

This Resolution is adopted pursuant to the Act and shall take effect upon its adoption. The Agency is duly authorized under the Act and all applicable laws to issue the Notes and to adopt this Resolution in the manner and to the extent provided herein. The Agency will at all times, to the extent permitted by law, defend, preserve and protect all the rights of the owner of the Notes hereunder against all claims and demands of all persons whomsoever.

SECTION 103. <u>The Notes.</u>

The Notes of the Agency, designated "Energy Improvement Loan Notes", are hereby authorized to be issued as herein provided in an aggregate principal amount not to exceed Two Hundred Thousand Dollars ($200,000), the original principal amount of the Notes to be determined upon their issuance by the Authorized Officers of the Agency executing the same. The Notes shall be in such denomination and shall pay such rate of interest as the authorized officers of the Agency shall determine. The Notes shall be dated and shall bear interest from the date of issuance and shall mature, subject to prior redemption as herein and in the Note provided, one year from the date of issuance. Interest on the Notes shall be payable on October 1, January 1, April 1 and July 1. If any of the interest payment dates falls on a holiday or weekend, interest will be payable the next business day. The form of the Notes, the rate of interest payable thereon, and all other terms and conditions thereof shall be as set forth in Section 106 of this Resolution.

SECTION 104. Sale of the Notes.

The Notes are hereby sold to the Vermont Development Credit Union at the price of par on the terms and conditions provided herein.

SECTION 105. Obligation of the Notes.

The Notes shall be general obligations of the Agency payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than the Notes pledging particular revenues, moneys or assets for the payment thereof. The Agency hereby covenants and agrees with the owners of the Notes that it will not grant to any person any lien on or pledge of the loans made pursuant to the Program unless the Agency shall simultaneously therewith grant to the owners of the Notes a prior and senior lien on or pledge of those loans. The Notes shall not constitute a debt or grant or loan of credit of the State and the State shall not be liable thereon nor shall the Notes be payable out of any funds other than those of the Agency. The Agency is not obligated to pay the Notes or the interest thereon except from the revenues or assets of the Agency pledged therefor under this Resolution and neither the faith nor credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Notes.

SECTION 106. FORM OF THE NOTES.

The Notes shall be issued substantially in the following form:

VERMONT HOUSING FINANCE AGENCY
VERMONT DEVELOPMENT CREDIT UNION NOTE
ENERGY IMPROVEMENT LOANS

No. ___ $___,000

FOR VALUE RECEIVED, the Vermont Housing Finance Agency (herein called the "Agency"), a body politic and corporate of the State of Vermont, hereby promises to pay to Vermont Development Credit Union or its successors and assigns, on the ____ day of July 1993, the principal sum of ____________________ and No Dollars ($___,000), upon presentation and surrender hereof, and to pay interest on the principal balance hereof outstanding from time to time from the date hereof until final payment hereof at the annual rate provided below. The principal or redemption price of and interest on this Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts and shall be payable by check or draft mailed to the owner.

The rate of interest on this Note is _____ percent (__%) per annum.

Interest on the Notes shall be payable on October 1, January 1, April 1 and July 1. If any of the interest payment dates falls on a holiday or weekend, interest will be payable the next business day.

This Note is issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act") and under and pursuant to a resolution of the Agency adopted July 23, 1992 entitled "Resolution of Vermont Housing Finance Agency Authorizing the Issuance of its Energy Improvement Loan Notes" (the "Resolution"). This Note is a general obligation of the Agency, payable out of any of the Agency's revenues, moneys or assets, subject only to agreements heretofore or hereafter made with the holders of obligations of the Agency other than this Note pledging particular revenues, moneys or assets for the payment thereof.

The Agency is not obligated to pay this Note or the interest hereon except from the revenues or assets of the Agency pledged under the Resolution and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this Note.

Copies of the Resolution are on file at the office of the Agency in the City of Burlington, Vermont, and reference to the Resolution and to the Act is made for a description of the covenants securing this Note the manner of enforcement of the covenants, the rights and remedies of the owner of this Note with respect thereto, and the terms and conditions upon which this Note is issued.

Principal and interest shall be payable at the Credit Union offices at 64 North Street, Burlington, Vermont 05401, or at such other place as the Note Holder may designate.

This Note may be prepaid in whole or in partial prepayments without penalty at any time. Any partial prepayment shall be applied against the principal amount outstanding.

Upon default in the payment of any installment of principal and/or interest for more than 15 days after the due date thereof, if the Agency fails to commence the curing thereof within 30 days after the occurrence of said default and thereafter to proceed promptly and with due diligence and in good faith to cure the same, then, or at any time thereafter during default, the Note Holder may, without notice, declare the entire debt then remaining unpaid, immediately due and payable. The Agency shall pay to the Note Holder a late charge of 5% of any installment not received by the Note Holder within ten (10) days after the installment is due. If this Note is referred to an attorney for collection, the Note Holder shall be entitled to collect all reasonable attorney's fees and expenses of suit.

The Agency waives presentment, demand for payments, protest and notice of dishonor of this Note, and authorizes the Note Holder without notice or further consent, to grant extensions of time in the payment of any monies payable to under this Note, and to waive compliance with any of the provisions of this Note.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this Note to be executed in its name by the manual signature of an authorized officer of the Agency.

ATTEST: VERMONT HOUSING FINANCE AGENCY

By: ______________________ By: ______________________
Authorized Officer Authorized Officer

Note Date: ____________ __, 19__

SECTION 107. Default.

If the Agency defaults in the payment of principal of or interest on any Note when due, or in the performance of any covenant in this Resolution, then the owner of the Note shall have the right, by mandamus or other suit, action or proceedings at law or in equity, to bring suit upon the Note, to enforce its rights under the Resolution and the Note, to compel performance by the Agency of its obligations under the Note and the Resolution; to require the Agency to account as trustee of an express trust; to require the Agency to effectuate the assignment of the loans made pursuant to the Program to such owner; or to enjoin any acts which may be unlawful or in violation of the rights of the owners of the Notes. No remedy conferred by the Resolution upon the owners of the Notes is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or the Notes or provided at law or in equity or by the Act. No delay or omission of the owners of the Notes to exercise any right or power arising upon the happening of a default shall impair any right or power or be construed to be a waiver of the default. The owners of the Notes may waive any default and its consequences. No such waiver shall extend to any subsequent or other default.

SECTION 108. Amendment.

This Resolution may be amended by the Agency without the consent of the owners of the Notes to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not inconsistent with this Resolution as theretofore in effect. The Agency may also adopt a resolution amending, supplementing or otherwise modifying this Resolution without the consent of the owners of the Notes, provided no such resolution shall reduce the principal amount of the Notes or the rate of interest payable thereon or change the maturity date thereof or the dates for payment of interest thereon or the terms of redemption thereof or the security granted for the payment thereof without the express written consent of the owners of the Notes.

SECTION 109. Authorization of Officers.

The Chairman, Vice-Chairman, Executive Director, Deputy Director, Director of Finance and all other Authorized Officers of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates, and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution, including the renewal of the Notes or issuance of similar Notes in an amount to be determined by the Agency staff, but not to exceed TWO HUNDRED THOUSAND DOLLARS ($200,000).

SECTION 110. Severability.

If any provision of this Resolution is held invalid in any circumstances, that invalidity shall not affect any other provisions or circumstances.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 23, 1992.

Allan S Hunt

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

RESOLUTION PERTAINING TO AUTHORIZATION OF CREDIT FACILITY FOR FLYNN AVENUE COOPERATIVE

WHEREAS, the Lake Champlain Housing Development Corporation ("LCHDC") is developing a 28 unit cooperative housing building to be located on Flynn Avenue in Burlington (the "Development"); and

WHEREAS, LCHDC is scheduled for a construction closing for the Development on July 30, 1992; and

WHEREAS, the United States Department of Housing and Urban Development ("HUD") has approved a funding request for the Development in the amount of $420,000, however, the money has not yet been delivered; and

WHEREAS, the City of Burlington ("City") has agreed to provide the Development with a temporary loan of $420,000 from Community Development Block Grant funds, but is requiring the loan to be repaid no later than March, 1993 and is requiring LCHDC to secure a source of funds to replace the City's money if the HUD money is not received by March, 1993; and

WHEREAS, LCHDC has requested the Agency to provide it with a credit facility for up to $420,000 to satisfy the City's request for a backup source of funds;

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

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. Subject to the HUD documents being reviewed by counsel and found acceptable, the Executive Director is authorized, in his discretion, to issue the Agency's letter of credit or other credit facility for the benefit of the City of Burlington for up to $420,000 to be conditioned on the failure to receive monies from HUD for the Flynn Avenue Cooperative.

2. The letter of credit or other credit facility shall contain whatever terms and conditions the Executive Director deems necessary and appropriate.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 23, 1992.

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

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF
VERMONT HOUSING FINANCE AGENCY, JULY 23, 1992

RESOLVED, Paul W. Ruse, Jr. is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1992 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1992 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	________________	Allan S. Hunt
Deputy Director	________________	Jeffrey D. Francis
Director of Operations	________________	Douglas R. Lothrop
Director of Finance	________________	Roger A. Schoenbeck
Controller	________________	Timothy M. Gutchell

Any check in an amount over $1,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on July 23, 1992.

Allan S. Hunt

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

Date: 8/25/92
New Activity: +1/-1
Resv/P&S: 21
CLOSED TOTAL: 30
GRAND TOTAL : 48

OFFICERS' ROW
PHASE I

BLDG/UNIT		TYPE	PRICE	STATUS	NAME	DATE	2ND	UVM	CLOSING	REF	FINAL $
410	A	3TH	$114,900	CLOSED	M/B Kramer	10/21/91	N	N	3/92		$114,104
410	B	3TH	$117,900	CLOSED	B.Donahue	1/18/92	N	N	4/92		$118,500
411	A	3TH	$117,900								
411	B	3TH	$114,900	CLOSED	J & K Glaser	10/4/91	N	N	3/92		$114,900
500	A	1Conv	$86,500	OFFICE							
500	B	1Conv	$99,900	RESV	Grover/Yarnchak	6/12/92	N	N	??		
500	C	2Bdr	$78,200	CLOSED	Brad Welliver	5/22/92	Y	N	6/92		$79,178
500	D	2Bdr	$76,200	*CLOSED	Gert Cross	6/6/92	N	N	8/92	LS RLTY	$76,990
500	E	1/1ft	$62,900	CLOSED	Laura McHugh	9/29	Y	N	1/92		$64,967
500	F	1/1ft	$62,900	CLOSED	Leskinen/Hunt	8/26	N	Y	3/92		$63,955
501	A	1Conv	$88,900	CLOSED	Frank Talbott	5/92	N	N	5/92		$88,900
501	B	1Conv	$88,900	CLOSED	Diane Czahor	5/92	N	N	7/92		$88,900
501	C	2Bdr	$74,900	CLOSED	Jean Bluto	5/92	Y	N	7/92	O'Brien	$76,938
501	D	2Bdr	$74,900	CLOSED	Brenda Harmon	4/22/92	Y	N	5/92		$77,098
501	E	1/1ft	$62,900	CLOSED	Briana Lovejoy	9/13	Y	N	1/92	C&F	$65,490
501	F	1/1ft	$62,900	CLOSED	John Gant	8/15	N	N	1/92		$62,900
602	A	1Conv	$88,900								
602	B	1Conv	$86,500	CLOSED	Judith Terp	1/31/92	N	N	4/92		$87,492
602	C	2Bdr	$74,900	CLOSED	C. Rubalcaba	2/3/92	Y	Y	4/92	C-21	$77,420
602	D	2Bdr	$74,900	CLOSED	Kelly Keefe	4/23/92	Y	N	7/92		$77,658
602	E	1/1ft	$69,900								
602	F	1/1ft	$62,900	CLOSED	Chas Billingsley	9/30	N	N	3/92		$65,335
604	A	3TH	$105,000	CLOSED	Mansfield-Marcoux	8/1	N	N	12/91		$99,500
604	B	3TH	$105,000	CLOSED	C. Blackwell	2/3/92	N	N	4/92		$105,000

For internal use only. Prices subject to change. 8/25/92mm

NOTE: NEW BUYERS ARE HIGHLIGHTED ACROSS ENTIRE LINE; FOR OTHER ACTIVITY, ONLY THE CHANGE IS HIGHLIGHTED.

Date:8/25/92

OFFICERS' ROW
PHASE II

BLDG/UNIT		TYPE	PRICE	STATUS	NAME	DATE	2ND	UVM	CLOSING	REF	FINAL $
406	A	1Bdr	$82,000	* P &S	Carey/Craighead	8/21	N	N	9/29/92		
406	B	1Bdr	$82,000	CLOSED	Mark Wood	1/92	N	N	5/92		$82,000
406	C	2/3	$94,900	CLOSED	M&J Hammond	5/21/92	Y	N	7/92		$95,712
406	D	2/3	$92,000	CLOSED	David Smith	2/92	N	N	5/92		$92,507
408	A	2 Bdr	$102,000	CLOSED	C. Dussault	4/92	N	N	5/92		$102,793
408	B	2 Bdr	$89,000	CLOSED	Andy Gardiner	10/91	N	N	5/92		$92,366
408	C	1lft	$72,900	CLOSED	Jim Morgan	1/14/92	N	N	5/92		$73,854
409	A	2Bdr	$98,900								
409	B	2Bdr	$98,900								
409	C	3Bdr	$98,900	*CLOSED	A&H Bazinet	5/23/92	Y	Y	8/92		$102,259
409	D	3Bdr	$98,900								
409	E	2/1ft	$91,500	RESV	Janet Green	7/28/92	Y	Y	10/92		
605	A	3TH	$105,000	*CLOSED	Hodgkin/Leberge	7/10/92	N	N	8/92	C21Ploof	$108,500
605	B	3TH	$105,000	CLOSED	Ann Donahue	10/3/91	Y	Yes	4/92		

* indicates change in status

For internal use only. Prices subject to change. 8/25/92mm

BUILDING ONE COMMUNITY
DRAFT ACTION PLAN

Many of the initiatives the City has undertaken in the past and which will be pursued in the future can be incorporated into an Eight Point Program for building O.N.E. Community. These include:

1. **Support Human Services** to the neighborhood through neighborhood-based and community-based non-profit organizations, such as Chittenden Community Action, Boys & Girls Club and Sara Holbrook Center.

2. **Improve the physical infrastructure** of the neighborhood -- streets, sidewalks, lighting, parks and schools through NPA funding, O.N.E. Committee, streets program funding, and "block by block" organizing projects.

3. **Protect the health and safety** of tenants through an aggressive minimum housing program, anti-speculation tax initiative and other tenant-supported initiatives.

4. **Improve the housing and commercial building stock** of the neighborhood through grants and loans for housing rehabilitation and commercial revitalization.

5. **Provide security of housing tenure for Old North End residents** through homeownership opportunities such as the Burlington Community Land Trust, cooperative housing ownership through Champlain Valley Mutual Housing Federation and through non-speculative rental ownership, such as the Lake Champlain Housing Development Corporation.

6. **Provide greater public safety** for residents through the Neighborhood Watch Programs and increased community-based policing.

7. **Support resident-based community building initiatives** such as the NPA's, GAIN, and other activities.

8. **Enhanced job development programs** such as peer lending, neighborhood micro-business, jobs training, and youth employment initiatives.

In the area of Housing, the specific activities will include:

1. In cooperation with the Lake Champlain Housing Development Corporation, develop the key Gracie Roofing site with 20 units of affordable housing. Besides housing, the Archibald Street will be transformed with the construction of these 20 units.

2. Initiate $2 million Housing Rehab Program with VHFA - completing the rehabilitation of 80-100 units in the next 12 months.

3. Revitalize City's Minimum Housing Program in the Old North End by stepping up enforcement.

4. Initiate BOV Single-Family Homeownership Program (ONE-HOP).

5. Initiate a multi-million dollar housing and commercial investment program by area banks with the Howard Bank.

6. Develop a strategy with local banks to redevelop currently foreclosed properties.

7. Establish a technical assistance program for absentee landlords and homeowners.

8. Initiate tenant-based protections strategy.

9. Support the Burlington Community Land Trust's Old North End Strategy - 20-30 new units in the next year.

In the area of Community Development, activities include:

1. Assist in the relocation of Legal Aid to the Moose building.

2. Assist in the relocation of the Food Shelf to the old Gove Florist building.

3. Initiate the Greater Archibald Intervale Neighborhood (GAIN) Planning Process.

4. Demolish the "Triangle" building on the corner of Archibald and North Winooski Avenue; turn into pocket green belt.

5. Initiate neighborhood improvement activities at LaFountain, Pitkin, Oak and Archibald Streets; identify other "block-by-block" initiative areas.

6. Begin VISTA volunteer activities on Refugee Resettlement issues.

7. Do Fall "Old North End News" leaflet, focusing on Elderly issues.

8. Complete Boys & Girls Club capital improvements.

9. Make improvements to Battery Park.

10. Fund Old North End non-profits: Tenant Resource Center, Housing Assistance Program, Chittenden Community Action, Food Shelf, Adult Basic Education, BYEP, VNA, King Street Youth Center, Spectrum.

11. Paint three murals.

12. Continue to work with the NPA's on specific neighborhood identified improvements.

13. Follow up on the Mayor's walk with Department Heads, and make specific improvements to North Street.

In the area of Economic Development, activities include:

1. Continue support for Old North End Credit Union.

2. Expand the Peer Lending Program, targeting Old North End residents - 100 participants in Peer Lending Program within next 12 months.

3. Initiate affirmative recruitment efforts for STEP-UP, Women's Small Business Project and Minority Assistance Program in the ONE.

4. Establish business incubator sites on Winooski Avenue modeled after the successful Pine Street Arts & Business District.

5. Locate sites for two child care centers.

6. Support ONE food projects and Intervale food production.

7. Conduct Jobs Skill Assessment of ONE residents, matching job skills with potential business.

8. Urge banking institutions to open a bank branch in the ONE.

9. Establish Non-Profit Lead Paint Abatement Company.

10. Investigate the redevelopment opportunity for the Vermont Transit site.

MOVE PROGRAM 902

STATISTICAL REPORT PROGRAM ID: 902 Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 08/19/92

Loan Status: CC,UC,O

Total Number of Loans: 327

Total Loan Amount: $20,834,246

EXISTING:	$16,867,380	82.5%	270 Loans
NEW CONSTRUCTION:	$3,966,866	17.4%	57 Loans
NEW DETACHED HOUSING:	$2,975,848	75.0%	43 Loans
NEW CONDOMINIUM:	$991,018	24.9%	14 Loans
Funds Remaining to be Reserved:	$7,639,465	20.4%	119 Loans (Est.)

Total Insured or Guaranteed Loans: 315

Loans Guaranteed by VHMGB: 315

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$63,729	$75,907	$68,235
Avg. Loan Amount	$59,833	$70,318	$63,713
Avg. Borrower Income	$29,284	$28,556	$29,014
Avg. Housing Debt-Income Ratio	25.1%	28.4%	26.3%
Avg. Total Debt	$762.70	$831.50	$788.16
Avg. Total Debt-Income Ratio	33.4%	35.3%	34.1%
Total No. of Loans	206	121	327
% of Total Loan Amount	59.2%	40.8%	100.0%
First Time Homebuyers	87.3%	99.1%	91.7%
% Meeting Low Income Set Aside	36.4%	48.7%	40.9%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	17	5.2%	$1,087,356	5,000	5.7%	0.5-
Bennington	17	5.2%	$1,166,756	6,300	7.2%	2.0-
Caledonia	39	11.9%	$2,012,734	4,800	5.5%	6.4
Chittenden	67	20.5%	$5,004,724	16,000	18.2%	2.3
Essex	9	2.8%	$397,675	1,300	1.4%	1.4
Franklin	32	9.8%	$2,192,763	6,000	6.8%	3.0
Grand Isle	2	0.6%	$114,655	900	1.0%	0.4-
Lamoille	19	5.8%	$1,129,167	3,300	3.8%	2.0
Orange	14	4.3%	$920,451	4,300	4.9%	0.6-
Orleans	18	5.5%	$895,804	4,200	4.8%	0.7
Rutland	36	11.0%	$2,437,200	10,000	11.4%	0.4-
Washington	31	9.5%	$1,838,536	9,000	10.3%	0.8-
Windham	8	2.4%	$501,391	7,100	8.1%	5.7-
Windsor	18	5.5%	$1,135,034	9,600	11.0%	5.5-
TOTAL	327	100.0%	$20,834,246	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MORTGAGE CREDIT CERTIFICATE PROGRAM #5

STATISTICAL REPORT PROGRAM ID: MC5 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 08/19/92
Loan Status: CC,UC,O

Total Number of Loans: 157
Total Loan Amount: $11,892,781

EXISTING:	$8,740,865	75.7%	119 Loans
NEW CONSTRUCTION:	$3,151,916	24.2%	38 Loans
NEW DETACHED HOUSING:	$2,030,214	64.4%	25 Loans
NEW CONDOMINIUM:	$1,121,702	35.5%	13 Loans
Funds Remaining to be Reserved:	$29,642,619	62.9%	391 Loans (Est.)

Total Insured or Guaranteed Loans: 1
Loans Guaranteed by VHMGB: 1

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$80,913	$86,330	$83,156
Avg. Loan Amount	$73,791	$78,523	$75,750
Avg. Borrower Income	$0	$4,430	$1,834
Avg. Housing Debt-Income Ratio	0.0%	0.0%	0.0%
Avg. Total Debt	$0.00	$0.00	$0.00
Avg. Total Debt-Income Ratio	0.0%	0.0%	0.0%
Total No. of Loans	92	65	157
% of Total Loan Amount	57.1%	42.9%	100.0%
First Time Homebuyers	93.4%	100.0%	96.1%
% Meeting Low Income Set Aside	100.0%	98.4%	99.3%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	1.3%	$139,650	5,000	5.7%	4.4-
Bennington	2	1.3%	$148,100	6,300	7.2%	5.9-
Caledonia	5	3.2%	$311,370	4,800	5.5%	2.3-
Chittenden	55	35.0%	$4,443,085	16,000	18.2%	16.8
Essex	1	0.6%	$58,000	1,300	1.4%	0.8-
Franklin	20	12.7%	$1,496,100	6,000	6.8%	5.9
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	6	3.8%	$433,668	3,300	3.8%	0.0
Orange	8	5.1%	$567,982	4,300	4.9%	0.2
Orleans	2	1.3%	$126,250	4,200	4.8%	3.5-
Rutland	13	8.3%	$1,056,539	10,000	11.4%	3.1-
Washington	32	20.4%	$2,341,480	9,000	10.3%	10.1
Windham	5	3.2%	$397,385	7,100	8.1%	4.9-
Windsor	6	3.8%	$373,172	9,600	11.0%	7.2-
TOTAL	157	100.0%	$11,892,781	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 902

AS OF: 08/19/92 — Vertermont Housing Finance Agency — Report: 1130

PAGE NO. 1 — 902 - $37,310,610 MORTGAGE PURCHASE PROGRAM - MOVE — PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 8.150%

Date : 08/19/92

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$2,455,445	6.5%	$1,933,540	5.1%	$1,153,490	$780,050	31.7%
Bradford National Bank	$67,000	0.1%	$67,000	0.1%	$67,000	$0	0.0%
Caledonia National Bank of Danville, The	$47,469	0.1%	$47,469	0.1%	$47,469	$0	0.0%
Chittenden Bank	$4,306,610	11.5%	$3,287,675	8.8%	$1,504,687	$1,782,988	41.4%
Citizens Savings Bank and Trust	$754,140	2.0%	$429,532	1.1%	$164,707	$264,825	35.1%
Community National Bank	$1,244,643	3.3%	$740,543	1.9%	$265,515	$475,028	38.1%
Factory Point National Bank, The	$169,154	0.4%	$75,050	0.2%	$0	$75,050	44.3%
First National Bank of Vermont	$339,370	0.9%	$170,575	0.4%	$59,700	$110,875	32.6%
Franklin-Lamoille Bank	$454,422	1.2%	$254,785	0.6%	$62,225	$192,560	42.3%
Green Mountain Bank	$391,100	1.0%	$313,350	0.8%	$151,125	$162,225	41.4%
Kittredge Mortgage Corporation	$105,450	0.2%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$463,944	1.2%	$326,944	0.8%	$177,944	$149,000	32.1%
Marble Bank	$542,358	1.4%	$494,858	1.3%	$319,058	$175,800	32.4%
Merchants Bank, The	$1,556,801	4.1%	$1,182,101	3.1%	$929,011	$253,090	16.2%
Mortgage Service Center of New England	$686,021	1.8%	$435,021	1.1%	$68,785	$366,236	53.3%
National Bank of Middlebury, The	$123,253	0.3%	$123,253	0.3%	$0	$123,253	100.0%
New England IBM Employees Fed Crdt Union	$317,515	0.8%	$277,615	0.7%	$66,500	$211,115	66.4%
Northfield Savings Bank	$125,000	0.3%	$83,675	0.2%	$49,000	$34,675	27.7%
Passumpsic Savings Bank	$1,328,840	3.5%	$967,540	2.5%	$372,042	$595,498	44.8%
Peoples Trust Company of St Albans	$352,759	0.9%	$138,259	0.3%	$69,259	$69,000	19.5%
Statewide Funding Corporation	$3,020,914	8.0%	$1,858,584	4.9%	$588,054	$1,270,530	42.0%
Summit Financial Center, Inc.	$135,250	0.3%	$0	0.0%	$0	$0	0.0%
Union Bank	$1,247,620	3.3%	$997,237	2.6%	$370,580	$626,657	50.2%
Vermont Federal Bank, FSB	$2,879,682	7.7%	$1,873,232	5.0%	$991,665	$881,567	30.6%
Vermont Mortgage Group, Inc	$1,970,397	5.2%	$1,136,372	3.0%	$305,918	$830,454	42.1%
Vermont National Bank	$4,089,738	10.9%	$3,417,148	9.1%	$2,273,348	$1,143,800	27.9%
Wells River Savings Bank	$419,078	1.1%	$354,953	0.9%	$61,375	$293,578	70.0%
TOTALS 472 Loans	$29,593,973	79.3%	$20,986,311	56.2%	$10,118,457	$10,867,854	36.7%

MORTGAGE CREDIT CERTIFICATE PROGRAM #5

AS OF: 08/19/92
PAGE NO. 1

Vermont Housing Finance Agency
MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 08/19/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$3,605,560	7.6%	$1,815,735	3.8%	$388,200	$1,427,535	39.5%
Chittenden Bank	$2,790,355	5.9%	$1,769,685	3.7%	$552,455	$1,217,230	43.6%
Commonwealth Mortgage Company, Inc	$71,250	0.1%	$71,250	0.1%	$0	$71,250	100.0%
Franklin-Lamoille Bank	$360,500	0.7%	$360,500	0.7%	$108,750	$251,750	69.8%
Marble Bank	$236,625	0.5%	$148,750	0.3%	$148,750	$0	0.0%
Merchants Bank, The	$1,080,172	2.2%	$892,412	1.8%	$450,760	$441,652	40.8%
Northfield Savings Bank	$61,000	0.1%	$61,000	0.1%	$0	$61,000	100.0%
Passumpsic Savings Bank	$159,500	0.3%	$65,000	0.1%	$0	$65,000	40.7%
Statewide Funding Corporation	$3,270,950	6.9%	$2,328,231	4.9%	$895,227	$1,433,004	43.8%
Summit Financial Center, Inc.	$1,750,039	3.7%	$1,092,058	2.3%	$402,321	$689,737	39.4%
Vermont Federal Bank, FSB	$1,285,325	2.7%	$1,199,375	2.5%	$401,800	$797,575	62.0%
Vermont Mortgage Group, Inc	$1,421,620	3.0%	$1,003,270	2.1%	$52,250	$951,020	66.8%
Vermont National Bank	$1,351,015	2.8%	$1,085,515	2.3%	$194,925	$890,590	65.9%
TOTALS 230 Loans	$17,443,911	37.0%	$11,892,781	25.2%	$3,595,438	$8,297,343	47.5%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 07/31/92

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		PEC		Grand Total	
BancBoston Mortgage Corporation	362	7	1.93%	2	0.55%	2	0.55%	11	3.04%	0	0	0.00%	0	0.00%	11	3.04%
Bennington Coop Savings & Loan Assn Inc	56	0	0.00%	1	1.79%	1	1.79%	2	3.57%	0	0	0.00%	0	0.00%	2	3.57%
Bradford National Bank	51	4	7.84%	1	1.96%	0	0.00%	5	9.80%	0	0	0.00%	0	0.00%	5	9.80%
Caledonia National Bank of Danville, Th	119	5	4.20%	2	1.68%	0	0.00%	7	5.88%	0	1	0.84%	1	0.84%	9	7.56%
Chittenden Trust Company	1,002	37	3.69%	6	0.60%	9	0.90%	52	5.19%	0	2	0.20%	3	0.30%	57	5.69%
Citizens Savings Bank	28	1	3.57%	0	0.00%	0	0.00%	1	3.57%	0	0	0.00%	0	0.00%	1	3.57%
Comfed Mortgage Co., Inc.	13	1	7.69%	0	0.00%	0	0.00%	1	7.69%	0	0	0.00%	0	0.00%	1	7.69%
Commonwealth Mortgage Company, Inc	23	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Community National Bank	155	7	4.52%	1	0.65%	0	0.00%	8	5.16%	0	0	0.00%	3	1.94%	11	7.10%
Factory Point National Bank, The	26	1	3.85%	0	0.00%	0	0.00%	1	3.85%	0	0	0.00%	0	0.00%	1	3.85%
First Brandon National Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Twin-state Bank	139	5	3.60%	0	0.00%	0	0.00%	5	3.60%	0	0	0.00%	0	0.00%	5	3.60%
First Vermont Bank and Trust Company	153	8	5.23%	2	1.31%	1	0.65%	11	7.19%	0	0	0.00%	1	0.65%	12	7.84%
Franklin-Lamoille Bank	188	4	2.13%	1	0.53%	2	1.06%	7	3.72%	0	0	0.00%	0	0.00%	7	3.72%
Granite Savings Bank and Trust Company	34	0	0.00%	1	2.94%	1	2.94%	2	5.88%	0	0	0.00%	0	0.00%	2	5.88%
Green Mountain Bank	22	1	4.55%	0	0.00%	0	0.00%	1	4.55%	0	0	0.00%	0	0.00%	1	4.55%
Howard Bank, National Assn, The	397	22	5.54%	4	1.01%	3	0.76%	29	7.30%	0	0	0.00%	6	1.51%	35	8.82%
Lomas & Nettleton Company, The	19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank & Trust Compan	52	2	3.85%	0	0.00%	0	0.00%	2	3.85%	0	0	0.00%	1	1.92%	3	5.77%
Marble Bank	221	8	3.62%	0	0.00%	0	0.00%	8	3.62%	0	0	0.00%	1	0.45%	9	4.07%
Merchants Bank, The	292	8	2.74%	3	1.03%	2	0.68%	13	4.45%	0	0	0.00%	0	0.00%	13	4.45%
Mortgage Service Center of New England	39	1	2.56%	1	2.56%	2	5.13%	4	10.26%	0	0	0.00%	0	0.00%	4	10.26%
National Bank of Middlebury, The	66	2	3.03%	0	0.00%	1	1.52%	3	4.55%	0	0	0.00%	0	0.00%	3	4.55%
New England IBM Employees Fed Crdt Unio	67	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	117	9	7.69%	2	1.71%	0	0.00%	11	9.40%	0	0	0.00%	0	0.00%	11	9.40%
Passumpsic Savings Bank	174	7	4.02%	3	1.72%	0	0.00%	10	5.75%	0	0	0.00%	3	1.72%	13	7.47%
Peoples Trust Company of St Albans	153	8	5.23%	3	1.96%	2	1.31%	13	8.50%	0	0	0.00%	0	0.00%	13	8.50%
Proctor Bank	103	5	4.85%	0	0.00%	1	0.97%	6	5.83%	0	0	0.00%	0	0.00%	6	5.83%
Randolph National Bank	67	3	4.48%	1	1.49%	0	0.00%	4	5.97%	0	0	0.00%	0	0.00%	4	5.97%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	79	4	5.06%	0	0.00%	2	2.53%	6	7.59%	0	0	0.00%	0	0.00%	6	7.59%
Union Bank	156	5	3.21%	1	0.64%	0	0.00%	6	3.85%	0	0	0.00%	1	0.64%	7	4.49%
Vermont Development Credit Union	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	901	43	4.77%	2	0.22%	7	0.78%	52	5.77%	0	2	0.22%	2	0.22%	56	6.22%
Vermont Mortgage Group, Inc	157	8	5.10%	2	1.27%	1	0.64%	11	7.01%	0	0	0.00%	1	0.64%	12	7.64%
Vermont National Bank	491	8	1.63%	2	0.41%	2	0.41%	13	2.65%	0	1	0.20%	1	0.20%	15	3.05%
Wells River Savings Bank	25	1	4.00%	0	0.00%	1	4.00%	2	8.00%	0	0	0.00%	0	0.00%	2	8.00%
Woodstock National Bank	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	5,972	226	3.78%	41	0.69%	40	0.67%	307	5.14%	0	6	0.10%	24	0.40%	337	5.64%
JUNE 30, 1992	5,993	220	3.67%	47	0.78%	44	0.73%	311	5.19%	0	6	0.10%	23	0.38%	340	5.67%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: August 20, 1992

RE: CITY OF BURLINGTON - OLD NORTH END JOINT LOAN PROGRAM CONCEPT APPROVAL RESOLUTION

1. General Description

Attached is a Resolution expressing Agency interest in developing a joint loan program with the City of Burlington, with VHFA to ultimately issue (upon further Board consideration) construction and permanent loans totalling $1.5 million in tax exempt financing to projects selected and underwritten by the City of Burlington Community and Economic Development Office (CEDO).

CEDO is attempting to match and blend funds provided by the federal HOME program with VHFA's Small Rental Development Fund. This was a strategy initiated by City of Burlington officials and VHFA for leveraging the effectiveness of the HOME monies in Burlington.

The City of Burlington's current HOME allocation is $500,000. CEDO wishes to target the Old North End of Burlington with these funds, and in particular the Greater Archibald/Intervale Neighborhood (GAIN). City staff will attend the Board meeting to discuss city plans for the area.

VHFA staff is proposing a range of program options to the City, including use of the Federal Home Loan Bank Board's Affordable Housing Program (AHP) for investor owned buildings with fewer than five rental units, and use of the VHFA Small Rental Development Fund for buildings with five or more rental units.

Attached is a draft table of Underwriting & Policy Considerations that VHFA staff has been discussing with CEDO staff over the last two months. A separate document by Cathleen Gent discussing census data relating to the Old North End is attached, as is an area map. Additional maps showing land uses and other related information will be presented at the Board meeting.

DISCUSSION

Strengths

The primary strengths of this proposal are:

a) The City and several of the area banks and nonprofit housing developers are putting a great emphasis on the Old North End. In particular, Lake Champlain Housing Development Corporation (LCHDC) is developing a 20 unit rental cooperative on Archibald Street with the Howard Bank as an equity investor.

b) Many of the potential sponsors the City has named, such as Scott Mansfield and the Burlington Community Land Trust, are known and reputable entities to VHFA.

c) The proposal effectively leverages the federal HOME program monies.

d) VHFA involvement and our partnership with the City of Burlington would strengthen the redevelopment efforts in this low income neighborhood.

Weaknesses

The potential weaknesses of this proposal are:

a) Because of the use of HOME monies, these will be low income units. Adding more very low income residents and units to an already low income and economically depressed neighborhood is a strategy that must be carefully considered. Mixed income developments have been a general standard of the Agency.

b) Because of the low rents and resident incomes, it is likely that every development's financial projections will be very tight, and will likely show negative cash flow in later years, unless there are Section 8 certificates pledged to a large percentage of units. The Burlington Housing Authority may be able to transfer some Section 8 certificates to these developments, but no commitment has yet been sought.

c) The rental market in the Old North End is currently weak. The City has not conducted any market studies, and it is unclear whether the attraction of low rents and presumably good quality units will counter the negatives associated with this neighborhood.

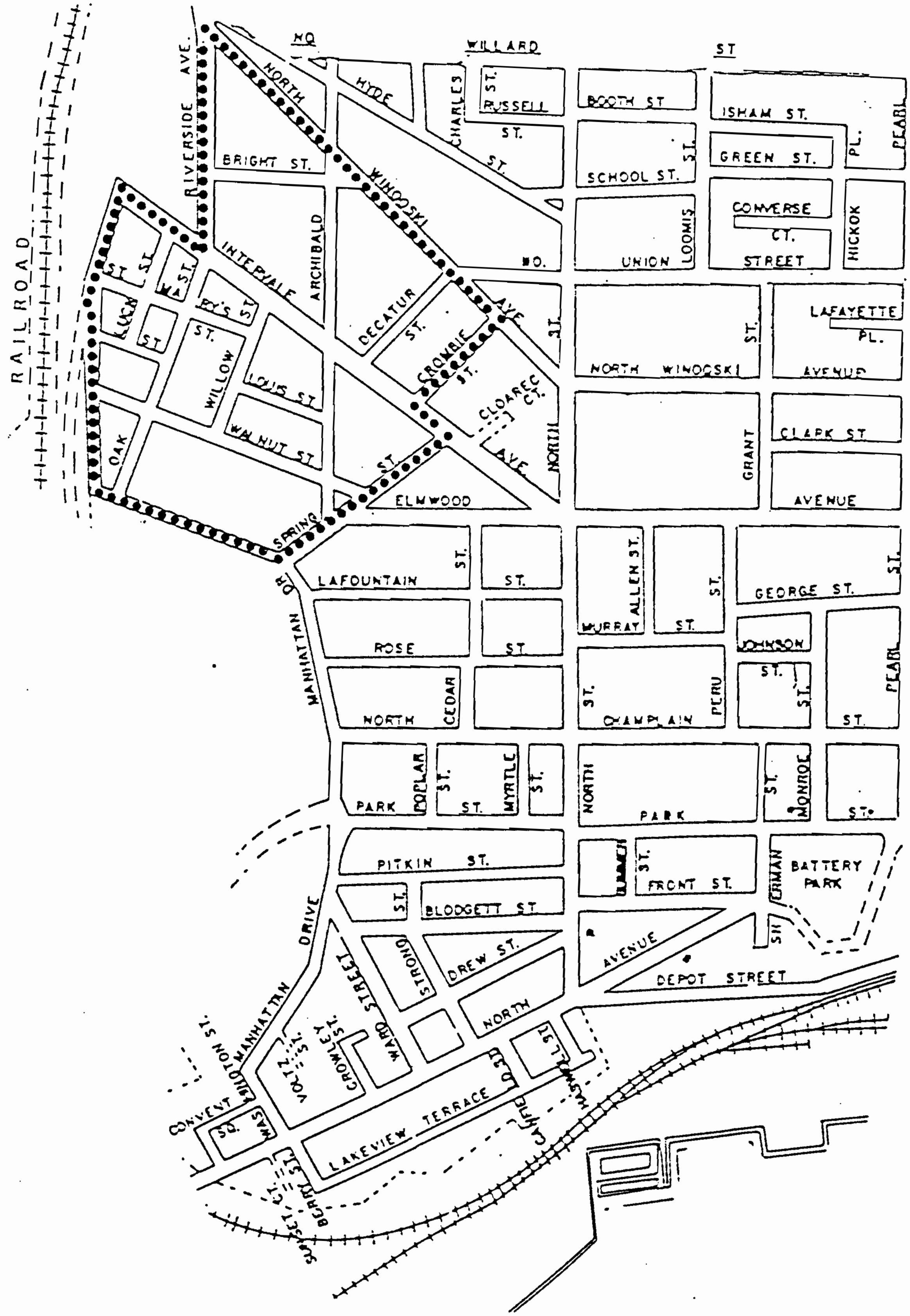
d) Although the City is focusing its efforts on the GAIN, a fully formulated redevelopment strategy does not currently exist. This neighborhood is a complex area with lots of mixed use and commercial properties, with some large parcels that are vacant, in foreclosure, dilapidated or all of the above. A Redevelopment Authority could be established to secure ownership of certain properties. However, the City argues that there are no redevelopment funds available, and that the neighborhood destroying legacy associated with "urban renewal" is not worth resurrecting.

e) In delegating the underwriting process to the CEDO staff, VHFA must ensure that a strong review and approval process is in place. By way of its mission and historic reliance on community development funds, CEDO does not have an institutional lender's perspective in reviewing loans. CEDO does have good rehabilitation loan program experience, having made $2.1 million in CDBG loans covering 267 single family and rental units. The CEDO office also coordinated the City's involvement in the Northgate renovation.

RECOMMENDED ACTION

Staff recommends approval of the attached Resolution of Interest regarding the City of Burlington Loan Program authorizing the Executive Director to issue a Letter of Interest to the City of Burlington to participate in a joint "Old North End" loan program with VHFA, using funds from the Small Rental Development program not to exceed $1,500,000, and to develop a comprehensive package of financing options for other types of residential properties.

Burlington's Old North End
showing the boundaries of the
Archibald Community Target Area



August 19, 1992
Koppelkam

VHFA/CITY OF BURLINGTON LOAN PROGRAM
UNDERWRITING/POLICY CONSIDERATIONS
DRAFT

ITEM	> 5 UNITS <$10,000/UNIT REHAB AND <$30,000/UNIT ACQUIS	> 5 UNITS >$10,000/UNIT REHAB OR >$30,000/UNIT ACQUIS	CITY COMMENTS
GENERAL	NO STRAIGHT REFINANCING. VHFA 1ST LIEN (WITH SUBORDINATION OF LEASES), CITY 2ND LIEN; DELEGATED UNDERWRITING TO CITY WITH VHFA REVIEW AND APPROVAL. NEED WRITTEN AGREEMENT.	NO STRAIGHT REFINANCING. VHFA 1ST LIEN (WITH SUBORDINATION OF LEASES), CITY 2ND LIEN; NEED VHFA BOARD APPROVAL.	
MINIMUM QUALITY STANDARDS	GENERAL UNIT QUALITY ABOVE HQS; STRIVE FOR AMENITIES TO ATTRACT TARGET TENANTS (E.G. PIONEERS LIKE LIGHT UNITS, PORCHES, LAND); CONCERN RE UNITS ON HEAVY TRAFFIC STREETS (E.G. N. WINOOSKI).		HQS
APPLICATION PACKET	NEED TO DEVELOP - SEE VHFA MODEL		
ELIGIBLE BORROWERS	ANY. NEED CREDIT CHECK AND BANK REFERENCES. EVALUATE CURRENT HOLDINGS AND MANAGEMENT.	SAME.	
APPRAISAL	WAIVED. CITY GENERATES "AS-IS" VALUE BASED ON AGREED UPON RANGE OF RENTS AND GROSS INCOME MULTIPLIERS AND/OR CAP RATES.	NEED APPRAISAL.	
MARKET STUDY	VHFA WILL PAY FOR GENERIC OLD NORTH END MARKET STUDY ($5,000 EST COST).	SAME.	
ENERGY EVALUATION	NO ELECTRIC HEAT PERMITTED. COMPREHENSIVE WEATHERSTRIPPING AND INSULATION INSPECTION BY CITY. DO COST EVALUATION ON WINDOW, HOT WATER AND BOILER REPLACEMENT, W/ VHFA PAYING VEIC FOR EVALUATION. CAN BE WAIVED.	SAME.	ENERGY AUDITS ONLY FOR LARGER PROJECTS (NEED DEFINITION). OTHERWISE AS CITY DEEMS APPROPRIATE.
ENVIRONMENTAL ASSESSMENT	MUST HAVE PHASE I, PLUS TESTING FOR LEAD AND ASBESTOS, WITH REASONABLE RE-MEDIATION PLAN. ENTERPRISE SPECIFICATIONS ARE VERY GOOD. WINDOW AND DOOR REPLACEMENT WILL BE COSTLY - IS WAXING OF WINDOW TRACKS SUFFICIENT?	SAME.	UNITS ARE "EVALUATED FOR OCCUPANCY." GENERALLY FOLLOW ENTERPRISE STANDARDS (SEE ATTACHED) FOR "POTENTIAL HIGH RISK OCCUPANTS" (NEEDS DEFINITION - ESPECIALLY REGARDING WINDOWS, CHEWABLE SURFACES).
BUILDING AND REHAB EVALUATION	1. CITY EVALUATES STRUCTURE 2. CITY EVALUATES REHAB PLANS 3. CITY EVALUATES BIDDING OR COST 4. CITY APPROVES REHAB CONTRACT & CHANGE ORDERS. 5. OWNER AND CITY APPROVE FINAL COST CERTIFICATION.	SAME, WITH ARCHITECTURAL REVIEW OF PLANS.	
MANAGEMENT CAPABILITY	CITY EVALUATES SPONSOR'S MANAGEMENT CAPABILITIES. NEED SUFFICIENT REGULATORY AGREEMENT TO ENABLE VHFA TAKEOVER OF MANAGEMENT IN CASE OF DEFAULT.	SAME.	
FEES	1% OF TOTAL LOAN AMOUNT, SPLIT 50/50 BETWEEN CITY AND VHFA.	SAME.	CITY WILLING TO FOREGO FEES, WANTS VHFA TO FOREGO FEES.
REGULATORY AGREEMENT	COVERS USE OF RESERVE ACCOUNTS, MONITORING REQUIREMENTS & VHFA RIGHTS IN CASE OF DEFAULT.	SAME.	

ITEM	> 5 UNITS <$10,000/UNIT REHAB AND <$30,000/UNIT ACQUIS	> 5 UNITS >$10,000/UNIT REHAB OR >$30,000/UNIT ACQUIS	CITY COMMENTS
FINANCIALS	1. NEED TO AGREE UPON ASSUMED VACANCY RATE, AND TRENDING (1.5% INCOME, 2.75% OPER EXP). MINIMUM 200 PUM OPER EXP. 2. MINIMUM DCR OF 1.01 YEAR 1, 1.05 BY YEAR 3, CONTINUING FOR FULL 30 YEARS. 3. REHAB CONTINGENCY MINIMUM OF 7%. 4. APPROVED COMPREHENSIVE FINANCIALS. 5. ANNUAL COMPREHENSIVE REPORTING (NO AUDIT < 10 UNITS). 6. OPERATING BUDGET MUST INCLUDE REPLACEMENT RESERVE OF 4% OF GROSS INCOME. 7. DEVELOPMENT BUDGET (OR DEVELOPER) MUST HAVE WORKING CAPITAL OF 20% OF ANNUAL DEBT SERVICE AVAILABLE. 8. IF NOT FULLY RENTED, NEED DEFICIT ESCROW AT CLOSING AS PER VHFA STANDARDS. 9. NO EQUITY REQUIREMENT FOR NONPROFITS. 10. MAX TOTAL LTV 100% FOR NONPROFITS, 90% FOR FOR-PROFITS	SAME. ADD 10% MINIMUM EQUITY REQUIREMENT FOR FOR-PROFITS.	WORKING CAP REQUIREMENTS DUPLICATE DEF ESCROW REQUIREMENTS. RELEASE DEFICIT ESCROW AT BREAKEVEN.
LONGTERM AFFORDABILITY	RECORDED COVENANT. VHFA BOND REQUIREMENTS - >75% OF TENANTS BELOW 100% OF MEDIAN (UNADJ FOR FAMILY SIZE); >20% BELOW 50% OF MEDIAN, OR >40% BELOW 60% OF MEDIAN; BOTH STANDARDS FOR LIFE OF LOAN. LONGER RENTAL AND AFFORDABILITY TERMS DESIRABLE.	SAME.	CITY PROPOSES 10 YEAR RESTRICTIONS FOR >$10,000 LOANS. CONDO CONVERSION NOT A CITY CONCERN DUE TO EXISTING ORDINANCES.
MISCELLANEOUS	VHFA SERVICES LOANS.	SAME.	
COMPLIANCE MONITORING	ANNUAL REPORTING RE ACTUAL INCOME & OPER EXP, BUDGET, RESERVE ACCOUNT STATUS		
CONVERSION TO CO-OPS	OK SO LONG AS PROJECT STAY RENTAL (AS PER TAX CODE); CO-OP OWNS AND MANAGES, RENTING TO SHAREHOLDING TENANTS.		
LIEN WAIVERS AND ARCHITECTURAL SIGNOFFS ON DISBURSEMENT REQUESTS	1. LIEN WAIVER PRIOR TO FINAL DISBURSEMENT. 2. CITY SIGNOFF AT SUBSTANTIAL COMPLETION. 3. MONTHLY TITLE SEARCH FOR LIENS RECOMMENDED. 4. 10% RETAINAGE, 200% PUNCHLIST ESCROW FOR UNCOMPLETED ITEMS.	SAME, EXCEPT ARCHITECTURAL SIGNOFF AT SUBSTANTIAL COMPLETION.	CITY WILL DO MONTHLY TITLE SEARCH.
CONTRACTOR SELECTION	AT LEAST 3 PROPOSALS FOR ALL WORK >$5,000	SAME.	
CONTRACTOR BONDING	PERFORMANCE AND PAYMENT BOND FOR ALL JOBS > $100,000 (OR LETTER OF CREDIT FOR 25% OF JOB VALUE), CREDIT CHECKS.	SAME.	ONLY FOR JOBS > $200,000.

NOTE: HOME LEAD REMOVAL REQUIREMENTS REQUIRE FULL ABATEMENT ONLY IF CHILD <7 HAS ELEVATED LEAD BLOOD LEVEL (.2) - OTHERWISE INSPECTION AND REMOVAL OF CHIPPING, PEELING PAINT.

SEE ATTACHED LEAD PAINT SPECIFICATIONS FROM ENTERPRISE.
\WP51\NEWPROJ\CITY.072

RESOLUTION OF INTEREST RE: CITY OF BURLINGTON LOAN PROGRAM

WHEREAS, the City of Burlington, through its Community and Economic Development Office ("CEDO"), has approached the Agency regarding a commitment of funds by the Agency for the purposes of financing rehabilitation for multi-family residential units located in the so-called Old North End of Burlington; and

WHEREAS, the City has available to it $500,000 in federal HOME funds and wishes to use funds from the Agency in conjunction with the HOME funds; and

WHEREAS, the City and several area banks and non-profit organizations are attempting to assist the revitalization of the Old North End; and

WHEREAS, the Agency has available to it recycled multi-family tax exempt bond proceeds within the 1977 Multi-family Bond Resolution.

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency is interested in pursuing a joint program with the City of Burlington to finance the rehabilitation of existing residential housing for persons and families of low and moderate income located in the Old North End of Burlington.

2. The Agency will consider dedicating up to $1,500,000 in recycled multi-family bond proceeds for this program. Requirements for loans under the program shall be formulated by staff and the City's representatives and reviewed by the Agency.

3. The Agency has the power to make such rehabilitation loans pursuant to 10 V.S.A. § 622(7), which requires a determination that: the loan is to be used primarily to make the housing more desirable to live in, to increase the market value of the housing, to comply with building, housing maintenance, fire, health or similar codes and standards applicable to housing, to accomplish energy conservation related improvements, or to insure independent living for persons who are handicapped or elderly. Rehabilitation loans may only be made when the Agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.

4. This Resolution is not a commitment to fund the program described herein or to commit funds in any manner. It is conditional upon the availability of funds to the Agency for the intended purpose, satisfactory agreement between the Agency and the City regarding the terms and structure of the proposed loans, and satisfaction of such further requirements as the Agency may establish.

5. The Executive Director is authorized to issue a letter of interest to the City of Burlington and to continue working with CEDO to develop a program to foster the rehabilitation of residential housing for persons and families of low and moderate income located in the Old North End of Burlington. The Letter of Interest may be used by the City in support of applications for other assistance for a rehabilitation program.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Research Analyst Cathleen Gent

DATE: August 20, 1992

RE: CITY OF BURLINGTON - OLD NORTH END JOINT LOAN PROGRAM DATA REGARDING OLD NORTH END

Burlington's Old North End is the oldest urban neighborhood in Vermont. In the nineteenth century, it was on the rural edge of Burlington, which was then a small village on Lake Champlain. Within one hundred years, the Old North End blossomed with the growth of lumber mills and textile factories in nearby Winooski. Like Barre in Central Vermont, the Old North End was residence to many immigrants including French Canadians, Germans, Irish, and Eastern Europeans. During the past thirty years as the factories closed, the Old North End has suffered serious economic difficulties.

The Old North End is one of the more well known and identifiable neighborhoods in Burlington. Despite its economic troubles, that area of the city enjoys a diverse population of college students, young people, and families in owner occupied and renter occupied properties. During the mid 1980's, rehabilitation and upgrading of the housing stock began in the Old North End, in part due to land price speculation and a "gentrification" of the area. Two studies conducted at that time by the Historic Preservation Program at the University of Vermont and the Center for Rural Studies at the University of Vermont showed that the new arrivals who rehabilitated properties and life-time resident owners and residents added stability to a neighborhood which is primarily low-income.

In the past two years, the Old North End has been shaken by several highly publicized "drug related" crimes. The City of Burlington has responded by initiating plans for new housing rehabilitation programs with the cooperation of local housing groups, banks, and non-profits. In its FY 1992- FY 1993 Comprehensive Housing Affordability Strategy (CHAS), the City of Burlington identifies the Old North End as one of two "priority neighborhood(s) for public investment" because of its high incidence of lower-income people and the high percentage of buildings that are very old and in very poor condition.

1980 and 1990 Census Data for the Old North End, Chittenden County, and Vermont

Although income data are not yet available at a neighborhood level from the 1990 Census, comparisons of the Old North End can be done with respect to housing types and costs, vacancy rates, age distributions. Table 1 shows a comparison of the Old North End in 1990 and in 1980, as well as Chittenden County and Vermont as a whole. Almost one-quarter of the City's population, or 9,187 people, resided in the Old North End in 1990, about 100 more residents than in 1980. The average age was 26.6, slightly lower than in 1980. This compares with an average age of 30.3 for Chittenden County and 33.0 for the State. The Old North End has a lower percentage of persons under age 18 than either Chittenden County or the State, 23.4% and 25.4%, respectively. The percentage of persons age 65 or older was higher in the Old North End than for Chittenden County (8.1%), but was lower than the percentage for Vermont (11.8%).

With respect to the value of owner-occupied housing and rental costs, the Old North End experienced an increase of over 100% between 1980 and 1990. (This increase is similar to the statewide increase for that time period.) It should be pointed out that the eastern portion of the Old North End houses a much higher proportion of college students since it is close to the University of Vermont, Trinity College, and Champlain College. If this area were excluded from analysis, the housing values and rents for the Old North End would be significantly lower. However, in comparison with Chittenden County, the housing costs are lower in the Old North End.

Table 1

	Old North End-1980	Old North End-1990	Chittenden County-1990	Vermont - 1990
Total # of Persons	9,094	9,187	131,761	562,758
Average Age	27.0	27.1	30.3	33.0
% 18 & Under	17.0	18.1	23.4	25.4
% 65 & Over	12.3	9.1	8.1	11.8
Median Unit Value *	$39,800	$91,650	$117,500	$95,500
Median $ Rent	$187	$446	$457	$378

* Median Value of Homeowner Units
Source: 1980 and 1990 U.S. Census for Vermont

Table 2 shows housing unit characteristics for 1990 for the Old North End, Chittenden County, and Vermont. The percentage of renter occupied housing in the Old North End is very high in comparison with Chittenden County and Vermont. Both the homeowner and renter vacancy rates are very low for the Old North End. It should be pointed out that these data were gathered in spring, 1990, before the recession was in full swing in Burlington. The vacancy rate would may be higher in the Old North End today due to foreclosures on apartment buildings which are now vacant.

Table 2

	Old North End	Chittenden Co.	Vermont
Occ. Hous. Units	4,023	48,439	271,214
% Owner Occ.	20.0	64.4	69.0
% Renter Occ.	80.0	35.6	31.0
Homeowner Vacancy Rate	1.0	1.9	2.1
Renter Vacancy Rate	2.7	4.4	7.5

Source: 1990 U.S. Census for Vermont

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Research Analyst CG

DATE: August 26, 1992

RE: CITY OF BURLINGTON - OLD NORTH END JOINT LOAN PROGRAM INCOME DATA REGARDING OLD NORTH END

In addition to the data provided in my August 20th memo, additional income data have become available. The following tables show income data from the 1990 Census for the Old North End, the City of Burlington, and Chittenden County. From Table 1, it can be seen that the Old North End has significantly lower median household and family incomes and per capita incomes compared with the City of Burlington, Vermont, and, in particular, Chittenden County. In fact, the median household income is less than one-half (48.5%) of the median household income in Chittenden County, with the median family income showing even greater disparity, at 47% of the Chittenden County median family income for 1990.

Table 1

	Old North End	City of Burlington	Chittenden County	Vermont
Median Household Income	$17,886	$25,523	$36,877	$29,792
Median Family Income	$20,702	$35,943	$43,972	$34,780
Per Capita Income	$10,508	$13,918	$16,096	$13,527

Source: 1990 U.S. Census for Vermont

Table 2 shows the numbers and percentages of households with incomes at approximately 50% of the Chittenden County median household income from the 1990 Census. More than 60 % of renters and 26% of owners living in the Old North End had household incomes below 50% of

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the Chittenden County median household income of $36,877. Approximately 56% of all households in the Old North End had incomes below 50% of the County median household income. In addition, almost one-half of the renter households in the City of Burlington below 50% of the Chittenden County median household income were located in the Old North End. Approximately 44% of all households in Burlington having incomes below 50% of the County median household income lived in the Old North End. The proportion of households earning 50% of the Chittenden County median household income is higher in the Old North End than its proportion of the total population.

Table 2

	Old North End	City of Burlington
Renters below 50%* of Chittenden County Median Household Income	2,219 (60.2%)	4,667 (53.5%)
Owners below 50% of Chittenden County Median Household Income	129 (26.7%)	712 (15.5%)
Total Households below 50% of Chittenden County Median Household Income	2,348 (56.3%)	5,379 (40.7%)

Source: 1990 U.S. Census for Vermont
* is actually 54% (50% could not be calculated from the data)

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: August 19, 1992

RE: ACCAG - BRISTOL RESOLUTION OF INTEREST

1. General Description

Attached is a Resolution of Interest authorizing the Agency to issue a letter expressing interest in providing a permanent loan not to exceed $25,000 in tax exempt financing to Addison County Community Action Group (ACCAG). The loan would go toward the renovation of two buildings in Bristol containing four residential units and construction of one additional unit.

The sponsor has already purchased the two buildings, using financing from the National Bank of Middlebury. There are clearly additional renovation tasks remaining on the existing buildings, which are identified below. ACCAG wants to construct an additional unit on the site, but will likely be constrained by the need to meet state septic standards. VHFA financing would be contingent upon adding the fifth unit.

Total development costs are currently estimated at $143,845 or $28,770 per unit. Actual and projected per unit costs at other VHFA financed family developments are: St. Johnsbury (rehab) $52,720; Northgate (rehab) $58,540; Highgate (rehab) $67,135.[1]

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached.

Also attached is a location map of the development.

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[1] The Northgate and Winchester per unit costs include an adjustment for capitalized land leases, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

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2. Financial Projections

Longterm project viability is questionable, as the project cash flow goes negative after 20 years. The proposed budget will be subject to a complete feasibility review as part of the architectural evaluations etc. Additional working capital is needed in the development budget, and a source of a deficit escrow reserve will also need to be identified.

The projected permanent sources of funds are:

	Amount	Percent
Equity	0	0.0
VHFA 1st Mortgage Loan	23,845	16.6
VHCB Deferred Payment Loan	75,000	52.1
HOME Deferred Payment Loan	45,000	31.3
Total	$143,845	100.0%

Only the Vermont Housing Conservation Board (VHCB) funds have been approved to date. VHCB administers the HOME funds as well, but will not be considering the HOME allocations until their September Board meeting.

The development budget includes $16,400 per unit for acquisition of the units, $10,000 for development fees (7.0% of total development costs), and a small working capital reserve ($860).

3. Unit Breakdown, Rents and Income Limits

All four existing units in the development are two bedroom units, approximately 500 square feet. There are no accessible units, although the sponsor wants to make the fifth unit accessible. The four existing units would meet the state and federal codes so long as renovations do not exceed 40% of market value. The buildings were appraised at $122,000 (40% = $48,800), so it should be possible to do additional renovations on the existing buildings without triggering the accessibility code requirements. Projected rents for the two HOME units will be $239, with the other two existing units renting at $349 per month and the new fifth unit renting for $450 per month. Tenants will pay for heat and electricity.

4. Site/Location

The development is located on River Street, down the hill from downtown Bristol. The two buildings share a large lot which backs on the New Haven River. The back of the lot appears to be in the 100 year flood plain. The property is 100 yards from the boundary of the large A. Johnson lumber mill in Bristol. However, the mill is not visible or noticable from the property.

5. Building Status

VHFA staff did a site inspection of the property in early August. The units are small and meet bare HQS (Housing Quality Standards) but not much higher. The heating units in one of the buildings are older hot air units located in the open in the middle of the units. The refrigerator we saw was quite old. Blue shag carpeting in the living area and bedrooms was a highlight. Despite being on the river, there were unfortunately no windows on the river side of the building. This same building appeared to have a weak foundation, and the electrical hookups could be touched from the porch, an unsafe condition. The other building appeared in better shape overall.

We have not yet solicited an architect to evaluate the building, but will do so if the Letter of Interest Resolution is adopted.

6. Appraisal

An appraisal was completed in February 1992 for the National Bank of Middlebury by William Benton. He valued the property at $122,000, "subject to completion of site work, flooring, porches and appliances in a workmanlike manner." He indicates that "The subject property ... (was) rehabilitated within the last three years including a new roof covers, wiring and plumbing upgrades and interior renovation. In addition, Unit #1 has had new clapboard and porches installed and both units have had the majority of the flooring replaced within the last month. Little wear and tear is evident and the overall condition of the property is considered to be good."

7. Market Demand and Rent Levels

Vacancy rates in Bristol are not known. The appraiser noted that market rents in the area ranged from $275 to $500. Two of the four units are currently occupied. ACCAG has good connections with the low income community, and has successfully rented up other low income developments in Middlebury and Vergennes.

8. Management

ACCAG currently owns the buildings and is acting as the management agent. ACCAG manages 62 units in nine sites in Addison County.

9. Environmental Concerns

An environmental assessment has not yet been started for the property.

DISCUSSION

Strengths

The primary strengths of this development include:

a) The sponsor has secured a high level of grants and deferred payment loans, which make the development affordable for very low income families without the availability of project based Section 8 certificates.

b) VHFA's proposed loan is only 16% of total project costs, and 19% of appraised value.

Weaknesses

The potential weaknesses of this development are:

a) This is not a mixed income development, which has been a general standard of the Agency.

b) The development's financial projections do not work over the long run.

RECOMMENDED ACTION

Staff recommends approval of the attached Resolution of Interest for ACCAG's Bristol Development authorizing the Executive Director to issue a Letter of Interest in making a loan in an amount not to exceed $25,000 for a five unit family development. VHFA's involvement is contingent upon the ability to add the fifth unit, and upon a complete feasibility review of the proposal.

C:[illegible]A\QUATTRO\SMALL\RIVERST.WKQ RUN DATE: 8/18/92

Project: ACCAG - River Street/Bristol

*********Unit Information******************Assumptions*********

Total Res Units:	5	Restricted Rent Increase	1.50%
Restricted Units:	N/A	Market Rent Increase	N/A
Percent Restricted:	N/A	Expense Increase:	2.75%
Avg Net Monthly Rent:	309	Vacancy Rate:	5.00%
Total Dev Costs	143,845		
TDC/Unit	28,769		
	0		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
Equity	0	0.00%	N/A	N/A
VHFA	23,845	16.58%	8.20%	30
VHCB -- deferrred	75,000	52.14%	0.00%	40
HOME	45,000	31.28%	N/A	N/A
	0	0.00%	0.00%	0
	143,845	100.00%		

A[illegible] - River Street/Bristol DEVELOPMENT BUDGET

		Residential Budget	Per Unit
Acquisition		82,000	16,400
Construction - Rehab		43,850	8,770
Contingency	11.17%	4,897	979
Arch/Engineering		0	0
Legal/Accounting		1,500	300
Permits/Fees		0	0
Permanent Loan Fee (1.0%)	238	238	48
Appraisal		500	100
Misc		0	0
Replacement Reserve		0	0
Working Capital	856	860	172
Developer's Fee	6.95%	10,000	2,000
TOTAL DEVELOPMENT COSTS		143,845	28,769

ACCAG - River Street/Bristol   INCOME & EXPENSE BUDGET   8/18/92

INCOME

RENTS

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
3 Br		750	1	450	0	5,400
2 Br	HOME	550	2	239	0	5,736
2 Br		550	2	349	0	8,376
	Totals		5	1,038		19,512
All Units						
	Grand Totals		5	1,038	0	19,512
		Less Vacancy	5.00%			(976)
		NET RENT		18,536		

OTHER INCOME

Laundry & Interest Income	0
Parking	0
Total Other Income	0
TOTAL INCOME	18,536

Note: Unit sizes are approximate and need verification.
Tenants pay heat and electricity.

EXPENSE BUDGET

		Per Unit Per Month	
Administration	2,750	46	1,298
Utilities	300	5	
Maintenance	3,850	64	
Taxes	3,600	60	
Insurance	600	10	
Reserves	1,500	25	556
Other	0	0	
Total	12,600	210	

ACCAG - River Street/Bristol PRO FORMA 18-Aug-92 ACCAG - River Street/Bristol C:\DATA\QUATTRO\SMALL\RIVERST.WKQ PRO FORMA 18-Aug-92

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Residential Rent	16,371	18,814	19,097	19,383	19,674	19,969	20,269	20,573	20,881	21,194	21,512	21,835	22,162	22,495	22,832
Less Vacancies	(976)	(990)	(1,005)	(1,020)	(1,035)	(1,051)	(1,067)	(1,083)	(1,099)	(1,115)	(1,132)	(1,149)	(1,166)	(1,184)	(1,202)
Total Actual Income	15,395	17,824	18,092	18,363	18,638	18,918	19,202	19,490	19,782	20,079	20,380	20,686	20,996	21,311	21,631
Less Operating Exp.	11,340	12,947	13,303	13,668	14,044	14,430	14,827	15,235	15,654	16,084	16,527	16,981	17,448	17,928	18,421
Net Operating Income	4,055	4,878	4,789	4,695	4,594	4,488	4,374	4,255	4,128	3,994	3,853	3,704	3,548	3,383	3,209
Less VHFA DS	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2.140	2,140	2,140	2,140	2,140	2,140	2,140	2,140
Less VHCB DS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	1,916	2,738	2,649	2,555	2,455	2,348	2,235	2,115	1,988	1,855	1,714	1,565	1,408	1,243	1,070
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash	1,916	2,738	2,649	2,555	2,455	2,348	2,235	2,115	1,988	1,855	1,714	1,565	1,408	1,243	1,070
DCR	1.90	2.28	2.24	2.19	2.15	2.10	2.04	1.99	1.93	1.87	1.80	1.73	1.66	1.58	1.50

Note: First year phase in lost rent of 18% due to rehab, 10% lower oper exp

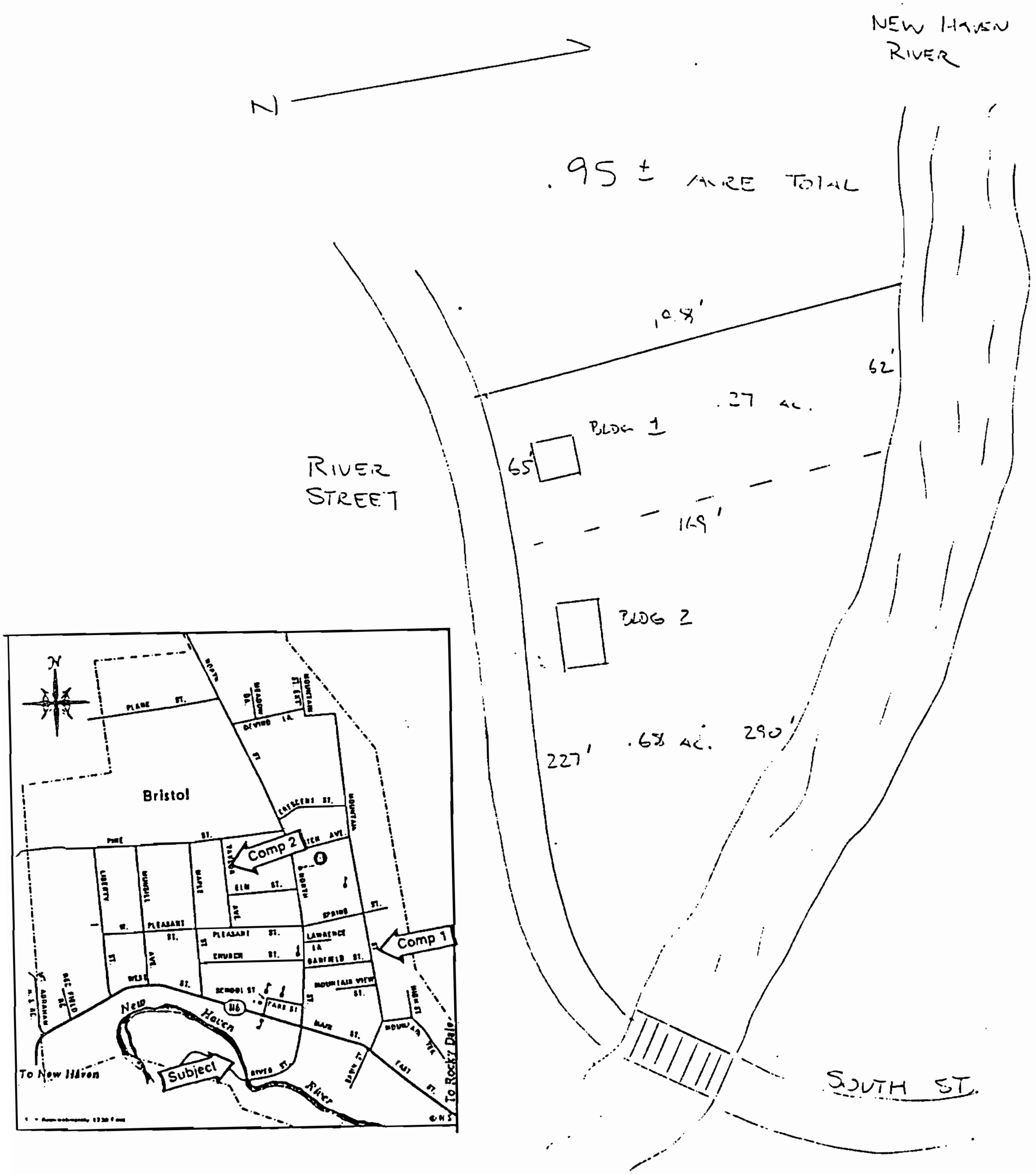
PRO FORMA 18-Aug-92

16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
23,175	23,522	23,875	24,233	24,597	24,966	25,340	25,720	26,106	26,498	26,895	27,299	27,708	28,124	28,546
(1,220)	(1,238)	(1,257)	(1,275)	(1,295)	(1,314)	(1,334)	(1,354)	(1,374)	(1,395)	(1,416)	(1,437)	(1,458)	(1,480)	(1,502)
21,955	22,284	22,619	22,958	23,302	23,652	24,007	24,367	24,732	25,103	25,480	25,862	26,250	26,644	27,043
18,928	19,448	19,983	20,533	21,097	21,677	22,274	22,886	23,515	24,162	24,827	25,509	26,211	26,932	27,672
3,027	2,836	2,636	2,425	2,205	1,974	1,733	1,481	1,217	941	653	353	39	(288)	(629)
2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,140
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
888	697	496	286	65	(165)	(407)	(659)	(923)	(1,199)	(1,486)	(1,787)	(2,101)	(2,428)	(2,769)
0	0	0	0	0	165	407	659	923	1,199	1,486	1,787	2,101	2,428	2,769
888	697	496	286	65	0	0	0	0	0	0	0	0	0	0
1.41	1.33	1.23	1.13	1.03	0.92	0.81	0.69	0.57	0.44	0.31	0.16	0.02	-0.13	-0.29

PLAT MAP

File No. 0792ACCAG

Borrower/Client	Addison County Community Action Group
Property Address	20 - 22 River Street
City Bristol	County Addison · State VT · Zip Code 05443
Lender	National Bank of Middlebury



RESOLUTION OF INTEREST RE: ADDISON COUNTY COMMUNITY ACTION GROUP (BRISTOL) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Action Group (ACCAG) (together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing is a general partner, the "Housing Sponsor") involving the rehabilitation of a 4 unit housing development and the construction of a fifth unit, on approximately .95 acres of land on River Street in Bristol (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, the Housing Sponsor has received a commitment for a deferred payment loan of approximately $75,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Housing Sponsor has applied for a deferred payment loan of approximately $45,000 from federal HOME funds; and

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

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

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

2. The costs of rehabilitation and construction to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for rehabilitation and construction of a fifth unit, in an amount not to exceed $25,000, for the River Street (Bristol) Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed rehabilitation and construction and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: August 19, 1992

RE: ACCAG - VERGENNES RESOLUTION OF INTEREST

1. General Description

Attached is a Resolution of Interest authorizing the Agency to issue a letter expressing interest in providing a permanent loan not to exceed $40,000 in tax exempt financing to Addison County Community Action Group (ACCAG). The loan would go toward the acquisition and renovation of one building in Vergennes containing nine residential units and two commercial units.

The sponsor already manages the property proposed for purchase, and has already commenced substantial renovation using ACCAG staff and volunteer labor, even prior to approval of financing.

Total development costs are currently estimated at $436,745 or $48,527 per unit. Actual and projected per unit costs at other VHFA financed family developments are: St. Johnsbury (rehab) $52,720; Northgate (rehab) $58,540; Highgate (rehab) $67,135.[1]

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached.

Also attached is a location map of the development.

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[1] The Northgate and Winchester per unit costs include an adjustment for capitalized land leases, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

2. Financial Projections

Longterm project financial viability is questionable, as the project cash flow goes negative after 13 years. The proposed budget will be subject to a complete feasibility review as part of the architectural evaluations, etc. Additional working capital is needed in the development budget, and a source of a deficit escrow reserve will also need to be identified.

The projected permanent sources of funds are:

	Amount	Percent
Equity	0	0.0
VHFA 1st Mortgage Loan	36,745	8.4
VHCB Deferred Payment Loan	135,000	30.9
HOME Deferred Payment Loan	265,000	60.7
Total	$436,745	100.0%

Only the Vermont Housing Conservation Board (VHCB) funds have been approved to date. VHCB administers the HOME funds as well, but will not be considering the HOME allocations until their September Board meeting.

The proposed development budget includes $13,333 per unit for acquisition of the units, $246,600 ($27,400 per unit) for renovation, $25,000 for development fees (5.7% of total development costs), and a small working capital reserve ($2,100).

3. Unit Breakdown, Rents and Income Limits

There will be nine residential units in the completed building. The unit breakdown, with rents and square footages, are as shown on the attached spreadsheet. However, the sponsor has not had plans and specifications drawn, nor had them reviewed by the Department of Labor and Industry for compliance with accessibility requirements, for example.

4. Site/Location

The development is located in downtown Vergennes, just one building away from the main intersection of Highway 22A and Green Street. There were clearly two buildings at one time, that have been connected from the inside. One of the buildings was quite prominent, with a large cupola on the roof. It is now obscured by the connection between the buildings and two large horse chestnut trees in the front terrace. The main entryway to that building now leads to a baseball card shop. Just below is a public laundry, which ACCAG wants to improve.

5. Building Status

VHFA staff did a site inspection of the property in early August. We did not get an opportunity to view the existing units, as they are currently occupied. Renovation crews are busily working on the upper floors. The crews are working under ACCAG supervision, but without any architectural plans or specifications. Aside from the fact that the sponsor has commenced extensive renovation prior to acquisition, and that none of the young men or women working had any safety equipment, the construction priority is also questionable. The appraiser noted that "portions of the interior ceilings on the second and third levels have been damaged by roof leaks." The overall condition of the roof sheathing underneath the existing slate is a matter we are concerned about. In addition the second story floors were very uneven, which would indicate structural problems with the building. We did see some apparent rot in some of the structural beams in the basement, but did a very limited inspection there.

We have not yet solicited an architect to evaluate the building, but will do so if the Letter of Interest Resolution is adopted.

6. Appraisal

An appraisal was completed in June 1992 for the sponsor by Kurt Kaffenberger of Keller Navin Cable & O'Brien. He valued the property at $130,000. (The proposed acquisition price is $120,000.) The appraiser used only a sales comparison of the property, based on the "average to poor" condition of the building. A section of his report is attached.

7. Market Demand and Rent Levels

Vacancy rates in Vergennes are not known. Four of the nine units are currently occupied. ACCAG has good connections with the low income community, and has successfully rented up at other low income developments in Middlebury and Vergennes.

8. Management

ACCAG currently manages the building. ACCAG manages 62 units in nine sites in Addison County.

9. Environmental Concerns

An environmental assessment has not yet been started for the property.

DISCUSSION

Strengths

The primary strengths of this development include:

a) The sponsor has secured a high level of grants and deferred payment loans, which make the development affordable for very low income families without the availability of project based Section 8 certificates.

b) ACCAG's goal is to provide perpetually affordable housing for very low income families.

c) VHFA's proposed loan is only 8% of total project costs, and 28% of "as-is" appraised value.

Weaknesses

The potential weaknesses of this development are:

a) This is not a mixed income development, which has been a general standard of the Agency. However it is generally a nice in-town location.

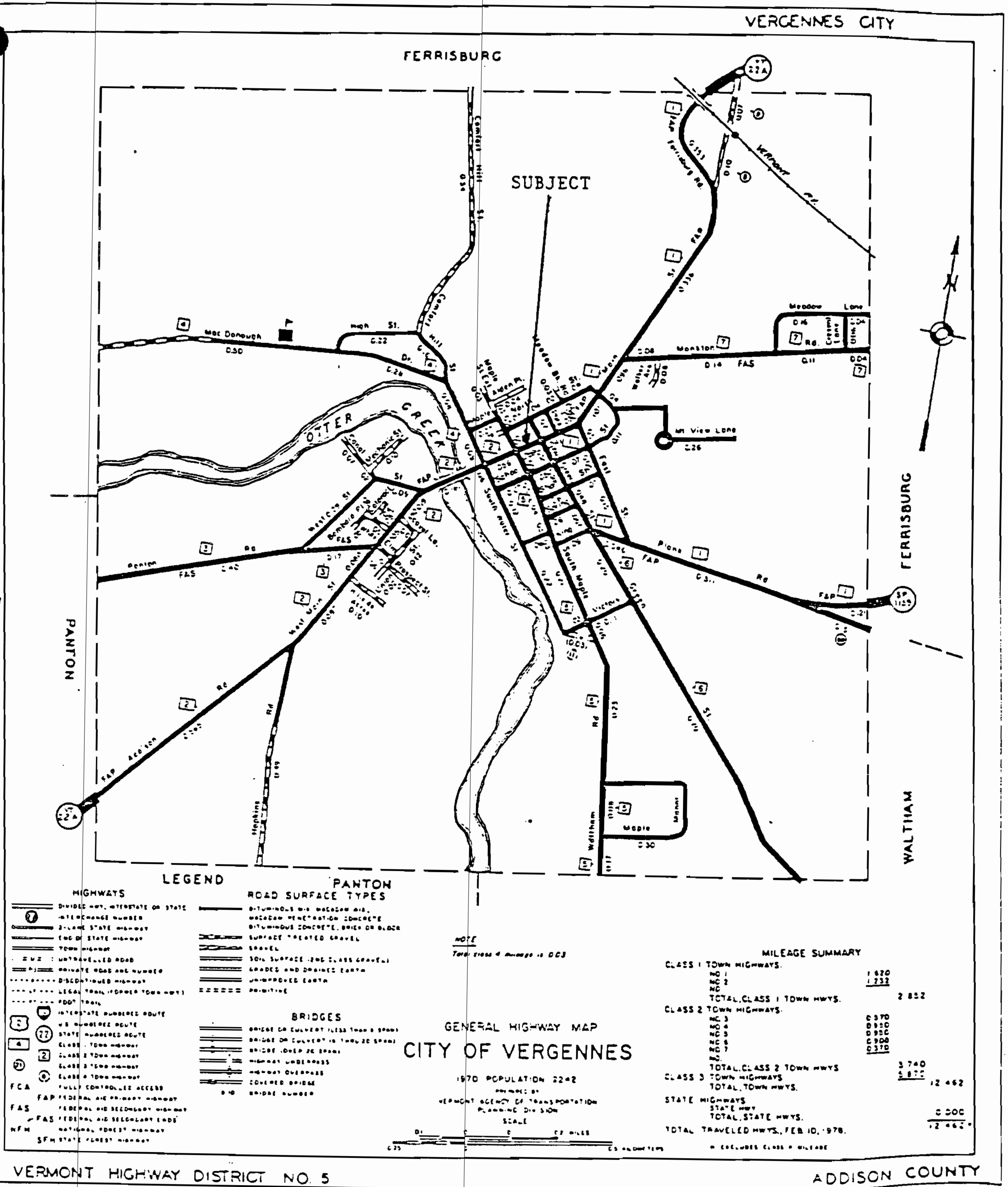
b) The development's financial projections do not work over the long run.

c) The financial projections are heavily dependent upon income from the laundry and the commercial space, which is currently occupied on a month to month basis by a baseball card shop. We will need far better substantiation of the commercial space cash flow projections.

d) We will need to secure a structural investigation of the building, as well as detailed plans and specifications for the renovation.

RECOMMENDED ACTION

Staff recommends approval of the attached Resolution of Interest toward making a mortgage loan for ACCAG's Vergennes Development authorizing the Executive Director to issue a Letter of Interest in an amount not to exceed $40,000 for a nine unit family development. VHFA's involvement is contingent upon a complete feasibility review of the whole proposal.


VERGENNES CITY
FERRISBURG
SUBJECT
OTTER CREEK
FERRISBURG
PANTON
WALTHAM
PANTON
LEGEND
HIGHWAYS
ROAD SURFACE TYPES
BRIDGES
MILEAGE SUMMARY
GENERAL HIGHWAY MAP
CITY OF VERGENNES
1970 POPULATION 2242
VERMONT HIGHWAY DISTRICT NO. 5
ADDISON COUNTY

PROPERTY DESCRIPTION

The overall condition of the improvement is considered to be average to poor. Significant standing water was observed in the basement at the time of inspection. Reportedly, wiring of the building is substandard and requires substantial improvement or replacement. The adequacy of plumbing is unknown. Interior finish is in generally average to poor condition with significant wear of the interior floors observed. Many of the interior walls and ceiling require significant cosmetic repair and painting. Several interior walls in the baths have been damaged by excessive moisture. Portions of the interior ceilings on the second and third levels have been damaged by roof leaks. In addition, there are significant code violations identified by the State of Vermont Department of Labor and Industry. A photocopy of the results of a fire prevention inspection is contained in the Addenda of the report.

The exterior siding needs repainting. The exterior trim and portions of the clapboard at the rear of the structure may require replacement. The roof cover reportedly does not function adequately and also requires significant repair or replacement. The chimneys need repointing. A pipe vending a bath is broken. A fire escape on the wood frame section of the building is in fair condition. As previously described, several of the storm windows and screens are absent. Some settlement of the structure is apparent.

Functionally, the structure is considered average to fair. Interior hallways are wider than typical resulting in an inefficient floor plan. Ceiling clearance in the brick portion of the structure approximates eight to nine feet.

Kitchens and baths are generally semi-modern to older in style. Most of the kitchens provide very limited work and storage space. Closet storage space is limited throughout the building. Overall, these deficiencies are typical of structures of this age.

The property may suffer from external obsolescence as the result of unfavorable market conditions.

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Project:	206 Main - Vergennes	RUN DATE:	8/18/92

*****Unit Information*****************Assumptions*********

Total Res Units:	9	Restricted Rent Increase	1.50%
Commercial Units:	2	Commercial Vacancy	15.00%
Percent Restricted:	N/A	Expense Increase:	2.50%
Avg Net Monthly Rent:	345	Vacancy Rate:	5.00%
Total Dev Costs	436,745		
TDC/Unit	48,527		
	0		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
Equity	0	0.00%	N/A	N/A
VHFA	36,745	8.41%	8.20%	30
VHCB -- deferred	135,000	30.91%	0.00%	40
HOME	265,000	60.68%	N/A	N/A
	0	0.00%	0.00%	0
	436,745	100.00%		

206 Main - Vergennes DEVELOPMENT BUDGET

		Residential Budget	Per Unit
Acquisition		120,000	13,333
Construction - Rehab		246,600	27,400
Contingency	10.60%	26,145	2,905
Arch/Engineering		0	0
Legal/Accounting		8,000	889
Permits/Fees		0	0
Permanent Loan Fee (1.0%)	367	367	41
Appraisal		1,500	167
Relocation due to Rehab		7,000	778
Replacement Reserve		0	0
Working Capital	1,319	2,133	147
Developer's Fee	5.72%	25,000	2,778
TOTAL DEVELOPMENT COSTS		436,745	48,527

206 Main - Vergennes INCOME & EXPENSE BUDGET 8/18/92 C:\DATA\QUATTRO\SMALL\206MAIN.WKQ

INCOME

RENTS

Restricted Units (See assumptions below)

Apt #	Bedrooms	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1	1	738	1	285		3,420
2	2	864	1	375		4,500
3	0	252	1	235		2,820
4	2	660	1	350		4,200
5	2	331	1	350		4,200
6	3	776	1	450		5,400
7	3	555	1	400		4,800
8	2	555	1	375		4,500
9	3	700	1	450		5,400
	Totals	5,431	9	3,270		39,240

All Units

Grand Totals	5,431	9	3,270	39,240
Less Vacancy		5.00%		(1,962)
NET RENT			37,278	

OTHER INCOME

Laundry Income	4,800
Parking	0
Store Rental	3,300
Total Other Income	8,100
TOTAL INCOME	45,378

Note: Unit sizes are as supplied by sponsor, and need to be verified.

EXPENSE BUDGET

		Per Unit Per Month
Administration	8,200	76
Utilities	12,500	116
Maintenance	8,100	75
Taxes	4,200	39
Insurance	1,500	14
Reserves	2,500	23
Other	0	0
Total	37,000	343

206 Main - Vergennes	30 Yr Projections			PRO FORMA	18-Aug-92				206 Main - Vergennes	C:\DATA\QUATTRO\SMALL\206MAIN.WKQ				PRO FORMA	18-Aug-92
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Residential Rent		39,240	39,829	40,426	41,032	41,648	42,273	42,907	43,550	44,204	44,867	45,540	46,223	46,916	47,620	48,334
Less Vacancies		(1,962)	(1,991)	(2,021)	(2,052)	(2,082)	(2,114)	(2,145)	(2,178)	(2,210)	(2,243)	(2,277)	(2,311)	(2,346)	(2,381)	(2,417)
Commercial Income		8,100	8,222	8,345	8,470	8,597	8,726	8,857	8,990	9,125	9,261	9,400	9,541	9,685	9,830	9,977
Less Vacancy/Loss		(1,215)	(1,233)	(1,252)	(1,270)	(1,290)	(1,309)	(1,329)	(1,348)	(1,369)	(1,389)	(1,410)	(1,431)	(1,453)	(1,474)	(1,497)
Total Actual Income		44,163	44,825	45,498	46,180	46,873	47,576	48,290	49,014	49,749	50,496	51,253	52,022	52,802	53,594	54,398
Less Operating Exp.		37,000	37,925	38,873	39,845	40,841	41,862	42,909	43,981	45,081	46,208	47,363	48,547	49,761	51,005	52,280
Net Operating Income		7,163	6,900	6,625	6,335	6,032	5,714	5,381	5,033	4,668	4,288	3,890	3,475	3,041	2,589	2,118
Less VHFA DS		3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297
Less VHCB DS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		3,866	3,603	3,328	3,038	2,735	2,417	2,084	1,736	1,371	990	593	177	(256)	(708)	(1,179)
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	256	708	1,179
Net Cash		3,866	3,603	3,328	3,038	2,735	2,417	2,084	1,736	1,371	990	593	177	0	0	0
DCR		2.17	2.09	2.01	1.92	1.83	1.73	1.63	1.53	1.42	1.30	1.18	1.05	0.92	0.79	0.64

Note: 1 commercial space run as laundramat, other rented monthly to baseball card shop.

	206 Main - Vergennes								PRO FORMA	18-Aug-92					
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
	49,059	49,795	50,542	51,300	52,070	52,851	53,643	54,448	55,265	56,094	56,935	57,789	58,656	59,536	60,429
	(2,453)	(2,490)	(2,527)	(2,565)	(2,603)	(2,643)	(2,682)	(2,722)	(2,763)	(2,805)	(2,847)	(2,889)	(2,933)	(2,977)	(3,021)
	10,127	10,279	10,433	10,589	10,748	10,910	11,073	11,239	11,408	11,579	11,753	11,929	12,108	12,289	12,474
	(1,519)	(1,542)	(1,565)	(1,588)	(1,612)	(1,636)	(1,661)	(1,686)	(1,711)	(1,737)	(1,763)	(1,789)	(1,816)	(1,843)	(1,871)
	55,214	56,042	56,883	57,736	58,602	59,481	60,373	61,279	62,198	63,131	64,078	65,039	66,015	67,005	68,010
	53,587	54,927	56,300	57,707	59,150	60,629	62,145	63,698	65,291	66,923	68,596	70,311	72,069	73,870	75,717
	1,627	1,116	583	29	(548)	(1,148)	(1,771)	(2,419)	(3,092)	(3,792)	(4,518)	(5,272)	(6,054)	(6,865)	(7,707)
	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(1,670)	(2,182)	(2,714)	(3,268)	(3,845)	(4,445)	(5,068)	(5,716)	(6,390)	(7,089)	(7,815)	(8,569)	(9,351)	(10,162)	(11,004)
	1,670	2,182	2,714	3,268	3,845	4,445	5,068	5,716	6,390	7,089	7,815	8,569	9,351	10,162	11,004
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0.49	0.34	0.18	0.01	-0.17	-0.35	-0.54	-0.73	-0.94	-1.15	-1.37	-1.60	-1.84	-2.08	-2.34

RESOLUTION OF INTEREST RE: ADDISON COUNTY COMMUNITY ACTION GROUP (VERGENNES) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Action Group (ACCAG) (together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing is a general partner, the "Housing Sponsor") involving the acquisition and rehabilitation of a building containing 9 residential units and two commercial units on approximately .22 acres on Main Street in Vergennes (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, the Housing Sponsor has received a commitment for a deferred payment loan of approximately $135,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Housing Sponsor has applied for a deferred payment loan of approximately $265,000 from federal HOME funds; and

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

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan (or a shared first mortgage position) for rehabilitation in an amount not to exceed $40,000, for the Main Street (Vergennes) Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed rehabilitation and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: August 19, 1992

RE: MANSFIELD - 700 RIVERSIDE AVENUE BURLINGTON
COMMITMENT LETTER RESOLUTION

1. General Description

Attached is a Commitment Letter Resolution authorizing the Agency to issue a permanent loan not to exceed $360,000 in tax exempt financing to Scott Mansfield for the construction of two existing buildings containing eight units in Burlington.

The sponsor is a building contractor. He has secured project based Section 8 certificates for all eight units. The certificates have a five year term with an extension likely for at least 15 years total.

Total development costs are currently estimated at $418,860 or $52,358 per unit. The only other source of financing is sponsor equity.

Actual per unit costs at other VHFA financed developments are: Northgate (rehab) $58,540; Highgate (rehab) $67,135; Pine Meadow (new construction, free land) $72,000; Winchester (new construction) $71,939.[1]

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached.

Also attached is a location map of the development.

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[1] The Northgate and Winchester per unit costs include an adjustment for capitalized land leases, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

2. Financial Projections

Project financial success is dependent upon the long term availability of the eight project based Section 8 certificates.

The operating expenses are quite low, at $179 per unit per month (PUM). These have been approved by Lake Champlain Housing Development Corporation (LCHDC) as the management agent, recognizing that there should be relatively low maintenance given the new construction, and some maintenance economies of scale for Mansfield due to his ownership and management of the adjacent ten unit building. A comparison chart is attached for your reference.

The projected permanent sources of funds are:

	Amount	Percent
Equity	58,860	14.1
VHFA 1st Mortgage Loan	360,000	85.9
Total	$418,860	100.0%

The development budget includes $11,625 per unit for land acquisition, $33,375 per unit for construction, a 5% contingency, no development fees, and a working capital and replacement reserve.

The required deficit escrow reserve would be covered via a letter of credit.

3. Unit Breakdown, Rents and Income Limits

All eight units in the development are two bedroom units, approximately 900 sq. ft. There is one handicapped accessible unit, which meets the state and federal codes. Projected rents, to be covered via Section 8 certificates are $587. Tenants pay for heat and electricity, as permitted by the Section 8 program.

4. Site/Location

The development is located in a mixed residential and commercial neighborhood in the Old North End of Burlington (see attached location map). The Archibald/Bright street area is a priority re-development area of the City of Burlington at this time. The sponsor is completing ten units of gut rehabilitation next door to this property, and has options on several adjacent properties for acquisition/renovations as well as new construction.

5. Architectural Plan

The architect for the buildings is Bob Duncan of Burlington. The buildings are two story wood frame, slab on grade, with wood siding and Low E windows. Each unit has a gas fired high efficiency Heat Maker boiler with integral hot water heater.

Construction of the two buildings was commenced prior to application for VHFA financing, so VHFA has not had the ability to thoroughly evaluate the plans and specifications in the usual manner. However, staff has received the plans and most of the specifications, has done a site visit, and is comfortable with the work of the architect and the builder (i.e. Scott Mansfield).

6. Appraisal

An appraisal is being done for the sponsor by Ed Lacroix, but has not yet been completed.

7. Market Demand and Rent Levels

Vacancy rates in the Old North End of Burlington appear to be around 10%. While much of the vacancy results from the old, low quality housing stock and high rents, overall neighborhood characteristics also play an important role. For this development it is assumed that the availability of new, good quality infill units with Section 8 certificates will assure a strong rent-up.

8. Management

The proposed management agent is the Lake Champlain Housing Development Corporation (LCHDC). LCHDC manages 210 units in ten sites in Burlington and Chittenden County.

9. Environmental Concerns

An environmental assessment is being done for the property, but has not yet been completed.

DISCUSSION

Strengths

The primary strengths of this development include:

a) The availability of project based Section 8 certificates allows rent levels comparable to market rates while still allowing low income tenants to pay no more than 30% of their income for rent and utilities.

b) The sponsor has included development partners that VHFA is familiar and comfortable with - Bob Duncan as architect, and LCHDC as management agent.

c) The total development cost on a per unit basis is relatively low compared to other new construction developments financed by VHFA.

Weaknesses

The potential weaknesses of this development are:

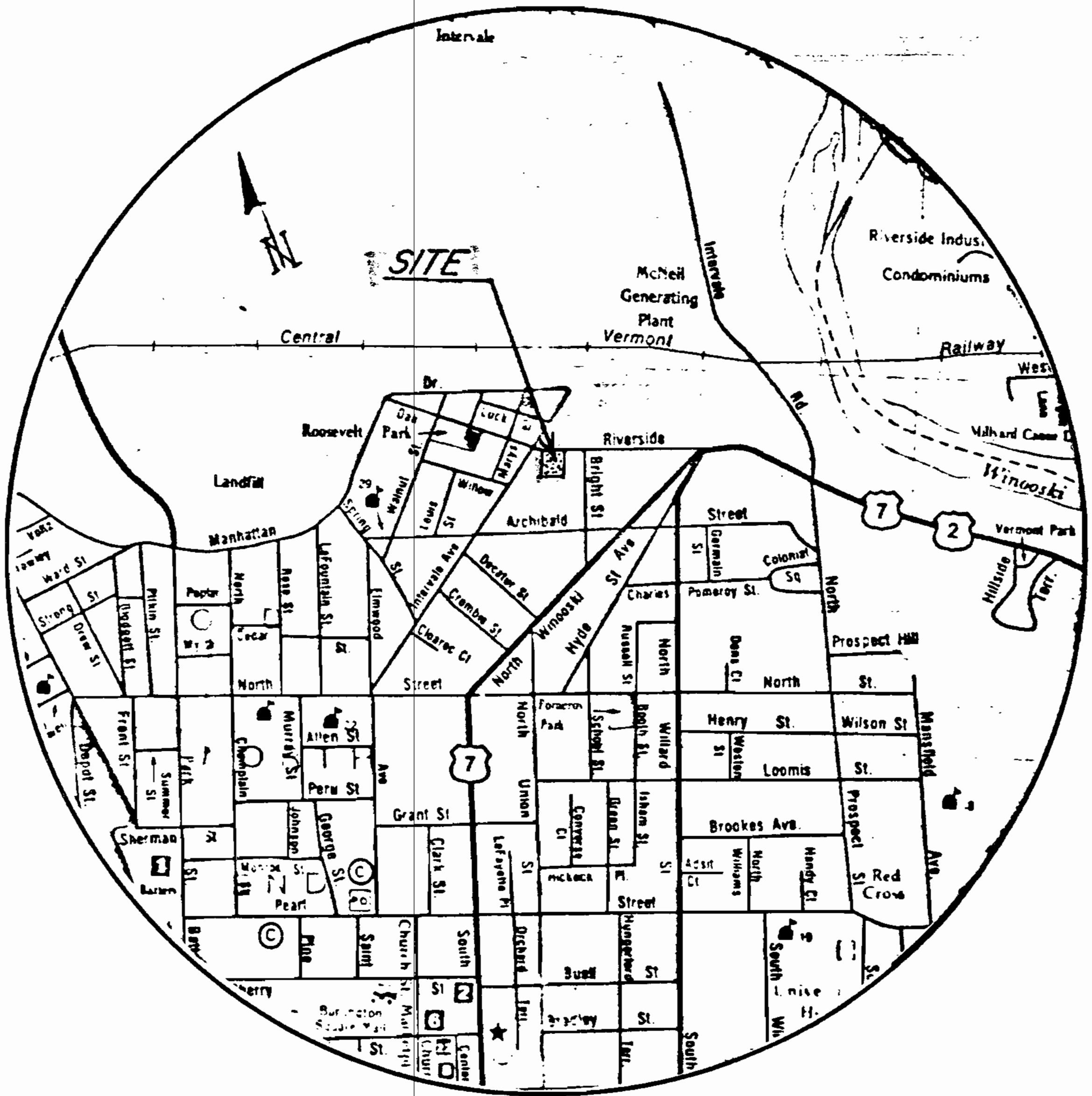
a) This is not a mixed income development, which has been a general standard of the Agency. It also adds new low income units to an already economically depressed area.

b) The development's financial projections work due to the Section 8 rents, but relatively low operating expenses are also incorporated.

d) The rental market in the Old North End is generally weak. However the availability of Section 8 certificates and the new construction quality of the units alleviates concerns about rent-up.

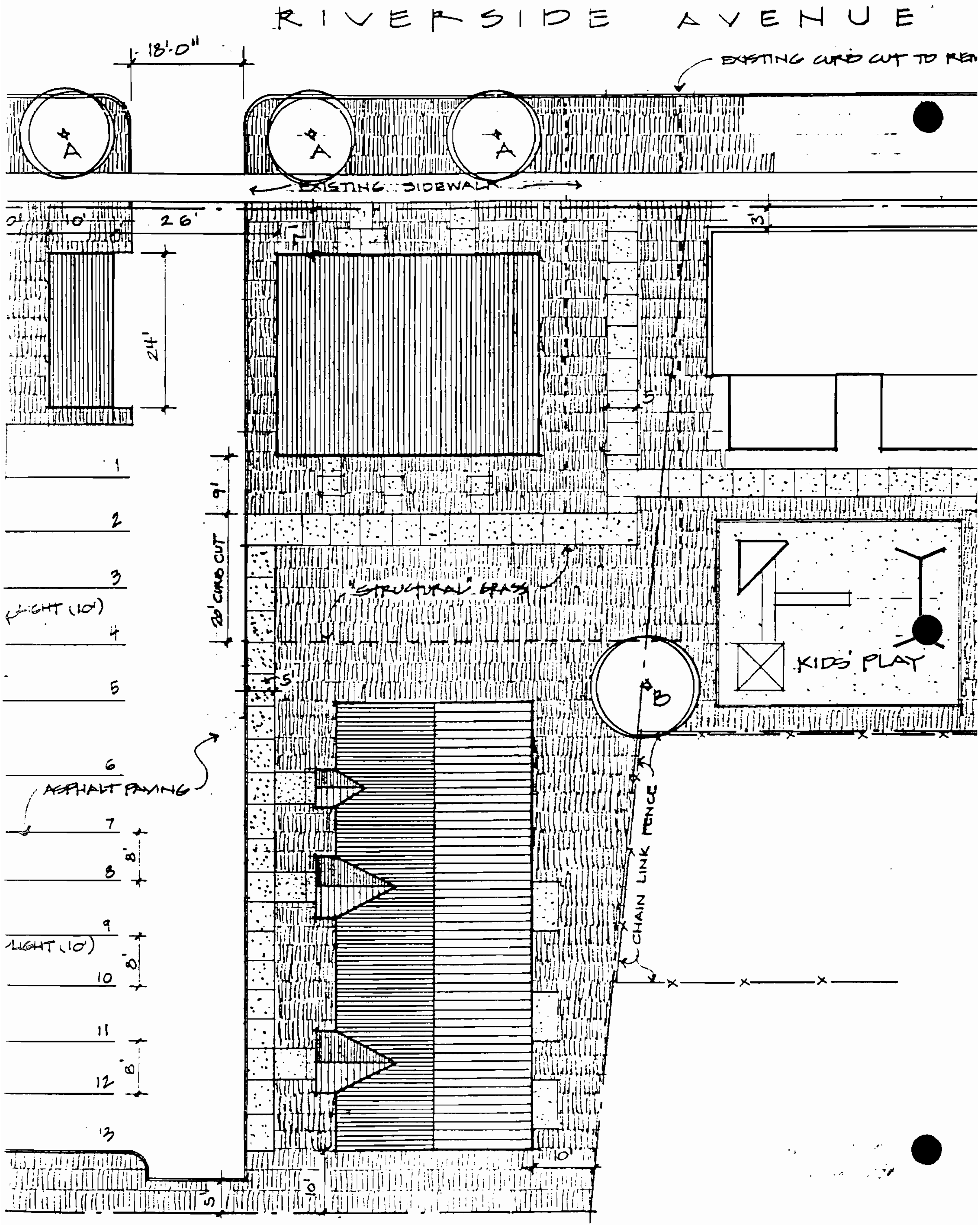
RECOMMENDED ACTION

Staff recommends approval of the attached Combined Resolution of Interest and for Issuance of Commitment Letter for the 700 Riverside Avenue Development authorizing the Executive Director to issue a Commitment Letter in an amount not to exceed $360,000 for an eight unit family development located in Burlington. The issuance of the Commitment Letter would be contingent upon receipt of a satisfactory appraisal, environmental assessment and credit check on Mr. Mansfield, an approved HAP contract for the Section 8 certificates, and such other reasonable conditions as the Executive Director may establish.



LOCATION MAP

SCALE 1" = ±1250'


RIVERSIDE AVENUE
18'-0"
EXISTING CURB CUT TO REM
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EXISTING SIDEWALK
26'
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20' CURB CUT
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LIGHT (10')
LIGHT (10')
ASPHALT PAVING
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5'
B
KIDS' PLAY
CHAIN LINK FENCE
10'
10'
5'

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Project: 700 Riverside Ave RUN DATE: 8/19/92

*********Unit Information		**************Assumptions*********	
Total Res Units:	8	Restricted Rent Increa	1.50%
Avg Net Monthly R	558	Market Rent Increase	N/A
		Expense Increase:	3.50%
Total Dev Costs	418,860	Vacancy Rate:	5.00%
TDC/Unit	52,358		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
Equity	58,860	14.05%	N/A	N/A
VHFA	360,000	85.95%	8.50%	25
	418,860	100.00%		

700 Riverside Ave DEVELOPMENT BUDGET 8/19/92

		Residential Budget	Per Unit
Acquisition		93,000	11,625
Construction		267,000	33,375
Contingency	5.00%	13,350	1,669
Arch/Engineering		5,500	688
Legal/Accounting		2,000	250
Permits/Fees		11,830	1,479
Permanent Loan Fee (1.0%)		3,600	450
Construction Interest		6,500	813
Replacement Reserve		2,800	350
Working Capital	13,914	13,280	1,660
Developer's Fee	0.00%	0	0
TOTAL DEVELOPMENT COSTS		418,860	52,358

700 Riverside Ave INCOME & EXPENSE BUDGET 8/19/92

INCOME

RENTS

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		0	0	0	0	0
2 Br		900	8	587	0	56,352
3 Br		0	0	0	0	0
	Totals		8	587		56,352
All Units	Grand Totals		8	587	0	56,352
		Less Vacanc	5.00%			(2,818)
		NET RENT		53,534		

OTHER INCOME

Interest Income	0
Parking	0
Total Other Income	0
TOTAL INCOME	53,534

EXPENSE BUDGET

EXPENSES

		Per Unit Per Month
Administration	3,360	35
Utilities	3,072	32
Maintenance	2,822	29
Taxes	4,000	42
Insurance	1,000	10
Reserves	2,677	28
Other	300	3
Total	17,231	179

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OPERATING EXPENSE COMPARISON
1992 Budgets

Family Rehabiliation

Project Name:	St. Johnsbury	Highgate	Northgate	Templeton	Ethan Allen	BCLT** Burlington	Proposed River Street Bristol	Proposed 206 Main St. Vergennes
# of Units:	32	120	336	36	32	53	5	9
Tenant pays heat?	Yes	Yes	Yes	No	Yes	Varied	Yes	No
Operating Expenses:						Average		
Administration	52	123	82	49	49	31	46	76
Utilities	24	47	95	89	36	29	5	116
Maintenance	84	115	36	96	75	59	64	75
Taxes	28	81	60	68	44	62	60	39
Insurance	16	25	16	5	8	19	10	14
Replacement Reserve	30	21	23	23	16	16	25	23
Other	0	0	0	7	0	0	0	0
Total	234	412	312	337	228	216	210	343

Family New Construction

Project Name:	South Meadow*	Winchester	Salmon Run	Pine Meadow	Proposed Williston LCHDC	Proposed Riverside Ave Burlington
# of Units:	148	166	80	30	6	8
Tenant pays heat?	Yes	Yes	Yes	Yes	Yes	Yes
Operating Expenses:						
Administration	55	54	47	58	42	35
Utilities	32	30	34	13	24	32
Maintenance	59	47	68	55	50	29
Taxes	68	73	57	46	85	42
Insurance	8	8	7	10	20	10
Replacement Reserve	0	2	23	23	26	28
Other	0	40	0	0	13	3
Total	222	254	236	205	260	179

Elderly New Construction

Project Name:	Heineburg	Whitney Hill
# of Units:	81	44
Tenant pays heat?	No	No
Operating Expenses:		
Administration	74	43
Utilities	66	70
Maintenance	58	43
Taxes	36	21
Insurance	15	15
Replacement Reserve	13	13
Other	0	0
Total	262	205

* South Meadow, $73,375 required reserve level attained. No further deposits required at this time.

** Average data for 20 buildings. Not VHFA financed.

700 Riverside Ave PRO FORMA 8/19/92 700 Riverside Ave PRO FORMA

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Residential Rent		56,352	57,197	58,055	58,926	59,810	60,707	61,618	62,542	63,480	64,432	65,399	66,380	67,375	68,386	69,412
Less Res Vacancy		(2,818)	(2,860)	(2,903)	(2,946)	(2,990)	(3,035)	(3,081)	(3,127)	(3,174)	(3,222)	(3,270)	(3,319)	(3,369)	(3,419)	(3,471)
Plus Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Income		53,534	54,337	55,152	55,980	56,819	57,672	58,537	59,415	60,306	61,211	62,129	63,061	64,007	64,967	65,941
Less Operating Exp.		17,231	17,834	18,458	19,104	19,773	20,465	21,181	21,923	22,690	23,484	24,306	25,157	26,037	26,949	27,892
Net Operating Income		36,303	36,503	36,694	36,875	37,046	37,207	37,356	37,492	37,616	37,727	37,823	37,904	37,969	38,018	38,050
Less New VHFA DS		34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786
Less Other DS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		1,518	1,718	1,908	2,090	2,261	2,421	2,570	2,706	2,830	2,941	3,037	3,118	3,184	3,232	3,264
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		1,518	1,718	1,908	2,090	2,261	2,421	2,570	2,706	2,830	2,941	3,037	3,118	3,184	3,232	3,264
DCR (before subsidy)		104.36%	104.94%	105.49%	106.01%	106.50%	106.96%	107.39%	107.78%	108.14%	108.45%	108.73%	108.96%	109.15%	109.29%	109.38%

8/19/92 700 Riverside Ave PRO FORMA

16	17	18	19	20	21	22	23	24	25
70,453	71,510	72,583	73,671	74,776	75,898	77,036	78,192	79,365	80,555
(3,523)	(3,575)	(3,629)	(3,684)	(3,739)	(3,795)	(3,852)	(3,910)	(3,968)	(4,028)
0	0	0	0	0	0	0	0	0	0
66,930	67,934	68,953	69,988	71,038	72,103	73,185	74,282	75,397	76,528
28,868	29,878	30,924	32,006	33,127	34,286	35,486	36,728	38,014	39,344
38,062	38,056	38,029	37,981	37,911	37,817	37,699	37,554	37,383	37,184
34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786	34,786
0	0	0	0	0	0	0	0	0	0
3,277	3,270	3,244	3,195	3,125	3,031	2,913	2,769	2,597	2,398
0	0	0	0	0	0	0	0	0	0
3,277	3,270	3,244	3,195	3,125	3,031	2,913	2,769	2,597	2,398
109.42%	109.40%	109.32%	109.19%	108.98%	108.71%	108.37%	107.96%	107.47%	106.89%

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: 700 RIVERSIDE AVENUE

WHEREAS, a proposal has been presented to the Agency by Scott Mansfield (who, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the construction of eight apartment units in two separate buildings to be constructed on approximately .40 acres of land located at 700 Riverside Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986 and a residential rental project within the meaning of IRS Regulation § 1.103-8(b); and

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

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

It is hereby DETERMINED:

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

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

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

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

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

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

Letter (the "Commitment Letter") to provide a first mortgage for a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $360,000, for the 700 Riverside Avenue Development in Burlington.

2. The Commitment Letter shall be issued to Scott Mansfield.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be 25 years.

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

6. The Commitment Letter shall require as a condition that the Housing Sponsor provide evidence of the receipt of eight project-based Section 8 certificates.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: August 19, 1992

RE: WILLISTON PINECREST - LCHDC COMMITMENT LETTER RESOLUTION

1. General Description

Attached is a Commitment Letter Resolution authorizing the Agency to issue a permanent loan not to exceed $200,000 in tax exempt financing to Lake Champlain Housing Development Corporation (LCHDC) for the construction of two new buildings containing six units in Williston.

The sponsor is purchasing the two buildings as a turnkey project, when they are completed by Northshore Development Company. LCHDC has secured project based Section 8 certificates for four of the six units. The certificates have a five year term with an extension likely for a total of at least 15 years.

Total development costs are currently estimated at $448,200 or $74,700 per unit. Actual and projected per unit costs at other VHFA financed family developments are: Northgate (rehab) $58,540; Highgate (rehab) $67,135; Pine Meadow (new construction, free land) $72,000; Winchester (new construction) $71,939.[1]

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached.

Also attached is a location map of the development.

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[1] The Northgate and Winchester per unit costs include an adjustment for capitalized land leases, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

2. Financial Projections

Project financial success is largely dependent upon the grants and deferred payment loans, and the long term availability of the four project based Section 8 certificates. The financial projections show about $1,000 of excess cash flow (2.6% of gross rents in Year 1) being generated every year for 20 years, then declining slowly due to the assumed differential spread between rents and operating expenses.

The projected permanent sources of funds are:

	Amount	Percent
Equity/VHCB Grant	15,000	3.5
VHFA 1st Mortgage Loan	194,345	43.4
VHCB Deferred Payment Loan	50,000	11.1
CDOP Grant	148,000	33.0
HOME Deferred Payment Loan	40,355	9.0
Total	$143,845	100.0%

Only the Vermont Housing Conservation Board (VHCB) and Community Development Block Grant (CDOP) funds have been approved to date. VHCB administers the HOME funds as well, but will not be considering the HOME allocations until their September Board meeting.

The development budget includes $69,283 per unit for acquisition of the completed units, $15,500 for development fees (3.4% of total development costs), and the requisite working capital reserve.

3. Unit Breakdown, Rents and Income Limits

All six units in the development are townhouse style two bedroom units, approximately 950 square feet. There are no accessible units; this is not inconsistent with the state and federal codes because there are fewer than four units in each building. Projected rents for the Section 8 units will be $598 per month. Rents for the two HOME units will be $410 per month, which is affordable to families with less than 50% of the county median income. Tenants will pay for heat and electricity.

4. Site/Location

The development is located on the access road to the new Pine Crest condominium development in Williston (see attached location map). These units will be set into an existing hill on the east side of the access road, with a large retaining wall securing the hill. The retaining wall was designed by Steve Knight of Knight Engineering.

5. Architectural Plan

The buildings were designed by John Varsames of Northshore Development, who is not a registered architect. The buildings are condominium quality, two story wood frame, slab on grade, with vinyl siding, pine trim and vinyl Low E windows. Each unit has a high efficiency gas fired hot air boiler and a separate gas hot water heater. The condominium units have received a Four Star rating from Vermont Energy Investment Corporation.

6. Appraisal

An appraisal was completed in May 1992 by Roger Fay for the Bank of Vermont, based on the typical condominium units in the Pine Crest development. He valued an end unit at $86,500 and an interior unit at $83,500. The proposed units are not a part of the Pine Crest condominium development and do not have access to the community pool. We believe that the proposed rental units, even with the separation from the condominium complex, are not unreasonably valued at a 15% discount from the condominiums. As indicated on the financial summary, VHFA's loan as a percentage of total development cost is 43%.

7. Market Demand and Rent Levels

Vacancy rates in Williston are not known, but assumed to be very low. According to the town plan, Williston has no subsidized rental units for families, and a very limited supply of rental units overall. As new units, comparable in quality with the nearby condominiums, with either relatively low rents or Section 8 certificates, the expectation is that these units will be highly desirable.

8. Management

The management agent is the Lake Champlain Housing Development Corporation (LCHDC). LCHDC manages 210 units in ten sites in Burlington and Chittenden County.

9. Environmental Concerns

An environmental assessment is being done for the property, but has not yet been completed.

DISCUSSION

Strengths

The primary strengths of this development include:

a) The availability of four project based Section 8 certificates allows market rent levels to be charged, while still permitting low income tenants to pay no more than 30% of their income.

b) The sponsor has a good management track record with VHFA, having participated in the development of Salmon Run and the Officers Row project in Colchester.

c) The sponsor's goal is to provide perpetually affordable rental units.

d) VHFA's loan as a percentage of total development costs is only 43%.

Weaknesses

The potential weaknesses of this development are:

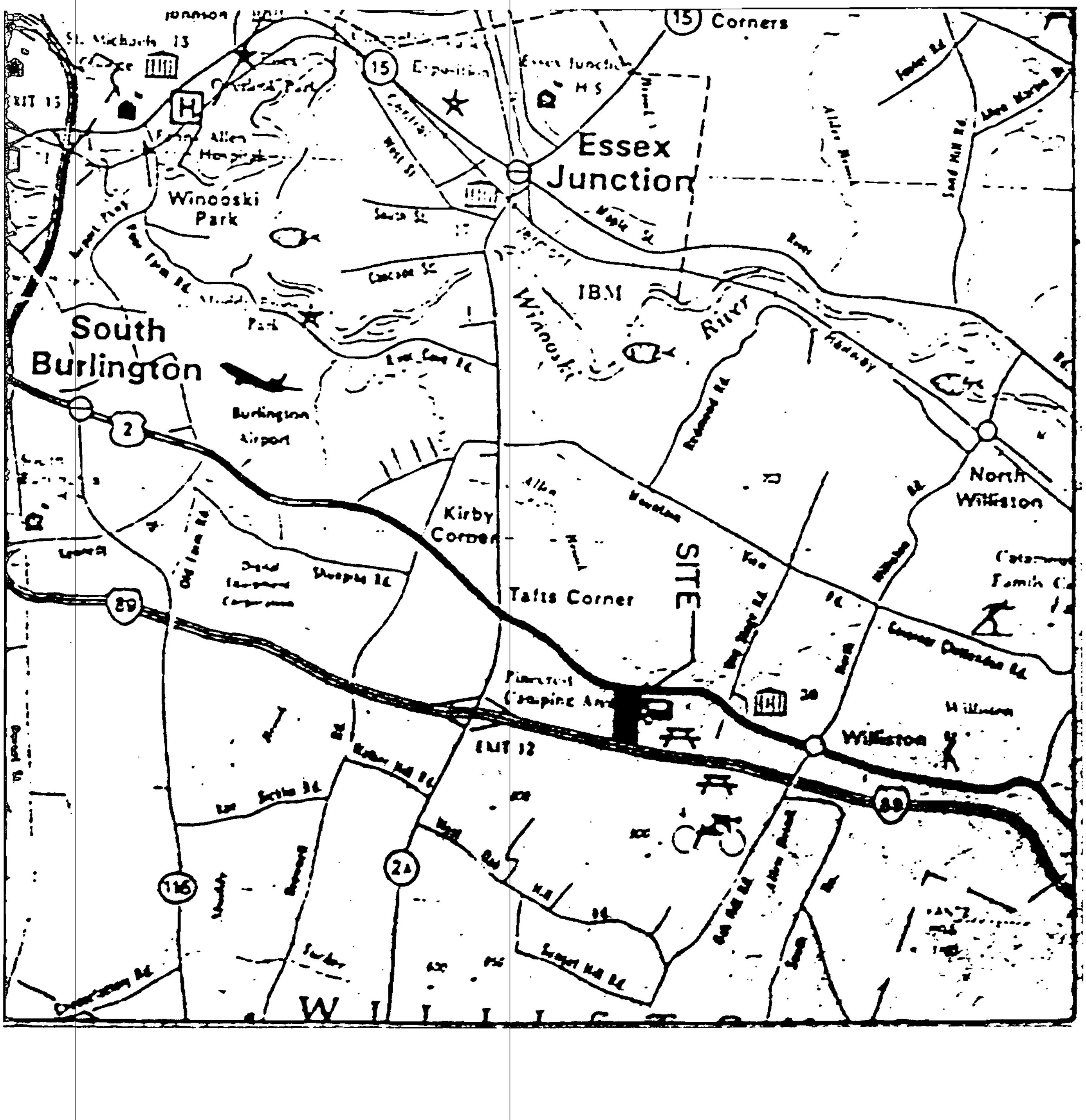
a) This is not a mixed income development, which has been a general standard of the Agency, unless one counts these units as one facet of the overall condominium complex.

b) The development's financial projections work due to the high levels of grants and deferred payment loans, and the Section 8 rents, but generally speaking the projections are tight. This is mitigated by an assumed low level of rent-up risk.

RECOMMENDED ACTION

Staff recommends approval of the attached Combined Resolution of Interest and Issuance of Commitment Letter for LCHDC's Pinecrest (Williston) Development authorizing the Executive Director to issue a Commitment Letter in an amount not to exceed $200,000 for a 6 unit family development located in Williston. VHFA involvement would be contingent upon funding approval from HOME, receipt of a satisfactory environmental assessment, an approved HAP contract (for the Section 8 certificates) and such other reasonable conditions that the Executive Director may establish.

WILLISTON
PINECREST DEVELOPMENT



PINECREST
VILLAGE

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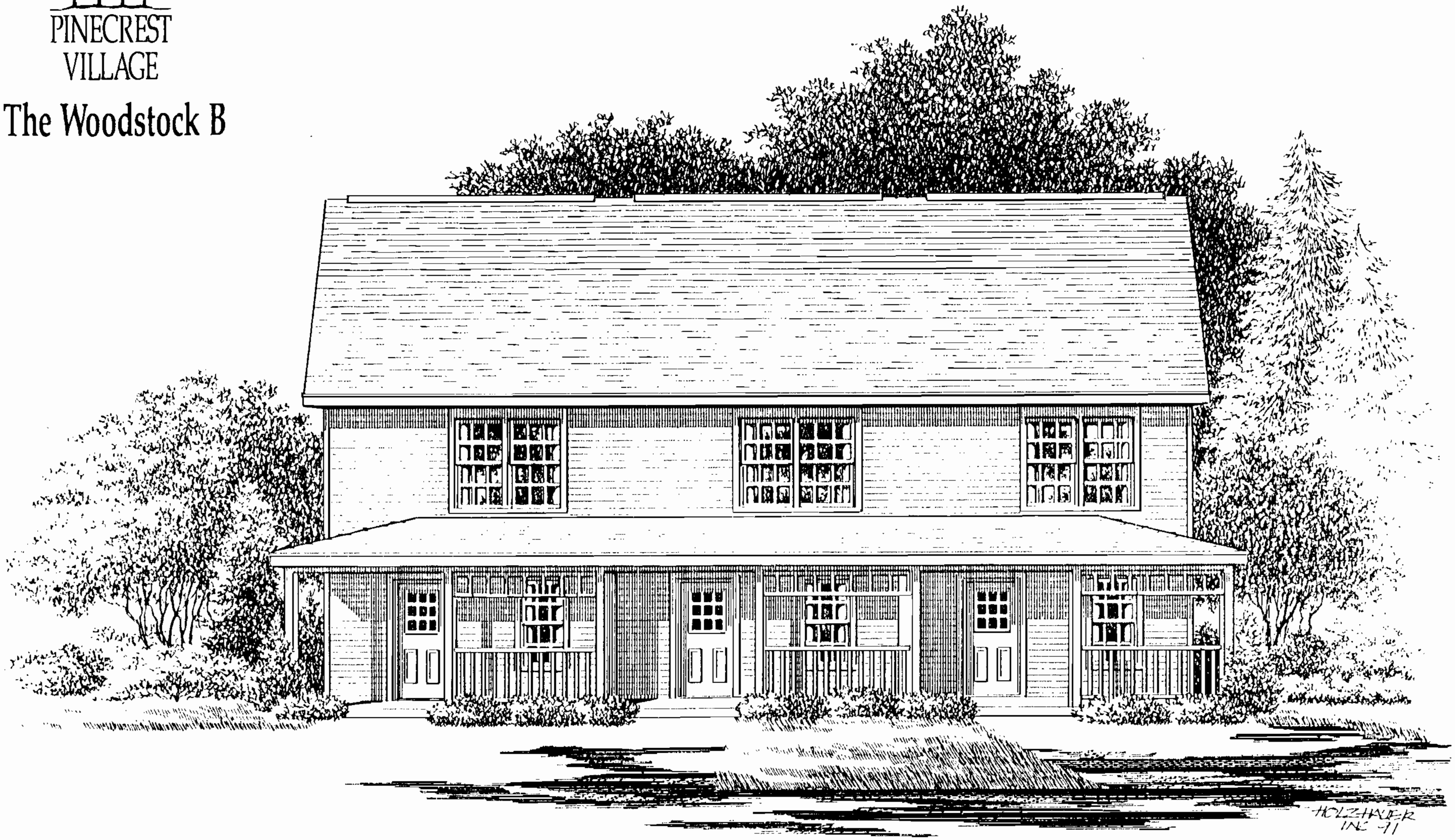

NORTHSHORE
DEVELOPMENT, Inc.

SETTING THE STANDARD FOR QUALITY COMMUNITIES

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Project:	Williston/LCHDC	RUN DATE:	8/19/92

*********Unit Information******************Assumptions*********

Total Res Units:	6	Rent Increase	1.50%
Restricted Units:	6		
Percent Restricted:	100.00%	Expense Increase:	2.75%
Avg Net Monthly Rent:	519	Vacancy Rate:	3.00%
Total Dev Costs	448,200		
TDC/Unit	74,700		
	0		

FINANCING SOURCES

	Amount	% of TDC	Interest	Term
Development Grant	15,500	3.46%	N/A	N/A
VHFA	194,345	43.36%	8.20%	30
VHCB - Deferred	50,000	11.16%	3.00%	30
CDOP Grant	148,000	33.02%	N/A	N/A
HOME Funds	40,355	9.00%	0.00%	20
	448,200	100.00%		

Williston/LCHDC	DEVELOPMENT BUDGET		8/19/92

		Residential Budget	Per Unit
Acquisition		415,700	69,283
Construction		0	0
Contingency		3,000	500
Arch/Engineering		0	0
Legal/Accounting		3,000	500
Permits/Fees		0	0
Permanent Loan Fee (1.0%)	500	500	83
Appraisal		2,000	333
Marketing		1,500	250
Replacement Reserve		0	0
Working Capital	6,975	7,000	1,163
Developer's Fee	3.46%	15,500	2,583
TOTAL DEVELOPMENT COSTS		448,200	74,700

Williston/LCHDC INCOME & EXPENSE BUDGET 8/19/92 C:\DATA\QUAT

INCOME

RENTS

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		0	0	0	0	0
2 Br	Townhouse	950	2	410	0	9,840
2 Br	Townhouse	950	4	598	0	28,704
	Totals		6	1,008		38,544

Market Rate Units

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Annual Rent
1 Br		0	0	0	0	0
1 Br		0	0	0	0	0
1 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		0	0	0	0	0
	Totals		0	0		0

All Units

Grand Totals	6	1,008	38,544
Less Vacancy	3.00%		(1,156)
NET RENT		37,388	

OTHER INCOME

Laundry & Interest Income	0
Parking	0
	0
Total Other Income	0

TOTAL INCOME 37,388

EXPENSE BUDGET

		Per Unit Per Month	
Administration	3,020	42	2,617
Utilities	1,728	24	
Maintenance	3,620	50	
Taxes	6,120	85	
Insurance	1,440	20	
Reserves	1,850	26	1,869
Other	900	13	
Total	18,678	259	

Vacancy Analysis		Rate	One Unit Months Vacant
Avg Monthly Rent:	535	3.00%	2.15
		5.00%	3.60
		7.00%	5.00

Williston/LCHDC PRO FORMA 19-Aug

	Year	1	2	3	4	5	6	7	8	9	10	11	12
Residential Rent		38,544	39,122	39,709	40,305	40,909	41,523	42,146	42,778	43,420	44,071	44,732	45,403
Less Res Vacancy		(1,156)	(1,174)	(1,191)	(1,209)	(1,227)	(1,246)	(1,264)	(1,283)	(1,303)	(1,322)	(1,342)	(1,362)
Plus Other Income		0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Income		37,388	37,948	38,518	39,095	39,682	40,277	40,881	41,495	42,117	42,749	43,390	44,041
Less Operating Exp.		18,678	19,192	19,719	20,262	20,819	21,391	21,980	22,584	23,205	23,843	24,499	25,173
Net Operating Income		18,710	18,757	18,798	18,834	18,863	18,886	18,902	18,910	18,912	18,905	18,891	18,868
Less New VHFA DS		17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439
Less VHCB Deferred DS		0	0	0	0	0	0	0	0	0	0	0	0
Less HOME DS		0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		1,271	1,318	1,360	1,395	1,424	1,447	1,463	1,472	1,473	1,467	1,452	1,429
Oper Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		1,271	1,318	1,360	1,395	1,424	1,447	1,463	1,472	1,473	1,467	1,452	1,429
DCR		107.29%	107.56%	107.80%	108.00%	108.17%	108.30%	108.39%	108.44%	108.45%	108.41%	108.33%	108.20%

PRO FORMA 19-Aug-92 Williston/LCHDC PRO FORMA 19-Aug-92

13	14	15	16	17	18	19	20	21	22	23	24	25
46,084	46,775	47,477	48,189	48,912	49,645	50,390	51,146	51,913	52,692	53,482	54,284	55,099
(1,383)	(1,403)	(1,424)	(1,446)	(1,467)	(1,489)	(1,512)	(1,534)	(1,557)	(1,581)	(1,604)	(1,629)	(1,653)
0	0	0	0	0	0	0	0	0	0	0	0	0
44,701	45,372	46,052	46,743	47,444	48,156	48,878	49,612	50,356	51,111	51,878	52,656	53,446
25,865	26,576	27,307	28,058	28,830	29,622	30,437	31,274	32,134	33,018	33,926	34,859	35,817
18,836	18,796	18,745	18,685	18,615	18,534	18,441	18,337	18,222	18,093	17,952	17,797	17,628
17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439	17,439
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
1,398	1,357	1,307	1,247	1,176	1,095	1,003	899	783	655	513	358	190
0	0	0	0	0	0	0	0	0	0	0	0	0
1,398	1,357	1,307	1,247	1,176	1,095	1,003	899	783	655	513	358	190
108.02%	107.78%	107.49%	107.15%	106.74%	106.28%	105.75%	105.15%	104.49%	103.75%	102.94%	102.06%	101.09%

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: PINECREST (WILLISTON)

WHEREAS, a proposal has been presented to the Agency by Lake Champlain Housing Development Corp. (which, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the acquisition of six newly-constructed apartment units in two separate buildings to be constructed on land located south of U.S. Route 2 in Williston (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986 and a residential rental project within the meaning of IRS Regulation § 1.103-8(b); and

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

WHEREAS, the Housing Sponsor has received a commitment for a deferred payment loan of approximately $15,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Housing Sponsor has received a commitment for a grant of approximately $148,000 from Community Development funds from the Town of Williston; and

WHEREAS, the Housing Sponsor has applied for a deferred payment loan of approximately $40,000 from federal HOME funds; and

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

It is hereby DETERMINED:

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

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

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

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

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

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $200,000, for Lake Champlain Housing Development Corp.'s Pinecrest Development in Williston.

2. The Commitment Letter shall be issued to Lake Champlain Housing Development Corp.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be no more than 30 years.

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

6. The Commitment Letter shall require as a condition that the Housing Sponsor provide evidence of the receipt of four project-based Section 8 certificates.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Samuel J. Falzone, Director, Multi-Family Management

DATE: August 19, 1992

RE: A&A Realty Request For Financing Energy Improvements

A&A Realty has requested a $100,000 loan in order to complete the heating system conversion and other energy conservation improvements at their Lake Champlain Apartments. This property is one of the 28 developments with a high interest mortgage rate that we have been working with in our refunding plan. These 27 family units located in Burlington, are being converted from electric to gas fired heat and hot water.

Several months ago, staff approved the use of $34,000 in restricted project accounts so that A&A could begin the utility conversion which was being coordinated with Vermont Gas. They are also seeking help from the Burlington Electric Department's (BED) weatherization program and the Vermont Department of Public Service (VDPS) to assist in the cost of this energy project which is expected be $135,000.

The owners have agreed in principle to go forward with our refunding plan and sign a Preservation Agreement that will ultimately offer them a source of funding and additional cash flow to amortize the cost of these improvements. We anticipate making an interim loan of $100,000 and replacing it with bond money if and when the Refunding Bonds (and the New Money Bonds that will accompany them) are issued. If we are unable to complete the refunding as planned, the utility allowance savings from the energy conversion will be available to amortize our loan over a longer term.

In order to allow for the use of new bond money to replace our interim financing, the Board must take official action. The attached Resolution lays the basis for allowing most of the loan to be reimbursed with "good" proceeds. In the Preservation Agreement, we agree to reimburse up to approximately $26,000 of the $34,000 already released if we successfully issue bonds. We will need to honor this additional promise either from so-called "bad" proceeds of the new issue or other sources. If the BED or VDPS money does not come through, this promise may also cause the loan to exceed $100,000.

RECOMMENDATION

Staff recommends that the Board adopt the attached Resolution authorizing the Executive Director to make a loan from the General Fund, or other available source of funds, in an amount not to exceed $127,000 and enter into a Preservation Agreement with general partners Karl Ashline and John Austin as contemplated.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY
AUTHORIZING
MORTGAGE LOAN FOR REHABILITATION FOR A&A REALTY LIMITED PARTNERSHIP
AND
DECLARATION OF OFFICIAL INTENT

WHEREAS, the staff has proposed entering into a preservation agreement with A&A Realty Limited Partnership substantially in the form attached hereto (the "Preservation Agreement"); and

WHEREAS, capitalized terms used herein have the same meaning as they have in the Preservation Agreement; and

WHEREAS, the Preservation Agreement provides for a mortgage loan (the "Supplementary Loan") to be made by the Agency for the purpose of rehabilitating a portion of the Property;

WHEREAS, IT IS HEREBY DETERMINED:

1. The Borrower is a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act").

2. The residential housing is primarily for occupancy by persons and families of low and moderate income;

3. The rehabilitation costs incurred or to be incurred by the Borrower for the Required Improvements are housing development costs within the meaning of the Act.

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

5. The Borrower will maintain the supply of well-planned, well-designed permanent housing for persons or families of low and moderate income and the Borrower is financially responsible; and,

WHEREAS, this resolution is intended as "official action" of the Agency within the meaning of Treas. Reg. 1.103-8(a)(5) under the Internal Revenue Code of 1986, as amended, toward the issuance of a portion of the New Money Bonds to fund the Supplementary Loan and as a "declaration of official intent" within the meaning of Treas. Reg. 1.103-18 under the Code and, to the extent of expenditures made by the Borrower after the date of adoption of this Resolution on account of the Required Improvements, the Agency reasonably expects either to reimburse the Borrower for such expenditures from the proceeds of the New Money Bonds disbursed under the Supplementary Loan or, if the Agency has disbursed proceeds of the Supplementary Loan to meet such expenditures prior to the issuance of the New Money Bonds, to reimburse itself for such disbursement from proceeds of the New Money Bonds.

IT IS THEREFORE RESOLVED:

1. The executive director in his discretion is authorized to enter into the Preservation Agreement, substantially in the form attached hereto.

2. The executive director is authorized to make the Supplementary Loan to the Borrower in principal amount not exceeding $100,000.00 and otherwise on the terms and conditions described in the Preservation Agreement.

PRESERVATION AGREEMENT
[VHFA 1981 and 1982A Refunding Program]

This Agreement dated as of the _____ day of______________, 1992, by and between A&A REALTY LIMITED PARTNERSHIP (the "Borrower"), a Vermont limited partnership having its principal place of business in Burlington, Vermont, by and through its general partners, KARL ASHLINE and JOHN AUSTIN, and VERMONT HOUSING FINANCE AGENCY (the "Agency"), a body politic and corporate created under and pursuant to the provisions of the Vermont Housing Finance Agency Act, Title 10, Chapter 25, Vermont Statutes Annotated,

W I T N E S S E T H

WHEREAS, Borrower is the holder of legal title to certain property situated in Burlington, County of Chittenden, State of Vermont, upon which has been erected a housing development consisting of 27 apartment units and other improvements and chattels (the "Development"), said Development being more particularly described in the Mortgage, as defined below; and

WHEREAS, to finance the Development, the Agency made a mortgage loan (the "Mortgage Loan") to Borrower, which Mortgage Loan is evidenced by a promissory note (the "Note"), mortgage ("Mortgage"), and Vermont Housing Finance Agency Regulatory Agreement (the "Regulatory Agreement"); and

WHEREAS, the Development is subsidized by housing assistance payments ("HAP Payments") made by the U.S. Department of Housing and Urban Development ("HUD") pursuant to a certain Annual Contributions Contract (the "ACC") between HUD and the Contract Administrator and applicable to the HUD Project Number identified below and a Housing Assistance Payments Contract (the "HAP Contract") among HUD, the Contract Administrator, and the Borrower, further described below; and,

WHEREAS, the Agency wishes to preserve the Development for low and moderate income use and the Borrower wishes to obtain a greater cash flow from the Development to be used for the purposes hereinbelow set forth;

NOW, THEREFORE, the Borrower and the Agency agree as follows:

ARTICLE 1: DEVELOPMENT DATA AND CERTAIN DEFINITIONS

1.01 The HUD Project No. is VT 36-A001-015.

1.02 The ACC has an effective date of September 30, 1981.

1.03 The HAP Contract has an effective date of August 1, 1982.

1.04 The Contract Administrator is Vermont Housing Finance Agency.

1.05 The Mortgage is dated November 23, 1981 and is recorded in Volume 284, Page 440 of the Burlington Land Records.

1.06 The Regulatory Agreement is dated November 23, 1981, and was amended by "Amendment to Regulatory Agreement dated January 4, 1983.

1.07 The Note is dated January 4, 1983, matures on January 4, 2013, and bears interest at the rate of 13.75 % per annum, resulting in a regular monthly payment of principal and interest in the amount of $ 10,720.85 (the "Starting Debt Service").

1.08 The "Projected New Rate" is 13.0% per annum.

1.09 The "Projected New Debt Service" is $10,258 per month.

1.10 The "Adjusted Rate" means the actual new interest rate on the Note determined on the basis of the adjustments to the Projected New Rate authorized by this agreement.

1.11 The "Actual New Debt Service" means the new debt service on the Mortgage Loan determined on the basis of the adjustments to the Projected New Debt Service authorized in this agreement.

1.12 The "Projected Cash Savings" is $ 462.85 per month.

1.13 The "Actual Cash Savings" means an amount of money equal to the difference between the Starting Debt Service and the Actual New Debt Service, but which will not be permitted to exceed the Projected Cash Savings.

1.14 The "New Prepayment Premium" means an amount of money equal to the difference between the amount of money produced by an assumed investment rate of 3% of the amount of the prepayment per annum and the pro-rated portion of the amount of money needed to make scheduled periodic payments of principal and interest on account of the Refunding Bonds through the remainder of their term.

1.15 The "Maximum Energy Conversion Allowance" means $5,000.00 per unit of housing.

1.16 "General Fund Loan" means a certain "general fund loan" of the Agency to the Borrower dated the date of the Note and in the original principal amount of $ 146,480.00.

1.17 The "Required Improvements" means the improvements to the Development more particularly described in Schedule A attached hereto.

1.18 The "Original Equity Position" means the amount of money recognized as Equity in the Regulatory Agreement, which equals **$118,124.00.**

1.19 The "Adjusted Equity Position" means the Original Equity Position adjusted upward to reflect the aggregate principal payments made and scheduled to be made through December 31, 1992 (a) on account of the Note and (b) on account of the General Fund Loan. The Adjusted Equity Position equals **$ 184,771.00.**

ARTICLE 2: PIPELINE AGREEMENT; CONDITIONS; TERM.

2.01 The parties agree and acknowledge that the ability of the Agency to reduce the interest rate and debt service payable on account of the Note is dependent upon the ability of the Agency to successfully issue bonds of the Agency (the "Refunding Bonds") to refund currently outstanding bonds (the "Original Bonds") from the proceeds of which the Mortgage Loan was made. Simultaneously, the Agency intends to issue an additional series of bonds (the "New Money Bonds") in part for the purpose of funding the Supplementary Loan.

2.02 Borrower acknowledges that the ability of the Agency to issue the Refunding Bonds is dependent upon a variety of factors, including, without limitation, market conditions at the time of the proposed issuance, size of the issue, the number of owners of other developments financed through the Original Bonds who are willing to participate in the benefits and burdens of agreements having a general character similar to this agreement, and the number of owners of proposed new projects who are willing to contract with the Agency to undertake construction or substantial rehabilitation of residential rental property pursuant to the requirements of the Internal Revenue Code of 1986, as amended, and other requirements of the Agency.

2.03 The Agency acknowledges that, except with respect to completion of the Required Improvements, the burdens imposed by this agreement upon the Owner would be impracticable except upon the assumption that the HAP Payments shall not be reduced by reason of the reduction in the Starting Debt Service contemplated under this agreement.

2.04 <u>Conditions.</u> Accordingly, the obligations of the Borrower under this agreement with respect to execution of a housing subsidy covenant, execution of an option agreement, agreements with respect to the HAP Contract, and changes in the terms of the Note shall be subject to satisfaction of the following conditions:

> 2.04.1 HUD, the Contract Administrator, or the Agency notifies the Borrower substantially to the effect that HAP Payments shall not be reduced by reason of a reduction in the debt service payable by the Borrower on account of the Mortgage Loan; and,
>
> 2.04.2 The Agency notifies the Borrower that the interest rate payable on account of the Note and the Starting Debt Service have been reduced or will be reduced as of a date certain consistently with this agreement.

The Agency does not warrant the satisfaction of any of the foregoing conditions and its sole obligation to the Borrower with respect thereto shall be to proceed in good faith to bring about the satisfaction of conditions to the extent within its control.

The Borrower shall have the reciprocal obligation to cooperate fully with the Agency in its efforts. Such cooperation shall be deemed to include, without limitation, the execution and delivery of additional documentation (including certifications of fact and supplementary legal opinions of Borrower's counsel) pertaining to the Development and reasonably requested by HUD, bond counsel for the Agency, or underwriters or purchasers of the Refunding Bonds.

2.05 Term. Except with respect to the Supplementary Loan for Required Improvements as described in Article e, below, unless all of the conditions specified in 2.04, above, are satisfied on or before December 31, 1993, this agreement shall be null and void and without force or effect. If the conditions specified in 2.04, above, are satisfied on or before December 31, 1993, this agreement shall remain in effect until the latest of (a) the last day of the last period to which the HAP Contract is renewable, (b) the maturity date of the Note and any other indebtedness secured by the Mortgage, (c) the date on which the Mortgage Loan and any other indebtedness secured by the Mortgage is paid in full and satisfied, (d) the date on which the Supplementary Loan is paid in full and satisfied, (e) the date on which either (i) the right of the Agency and its assigns to acquire title to the Development pursuant to the option agreement contemplated in §4.05, below, expires, or (ii) the Agency, its successor, or an assignee of said option agreement acquires title to the Property, (f) the last day of the "Qualified Project Period" within the meaning of §142(d)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), and (g) if the Property is subject to an "Extended Use Period" within the meaning of §42(h)(6)(D) of the Code, the last day of such period; provided, however, that the expiration of the term of this agreement shall not extinguish any claim or right of action hereunder which arose prior to the date of such termination.

ARTICLE 3: THE AGENCY'S UNDERTAKING

3.01 General Condition. Except with respect to the Supplementary Loan for Required Improvements described in §3.04, below, all of the Agency's undertakings specified in this Article 3 are subject to satisfaction of the conditions specified in 2.04, above, and the successful issuance of the Refunding Bonds.

3.02 Debt Service Reduction. Not later than 30 days after the successful issuance of the Refunding Bonds, the Agency shall notify the Borrower in writing to the effect that, as of a date certain not later than the 10th day of the month next following the date on which the Refunding Bonds are issued, the interest rate on the Note shall be reduced to the Projected New Rate, subject to later adjustment to the Adjusted Rate.

3.03 Authorization of Use of Project Cost Escrow Funds and Residual Receipts. The Agency has authorized the use of all funds available from the Project Cost Escrow (as defined in the Regulatory Agreement), and the Residual Receipts Account of the Borrower for the purpose of paying a portion of the cost of the Required Improvements. The total amount authorized to be used for such purpose is $ 34,051.90, of which $ 26,038.08 (including $14,782.00 of earned interest [the "Interest Portion of the PCE"]) represents funds from the Project Cost Escrow and $8,013.82 represents funds from the Residual Receipts Account. For the purpose of facilitating accounting for all funds and costs pertaining to the Required Improvements, the Borrower hereafter shall deposit into the Project Cost Escrow all amounts available for payment of the costs of the Required Improvements into the Project Cost Escrow and all disbursements to pay contracinto the Project Cost Escrow and all disbursements to pay contractors and vendors for the Required Improvements shall be paid upon the monthly requisition of funds from the Project Cost Escrow, as further detailed below.

3.04 Supplementary Loan for Required Improvements. For the purpose of completing the Required Improvements, the Agency shall make a loan to the Borrower (the "Supplementary Loan") in maximum principal amount sufficient to pay the lesser of (a) the budgeted cost of all Required Improvements less the sum of (x) the amounts released from the Project Cost Escrow and the Residual Receipts Account and (y) the amount of any subsidies obtained by the Borrower from the Burlington Electric Department or the Vermont Department of Public Service, or (b) the sum of the Maximum Energy Conversion Allowances less the sum of (x) the amounts released from the Project Cost Escrow and the Residual Receipts Account and (y) the amount of any subsidies obtained by the Borrower from the Burlington Electric Department or the Vermont Department of Public Service. Provided, however, that if the general conditions of §2.04 are satisfied in a timely fashion, then the maximum principal amount of the Supplementary Loan shall be increased by an amount equal to the sum of the amount released from the Interest Portion of the PCE and the Residual Receipts Account and actually expended on the Required Improvements, and such additional sum may be deposited by Borrower into the Residual Receipts Account.

3.04.1 The term of the Supplementary Loan shall be twenty years and the interest rate shall be 9.5% per annum, except that after the yield on the Refunding Bonds is determined, the interest rate on the Supplementary Loan shall be adjusted to equal 150 basis points (1.5 percentage points) in excess of the yield on the Refunding Bonds (determined in accordance with §148 of the Code).

3.04.2 The Supplementary Loan shall be secured by the Mortgage and shall be evidenced by a promissory note or notes of the Borrower, in form reasonably satisfactory to the Agency, which, at the election of the Agency, shall constitute a future advance[s] under the Mortgage or may be required to be secured by a new separate mortgage subordinate to the Mortgage and the General Fund Loan. If the Borrower is a limited partnership, no partner of the Borrower shall be personally liable on account of the Supplementary Loan and, in the event of default thereunder, the Agency shall look solely to the security therefor in satisfaction thereof.

3.04.3 It shall be a condition of the Supplementary Loan that no proceeds of the Supplementary Loan shall be used, and the Development shall not be operated , in any manner which (in and of itself and without regard for the identity of any holder of any bonds of the Agency) will cause the interest income on the Refunding Bonds, the Original Bonds, the New Money Bonds, or any other bonds of the Agency from which the Supplementary Loan is funded to be includable for Federal income tax purposes in the gross income of the holders thereof. In particular, but without limitation, at all times during the "qualified project period" as defined in §142(d)(2)(A) of the Code, the dwelling units situated on the Property shall be used exclusively to provide residential rental housing and the Property shall comply with all of the provisions of §142 of the Code necessary to assure that the Property shall constitute and continue to constitute a "qualified residential rental project" within the meaning of §142(d) of the Code. In furtherance of this subparagraph 3.04.3, the Borrower shall execute and deliver such additional covenants and assurances as bond counsel for the Agency may request in connection with the issuance of the Refunding Bonds and/or the New Money Bonds.

3.04.4 Prior to the disbursement of the proceeds of the Supplementary Loan to or for the account of the Borrower, the Agency may require the Borrower to provide documentation in form and substance satisfactory to the Agency as to a line-item budget for accomplishment of the Required Improvements, plans and specifications therefor, all contracts with building contractors, architects, engineers, utility companies, and others pertaining to the accomplishment of the Required Improvements, owner's insurance, contractor's insurance, performance and payment bonds or alternative contractor security satisfactory to the Agency, updated title insurance, and opinions of counsel to the Borrower pertaining to title to the Development, the legal status of the Owner, and the sufficiency of governmental permits needed to accomplish the Required Improvements, together with copies of all such permits. In addition, the Agency may require reasonable and customary documentary assurances as conditions to disbursements for progress payments.

3.04.5 After the requirements of §3.04.4, above, have been satisfied, the proceeds of the Supplementary Loan shall be deposited into the Project Cost Escrow, except that so much of such proceeds as equals the amount previously released from the Interest Portion of the PCE and the Residual Receipts Account for the purpose of paying costs of the Required Improvements shall be deposited into the Residual Receipts Account for the purposes of paragraph 3.06, below.

3.04.6 Subject to submission to and approval by the Agency of contractor's applications for payment cost-certified by the architect or other professional designer responsible for the design of the Required Improvements, and submission and approval of other budgeted line items previously accepted by the Agency, together with such assurances as to title and the status of liens as the Agency may reasonably require, the Agency will release to the Borrower from the Project Cost Escrow funds with which to pay monthly progress payments for the Required Improvements.

3.05 Return on Equity. Pursuant to paragraph 8 of the Regulatory Agreement and subject to the availability of Surplus Cash determined in accordance with the Regulatory Agreement, beginning with the first allowable Distribution after the date of issuance of the Refunding Bonds, the Agency will authorize annual Distribution to the Borrower in an amount not exceeding TEN PER CENT (10%) of the Borrower's Adjusted Equity Position.

3.06 New Return on Equity Formula Retroactively Applied. To the extent aggregate Distributions (as defined in the Regulatory Agreement) from the Date of the Note to the date of the first Distribution made pursuant to §3.05, above, fall short of the allowable Distributions calculated at 10% of the Adjusted Equity Position, then, provided that the conditions of §2.04 have been satisfied and the Borrower has deposited proceeds of the Supplementary Loan into the Residual Receipts Account in accordance with §3.04, above, the Borrower may distribute the difference in a lump sum from the Residual Receipts Account, but only to the extent of deposits authorized to be made and actually made to the Residual Receipts Account from the proceeds of the Supplementary Loan. In the event that the sum so authorized to be deposited and actually deposited into the Residual Receipts Account is insufficient to pay the full difference, the Borrower may recover the remaining difference from year to year from the amount of Surplus Cash, if any, available in excess of the maximum Distribution allowable for a given year.

3.07 Subsequent Adjustments to Value of Recognized Equity. The Adjusted Equity Position shall be further adjusted at the time of every fourth annual Distribution to reflect the average increase in the U.S. Department of Labor National Consumer Price Index -- All Items, or, if such index ceases to be published, a comparable index reasonably selected by the Agency in good faith (the "Index") during the preceding three years. By way of example only, if the Adjusted Equity Position established in 1993 for the purpose of determining the allowable distribution for the year ended 12/31/92 equals $100,000.00, and the total increase in the Index during 1993, 1994, and 1995 is 12%, then the allowable increase in the Adjusted Equity Position shall be 4%, or $4,000.00, and the amount of the Adjusted Equity Position shall be $104,000.00 for the purpose of calculating allowable Distributions, if any, to be made in the years 1996, 1997, and 1998 for the years ended, respectively, 12/31/95, 12/31/96, and 12/31/97.

ARTICLE 4: THE BORROWER'S UNDERTAKING

4.01 In consideration of the terms of this agreement, Borrower agrees as set forth in this Article 4.

4.02 Borrower will renew the HAP contract at every opportunity to do so, and it will seek to extend the HAP contract, if any such extension may be obtained under applicable law.

4.03 The Borrower shall accept and use the Supplementary Loan in accordance with its terms, and shall complete the construction of the Required Improvements in a timely manner.

4.04 Borrower agrees to accept annual rent adjustments only in amounts necessary to meet operating expenses and pay full annual distributions, as approved by the Agency in the annual operating budget, notwithstanding the availability of a higher amount under regulations of HUD or the HAP Contract.

4.05 Promptly upon receipt of written notice from the Agency to the effect described in 2.04.2, above the Borrower will execute and deliver to the Agency, and caused to be recorded in the Land Records for the recording jurisdiction in which the Development is situated, a housing subsidy covenant substantially in the form of the Housing Subsidy Covenant appended hereto as Exhibit 1 and an agreement granting to the Agency the option to purchase the Development in substantially the form of the Option Agreement appended hereto as Exhibit 2.

4.06 In the event Borrower prepays the Note, it shall pay the New Prepayment Premium.

4.07 Promptly after receipt of notice pursuant to §2.04 above, the Borrower shall seek a utility allowance adjustment pursuant to the HAP Contract and HUD Regulations.

ARTICLE 5: USE OF CASH SAVINGS

5.01 All Actual Cash Savings shall be used exclusively to pay Operating Expenses of the Development within the meaning of the Regulatory Agreement and permitted Distributions within the meaning of paragraph 8 of the Regulatory Agreement. Operating Expenses shall be deemed to include debt service on the Supplementary Loan.

ARTICLE 6: GUARANTEE OF COMPLETION OF REQUIRED IMPROVEMENTS AND RATE ADJUSTMENT

6.01 The Borrower and the undersigned general partners of the Borrower jointly and severally guarantee completion of the Required Improvements. No Distribution within the meaning of the Regulatory Agreement shall be permitted while completion of the Required Improvements is pending. In the event that the cost of the Required Improvements exceeds the sum of the funds disbursed from the Project Cost Escrow and the maximum principal amount of the Supplementary Loan, the Borrower shall pay the excess first from all available Surplus Cash and the general partners shall pay any remaining excess from their own funds.

6.02 After final completion of the Required Improvements and determination of the actual completed cost thereof, the Projected New Rate shall be increased to the extent necessary, if any, to assure that the Actual Cash Savings shall not exceed the Projected Cash Savings.

ARTICLE SEVEN: MISCELLANEOUS

7.01. This Agreement and the covenants contained herein shall bind, and the benefits shall inure to, respectively, the Borrower its successors and assigns and all subsequent owners of the Development or any interest therein, and the Agency and its successors and assigns.

7.02 In the event of a material breach of this agreement, the prevailing party shall be entitled to recover its costs and expenses of action, including, without limitation, reasonable attorneys fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

VERMONT HOUSING FINANCE AGENCY

By___________________________
Allan S. Hunt, Executive Director

A&A REALTY LIMITED PARTNERSHIP

By___________________________
Karl Ashline, General Partner

By___________________________
John Austin, General Partner

The general partners also execute this agreement in their personal capacities below as joint and several guarantors (together with the Borrower) of completion of the Required Improvements.

____
Karl Ashline

____
John Austin

SCHEDULE A

Removal of all electrical heating units from all 27 apartments, plus removal of electrical equipment from two laundry rooms (Pine and Church Street). Removal of all electrical water heaters from all apartments. Removal of electric domestic hot water heaters from both laundry rooms (Pine and Church Street). Installation of natural gas fired heating systems in 27 units. Installation of gas fired heating equipment for laundry rooms and installation of gas fired water heaters to supply hot water for laundry rooms. Removal of six electric dryers and install six gas dryers. Boxing in piping that becomes exposed because of the new heating system conversion.

Correct existing insulation in both buildings (attic flooring and floor cavities) so that uncontrolled air leakage is prevented.

HOUSING SUBSIDY COVENANT

1. OWNER AND DECLARANT: A&A Realty Limited Partnership, a Vermont limited partnership having its principal place of business at ____, VT _____.

2. AUTHORIZING STATUTE. This instrument is created as a "housing subsidy covenant" within the meaning of 27 V.S.A. §610 (the "Statute"), and is to be construed and interpreted in accordance with the Statute.

3. PROPERTY DESCRIPTION AND BACKGROUND. Declarant is the holder of legal title to certain property situated in Burlington, County of Chittenden, State of Vermont, upon which has been erected a housing development consisting of 27 apartment units and other improvements and chattels (the "Development"), said Development being more particularly described in Schedule A hereto. To finance the Development, Vermont Housing Finance Agency ("VHFA") made a mortgage loan (the "Mortgage Loan") to Declarant, which Mortgage Loan is evidenced by a promissory note (the "Note"), mortgage ("Mortgage"), and Vermont Housing Finance Agency Regulatory Agreement (the "Regulatory Agreement"). The Development is subsidized by housing assistance payments ("HAP Payments") made by the U.S. Department of Housing and Urban Development ("HUD") pursuant to a certain Annual Contributions Contract (the "ACC") between HUD and the Contract Administrator and applicable to the HUD Project Number identified below and a Housing Assistance Payments Contract (the "HAP Contract") among HUD, the Contract Administrator, and the Declarant, further described below.

4. AUTHORIZING SUBSIDY. This housing subsidy covenant is created as a condition of a contract (the "Preservation Agreement") dated ____________________, 1992, and made by the Owner and VHFA. The Preservation Agreement, among other things, provides for lowering the interest rate charged by VHFA on account of the Mortgage (as defined below). The Preservation Agreement is available for inspection at the offices of VHFA.

5. DEVELOPMENT DATA AND CERTAIN DEFINITIONS

The HUD Project No. is VT 36-A001-015.

The ACC has an effective date of September 30, 1981.

The HAP Contract has an effective date of August 1, 1982.

The Contract Administrator is Vermont Housing Finance Agency.

The Mortgage is dated November 23, 1981 and is recorded in **Volume 284,** Page **440** of the Burlington Land Records.

The Regulatory Agreement is dated **November 23, 1981,** and was amended by "Amendment to Regulatory Agreement" dated **January 4, 1983.**

The Note is dated January 4, 1983 and matures on **January 4, 2013.**

6. RESTRICTIONS. Subject to the terms and conditions hereof, and pursuant to 27 V.S.A. §610(b), (a) the dwelling units situated on the Property shall be used exclusively to provide residential rental housing and the Development shall comply with all of the provisions of §142 of the Internal Revenue Code of 1986 (and any successor statute) (the "Code") necessary to assure that the Property shall constitute and continue to constitute a "qualified residential rental project" within the meaning of §142(d) of the Code, (b) Declarant will renew the HAP contract at every opportunity to do so, and it will seek to extend the HAP contract, if any such extension may be obtained under applicable law, (c) Declarant agrees to accept annual rent adjustments only in amounts necessary to meet operating expenses and pay full annual distributions, as approved by the Agency in the annual operating budget, notwithstanding the availability of a higher amount under regulations of HUD or the HAP Contract, and (d) the Declarant shall enter into an Option Agreement with VHFA, entitling VHFA to purchase the Property under certain circumstances. The Option Agreement is dated of aproximately even date and is recorded at or near the time of recording of this Housing Subsidy Covenant.

7. DURATION. Unless sooner terminated by reason of the terms and conditions hereof or in accordance with the Statute, this housing subsidy covenant shall terminate on the last to occur of (a) the maturity date of the Note, (b) the date on which all indebtedness secured by the Mortgage is paid in full; (c) the last day of the "Qualified Project Period" within the meaning of §142(d)(2)(A) of the Code, and (d) if the Property is subject to an "Extended Use Period" within the meaning of §42(h)(6)(D) of the Code, the last day of such period.

8. ENFORCEMENT. This housing subsidy covenant may be enforced in accordance with its terms by VHFA or, upon assignment of the right of enforcement by instrument duly recorded in the appropriate Land Records, by any other entity who is an assignee under such recorded assignment and is authorized to enforce the same under the provisions of the Statute. The Owner acknowledges that the Property is impressed with a public interest and that money damages to the Enforcing Entity in the event of a violation are likely to be difficult or impossible of calculation. Accordingly, but without limitation, this housing subsidy covenant

may be enforced through an equitable decree appropriate to the case, including a decree of specific performance. No action for enforcement may be brought unless the Enforcing Entity has first delivered to the Owner a written notice of a violation hereof, and such violation has not been remedied or a written plan for remedy reasonably satisfactory to the Enforcing Entity has not been provided by the Owner to the Enforcing Entity within sixty days after the date of delivery of such notice. In the event of litigation between the parties with respect to enforcement of this Housing Subsidy Covenant, the prevailing party shall be entitled to recover all costs and expenses of the litigation, including, without limitation, reasonable attorney fees.

In addition, and for so long as the Mortgage is outstanding, a violation of this Housing Subsidy Covenant shall constitute a breach of the Mortgage which shall entitle the holder of the Mortgage to accelerate the Mortgage indebtedness and foreclose the Mortgage to the same extent as in the case of a material breach of any other covenant set forth in the Mortgage or the Regulatory Agreement.

9. MONITORING OF COMPLIANCE. In the ordinary course of its business of managing the Property, the Owner shall maintain documentation sufficient to evidence compliance with the rent and occupancy restrictions hereof, including tenant income certifications required by HUD. From time to time, on request of the Enforcing Entity, the Owner shall provide copies of such documentation to the Enforcing Entity. Provided, however, that the Enforcing Entity shall not be entitled to request such documentation more often than once in any calendar year except in response to a specific complaint of a violation. In addition, the Owner shall deliver to the Enforcing Entity a copy of each audited annual financial statement which the Owner is required to provide to Vermont Housing Finance Agency under the terms of the Regulatory Agreement, whether or not the Regulatory Agreement remains in effect.

Prior to any voluntary conveyance of its interest in the Property, the Owner (or its successor in interest) shall deliver to the Enforcing Entity a written notice of its intent to convey and any conveyance shall be subject to the following conditions. First, any instrument of voluntary conveyance of the Property, except a conveyance in lieu of foreclosure to the holder of the Mortgage, shall state that the Property is conveyed subject to this housing subsidy covenant, as the same may be amended from time to time, and identifying the record location hereof and the record location of any such amendment. Second, any person or entity acquiring the Property (except the holder of the Mortgage) shall sign a separate document in recordable form, acknowledging and identifying the record location hereof and the record location of any amendment. If any such instrument fails to include such statement, the Enforcing Entity shall be entitled, through a civil action, in which both the grantor and the grantee of the Property shall be defendants, to compel the grantor to deliver and to compel the grantee to ac- Mortgage, cept, a corrective deed which shall include such statement. In the event that the Enforcing Entity shall proceed with such civil action, it shall be awarded its costs and ex- penses, including reasonable attorneys fees, from the defendant grantor.

IN WITNESS WHEREOF, the Owner, A&A REALTY LIMITED PARTNERSHIP, has caused the foregoing housing subsidy covenant to be executed by its general partner this ___ day of __________, 19__, at Burlington, Vermont.

IN THE PRESENCE OF:

Owner: A&A REALTY LIMITED PARTNERSHIP

____

By______________________________
General partner

____

STATE OF VERMONT
COUNTY OF __________________, SS.

At ____________________ in said County this ___ day of __________, 19__, personally appeared ____________________________, general partner, and acknowledged the foregoing document, by him subscribed, as and for his free act and deed and the free act and deed of A&A Realty Limited Partnership.

Before me,

____
Notary Public

SCHEDULE A: PROPERTY DESCRIPTION

OPTION AGREEMENT

THIS AGREEMENT, effective the ___ day of ___________. 199_, by and between A&A REALTY LIMITED PARTNERSHIP, a Vermont limited partnership having a notice address for the purposes of this agreement at ___________________, and VERMONT HOUSING FINANCE AGENCY ("VHFA"), an instrumentality of the State of Vermont, having a notice address for all purposes of this agreement at P.O. Box 408, Burlington, VT 05402,

W I T N E S S E T H

WHEREAS, Owner is the Owner of certain real property located in Burlington, County of Chitenden, State of Vermont, (the "Property"), being all and the same lands and premises mortgaged to VHFA pursuant to that certain instrument (the "Mortgage") dated November 23, 1981 and recorded in Volume 284, Page 440 of the Burlington Land Records, and being more particularly described in Schedule A attached hereto and incorporated herein by reference;

WHEREAS, the Property is subject to a certain housing subsidy covenant (the "Housing Subsidy Covenant") of even date, created by the Owner as "Declarant" and naming VHFA as the initial "Enforcing Entity", to be recorded simultaneously herewith in the Burlington Land Records; and,

WHEREAS, the Housing Subsidy Covenant contains certain covenants with respect to the Property, and the requirement that VHFA shall have an option to purchase the property in order to preserve its use as housing primarily for occupancy by persons and families of low and moderate income;

NOW THEREFORE, in consideration of TEN DOLLARS AND OTHER VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, and in furtherance of the requirements of the Housing Subsidy Covenant, the parties agree as follows:

1. Grant of Option. Owner hereby grants to VHFA, its successors and assigns, an option to purchase the Property at the purchase price indicated below and in accordance with the procedures specified below.

2. Purchase Price. The purchase price shall be the greater of the "Fair Market Value" of the Property determined in accordance with the terms hereof or the outstanding principal balance of all debt secured by the Property as to which VHFA was the lender or to which VHFA consented at the time such debt was incurred.

3. Certain Definitions. For the purposes of this agreement,

(a) the term "Fair Market Value" means the fair market value of the Property determined in accordance with this Option Agreement as of a date 60 days after the date of an Offer Notice or a Preliminary Notice of Exercise, taking into account the legal restrictions on rent and occupancy, if any, then imposed on the Property, including, without limitation, restrictions imposed by the Housing Subsidy Covenant, and the

Mortgage, Regulatory Agreement, and HAP Contract and HUD Regulations as defined therein;

(b) the term "Qualified Appraiser" means an appraiser regularly doing an appraisal business in Vermont who has no personal or business affiliation with a party and who holds a MAI or SRPA membership designation in the Appraisal Institute (an Illinois not-for-profit corporation that is the successor by merger to the American institute of Real Estate Appraisers and the Society of Real Estate Appraisers), or its successor, or an appraiser who is otherwise acceptable to both parties;

(c) the term "Qualified Appraisal" means a written appraisal report signed by one or more Qualified Appraisers and made in conformity with standard appraisal techniques applying the market and economic factors then relevant, including legal restrictions on occupancy and rent, and otherwise in conformity with the "Standards of Appraisal Practice" published in the 1992 Directory of Listings of the Appraisal Institute, as amended from time to time. A copy of said Standards is appended hereto as Exhibit 1.

3. Procedure During Mortgage Period. At any time during which the Housing Subsidy Covenant remains in effect, in the event that Owner desires to sell or transfer the Property (except in the case of an Excepted Transfer, as defined in paragraph 9, below) Owner shall give VHFA written notice (the "Offer Notice") of (i) its desire to sell or transfer the Property, and (ii) the name of a Qualified Appraiser proposed by the Owner to conduct a Qualified Appraisal. After receipt of an Offer Notice, VHFA may, within thirty (30) days following receipt, deliver to the Owner a written notice identifying a second Qualified Appraiser.

3.1 If VHFA does not propose a second Qualified Appraiser, then the Fair Market Value shall be determined solely by the Qualified Appraiser proposed by the Owner in the Offer Notice.

3.2 If VHFA does propose a second Qualified Appraiser, the the two appraisers shall attempt to agree to the Fair Market Value of the Property, and if they can do so, they shall submit a joint Qualified Appraisal to each of the parties.

3.3 If the two appraisers cannot agree on the Fair Market Value within 60 days following the selection of the second appraiser, then the appraisers shall prepare and deliver to each of the parties separate Qualified Appraisals and report their disagreement to the parties. Either party then shall have the right within ten days following receipt of both Qualified Appraisals to demand binding arbitration of such disagreement in accordance with the rules of the American Arbitration Association and the Vermont Arbitration Act. Any such arbitration proceeding shall be conducted by three arbitrators who have substantial experience in appraising commercial property for lending institutions in the County in which the Property lies.

3.4 The parties shall make available to each Qualified Appraiser and any arbitration panel all of their books and records pertaining to the Property and such other information as the appraisers and/or the panel may request.

3.5 The Owner shall pay the fees and expenses of the appraiser proposed in the Offer Notice. VHFA shall pay the fees and expenses of any second appraiser proposed by it. The parties shall share the fees and expenses of any arbitration proceeding as provided in the Vermont Arbitration Act.

4. Procedure at end of Mortgage Period. Within ninety (90) days after the later of (a) the stated maturity date of all debt instruments secured by the Mortgage, or (b) the date on which all indebtedness secured by the Mortgage is paid in full, VHFA may give written notice to the Owner of its interest in purchasing the Property ("Preliminary Notice of Exercise"). The Preliminary Notice of Exercise shall contain the same information as an Offer Notice and the parties shall proceed as provided in paragraph 3, above, except that the positions of the parties with respect to the initial proposal of a Qualified Appraiser and the right to propose a second Qualfied Appraiser shall be reversed.

5. Exercise of Option. Within 30 days after delivery to it of the certificates, appraisals, and arbitration decisions described above, VHFA or its assignee may exercise its option by delivering to the Owner its written notice of its election to do so. Following such election, VHFA or its assignee shall use its best efforts to obtain binding commitments for debt and equity financing in an aggregate amount equal to the purchase price. If, despite its best efforts, the optionee is unable to provide the Owner with satisfactory evidence of such commitments (or a waiver of the condition) within ninety days (90) following such election, then either party may elect to terminate the parties' purchase and sale obligations by written notice to the other party.

6. Closing. In the event that VHFA elects to exercise its option as above described, the closing shall be held within 60 days after financing commitments are obtained or the financing conditions is waived, or at some other mutually agreed time, at the offices of VHFA or at another place mutually agreeable to the parties. At the Closing, VHFA shall pay the purchase price in any appropriate combination of cash, check, and cancellation or assumption of liabilities of the Owner, and the Owner shall deliver to VHFA its warranty deed to the Property conveying marketable title subject only to encumbrances of record which existed at the time of the original Mortgage Loan and other encumbrances, if any, which have been subsequently authorized in writing by VHFA. Without limiting the generality of the foregoing, VHFA shall be entitled to set off against the purchase price the principal balance of any indebtedness of the Owner secured by the Mortgage.

7. Termination of Option. Upon receipt of written notice from VHFA that VHFA elects not to purchase the Property, or upon the failure of VHFA to make a timely election in accordance with paragraph 5, above, the Owner may sell or transfer the Property to a third party for its Fair Market Value, or

enter into a binding agreement to sell or transfer the Property to a third party for its Fair Marker Value, free and clear of any restriction imposed by this agreement (but otherwise still subject to the limitations of the Housing Subsidy Covenant, if the Housing Subsidy Covenant is still in effect). If, after Fair Market Value has been established and the failure of VHFA to make a timely election in accordance with paragraph 5, above, the Owner proposes to sell to a third party for less than Fair Market Value, it may not do so unless it first offers VHFA a new opportunity to purchase the Property for such lesser sum and VHFA declines or fails to purchase the Property for such lesser sum within a reasonable time.

8. Term. This agreement shall take effect as of the date hereof and shall remain in full force and effect until the earlier to occur of the last opportunity for VHFA to purchase the Property by right has passed or until the title of the Owner is transferred to a third party in accordance with the terms hereof and in a transaction which is not an Excepted Transfer. Upon transfer of the Owner's title to the Property in conformity with the terms hereof (and whether such transfer be to VHFA or to a third party), this agreement shall be deemed performed and shall be without further force or effect. Provided, however, that in the event of the sale or transfer of the Property in a transaction which is an Excepted Transfer as defined in paragraph 9, below, this agreement shall remain of full force and effect and shall be binding upon the transferee.

9. Excepted Transfers. Notwithstanding any other provision or implication of this agreement, it is the intent of the parties that this agreement shall not apply to a transfer of the Property by descent, decree of distribution, or operation of law, nor to a transfer between the Owner in connection with a divorce, nor to a buy-out by the present general partners of the Owner of the interests of the present limited partners in the Owner (any such transfer being hereinafter called an "Excepted Transfer"); provided, however, that the person or persons who hold the Property as the result of an Excepted Transfer shall be bound by the terms hereof in the event of a subsequent sale of the Property which is not an Excepted Transfer.

10. Assignability. The rights granted to VHFA in this agreement shall be freely assignable.

11. Notices to VHFA. Notice or other notice or request required or permitted to be given by Owner hereunder shall be deemed delivered when mailed certified mail, return receipt requested, postage prepaid and addressed to VHFA, Attention: Executive Director, at VHFA's notice address above written, or such other address as may be specified in a written notice given by VHFA to Owner.

12. Notices to Owner. Any Preliminary Notice of Exercise, or any other notice required or permitted to be given by VHFA hereunder shall be deemed delivered when mailed certified mail, return receipt requested, postage prepaid and addressed to Owner at Owner's notice address above written or such other address as may be specified in a written notice given by Owner to VHFA.

13. Persons Benefitted and Persons Bound. This agreement shall inure to the benefit of the parties and their lawful successors and assigns and shall bind the parties and their successors and assigns.

ACKNOWLEDGMENT OF ARBITRATION

Each party to this agreement understands that this agreement contains an agreement to arbitrate. After signing this agreement, the parties understand that they will not be able to bring a lawsuit concerning any dispute that may arise which is covered by the arbitration, unless is involves a question of constitutional or civil rights. Instead, each party agrees to submit any such dispute to an impartial arbitrator.

IN WITNESS WHEREOF, the parties have executed this agreement at Burlington, Vermont this ___ day of ________________, 199_.

IN THE PRESENCE OF:

Owner: A&A REALTY LIMITED PARTNERSHIP

____
As to all

____
General Partner

____
As to all

____
General Partner

Vermont Housing Finance Agency

By _________________________
Executive Director

STATE OF VERMONT
COUNTY OF __________________, SS.

At ____________________ in said County this ___ day of __________, 199_ personally appeared KARL ASHLINE and JOHN AUSTIN, General Partners and acknowledged the foregoing document, by them subscribed, as and for their free act and deed and the free act and deed of A&A REALTY LIMITED PARTNERSHIP. Before me,

____
Notary Public

STATE OF VERMONT
COUNTY OF __________________, SS.

At ____________________ in said County this ___ day of __________, 1992 personally appeared _________________________, authorized agent of VERMONT HOUSING FINANCE AGENCY, and acknowledged the foregoing document, by ___ subscribed, as and for ___ free act and deed and the free act and deed of VERMONT HOUSING FINANCE AGENCY. Before me,

____

CODE OF PROFESSIONAL ETHICS

CANON 1
A Member or an Affiliate must refrain from conduct that is detrimental to the Appraisal Institute, the real estate appraisal profession and the public.

CANON 2
A Member or an Affiliate must assist the Appraisal Institute in carrying out its responsibilities to the users of appraisal services and the public.

CANON 3
In the performance of an appraisal assignment, a Member or an Affiliate must develop and communicate each analysis and opinion without bias for the clients' interest and without accommodation of his or her own interests.

CANON 4
A Member or an Affiliate must not violate the confidential nature of the appraiser-client relationship.

CANON 5
In promoting an appraisal practice and soliciting appraisal services, a Member or an Affiliate must use care to avoid advertising or solicitation that is misleading or otherwise contrary to the public interest.

CANON 6
A Member or an Affiliate must comply with the requirements of the Standards of Professional Appraisal Practice.

STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE*

STANDARD 1
In developing a real property appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

STANDARD 2
In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

STANDARD 3
In reviewing an appraisal and reporting the results of that review, an appraiser must form an opinion as to the adequacy and appropriateness of the report being reviewed and must clearly disclose the nature of the review process undertaken.

STANDARD 4
In performing real estate or real property consulting services, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible result.

STANDARD 5
In reporting the results of a real estate or real property consulting service, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

STANDARD 6
In developing and reporting a mass appraisal for ad valorem tax purposes, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce and communicate credible appraisals within the context of the property tax laws.

STANDARD 7
In developing a personal property appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

STANDARD 8
In reporting the results of a personal property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

STANDARD 9
In developing a business appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

STANDARD 10
In reporting the results of a business appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

SUPPLEMENTAL STANDARD 1
The Uniform Standards of Professional Appraisal Practice shall apply to all activities of a Member or an Affiliate involving an analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in, or aspects of, identified real estate.

SUPPLEMENTAL STANDARD 2
The form of certification used by a Member or Candidate in a written report that contains an analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in, or aspects of, identified real estate must include a statement indicating compliance with the Code of Professional Ethics and Standards of Professional Appraisal Practice and a statement advising the client and third parties of The Appraisal Institute's right to review the report. The form of certification used by a Member in a written report that contains an analysis, opinion, or conclusion relating to the nature, quality, value or utility of specified interests in, or aspects of, identified real estate must include a statement indicating the current status of the Member under the Appraisal Institute's continuing education program.

SUPPLEMENTAL STANDARD 3
The Appraisal Standards Board of The Appraisal Foundation added an Ethics Provision to the Uniform Standards of Professional Appraisal Practice on December 4, 1989. The language in this Ethics Provision is very broad and the Appraisal Institute has interpreted this Ethics Provision to apply to appraisal conduct only. The Appraisal Institute has an existing Code of Professional Ethics that is adequate to carry out the intent of the Ethics Provision. Therefore, the Appraisal Institute will enforce its own Code of Professional Ethics under its existing enforcement procedures as the proper means of enforcing the Ethics Provision of the Uniform Standards of Professional Appraisal Practice.

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vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: August 19, 1992

RE: Energy and Rehabilitation Loans Utilizing Recycled Multi-family Proceeds

Beginning with the Abenaki Acres energy loan request that the Board considered in January of this year, the Agency has been approached by several owners of multi-family developments financed by the Agency seeking additional loans to perform energy conversions and/or pay for much-needed rehabilitation work (as in the Babcock situation described in the attached memorandum). These loan requests are generally in the $30,000-$70,000 range.

Rather than bring a number of these relatively small loan requests before the Board, staff suggests a delegation by the Board to give the Executive Director the ability to approve this type of loan without prior Board approval. The attached resolution would allow such a delegation, with a requirement that the Board be notified quarterly of any such loans approved under the Executive Director's authority.

RECOMMENDED ACTION:

Approval of the attached resolution.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

RESOLUTION AUTHORIZING SMALL ENERGY AND REHABILITATION LOANS

WHEREAS, the Agency has been approached by several owners of multi-family developments who have sought additional loans to perform energy improvements or rehabilitation needed to maintain the condition of the development, protect the health, safety and welfare of the residents, and maintain the security of the Agency's investment; and

WHEREAS, in order to expedite the approval of such loans the Agency wishes to delegate to the Executive Director the right to authorize the making of small energy and rehabilitation loans;

WHEREFORE, it is hereby RESOLVED:

1. In order to protect the health, safety and welfare of the residents of residential housing financed by the Agency, and to maintain the security of the Agency's investments, the quality of multi-family developments in the Agency's portfolio must be maintained or enhanced.

2. The Agency should encourage the completion of improvements that are advantageous and necessary for the maintenance or improvement of the quality of the development, including, but not limited to, energy improvements and structural rehabilitation.

3. In order to expedite the accomplishment of energy improvements and necessary rehabilitation, the Executive Director is authorized, in his discretion, to approve future advances or additional loans to multi-family developments financed by the Agency in amounts not to exceed $75,000, using recycled multi-family bond proceeds and to execute all necessary documents and take all necessary actions to make such future advances and loans.

4. The Executive Director shall advise the Board on a quarterly basis of advances and loans made under this authorization.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: John Burczy, Management Officer JB

DATE: August 19, 1992

RE: Hebert Farms, Montpelier

BACKGROUND

Hebert Farms in Montpelier is a ten unit family housing development owned by A. Judson Babcock. Technical Planning & Management Company of Waitsfield is the Management Agent. One of the two structures, containing four of the units, is an old two story wood framed farmhouse which was substantially renovated and expanded for the project opening in 1980.

The problems with the foundation of the farmhouse, as identified in a survey of the building by Knight Consulting Engineers, are many. Among other concerns, the 8 x 8 timber sill has deteriorated along the north and west sides, the south side foundation wall has shifted inward at grade level, and the floor joist beams and columns continue to disintegrate. A crisis affecting the health and safety of the four families in residence can be anticipated if these matters are not effectively addressed.

The Management Agent has sought competitive bids to reconstruct the basement foundation and flooring as recommended in the engineering study. Regrettably, neither the project operating account nor the reserve accounts have adequate funds to underwrite the costs of this necessary work.

The Management Agent, in consultation with the Owner, has requested our assistance in financing this construction project. The $7,500 available in project cost escrow funds will be supplemented by an additional $30,000 which is being requested as a loan to the property. No other source of funding is available.

RECOMMENDATION

Approval of a $30,000 loan to Hebert Farms to complete the work needed to complete the restoration of the farmhouse.

RESOLUTION AUTHORIZING SMALL ENERGY
AND REHABILITATION LOANS

WHEREAS, the Agency has been approached by several owners of multi-family developments previously financed by the Agency, who have sought additional loans to perform energy improvements or rehabilitation needed to maintain the condition of the development, protect the health, safety and welfare of the residents, and maintain the security of the Agency's investment; and

WHEREAS, the Agency has previously made the findings required by 10 V.S.A. § 625; and

WHEREAS, in order to expedite the approval of such loans the Agency wishes to delegate to the Executive Director the right to authorize the making of small energy and rehabilitation loans;

WHEREFORE, it is hereby RESOLVED:

1. In order to protect the health, safety and welfare of the residents of residential housing financed by the Agency, and to maintain the security of the Agency's investments, the quality of multi-family developments in the Agency's portfolio must be maintained or enhanced.

2. The Agency should encourage the completion of improvements that are advantageous and necessary for the maintenance or improvement of the quality of the development, including, but not limited to, energy improvements and structural rehabilitation.

3. In order to expedite the accomplishment of energy improvements and necessary rehabilitation, the Executive Director is authorized, in his discretion, to approve future advances or additional loans to multi-family developments financed by the Agency in amounts not to exceed $75,000, using recycled multi-family bond proceeds bearing an interest rate between 8.25 and 8.50% per annum, inclusive, and a term not to exceed thirty years. In addition, the Executive Director is authorized to execute all necessary documents and take all necessary actions to make such future advances or loans.

4. The Executive Director shall advise the Board on a quarterly basis of advances and loans made under this authorization.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel GAJ

DATE: August 25, 1992

RE: Twin Pines Housing Trust/Starlake Village

BACKGROUND:

At the May Board meeting, the Board approved two alternative resolutions for the Twin Pine Housing Trust's 14 unit modular home development in Norwich. Option A authorized the issuance of a commitment letter for a Guaranty of Collection for up to $255,000 to guarantee a portion of the Vermont National Bank loan for infrastructure work. The Agency's guaranty would be released, pro rata, as the 14 modular homes were sold. The commitment letter has been issued.

ISSUE:

A problem has arisen that requires a determination by the Board. A neighbor of the development owns a gravel pit and hopes to sell it to the Regional Solid Waste District for a landfill. This individual has been a determined opponent of the development throughout the process. He filed an appeal of the Act 250 permit with the Environmental Board, which was dismissed. He then filed a notice of appeal with the Vermont Supreme Court, but has not complied with any of the Court's requirements. The lawyers for the development will be filing a Motion to Dismiss the appeal this week.

The only issue in the appeal is whether the opponent was properly denied party status by the District Environmental Commission on the issue of traffic. By statute, a permit cannot be denied solely on the basis of traffic. However, conditions can be imposed on that issue. Therefore, assuming the worst, if the Supreme Court sent the case back to the Environmental Board, additional conditions on traffic could be imposed on the development, but the permit could not be revoked on that issue. The conditions imposed relative to traffic seem adequate. The access road to the development must be built to state Agency of Transportation standards and there are no other residences on that road. The access road leads to another road, which then leads to Route 5.

The Agency has been asked whether it will issue its guaranty with the Act 250 permit on appeal, as described above. The Agency would be at risk if, for some unforeseen reason, the permit was not available and work on the project had to stop after it was begun and could not be restarted. In the event that the project died in the middle and could not be revived and the Vermont National Bank could not realize enough money from a sale of the land after it foreclosed, it could invoke the Agency's guaranty.

QUESTION:

Will the Agency issue its guaranty of collection with the Supreme Court appeal pending?

RECOMMENDATION:

In my opinion, there is very little likelihood that the result of the appeal would be one that would stop the construction of the development. Even if the appeal is not dismissed, I cannot foresee the Supreme Court and the Environmental Board taking any action that would void the permit. In addition, the conditions imposed relative to traffic seem adequate. While the Agency would clearly be taking a risk if it goes ahead, it seems to be a reasonable risk. This is the only affordable housing project planned for low- to moderate-income families in Norwich.

RESOLUTION AUTHORIZING SMALL ENERGY AND REHABILITATION LOANS

WHEREAS, the Agency has been approached by several owners of multi-family developments previously financed by the Agency, who have sought additional loans to perform energy improvements or rehabilitation needed to maintain the condition of the development, protect the health, safety and welfare of the residents, and maintain the security of the Agency's investment; and

WHEREAS, the Agency has previously made the findings required by 10 V.S.A. § 625; and

WHEREAS, in order to expedite the approval of such loans the Agency wishes to delegate to the Executive Director the right to authorize the making of small energy and rehabilitation loans;

WHEREFORE, it is hereby RESOLVED:

1. In order to protect the health, safety and welfare of the residents of residential housing financed by the Agency, and to maintain the security of the Agency's investments, the quality of multi-family developments in the Agency's portfolio must be maintained or enhanced.

2. The Agency should encourage the completion of improvements that are advantageous and necessary for the maintenance or improvement of the quality of the development, including, but not limited to, energy improvements and structural rehabilitation.

3. In order to expedite the accomplishment of energy improvements and necessary rehabilitation, the Executive Director is authorized, in his discretion, to approve future advances or additional loans to multi-family developments financed by the Agency in amounts not to exceed $75,000, using recycled multi-family bond proceeds bearing an interest rate between 8.25 and 8.50% per annum, inclusive, and a term not to exceed thirty years. In addition, the Executive Director is authorized to execute all necessary documents and take all necessary actions to make such future advances or loans.

4. The Executive Director shall advise the Board on a quarterly basis of advances and loans made under this authorization.

M E M O R A N D U M

TO: Board of Directors

FROM: Elizabeth

RE: Annual Meeting - Election of Directors

DATE: September 18, 1991

This memorandum describes the current interpretation of the bylaws with respect to the election of directors.

1. Governor. Each year the Governor may designate one General Qualification director.

(VHFA) 2. Sustaining Members. Each year Sustaining Members may elect two General Qualification directors and one Special Qualification director.

3. General Members. In odd numbered years, General Members may elect one General Qualification director. In even numbered years, General Members may elect one General Qualification director and one Special Qualification director.

If this system is followed, the following composition should exist:

	1991	1992	TOTAL
Governor	1 General	1 General	2
Sustaining Members	2 General 1 Special	2 General 1 Special	4 2
General Members	1 General	1 General 1 Special	2 1
TOTAL	5 4 General 1 Special	6 4 General 2 Special	11 8 General 3 Special

HOUSING VERMONT BOARD OF DIRECTORS as of 9/12/91

BUSINESS ADDRESS	HOME ADDRESS
Term Expires 9/12/93	
MR. JOHN SIMSON, SECRETARY Simson, Brown, Pastore, Zais & Co. 30 Kimball Avenue, Suite 205 South Burlington, VT 05403 658-2930 FAX: 658-3161	25 Laurel Hill Drive South Burlington, VT 05403 864-6854
MR. MARK SNELLING, CHAIRMAN Shelburne Corporation P.O. Box 158 Shelburne, VT 05482 985-3321 FAX: 985-8336	RR#1, Box 2700 Starksboro, VT 434-3098
MR. DAVID TUCKER (Special) NEKCA 10 Main Street Newport, VT 05855 334-7316 FAX: 334-5249	Sutton Road RFD Box 115 Sutton, VT 05867 626-5519
MS. CHRISTINE OWRE NCIC PO BOX 396 St. Johnsbury, VT 05819 748-5101 FAX: 748-1884	RD 1 Box 300 St. Johnsbury, VT 05819
MR. JUDD LEVY The Vermont Inn U.S. Route 4 Killington, VT 05751 775-0708	Cream Hill Road RD #2 Mendon, VT 05701
Term Expires 9/19/92	
MS. NANCY WASSERMAN (Special) Vermont Community Loan Fund P.O. Box 827 Montpelier, VT 05601 223-1448	17 Kent Street Montpelier, VT 05602 229-0791
MR. JEFFREY WILSON Town Manager Town Office Building Manchester, VT 05254 362-1313 FAX: 362-2022	RR 1 Box 1866 Manchester Ctr, VT 05255 362-3786

Son Fireman

MS. DEA BRICKNER-WOOD
Regional Project Director
Vermont Land Trust
P. O. Box 924
Williston, VT 05495
878-7343

RR 1, Box 1250
Underhill, VT 05489
899-4184

MR. MAYNARD McLAUGHLIN, VICE CHAIRMAN
President
Bread Loaf Construction
Route 7 South, P. O. Box 926
Middlebury, VT 05753
388-9871
FAX: 388-3815

Strawberry Hill Farm
Shoreham, VT 05770
462-2001

MS. SARAH CARPENTER, TREASURER (Special)
Cathedral Square Corporation
3 Cathedral Square
Burlington, Vermont 05401
863-3868
FAX: 863-0385

24 Cliff Street
Burlington, VT 05401

MR. LESLIE SEAVER
(Retired)

43 Vine Street
Northfield, VT 05663
485-9391
868-3610

TAKEN FROM ARTICLE III - Housing Vermont Bylaws

DEFINITIONS:

"General Qualification Director" means a director who, at the time of election, is a resident of the State of Vermont and of the age of majority, and who is not (i) a commissioner, officer, or employee of Vermont Housing Finance Agency, (ii) a "substantial contributor" within the meaning of §4946 of the Internal Revenue Code, or (iii) a person who is a "disqualified person" within the meaning of said §4946 by reason of relationship to a "substantial contributor".

"Special Qualification Director" means a director who meets the requirements for a General Qualification Director and, in addition, is an employee, officer, director, or trustee of a nonprofit corporation organized under the laws of the State of Vermont and which includes the fostering of low-income housing among its activities, all as certified in writing to the Corporation by the president or chairman of such non-profit corporation.

Moody's Municipal Credit Report

Vermont Housing Finance Agency

July 22, 1992

New Issue Update | **Housing**

sale: $55,000,000 — Single Family Housing Bonds, Series 4

date: Expected through negotiation July 23

Moody's rating: A1
Single Family Housing Bonds

opinion:

The portfolio of adequately insured mortgage loans and successful track record of the agency provide above average security for the bonds. Potential concern over issuance of additional bonds secured differently than the current offering is mitigated by resolution covenants to maintain credit quality. Proceeds of this issuance will be used to redeem certain bonds issued by the agency prior to 1980. Approximately $40 millon of loans will be transferred from old bond programs to secure these bonds. In addition, the agency expects to make new loans in the amount of $13.7 million with cash being transferred from prior bonds.

key facts:

Nature of Obligation: Special obligation of agency.

Reserve Funds: Bond Reserve Fund required at half maximum annual debt service; Loan Loss Claim Fund required at 1.85% of loans outstanding.

Additional Bonds: May be issued if standard tests are met.

Parity Bonds: Three series on parity with Series 4 bonds aggregating $110 million outstanding.

Loan Type: Single family, home improvement, co-op, and rehabilitation loans restricted by applicable supplemental resolution.

Loan Insurance: Private mortgage insurance or Vermont Home Mortgage Guarantee Board (VHMGB) guarantee down to 75%, FHA or VA. Currently, VHMGB provides insurance for 95% of loan portfolio.

Pool Insurance: None.

Portfolio Performance: Overall portfolio performance of agency is good; portfolio of loan being transferred into program performing well with no foreclosures over last year.

Use of Proceeds: To refund all bonds issued under the single family mortgage purchase program. Proceeds of Series 4 bonds will be used to redeem outstanding bonds issued under Single Family Mortgage Purchase Program.

Financial Operations of Agency: Sound. Positive trend in other single family program fund balances.

Cash Flow Projections: Sufficient revenues generated over life of bonds. Nonasset bonds and cash flow deficiencies in stress scenarios covered by Contingency Account funded with letters of credit from Sanwa Bank, Ltd., rated **Aa3/P-1**.

Interest Rate Adjustment: The agency has the option to adjust interest rates until May 1, 1995, when bonds to be adjusted will be called on the interest adjustment date at which time bondholders may elect to retain bond and receive the adjusted interest rate. Any bonds not remarketed will be

Vermont Housing Finance Agency

redeemed from unexpended proceeds. The structure is similiar to previously issued authority bonds and does not adversely affect the credit quality of the bonds.

analysis:

Since our report dated June 22, 1992, there has been no change in credit quality.

The existing portfolio of fixed rate, adequately insured single family mortgage and home improvement loans provides above average security for the bonds. Primary mortgage insurance, whether federally guaranteed or insured, or privately insured combined with the Loan Loss Claim Fund at 1.85% of original loan principal, should be sufficient to cover losses associated with the foreclosure of defaulted loans.

Performance of the agency's other separately secured single family programs has been satisfactory, despite a recent rise in delinquency rates to a level slightly above state norms. The agency reports minimal foreclosure losses on the Single Family Mortgage Purchase Bond Program, which portfolio is being transferred to secure the Series 4 bonds. The agency reports minimal net losses on foreclosed properties totaling $26,636 for all outstanding programs.

The agency reports approximately 95% of the portfolio of loans are guaranteed by the Vermont Home Mortgage Guarantee Board (VHMGB). The board's pledge is backed by the full faith and credit of State of Vermont (rated **Aa**).

This resolution differs from the agency's other single family program in that: (1) it permits a variety of loans (i.e. home improvement, co-op, rehabilitation); (2) the debt service reserve required at 50% maximum annual debt service while the requirement on the 1983 indenture is maximum annual debt service; and (3) this program permits the use of letters of credit instead of cash to fund the Loan Loss Claim Fund. Although the debt service reserve fund requirement is lower than in previous programs, it should nonetheless be adequate and liquid under an investment agreement with a provider rated at least **A1** to cover losses in the event of mortgage loan delinquencies.

The Loan Loss Claim Fund will be maintained at 1.85% of the original loan balance plus 10% of home improvement loans originated.

Although the agency is contributing funds to partially cover costs of issuance, nonorigination and prepayment stress scenarios require additional funds which will be covered by the program's Contingency Fund. This fund, funded at approximately $1.5 million in the form of a letter of credit issued by Sanwa Bank, will expire five years from the date of issuance. Upon expiration of the Contingency Fund letter of credit, legal provisions require a new letter of credit or infusion of funds in an amount sufficient to ensure that the Contingency Fund remains at its required level. To the extent either option is not provided for, the trustee is instructed to draw on the letter of credit and deposit the proceeds into the Contingency Account under the indenture. Both the Loan Loss Claim Fund and Contingency Fund letters of credit will hold reimbursement obligation from the authority's General Fund.

Generally, financial operations of the agency have been sound, with the General Fund balance exhibiting positive trends and thereby enhancing financial position of the agency. The program asset parity position is modest at 97.5% (excluding Loan Loss Claim Fund and Contingency Account funded with letters of credit), reflecting the relatively young age of the program.

The agency has the option to adjust interest rates on the Series 4 bonds one time until May 1, 1995, when bonds to be adjusted will be called on the interest adjusment date at which time bondholders may elect to retain bond and receive the adjusted interest rate. Any bonds not remarketed will be redeemed from unexpended proceeds. The structure is familiar to previously issued authority bonds and does not adversely affect the credit quality of the bonds.

Vermont Housing Finance Agency

details of bond sale:

Legal Name of Issuer: Vermont Housing Finance Agency.

Date of Bonds: July 1, 1992.

Denomination: $5,000.

Semiannual Maturities 5/1 & 11/1: To be determined.

Interest Payable: Semiannually, beginning July 1, 1992.

Call Features: Special redemption at any time at par from unexpended proceeds, prepayments, and excess revenues. Optional redemption at 102% November 1, 2002 and declining to par on November 1, 2004 and thereafter. Term bonds subject to mandatory Sinking Fund redemptions.

Registrar: The Howard Bank, N.A., Burlington.

Trustee: The Howard Bank, N.A., Burlington.

Delivery: On or about August 5.

Bond Counsel: Palmer and Dodge, Boston.

Managing Underwriter: PaineWebber, Inc.

rating history:

October 1990:	A1
Series 3:	[1] A1/VMIG 1

[1] VMIG rating expires on May 1, 1993, or upon conversion.

analyst: George Solari
(212) 553-7730

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angers, ranging in age from 6 to 12, found the bird with an injured wing. The heron was rehabilitated at the Vermont Institute of Natural Sciences in Woodstock.

Brattleboro tunes in to interactive TV

By JOYCE MARCEL
Reformer Staff

BRATTLEBORO — It had no singing and no dancing, but it was pure television nonetheless, as Vermont Interactive Television (VIT) opened in Brattleboro Monday.

The VIT studio is located on the first floor of the farmhouse at Joseph Famolare's Vermont Agricultural, Business, and Education Center (VABEC) on Old Guilford Road.

For the first time, seven people in Brattleboro were able to hook up to a lecture given in South Burlington, and exchange information and questions with people in Rutland, Newport, St. Johnsbury, Springfield and Randolph Center, people they could see and talk to, and who could see and hear them.

The lecture was the first in a two-part series for low-to-moderate-income people interested in buying a home through the Vermont Housing Finance Agency. The second part will be given tonight.

VIT is a partnership among state government, private business and education, said Darrell Thompson, director of technical operations, in an interview from Randolph through VIT Monday afternoon.

Starting in September, Brattleboro VIT will carry courses from colleges all over the state.

"This gives people the ability to take a class without traveling miles and miles," said Site Coordinator Bette Smith. "Say UVM has an important course you want to take. If they offer it on VIT, you can take the course, talk to the professor, and see the other students."

Besides college courses, VIT is used by businesses for state-wide meetings and employee training, for vocational training, and by public schools. The state has used it for Act 200 hearings.

"For business, instead of sending employees to seminars in another part of the state, or in another state, VIT can 'downlink' a signal through a satellite, bring it into the main center in Randolph, and send it to Brattleboro through the telephone lines," Smith said.

VIT compresses the video pictures into phone lines, and sends them at 30 frames a second, Smith said. Each transmission is the equivalent of 24 simultaneous phone calls.

VIT began in Vermont in 1988. Approximately 85 percent of its funding comes from the state. However, there are fees associated with taking the college courses, and for businesses using the technology.

"We charge people for using the system, but not the full cost," Thompson said. "Part of VIT is funded from user fees."

Some of the money for the Brattleboro VIT office came from federal grants secured by U.S. Sen. Patrick Leahy, D-Vt., from rural education funds.

Elbert G. Moulton was the driving force behind bringing VIT to the area, according to state Rep. Nancy Chard, D-Brattleboro, director of the Southern Vermont Educational Center.

The town of Brattleboro had to provide $35,000 to bring the system to the area.

"VIT wanted to know that the community wanted them to be here as much as they wanted to be here," Chard said.

The money was raised with contributions from local businesses and organizations, including the Brattleboro Area Chamber of Commerce, Austine School, Central Vermont Public Service and the Brattleboro Credit Development Corp.

"VIT gives me the feeling of the future," Chard said. "Brattleboro is too far away from the supply lines for any college. Now we can tie into this technology. For the first time, we are talking about collaborating with education, business and government."

The program Monday night was designed to teach people how to use the VHFA to buy a home.

"The point is to take the mystery out of the home buying process," said Hollis Hope, VHFA communications director.

The audience in Brattleboro was small because there was not enough time to advertise, Hope said. On the screen, it was possible to see that the largest audience was in South Burlington, with about 22 people. Rutland had 12.

"We only found out last Thursday that Brattleboro would be on-line," Hope said. "We had 150 people sign up throughout the state. In other places, there's a waiting list."

"The VHFA would not send someone down here to give this talk for seven people," Chard said. "But add this seven to the number in South Burlington, and St. Johnsbury, and you have a large number of people participating around the state."

In Brattleboro, the lecture from South Burlington was received on a 27-inch color monitor in the front of the room. Next to the monitor was a camera operated by a cameraman. Next to the camera was another, smaller monitor, which showed the Brattleboro audience. Three tables with microphones served the audience.

In a few of the other towns, people had to walk to a standing microphone to ask questions.

Before the program started, VIT showed a four-minute video on how to use the equipment. Participants were told to state their names and sites first, and to talk directly into the microphone. They were told to cover the microphone firmly with their hand if they planned to ruffle papers or cough. Turning the microphone to the side was not advised, because it might pick up rustling papers or the cough of the next person.

The audience, composed of low-to-moderate wage earners and first-time home buyers, learned how to determine how much they could pay for a house, and how to use VHFA financing to buy a home for under $100,000. The VHFA programs, featuring low-interest rates, offer ways to buy homes for people who cannot make large down payments, or who do not qualify for regular bank mortgages.

The Brattleboro audience took a little time to get used to the new technology, but appeared to feel comfortable with it.

"I like it," said Gail Parkhurst. "I get to see other sites, and I learn from other people's questions."

Smith said she was "extremely excited" because the first night went well.

"I can see the excitement in the people here," Smith said. "They're not intimidated. These people are really interacting."

Cost for use of VIT studios:

— Educational institutions: $25/hour for up to three sites.

$10/hour for each additional site.

State government/non-profit groups: $40/hour for up to three sites.

$10/hour for each additional site.

Business/industry: $65/hour for up to three sites.

$10/hour for each additional site.

Walpole man injured in 2-car collision

BRATTLEBORO — A 78-year-old Walpole, N.H., man was injured Monday afternoon at 5:30 when his car struck another at the intersection of High and Oak streets.

According to Police Officer Richard Howe, Maurice L. Monette had been eastbound on High Street in his 1984 Ford Tempo. His car failed to stop at the stop sign at High and Oak and struck a GMC Jimmy operated by Thomas J. Hayduck, 25, of North Syracuse, N.Y.

Hayduk's vehicle had just emerged into the intersection from Whipple Street.

Monette sustained facial injuries, lost teeth and suffered bruised ribs. He had not been wearing a seatbelt, according to the police report. Hayduk, who was uninjured, had been wearing a seatbelt, Howe said.

Monette was transported to Brattleboro Memorial Hospital by Rescue.

The accident is under investigation, Howe said.

Monette's car was a total loss; Hayduk's sustained $3,000 worth of damage.

Bratt. Reformer 8/25/92

vhfa
VERMONT HOUSING FINANCE AGENCY

September 15, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, September 24, at 1:30 p.m., at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802 864-5743 • 1-800 339-5866

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director ASH

DATE: September 18, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Thursday, September 24, at the office of the Commissioner of Banking, Insurance and Securities, 89 Main Street, Montpelier, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier at 1:30 September 24!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa
VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Thursday, September 24, 1992 at 1:30 p.m.

1. Review and approval of minutes of August 26, 1992

2. Administration
   - ⌂ Executive Director's Report **[Hunt]**
   - ⌂ Renter Housing Survey Results **[Gent/Hope//Enclosure]**

3. Operations
   - ⌂ MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**
   - ⌂ ERH Rating Fee Collection Initiative **[Lothrop//Enclosure]**
   - ⌂ Computer Search Update **[Gandini//Enclosure]**

4. Development
   - ⌂ Mortgage Credit Certificate (MCC) Proposed Program Changes **[Jenkins/Crady//Encl.]**
   - ⌂ Old North End (Burlington)
     Single Family Resolution of Interest **[Jenkins/Crady//Encl.]**
     Multi-Family Commitment **[Jenkins/Koppelkam//Encl.]**

5. Finance
   - ⌂ Series 4 Conversion Discussion **[Schoenbeck]**

6. Legal
   - ⌂ Approval of Housing Vermont Qualified Housing Projects **[Jarrett//Enclosure]**
   - ⌂ Litigation Report **[Jarrett]**

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

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

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

Wednesday, August 26, 1992

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

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

Guests: Ms. Keating (First Boston); Mr. Monte, Mr. Dillon (City of Burlington); Mr. Coleman, Ms. Gage (ACCAG/Bristol, Vergennes); Ms. Wright (Lake Champlain Housing Development Corporation)

The meeting was called to order by the Chairman at 1:30 p.m. Upon a motion duly made and seconded, the minutes of the July 23, 1992 meeting were unanimously accepted as written.

Ms. Jenkins, newly appointed Director of Development, was introduced to the Board, and Ms. Hope was welcomed back from her leave of absence.

In his Executive Director's report, Mr. Hunt noted that national legislation regarding the extension of authority for Mortgage Revenue Bonds (MRB) and Low Income Housing Tax Credits (LIHTC) has not been passed, primarily due to add-ons to the originally proposed legislation. Although the outlook for the eventual extension of these programs is not as optimistic as it was earlier in the year, it is still anticipated that some form of non-permanent extension may be forthcoming. Currently, the Agency has enough MRB authority to continue to fund mortgages until the summer of 1993, and also is likely to recapture $200,000 in tax credits while remaining eligible for approximately $300,000 in tax credits from the national pool. Regarding the rehabilitation of the 77 units on Dalton Drive at Fort Ethan Allen, Mr. Hunt reported that seven closings are scheduled in September, with an additional nine closings to occur in October. Construction is ahead of schedule, and no major problems have arisen. The project is currently approximately $36,000 over the $7 million budget, but the final amount is expected to be closer to the approved budget, depending upon sales of the units. Mr. Hunt reminded the Board that it is necessary to successfully close on all 77 units before the final expense figures can be determined. According to Mr. Schoenbeck, the unit sales are almost covering the monthly construction costs. Mr. Hunt noted that construction should be completed in October, and any closings which occur after project completion would be used to pay off the loan from the Bank of Boston, which is due in April of 1993. Continuing his Executive Director's report, Mr. Hunt informed the Board that Agency staff members had conducted a Home Buying Basics workshop through Vermont Interactive Television. Participants were located at five sites throughout the State which were linked with the main broadcast area in South Burlington. Over 150 people called to reserve spaces at the statewide locations. There is a great potential for holding future workshops of this type, perhaps to educate realtors, lenders and others with whom the Agency staff interacts on a regular basis. A Brattleboro Reformer article about the workshop was distributed to the Board.

Mr. Lothrop reviewed the monthly MOVE 1990 Series 2 Update and delinquency report, noting that conventional rates rose above the Agency's mortgage rate of 7.9 per cent. Activity in the MOVE program has continued at a fairly steady pace, even though funds have been depleted in the pilot No Down Payment program. Delinquencies are remaining relatively steady at approximately 5 percent. No Board action was necessary.

Turning to the first of the items on the agenda under Development, Ms. Jenkins briefly reviewed the first of five development proposals, "City of Burlington—Old North End Joint Loan Program Concept Approval Resolution," as detailed in her memo of August 20, included in the Board packet. According to Ms. Jenkins, this is one prong of an effort to renovate the Old North End in Burlington. The project is anticipating creation of a $1.5 million loan fund at 8.25-8.50% to be used in conjunction with HOME funds, which will be provided by the City of Burlington. Mr. Koppelkam introduced Mr. Monte, Director of the Community and Economic Development office in Burlington, and Mr. Dillon, a housing rehabilitation specialist. Mr. Monte reviewed the ongoing efforts by and within the City of Burlington renovate properties in the Old North End, emphasizing the City's commitment to the regrowth of this neighborhood. The "Building One Community Draft Action Plan" and a neighborhood newsletter were distributed to the Board. Mr. Monte noted that the Howard Bank has expressed a desire to reinvest over $5 million in the Old North End, with this investment to cover both businesses and housing programs; these funds would be in the form of investments rather than grants. According to Mr. Dillon, various housing projects throughout the City would be eligible for the HOME funds, which were made available to the City of Burlington as a result of the Comprehensive Affordable Housing Strategy (CHAS) submitted to HUD in 1991. The City has chosen the Greater Archibald Intervale Neighborhood (GAIN) area as the main emphasis for these funds. Mr. Dillon reviewed various renovation activities completed or currently underway in the nearby neighborhood. In outlining the general strategy for this program, Mr. Koppelkam noted the following proposals: as much underwriting as possible would be turned over to the City; the City would authorize the use of HOME funds for this project; the program would require acknowledging the use of lower renovation standards and housing quality than the

Agency has customarily used in the past; there would be very little equity; much of the money would come from HOME and Vermont Housing and Conservation Board (VHCB) funds. Pointing out some of the legal concerns for financing a project of this magnitude, Mr. Jarrett noted that the Agency's bond resolution requires that the Agency be in first lien position on all loans utilizing tax exempt bond proceeds; another constraint is the statute governing the Agency which requires a finding by the Board for each individual building to be renovated, if each building is treated as a housing development. It may be possible for the Board to make certain findings with respect to the area in question, so that individual findings for each building would not be necessary. Mr. Jarrett is awaiting a final opinion from bond counsel on the refinancing possibilities, which may be a problem because of Treasury regulations. Following a lengthy discussion, a motion to adopt the "Resolution of Interest re: City of Burlington Loan Program" as attached to these minutes, was made, seconded, and carried unanimously. Mr. Monte and Mr. Dillon left the meeting after the vote was taken.

Mr. Koppelkam reviewed the memo of August 19, "ACCAG—Bristol Resolution of Interest," as included in the Board packet, and introduced Mr. Coleman, Field Supervisor for ACCAG (Addison County Community Action Group) and Ms. Gage. Photographs of the site were circulated to the Board. The proposed project consists of two buildings in Bristol containing four residential units and the construction of one additional unit. Ms. Drake noted that ACCAG has agreed to make the best effort to have the units occupied by tenants who are at or below 30 per cent of median income. After a brief discussion, a motion was made and seconded to adopt the "Resolution of Interest re: Addison County Community Action Group (Bristol) Development" as attached to these minutes. This motion carried unanimously.

The August 19 memo "ACCAG—Vergennes Resolution of Interest" was reviewed by Mr. Koppelkam. The proposed loan would go toward the acquisition and renovation of one building in Vergennes containing nine residential units and two commercial units. Mr. Seelig noted that the VHCB had already reviewed this project and emphasized to the ACCAG representatives the need to bring a project for approval before renovations are started. Mr. Seelig further noted that ACCAG had made an exception to their general practice due to the availability of trained volunteers to begin the renovations prior to loan approval. The "Resolution of Interest re: Addison County Community Action Group (Vergennes) Development" as attached to these minutes was unanimously adopted, following a motion and second. After the vote was taken, Mr. Coleman and Ms. Gage left the meeting.

Mr. Seelig pointed out to the Board that occupancy in many recent projects tends to be by lower income tenants, and mixed income residents are becoming the exception. It is Mr. Seelig's belief that this should be a topic of a policy issue discussion at a future meeting. No formal action was taken.

Mr. Koppelkam then reviewed the "Williston Pinecrest—LCHDC Commitment Letter Resolution" for the construction of two new buildings containing six units, to be located in Williston, as detailed in the August 19 memo included in the Board packet, and introduced Ms. Wright, of LCHDC. During the lengthy discussion which followed, Mr. Jarrett noted that this is a Planned Unit Development rather than a condominium project, and that there is some discrepancy between two land surveys which have been conducted, raising some question as to the exact location of the buildings. The discrepancies arising in the single family area of the project need to be resolved before any approval or denial can be determined for the multi-family segment. After further discussion, a motion was made and seconded and the "Combined Resolution of Interest and for Issuance of Commitment Letter re: Pinecrest (Williston)" was unanimously adopted as attached to these minutes.

Next, the "Mansfield—700 Riverside Avenue Burlington Commitment Letter Resolution" was reviewed by Mr. Koppelkam, as described in his memo of August 19 included in the Board packet. A permanent loan not to exceed $360,000 in tax exempt financing is proposed, to be used for the construction of two existing buildings in Burlington containing eight units. A brief discussion was followed by a motion and second to adopt the "Combined Resolution of Interest and for Issuance of Commitment Letter re: 700 Riverside Avenue as attached to these minutes. This motion was carried unanimously.

Mr. Falzone reviewed "A&A Realty Request for Financing Energy Improvements" as described in his memo of August 19, included in the Board packet. A discussion centered around the motivation for owners to pursue funding from utilities for energy improvements if the Agency is willing to provided funds from bonds issued. A motion was made, seconded and unanimously carried adopting the "Resolution of VHFA Authorizing Mortgage Loan for Rehabilitation for A&A Realty Limited Partnership and Declaration of Official Intent" as attached to these minutes, with the further understanding that the Executive Director must be satisfied that the owners have made a good faith effort to get funds for the energy improvements from the utility companies.

Pricing books and official statements for the most recent bond issue, Series 4, were made available to the Board by Mr. Schoenbeck, who noted that excellent pricing for this issue had been obtained by PaineWebber due to good market timing and aggressive marketing. The savings resulting from this issuance were put into new mortgages, with $5 million in HOUSE (Homeownership Opportunities Using Shared Equity) available starting at 5.95 per cent and approximately $8 million in new loans available at 7.45 per cent. According to Mr. Schoenbeck, conversion of 1990 Series 3 bonds in the amount of $42.5 million is under consideration by the staff, as well as $8 million from the Series 2 bonds which are currently at a higher interest rate. It is possible that these negotiations will result in a sale of bonds as early as October 15, with a closing to occur by November 2.

Mr. Schoenbeck then reminded the Board that Housing Vermont had been authorized to receive a $2 million bridge loan from the Agency in September of 1988. Currently, Housing Vermont is in need of a bridge loan of up to $1.5 million for equity funds which are going into VHCB-funded projects. Upon a motion duly made and seconded, the Board unanimously agreed to grant Housing Vermont a loan of $1.5 million until June of 1993. Following this motion, Mr. Seelig noted that several small loans which had been approved during the course of this meeting would previously have been made out of the General Fund. The Board agreed with Mr. Seelig's suggestion that a report be prepared for the October 1992 meeting reflecting which bond issues are being used for various funding, what funds are available to make mortgages at what corresponding rates, and any other pertinent information.

Mr. Jarrett then reviewed his memo of August 19 concerning "Energy and Rehabilitation Loans Utilizing Recycled Multi-Family Proceeds," and mentioned the Board that quarterly updates on any of these loans made would be made available to the Board. Mr. Seelig recommended that initially staff should expect the utility companies to provide at least 50 per cent of the cost of the energy conversion; the Board agreed with this recommendation. A motion was then made and seconded to amend the "Resolution Authorizing Small Energy and Rehabilitation Loans" so that the total amount of all loans made under this program would be $500,000; once that amount has been expended, the Board would need to review continuation or extension of the program. This motion was unanimously adopted as amended, and the amended Resolution is attached to these minutes.

Reviewing litigation matters related to the Agency, Mr. Jarrett reported that the matter concerning Allen Apartments has been settled successfully, with the general partner interest transferred to a newly formed corporation and $25,000 to be repaid to the development over the next three years by the limited partners, with these funds to be applied to the replacement reserve account. This settlement ends the dispute and the foreclosure complaint would be dismissed. No Board action was necessary. In an unrelated matter, Mr. Jarrett noted that the owner of several multi-family projects throughout Vermont has still not responded to a demand made several months ago for the return of funds. Again, no action was necessary.

Mr. Jarrett distributed a memo regarding "Twin Pines Housing Trust/Starlake Village" and explained that although the permit for the project is being appealed to the Vermont Supreme Court, the Agency has been requested to make the guaranty available. These funds would be at risk if an adverse decision were to be reached by the Court, but it may not be an unreasonable risk to take, as the probability of the project not being completed is remote. A motion was made to authorize the issuance of this guaranty despite the permit appeal; after being seconded, this motion was unanimously carried.

In other business, Mr. Hunt advised the Board that the annual meeting for Housing Vermont will be held prior to the next Board meeting. The Bylaws for Housing Vermont allow the Agency to select three members of the Housing Vermont Board this year. A motion was made, seconded and unanimously carried supporting Housing Vermont's recommendations that Les Seaver, Greg Burke and Jan Eastman be appointed to the Board. Mr. Hunt then noted that Housing Vermont has requested that, as a sustaining member, the Agency review the Bylaws for Housing Vermont. Ms. Drake and Mr. Seelig were appointed as a subcommittee to review the Bylaws with Mr. Hunt and make recommendations for revisions.

Mr. Hunt also informed the Board that the presence of asbestos has been confirmed in the New Avenue building located in St. Johnsbury. The cost for removal of the asbestos is expected to be $250,000, which would increase the overall loan amount for this project. Further details will be made available at the September Board meeting, when appropriate action will be recommended to the Board.

Continuing with other business, Mr. Hunt reminded the Board that the next "Gates" project would be the Westgate Apartments in Brattleboro. Although no formal Board action was necessary, Mr. Hunt wanted the Board to be aware that activity is beginning on this project.

The next meeting was scheduled for Thursday, September 24, in Montpelier. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 3:35 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY AUTHORIZING MORTGAGE LOAN FOR REHABILITATION FOR A&A REALTY LIMITED PARTNERSHIP AND DECLARATION OF OFFICIAL INTENT

WHEREAS, the staff has proposed entering into a preservation agreement with A&A Realty Limited Partnership substantially in the form attached hereto (the "Preservation Agreement"); and

WHEREAS, capitalized terms used herein have the same meaning as they have in the Preservation Agreement; and

WHEREAS, the Preservation Agreement provides for a mortgage loan (the "Supplementary Loan") to be made by the Agency for the purpose of rehabilitating a portion of the Property;

WHEREAS, IT IS HEREBY DETERMINED:

1. The Borrower is a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act").

2. The residential housing is primarily for occupancy by persons and families of low and moderate income;

3. The rehabilitation costs incurred or to be incurred by the Borrower for the Required Improvements are housing development costs within the meaning of the Act.

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

5. The Borrower will maintain the supply of well-planned, well-designed permanent housing for persons or families of low and moderate income and the Borrower is financially responsible; and,

WHEREAS, this resolution is intended as "official action" of the Agency within the meaning of Treas. Reg. 1.103-8(a)(5) under the Internal Revenue Code of 1986, as amended, toward the issuance of a portion of the New Money Bonds to fund the Supplementary Loan and as a "declaration of official intent" within the meaning of Treas. Reg. 1.103-18 under the Code and, to the extent of expenditures made by the Borrower after the date of adoption of this Resolution on account of the Required Improvements, the Agency reasonably expects either to reimburse the Borrower for such expenditures from the proceeds of the New Money Bonds disbursed under the Supplementary Loan or, if the Agency has disbursed proceeds of the Supplementary Loan to meet such expenditures prior to the issuance of the New Money Bonds, to reimburse itself for such disbursement from proceeds of the New Money Bonds.

IT IS THEREFORE RESOLVED:

1. The executive director in his discretion is authorized to enter into the Preservation Agreement, substantially in the form attached hereto.

2. The executive director is authorized to make the Supplementary Loan to the Borrower in principal amount not exceeding $127,000.00 and otherwise on the terms and conditions described in the Preservation Agreement.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

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

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: 700 RIVERSIDE AVENUE

WHEREAS, a proposal has been presented to the Agency by Scott Mansfield (who, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the construction of eight apartment units in two separate buildings to be constructed on approximately .40 acres of land located at 700 Riverside Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986 and a residential rental project within the meaning of IRS Regulation § 1.103-8(b); and

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

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

It is hereby DETERMINED:

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

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

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

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

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

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $360,000, for the 700 Riverside Avenue Development in Burlington.

2. The Commitment Letter shall be issued to Scott Mansfield.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be 25 years.

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

6. The Commitment Letter shall require as a condition that the Housing Sponsor provide evidence of the receipt of eight project-based Section 8 certificates.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

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

RESOLUTION OF INTEREST RE: ADDISON COUNTY COMMUNITY ACTION GROUP (VERGENNES) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Action Group (ACCAG) (together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing is a general partner, the "Housing Sponsor") involving the acquisition and rehabilitation of a building containing 9 residential units and two commercial units on approximately .22 acres on Main Street in Vergennes (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, the Housing Sponsor has received a commitment for a deferred payment loan of approximately $135,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Housing Sponsor has applied for a deferred payment loan of approximately $265,000 from federal HOME funds; and

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

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

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

2. The costs of acquisition and rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan (or a shared first mortgage position) for rehabilitation in an amount not to exceed $40,000, for the Main Street (Vergennes) Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed rehabilitation and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

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

RESOLUTION OF INTEREST RE: ADDISON COUNTY COMMUNITY ACTION GROUP (BRISTOL) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by the Addison County Community Action Group (ACCAG) (together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing is a general partner, the "Housing Sponsor") involving the rehabilitation of a 4 unit housing development and the construction of a fifth unit, on approximately .95 acres of land on River Street in Bristol (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986; and

WHEREAS, the Housing Sponsor has received a commitment for a deferred payment loan of approximately $75,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Housing Sponsor has applied for a deferred payment loan of approximately $45,000 from federal HOME funds; and

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

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act;

It is hereby DETERMINED:

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

2. The costs of rehabilitation and construction to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for rehabilitation and construction of a fifth unit, in an amount not to exceed $25,000, for the River Street (Bristol) Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditional upon the availability of funds to the Agency for such purpose, staff approval of plans and specifications for the proposed rehabilitation and construction and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

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

RESOLUTION OF INTEREST RE: CITY OF BURLINGTON LOAN PROGRAM

WHEREAS, the City of Burlington, through its Community and Economic Development Office ("CEDO"), has approached the Agency regarding a commitment of funds by the Agency for the purposes of financing rehabilitation for multi-family residential units located in the so-called Old North End of Burlington; and

WHEREAS, the City has available to it $500,000 in federal HOME funds and wishes to use funds from the Agency in conjunction with the HOME funds; and

WHEREAS, the City and several area banks and non-profit organizations are attempting to assist the revitalization of the Old North End; and

WHEREAS, the Agency has available to it recycled multi-family tax exempt bond proceeds within the 1977 Multi-family Bond Resolution.

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency is interested in pursuing a joint program with the City of Burlington to finance the rehabilitation of existing residential housing for persons and families of low and moderate income located in the Old North End of Burlington.

2. The Agency will consider dedicating up to $1,500,000 in recycled multi-family bond proceeds for this program. Requirements for loans under the program shall be formulated by staff and the City's representatives and reviewed by the Agency.

3. The Agency has the power to make such rehabilitation loans pursuant to 10 V.S.A. § 622(7), which requires a determination that: the loan is to be used primarily to make the housing more desirable to live in, to increase the market value of the housing, to comply with building, housing maintenance, fire, health or similar codes and standards applicable to housing, to accomplish energy conservation related improvements, or to insure independent living for persons who are handicapped or elderly. Rehabilitation loans may only be made when the Agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.

4. This Resolution is not a commitment to fund the program described herein or to commit funds in any manner. It is conditional upon the availability of funds to the Agency for the intended purpose, satisfactory agreement between the Agency and the City regarding the terms and structure of the proposed loans, and satisfaction of such further requirements as the Agency may establish.

5. The Executive Director is authorized to issue a letter of interest to the City of Burlington and to continue working with CEDO to develop a program to foster the rehabilitation of residential housing for persons and families of low and moderate income located in the Old North End of Burlington. The Letter of Interest may be used by the City in support of applications for other assistance for a rehabilitation program.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

Alle S Hunt

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

RESOLUTION AUTHORIZING SMALL ENERGY AND REHABILITATION LOANS

WHEREAS, the Agency has been approached by several owners of multi-family developments previously financed by the Agency, who have sought additional loans to perform energy improvements or rehabilitation needed to maintain the condition of the development, protect the health, safety and welfare of the residents, and maintain the security of the Agency's investment; and

WHEREAS, the Agency has previously made the findings required by 10 V.S.A. § 625; and

WHEREAS, in order to expedite the approval of such loans the Agency wishes to delegate to the Executive Director the right to authorize the making of small energy and rehabilitation loans;

WHEREFORE, it is hereby RESOLVED:

1. In order to protect the health, safety and welfare of the residents of residential housing financed by the Agency, and to maintain the security of the Agency's investments, the quality of multi-family developments in the Agency's portfolio must be maintained or enhanced.

2. The Agency should encourage the completion of improvements that are advantageous and necessary for the maintenance or improvement of the quality of the development, including, but not limited to, energy improvements and structural rehabilitation.

3. In order to expedite the accomplishment of energy improvements and necessary rehabilitation, the Executive Director is authorized, in his discretion, to approve future advances or additional loans to multi-family developments financed by the Agency in amounts not to exceed $75,000, using recycled multi-family bond proceeds bearing an interest rate between 8.25 and 8.50% per annum, inclusive, and a term not to exceed thirty years. The maximum amount of all such loans shall be $500,000, without further Board action. In addition, the Executive Director is authorized to execute all necessary documents and take all necessary actions to make such future advances or loans.

4. The Executive Director shall use his best efforts to secure utility contributions or matching of Agency advances for energy improvements.

5. The Executive Director shall advise the Board on a quarterly basis of advances and loans made under this authorization.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

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

COMBINED RESOLUTION OF INTEREST AND FOR ISSUANCE OF COMMITMENT LETTER RE: PINECREST (WILLISTON)

WHEREAS, a proposal has been presented to the Agency by Lake Champlain Housing Development Corp. (which, together with any subsidiary of the foregoing or any general or limited partnership in which one or more of the foregoing or a subsidiary thereof is a general partner, is the "Housing Sponsor") involving the acquisition of six newly-constructed apartment units in two separate buildings to be constructed on land located south of U.S. Route 2 in Williston (the "Development"); and

WHEREAS, the proposal contemplates that the Development will constitute "residential rental housing" within the meaning of section 142(d) of the Internal Revenue Code of 1986 and a residential rental project within the meaning of IRS Regulation § 1.103-8(b); and

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

WHEREAS, the Housing Sponsor has received a commitment for a deferred payment loan of approximately $15,000 from the Vermont Housing and Conservation Board; and

WHEREAS, the Housing Sponsor has received a commitment for a grant of approximately $148,000 from Community Development funds from the Town of Williston; and

WHEREAS, the Housing Sponsor has applied for a deferred payment loan of approximately $40,000 from federal HOME funds; and

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

It is hereby DETERMINED:

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

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

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise

and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

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

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

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and Commitment Letter (the "Commitment Letter") to provide a first mortgage for a permanent loan, in an amount to be determined by the Executive Director, but not to exceed $200,000, for Lake Champlain Housing Development Corp.'s Pinecrest Development in Williston.

2. The Commitment Letter shall be issued to Lake Champlain Housing Development Corp.

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

4. The Commitment Letter shall provide that the interest rate to be charged on the mortgage loan shall be as determined by the Agency, but shall not exceed 8.5% per annum. The Commitment Letter shall also provide that the loan term will be no more than 30 years.

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

6. The Commitment Letter shall require as a condition that the Housing Sponsor provide evidence of the receipt of four project-based Section 8 certificates.

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

8. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on August 26, 1992.

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

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Research Analyst
Hollis Hope, ~~Director of Communications~~

DATE: September 17, 1992

RE: VHFA Renter Housing Survey

A statewide renter survey was conducted in August to determine the potential market for VHFA single family programs and to assess the familiarity among renters with VHFA, especially in the southern Vermont counties of Bennington, Windham, and Windsor.

The following report is meant to summarize the results of the statewide renter survey. Further analysis of the data will be completed within the next two weeks for agency planning purposes and for external dissemination.

Highlights from the study include:

- The vast majority of Vermont renters of all income groups would like to own a home someday and half would like to own a residence today.
- Vermont renters face a number of obstacles in trying to buy a residence, most notably having enough money for a down payment and closing costs.
- About two-thirds of Vermont renters recognize the name "VHFA" or "Vermont Housing Finance Agency", with approximately 30% knowing what VHFA does.

Should you wish more information about the study, please do not hesitate to ask.

Thank you for your attention.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

Vermont Housing Finance Agency

Renter Housing Survey

Report for the VHFA Board of Commissioners

September, 1992

Prepared By:

Cathleen L. Gent
Research Analyst
Vermont Housing Finance Agency

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I. PROJECT OVERVIEW

In August, 1992, Vermont Housing Finance Agency (VHFA) conducted a telephone survey of renters in Vermont. The major goals of the survey were to:

- examine numerous homeownership issues for renters;
- determine the potential market for VHFA single family programs and multi-family development;
- assess the knowledge among renters about VHFA.

A second purpose of the survey was to assess whether differences exist in the "underserved" counties of Bennington, Windham, and Windsor when compared with the rest of Vermont with respect to attitudes toward homeownership and knowledge of VHFA.

The telephone interviewing, data entry, and computer computation were conducted on behalf of VHFA by Macro International of Burlington, Vermont. The data analyses were performed by the VHFA research analyst.

A total of 523 telephone interviews were completed, "over-sampling" the number of interview respondents in Bennington, Windham, and Windsor counties so that those counties could be analyzed separately with greater reduced sampling error, thereby increasing the statistical precision.

II. METHODOLOGY

A. Sample Design and Selection

Macro International interviewed a total of 523 respondents by telephone. The sample universe for the telephone survey consisted of rental Vermont households with telephones. The sample frame for the survey was constructed by using the number of rental households, according to the 1990 Census for the 14 Vermont counties. Every household within this universe had an equal chance of selection for the survey. A Random Digit Dialing (RDD) sample frame was used to conduct the research, because an RDD sample provides coverage of unlisted or newly listed telephone numbers.

The sample was stratified by Vermont's fourteen counties. In each county, Macro organized all working blocks (e.q. 245-54XX) of 100 numbers using an on-line database of all working blocks in Vermont. The sample for the county was then selected from the working blocks so that the probability of selecting a number in a working block was proportional to the population.

In summary, the statewide sample is proportional to the size of renters in each Vermont county, and within each county, the sample is proportional to the geographic distribution of the county's population.

B. Fielding the Survey

Macro conducted all of the interviews between August 7, 1992 and August 17, 1992. The majority of the interviews were conducted between the hours of 5:00 p.m. and 9:00 p.m. Sunday through Friday. Saturday interviews were conducted between the hours of 11:00 a.m. and 5:00 p.m. To ensure proper representation of most major rental groups, approximately ten percent of the interviews were also conducted between the hours of 9:00 a.m. and 5:00 p.m. on weekdays. At the beginning of each survey, interviewers screened potential respondents to ensure they were 18 years of age or older, were year-round Vermont residents, and lived in rental housing.

C. Accuracy of the Results

Macro interviewers attempted 5,475 phone numbers. From this database, Macro interviewers completed 523 interviews. Accounting for various final call dispositions including business numbers, non-working numbers and households that did not meet the eligibility criteria, the standard response rate was 58.8 percent. Total responses were representative of each county's rental household population (18 years of age and older).

The accuracy of the random sample telephone survey depends on the size of sample of individuals interviewed. By conducting 400 interviews in the statewide estimate, the margin of error is $\pm$ 4.9 percent at a 95% confidence interval. Error margins for the oversample of Bennington, Windham and Windsor counties is $\pm$ 6.86, also at a 95% confidence interval. However, the margin of error associated with any given item in the survey increases when questions are examined in greater detail such as in crosstabulations.

III. SUMMARY OF STUDY FINDINGS

Despite a lagging economy and the numerous obstacles encountered in attempting to obtain homeownership, Vermont renter households view homeownership very positively. The results of the renter survey demonstrate that a strong potential market exists for VHFA single family programs.

While homeownership is desirable, it may not be possible for a large number of Vermont renter households. Nearly half of the households interviewed in this survey indicated household incomes of under $20,000. In general, these households would not be able to purchase homes under any affordable financing programs. Thus, VHFA should continue to provide affordable financing to facilitate the development and preservation of rental housing for lower-income households who, by choice or necessity, will remain in rental housing.

The VHFA renter housing survey revealed a number of trends related to attitudes toward homeownership, barriers to purchasing a home, the level of interest in special housing programs, and knowledge of VHFA.

Attitudes Toward Homeownership

The vast majority (80%) of Vermont renters would like to own their homes someday, and half would like to own a home today. Renters in southern Vermont seem especially interested in homeownership, with almost 60 percent ready to own a residence today. Renters of all income groups would like to own single family detached dwellings (80%), although renters with household incomes under $20,000 were slightly less positive about the importance of homeownership than the middle and higher income groups, perhaps because their prospects for purchasing a residence are less bright.

Barriers to Purchasing a Home

Vermont renters face a number of obstacles in trying to buy a residence, most notably financial-based difficulties. The lack of money for down payment and closing costs is the major problem for 59% of respondents in the $20,000 to $40,000 income group, which is targeted by VHFA's single family programs. Households with incomes under $20,000 face multiple problems, including the lack of money for down payment and closing costs (63%), insufficient income to meet monthly mortgage, tax, and insurance payments (57%), knowing the steps in buying (38%), and having a good credit record (36%).

Interest in Special Housing Programs

Interest was relatively strong in concepts which can make housing more affordable. One-half of Vermont renters indicated they would buy a house through shared equity if that were the only way they could afford the house.

Similarly, a majority (60%) of Vermont renters would be willing to pay $200 or less to determine the ways to improve an energy inefficient house they would like to purchase and would be willing to borrow more money in a mortgage to make energy improvements in their homes. However, renters with household incomes under $20,000 expressed less willingness (66% compared to 77% for higher income groups) to borrow more money in a mortgage to make energy improvements in their homes. It should be noted that the cost for completing an energy audit through Energy Rated Homes of Vermont is currently at least $250. Based on the survey results, it appears that most renters would be unwilling to spend that amount to perform an energy audit.

Knowledge of VHFA

About two-thirds of Vermont renters recognize the name "VHFA" or "Vermont Housing Finance Agency", with approximately 30% knowing VHFA's purpose. VHFA was named by more respondents (29%) than any other affordable housing program. The percentage of households which had heard of VHFA was highest (70%) among the $20,000 to $40,000 income group, which is targeted by VHFA single family programs.

VHFA name recognition and Agency function were lower in the southern part of Vermont than the rest of the state (51% compared with 67%). Southern Vermont renters were also less likely to know the function of the Agency, with 57% of those who recognized the name saying they did not know the function, compared with 47% of renters in the rest of Vermont. For southern Vermont residents who had heard of VHFA, their source of information was primarily through personal contacts with friends, bankers, and realtors.

IV. STUDY GENERAL FINDINGS

The statewide survey revealed numerous trends regarding renter households, their attitudes toward homeownership, and their familiarity with VHFA. The analyses for statewide estimates is based upon an unweighted total of 523 survey responses, which were weighted to 400 answers to reflect a statewide population distribution.

A. Attitudes Toward Homeownership and Related Experience

- More than one-third (34.9%) of Vermont renter households contain one or more adults who have owned a residence before. Nearly 40 percent (38.0%) of the individuals in those households sold their residences prior to 1984. The primary reasons for selling a residence were: divorce (25.6%); relocated for a new job (15.9%); did not actually sell or still own residence (14.9%); could not afford the residence anymore (14.6%).

With respect to current attitudes and activities toward acquiring homeownership among renter households, it can be noted that:

- Approximately 15% of Vermont renter households are shopping to buy a residence now and an equal number (14%) have talked with a realtor or banker in the last 3 months about buying a residence.

Vermont renter households view homeownership very positively. For instance:

- Almost 43% consider owning a residence to be "very important". On the other hand, 31% consider ownership "not important".
- Only 16% of renters indicated that they would always rather rent than own. Conversely, 83% would like to own a residence someday, although almost one-half (44.1%) are not ready to own a residence today.
- A large percentage (81%) think that owning a residence is not too much work.
- When asked what kind of housing they would most like, the large majority of Vermont renters indicated a preference for a single family detached dwelling (80%), followed by a town house or condominium (6.2%), a mobile home (5.9%), and an apartment (5.8%).

When thinking of their own circumstances, Vermont renter households perceived a number of barriers to homeownership, primarily related to financial concerns. "Major" obstacles in trying to buy a residence include: having enough money for a down payment and closing costs (57.9%); having enough income to meet monthly mortgage, tax, and insurance payments (41.8%); ability to find an affordable residence in area person likes (36.8%); knowing the steps involved in buying a residence (28.8%); a good enough credit record to get a mortgage (26.8%); confidence about job security (24.5%); and uncertainty about plans to stay in an area (15.1%).

B. Interest in Special Housing Programs

The survey included several questions designed to determine Vermont renters' relative interest in two concepts which can make housing more affordable. First, the concept of shared equity was examined. Second, respondents were asked about their interest in the use of energy ratings and energy improvements through mortgage payments. The survey revealed that:

- Almost one-half (49.1%) of Vermont renters answered "yes" to the question, "If you could afford to get a home ONLY with some type of financial assistance, would you buy if you got less of a profit on the house when you sell?" On the other hand, almost 20% were unsure whether they were interested, suggesting the concept of shared equity may not be well understood.
- Approximately 60% (59.4%) of Vermont renters would be willing to pay $200 or less to find out the most cost efficient improvements for a residence they would like to purchase which was not energy efficient. More than two-thirds (67.5%) of the respondents indicated they would be willing to borrow more money in a mortgage to make energy improvements in their homes.

C. Knowledge of VHFA

The general name recognition of Vermont Housing Finance Agency (or VHFA) among renters statewide was rather strong, although its function was not widely known. This might be expected, given that VHFA serves lower income households interested in homeownership, not all renter households. Nonetheless, the survey did show that some name recognition of VHFA and understanding of VHFA's efforts exist.

- Almost two-thirds (66.5%) of respondents did not have an answer when asked (without a prompt) to name any programs which help first time home buyers or lower-income Vermonters who want to purchase a home. However, of those who did have a response, VHFA was named by almost 40% (36.9%) of the respondents, followed by Federal Housing Administration (22.4%), Farmers Home Administration (15.9%), and by the Veterans Administration (6.0%).
- When asked specifically if they had heard of VHFA, 63% of the respondents said "yes". On the other hand, when asked what they knew about VHFA, one-third (33.8%) knew VHFA provides loans (at reduced rates) to low-income persons to buy homes.

For renters who have heard about the Agency, the sources for knowing about VHFA were as follows: family and friends (39.1%), newspaper ads (28.6%), TV ads (12.6%), a real estate agent (8.8%), radio ads (7.5%), banker (5.0%), etc.

D. Demographic and Socio-economic Characteristics

- The largest concentration of renters (41%) have lived in their present housing for two years or more. Conversely, almost one-quarter have lived in their housing for less than 6 months.
- A small percentage of Vermont renters (7%) have moved to Vermont or to different counties in the last six months as the result of job relocation.
- A large proportion of renter households consists of non-married households, whether single (36.9%), divorced or separated (20.3%), or widowed (8.1%). Only one-third (33.7%) of the survey households included married members.
- The average renter household size was 2.42 persons. Twenty-seven percent of the renter households had one member (single adult).
- The average rent paid was $433.67. The cost of heat and/or utilities was included in rent for nearly 40 percent (36.8%) of the surveyed households.
- Approximately 50% (46.7%) of the renter households (for which income was determined) had household incomes of $20,000 or less. Forty percent of the households had incomes between $20,000 and $40,000, which would generally qualify them for VHFA single family programs. Approximately 12% of the renter households had incomes of $40,000 or more.

V. STUDY FINDINGS BY INCOME

VHFA serves lower income households through its single family programs and multi-family development. For this reason, the survey results were analyzed on the basis of three income categories, "Under $20,000," "$20,000 to $40,000," and "Over $40,000." Households earning under $20,000 would generally remain in rental housing, those in the $20,000 to $40,000 range would generally be eligible for VHFA single family programs, and households earning over $40,000 would not generally be eligible for any VHFA programs. By creating these categories, trends might reveal important differences among the income groups. Because the number of survey respondents was greatest in the "Under $20,000" category, their relative weighting of percentages in the General Study Findings can be minimized by analyzing the groups separately.

In general, the trends by income were quite similar to the general trends described in the previous section. The following discussion highlights only those trends in which differences among income groups exist. If the trends do not differ significantly, the General Study Findings (previous section) are sufficient to describe the trends for all income groups.

It should be noted that, because the margin of error increases for these crosstabulations, the amount of precision in the results decreases. Also, the total number of weighted cases in this analysis is 361, not 400, due to the refusal of 39 respondents to provide household income information.

A. Attitudes Toward Homeownership and Related Experience

Not surprisingly, households with incomes of $40,000 or more were more likely to have owned a residence previously, to be shopping to buy a residence now, and to have met with a realtor or banker in the last 3 months.

With respect to a number of attitudinal questions, households with incomes under $20,000 were more likely to view homeownership slightly less positively, although the differences may not be statistically significant. While the survey did not investigate the reasons why respondents held opinions, the lower "enthusiasm" for home purchasing by the lowest income group may be because they do not believe they can purchase a residence. For instance:

- Although they generally perceived it as "important", the lower income group was more likely to view owning a residence as "not important";
- They were more likely to say they would always rather rent than own and to believe that owning a residence is too much work;
- The "Under $20,000" income group was less likely to want to own a residence either someday or today.

Like the "$20,000 to $40,000" and the "Over $40,000" income groups, the survey respondents with incomes "Under $20,000" greatly prefer single family detached dwellings. However, a small number of respondents in the lowest income group did indicate a preference to live in apartments and mobile homes.

With respect to perceived obstacles, the lowest income respondents were more likely to see most of the problems as "major", in particular, having enough money for a down payment and closing costs (63% of respondents), having enough income to meet monthly mortgage, tax and insurance payments (57% of respondents), knowing the steps in buying (38% of respondents), and a good credit record (36% of respondents). For the renters in the "$20,000 to $40,000" household income group, having enough money for a down payment and closing costs was the primary "major" problem cited (by 59% of the respondents). Other "major" problems for the "$20,000 to $40,000" income group were the ability to find an affordable residence in a desirable area (36% of the respondents) and having enough income to meet monthly mortgage, tax, and insurance payments (32%).

Conversely, the households with incomes over $40,000 were less likely to be concerned about having enough money for a down payment and closing costs. However, they were more likely to be uncertain about plans to stay in the area (24% of respondents), which may be a minor factor in why these households are renters.

B. Interest in Special Housing Programs

Although all groups are generally willing to spend some amount under $200 to know what energy improvements could be made to a house, the respondents in the "Under $20,000" category were not as willing to borrow more money in a mortgage to make energy improvements for their home.

C. Knowledge of VHFA

The lower "Under $20,000" income category respondents were not as likely to know of affordable housing programs generally. VHFA was recognized by name and function most often by respondents in the "$20,000 to $40,000", followed by renters in the "Over $40,000" category with similar distributions. Also, lower income respondents were more likely to know about the Federal Housing Administration (FHA).

D. Demographic and Socio-economic Characteristics

The three income groups varied somewhat in their demographic and socio-economic characteristics.

- Households in the over $40,000 income group were slightly more likely to have moved to Vermont or to a different Vermont county as a result of a job change.
- Households earning under $20,000 were more likely to have lived in their current residence for two years or more.
- Households earning over $40,000 were more likely to have married members and have a larger household size. Those renters with household incomes under $20,000 were the least likely to have married members.
- Not surprisingly, the average rent amounts correspond with income, with the "Under $20,000" income group paying the lowest average rent; the "$20,000 to $40,000" income group paying the middle range average rent; and the "Over $40,000" income group paying the highest average rent.

VI. STUDY FINDINGS FOR SOUTHERN VERMONT

One purpose of the renter study was to assess whether differences exist in the VHFA target counties of Bennington, Windham, and Windsor when compared with the rest of Vermont with respect to attitudes toward homeownership and knowledge of VHFA.

Although, as has been stated, the margin of error increases for crosstabulations, additional telephone calls were made in the three southern Vermont counties which resulted in a margin of error of approximately 7%.

In general, the trends comparing southern Vermont counties with the rest of Vermont were quite similar to the general trends described in Section IV, General Study Findings. The following discussion highlights only those trends that show differences in southern Vermont compared with the rest of Vermont.

A. Attitudes Toward Homeownership and Related Experience

A few differences with respect to homeownership were noted comparing the three southern Vermont counties with the rest of Vermont. For instance, renter households in Bennington, Windham, and Windsor counties were slightly more likely (40% of respondents) to have owned a residence previously. They were slightly more likely to be shopping for house now (22%) and to have talked with a realtor or banker in the last three months (18%).

Major obstacles to homeownership were very similar to statewide patterns for the three southern Vermont counties. The only difference was a greater concern among renters about the ability to find affordable residence in desired area (42% of respondents). This study finding is consistent with published data which show that house prices are greater in southern Vermont.

Renters in Bennington, Windham, and Windsor counties appeared even more positive about homeownership than renters in other parts of Vermont. For instance, they indicated slightly more dissatisfaction with always renting (13% compared with 17% of respondents), did not believe that owning a home is too much work (14% of respondents), and appear ready to own a home today (57% of respondents).

With respect to the type of residence preferred, renters in southern Vermont were very strong in their desire for single family detached units (86% compared with 77% of respondents).

B. Knowledge of VHFA

Knowledge of VHFA appeared less often in Bennington, Windham, and Windsor counties when compared with the rest of Vermont. For instance, southern Vermont renters were slightly less likely to mention VHFA as a program designed to help first time or lower income home buyers (33% compared with 38%), although VHFA was mentioned more than any other source. Farmers Home ranked second, which was named by 24% of the respondents who knew of any affordable housing programs. In total, 51% of renters in southern Vermont had heard of VHFA, compared with 67% in the rest of the state.

In terms of how they had heard of VHFA, southern Vermont county respondents tended to have heard about the Agency through family/friends, real estate agents, and bankers and less through media ads when compared with the rest of the state. Similarly, southern Vermont respondents were less likely to know the function of VHFA, with 57% of those who recognized the name saying they did not know the function of VHFA (compared with 47% of renters in the rest of Vermont).

C. Demographic and Socio-economic Characteristics

Few differences existed with respect to demographic and socio-economic characteristics in Bennington, Windham, and Windsor counties when compared with the rest of Vermont. However, renter households in southern Vermont counties were slightly more likely to include married members (38% compared with 32%). They also paid slightly higher rents ($446 per month compared with $429), although the income distributions were similar.

The slight tendency for Bennington, Windham, and Windsor counties to have households with married persons may be related to their relatively higher interest in homeownership generally.

MOVE PROGRAM 90A

STATISTICAL REPORT PROGRAM ID: 90A Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 09/16/92
Loan Status: CC,UC,O

Total Number of Loans: 10
Total Loan Amount: $643,330

EXISTING:	$643,330	100.0%	10 Loans
NEW CONSTRUCTION:	$0	0.0%	0 Loans
NEW DETACHED HOUSING:	$0	0.0%	0 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$4,269,351	56.1%	66 Loans (Est.)

Total Insured or Guaranteed Loans: 10
Loans Guaranteed by VHMGB: 10

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$66,845	$82,200	$69,916
Avg. Loan Amount	$62,421	$71,977	$64,333
Avg. Borrower Income	$27,151	$33,576	$28,436
Avg. Housing Debt-Income Ratio	26.3%	25.0%	26.1%
Avg. Total Debt	$836.87	$844.50	$838.40
Avg. Total Debt-Income Ratio	37.3%	30.0%	35.9%
Total No. of Loans	8	2	10
% of Total Loan Amount	77.6%	22.4%	100.0%
First Time Homebuyers	87.5%	100.0%	90.0%
% Meeting Low Income Set Aside	37.5%	0.0%	30.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	2	20.0%	$143,955	16,000	18.2%	1.8
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	2	20.0%	$85,500	6,000	6.8%	13.2
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	2	20.0%	$132,000	3,300	3.8%	16.2
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	2	20.0%	$144,125	10,000	11.4%	8.6
Washington	2	20.0%	$137,750	9,000	10.3%	9.7
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	10	100.0%	$643,330	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MORTGAGE CREDIT CERTIFICATE PROGRAM #5

STATISTICAL REPORT PROGRAM ID: MC5 Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 09/16/92
Loan Status: CC,UC,O

Total Number of Loans:	189
Total Loan Amount:	$14,339,337

EXISTING:	$10,942,546	78.3%	148 Loans
NEW CONSTRUCTION:	$3,396,791	21.6%	41 Loans
NEW DETACHED HOUSING:	$2,036,714	59.9%	25 Loans
NEW CONDOMINIUM:	$1,360,077	40.0%	16 Loans
Funds Remaining to be Reserved:	$26,450,103	56.1%	348 Loans (Est.)

Total Insured or Guaranteed Loans:	0
Loans Guaranteed by VHMGB:	0

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$80,859	$86,099	$82,966
Avg. Loan Amount	$73,795	$78,952	$75,869
Avg. Borrower Income	$0	$3,789	$1,523
Avg. Housing Debt-Income Ratio	0.0%	0.0%	0.0%
Avg. Total Debt	$0.00	$0.00	$0.00
Avg. Total Debt-Income Ratio	0.0%	0.0%	0.0%
Total No. of Loans	113	76	189
% of Total Loan Amount	58.2%	41.8%	100.0%
First Time Homebuyers	93.8%	100.0%	96.2%
% Meeting Low Income Set Aside	100.0%	98.6%	99.4%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	2	1.1%	$116,325	5,000	5.7%	4.6-
Bennington	2	1.1%	$148,100	6,300	7.2%	6.1-
Caledonia	5	2.6%	$311,370	4,800	5.5%	2.9-
Chittenden	66	35.0%	$5,362,828	16,000	18.2%	16.8
Essex	1	0.5%	$58,000	1,300	1.4%	0.9-
Franklin	24	12.7%	$1,834,604	6,000	6.8%	5.9
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	7	3.7%	$512,018	3,300	3.8%	0.1-
Orange	10	5.3%	$714,853	4,300	4.9%	0.4
Orleans	4	2.1%	$231,100	4,200	4.8%	2.7-
Rutland	18	9.5%	$1,449,112	10,000	11.4%	1.9-
Washington	39	20.6%	$2,840,205	9,000	10.3%	10.3
Windham	5	2.6%	$387,650	7,100	8.1%	5.5-
Windsor	6	3.2%	$373,172	9,600	11.0%	7.8-
TOTAL	189	100.0%	$14,339,337	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

MOVE PROGRAM 90A

AS OF: 09/16/92
PAGE NO. 1

Vermont Housing Finance Agency
90A - $7,600,000 MORTGAGE PURCHASE PROGRAM-MOVE
Status Report (with percent of pool proceeds approved)
Rate : 7.950%
Date : 09/16/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$475,425	6.2%	$144,125	1.8%	$0	$144,125	30.3%
Chittenden Bank		$286,045	3.7%	$0	0.0%	$0	$0	0.0%
Citizens Savings Bank and Trust		$105,400	1.3%	$0	0.0%	$0	$0	0.0%
Community National Bank		$212,354	2.7%	$0	0.0%	$0	$0	0.0%
Factory Point National Bank, The		$47,500	0.6%	$0	0.0%	$0	$0	0.0%
Franklin-Lamoille Bank		$49,875	0.6%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company		$47,500	0.6%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$148,955	1.9%	$78,755	1.0%	$0	$78,755	52.8%
Mortgage Service Center of New England		$55,000	0.7%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$135,150	1.7%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank		$146,075	1.9%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$247,475	3.2%	$0	0.0%	$0	$0	0.0%
Summit Financial Center, Inc.		$56,050	0.7%	$56,050	0.7%	$0	$56,050	100.0%
Union Bank		$132,000	1.7%	$132,000	1.7%	$0	$132,000	100.0%
Vermont Federal Bank, FSB		$453,520	5.9%	$146,900	1.9%	$0	$146,900	32.3%
Vermont Mortgage Group, Inc		$342,475	4.5%	$85,500	1.1%	$0	$85,500	24.9%
Vermont National Bank		$265,000	3.4%	$0	0.0%	$0	$0	0.0%
Wells River Savings Bank		$124,850	1.6%	$0	0.0%	$0	$0	0.0%
TOTALS	55 Loans	$3,330,649	43.8%	$643,330	8.4%	$0	$643,330	19.3%

MORTGAGE CREDIT CERTIFICATE

PROGRAM #5

AS OF: 09/16/92
PAGE NO. 1

Vermont Housing Finance Agency
MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 09/16/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$5,534,375	11.7%	$2,864,320	6.0%	$1,005,895	$1,858,425	33.5%
Chittenden Bank		$3,005,355	6.3%	$2,085,060	4.4%	$884,630	$1,200,430	39.9%
Commonwealth Mortgage Company, Inc		$71,250	0.1%	$71,250	0.1%	$71,250	$0	0.0%
Franklin-Lamoille Bank		$360,500	0.7%	$360,500	0.7%	$108,750	$251,750	69.8%
Marble Bank		$236,625	0.5%	$148,750	0.3%	$148,750	$0	0.0%
Merchants Bank, The		$1,395,822	2.9%	$952,412	2.0%	$450,760	$501,652	35.9%
Northfield Savings Bank		$134,000	0.2%	$134,000	0.2%	$134,000	$0	0.0%
Passumpsic Savings Bank		$159,500	0.3%	$65,000	0.1%	$0	$65,000	40.7%
Statewide Funding Corporation		$3,505,477	7.4%	$2,592,580	5.5%	$959,937	$1,632,643	46.5%
Summit Financial Center, Inc.		$1,779,913	3.7%	$1,507,755	3.2%	$935,914	$571,841	32.1%
Vermont Federal Bank, FSB		$1,292,725	2.7%	$1,206,775	2.5%	$868,925	$337,850	26.1%
Vermont Mortgage Group, Inc		$1,720,470	3.6%	$1,165,420	2.4%	$187,450	$977,970	56.8%
Vermont National Bank		$1,440,415	3.0%	$1,185,515	2.5%	$348,975	$836,540	58.0%
TOTALS	269 Loans	$20,636,427	43.8%	$14,339,337	30.4%	$6,105,236	$8,234,101	39.9%

STATISTICAL PROGRAM COMPARISON IDs: 901, 902
SINGLE FAMILY DATABASE
LTV 0% TO 100%
Effective for 01/01/90 thru 08/31/92
Loan Status: C,O,P,D

	901	902
Total Number of Loans:	236	208
Total Loan Amount:	$15,765,184	$13,438,928

	901		902	
EXISTING:	$12,166,195	185 Loans	$12,010,503	187 Loans
NEW CONSTRUCTION:	$3,598,989	51 Loans	$1,428,425	21 Loans
NEW DETACHED HOUSING:	$3,084,989	44 Loans	$514,406	8 Loans
NEW CONDOMINIUM:	$514,000	7 Loans	$914,019	13 Loans

	901	902
Total Insured or Guaranteed Loans:	225	195
Loans Guaranteed by VHMGB:	223	195

	901 STATEWIDE	902 STATEWIDE
Avg. Purchase Price	$71,863	$69,619
Avg. Loan Amount	$66,801	$64,610
Avg. Borrower Income	$28,943	$27,834
Avg. Housing Debt-Income Ratio	27.8%	27.0%
Avg. Total Debt	$853.16	$793.32
Avg. Total Debt-Income Ratio	35.5%	34.6%
Total No. of Loans	236	208
First Time Homebuyers	90.6%	94.2%
% Meeting Low Income Set Aside	33.8%	43.7%

	901		902		
	Loans	% of Loans	Loans	% of Loans	% of Hshlds
Addison	13	5.5%	13	6.3%	5.8%
Bennington	5	2.1%	9	4.3%	7.0%
Caledonia	23	9.7%	25	12.0%	5.8%
Chittenden	57	24.4%	58	28.1%	18.6%
Essex	10	4.2%	3	1.4%	1.2%
Franklin	25	10.6%	14	6.7%	7.0%
Grand Isle	3	1.3%	0	0.0%	1.2%
Lamoille	10	4.2%	12	5.8%	3.5%
Orange	10	4.2%	10	4.8%	4.7%
Orleans	10	4.2%	9	4.3%	4.7%
Rutland	23	9.7%	19	9.1%	11.6%
Washington	31	13.1%	18	8.7%	10.5%
Windham	7	3.0%	5	2.4%	8.1%
Windsor	9	3.8%	13	6.3%	10.5%
TOTAL	236	100.0%	208	100.0%	100.0%

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1989 Sourcebook of County Demographics

AS OF: 09/16/92
PAGE NO. 1

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 08/31/92

Report: 1261
DELR07B

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	365	7	1.92%	2	0.55%	2	0.55%	11	3.01%	0	0	0.00%	0	0.00%	11	3.01%
Bennington Coop Savings & Loan Assn Inc	56	0	0.00%	0	0.00%	1	1.79%	1	1.79%	0	0	0.00%	0	0.00%	1	1.79%
Bradford National Bank	50	2	4.00%	0	0.00%	1	2.00%	3	6.00%	0	0	0.00%	0	0.00%	3	6.00%
Caledonia National Bank of Danville, Th	118	8	6.78%	1	0.85%	0	0.00%	9	7.63%	0	1	0.85%	1	0.85%	11	9.32%
Chittenden Trust Company	1,002	56	5.59%	11	1.10%	7	0.70%	74	7.39%	0	2	0.20%	3	0.30%	79	7.88%
Citizens Savings Bank	31	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0	0.00%	0	0.00%	2	6.45%
Comfed Mortgage Co., Inc.	12	1	8.33%	0	0.00%	0	0.00%	1	8.33%	0	0	0.00%	0	0.00%	1	8.33%
Commonwealth Mortgage Company, Inc	23	2	8.70%	0	0.00%	0	0.00%	2	8.70%	0	0	0.00%	0	0.00%	2	8.70%
Community National Bank	155	7	4.52%	0	0.00%	1	0.65%	8	5.16%	0	0	0.00%	3	1.94%	11	7.10%
Factory Point National Bank, The	26	2	7.69%	0	0.00%	0	0.00%	2	7.69%	0	0	0.00%	0	0.00%	2	7.69%
First Brandon National Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Twin-state Bank	139	7	5.04%	1	0.72%	0	0.00%	8	5.76%	0	0	0.00%	0	0.00%	8	5.76%
Franklin-Lamoille Bank	186	11	5.91%	0	0.00%	2	1.08%	13	6.99%	0	0	0.00%	0	0.00%	13	6.99%
Granite Savings Bank and Trust Company	33	2	6.06%	0	0.00%	1	3.03%	3	9.09%	0	0	0.00%	0	0.00%	3	9.09%
Green Mountain Bank	23	1	4.35%	0	0.00%	0	0.00%	1	4.35%	0	0	0.00%	0	0.00%	1	4.35%
Lomas & Nettleton Company, The	19	1	5.26%	0	0.00%	0	0.00%	1	5.26%	0	0	0.00%	0	0.00%	1	5.26%
Lyndonville Savings Bank & Trust Compan	52	2	3.85%	0	0.00%	0	0.00%	2	3.85%	0	0	0.00%	1	1.92%	3	5.77%
Marble Bank	223	10	4.48%	1	0.45%	0	0.00%	11	4.93%	0	0	0.00%	1	0.45%	12	5.38%
Merchants Bank, The	294	14	4.76%	3	1.02%	3	1.02%	20	6.80%	0	0	0.00%	0	0.00%	20	6.80%
Mortgage Service Center of New England	39	2	5.13%	1	2.56%	2	5.13%	5	12.82%	0	0	0.00%	0	0.00%	5	12.82%
National Bank of Middlebury, The	68	1	1.47%	0	0.00%	1	1.47%	2	2.94%	0	0	0.00%	0	0.00%	2	2.94%
New England IBM Employees Fed Crdt Unio	69	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	117	7	5.98%	1	0.85%	2	1.71%	10	8.55%	0	0	0.00%	0	0.00%	10	8.55%
Passumpsic Savings Bank	176	7	3.98%	0	0.00%	0	0.00%	7	3.98%	0	0	0.00%	3	1.70%	10	5.68%
Peoples Trust Company of St Albans	151	6	3.97%	3	1.99%	0	0.00%	9	5.96%	0	0	0.00%	0	0.00%	9	5.96%
Proctor Bank	102	3	2.94%	0	0.00%	1	0.98%	4	3.92%	0	0	0.00%	0	0.00%	4	3.92%
Randolph National Bank	66	1	1.52%	1	1.52%	0	0.00%	2	3.03%	0	0	0.00%	0	0.00%	2	3.03%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	85	4	4.71%	0	0.00%	2	2.35%	6	7.06%	0	0	0.00%	0	0.00%	6	7.06%
Union Bank	156	7	4.49%	0	0.00%	0	0.00%	7	4.49%	0	0	0.00%	1	0.64%	8	5.13%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	896	41	4.58%	12	1.34%	6	0.67%	59	6.58%	0	2	0.22%	3	0.33%	64	7.14%
Vermont Mortgage Group, Inc	701	37	5.28%	7	1.00%	8	1.14%	52	7.42%	0	0	0.00%	7	1.00%	59	8.42%
Vermont National Bank	502	16	3.19%	0	0.00%	1	0.20%	17	3.39%	0	1	0.20%	1	0.20%	19	3.78%
Wells River Savings Bank	26	3	11.54%	1	3.85%	1	3.85%	5	19.23%	0	0	0.00%	0	0.00%	5	19.23%
Woodstock National Bank	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	5,986	270	4.51%	45	0.75%	42	0.70%	357	5.96%	0	6	0.10%	24	0.40%	387	6.47%
July 31, 1992	5,972	226	3.78%	41	0.69%	40	0.67%	307	5.14%	0	6	0.10%	24	0.40%	337	5.64%

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS

DATE: SEPTEMBER 18, 1992

RE: ENERGY RATED HOMES OF VERMONT (ERH) RATING FEE COLLECTION INITIATIVE

BACKGROUND

In several recent discussions with lenders and realtors active in the Energy Efficient Mortgage (EEM) concept, one element that is consistently mentioned as being a constraint on the use of the EEM is the fact that the energy rating fee that a borrower must pay is presently being collected at time of mortgage application. This fee can range from $250 to $400 depending on whether the lender is a member in ERH. When collected at the time of mortgage application the rating fee becomes another up front cost which discourages usage of the EEM.

DISCUSSION

It is the opinion of these lenders and realtors that if this fee could be paid at closing rather than at mortgage application, more borrowers would take advantage of the EEM. If this remedy were to be implemented, but the loan never closed, someone would be responsible for paying the rating fee.

One suggestion made to test the above theory would be for VHFA to allow potential borrowers under MOVE and HOUSE to pay the rating fee at closing. Under this initiative the originating lender would advance the funds for the payment of the energy rating fee prior to the closing. If the mortgage loan did not close then VHFA would reimburse the lender for the rating fee. Based on the discussions mentioned above the number of borrowers not reaching closing after pre-qualification for mortgage financing is small.

This strategy would require that lenders wishing to participate in this pilot initiative would sign an agreement, acceptable to VHFA, outlining a.) the level of pre-qualification of the borrower that the lender would perform prior to advancing the rating fee, b,) the fact that the ERH rating fee would be collected from the borrower at closing, irrespective of whether the mortgage loan is purchased by VHFA and, c.) what the requirements would be to request payment from VHFA. In addition the agreement would have a 30 day cancellation clause for both parties. This agreement should keep VHFA exposure to a reasonable level.

A time limit for the initial trial of this approach would be established to (1) control VHFA exposure and (2) allow changes to make it more productive.

RECOMMENDATION

Staff recommends that the Board approve the initiative as outlined above for a trial period of not less than twelve months with a report being made periodically to the Board.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: JAMES GANDINI, DATA PROCESSING MANAGER

DATE: SEPTEMBER 18, 1992

RE: VHFA COMPUTER SEARCH UPDATE

BACKGROUND

In May, the Board authorized the Agency staff to complete the computer solution search and enter into contract negotiations with the vendor selected to implement the chosen solution. After a vendor was selected, the Agency (General Counsel Glenn Jarrett, Doug Lothrop, and myself) and the selected vendor, RCI (Retail Concepts, Inc., of Saginaw, MI), entered into contract negotiations. As a result of these negotiations, a favorable contract was drafted with RCI providing software as well as installation, conversion, and support services to the Agency.

This solution will provide the Agency with a new, fully operational software system to replace the existing system used by the Agency and VHMGB, while preserving the existing data base. This will be an Integrated Mortgage Loan Accounting System including modules for Underwriting, Cash and Investment Management, General Ledger, Disclosure Reporting and Accounts Payable. RCI agrees to deliver, install, modify, and test these systems, to convert the existing data base to the new system, to train Agency personnel in the use of the software, and to provide ongoing support services. The vendor will also make modifications to provide software to support the Multi-Family functions which will integrate with the above mentioned modules.

The cost of the software is broken into several pieces. The price of the unmodified base software is $96,000. As part of the contract, a payment schedule had been established based on task related milestones, with a 16.5% portion being withheld until the entire conversion process has been completed. In addition to the base price, there are the following additional fees:

- $26,500 custom programming charges
- $10,400 installation and conversion fees
- $24,800 training fees

These fees are based on estimates for services and will be charged according to actual time spent performing the tasks. The Agency will also be billed for the vendor's travel expenses.

As a condition of the contract, there is a stated a maximum liability to the Agency not to exceed $180,000.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

The other pieces of the system include approximately $180,000 for hardware and $20,000 for additional software needed to operate a Novell Network. These were the numbers used for budgeting purposes and included in the capital budget. They were loosely based on expense figures supplied by the Tennessee Housing Development Authority and preliminary pricing investigations done by the data processing department in June.

The proposed installation time line is for a period of six months. The installation process, due to prior commitments by RCI, can begin either at the beginning of October, which is our preference, or the beginning of December, but in either case cannot begin until some of the hardware has been delivered.

We are requesting quotes from several different hardware suppliers, and we are confident, based on recent and pending price reductions as well as some volume discounts, that actual expenses will be slightly lower than what was budgeted.

Based on these figures we are still well within the originally stated expenditure of $300,000 to $400,000.

RECOMMENDED ACTION

Authorization from the Board to complete the acquisition of the chosen computer solution, which includes the Executive Director signing the contract with RCI, and the Agency acquiring the appropriate hardware necessary to install, implement, and operate the system.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator
Irene D. Jenkins, Director of Development

DATE: September 28, 1992

RE: Mortgage Plus Program Changes

In August, 1992 staff evaluated the Mortgage Plus program by auditing the lenders' files on 104 MCCs issued from July 1, 1991 to June 30, 1992. The purpose of this audit was to determine compliance with program eligibility requirements and to determine the effectiveness of the program.

Eligibility requirements for Mortgage Plus are similar to the MOVE program except that Mortgage Plus has higher income and purchase price limits. Also, the MOVE program requires a home buyer to be ineligible for any other fixed rate mortgage program offered by the lender. VHFA does not currently require that a home buyer need an MCC in order to qualify for a conventional mortgage.

As a result of the audit we concluded that of the 104 files reviewed, 57 MCCs (or 55%) were used to qualify the home buyer for financing. The remaining 47 MCCs (or 45%) were issued to home buyers who did not appear to need assistance to qualify for financing.

Under the current program, home buyers with an MCC receive an annual tax credit equal to 25% of the interest paid on their mortgage loan, up to a maximum of $2,000. A 25% MCC lowers the effective interest rate on the financing by approximately 2.50%, providing a much greater subsidy than that provided through MOVE's interest rate. The use of MCCs in conjunction with affordable housing programs has been very popular with lenders.

We think that Mortgage Plus should be targeted to those borrowers who need assistance to qualify for financing. A 25% MCC rate may provide more subsidy than most home buyers need to qualify and in some cases may be used to purchase more expensive homes or to reduce the use of available equity funds. In addition, we want to continue to incorporate energy efficiency into the mortgage lending process for VHFA programs by providing incentives to home buyers to either purchase homes with 4 STAR energy ratings or improve homes to that rating level.

Therefore, we are recommending the following changes to the Mortgage Plus program:

1) Restrict MCCs to borrowers who need them to qualify for their mortgages. Guidelines would be issued to lenders and would include available assets limitation (as in the MOVE program) as well as qualifying ratios.

2) Lower the basic MCC rate to 20%. Based upon the audit results we believe that a 25% MCC is more subsidy than most buyers need.

3) Provide an incentive to energy efficiency in the form of an additional 5% in the MCC for those home buyers who purchase an energy efficient home or improve the energy rating of the home they are purchasing to 4 STARS or better. We want to reward home buyers who buy energy efficient homes or improve the home they are buying so that it is energy efficient.

RECOMMENDED ACTION:

Approval of the above proposed changes to the Mortgage Plus Program. We would like to implement the first and second changes as soon as adequate notice is provided to lenders and the public. The energy incentive would be implemented when we can overcome the difficulties that we have with our current computer system in tracking MCCs at two different rates. (VHFA must report information on MCCs issued quarterly and annually to the IRS.)

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Patricia A. Crady, Development Coordinator

DATE: September 24, 1992

RE: Twin Pines Housing Trust/Starlake Village -- Change of Commitment

HISTORY

At the May Board meeting, the Board approved two alternative resolutions for the Twin Pines Housing Trust's (TPHT) 14 unit modular home development in Norwich. Option A authorized the issuance of a commitment letter for a Guaranty of Collection for up to $255,000 to guarantee a Vermont National Bank loan for site development/infrastructure, and Option B authorized VHFA to lend up to $255,000 for site development with Vermont National Bank providing a loan for the construction of the housing units. A commitment letter was issued to TPHT and Vermont National Bank for a Guaranty of Collection for a site development/infrastructure loan to be made by Vermont National Bank.

At the August Board meeting, Glenn Jarrett advised you of an appeal of the Act 250 permit filed with the Vermont Supreme Court by an adjoining land owner and opponent of the development. It was Glenn's opinion that there was very little likelihood that the result of the appeal would be one that would stop the construction of the development and that while VHFA would clearly be taking a risk if it goes ahead with a guarantee of the site development/infrastructure loan, it seemed to be a reasonable risk. The Board approved moving forward with the guarantee.

CURRENT STATUS

The opponent did not submit documentation to support the appeal during the time frame initially allowed. The Supreme Court considered a motion by TPHT to dismiss the appeal and gave the opponent an extension until September 30, 1992 to file information requested by the Supreme Court. The opponent filed information on September 23, 1992. The attorney for TPHT has been in contact with the court and has started the process once again to have the appeal dismissed.

Based on this unresolved appeal, Vermont National Bank has indicated that they will not close on the site development/infrastructure loan and construction loan until the appeal is dismissed. TPHT currently has 5 buyers that have signed purchase and sale contracts and have commitments for financing through VHFA's HOUSE Program. In addition, 6 buyers have made deposits to reserve lots, however, they are unwilling to sign sales agreements and pay the necessary fees (which are nonrefundable) to apply for financing until the site development has started and a schedule for occupancy determined.

William Bittinger, Executive Director of Twin Pines Housing Trust has indicated that several buyers may cancel their contracts if construction does not start soon so that they can occupy their units before the end of 1992; he has requested that VHFA finance both the site development/infrastructure and the construction of the housing units.

AFFORDABILITY AND MARKET DEMAND

Units at Starlake Village are affordable to families with a minimum income of $21,000 or 73% of the median income for Windsor County based on a family size of two, 65% of the median income based on a family size of three, and 60% of median income based on a family size of four. Starlake Village continues to be the only affordable project planned for low- and moderate-income families in the Norwich area. The average purchase price for all primary homes in Windsor County in 1991 was $133,518. TPHT continues to see strong interest, which is evidenced by the additional six units that have been reserved by home buyers, however, these buyers are unable to risk appraisal, credit and energy rating fees until they know that the project is moving forward.

RECOMMENDATION

Staff recommends that VHFA issue a commitment to finance both the site development/infrastructure and construction of the housing units. VHFA's maximum exposure at any time would be $500,000. The revised schedule for delivery of the units is 5 in 1992 and the remaining units in the spring of 1993. We are recommending a commitment through December 1993 at an interest rate of 7.5%. There will be a loan fee of 1.5% on the portion of the loan that represents site development costs and .50% on the construction portion of the loan.

ACTION REQUESTED

Approval of the attached Resolution Pertaining to Commitment Letter which authorizes the Executive Director to issue a letter of commitment to provide construction financing in a total amount not to exceed $500,000 at any one time for the development of the site/infrastructure and construction of housing units at Starlake Village in Norwich.

RESOLUTION PERTAINING TO COMMITMENT LETTER RE:
STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on May 20, 1992 and June 26, 1991; and

WHEREAS, the proposal seeks a loan by the Agency of up to $500,000 for infrastructure work and construction; and

WHEREAS, there is currently an appeal pending in the Vermont Supreme Court by an opponent of the Development, in which the appellant is challenging a procedural ruling by the District Environmental Commission in the issuance of the land use permit for the Development; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter")

to provide a construction loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $500,000, for the Starlake Village Development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to 1.5% of the principal amount of the Loan to be used for site development and 0.5% of the remainder of the Loan.

4. The commitment of the Agency shall include a phased build-out schedule for the 14 units, but with the condition that no more than the maximum loan amount is loaned out at any time.

5. The Loan shall bear an interest rate of 7.5% per annum for a term ending on December 31, 1993 and be repayable in part each time one of the homes is sold.

6. The Commitment Letter shall require performance and payment bonds from the site work contractor.

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

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Patricia A. Crady, Development Coordinator

DATE: September 24, 1992

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HISTORY

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At the August Board meeting, Glenn Jarrett advised you of an appeal of the Act 250 permit filed with the Vermont Supreme Court by an adjoining land owner and opponent of the development. It was Glenn's opinion that there was very little likelihood that the result of the appeal would be one that would stop the construction of the development and that while VHFA would clearly be taking a risk if it goes ahead with a guarantee of the site development/infrastructure loan, it seemed to be a reasonable risk. The Board approved moving forward with the guarantee.

CURRENT STATUS

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AFFORDABILITY AND MARKET DEMAND

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RECOMMENDATION

Staff recommends that VHFA issue a commitment to finance both the site development/infrastructure and construction of the housing units. VHFA's maximum exposure at any time would be $500,000. The revised schedule for delivery of the units is 5 in 1992 and the remaining units in the spring of 1993. We are recommending a commitment through December 1993 at an interest rate of 7.5%. There will be a loan fee of 1.5% on the portion of the loan that represents site development costs and .50% on the construction portion of the loan.

ACTION REQUESTED

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3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter")

to provide a construction loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $500,000, for the Starlake Village Development.

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

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator
Irene D. Jenkins, Director of Development

DATE: September 18, 1992

RE: Single Family Program for the Old North End of Burlington

At the August Board meeting we provided information on a proposed revitalization program for the Old North End of Burlington including an initiative to provide financing for multi-family rental housing units in conjunction with the City's HOME program.

Also proposed for the Old North End is financing and improvement of owner-occupied 1-4 unit homes. We have discussed with the City making VHFA financing available for the acquisition and/or rehabilitation of owner-occupied homes.

VHFA currently has the ability to provide MOVE mortgages for the purchase and improvement of 1-2 family owner-occupied homes and HOUSE mortgages for the purchase and improvement of 1-2 family owner-occupied homes that will remain perpetually affordable. The interest rate on the MOVE program is 7.95% and the HOUSE program offers a stepped interest rate beginning at 5.95% which rises to 7.45% at the end of the third year. We do not currently have a program for the refinancing and rehabilitation of housing units nor do we have a program that provides home improvement loans (other than the HE/ILP--Home Energy/Improvement Loan Program operated by VEIC).

We have identified two potential funding sources: 1) funds from bonds issued in 1977 which have a rate of 6.95% and; 2) funds from the Series 4 refunding bonds issued in August, 1992 and carrying a rate of 7.45%. The establishment of a Home Improvement Program with the 7.45% funds, subject to amendment of Program Documents and approval by the rating agencies and the Bond Trustee, will permit us to make subordinated mortgage loans for home improvement. We have discussed with a private insurer the possibility of providing mortgage insurance where necessary (insurance is required on all 6.95% loans and on 7.45% loans if the loan to value ratio exceeds 75 %) and where participation by VHMGB is not possible. This private insurer has indicated strong interest in working with us on this program.

As in our other single family programs, loans would be originated through participating lenders. However, the City of Burlington would play a role in marketing, provision of

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information, and technical assistance in conjunction with the Old North End revitalization effort. Participating lenders would be selected from among approved MOVE lenders, based upon location of offices, interest, required incentives, and capacity.

RECOMMENDED ACTION:

1. Approve the attached Resolution Regarding: Old North End single Family Loan Program which provides authorization to dedicate up to $1,000,000 to purchase mortgage loans of properties in the Old North End of Burlington under this program; to develop detailed program guidelines, in consultation with the City of Burlington; to enter into such agreements as may be required to implement the program; and, to implement the program for first mortgage financing to the extent that such implementation does not require approval of the rating agencies.

2. Authorization to seek rating agency approval as required, e.g. to provide subordinated financing, and to take such other actions as are necessary to present a final proposal to the Board for those aspects of the program that may require rating agency approval.

RESOLUTION REGARDING:
OLD NORTH END SINGLE FAMILY LOAN PROGRAM

WHEREAS, the City of Burlington and the Agency have been discussing a commitment of funds by the Agency for the purposes of financing rehabilitation for single family (1-4 unit) residences located in the so-called Old North End of Burlington; and

WHEREAS, the Agency has available two sources of tax-exempt bond proceeds that potentially may be utilized to make rehabilitation or home improvement loans; and

WHEREAS, the Agency must take certain steps and secure certain approvals before it can begin making home improvement loans that have a subordinate lien, but it need not take such steps and secure such approvals in situations where the Agency's loan will have a first lien position; and

WHEREAS, the Agency wishes to move ahead to develop a program for loans for rehabilitation, acquisition and rehabilitation, or refinancing and rehabilitation where the Agency's loan will be a first lien, while continuing to explore the requirements for utilizing these funds to make home improvement loans that have a subordinate lien position;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency determines that the Old North End of Burlington, with boundaries as follows: Pearl Street, North Willard Street, the Intervale and North Avenue, is an area with many residential buildings in need of rehabilitation.

2. The Agency wishes to pursue a program within the City of Burlington to finance the rehabilitation of existing residences containing 1-4 units located in the Old North End of Burlington, either as home improvement loans or in connection with the acquisition or refinancing of residences.

3. The Agency will dedicate up to $1,000,000 in single family, tax-exempt bond proceeds from the 1977 Single Family Insured Bond Issue and from the 1990 Series 4 Bond Issue for the program of making rehabilitation loans, including loans for acquisition or refinancing, or home improvement loans, such funds to be used as is most appropriate given the restrictions on the funds and the types of loans to be made.

4. The Agency is required by its Series 4 bond documents to amend lender contracts and secure the approval of the rating agencies to make home improvement loans with the Series 4 proceeds, unless the loans have a first lien position.

5. The maximum amount of the loans under the program shall be the same as for MOVE and the loans shall meet all applicable tax and bond requirements.

6. The Executive Director is authorized:

(1) to develop and implement a program to make first mortgage loans for rehabilitation, acquisition and rehabilitation or refinancing and rehabilitation for 1-4 family residences in the Old North End; and

(2) to pursue the development of a program for home improvement loans with a subordinate lien position, to seek the approval of the rating agencies, and to take any other actions necessary, including, but not limited to, the amendment of lender contracts, in order to present a final proposal to the Board of Commissioners.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-Family Development Underwriter

DATE: September 17, 1992

RE: RESOLUTION REGARDING VHFA/CITY OF BURLINGTON LOAN PROGRAM

Summary

In August, 1992 the VHFA Board of Commissioners approved a Resolution expressing Agency interest in developing a joint loan program with the City of Burlington. The program would involve VHFA ultimately issuing construction and permanent loans totalling $1.5 million in tax exempt financing to projects selected and underwritten by the City of Burlington Community and Economic Development Office (CEDO).

Before you at this time is a Memorandum of Understanding between the City and VHFA, and an accompanying resolution authorizing the Executive Director to "enter into the Memorandum of Understanding with the City of Burlington in substantially the form as presented to the Board." Exhibit A to the Memorandum is the proposed Underwriting Standards. Also enclosed in your packet is a memo about income data relating to the Old North End of Burlington by VHFA's Research Analyst, Cathleen Gent.

Program Description

CEDO is attempting to match and blend funds provided by the federal HOME program with VHFA's Small Rental Development Fund. This was a strategy initiated by City of Burlington officials and VHFA for leveraging the effectiveness of the HOME monies in Burlington.

The City of Burlington's current HOME allocation is $500,000. CEDO wishes to target the Old North End of Burlington with these funds, and in particular the Greater Archibald/Intervale Neighborhood (GAIN).

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VHFA staff is proposing a range of program options to the City, including use of the VHFA Small Rental Development Fund for buildings with five or more rental units.

DISCUSSION

Strengths

The primary strengths of this proposal are:

a) The City and several of the area banks and nonprofit housing developers are putting a great emphasis on the Old North End. In particular, Lake Champlain Housing Development Corporation (LCHDC) is developing a 20 unit rental cooperative on Archibald Street with the Howard Bank as an equity investor.

b) Several of the potential sponsors the City has named, such as the Burlington Community Land Trust, are known and reputable entities to VHFA.

c) The proposal effectively leverages the federal HOME program monies.

d) VHFA involvement and our partnership with the City of Burlington would strengthen the redevelopment efforts in this low income neighborhood.

Weaknesses

The potential weaknesses of this proposal are:

a) Because of the use of HOME monies, these will be low income units. Adding more very low income residents and units to an already low income and economically depressed neighborhood is a strategy that must be carefully considered. Mixed income developments have been a general standard of the Agency.

b) Because of the low rents and resident incomes, it is likely that every development's financial projections will be very tight, and will likely show negative cash flow in later years, unless there are Section 8 certificates pledged to a large percentage of units. The Burlington Housing Authority may be able to transfer some Section 8 certificates to these developments, but has made no commitment.

c) The rental market in the Old North End is currently weak. The City has not conducted any market studies, and it is unclear whether the attraction of low rents and presumably good quality units will counter the negatives associated with this neighborhood.

d) Although the City is focusing its efforts on the GAIN, a fully formulated redevelopment strategy does not currently exist. This neighborhood is a complex area with lots of mixed use and commercial properties, with some large parcels that are vacant, in foreclosure, dilapidated or all of the above. A Redevelopment Authority could be established to secure ownership of certain properties. However, the City argues that there are no redevelopment funds available, and that the neighborhood destroying legacy associated with "urban renewal" is not worth resurrecting.

e) In delegating the underwriting process to the CEDO staff, VHFA must ensure that a strong review and approval process is in place. By way of its mission and historic reliance on community development funds, CEDO does not have an institutional lender's perspective in reviewing loans. CEDO does have good rehabilitation loan program experience, having made $2.1 million in CDBG loans covering 267 single family and rental units. The CEDO office also coordinated the City's involvement in the Northgate renovation.

RECOMMENDED ACTION

Staff recommends approval of the attached Resolution Regarding VHFA/City of Burlington Loan Program, authorizing the Executive Director to "enter into the Memorandum of Understanding with the City of Burlington in substantially the form as presented to the Board." The Memorandum would enable VHFA and the City to establish a joint "Old North End" loan program, using funds from the VHFA Small Rental Development program not to exceed $1,500,000.

September 17, 1992
Koppelkam

EXHIBIT A

VHFA/CITY OF BURLINGTON LOAN PROGRAM UNDERWRITING STANDARDS

ITEM	> 5 UNITS < $10,000/UNIT REHAB AND/OR < $30,000/UNIT ACQUISITION	> 5 UNITS > $10,000/UNIT REHAB AND/OR > $30,000/UNIT ACQUISITION
GENERAL	VHFA 1ST LIEN (WITH SUBORDINATION OF LEASES), CITY 2ND LIEN; DELEGATED UNDERWRITING TO CITY WITH VHFA REVIEW AND APPROVAL. MINIMUM $5,000/UNIT REHAB (AVERAGE). REFINANCING PERMITTED ONLY FOR PROPERTIES ACQUIRED AFTER 1979.	SAME, BUT NEED VHFA BOARD APPROVAL.
MINIMUM QUALITY STANDARDS	GENERAL UNIT QUALITY ABOVE SECTION 8 HOUSING QUALITY STANDARDS, TO THE EXTENT POSSIBLE. STRIVE FOR AMENITIES TO ATTRACT TARGET TENANTS; CONCERN RE UNITS ON HEAVY TRAFFIC STREETS (E.G. N. WINOOSKI).	SAME.
APPLICATION PACKET	NEED TO DEVELOP-SEE VHFA MODEL.	SAME.
ELIGIBLE BORROWERS	NEED CREDIT CHECK AND BANK REFERENCES. EVALUATE CURRENT HOLDINGS AND MANAGEMENT.	SAME.
APPRAISAL	WAIVED. CITY GENERATES "AS-IS" VALUE BASED ON AGREED UPON RANGE OF RENTS AND GROSS INCOME MULTIPLIERS AND/OR CAP RATES.	NEED APPRAISAL.
MARKET STUDY	VHFA WILL CONDUCT OLD NORTH END MARKET STUDY.	SAME.
ENERGY EVALUATION	NO ELECTRIC HEAT PERMITTED. COMPREHENSIVE WEATHERSTRIPPING AND INSULATION INSPECTION BY CITY. DO COST EVALUATION ON WINDOW, HOT WATER AND BOILER REPLACEMENT, WITH VHFA PAYING VEIC FOR EVALUATION. CAN BE WAIVED BY VHFA.	SAME.
ENVIRONMENTAL ASSESSMENT	MUST HAVE PHASE I, PLUS TESTING FOR LEAD AND ASBESTOS, WITH REASONABLE RE-MEDIATION PLAN. START WITH MINIMUM ENTERPRISE SPECIFICATIONS FOR LEAD PAINT.	SAME.
BUILDING AND REHAB EVALUATION	1. CITY EVALUATES STRUCTURE. 2. CITY EVALUATES REHAB PLANS. 3. CITY EVALUATES BIDDING OR COST. 4. CITY APPROVES REHAB CONTRACT & CHANGE ORDERS. 5. OWNER & CITY APPROVE FINAL COST CERTIFICATION.	SAME, WITH ARCHITECTURAL REVIEW OF PLANS.
MANAGEMENT CAPABILITY	CITY EVALUATES SPONSOR'S MANAGEMENT CAPABILITIES. NEED REGULATORY AGREEMENT SUFFICIENT TO ENABLE VHFA TAKEOVER OF MANAGEMENT IN CASE OF DEFAULT.	SAME.
FEES	.5% OF TOTAL LOAN AMOUNT TO VHFA.	SAME.
VHFA REGULATORY AGREEMENT	COVERS USE OF RESERVE ACCOUNTS, TENANT INCOME MONITORING REQUIREMENTS & VHFA RIGHTS IN CASE OF DEFAULT.	SAME.

VHFA/CITY OF BURLINGTON LOAN PROGRAM

ITEM	> 5 UNITS < $10,000/UNIT REHAB AND/OR < $30,000/UNIT ACQUISITION	> 5 UNITS > $10,000/UNIT REHAB AND/OR > $30,000/UNIT ACQUISITION
FINANCIALS	1. ASSUMED VACANCY RATE (7%), TRENDING (1.5% INCOME, 2.75% OPERATING EXPENSE). MINIMUM 200 PUM OPERATING EXPENSE. 2. MINIMUM DCR OF 1.01 YEAR 1, 1.05 BY YEAR 3, CONTINUING FOR A FULL 30 YEARS. 3. REHAB CONTINGENCY MINIMUM OF 7%. 4. APPROVED COMPREHENSIVE FINANCIALS. 5. ANNUAL COMPREHENSIVE REPORTING (NO AUDIT < 10 UNITS). 6. OPERATING BUDGET MUST INCLUDE REPLACEMENT RESERVE OF 4% OF GROSS INCOME. 7. DEVELOPMENT BUDGET (OR DEVELOPER) MUST HAVE WORKING CAPITAL OF 20% OF ANNUAL DEBT SERVICE AVAILABLE. 8. IF NOT FULLY RENTED AT PERMANENT CLOSING, NEED DEFICIT ESCROW AS PER VHFA STANDARDS. 9. NO EQUITY REQUIREMENT FOR NON-PROFITS, 10% MINIMUM FOR FOR-PROFITS. 10. MAX TOTAL LTV 100% FOR NON-PROFITS, 90% FOR FOR-PROFITS.	SAME.
LONGTERM AFFORDABILITY	RECORDED COVENANT. VHFA BOND REQUIREMENTS - >75% OF TENANTS BELOW 100% OF MEDIAN (UNADJ FOR FAMILY SIZE); >20% BELOW 80% OF MEDIAN, BOTH FOR TERM OF MORTGAGE. LONGER RENTAL AND ADDITIONAL AFFORDABILITY TERMS DESIRABLE.	SAME.
LOAN PREPAYMENT & ASSUMPTION	ASSUMPTION PERMISSABLE (WITH VHFA REVIEW) WITH COVENANT RETAINED. LOAN PREPAYMENT PENALTY PRIOR TO YEAR 15.	SAME.
MISCELLANEOUS	VHFA SERVICES LOANS.	SAME.
COMPLIANCE MONITORING	ANNUAL REPORTING RE ACTUAL INCOME & OPERATING EXPENSES, BUDGET, RESERVE ACCOUNT STATUS. ANNUAL AUDITS FOR 10 OR MORE UNITS.	SAME.
CONVERSION TO CO-OPS	OK SO LONG AS PROJECT STAYS RENTAL (AS PER TAX CODE); CO-OP OWNS AND MANAGES, RENTING TO SHAREHOLDING TENANTS.	SAME.
LIEN WAIVERS AND ARCHITECTURAL SIGNOFFS ON DISBURSEMENT REQUESTS	1. LIEN WAIVERS PRIOR TO FINAL DISBURSEMENT. 2. CITY SIGNOFF AT SUBSTANTIAL COMPLETION (E.G. CERTIFICATE OF OCCUPANCY). 3. MONTHLY TITLE SEARCH FOR LIENS RECOMMENDED. 4. 10% RETAINAGE, 200% PUNCHLIST ESCROW FOR UNCOMPLETED ITEMS.	SAME, EXCEPT ARCHITECTURAL SIGNOFF AT SUBSTANTIAL COMPLETION.
CONTRACTOR SELECTION	AT LEAST 3 PROPOSALS FOR ALL WORK >$5,000.	SAME.
CONTRACTOR BONDING	PERFORMANCE AND PAYMENT BOND FOR ALL JOBS >$200,000 (OR LETTER OF CREDIT FOR 25% OF JOB VALUE), CREDIT CHECKS.	SAME.

NOTE: HOME LEAD REMOVAL REQUIREMENTS REQUIRE FULL ABATEMENT ONLY IF CHILD LESS THAN SEVEN HAS ELEVATED BLOOD LEVEL (20 MICROGRAMS PER DECILITER) - OTHERWISE INSPECTION AND REMOVAL OF CHIPPING, PEELING PAINT.

SEE ATTACHED LEAD PAINT SPECIFICATIONS FROM ENTERPRISE.

VERMONT HOUSING FINANCE AGENCY
CITY OF BURLINGTON
MEMORANDUM OF UNDERSTANDING
RE: VHFA/CITY OF BURLINGTON LOAN PROGRAM

This Memorandum of Understanding, effective the ____ day of October, 1992, is between VERMONT HOUSING FINANCE AGENCY, a body politic and corporate and a public instrumentality of the State of Vermont ("VHFA" or the "Agency"), and the CITY OF BURLINGTON, a municipal corporation of the State of Vermont (the "City").

WHEREAS, the City of Burlington, through its Community and Economic Development Office ("CEDO"), has requested a commitment of funds by the Agency for the purposes of financing acquisition, rehabilitation and/or refinancing for multi-family residential units located in the so-called Old North End of Burlington. The City has available to it $500,000 in federal HOME funds and wishes to use funds from the Agency in conjunction with the HOME funds; and

WHEREAS, the City and several area banks and non-profit organizations are cooperating in an effort to lead the revitalization of the Old North End, particularly an area known as the Greater Archibald Intervale Neighborhood (GAIN); and

WHEREAS, VHFA has recycled multi-family tax exempt bond proceeds available in the 1977 Multi-family Bond Resolution; and

WHEREAS, the Agency is interested in pursuing a joint program with the City to finance the rehabilitation of existing residential housing for persons and families of low and moderate income located in the Old North End of Burlington (the "Program");

NOW, THEREFORE, the Agency and the City agree as follows:

A. GENERAL PROVISIONS

1. The primary program goal is to effectively invest VHFA and City funds in the rental housing stock of the Old North End, as part of a general neighborhood improvement effort, which will serve persons and families of low and moderate income.

2. The City staff will become VHFA's special agent to underwrite first mortgage loans for eligible properties. The City will use its HOME monies to write soft second mortgages at generous terms to effectively lower the net interest rate to a development.

3. While acting as VHFA's special agent, the City staff will insure that the City understands and will meet VHFA's underlying statutory, public and bond-related responsibilities.

4. The Agency has the power to make rehabilitation loans as contemplated pursuant to 10 V.S.A. § 622(7). The statute requires the Agency to make a determination that:

a) the loan is to be used primarily to make the housing more desirable to live in,

b) to increase the market value of the housing,

c) to comply with building, housing maintenance, fire, health or similar codes and standards applicable to housing,

d) to accomplish energy conservation related improvements,

e) or to insure independent living for persons who are handicapped or elderly.

5. Rehabilitation loans may only be made when the Agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. The VHFA Board of Commissioners has found that, as of September 24, 1992, financing for rehabilitation loans is not otherwise available from private lenders upon equivalent terms and conditions as those contemplated under the Program. The Board of Commissioners directed that evidence be presented to it no later than March 31, 1993 so it can review the question of whether such financing is available from private lenders upon equivalent terms and conditions as those contemplated under the Program.

B. DUTIES OF THE AGENT

1. The City will underwrite loans under the Program in accordance with this Agreement, up to a maximum of $50,000 per unit for rehabilitation only, or $80,000 per unit for acquisition and rehabilitation combined or refinancing and rehabilitation combined.

2. The City will at all times abide by applicable Truth in Lending requirements.

3. The City shall use only loan documents provided by or approved by VHFA in connection with the origination of loans under the Program.

4. The City may assess the following fees against the borrower at its discretion, and no other fees:

a. Credit investigation fee not exceeding $100.00
b. Appraisal fee not exceeding $1,500 or the lowest of three bids if greater than $1,500.

5. The City shall assess, for payment to VHFA at closing, an origination fee of .5% of total loan amount.

6. Any advertising created or disseminated by the City about the Program shall be approved in advance by VHFA.

7. During the term of this Agreement, the City and its staff shall not hold itself or themselves out as the agent of VHFA for any purpose except the purpose herein authorized. After the expiration or termination of this Agreement, the City and its staff shall not hold itself or themselves out as the agent of VHFA for any purpose. Notwithstanding termination or expiration of this Agreement, all fiduciary and operational responsibilities of the City arising out of this Agreement shall remain in full force and effect until released by, or transfered to, the Agency.

8. Within 30 days of the effective date hereof, the City shall provide VHFA with a fidelity bond in an amount of at least $50,000 insuring VHFA against wrongful acts of City employees.

9. The City represents and warrants to VHFA that it is authorized to engage in the activities herein set forth, and that the execution of this Agreement by the undersigned and the carrying out of the duties hereby established, have been authorized by action of the City Council.

C. PROGRAM MECHANICS

1. VHFA's underwriting standards are set forth on the attached Exhibit A, which is incorporated herein by reference. Exceptions to these standards can only be made with the express permission of VHFA.

2. At least 75% of the residents of any buildings financed under the Program shall be persons and families of low and moderate income, as that term is defined by the Board of Commissioners of the Agency (currently at or below 100% of median income) and at least 20% of the residents shall have incomes at or below 80% of median income.

3. All loans made under the program shall be for developments of five or more units and shall have a first lien position.

4. The City shall present all loan applications underwritten by City staff to VHFA for its approval. VHFA will provide the City staff with its decision within three business days, which time can be extended with good cause by VHFA.

5. VHFA shall have the right to review upon two days notice during normal business hours all project underwriting materials, files and other information associated with any individual loan request under this program. The City shall retain all files and records associated with this program for the life of the VHFA mortgage, or transfer them to VHFA.

6. VHFA retains the right to revise the underwriting criteria set forth in Exhibit A after consultation with the City and to require revisions to the City's underwriting procedures so as to meet minimum Agency standards.

7. VHFA requires at least two weeks formal notice of a scheduled closing to insure that funds are available, to conduct any reviews it desires and to assist in the preparation of closing documents.

8. Closing documents shall include, at a minimum, a Promissory Note to VHFA , a Mortgage Deed to VHFA, a VHFA-approved Regulatory Agreement and a Housing Subsidy Covenant.

9. Compliance with the requirements of the Regulatory Agreement and the Housing Subsidy Covenant is necessary for the life of the mortgage. The City recognizes that VHFA must comply with federal laws and regulations regarding tax exempt bonds, the Agency's governing statute and Agency regulations. The City will monitor compliance for VHFA as its special agent for the term of this Agreement or until such requirement is altered by written agreement of the parties.

D. TERM, NOTICES AND AMENDMENTS

1. This Agreement will be effective from the date first above written until December 31, 1993 unless sooner terminated by one of the parties unilaterally or extended by written agreement of the parties.

2. This Agreement may only be amended by written agreement of the parties, unless the power of amendment on any subject is reserved herein to one of the parties.

3. Notices hereunder shall be given by certified mail, postage prepaid, return receipt requested, if to VHFA at P.O. Box 408, Burlington, Vermont 05402 (ATTN: Executive Director), and if to the City at City Hall, Burlington, Vermont 05401 (ATTN: CEDO Director).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized agents, effective as of the date first above written.

VERMONT HOUSING FINANCE AGENCY

By: ______________________________
Its Executive Director

THE CITY OF BURLINGTON

By: ______________________________
Its ______________________________
and duly authorized agent

MEMORANDUM

TO: Irene Jenkins & Mark Koppelkam, Development Department
Jeff Francis, Deputy Director

FROM: Cathleen Gent, Research Analyst

DATE: September 14, 1992

RE: CITY OF BURLINGTON - OLD NORTH END JOINT LOAN PROGRAM HOUSING COST BURDEN DATA

The following tables show the cost burden for renter households and for owner-occupied households. The data were based on the 1989 household incomes as reported in the 1990 Census.

In Table 1, a number of trends can be seen. The percentage of households with incomes under $20,000 was highest in the Old North End, representing more than 60% of all renter households, as compared with the City of Burlington, Vermont, and Chittenden County, in particular. Conversely, significantly fewer (14.5%) Old North End renter households had 1989 incomes of $35,000 or above than did households in the City of Burlington, Chittenden County, or Vermont. In addition, the percentage of renters spending 30 percent or more of their income on housing was significantly higher in the Old North End than in the City of Burlington as a whole, Chittenden County, or Vermont. Second, a disproportionate number of the Old North End households spending 30 percent or more of their income fall into the lower income ranges (below $20,000). These two factors result in a very large percentage (92.4% and 75.6%, respectively) of Old North End households earning under $20,000 which spend 30 percent or more of their income on housing.

Table 2 shows the cost burden for owner-occupied households spending 30 percent or more of their income on housing. Some different trends can be seen from these data. First, the proportion of owner-occupied households is much smaller in the Old North End than in the City of Burlington, Chittenden County, or Vermont when compared with the composition of renter households. Similarly, the percentage of households earning less than $20,000 is much smaller than renter households, although Old North End households have disproportionately lower incomes than households in the City of Burlington, Chittenden County, and Vermont. The combined percentage of Old North End owner-occupied households earning under $20,000 with a housing cost burden of 30 percent or more is greater than those in Burlington, Chittenden County, or the State, although the reverse is true when looking only at the "Under $10,000" category. This may be the result of the relatively small number of owner-occupied households in that income category. Like the renter household data, the percentage of owner-occupied households spending 30 percent or more on housing was greater in the Old North End than in the City of Burlington, Chittenden County, or Vermont.

able 1. Renter Households Spending 30 Percent or More on Housing

	Old North End			Burlington City			Chittenden Co.			Vermont		
Income Categories	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing
Under $10,000	24.9	92.4	847	23.9	81.4	1,703	19.1	76.3	2,467	24.5	72.6	10,991
$10,000 to $19,999	35.3	76.6	997	29.5	73.5	1,918	24.7	73.1	3,076	27.1	61.0	10,227
$20,000 to $34,999	25.3	25.5	238	27.2	26.7	632	28.9	25.0	1,232	29.0	15.6	2,793
$35,000 to $49,999	9.9	13.4	49	12.1	0.1	62	16.8	4.7	133	13.1	2.9	234
$50,000 and Over	4.6	0.0	0	7.2	0.0	0	10.5	0.0	0	6.3	0.5	20
Households Spending 30% or More on Housing	--	57.8	2,131	--	49.3	4,315	--	40.6	6,908	--	39.2	24,265
Total # of Households	100.0	--	3,687*	100.0	--	8,758*	100.0	--	17,006*	100.0	--	61,841*

ource: 1990 U.S. Census for Vermont

This represents the total number of owner-occupied households in an area including total number of households spending more than 30% of their income on housing.

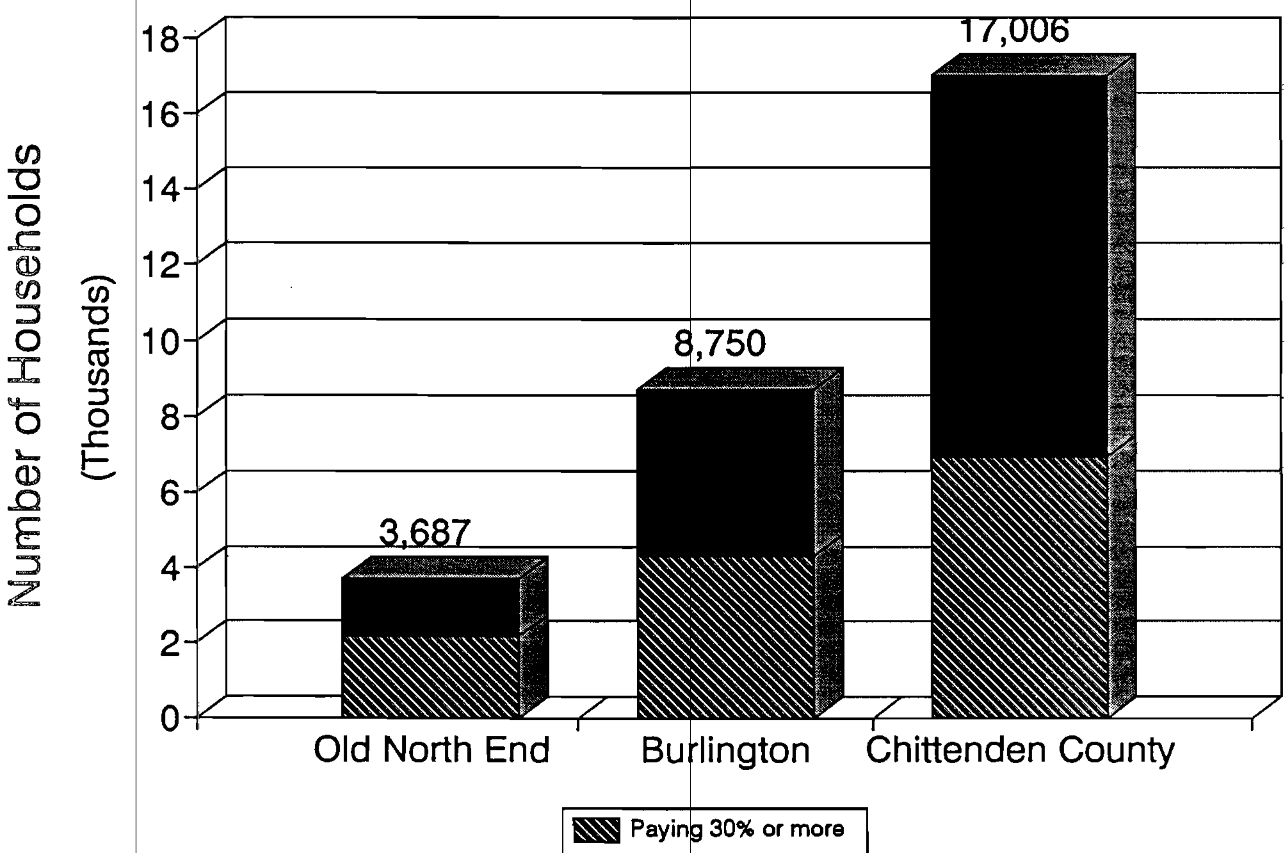
Table 2. Owner-Occupied Households Spending 30 Percent or More on Housing

	Old North End			Burlington City			Chittenden Co.			Vermont		
Income Categories	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing	% of all HH in Income Category	% of HH in Income Category Spending 30%+ on Housing	# of HH in Income Category Spending 30%+ on Housing
Under $10,000	9.1	70.5	31	15.9	94.3	214	3.9	90.8	771	8.0	80.6	5,769
$10,000 to $19,999	17.6	75.3	64	10.8	38.4	186	7.4	40.1	653	13.3	38.7	4,604
$20,000 to $34,999	38.8	19.3	36	19.7	24.9	220	17.9	32.8	1,296	25.7	23.5	5,386
$35,000 to $49,999	19.9	0.0	0	25.2	17.2	194	25.3	19.0	1,063	23.8	1.8	2,492
$50,000 and Over	14.5	18.6	13	39.2	4.8	85	45.5	4.6	463	29.2	3.7	968
Households Spending 30% or More on Housing	--	29.2	144	--	20.0	899	--	19.3	4,246	--	21.5	19,219
Total # of Households	100.0	--	482*	100.0	--	4,486*	100.0	--	22,039*	100.0	--	89,287*

Source: 1990 U.S. Census for Vermont

*This represents the total number of owner-occupied households in an area including the total number of households spending more than 30% of their income on housing.

Total Number of Renter Households &
Number Spending 30% or more on Housing



RESOLUTION REGARDING:
VHFA/CITY OF BURLINGTON LOAN PROGRAM

WHEREAS, the City of Burlington, through its Community and Economic Development Office ("CEDO"), has approached the Agency regarding a commitment of funds by the Agency for the purposes of financing rehabilitation for multi-family residential units located in the so-called Old North End of Burlington; and

WHEREAS, the City has available to it \$500,000 in federal HOME funds and wishes to use funds from the Agency in conjunction with the HOME funds; and

WHEREAS, the City and several area banks and non-profit organizations are attempting to assist the revitalization of the Old North End; and

WHEREAS, the Agency has available to it recycled multi-family tax exempt bond proceeds within the 1977 Multi-family Bond Resolution.

The Board of Commissioners DETERMINES:

1. The Old North End of Burlington, with boundaries as follows: Pearl Street, North Willard Street, the Intervale and North Avenue is an area with many residential buildings in need of rehabilitation.

2. The Agency, in conjunction with HOME funds provided by the City of Burlington, is able to make loans for rehabilitation for residences in the Old North End at rates below 8.5% per annum. Based on the evidence presented by staff, financing is not available, as of today, in whole or in part, from private lenders upon equivalent terms and conditions. Staff is directed to again present evidence to the Board, no later than March 31, 1993, of the financing available from private lenders in the Old North End area for rehabilitation.

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency wishes to pursue a joint program with the City of Burlington to finance the rehabilitation of existing residential housing for persons and families of low and moderate income located in the Old North End of Burlington. The Program shall be called the VHFA/City of Burlington Loan Program.

2. The Agency will dedicate up to \$1,500,000 in recycled multi-family bond proceeds from the 1977 Multi-Family Bond Resolution for the Program.

3. The Agency has the power to make such rehabilitation loans pursuant to 10 V.S.A. § 622(7), which requires a determination by the Agency that: the loan is to be used primarily to make the housing more desirable to live in, to increase the market value of the housing, to comply with building, housing maintenance, fire, health or similar codes and standards applicable to housing, to accomplish energy conservation related improvements, or to insure independent living for persons who are handicapped

or elderly. The Executive Director is directed to make loans under the Program only if he can make the findings required of the Agency in the preceding sentence.

4. Refinancing of existing indebtedness is permitted under the Program if the Agency determines that the refinancing is necessary to permit the owner to meet his housing costs without expending an unreasonable portion of his income on it. The Executive Director shall make this determination before the Agency refinances any existing indebtedness and is directed to consider only the income of the housing development in making the required determination.

5. All loans made under the Program shall have a first lien position and shall be for developments of not less than five units.

6. The maximum amount of the loans under the program shall be $50,000 per unit for rehabilitation only, for acquisition and rehabilitation, $80,000 per unit and for refinancing and rehabilitation, $80,000 per unit.

7. The Memorandum of Understanding attached to this Resolution is approved, and the Executive Director is authorized to enter into the Memorandum of Understanding with the City of Burlington in substantially the form as presented to the Board.

8. The Executive Director, or his designee, is authorized to perform all acts necessary for the implementation of the VHFA/City of Burlington Loan Program.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett, General Counsel

DATE: September 16, 1992

RE: "QUALIFIED HOUSING PROJECTS"
(In Derby, Lyndonville, Newport and Rutland)

Background:

Per 8 VSA Sec. 1108(b), banks can only invest in qualified housing projects, defined as "residential real estate in Vermont that is intended to primarily benefit lower income Vermonters throughout the period of investment, as determined by the board of commissioners of the Vermont housing finance agency." (emphasis added).

Housing Vermont has four partnerships that recently acquired rental property for the purpose of rehabilitating the units and creating a permanently affordable housing stock in the respective communities. The equity investors have not been admitted to the partnerships. Additional detail on the projects is as follows:

Owner	Total Units	% Tax Credit Units
Derby Line Housing Limited Partnership	9	100%
Lyndonville Housing Partnership	14	71%
Newport Housing Limited Partnership	22	100%
Rutland Rehab Limited Partnership	31	100%

All projects have received Low Income Housing Tax Credit Allocations and therefore have been reviewed by VHFA staff.

RECOMMENDED BOARD ACTION:

Approval of the attached Resolution for Housing Vermont partnerships that are verified by Agency staff to be "qualified housing projects".

RESOLUTION REGARDING DETERMINATION
OF QUALIFIED HOUSING PROJECTS
PURSUANT TO 8 V.S.A. § 1108

WHEREAS, the Vermont Legislature has given the Vermont Housing Finance Agency ("VHFA") Board of Commissioners the duty of determining whether bank investments in residential real estate in Vermont are intended to primarily benefit lower income Vermonters throughout the period of the investment; and

WHEREAS, Housing Vermont has created a number of limited partnerships for affordable housing that banks have invested in through the Vermont Equity funds; and

WHEREAS, each of the developments owned by limited partnerships created by Housing Vermont to invest in affordable housing has received an allocation of low income housing tax credits from VHFA; and

WHEREAS, each such development has been reviewed by VHFA staff for the purposes of such allocation of low income housing tax credits and staff agrees with the characterization of each such development as a qualified housing project; and

WHEREAS, Housing Vermont has requested the VHFA Board of Commissioners to determine that each of the limited partnerships created by Housing Vermont that Vermont banks have heretofore invested in is a qualified housing project for purposes of 8 V.S.A. § 1108;

NOW, THEREFORE, the Board determines as follows:

The following partnerships have recently acquired rental property for rehabilitation of units and the creation of permanently affordable housing stock in the communities in which they are located. Each partnership, which has been allocated low income housing tax credits, but has not yet been placed in service, is a qualified housing project within the meaning of 8 V.S.A. § 1108 assuming they are placed in service in accordance with the projections and assumptions contained in the low income tax credit applications submitted to VHFA:

NAME OF PARTNERSHIP	NUMBER OF UNITS
Newport Housing Limited Partnership	22
Derby Line Housing Limited Partnership	9
Rutland Rehab Limited Partnership	31
Lyndonville Housing Partnership	14

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

Allan

FROM: Allan S. Hunt, Executive Director

DATE: October 8, 1992

RE: CANCELLATION OF OCTOBER BOARD MEETING

Due to various scheduling conflicts, there will be no Board meeting held in October. The next meeting is scheduled for November 19, but it may be necessary to reschedule that for an earlier date. I will give you as much notice as possible should the November date need to be changed.

On October 5-6 I traveled through the southern part of Vermont for two days, meeting with realtors and lenders in the Brattleboro/White River Junction area and in the Bennington/Rutland area. Irene Jenkins, my Director of Development, accompanied me on this tour, as a way of acquainting her with Vermont. While the schedule was exhausting, the meetings proved quite worthwhile. More of these face-to-face regional meetings will be scheduled in the coming months, in an effort to keep in touch with the local realtors, lenders, and other members of the housing community.

The Enterprise Foundation will be meeting with members of the staff October 14 as part of the State's effort to review the effectiveness of the housing delivery system in Vermont. In response to their request for information from the past three fiscal years, we compiled an overwhelming amount of data for their review and shipped it to their Maryland office this week. I will keep you informed of the outcome of these interviews.

I look forward to seeing you November 19. Currently, this meeting is to be held in Montpelier; however, I will let you know if the date and/or location need to change.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa

VERMONT HOUSING FINANCE AGENCY

November 6, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Wednesday, November 18, at 1:30 p.m., here at the VHFA office, One Burlington Square, Burlington, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: November 4, 1992

RE: RESCHEDULING UPCOMING (NOVEMBER) BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been rescheduled. The meeting will be held at 1:30 p.m. Wednesday, November 18, here at the VHFA office, One Burlington Square, Burlington, Vermont.

The Board agenda and packet will be mailed to you by November 12.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to meeting with you in Burlington at 1:30 November 18!

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa

VERMONT HOUSING FINANCE AGENCY

M E M O R A N D U M

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, ASH Executive Director

DATE: November 12, 1992

RE: CONFIRMATION OF UPCOMING BOARD MEETING

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held at 1:30 p.m. Wednesday, November 18, here at the office of the Vermont Housing Finance Agency, One Burlington Square, Vermont. However, Chairman Shaw has advised me that he has another meeting to attend at 4:00, so we will need to move the agenda along fairly rapidly.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington at 1:30 November 18!

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Wednesday, November 18, 1992 at 1:30 p.m.

1. Review and approval of minutes of September 24, 1992

2. Administration
   - ⌂ Executive Director's Report **[Hunt]**
   - ⌂ Planning Process/Business Plan Update **[Francis//Enclosure]**
   - ⌂ TEAM Status Update **[Francis//Enclosure]**

3. Operations
   - ⌂ MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**
   - ⌂ Computer Conversion Update **[Gandini//Enclosure]**
   - ⌂ MCC Revocation **[Lothrop//Enclosure]**
   - ⌂ Lender Fee Increase Recommendation **[Lothrop//Enclosure]**

4. Development
   - ⌂ Commitment Letters:
     - New Avenue Building (St. Johnsbury) **[Jenkins/Koppelkam//Encl.]**
     - Whalen Building/BCLT (Burlington) **[Jenkins/Koppelkam//Encl.]**
   - ⌂ Resolutions of Interest:
     - NCHC (St. Johnsbury, Phase II) **[Jenkins/Koppelkam//Encl.]**
   - ⌂ Interim Policy on Lead Paint/Hazardous Materials **[Jenkins//Encl.]**
   - ⌂ Development of Construction Loan Program **[Jenkins//Encl.]**

5. Finance
   - ⌂ Review of Audit and Management Letters **[Schoenbeck//Enclosure]**
   - ⌂ Discussion of Uses of Fund Balances **[Schoenbeck//Enclosure]**

6. Legal
   - ⌂ Litigation Report **[Jarrett]**

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

VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
Vermont Housing Finance Agency
Office of the Commissioner of Banking, Insurance and Securities
89 Main Street
Montpelier, Vermont

Thursday, September 24, 1992

PRESENT: Commissioners Shaw, Seelig, Rockford (designee of Costle), Myette (via speakerphone)

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

Guests: Mr. Dillon (City of Burlington); Mr. Bittinger (Twin Pines Housing Trust)

The meeting was called to order by the Chairman at 1:30 p.m.

In an effort to accommodate the schedules of the guests present, the agenda items listed under "Development" were addressed first. Ms. Crady introduced Mr. Bittinger, Executive Director of Twin Pines Housing Trust, and reviewed her memorandum dated September 24, which she distributed to the Board, regarding the "Twin Pines Housing Trust/Starlake Village—Change of Commitment." This 14-unit modular home development is to be located in Norwich. According to Ms. Crady, the Act 250 permit for the project has been appealed to the Vermont Supreme Court. Twin Pines is in the process of seeking to have the appeal dismissed. Vermont National Bank is no longer willing to fund this project, due to the cloud on the permit. Mr. Jarrett's opinion is that the risk associated with the litigation is minimal, as is the likelihood that construction would be halted at some point due to permit difficulties, because the only issue on appeal is the denial of party status for the appellant on traffic issues and traffic cannot, by statute, be the basis of a denial of a permit. Staff's recommendation is that a direct loan be made to Twin Pines Housing Trust for site work infrastructure and construction of 14 housing units; five are already under contract for sale and have been approved by the Agency for financing. An additional six lots have been reserved by home buyers, who are waiting until the start of construction before signing a purchase/sale contract and making formal application for financing, due to a lack of assets to risk any up front fees. Ms. Crady assured the Board that the outstanding loan amount would not exceed $500,000, with the estimated cost for site development approximately $250,000. Initially, five units would be funded by early October, with the remaining units to be funded in the spring of 1993. Mr. Bittinger noted that the Twin Pines Housing Trust is familiar with the terms the Agency has imposed on this commitment and agrees with those terms, but also noted that the Trust's attorney does not feel there is any chance of an injunction being placed against this project. Ms. Crady further noted that in a worst case scenario, the units would be constructed but the attorneys for the purchasers would not be able to give a clear title opinion due to the permit appeal process; if this does happen, one option would be to have the residents lease the property until the title opinion is cleared. A motion was then made and seconded to amend the "Resolution Pertaining to Commitment Letter re: Starlake Village/Twin Pines Housing Trust Development" as attached to these minutes to indicate that approval would be contingent upon the Vermont Housing and Conservation Board's and the Agency's acceptance of the sponsor's attorney's letter. This motion carried unanimously. Following this motion, Mr. Bittinger left the meeting.

Mr. Koppelkam reviewed the memo dated September 17, included in the Board packet, entitled the "Resolution Regarding VHFA/City of Burlington Loan Program." This program would involve issuing construction and permanent loans totalling $1.5 million in tax exempt financing to projects selected and underwritten by the City of Burlington Community and Economic Development Office (CEDO). According to Mr. Koppelkam, a major change from the underwriting standards as detailed in Exhibit A to the Memorandum of Understanding would be to authorize Agency staff to approve loans over $10,000 per unit for buildings of five units or more. Having such authorization rest with the staff rather than the Board, as was originally proposed, should help to reduce delays caused by having to wait for a Board meeting to be convened to review the individual loan requests. Mr. Seelig noted that the usual practice has been to require Board approval for loans of more than $200,000 on projects of more than five units. Another concern raised was utilizing a large portion of the funds available for the rehabilitation of only one property, rather than having smaller sums available for more properties. A motion was then made and seconded to amend the "Resolution Regarding VHFA/City of Burlington Loan Program" or the Underwriting Guidelines attached to that Resolution to include a requirement for Board approval of $400,000 or more loan amounts. Further discussion followed, during which the Board clarified that the $400,000 limit would apply to single projects or properties, rather than a single owner such as the Burlington Community Land Trust. The motion to adopt the amended Resolution as attached to these minutes carried unanimously.

The "Resolution Regarding VHFA/City of Burlington Loan Program" was reviewed by Ms. Jenkins, as detailed in her memo of September 17, included in the Board packet. This is a proposed revitalization program for the Old North End of Burlington and includes an initiative to provide financing for homeownership housing units in buildings of one to four units in conjunction with the City's HOME program. The opportunity exists to use $1 million for first mortgage loans for acquisitions, refinancing and rehabilitation. Such use will not require rating agency approval. According to Mr. Dillon, the program would optimally target income eligibility throughout Burlington, with the Old North End as the initial area emphasized. Ms. Jenkins noted that a request for proposal has been sent to various lenders to implement this program and to ascertain those lenders interested in focusing on the Old North End. Mr. Seelig asked for an explanation of the difference between this program as proposed and other programs already in place, and also questioned the desire to focus on Burlington rather than the Northeast Kingdom or other parts of the state; Mr. Myette concurred, adding that the State as a whole should be considered. In response, Mr. Hunt indicated that it might be possible to develop a statewide program based on the outcome of this initiative. Mr. Hunt also noted that these funds would give people the opportunity to upgrade, renovate or rehabilitate their existing homes, rather than being targeted to the first-time home buyer. Also, Mr. Hunt cautioned that delinquency rates in the Northeast Kingdom must be taken into consideration for any new program focusing on that area of the state. Another advantage pointed out by Ms. Jenkins is that the City has in place a method to provide technical assistance to homeowners. While this is not universally available, it would be necessary to have such assistance in place before a home improvement program could be implemented statewide. Mr. Dillon also noted that the City of Burlington is bringing HOME funds to this program, which is an opportunity that does not exist in other areas of the state at this point. A motion was then made and seconded, and the "Resolution Regarding Old North End Single Family Loan Program" as attached to these minutes was unanimously adopted.

The minutes of the August 26 meeting were then reviewed by the Board. Mr. Seelig suggested an amendment to the energy loan discussion appearing on Page 5 of those minutes to indicate his recommendation that staff meet with the Department of Energy or the Board to determine the utilities' expectations regarding the utilization of recycled multi-family loan proceeds for energy and rehabilitation, as well as to determine public policy regarding the use of these funds. It was also noted that Mr. Rockford was inadvertently left off the list of Board members present at the August meeting. Upon a motion duly made and seconded, it was unanimously agreed to amend the minutes of August 26 to include the changes indicated herein. Ms. Jenkins also noted that the New Avenue project in St. Johnsbury was not included on the current Board agenda because staff is waiting for HUD to approve funding for asbestos removal. Once further information is available, the project will be reviewed at an upcoming Board meeting.

Mr. Hunt began his Executive Director's report by reviewing the Standard & Poor's information regarding the Agency's bond rating upgrade as included in the Board packet. Mr. Hunt and the Board commended Mr. Schoenbeck's efforts and those of his staff. The annual conference for the National Council of State Housing Agencies was held in Chicago this year, and was attended by Mr. Hunt and four other members of the staff. The Annual Report for FY91 won the award for the best housing finance agency annual report, and Mr. Hunt expressed his appreciation to Ms. Hope and Ms. Sullivan. Extension legislation for Mortgage Revenue Bonds (MRBs) and the Low Income Housing Tax Credit (LIHTC) was expected to be passed by Congress prior to the October adjournment, included in $27 million tax bill, and will then await the President's signature or veto. Sales at Dalton Drive continue to go well, with more open house tours to be scheduled in the fall. The contractor, Engelberth Construction, is pleased with the results of the building renovation. Nearly 50 percent of the units have been sold or are under reservation. Turning to Westgate Apartments in Brattleboro, Mr. Hunt noted that the owner has formally submitted an intent to sell; it is expected that ownership will be transferred to a nonprofit ownership structure, and discussions with Housing Vermont and the Vermont Housing and Conservation Board are continuing. Concluding his report, Mr. Hunt advised the Board that members of the senior staff would be conducting a one-day retreat to review the FY91 Business Plan against actual activity and to discuss the Plan for the current fiscal year.

The "VHFA Renter Housing Survey" was reviewed by Ms. Gent, who noted that 523 renter households in Vermont were interviewed by Macro Marketing of Burlington via telephone between August 7 and 17. In general, the very strong message was that Vermont renter households view homeownership positively, although less than 50 percent felt that they were ready to own a home in the immediate future. Despite an interest in homeownership expressed by 80 percent of those interviewed, several obstacles were mentioned, the largest being the lack of funds for down payment and closing costs. Ms. Hope reviewed the survey results in depth, noting that the information gives the Agency baseline data for planning marketing efforts, and recommending that the survey be repeated in another year to measure the impact of marketing strategies implemented this fall. Mr. Myette commented that what advertising he has seen or heard has been very well done, and Ms. Hope noted that advertising is now being designed and produced in house, rather than through an outside service. According to Ms. Hope, calls to the toll-free Hotline have increased significantly since the new ad campaign began, and the majority of those calls appear to be from potential home buyers who fall within our targeted audience. The Board acknowledged the usefulness of the information gathered in this survey, and Mr. Seelig suggested that staff consider the usefulness of having a staff person based in the southern part of the state, although he emphasized that this was not a formal motion. No Board action was necessary.

Mr. Lothrop reviewed the MOVE status report as included in the Board packet and noted that MOVE is still competitive even with lower conventional interest rates.

According to Mr. Lothrop, delinquencies were at 5.96 percent of total loans through the end of August, with foreclosures at .10 percent. There was no Board action necessary.

The "Energy Rated Homes of Vermont (ERH) Rating Fee Collection Initiative was reviewed by Mr. Lothrop, who noted that when a fee is collected up-front it is viewed as an out-of-pocket expense by the borrower. Having the fee paid at the loan closing rather than at application would raise the question of who is responsible for paying the fee if the loan does not close. Requiring the pre-qualification of borrowers reduces the potential risk of nonpayment of energy rating fees. A motion was made and seconded to approve the initiative as outlined in the Board packet for a trial period of not less than 12 months, with the Board to receive periodic reports on the status of the program. This motion carried unanimously.

Next, Mr. Gandini reviewed the "Computer Search Update" as described in his memo of September 18, included in the Board packet. Responses to the Agency's request for proposal were received from six software vendors, three of which were selected to present on-site demonstrations. Retail Concepts, Inc. (RCI) of Saginaw, Michigan, has been selected as the software vendor, in part based on their experience with other housing finance agencies, but primarily due to the appropriateness of their software to Agency applications. Following a brief discussion, a motion was made and seconded and carried unanimously authorizing the Executive Director to sign the contract with RCI and allowing the Agency to acquire the appropriate hardware necessary to install, implement and operate the system.

Ms. Crady addressed the "Mortgage Plus Program Changes" which were detailed in her memo of September 18, included in the Board packet. After an audit of 104 Mortgage Credit Certificate (MCC) files at various lenders, it was determined that slightly less than half of the MCC's were being issued to home buyers who did not need the MCC in order to qualify for the loan, although the incomes and purchase prices were within the guidelines. Three changes have been recommended by the staff: (a) restrict the program to borrowers who need it to qualify, with guidelines needed regarding the available assets allowable for those borrowers; (b) reduce the tax credit amount to 20 percent rather than 25 percent, as 25 percent provides more subsidy than most borrowers need; and (c) incorporate energy efficiency by offering to raise the tax credit to 25 percent if energy improvements are implemented. The first two changes would be implemented immediately, with the third to be implemented following the computer conversion. Ms. Crady further explained that the tax credit could be reduced as low as 10 percent according to Internal Revenue Service guidelines, but lenders who were consulted regarding the possibility of reducing the tax credit preferred going no lower than 20 percent at this time. Lenders value this program since it works well with their own affordable housing programs. A motion was then made and seconded to approve the adoption of the proposed changes as described in these minutes. This motion was carried unanimously.

Mr. Schoenbeck reported that following many discussions with the bond underwriters, the Series 3 Conversion to long term bonds has been postponed. Currently, $42.5 million is available in Series 3 bonds, and $8 million in Series 2 (at 8.15 percent) could have been remarketed to achieve a lower rate. Economists are forecasting a one point drop in both long and short term interest rates over the next year, regardless of the outcome of the Presidential election. Although a 7.8 percent mortgage rate would have been possible, staff felt that the change from the current 7.95 percent rate would not be advisable, since it would be less expensive to internally buy down the rate to keep the lower 7.95 percent rate on the street. The next trigger date would be the middle of October for a mid-November bond sale, but due to the elections staff probably will hold off on a conversion until February, which would call for a decision by December 15. Mr. Schoenbeck also noted that the tax-exempt market is slightly behind the conventional market, since there is a great deal of supply in the tax-exempt market which has pushed up rates. No Board action was necessary.

The "Qualified Housing Projects (In Derby, Lyndonville, Newport and Rutland)" were reviewed briefly by Mr. Jarrett, as follow-up to his memo of September 16, included in the Board packet. Action on the proposed Resolution would recognize four rental properties recently acquired by Housing Vermont as "Qualified Housing Projects," as required for bank audit purposes. A motion was made and seconded to adopt the "Resolution Regarding Determination of Qualified Housing Projects Pursuant to 8 VSA §1108" as attached to these minutes, and this motion carried unanimously.

The next meeting was scheduled for Wednesday, November 18, in Burlington *{after the October meeting was canceled}*. A motion was then made, seconded and carried unanimously to go into Executive Session to discuss contract negotiations. After various topics were discussed, a motion was made, seconded and carried unanimously to leave Executive Session. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 3:50 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

RESOLUTION REGARDING:
VHFA/CITY OF BURLINGTON LOAN PROGRAM

WHEREAS, the City of Burlington, through its Community and Economic Development Office ("CEDO"), has approached the Agency regarding a commitment of funds by the Agency for the purposes of financing rehabilitation for multi-family residential units located in the so-called Old North End of Burlington; and

WHEREAS, the City has available to it $500,000 in federal HOME funds and wishes to use funds from the Agency in conjunction with the HOME funds; and

WHEREAS, the City and several area banks and non-profit organizations are attempting to assist the revitalization of the Old North End; and

WHEREAS, the Agency has available to it recycled multi-family tax exempt bond proceeds within the 1977 Multi-family Bond Resolution.

The Board of Commissioners DETERMINES:

1. The Old North End of Burlington, with boundaries as follows: Pearl Street, North Willard Street, the Intervale and North Avenue is an area with many residential buildings in need of rehabilitation.

2. The Agency, in conjunction with HOME funds provided by the City of Burlington, is able to make loans for rehabilitation for residences in the Old North End at rates below 8.5% per annum. Based on the evidence presented by staff, financing is not available, as of today, in whole or in part, from private lenders upon equivalent terms and conditions. Staff is directed to again present evidence to the Board, no later than March 31, 1993, of the financing available from private lenders in the Old North End area for rehabilitation.

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency wishes to pursue a joint program with the City of Burlington to finance the rehabilitation of existing residential housing for persons and families of low and moderate income located in the Old North End of Burlington. The Program shall be called the VHFA/City of Burlington Loan Program.

2. The Agency will dedicate up to $1,500,000 in recycled multi-family bond proceeds from the 1977 Multi-Family Bond Resolution for the Program.

3. The Agency has the power to make such rehabilitation loans pursuant to 10 V.S.A. § 622(7), which requires a determination by the Agency that: the loan is to be used primarily to make the housing more desirable to live in,

to increase the market value of the housing, to comply with building, housing maintenance, fire, health or similar codes and standards applicable to housing, to accomplish energy conservation related improvements, or to insure independent living for persons who are handicapped or elderly. The Executive Director is directed to make loans under the Program only if he can make the findings required of the Agency in the preceding sentence.

4. Refinancing of existing indebtedness is permitted under the Program if the Agency determines that the refinancing is necessary to permit the owner to meet his housing costs without expending an unreasonable portion of his income on it. The Executive Director shall make this determination before the Agency refinances any existing indebtedness and is directed to consider only the income of the housing development in making the required determination.

5. All loans made under the Program shall have a first lien position and shall be for developments of not less than five units.

6. The maximum amount of the loans under the program shall be $50,000 per unit for rehabilitation only, for acquisition and rehabilitation, $80,000 per unit and for refinancing and rehabilitation, $80,000 per unit.

7. All loans of over $400,000, and all loans to one sponsor, whether an individual or an entity, that represent more than 20% of the total program proceeds, shall require approval of the Board.

7. The Memorandum of Understanding attached to this Resolution is approved, and the Executive Director is authorized to enter into the Memorandum of Understanding with the City of Burlington in substantially the form as presented to the Board.

8. The Executive Director, or his designee, is authorized to perform all acts necessary for the implementation of the VHFA/City of Burlington Loan Program.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on September 24, 1992.

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

RESOLUTION PERTAINING TO COMMITMENT LETTER RE: STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on May 20, 1992 and June 26, 1991; and

WHEREAS, the proposal seeks a loan by the Agency of up to $500,000 for infrastructure work and construction; and

WHEREAS, there is currently an appeal pending in the Vermont Supreme Court by an opponent of the Development, in which the appellant is challenging a procedural ruling by the District Environmental Commission in the issuance of the land use permit for the Development; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a construction loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $500,000, for the Starlake Village Development, subject to receipt of an acceptable opinion letter from the housing sponsor's attorney on the issue of the pending Act 250 appeal and final approval by the Vermont Housing and Conservation Board of the development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to 1.5% of the principal amount of the Loan to be used for site development and 0.5% of the remainder of the Loan.

4. The commitment of the Agency shall include a phased build-out schedule for the 14 units, but with the condition that no more than the maximum loan amount is loaned out at any time.

5. The Loan shall bear an interest rate of 7.5% per annum for a term ending on December 31, 1993 and be repayable in part each time one of the homes is sold.

6. The Commitment Letter shall require performance and payment bonds from the site work contractor.

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

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on September 24, 1992.

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

RESOLUTION REGARDING: OLD NORTH END SINGLE FAMILY LOAN PROGRAM

WHEREAS, the City of Burlington and the Agency have been discussing a commitment of funds by the Agency for the purposes of financing rehabilitation for single family (1-4 unit) residences located in the so-called Old North End of Burlington; and

WHEREAS, the Agency has available two sources of tax-exempt bond proceeds that potentially may be utilized to make rehabilitation or home improvement loans; and

WHEREAS, the Agency must take certain steps and secure certain approvals before it can begin making home improvement loans that have a subordinate lien, but it need not take such steps and secure such approvals in situations where the Agency's loan will have a first lien position; and

WHEREAS, the Agency wishes to move ahead to develop a program for loans for acquisition and rehabilitation or refinancing and rehabilitation where the Agency's loan will be a first lien, while continuing to explore the requirements for utilizing these funds to make home improvement loans that have a subordinate lien position;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Agency determines that the Old North End of Burlington, with boundaries as follows: Pearl Street, North Willard Street, the Intervale and North Avenue, is an area with many residential buildings in need of rehabilitation.

2. The Agency wishes to pursue a program within the City of Burlington to finance the rehabilitation of existing residences containing 1-4 units located in the Old North End of Burlington, either as home improvement loans or in connection with the acquisition or refinancing of residences.

3. The Agency will dedicate up to $1,000,000 in single family, tax-exempt bond proceeds from the 1977 Single Family Insured Bond Issue and from the 1990 Series 4 Bond Issue for the program of making rehabilitation loans, including loans for acquisition or refinancing, or home improvement loans, such funds to be used as is most appropriate given the restrictions on the funds and the types of loans to be made.

4. The Agency is required by its Series 4 bond documents to amend lender contracts and secure the approval of the rating agencies to make home improvement loans with the Series 4 proceeds, unless the loans have a first lien position.

5. The maximum amount of the loans under the program shall be $50,000 per unit and the loans shall meet all applicable tax and bond requirements.

6. The Executive Director is authorized:

   (1) to develop and implement a program to make first mortgage loans for acquisition and rehabilitation or refinancing and rehabilitation for 1-4 family residences in the Old North End; and

   (2) to pursue the development of a program for home improvement loans with a subordinate lien position, to seek the approval of the rating agencies, and to take any other actions necessary, including, but not limited to, the amendment of lender contracts, in order to present a final proposal to the Board of Commissioners.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on September 24, 1992.

Allan S. Hunt

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

RESOLUTION REGARDING DETERMINATION OF
QUALIFIED HOUSING PROJECTS PURSUANT TO 8 V.S.A. § 1108

WHEREAS, the Vermont Legislature has given the Vermont Housing Finance Agency ("VHFA") Board of Commissioners the duty of determining whether bank investments in residential real estate in Vermont are intended to primarily benefit lower income Vermonters throughout the period of the investment; and

WHEREAS, Housing Vermont has created a number of limited partnerships for affordable housing that banks have invested in through the Vermont Equity funds; and

WHEREAS, each of the developments owned by limited partnerships created by Housing Vermont to invest in affordable housing has received an allocation of low income housing tax credits from VHFA; and

WHEREAS, each such development has been reviewed by VHFA staff for the purposes of such allocation of low income housing tax credits and staff agrees with the characterization of each such development as a qualified housing project; and

WHEREAS, Housing Vermont has requested the VHFA Board of Commissioners to determine that each of the limited partnerships created by Housing Vermont that Vermont banks have heretofore invested in is a qualified housing project for purposes of 8 V.S.A. § 1108;

NOW, THEREFORE, the Board determines as follows:

The following partnerships have recently acquired rental property for rehabilitation of units and the creation of permanently affordable housing stock in the communities in which they are located. Each partnership, which has been allocated low income housing tax credits, but has not yet been placed in service, is a qualified housing project within the meaning of 8 V.S.A. § 1108 assuming they are placed in service in accordance with the projections and assumptions contained in the low income tax credit applications submitted to VHFA:

NAME OF PARTNERSHIP	NUMBER OF UNITS
Newport Housing Limited Partnership	22
Derby Line Housing Limited Partnership	9
Rutland Rehab Limited Partnership	31
Lyndonville Housing Partnership	14

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont on September 24, 1992.

Alla S Hunt

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

OFFICERS' ROW MORTGAGES CLOSED
11-Nov-92

LAST NAME	UNIT	ADLTS/KDS	INCOME	% MEDIAN	PURCH PRICE	1ST MTG	1TYPE	1%RATE	1P&I	2ND MTG	TLTV	UVM	CLOSED
MAR[illegible]X	604 A	2/2	$38,266.00	92.43%	$99,440	$90,000	CARE D/MCC	8.875%	$700.01		90.51%	N	12/18/91
GA[illegible]	501 F	1/0	$25,025.00	86.29%	$62,900	$52,900	1ST STEP/MCC	6.375%	$369.88		84.10%	N	01/23/92
MCHUGH	500 E	1/0	$17,888.00	61.68%	$64,967	$48,000	VHFA HOUSE/IBM	6.200%	$290.34	$12,000	92.35%	N	01/30/92
LOVEJOY	501 E	1/0	$16,640.00	57.38%	$65,490	$50,900	VHFA HOUSE/BOV	6.200%	$311.17	$12,000	96.05%	N	01/31/92
GLASER	411 B	2/1	$45,000.00	108.70%	$114,900	$91,920	1ST STEP	7.125%	$619.28		80.00%	Y	03/06/92
BILLINGSLEY	602 F	1/0	$29,806.00	102.78%	$62,900	$59,755	CARE D	8.875%	$475.44		95.00%	N	03/16/92
BLACKWELL	604 B	1/1	$35,000.00	105.74%	$105,000	$84,000	3YR CONVT/CHITT	6.500%	$530.94		80.00%	N	03/23/92
KRAMER	410 A	2/0	$42,029.00	126.98%	$114,900	$105,000	1ST STEP	7.875%	$761.32		91.38%	N	03/30/92
LESKINEN/HUNT	500 F	2/0	$47,808.00	144.44%	$62,900	$50,000	ADJ CONVT/CHITT	5.625%	$287.83		79.49%	Y	03/31/92
DONAHUE	410 B	2/0	$55,500.00	167.67%	$118,500	$105,300	ADJ CONVT/CHITT	5.625%	$606.17		88.86%	N	04/17/92
RUBALCABA	602 C	1/0	$20,414.00	70.39%	$77,420	$65,650	VHFA HOUSE/VFB	6.200%	$402.08	$11,770	100.00%	Y	04/17/92
DONAHUE	605 B	1/2	$27,800.00	74.53%	$105,000	$85,000	VHFA HOUSE/VFB	6.200%	$520.59	$20,000	100.00%	Y	04/17/92
TALBOTT	501 A	1/0	$42,000.00	144.83%	$88,900	$80,010	ADJ CONVT/CHITT	7.000%	$532.31		90.00%	N	05/26/92
HARMON	501 D	1/0	$20,800.00	71.72%	$77,098	$60,581	VHFA HOUSE/IBM	6.200%	$371.04	$16,517	100.00%	N	05/28/92
DUSSAULT	408 A	1/0	$34,000.00	117.24%	$102,000	$35,000	ADJ CONVT/VFB	6.000%	$209.84		34.31%	N	05/29/92
GARDINER	408 B	1/0	$31,520.00	108.69%	$92,366	$85,366	1ST STEP/MCC	6.875%	$560.79		92.42%	N	05/29/92
MORGAN	408 C	1/0	$21,840.00	75.31%	$72,900	$38,854	CARE D/MCC	8.625%	$302.20		53.30%	N	05/29/92
TERP	602 B	1/0	$20,400.00	70.34%	$87,492	$63,929	1ST STEP/MCC	6.875%	$419.97		73.07%	N	05/29/92
WOOD	406 B	1/0	$31,623.96	109.05%	$82,000	$77,900	CARE D/MCC	8.625%	$605.90		95.00%	N	06/02/92
SMITH	406 D	1/0	$35,400.00	122.07%	$92,507	$87,822	1ST STEP/MCC	6.875%	$577.32		94.94%	N	06/02/92
MAILHOT	601 D	1/0	$20,750.00	71.55%	$76,473	$59,450	VHFA HOUSE/VFB	6.200%	$393.14	$17,000	99.97%	Y	06/24/92
COMPANION	601 F	1/0	$18,720.00	64.55%	$68,888	$51,650	VHFA HOUSE/VFB	6.200%	$315.50	$17,000	99.65%	N	06/26/92
KEEFE	602 D	1/1	$22,000.00	66.47%	$77,658	$57,658	VHFA HOUSE/BOV	6.200%	$361.98	$20,000	100.00%	N	06/26/92
BLUTO	501 C	1/0	$23,000.00	79.31%	$76,938	$64,250	VHFA HOUSE/VFB	6.200%	$393.51	$12,000	99.11%	N	07/02/92
CZAHOR	501 B	1/0	$30,000.00	103.45%	$88,900	$84,455	1ST STEP/MCC	6.750%	$547.77		95.00%	N	07/17/92
HAMMOND	406 C	2/1	$19,033.00	51.03%	$95,712	$76,562	CARE D	7.250%	$522.29	$19,150	100.00%	N	07/20/92
WE[illegible]ER	500 C	1/0	$19,764.00	68.15%	$79,178	$67,178	VHFA HOUSE/VFB	6.200%	$411.44	$12,000	100.00%	N	07/22/92
BAZINET	409 C	2/0	$26,500.00	80.06%	$102,259	$81,800	VFB FIXED RATE	8.250%	$614.54	$15,000	94.66%	Y	08/14/92
CROSS	500 D	1/0	$28,390.00	97.90%	$76,990	$76,990	VHFA MOVE/VFB	8.150%	$573.00		100.00%	N	08/20/92
HODGKIN	605 A	2/0	$49,000.00	148.04%	$108,500	$86,800	ADJ CONVT/VFB	6.500%	$548.64		80.00%	N	08/21/92
DEMAG	502 D	1/1	$17,630.00	53.26%	$74,900	$54,900	VHFA HOUSE/VFB	5.950%	$327.39	$20,000	100.00%	Y	09/04/92
HAYES	502 C	1/0	$20,227.00	69.75%	$77,500	$60,500	VHFA HOUSE/VFB	5.950%	$360.79	$17,000	100.00%	Y	09/11/92
MADIGAN	603 D	2/0	$20,450.00	61.78%	$79,770	$59,750	VHFA HOUSE/VFB	5.950%	$356.31	$20,000	99.97%	N	09/11/92
MCGREGOR	502 F	1/1	$20,551.00	62.09%	$69,480	$55,350	VHFA HOUSE/VFB	5.950%	$330.07	$14,130	100.00%	Y	09/15/92
COREY	407 C	1/0	$30,000.00	103.45%	$93,560	$88,350	1ST STEP/MCC	5.875%	$494.73		94.43%	N	09/18/92
BROWN	603 C	1/0	$20,800.00	71.72%	$78,900	$40,000	1ST STEP	5.375%	$223.99		50.70%	N	09/23/92
AINSWORTH	603 B	1/0	$28,300.00	97.59%	$90,780	$86,241	1ST STEP/MCC	5.500%	$515.44		95.00%	N	10/09/92
TAFT	404 C	1/0	$35,000.00	120.69%	$97,575	$92,696	1ST STEP/MCC	5.500%	$526.32		95.00%	N	10/13/92
WOOD	402 A	2/1	$53,000.00	142.09%	$102,000	$96,900	1ST STEP II	6.250%	$596.63		95.00%	N	10/14/92
HARVIE	404 D	2/0	$33,200.00	100.30%	$98,900	$89,010	1ST STEP/MCC	5.500%	$505.39		90.00%	N	10/15/92
SOUTHWICK	402 C	1/0	$32,000.00	110.34%	$77,270	$72,850	1ST STEP	6.000%	$436.77		94.28%	N	10/30/92
STULTZ	502 B	2/0	$23,920.00	72.27%	$88,000	$83,600	1ST STEP/MCC	6.000%	$501.22		95.00%	N	10/30/92
GREEN	402 B	1/0	$24,680.00	85.10%	$94,500	$82,500	VHFA HOUSE/VFB	5.950%	$491.98	$12,000	100.00%	Y	11/04/92
GEPFERT	503 A	1/0	$63,000.00	217.24%	$109,370	$103,850	BOV 5/1 PROGRAM	7.000%	$690.92		94.95%	N	11/05/92
JOHNS	606 A	1/0	$24,000.00	82.76%	$110,260	$88,208	1ST STEP/MCC	6.000%	$528.85		80.00%	N	11/05/92

FINANCING INFORMATION (FINAL):

BANK OF VERMONT MTG TOTAL	$1,413,097
CHITTENDEN BANK MTG TOTAL	$662,381
VERMONT FEDERAL BANK MTG TOTAL	$986,768
VHFA HOUSE MTG TOTAL	$923,317
VHFA MOVE MTG TOTAL	$76,990
SECOND MTG POOL TOTAL	$267,567
MCC USERS	$1,109,331
TOTAL OF 1ST MTGS CLOSED	$3,279,385
TOTAL OF PROPERTIES SOLD	$3,943,841

# OF UNITS SOLD	45
# OF PERPETUALLY AFFORDABLE UNITS	17
# OF <= MEDIAN BUYERS	26
# OF UVM-EMPLOYED BUYERS	10
AVERAGE PURCHASE PRICE	$87,641
AVERAGE FIRST MORTGAGE AMOUNT	$72,875
AVERAGE SECOND MORTGAGE AMOUNT	$15,739
AVERAGE FIRST MORTAGE LTV	82.80%
AVERAGE TOTAL LTV	90.30%
AVERAGE PERCENT OF MEDIAN	95.54%

OFFICERS' ROW PURCHASE CONTRACTS SIGNED
11-Nov-92

LAST NAME	UNIT #	ADLTS/KDS	INCOME	% MEDIAN	PRICE	1ST MTG	1TYPE	1%RATE	1P&I	2ND MTG	TLTV	DWNPMT	UVM	EST CLS
CAREY/CRAIGHEAD	406A*	2/0	$29,000.00	87.61%	$82,000	$77,900	1ST STEP/MCC	5.875%	$460.81		95.00%	5.00%	N	11/92
ATKINS	502A*	1/0	$26,500.00	91.38%	$90,040	$75,040	1ST STEP/MCC	5.875%	$443.89		83.34%	16.66%	N	11/92
FRASER	601C*	1/0	$20,500.00	70.69%	$77,000	$60,000	VHFA HOUSE/VFB	5.950%	$357.80	$17,000	100.00%	0.00%	N	12/92
PODHAIZER	606B*	2/3	$33,000.00	73.83%	$108,500	$85,337	VHFA HOUSE	5.950%	$508.90	$23,163	100.00%	0.00%	N	1/93

* PURCHASE CONTRACT SIGNED

CONTRACTED/RESERVED UNIT FINANCING INFORMATION (PRELIMINARY):

BANK OF VERMONT MTG TOTAL	$152,940	# OF UNITS UNDER CONTRACT	4
CHITTENDEN BANK MTG TOTAL	$0	# OF PERPET. AFFORDABLE UNITS	2
VERMONT FEDERAL MTG TOTAL	$60,000	# OF <= MEDIAN BUYERS	4
VHFA HOUSE MTG TOTAL	$145,337	# OF UVM-EMPLOYED CONTRACTS	0
VHFA MOVE MTG TOTAL	$0		
SECOND MTG POOL TOTAL	$40,163		
MCC USERS	$152,940		

TOTAL OF 1ST MTGS NEEDED $298,277

TOTAL OF PROPERTIES RESERVED $357,540

Note:
Seven additional units under reservation.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeffrey Francis JF

DATE: November 9, 1992

RE: Status Report - TEAM Transition

At the June 1992 meeting, the Board approved a transition plan for the direct service component of the Tenant Education and Assistance Model (TEAM) program. The plan included selecting regionally based organizations to assume responsibility for providing service coordination activities for residents of participating elderly housing developments.

We are pleased to report that substantial progress has been made in this effort. Through a formal request for proposal process, statements of interest and qualifications were solicited from organizations around Vermont interested in working with VHFA to administer the TEAM program. The RFP process resulted in a total of 11 submissions with at least one organization from each region expressing interest. Using the criteria set forward in the RFP (organizational capacity, commitment to the service coordination concept, experience in providing service to elders, and financial and staff capacity), we have selected the following organizations to work with in the transition of the program:

Southeastern Region	Visiting Nurses Alliance, White River Junction
Southwestern Region	Rutland Visiting Nurses Association, Rutland
Central Region	Copley Hospital, Morrisville (discussions are also underway with the Barre Housing Authority)
Northeastern Region	Orleans and Northern Essex Home Health Agency, Newport; and Caledonia Home Health, St. Johnsbury
Northwestern Region	Cathedral Square Corporation, Burlington

We are at various stages of discussion with each of these organizations and it appears that a successful transition will occur in accordance with our December 31, 1992 deadline. Currently, staff at each organization is preparing a budget detailing the costs associated with conducting the program. We do not believe that it will be necessary to exceed the total $50,000 approved to provide budget enhancements to host organizations for the balance of the second half of FY93. It may be necessary to provide some financial support to host organizations in FY94; however, that has not yet been determined. If there are any questions on the transition, I will be available to respond at the Board meeting.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Jeff Francis, Deputy Director JW

DATE: November 9, 1992

RE: VHFA Planning Process and Business Plan Update - FY93

We have not prepared a formal business plan for FY1993 because we are in the process of conducting a more thorough review of all VHFA programs and activities. Specifically, senior staff have met several times in half day or all day sessions for the purpose of reviewing current agency programs, revisiting productivity during the past several years and considering new programs. We have expanded our discussions to involve other VHFA staff instrumental in conducting and evaluating our single and multi-family programs. Our considerations have focused on the effectiveness of our programs, the needs of Vermont's housing delivery system, the economy, staffing levels and demands on staff time. We are nearing the completion of our in-house review and expect to circulate the results of our efforts and solicit input from representatives of both the single family and multi-family development sectors during the month of December. We will make an interim report on this initiative to the Board in December and with a final report anticipated in January.

The results of these efforts will guide our activities for the balance of FY93 and set the frame work for our FY94 activities. I have attached a summary of our major program activity to date in FY93. We will be happy to respond to any questions on either our planning and review process or our FY93 program activity at the Board meeting.

Attachment

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
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VERMONT HOUSING FINANCE AGENCY

COMPARISON: FY92 vs. FY93 (July 1, 1992 through October 31, 1992)			
	FY92 GOALS	FY92 ACTUALS	FY93 ACTUALS TO DATE
ONGOING PROGRAMS			
SINGLE FAMILY MORTGAGE			
MOVE	900 mtges purch; $58,500,000	604 mtges purch; $39,310,000	193 mtges purch; $12,275,369
MCC	300 MCCs issued; $22,000,000	317 MCCs issued; $23,461,000	152 MCCs issued; $11,874,976
Rural VT Mtge Program	30 mtges purch; $ 450,000	22 mtges purch; $ 301,000	6 mtges purch; $ 63,869
HOUSE	50 loans purch	31 loans purch; $ 1,736,000	36 loans purch; $ 2,325,428
Down Payment Assistance	120 loans; $ 7,300,000	71 loans; $ 4,100,000	37 loans purch; $ 2,222,038
IORTA Down Payment Assist			59 loans purch; $ 3,999,166
HE/ILP	20 loans; $ 90,000	6 loans; $ 14,050	Program terminated
CVPS/VHFA/Chittenden Enrgy	10 loans; $ 46,000	3 loans; $ 10,300	None
SPECIAL INITIATIVE--HOMEOWNERSHIP			
Dalton Drive Aff Housing	58 units sold; $ 5,000,000	23 units sold; $ 1,586,645	19 units sold; $ 1,535,462 ($534,048)
Sugar Mae (Secondary Mkt)	To be determined	None	None
Dlvry/Svcg Nonprof Pilot	Grant Award of up to $10,000	None; discussions in progress	None; discussions in progress
SPECIAL INITIATIVE--INNOVATION			
Affordable Housing Demo		None	None
MOBILE HOME REFINANCING			
MH Assistance	20 Loans; $ 550,000 purch	7 loans; $ 123,000	None
MHP Financing (MF)	90 units; $1,065,000	100 units; $ 816,000	None

COMPARISON: FY92 vs. FY93 (July 1, 1992 through October 31, 1992)			
	FY92 GOALS	FY92 ACTUALS	FY93 ACTUALS TO DATE
ONGOING PROGRAMS (Continued)			
MULTI-FAMILY			
Preservation		4 Pres Agree Signed (90 units)	2 Pres Agree Signed (28 units)
MF Management		100 developments (3,241 units)	100 developments (3,241 units)
MF Financing		110 units; $ 3,600,000	None
Ventures	Loans totalling $ 175,000	Loans totalling $ 114,700	None
Const Financing (MF)	Project Financing $2,500,000	Proj Financing $ 500,000	None
LIHTC	410 units; $1,281,358 (Cal 91)	457 units; $ 1,286,660	29 units; $ 65,704
SPECIAL INITIATIVE--AGING IN PLACE			
TEAM	Assist 62 dev's; 2,434 hshlds	Assist 67 dev's; 2,207 hshlds	Transition/technical assist in progress
SPECIAL INITIATIVE--NONPROFIT CAPACITY			
Nonprofit Training	7 Workshops/$3,500 allocated	7 Workshops conducted to date	None conducted to date
PROGRAMS TO IMPLEMENT			
4 Star Mtge (CANCELED)(SF)	$5,000,000 in mtges purchased	12 mtges; $ 895,434	7 mtges; $ 640,456
Section 8 Refi (MF Dev)	29 devs/497 units/$17.2 mil	Auth. rec'd from HUD	Legislation contradicts HUD approval
SF Dev/Const Pilot	Already implemented	44 units; $ 355,000	14 units; $ 500,000

COMPARISON: FY92 vs. FY93 (July 1, 1992 through October 31, 1992)			
	FY92 GOALS	FY92 ACTUALS	FY93 ACTUALS TO DATE
PROGRAMS/INITIATIVES TO ANALYZE FOR FUTURE IMPLEMENTATION			
Alternative SF Financing		None	None
Home Impr/Qual Rehab		None	Being planned
Section 8 Rent Increases		Await HUD's comparability	60-day response period until 12/28
Homeownership Counseling		Grant $5,000 to Barre NHS	Interactive TV in Aug; 90 participants
Special Needs/Transition		Needs assessment; study pending	Study is underway
Proactive Svcg (SF)		Begin after computer purchase	Will begin after computer conversion
LIHTC Compliance Monitor	1,000 units impacted	1,432 units allocated in FY92	Program implementation/design underway
INTERNAL ACTIVITIES IN SUPPORT OF NEW PROGRAMS AND ONGOING PROGRAMS			
Hsg Policies State/Fed		Ongoing	Ongoing
MRB and LIHTC Extension		Ongoing	Ongoing
Housing Vermont: Funding		Evaluation/monitoring ongoing	Evaluation/monitoring ongoing
Cash Flow: Analyze		Included in computer search	Consider options after computer install
Statewide Aff Hsg Conf		Participated in 1992 conf	Plan to participate in 1993 conference
Home Buyer Workshops		7 conducted; 180 participants	2 conducted; 61 participants
Lender Training		30 sessions; 250 attendees	11 sessions; 80 attendees
Computer Search		Contract being reviewed	Computer conversion about to begin

SERIES 901

STATISTICAL REPORT PROGRAM ID: 901 Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 11/10/92

Loan Status: CC,UC,O

Total Number of Loans:	249
Total Loan Amount:	$16,570,636

EXISTING:	$12,465,509	76.3%	190 Loans
NEW CONSTRUCTION:	$4,105,127	23.6%	59 Loans
NEW DETACHED HOUSING:	$3,591,127	87.4%	52 Loans
NEW CONDOMINIUM:	$514,000	12.5%	7 Loans
Funds Remaining to be Reserved:	$762,379	4.3%	11 Loans (Est.)

Total Insured or Guaranteed Loans:	236
Loans Guaranteed by VHMGB:	233

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$68,698	$77,263	$71,794
Avg. Loan Amount	$63,488	$71,954	$66,548
Avg. Borrower Income	$28,708	$28,858	$28,763
Avg. Housing Debt-Income Ratio	26.6%	30.2%	27.9%
Avg. Total Debt	$836.44	$872.16	$849.35
Avg. Total Debt-Income Ratio	35.0%	36.6%	35.5%
Total No. of Loans	159	90	249
% of Total Loan Amount	60.9%	39.1%	100.0%
First Time Homebuyers	85.5%	98.8%	90.3%
% Meeting Low Income Set Aside	25.7%	48.8%	34.1%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	15	6.0%	$1,023,777	5,000	5.7%	0.3
Bennington	5	2.0%	$340,615	6,300	7.2%	5.2-
Caledonia	23	9.2%	$1,275,649	4,800	5.5%	3.7
Chittenden	58	23.6%	$4,316,325	16,000	18.2%	5.4
Essex	10	4.0%	$555,356	1,300	1.4%	2.6
Franklin	26	10.4%	$1,785,044	6,000	6.8%	3.6
Grand Isle	3	1.2%	$186,409	900	1.0%	0.2
Lamoille	14	5.6%	$994,285	3,300	3.8%	1.8
Orange	11	4.4%	$772,419	4,300	4.9%	0.5-
Orleans	11	4.4%	$602,272	4,200	4.8%	0.4-
Rutland	26	10.4%	$1,639,247	10,000	11.4%	1.0-
Washington	31	12.4%	$2,009,898	9,000	10.3%	2.1
Windham	7	2.8%	$460,562	7,100	8.1%	5.3-
Windsor	9	3.6%	$608,778	9,600	11.0%	7.4-
TOTAL	249	100.0%	$16,570,636	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

SERIES 92A

STATISTICAL REPORT PROGRAM ID: 92A   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 11/10/92
Loan Status: CC,UC,O

Total Number of Loans:	3
Total Loan Amount:	$208,900

EXISTING:	$107,250	66.6%	2 Loans
NEW CONSTRUCTION:	$101,650	33.3%	1 Loans
NEW DETACHED HOUSING:	$101,650	100.0%	1 Loans
NEW CONDOMINIUM:	$0	0.0%	0 Loans
Funds Remaining to be Reserved:	$9,294,028	84.4%	133 Loans (Est.)

Total Insured or Guaranteed Loans:	2
Loans Guaranteed by VHMGB:	2

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$81,500	$0	$81,500
Avg. Loan Amount	$69,633	$0	$69,633
Avg. Borrower Income	$27,124	$0	$27,124
Avg. Housing Debt-Income Ratio	27.6%	0.0%	27.6%
Avg. Total Debt	$835.00	$0.00	$835.00
Avg. Total Debt-Income Ratio	35.6%	0.0%	35.6%
Total No. of Loans	3	0	3
% of Total Loan Amount	100.0%	0.0%	100.0%
First Time Homebuyers	33.3%	0.0%	33.3%
% Meeting Low Income Set Aside	66.6%	0.0%	66.6%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	0	0.0%	$0	5,000	5.7%	5.7-
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	0	0.0%	$0	16,000	18.2%	18.2-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	2	66.7%	$153,900	6,000	6.8%	59.9
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	1	33.3%	$55,000	10,000	11.4%	21.9
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	3	100.0%	$208,900	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

SERIES 901

AS OF: 11/10/92 | Vermont Housing Finance Agency | Report: 1130
PAGE NO. 1 | 901 - $17,650,000 SINGLE FAMILY HOUSING BONDS SERIES 1 | PERSTATU

Status Report (with percent of pool proceeds approved)
Rate : 8.950%
Date : 11/10/92

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$868,637	4.9%	$868,637	4.9%	$868,637	$0	0.0%
Bradford National Bank	$151,900	0.8%	$151,900	0.8%	$151,900	$0	0.0%
Caledonia National Bank of Danville, The	$48,675	0.2%	$48,675	0.2%	$48,675	$0	0.0%
Chittenden Bank	$3,550,765	20.1%	$3,550,765	20.1%	$3,418,715	$132,050	3.7%
Citizens Savings Bank and Trust	$363,660	2.0%	$363,660	2.0%	$363,660	$0	0.0%
Community National Bank	$801,996	4.5%	$801,996	4.5%	$801,996	$0	0.0%
Factory Point National Bank, The	$78,926	0.4%	$78,926	0.4%	$78,926	$0	0.0%
Franklin-Lamoille Bank	$309,750	1.7%	$309,750	1.7%	$309,750	$0	0.0%
Granite Savings Bank and Trust Company	$207,500	1.1%	$207,500	1.1%	$207,500	$0	0.0%
Kittredge Mortgage Corporation	$126,950	0.7%	$126,950	0.7%	$126,950	$0	0.0%
Marble Bank	$229,158	1.2%	$229,158	1.2%	$229,158	$0	0.0%
Merchants Bank, The	$260,575	1.4%	$260,575	1.4%	$170,525	$90,050	34.5%
Mortgage Service Center of New England	$483,782	2.7%	$483,782	2.7%	$483,782	$0	0.0%
National Bank of Middlebury, The	$145,995	0.8%	$145,995	0.8%	$145,995	$0	0.0%
New England IBM Employees Fed Crdt Union	$72,000	0.4%	$72,000	0.4%	$72,000	$0	0.0%
Northfield Savings Bank	$175,750	0.9%	$175,750	0.9%	$175,750	$0	0.0%
Passumpsic Savings Bank	$790,693	4.4%	$790,693	4.4%	$790,693	$0	0.0%
Peoples Trust Company of St Albans	$159,315	0.9%	$159,315	0.9%	$159,315	$0	0.0%
Randolph National Bank	$214,450	1.2%	$214,450	1.2%	$214,450	$0	0.0%
Statewide Funding Corporation	$858,081	4.8%	$858,081	4.8%	$786,638	$71,443	8.3%
Summit Financial Center, Inc.	$473,712	2.6%	$473,712	2.6%	$403,712	$70,000	14.7%
Union Bank	$521,206	2.9%	$521,206	2.9%	$407,206	$114,000	21.8%
Vermont Federal Bank, FSB	$2,384,293	13.5%	$2,298,893	13.0%	$2,298,893	$0	0.0%
Vermont Mortgage Group, Inc	$656,993	3.7%	$656,993	3.7%	$656,993	$0	0.0%
Vermont National Bank	$2,707,066	15.3%	$2,707,066	15.3%	$2,609,691	$97,375	3.5%
Wells River Savings Bank	$245,081	1.3%	$245,081	1.3%	$200,081	$45,000	18.3%
TOTALS 253 Loans	$16,886,909	95.6%	$16,801,509	95.1%	$16,181,591	$619,918	3.6%

SERIES 92A

AS OF: 11/10/92
PAGE NO. 1

Vermont Housing Finance Agency
92A - $11,000,000 902 BSR MONEY PURCHASED AT REDUCED RATE
Status Report (with percent of pool proceeds approved)
Rate : 7.950%
Date : 11/10/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$107,250	0.9%	$55,000	0.5%	$0	$55,000	51.2%
Chittenden Bank		$187,055	1.7%	$52,250	0.4%	$0	$52,250	27.9%
Community National Bank		$167,000	1.5%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company		$30,000	0.2%	$0	0.0%	$0	$0	0.0%
Marble Bank		$47,500	0.4%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The		$113,500	1.0%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$156,927	1.4%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation		$237,305	2.1%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB		$383,300	3.4%	$0	0.0%	$0	$0	0.0%
Vermont Mortgage Group, Inc		$133,035	1.2%	$0	0.0%	$0	$0	0.0%
Vermont National Bank		$242,850	2.2%	$101,650	0.9%	$0	$101,650	41.8%
TOTALS	30 Loans	$1,805,722	16.4%	$208,900	1.8%	$0	$208,900	11.5%

MORTGAGE CREDIT CERTIFICATE PROGRAM (MCC5)

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC5
UNDERWRITING DATABASE
EFFECTIVE: 11/10/92

Total Number of Loans:	273
Total Loan Amount:	$20,786,425
Average Loan Amount:	$76,140

EXISTING:	$15,559,082	76.5%	209 Loans
NEW CONSTRUCTION:	$5,227,343	23.4%	64 Loans
NEW DETACHED HOUSING:	$2,498,235	47.7%	31 Loans
CONDOMINIUM:	$4,006,248	18.3%	50 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$80,645	$87,732	$83,578
Avg. Loan Amount	$73,669	$79,640	$76,140
Avg. Borrower Income	$32,144	$29,360	$30,992
Total No. of Loans	160	113	273
First Time Homebuyers	92.5%	100.0%	95.6%
% of Total Loan Amount	56.7%	43.3%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	1.1%	$195,525	4,500	5.8%	4.7-
Bennington	2	0.7%	$148,100	5,400	7.0%	6.3-
Caledonia	9	3.3%	$532,816	4,400	5.7%	2.4-
Chittenden	102	37.3%	$8,282,545	13,100	17.0%	20.3
Essex	1	0.4%	$58,000	1,100	1.4%	1.0-
Franklin	34	12.5%	$2,689,093	5,700	7.4%	5.1
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	11	4.0%	$801,268	3,100	4.0%	0.0
Orange	10	3.7%	$714,853	4,000	5.2%	1.5-
Orleans	5	1.8%	$292,850	3,800	4.9%	3.1-
Rutland	28	10.3%	$2,163,612	9,200	11.9%	1.6-
Washington	57	20.9%	$4,146,941	7,900	10.3%	10.6
Windham	5	1.8%	$387,650	6,000	7.8%	6.0-
Windsor	6	2.2%	$373,172	8,100	10.5%	8.3-
TOTAL	273	100.0%	$20,786,425	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE PROGRAM (MCC5)

AS OF: 11/10/92
PAGE NO. 1

Vermont Housing Finance Agency
MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5
Status Report (with percent of pool proceeds approved)
Rate : 0.000%
Date : 11/10/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$7,984,380	16.9%	$5,426,200	11.5%	$3,877,070	$1,549,130	19.4%
Chittenden Bank		$4,141,370	8.7%	$3,139,955	6.6%	$2,035,405	$1,104,550	26.6%
Franklin-Lamoille Bank		$298,750	0.6%	$298,750	0.6%	$108,750	$190,000	63.5%
Marble Bank		$295,125	0.6%	$207,250	0.4%	$148,750	$58,500	19.8%
Merchants Bank, The		$1,772,998	3.7%	$1,527,463	3.2%	$1,140,383	$387,080	21.8%
Northfield Savings Bank		$283,150	0.6%	$202,400	0.4%	$134,000	$68,400	24.1%
Passumpsic Savings Bank		$165,521	0.3%	$71,021	0.1%	$71,021	$0	0.0%
Statewide Funding Corporation		$3,732,020	7.9%	$2,970,081	6.3%	$1,142,164	$1,827,917	48.9%
Summit Financial Center, Inc.		$2,202,328	4.6%	$1,930,170	4.1%	$1,852,720	$77,450	3.5%
Vermont Federal Bank, FSB		$1,742,440	3.7%	$1,404,125	2.9%	$1,267,725	$136,400	7.8%
Vermont Mortgage Group, Inc		$2,515,370	5.3%	$2,140,870	4.5%	$451,350	$1,689,520	67.1%
Vermont National Bank		$1,833,670	3.8%	$1,396,890	2.9%	$993,840	$403,050	21.9%
TOTALS	354 Loans	$26,967,122	57.2%	$20,715,175	44.0%	$13,223,178	$7,491,997	27.7%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 09/30/92

Report: 1261
DELR07B

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	363	9	2.48%	0	0.00%	3	0.83%	12	3.31%	0	0	0.00%	0	0.00%	12	3.31%
Bennington Coop Savings & Loan Assn Inc	51	1	1.96%	0	0.00%	1	1.96%	2	3.92%	0	0	0.00%	0	0.00%	2	3.92%
Bradford National Bank	48	3	6.25%	1	2.08%	1	2.08%	5	10.42%	0	0	0.00%	0	0.00%	5	10.42%
Caledonia National Bank of Danville, Th	113	8	7.08%	1	0.88%	0	0.00%	9	7.96%	0	1	0.88%	1	0.88%	11	9.73%
Chittenden Trust Company	994	60	6.04%	9	0.91%	4	0.40%	73	7.34%	0	2	0.20%	3	0.30%	78	7.85%
Citizens Savings Bank	33	0	0.00%	1	3.03%	0	0.00%	1	3.03%	0	0	0.00%	0	0.00%	1	3.03%
Comfed Mortgage Co., Inc.	11	1	9.09%	0	0.00%	0	0.00%	1	9.09%	0	0	0.00%	0	0.00%	1	9.09%
Commonwealth Mortgage Company, Inc	23	1	4.35%	1	4.35%	0	0.00%	2	8.70%	0	0	0.00%	0	0.00%	2	8.70%
Community National Bank	161	2	1.24%	2	1.24%	0	0.00%	4	2.48%	0	0	0.00%	2	1.24%	6	3.73%
Factory Point National Bank, The	26	2	7.69%	0	0.00%	0	0.00%	2	7.69%	0	0	0.00%	0	0.00%	2	7.69%
First Brandon National Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	176	4	2.27%	2	1.14%	1	0.57%	7	3.98%	0	0	0.00%	0	0.00%	7	3.98%
Granite Savings Bank and Trust Company	32	1	3.13%	0	0.00%	0	0.00%	1	3.13%	0	0	0.00%	0	0.00%	1	3.13%
Green Mountain Bank	257	12	4.67%	4	1.56%	1	0.39%	17	6.61%	0	0	0.00%	0	0.00%	17	6.61%
Lomas & Nettleton Company, The	19	1	5.26%	0	0.00%	0	0.00%	1	5.26%	0	0	0.00%	0	0.00%	1	5.26%
Lyndonville Savings Bank & Trust Compan	54	1	1.85%	0	0.00%	0	0.00%	1	1.85%	0	0	0.00%	1	1.85%	2	3.70%
Marble Bank	220	13	5.91%	2	0.91%	1	0.45%	16	7.27%	0	0	0.00%	1	0.45%	17	7.73%
Merchants Bank, The	287	7	2.44%	4	1.39%	1	0.35%	12	4.18%	0	0	0.00%	0	0.00%	12	4.18%
Mortgage Service Center of New England	45	2	4.44%	0	0.00%	3	6.67%	5	11.11%	0	0	0.00%	0	0.00%	5	11.11%
National Bank of Middlebury, The	65	1	1.54%	1	1.54%	0	0.00%	2	3.08%	0	1	1.54%	0	0.00%	3	4.62%
New England IBM Employees Fed Crdt Unio	65	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	110	6	5.45%	1	0.91%	2	1.82%	9	8.18%	0	0	0.00%	0	0.00%	9	8.18%
Passumpsic Savings Bank	176	7	3.98%	0	0.00%	0	0.00%	7	3.98%	0	0	0.00%	2	1.14%	9	5.11%
Peoples Trust Company of St Albans	147	6	4.08%	2	1.36%	2	1.36%	10	6.80%	0	0	0.00%	0	0.00%	10	6.80%
Randolph National Bank	64	1	1.56%	1	1.56%	0	0.00%	2	3.13%	0	0	0.00%	0	0.00%	2	3.13%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	92	3	3.26%	1	1.09%	2	2.17%	6	6.52%	0	0	0.00%	0	0.00%	6	6.52%
Union Bank	158	3	1.90%	0	0.00%	0	0.00%	3	1.90%	0	0	0.00%	1	0.63%	4	2.53%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	894	38	4.25%	12	1.34%	10	1.12%	60	6.71%	0	2	0.22%	3	0.34%	65	7.27%
Vermont Mortgage Group, Inc	690	34	4.93%	5	0.72%	8	1.16%	47	6.81%	0	1	0.14%	7	1.01%	55	7.97%
Vermont National Bank	510	13	2.55%	4	0.78%	1	0.20%	18	3.53%	0	0	0.00%	2	0.39%	20	3.92%
Wells River Savings Bank	27	1	3.70%	0	0.00%	1	3.70%	2	7.41%	0	0	0.00%	0	0.00%	2	7.41%
Woodstock National Bank	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	5,936	241	4.06%	54	0.91%	42	0.71%	337	5.68%	0	7	0.12%	23	0.39%	367	6.18%
August 31, 1992	5,994	269	4.49%	45	0.75%	41	0.68%	355	5.92%	0	6	0.10%	24	0.40%	385	6.42%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: JAMES GANDINI, DATA PROCESSING MANAGER

DATE: NOVEMBER 11, 1992

RE: VHFA COMPUTER CONVERSION UPDATE

In September, the Board authorized the Agency staff to complete the acquisition of the selected computer solution. This update is to inform the Board of the progress of the acquisition and installation of that system.

On September 24, 1992, the contract with RCI for system software was signed by the Executive Director and the first installment payment was delivered to RCI.

Shortly thereafter, the data processing department generated requests for proposals for hardware based on system requirements, as specified by RCI. We solicited proposals from four (4) Vermont-based suppliers and two (2) Massachusetts-based suppliers. In order to be as flexible as possible, staff let the supplier suggest the various network components. This allowed VHFA to see which products the suppliers would recommend, without opinions to prejudice the choice of the manufacturer, as long as they complied with the list of requirements that was furnished.

After receiving responses to most of the requests, staff analyzed the suggested products and services, as well as the prices. After incorporating research VHFA staff had done on the various choices, preliminary decisions on products were made. The server that was selected will be manufactured by Compaq (a Texas based company). This was an important decision as the server is the major hardware component of the system. The design of this server has won several major awards for quality and processing speed. The software vendor was also pleased with the particular server chosen.

Next, authorized suppliers of these products were asked to provide a second round of quotes on a more specific hardware configuration. After reviewing all proposals, staff selected McAuliffe Office Systems as the supplier, not only for the major components, but for all of the networking needs. The predominant reason for this choice was that their quoted prices were lower than a variety of other suppliers. Also, by choosing one supplier, that supplier can guarantee the compatibility of the chosen products in a complicated network

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environment. In addition, the McAuliffe representative was the only supplier to discuss the processing needs of the new system with the software vendor prior to recommending any hardware. Not only is McAuliffe Office Systems a very competent system networking company, they have also been a vital part of the Vermont business landscape for many years.

As a result of the process of allowing suppliers to help design the network, VHFA has chosen a network architecture that is slightly different from the one utilized by the Tennessee Housing Development Authority, which VHFA used as a model for establishing our hardware budget. The design that VHFA has chosen should allow us to create our network at a lower cost than originally forecast.

The original capital budget had approximately $200,000 for hardware and other network expenses. The present projections, based on this different network architecture and current prices, place the cost of hardware and other network expenses around $150,000. There may be, however, some additional expenses that have been overlooked.

The present schedule has the initial deliveries of hardware slated for the week of November 16-20. Once the hardware has arrived, staff will schedule the next visit of RCI. During this visit, RCI will help install the network hardware and the network operating system, as well as install the software. RCI and staff will also begin the data analysis needed to convert the existing data and develop a more detailed implementation plan. Due to the Thanksgiving holiday, it appears that their visit will most likely be the first week of December.

RECOMMENDED ACTION

No Board Action is necessary. Staff will keep the Board informed on the status of the computer conversion.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS DRL

DATE: NOVEMBER 11, 1992

RE: MCC REVOCATION

BACKGROUND

Recently, VHFA staff conducted a review of files from several lenders that participate in Mortgage Plus, the VHFA Mortgage Credit Certificate (MCC) program. The review was performed to determine if the borrowers using the Mortgage Plus Program needed the MCC to qualify for the mortgage.

During the review three borrowers were found to be in violation of the program income limits and two of those were found to be in violation of the maximum federal income limits allowed.

Based on an opinion obtained from Frank Kochman, VHFA has no choice but to revoke the MCC on the two loans where the income is in excess of the maximum federal income limits.

In that same opinion, Frank indicated that where the program maximum is below the maximum federal income limits and the borrowers' income is within the maximum federal income limits, the decision to revoke an MCC is discretionary with the Board. In the case of the third loan, this is the situation.

DISCUSSION

In considering the use of discretion in cases where program limits, but not maximum federal limits, have been breached, staff considered several points as listed below:

* The program income limits were public noticed and are included in all of our marketing literature. Would there be any effect on the credibility of the program if VHFA did not strictly enforce the stated limits of the program.

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* The difference between the program income limits and the federal maximum income limits ranges from $0 to $3,480 depending on family size and the county where the property is located.

* Some of the possible consequences to a borrower for having an MCC revoked may be:

  (1) the borrower may be hard pressed to meet the mortgage payment obligation without the support of the MCC, and

  (2) the borrower may be liable to pay back taxes plus interest and penalties, if a tax credit was taken for a previous year.

* Some of the possible consequences to VHFA of revoking an MCC may be:

  (1) reduced use of the program by lenders,

  (2) Poor public relations, and

  (3) potential law suits.

Included with this memorandum is a procedure which staff recommends, if it is determined that there is a possibility that an MCC will have to be revoked. Using this procedure will allow for a thorough investigation of the facts before a decision is made.

RECOMMENDATION

Staff recommends that where a tax code violation is discovered, the MCC be revoked. Where a program requirement is breached, but not the tax code, staff would consider if the MCC was needed to qualify for the mortgage, and other factors that would help in determining to revoke or not revoke an MCC. In both circumstances the procedures, as submitted, would be followed.

In those cases where a lender is found to be breaching program limits on a consistent basis, staff would consider whether the lender should be allowed to continue to participate in the program and would make a recommendation to the Board.

BOARD ACTION REQUESTED

Approval of the recommendation above, including the attached procedure, and authorization for the Executive Director to revoke an MCC that has been previously issued by VHFA after the facts have been reviewed and it is determined that such action is warranted.

VERMONT HOUSING FINANCE AGENCY
MORTGAGE CREDIT CERTIFICATE PROGRAM
REVOCATION PROCEDURES

I. Background

In 1984, Congress first authorized mortgage credit certificates ("MCC") by adding section 25 to the Internal Revenue Code (the "Code"). In 1987, the Vermont Legislature added the issuance of MCCs to the statutary duties of the Vermont Housing Finance Agency ("VHFA"). Lenders throughout the state originate conventional mortgage loans and help qualified borrowers apply to VHFA for the issuance of an MCC, which is an annual federal income tax credit. The Code and associated regulations set out qualification requirements for borrowers seeking MCCs. The issuer of an MCC is required to correct the situation if a borrower did not comply with the qualifications at the time the certificate was issued. VHFA has concluded that the only means it has to correct the situation is to revoke the certificate if the borrower did not meet the requirements for an MCC at the time of issuance or made a material misstatement in the application process.

The purpose of these procedures is to set out the approach VHFA will take in the event it discovers that a borrower did not qualify at the time the MCC was issued, or made a material misstatement in the borrower's application documents.

II. Revocation Procedure

1. VHFA will conduct random audits on Lenders' MCC files on an annual basis.

2. Upon discovery of information in a Lender's files that (1) differs, in a material way, from information furnished to VHFA in connection with the issuance of an MCC or, (2), in any way indicates a possible violation of VHFA program rules or other eligibility requirements, VHFA will inspect additional information in the Lender's file if necessary and make a preliminary determination whether a possible violation exists.

3. In the event of a determination of a possible violation of VHFA program rules or other eligibility requirements, VHFA will have an independent review of the information performed by its General Counsel or another appropriate individual not involved in the audit process.

4. After the additional review, if a determination is made of a possible violation of VHFA program rules, federal eligibility requirements, or both, VHFA staff is directed to begin the revocation procedure.

5. In the event of a determination of a possible violation of VHFA program rules or federal eligibility requirements, VHFA will notify the Lender of its intention to

revoke the MCC and the reasons for the intended revocation, and give the Lender ten business days to respond in writing and/or provide additional information for VHFA's consideration.

6. If no satisfactory explanation or information is received within the time limit set out in paragraph 5, VHFA will notify Lender and Borrower of its intent to revoke the MCC, giving the reasons for the intended revocation, and giving Borrower ten business days to respond in writing and/or provide additional information for VHFA's consideration.

7. In the event the Borrower responds to the notice sent out pursuant to paragraph 6, above, the Executive Director will review the response and make a decision as to whether there should be a revocation. VHFA will give the Borrower and Lender notice of its decision on revocation. If the decision is made to revoke the MCC, the Internal Revenue Service will also be given notice, as required by regulations.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS DRL

DATE: NOVEMBER 11, 1992

RE: LENDER FEE INCREASE RECOMMENDATION

BACKGROUND

Prior to the 1987 bond series, VHFA operated with a funds allocation system for its mortgage purchase programs. With this type of system a participating lender would request that VHFA allocate to that lender a certain amount of the funds obtained from the bond financing. VHFA would receive a fee equal to .5% of the allocated amount. Of this amount, .25% would be returned to the lender upon successful completion of the program. On an allocation of $3 million, $15,000 would initially be paid to VHFA with a maximum $7,500 being returned to the lender after program end. An allocation system has some drawbacks, such as (1) funds could not flow easily to areas that needed them, (2) labor intensive to administer and (3) with the recycling feature a program does not necessarily end.

Beginning with the 1987 bond series, VHFA changed to a reservation system where VHFA collects a participation fee, none of which is refunded. Presently the fee collected is $1,000 per participating lender.

DISCUSSION

It is staff's opinion that the benefits derived by the participating lenders in the MOVE program far exceed the $1,000 program participation fee they presently pay. Some of these benefits include Community Reinvestment Act credit, larger market share, more opportunity to cross sell other bank services and long term servicing fee income.

In addition to the benefits to the participating lender, there is a benefit to VHFA other than additional income. The more a lender uses the MOVE program the more comfortable and skillful they become in understanding the program, including how best to present MOVE to their customers. Frankly, we believe some of the lenders who currently participate in MOVE do not actually use it and provide outdated or misleading information to their customers. A higher fee is likely to provide a greater incentive for those lenders to seriously use MOVE or decide not to participate.

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Staff feels that the participation fee should be at a level where lenders who do not really use and market MOVE at a level that they feel makes participation in the MOVE program worthwhile will not participate directly. They can continue to participate in the MOVE program by entering into a correspondent relationship with a participating lender.

Staff recommends that the board approve the following changes to the participation fee structure of the MOVE program.

1. Increase the participation fee to $2,500. This would be an increase of $1,500 over the present fee. Total fees collected based on the present 31 participating lenders would increase from $31,000 to $77,500. For comparison purposes, if five of our less active participating lenders drop out, than VHFA would collect $65,000.

2. Change the fee to an annual fee rather than a program based fee. Under this scenario, budgeting for the lenders would be in line with most of the lenders budget year. One of the considerations taken into account in this recommendation is that one fee would cover multiple programs such as the Mobile Home Assistance Program and programs using recycled funds. We would anticipate initiating the annual fee starting January 1, 1993. VHFA would have to finish its existing program as the lenders have already paid a program fee for the present funds.

Based on the poll of lenders taken prior to VHFA increasing the participation fee on Mortgage Plus, the lenders indicated that the fee should be reasonable. Staff believes that an annual fee of $2,500 is reasonable for the benefits the lenders receive.

For new lenders, VHFA would anticipate having a stepped participation fee structure. This should encourage new lenders to participate in the MOVE program by allowing them to test the water prior to diving into the lake.

RECOMMENDATION

Board approval of establishing the MOVE participation fee at $2,500 on a calendar year basis beginning January 1, 1993 with a stepped fee schedule for new lenders who have not participated in VHFA mortgage purchase programs previously.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, MF Development Underwriter

DATE: November 12, 1992

RE: Request for Revised Commitment Letter
New Avenue Building, St. Johnsbury

Summary

At the May 1992 Board meeting, the VHFA Board of Commissioners approved up to $1 million in VHFA taxable financing, construction and permanent, for the restoration of the New Avenue Building in St. Johnsbury. At that time total development costs were estimated at $1,832,500, or $38,990 per unit.

As a result of the environmental assessment of the property, asbestos was found to be in much of the interior plaster. The current cost estimate for the asbestos removal work alone is $250,000, which must be added on to the $930,000 construction budget. In addition, the sponsors have given up on their Low Income Housing Tax Credit allocation, since the building cannot be completed by December 31, 1992. The sponsors still intend to secure historic tax credits, and will raise approximately $260,000 through syndication. Because the sponsor cannot use the 9% Low Income Housing Tax Credit, they can now use tax-exempt financing instead of taxable. Thus VHFA can now offer the sponsors 8.5% tax-exempt financing.

The financial projections have changed substantially due to the new set of circumstances. The sponsors are now requesting a VHFA loan of up to $1,450,000. Equity is reduced from $743,000 to $691,600. The new loan level represents 68% of total development cost, compared to 55% previously.

The lower interest rate on the VHFA loan does not in and of itself make the new projections feasible. A special 10% increase in the Section 8 rents will need to be approved by HUD. The review process for that decision is in progress. The revised VHFA commitment would be contingent upon the HUD approval.

Overall costs remain reasonable, at total development costs of $44,749 per unit. This compares to actual or projected per unit costs at other recent VHFA financed

developments: St. Johnsbury (rehab) $46,375; Northgate (rehab) $58,540; Templeton (rehab) $53,104; Highgate (rehab) $67,135 and Upper Welden (elderly, rehab) $26,750.[1] Northgate, Highgate and Templeton are family developments.

The proposed development would have 47 small residential units on the top three floors of a four story building.[2] All the units would have 15 year project-based Section 8 certificates, meaning that residents would pay no more than 30% of their income for rent and utilities.[3]

Sponsor

The sponsor is Depot Square Apartments Limited Partnership of Holyoke, Massachusetts. The general partners are Herbert, Mark and Stephen Berezin. The Berezins own and manage 23 subsidized housing properties, primarily in Massachusetts. They own and manage two developments in Vermont, in Windsor and Brattleboro.

Financial Projections/Sources and Uses of Funds

The attached projections show that the project can work financially, assuming a tax exempt rate of 8.5% over 30 years.[4] The development budget includes $98,000 to cover operating losses for the first 2 years. The projections assume a 5% vacancy rate, with first year rent-up revenues at 67% of capacity. A deficit escrow reserve would be sized at permanent closing, and is not a part of the development budget. The sponsor has agreed to pledge $50,000 cash, with an additional $50,000 in the form of cash, securities and/or personal guarantee as a deficit escrow guarantee (based on our current estimate of rent-up as of the completion of construction) at the construction closing.[5] Syndication proceeds from the Historic Tax Credit investor will begin to flow soon after the permanent closing, replacing a portion of the sponsors equity over time.

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1 The Northgate per unit costs include an adjustment for a capitalized land lease, which is done for comparison purposes only. The Northgate and Highgate costs do not include any adjustment for favorable seller financing.

2 The residential units would be in a condominium, with the first floor commercial spaces united in a separate condominium.

3 Note that due to delays, there are only 13 years remaining on this HAP allocation.

4 The actual term of the loan is 25 years, with a 30 year amortization.

5 If a personal guarantee is offered as part of the deficit escrow, an additional pledge of the Historic Tax Credits will be required. When the syndication proceeds begin to come in, that cash would replace the personal guarantee first before any sponsor equity is replaced.

A critical assumption of the projections is a continuation of the Section 8 assistance past their contractual obligation in Year 14. If some form of rental assistance is not available at that time, a reduction of rents to market rate levels is likely to cut gross income by 30% (approximately $120,000), a reduction that nearly equals the VHFA debt service.

Loan to Value

An appraisal was done for the Vermont State Housing Authority (VSHA) by Frank Bredice in December 1988. His valuation of the total building, based strictly on comparables, was $274,000. The appraisal used a "sale price per square foot" as the primary measure to compare various buildings of similar character. The appraisal assumed major renovation needs estimated at $500,000. The current construction budget (including contingency) is $1,180,000.

The sponsor has sent VHFA a new appraisal figure, which results from work done for Fleet bank. The new appraisal value is $1.9 million after renovation. The appraisal was done by Bruce A. Taylor (MAI) in October 1991.

Assuming that the residential portion of the building represents 3/4 of the total value of the building (based solely on a square footage basis), the proposed VHFA loan of $1.45 million would represent 101.7% of the adjusted (i.e., 3/4 of) appraised value of the residential portion of the completed building. VHFA rules limit the VHFA loan amount to the lesser of 95% of the housing development cost or the security value. Thus the Board needs to make a finding establishing the security value of the residential portion of the building at a minimum of $1.526 million.

The financing would be conditioned upon the sponsor securing an appraisal for the residential portion of the building which supports the $1.526 million valuation.

Unit Breakdown and Rents

The sponsor has a commitment from HUD for 47 Section 8 Mod Rehab certificates (i.e., 100% of the units). These subsidies run for 15 years. HUD has granted an extension of the approval until December 1992. A HAP (Housing Assistance Payment) agreement would be signed at the permanent closing. According to Kathy Raymond-Berk of the VSHA, the agreement will likely only have 13 years remaining.

The proposed unit breakdown is 11 efficiencies, 29 1-BR's, and 7 2-BR's. Unit rents, with the expected rent increase approved by HUD, would be $404 per month for the efficiencies, $491 for the 1-BR's, and $568 for the 2-BR's. As a result of the Section 8 subsidies, tenant households would pay no more than 30% of their income toward rent. The owner would pay heat and all other utilities except electricity and phone.

Under the Section 8 Mod Rehab program all tenants must be screened in advance by

VSHA for eligibility and selective prioritization under the federal preference rules. The sponsor will choose the "first come, first served" option as far as applicants who meet the federal preferences rules. The sponsor feels the unit layouts will make this largely an elderly project. VHFA staff concludes that the tenant mix will likely include low income families and individuals with mental health disabilities, resulting in a complex tenant mix from a property management perspective. The sponsor responds that such a tenant mix is common in subsidized housing and that they have extensive experience in dealing with it.

Renovation Plans

Renovation work plans were initially derived from a work write-up done by VSHA staff. Since that time the Berezins have hired Ben Nickerson to provide detailed floorplans.[6] We have had building evaluations completed by VEIC and Black River Design, and the sponsor has made changes to address nearly all of the issues raised by those evaluations.

We have confirmed with the Department of Labor and Industry that the plans meet the requisite handicap accessibility requirements, meaning those that were in place at the time the building permit was secured, in June 1989. The sponsor plans to have 3 fully accessible units, and 2 additional adaptable units.

The sponsor had earlier expressed an interest in acting as general contractor. They now have a letter of intent and fixed contract price from Scott Construction. A construction bond is included in Scott's price. Based on the independent cost estimate made for VHFA, we are comfortable with the Scott's price established to date.

Market Data

At the time the VHFA Board approved the Resolution of Interest (March 1992), little market data had been generated by the sponsor to support the demand for the residential units. The sponsor did run an ad and elicited some names of people clearly interested and eligible. We also had the sponsor mail a questionnaire to individuals and families on the Section 8 waiting list for St. Johnsbury and Caledonia County. 31 positive responses were received that appear to be eligible. All but two are either elderly or single mothers with children on ANFC (Aid to Needy Families with Children).

We interpret this information to support proceeding with the development, but think it wise to expect a long rent-up period for all 47 units. As noted earlier, our current projections assume that 22 units would be rented at the completion of construction, and that full rent-up would take two years.

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[6] Ben Nickerson has a job with NCIC of St. Johnsbury, but was hired by the Berezins in an independent capacity. Ben is a registered architect.

We know that the St. Johnsbury rental market is not strong. This large a development would be unduly risky without the benefit of the project-based Section 8 certificates for all of the units.

The sponsor asserts that there are many eligible tenants, elderly in particular, who are currently living in substandard apartments for affordability reasons. This conclusion affirmed by data from the 1986 AER study that "... the principal housing problems of (St. Johnsbury) are related to quality and condition rather than those of affordability."[7]

This information is confirmed by 1990 Census data about the age of housing structures (see attached graph "Age of Housing Stock"). 75% of the housing stock in St. Johnsbury is more than 50 years old. It is assumed that the renovated New Avenue building will be attractive in comparison with much of the rental housing, particularly that available to low income elderly and families.

Rent data from the 1989 statewide study done by VSHA confirms that St. Johnsbury continues to be a relatively low cost rental market. Median monthly gross rents (i.e. including utility allowances) for St. Johnsbury compared to the State averages were:

# of BRS	St. Johnsbury Rents	Statewide Avg Rents
0 BR	$249	$362
1 BR	$329	$417
2 BR	$427	$547
3 BR	$560	$664

The AER study indicated that St. Johnsbury had a relatively high need for assisted units for the elderly - the third highest of the twelve largest labor market areas in Vermont. A local non-profit housing corporation in St. Johnsbury which manages two Section 8 elderly developments in that area reports a 53 person waiting list (May 1992). This compares to 15 at the time this proposal was originally considered in 1990.

Environmental Assessment

The Phase I environmental assessment was completed in May, and detailed follow-ups for lead and asbestos were conducted in April and July. Of 70 paint samples taken in the interior of the building, 18 had lead levels over the critical .5% (by weight) threshold. While most results were in the 1 to 3% range, two units had samples over 10%. Fortunately all the window and door trim cleared OK (i.e. negligible lead levels). As part of the remediation, all walls will be sheetrocked to 10 feet. Wall heights above that level will be above the hung ceiling. They will be scraped and painted over.

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7 Applied Economic Resources consulting firm, from Laconia, New Hampshire.

Asbestos was more pervasive, particularly in the wall and ceiling plaster. It also appeared as pipe insulation, in pipe joint fittings, floor tile, vinyl flooring and transite board. There is also a 10 cubic yard asbestos-filled debris pile in the backyard which we have known about. These findings resulted in the $250,000 cost increases to the rehabilitation noted earlier.

In both cases final remediation will involve careful washing and HEPA vacuuming of all surfaces, with clearance testing down to 200 microns per square foot for lead, and air sampling for asbestos fibers down to .01 fibers per cubic centimeter of air.[8]

Comments

The project strengths are:

1. Strong management capabilities in subsidized housing projects, and specific experience with the federal preferences procedures.

2. The building is a centerpiece in St. Johnsbury, even in its current sorry and dilapidated condition. There is strong community support for its renovation. Its location would be excellent for tenants.

3. The sponsors have secured 47 project-based Section 8's for a central city location. This will be an important resource for many very low income individuals. The Section 8 program provides relatively high rents to the sponsor despite market conditions. It also provides 2 months rent subsidies for all the units during renovation.

4. The sponsors have already given Housing Vermont an option to purchase the building in 30 years for 75% of the property's market value. This option was negotiated by VHFA as part of the 1989 LIHTC negotiations.

The project weaknesses at this time are:

1. The project will be in serious jeopardy if the Section 8 program is discontinued after 13 years. Market rate rents alone will not support the financing.

2. The site has very limited on-site parking, either for residential or commercial tenants, or for their visitors and customers. There may be as many as 8 spaces in the back of the building. However, the sponsor has reached an agreement with the Town for 2 on-the street spaces (for handicapped individuals) and 12 spaces in a nearby municipal lot.

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[8] The lead clearance standards are HUD's Public Housing standards for floors. Window sill clearance standards are 500 micrograms per square foot, and window wells 800 micrograms. The asbestos clearance standard is from the Vermont Department of Health, which must approve the remediation plan and clearance tests.

3. Federal preference procedures for Section 8 projects will make this a challenging development from a property management perspective. The tenant population is likely to include elderly, families and mentally handicapped individuals.

4. Splitting the different building uses into two condominiums (i.e., one residential and one commercial) does not address potential problems that the presence of mixed uses in one building may cause for residents. We will need to ensure that commercial tenant uses are compatible with residents.

5. We do not have a good sense about the strength of the St. Johnsbury commercial market. A concern would be that a weak market may lead to vacant first floor storefronts for a long period of time. The sponsor thinks that there is interest in the commercial space, based on inquiries over the last few years. They have not been able to proceed independently with the commercial space because the whole building needs operational sprinklers for fire protection.

Recommended Action

Staff recommends adoption of an amended Commitment Letter Resolution (attached), authorizing the Executive Director to issue a commitment to provide VHFA tax exempt financing (construction and permanent) of up to $1.45 million for the New Avenue Building in St. Johnsbury. VHFA's conditions of participation would include the following key requirements:

1. The financing would be conditioned upon the sponsor securing an appraisal for the residential portion of the building which supports the $1.526 million valuation.

2. Evidence from the sponsors at the time of the construction closing that they have the capacity to establish a deficit escrow fund according to Agency policies. Our estimate of the potential deficit escrow at this time is $100,000, based on rent-up of half the units by the time of the permanent closing.

3. A management plan that acknowledges the mixed tenant populations (i.e., elderly, family and mentally handicapped) that will likely result from the federal preference regulations.

4. An approved lead paint and asbestos remediation plan, and substantiation of the abatement cost estimates.

5. Approved regulatory language governing the type of commercial tenants that can lease the first floor spaces.

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Project:	Berezin-St Johnsbury-New Avenue	RUN DATE:	

********Unit Information********		**********Assumptions*********	
Total Residential Units:	47	Income Increase:	2.50%
Percent Restricted:	100.00%	Exp increase	3.50%
Section 8 Increase	10.00%	Vacancy Rate	5.00%
Total Development Cost	2,102,202		
TDC/Residential Unit	44,728	Rent-up Subsidy	99,006
		Est Deficit Escrow	97,317
		Total Escrows	196,323
		Years to Breakeven	3

PERMANENT FINANCING SOURCES

	Amount	% of TDC	Interest	Term	Per Unit
Historic Tax Cr Equit	260,000	12.37%	N/A	N/A	5,532
Sponsor Equity	431,600	20.53%	N/A	N/A	9,183
VHFA	1,410,602	67.10%	8.50%	30	30,013
	0	0.00%		0	
	---------	-------			--------
	2,102,202	100.00%			44,728
0					

Berezin-St Johnsbury-New Avenue — DEVELOPMENT BUDGET

		Pre-Closing Expenditures	Construct Closing Expenditures	Construct Period Expenditures	Total Development Budget	Per Unit
Acquisition		215,000			215,000	4,574
Market Study					0	0
Site Work/Landscaping					0	0
Construction Contract		12,500		918,321	930,821	19,805
Asbestos				250,000	250,000	5,319
Bond Premium					0	0
Contingency	6.63%			61,681	61,681	1,312
Arch/Engineering		2,000		2,000	4,000	85
Consultants					0	0
Title & Recording			5,000		5,000	106
Appraisal					0	0
Legal/Accounting		5,000	10,000		15,000	319
Permits/Fees					0	0
Taxes/Insurance		7,100		8,100	15,200	323
Construction Loan Int	22,808			25,000	25,000	532
Construction Loan Fees			14,500		14,500	309
Permanent Loan Fee	14,106		14,500		14,500	309
Marketing / Management					0	0
Rent-up Subsidy			98,000	0	98,000	2,085
Improvements/Carrying Costs		400,000			400,000	8,511
VHFA Transaction Costs			2,500		2,500	53
Clerk of Works					0	0
Working Capital	52,062		51,000		51,000	1,085
Syndication Expenses					0	0
Developer's Fee	0.00%				0	0
TOTAL DEVELOPMENT COSTS		641,600	195,500	1,265,102	2,102,202	44,728

Notes

- Commercial portion of the building has been put into a separate condominium
- Construction loan interest @9%, with 1% fee
- VHFA loan 8.5% fixed, 25 year term, 30 year amortization. Loan fee 1%.
- Working Capital 40% of VHFA annual debt service
- Yr 1 income & oper exp 67% of capacity, Yr 2 88% - rent-up assumption
- Development Budget now includes rent-up sinking fund, but not deficit escrow.
- No developer fee
- Construction budget includes 6/18 additions (partial community room) and $20,000 for new cabinets.
- Project heavily dependent upon continued Section 8's. Yr 14 gross income w/o
  Section 8 rents would be reduced by estimated 1/3 ($122,000).

Berezin-St Johnsbury-New Avenue INCOME & EXPENSE BUDGET

INCOME

Restricted Units (See assumptions below)

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Rent	Total Sq.Feet
Efficiency	Flat	0	11	404	0	4,441	0
1 BR	Flat	0	29	491	0	14,227	0
2 BR	Flat	0	7	568	0	3,973	0
		0	0	0	0	0	0
		0	0	0	0	0	0
		0	0	0	0	0	0
	Totals	0	47	271,696	(annual)	22,641	

Commerical Space

	Type	Sq.Feet	Number	Rent	Total Rent	Total Sq.Feet
Unit 1		0	0	0	0	0
Unit 2		0	0	0	0	0
		0		0	0	0
		0		0	0	0
		0		0	0	0
		0		0	0	0
	Totals	0	0	0 (annual)		

All Units

			Sq.Feet	Number	Rent
	Grand Total		0	47	271,696
Floor Space	N/A	Less Resid Vacan		5.00%	(13,585)
Unit Frac.	100.00%	Less Comm VacancN/A		N/A	

NET RENT 258,111

OTHER INCOME

Laundry	2,800
Parking	0
Interest Income	0
Other	0
Total Other Income	2,800

EXPENSE BUDGET

	Annual	Per Year	Year 1 Per Month	Year 2 Per Month	Year 3 Per Month	Year 4 Per Month
Administration	26,000	553	46	47	48	50
Utilities	35,000	745	62	64	65	67
Maintenance	40,000	851	71	73	75	76
Taxes	8,525	181	15	19	22	26
Insurance	7,200	153	13	13	13	14
Reserves	10,000	213	18	18	19	19
	0	0	0	0	0	0
Total	126,725	2,696	225	233	242	251

Note: Reserves at 4.5% x gross income
Taxes subject to approved five year stabilization plan.
Yr 6 Taxes projected from Yr 1 base of $400 per year per unit.
Owner pays all utilities except electric and phone.

Berezin-St Johnsbury-New Avenue PRO FORMA 10-Nov-92 C:\QUATTRO PRO FORMA 10-Nov-92

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Residential Rent	165,976	215,542	285,450	292,586	299,901	307,399	315,084	322,961	331,035	339,311	347,793	356,488	365,400	374,535	383,899	393,496	403,334	413,417	423,752	434,346
Gross Rent Potential	165,976	215,542	285,450	292,586	299,901	307,399	315,084	322,961	331,035	339,311	347,793	356,488	365,400	374,535	383,899	393,496	403,334	413,417	423,752	434,346
Less Vacancy	(8,299)	(10,777)	(14,273)	(14,629)	(14,995)	(15,370)	(15,754)	(16,148)	(16,552)	(16,966)	(17,390)	(17,824)	(18,270)	(18,727)	(19,195)	(19,675)	(20,167)	(20,671)	(21,188)	(21,717)
Plus Other Income	2,100	2,870	2,942	3,015	3,091	3,168	3,247	3,328	3,412	3,497	3,584	3,674	3,766	3,860	3,956	4,055	4,157	4,261	4,367	4,476
Total Actual Income	159,777	207,635	274,119	280,972	287,997	295,197	302,577	310,141	317,894	325,842	333,988	342,338	350,896	359,668	368,660	377,877	387,324	397,007	406,932	417,105
Less Operating Exp.	84,906	115,878	136,709	141,813	146,996	154,484	159,891	165,487	171,279	177,274	183,479	189,900	196,547	203,426	210,546	217,915	225,542	233,436	241,606	250,063
Net Operating Income	74,871	91,756	137,411	139,159	141,001	140,713	142,685	144,654	146,615	148,568	150,509	152,437	154,349	156,242	158,114	159,962	161,781	163,571	165,325	167,043.
Less VHFA Debt Service	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156	130,156
Cash Flow	(55,284)	(38,400)	7,255	9,003	10,845	10,557	12,530	14,498	16,459	18,412	20,354	22,281	24,193	26,087	27,958	29,806	31,626	33,415	35,170	36,887
Debt Cov.Ratio	57.52%	70.50%	105.57%	106.92%	108.33%	108.11%	109.63%	111.14%	112.65%	114.15%	115.64%	117.12%	118.59%	120.04%	121.48%	122.90%	124.30%	125.67%	127.02%	128.34%

	1	2
Cash Flow Subsidy	55,284	38,400
Net Cash Flow	0	0
DCR Credit Enhancement	6,198	6,198
DCR w/ Credit Enhancement	1.05	1.05

11/6/92
KOPPELKAM

VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- REHABILITATION & ACQUISITION - 1986-1992

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					PROPOSED	PROPOSED
PROJECT	NORTHGATE	ST. JOHNSBURY	HIGHGATE	TEMPLETON	NEW AVENUE BUILDING	ST. JOHNSBURY PHASE II
SPONSOR(S)	HOUSING VERMONT NORTHGATE NONPROFIT	NORTHERN COMMUNITY HOUSING CORP HOUSING VERMONT	HG NONPROFIT HOUSING VERMONT	VT HOUSING ENTERPRISES, INC.	BEREZIN	NORTHERN COMMUNITY HOUSING CORP HOUSING VERMONT
TYPE	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	ELDERLY & FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB
LOCATION	BURLINGTON	ST. JOHNSBURY	BARRE	WHITE RIVER JUNCTION	ST. JOHNSBURY	ST. JOHNSBURY
STATUS	ACQUISITION - 12/89 PHASE I REHAB COMPLETE - 6/91 PHASE II REHAB COMPLETE - 12/92	AQUISITION - 8/90 REHAB COMPLETE - 4/91	ACQUISITION - 5/91 PHASE I REHAB COMPLETE - 12/92	ACQUISITION - 8/91 REHAB IN PROGRESS	ACQUISITION - 12/88 PROPOSED REHAB COMPLETE - 12/92	PROPOSED ACQUISITION - 12/92 PROPOSED REHAB COMPLETE - 6/93
TOTAL # OF UNITS	336	32	120	36	47	28
# OF LIHTC UNITS	163	22	101	35	47	19
# OF PROJECT BASED SECTION 8 UNITS	163	13	113	35	47	0
TOTAL DEVELOPMENT COST (TDC)	$19,669,197	$1,686,996	$8,307,394	$1,911,750	$2,103,202	$1,200,759
TDC/UNIT	$58,539	$52,719	$69,228	$53,104	$44,749	$42,884
REHAB COSTS/UNIT	$18,512	$24,206	$31,208	$10,278	$25,124	$12,313
ACQUIS COSTS/UNIT	$29,665	$21,072	$26,528	$37,500	$4,574	$24,242
ALL OTHER COSTS/UNIT	$10,363	$7,442	$11,492	$5,326	$15,051	$6,329
TAX CREDITS YES OR NO	YES	YES	YES	YES	YES	YES
DEVELOPER/SYND FEES AS % OF TDC	2.03%	4.74%	2.91%	0.52%	0.00%	6.42%
SOURCES OF FINANCING AS % OF TDC						
EQUITY	17.34%	30.52%	19.45%	0.00%	32.88%	17.55%
VHFA	43.11%	24.40%	9.34%	86.31%	67.12%	2.91%
HCTF	15.50%	23.17%	11.44%	13.69%	0.00%	25.41%
CDBG	0.00%	21.91%	7.91%	0.00%	0.00%	54.13%
HODAG/HUD	15.25%	0.00%	43.69%	0.00%	0.00%	0.00%
OTHER	8.80%	0.00%	8.17%	0.00%	0.00%	0.00%
TOTAL SOURCES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	AS OF 9/92	AS OF 10/92	AS OF 9/92	AS OF 10/92		
NUMBER OF VACANCIES	18	1	6	6	n/a	n/a
VACANCY RATE	5.36%	3.13%	5.00%	16.67%	n/a	n/a

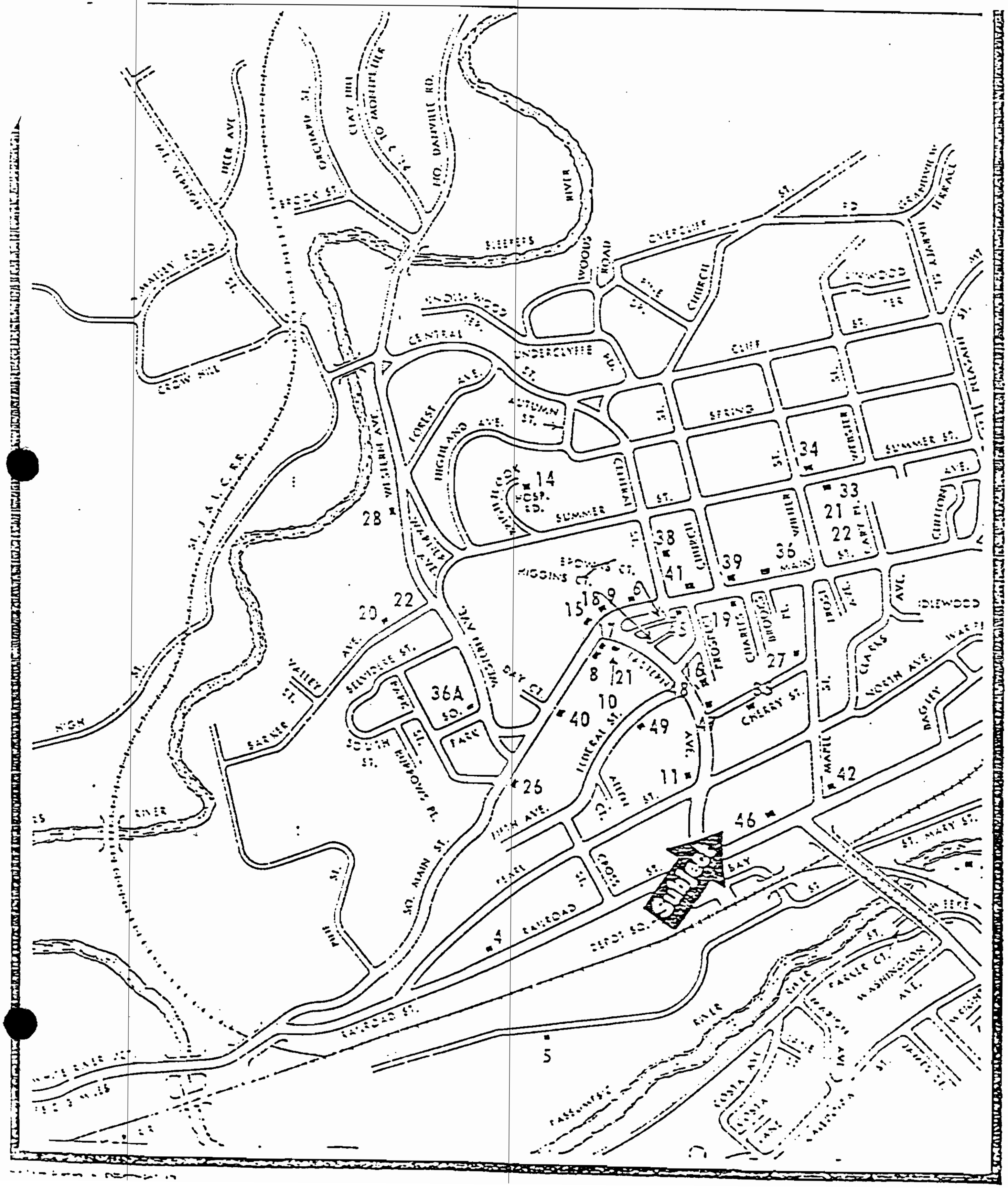
Notes: TDC = Total Development Cost; LIHTC = Low Income Housing Tax Credit
VHFA = Vermont Housing Finance Agency; HCTF = Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;
HUD = Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.

New Avenue Project

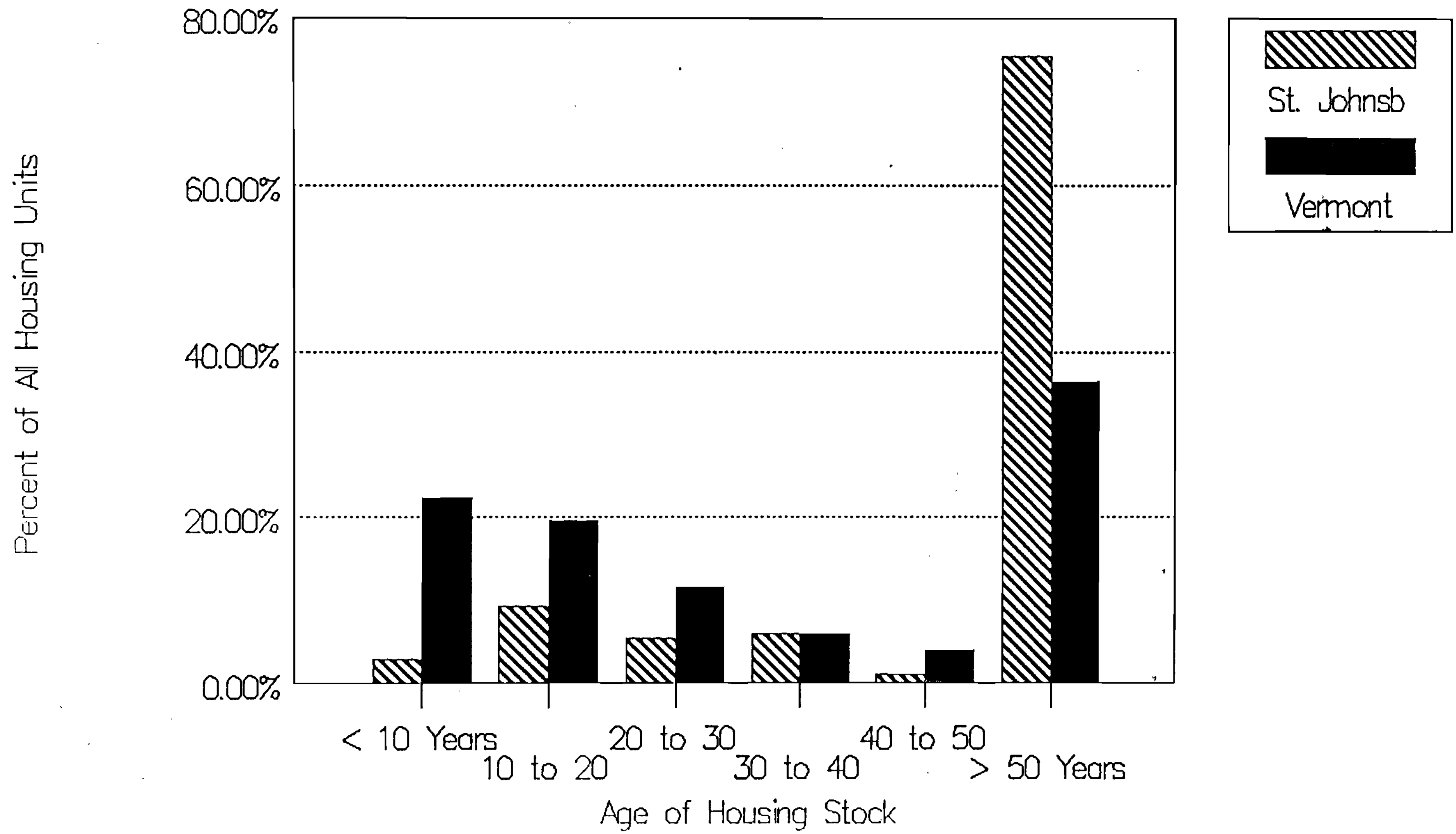
St. Johnsbury

Location Map



Age of Housing Stock

St Johnsbury Compared to Vermont



RESOLUTION PERTAINING TO
COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE:
NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

WHEREAS, this Development has been the subject of previous resolutions of the Agency on May 20, 1992, March 24, 1992 and October 18, 1990; and

WHEREAS, Depot Square Apartments Limited Partnership will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the real property in question also includes commercial space, which will be separated from the residential portion of the Development through a condominium declaration; and

WHEREAS, the Development has been approved by the Department of Housing and Urban Development for 15 year project based Section 8 moderate rehabilitation certificates; and

WHEREAS, the Development requires additional loan funds for the remediation of asbestos found in the building; and

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

It is hereby DETERMINED:

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

2. The costs of rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment (the "Commitment Letter") to provide a first mortgage loan for rehabilitation in an amount to be determined by the Executive Director, but not to exceed $1,475,000, for the New Avenue House Development. The term of the loan shall be 25 years, with an amortization over 30 years and the interest rate shall not exceed 8.5 % per annum.

2. The Commitment Letter shall be issued to Herbert Berezin as a representative of the housing sponsor.

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

4. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

5. The Commitment Letter shall require the Developer, as a condition of the loan, to demonstrate to the Executive Director's satisfaction that the following items have been achieved:

   Final approval of Section 8 certificates by HUD, including a 10% increase in rents;

   Staff approval of plans and specifications for the proposed rehabilitation;

   An appraised value of the residential portion of the building, or the provision of additional security, so that the VHFA loan does not exceed 95% of such value;

   Staff approval of the structure of the proposed condominium, including sufficient regulatory control over the commercial portions of the condominium to insure that the residential units are not adversely affected by the non-residential portion;

Availability of sufficient parking for the residential units;

Staff approval of a satisfactory plan for remediation of lead paint and asbestos and substantiation of the cost estimates for abatement;

A satisfactory management plan addressing the mixed tenant populations expected; and

Evidence at the time of the construction closing of ability to adequately fund credit enhancements, including a deficit escrow to be sized at permanent closing.

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

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, Multi-family Development Underwriter

DATE: November 12, 1992

RE: Request for Revised Commitment Letter - Pre-development Loan for Burlington Community Land Trust (BCLT)/Daystation/Committee on Temporary Shelter (COTS) Offices - Whalen Building, Burlington

Note: The report below is largely the same as that submitted to the Board in May, 1992. Revisions are highlighted.

Summary

In May 1992 the VHFA Board of Commissioners approved a $34,000 General Fund loan for pre-development expenses of a commercial building (the Whalen Building) being purchased by the Burlington Community Land Trust (BCLT). Since that time BCLT has become involved in a larger proposal involving three buildings, with half the financing to come from a tax exempt private activity bond (501(c)(3)) sponsored by the City.

The Resolution authorized by the VHFA Board specifically required agreement by the Bank of Vermont to provide a favorable acquisition price and financing, and preliminary agreement with the Vermont Community Loan Fund or some other source for at least $50,000. While the general plans for BCLT's purchase of the Whalen Building and its planned use of the VHFA pre-development monies have not changed, it is Legal Counsel's opinion that those conditions are not being met and the Resolution needs amendment. A proposed new Resolution is attached.

General Description

The Burlington Community Land Trust (BCLT) has requested a short term pre-development loan from the VHFA general fund in the amount of $34,000 to cover planning and feasibility costs for the purchase and renovation of a commercial building (the Whalen Building) located at 177-179 South Winooski Avenue in Burlington. The existing 13,000 square foot building has three floors of commercial space. No housing units are involved in this proposal.

BCLT submitted this proposal under VHFA's Venture Loan program. It was deemed not appropriate for that program without Board review as it is not specifically a housing project. Staff recommends this loan proposal, viewing it as consistent with VHFA's mission and statutorily permissible.[1]

BCLT's goal is to establish a housing resource building, centered around the Daystation (Homeless Health Project and a day drop-in center for the homeless), the administrative offices of COTS (Committee on Temporary Shelter), and the offices of BCLT.

The property is currently owned as an "REO" property by the Bank of Vermont. They acquired the building through a "friendly" foreclosure from Richard Feeley. An option is currently being negotiated with the Bank of Vermont. The bank's appraisal value for the property is $479,000. The Bank of Vermont has agreed to a $400,000 purchase price, and has made a commitment for $250,000 in financing toward the $1.5 million dollar City-sponsored private activity bond. The Howard Bank has matched that commitment toward the bond.

The sponsors need substantial levels of grants and loans from other sources to complete the whole 3 building transaction. The budget for the 3 buildings is $3.0 million, of which $475,000 is a long term endowment to BCLT. A project budget is attached.

The Whalen building acquisition is proposed for ~~October, 1992~~ April, 1993. Renovations would begin soon after the acquisition.

<u>Operating Plan</u>

BCLT and COTS would be the building's primary tenants. BCLT would act as property manager, while COTS would manage the Daystation. The Court Diversion offices currently rent 1,600 square feet in the building, and have agreed to continue leasing. Due to the requirements of the tax-exempt bond, only "de minimis" uses of the building by for-profit entities is permitted; thus all other tenants will need to be nonprofit entities. The rental prospects for some of the smaller spaces in the building need to be resolved.

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1. Under VHFA's statutory authority (10 V.S.A. Chapter 25, §621), one of VHFA's enumerated general powers and duties is to "provide advice, technical information, assistance in obtaining federal and state aid, and such grants, loans or advances as will assist the planning, construction, rehabilitation, and operation of residential housing primarily for persons of low and moderate income, <u>including but not limited to assistance in community development and organization, advisory services,... and to encourage community organizations to assist in developing same</u>." VHFA also has the general powers of both a for-profit and a non-profit corporation, under which the Agency is allowed to make loans to further its corporate purposes.

The average current rent is approximately $8.22/square foot, not including utilities. BCLT hopes to reduce rents and utility costs. Parking will cost $50 per month. There are up to 38 parking spaces available in the Courthouse Plaza. These would be paid for by each lessee except for a few common visitor spaces.

Site/Location

The location appears to be a good one for the Daystation, which is currently located in Union Station. The sponsors have been sharing their proposal with the building tenants, downtown merchants and neighbors, and have not yet perceived any neighborhood resistance. The zoning supports the proposal as a permitted use.

Renovation Plan

According to building evaluations by Carlson Mechanical, Inc., Hallam Associates and Duncan/Wisniewski (architect), the building is structurally sound but in need of ~~some~~ renovations. The renovations originally proposed included heating and ventilation system replacement, building modernization to meet accessibility codes and energy efficiency requirements, and some floor plan improvements. The current set of renovation plans have added an elevator to improve handicap accessibility, some facade improvements on the Winooski Avenue entrance, and renovation of the top floor. The rehabilitation budget is ~~currently $171,000~~ $440,000, including contingency.

DISCUSSION

Strengths

The primary strengths of this proposal are:

a) The Bank of Vermont has offered favorable acquisition terms and is involved in the bond purchase.

b) The building is structurally sound and in a good location for the use envisioned.

c) VHFA's risk would be limited to $14,535 until the financing package is completed. The loan would be repaid in full at the construction closing for the Whalen Building.

d) The organizations sponsoring this effort are highly visible housing advocates serving low and very low income Vermonters.

Weaknesses

The primary weakness of this proposal is that there is a substantial gap in financing at this time. It is not clear how the sponsors will proceed with each of the three buildings if there is a shortfall in fund raising. The Whalen Building in particular will need a large share of the grant money to ensure financial feasibility.

RECOMMENDATION

Staff sees this loan proposal as consistent with VHFA's mission and statutorily permissible and recommends approval of the request for $34,000 as follows:

1) Phase I - $14,500 after approval of the attached resolution;

2) Phase II - $19,500 after evidence of project feasibility (for the Whalen Building in particular), including commitment for substantial additional grants and bond proceeds.

Pre-development Budget:

	Total Budget	Phase I	Phase II
Architects/Engineers	19,000	11,000	8,000
Legal	10,000	0	10,000
Appraisal	2,500	2,500	0
Environmental Assessment	1,000	0	1,000
Permits	500	0	500
Option Agreement	1,000	1,000	0
	$34,000	$14,500	$19,500

V. PROJECT FINANCIAL SUMMARY

SOURCE OF FUNDS:

BCDC Tax-Exempt Bonds:	$1,500,000 (1)
Community Capital Campaign & Grants	1,500,000 (2)
TOTAL FUNDS AVAILABLE:	$3,000,000

APPLICATION OF FUNDS:

	Whalen Nonprofit Office	C County Emergency Food Shelf	Vermont Legal Aid Offices	Total Project
Site Acquisition:	$400,000	$ 70,000	$245,000	$ 715,000 (3)
Building Redevelopment:				
Construction & Rehab	$400,000	$330,000	$ 305,000	$ 1,035,000 (4)
Construction Contingency	40,000	35,000	30,000	105,000 (5)
Architect/Engineer	60,000	50,000	45,000	155,000 (6)
Permits & Impact Fees	10,000	15,000	15,000	40,000 (7)
Total Building Redevelopment	$510,000	$430,000	$ 395,000	$1,335,000
Environmental Remediation:	$ 5,000	$ 85,000	$ 10,000	$ 100,000 (8)
Project Administration:				
Construction Supervision				$ 25,000 (9)
Construction Period Interest				45,000 (10)
Net Building Expenses During Construction				10,000 (11)
Builders Risk Insurance				10,000 (12)
Legal, Accounting & Other Consultants				35,000 (13)
Appraisals				10,000 (14)
Capital Reserve				15,000 (15)
Developers Fee				80,000 (16)
Closing Costs				10,000 (17)
Contingency				35,000 (18)
Total Project Administration				$ 275,000
Capital Campaign:				$ 100,000 (19)
Project Endowment & Reserves:				$ 475,000 (20)
TOTAL FUNDS APPLIED:				$3,000,000

RESOLUTION PERTAINING TO
SHORT TERM GENERAL FUND LOAN TO
BURLINGTON COMMUNITY LAND TRUST

WHEREAS, a proposal has been presented to the Agency by the Burlington Community Land Trust, a non-profit corporation based in Burlington, involving a loan for pre-development work for the acquisition and renovation of an 8 unit commercial building located at 177-179 South Winooski Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates the establishment of a housing resource building to enable several community housing organizations to co-locate and enhance their resources by sharing a common location;

NOW, THEREFORE, it is hereby DETERMINED:

The making of a loan to the Burlington Community Land Trust for pre-development costs for the Whalen Building, specifically for architectural, engineering and legal services, together with the costs of an appraisal, an environmental assessment, permits and an option agreement, will assist in community development and organization.

The Agency hereby RESOLVES:

1. The Executive Director is authorized, in his discretion, to issue a commitment letter to the Burlington Community Land Trust for a short term general fund loan of up to $34,000, at an interest rate not to exceed 8.0% per annum with other terms of the loan to be determined by the Executive Director.

2. The loan shall be in two stages, with the first phase (not to exceed $15,000) to be provided to the sponsor at any time after the passage of this resolution and the second stage of the loan shall be conditioned on a showing of additional loans and grants sufficient to make the Whalen Building project viable.

3. The loans shall be required to be repaid at or before the acquisition of the Whalen Building.

4. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene Jenkins, Director of Development
Mark Koppelkam, MF Development Underwriter

DATE: November 12, 1992

RE: Northern Community Housing Corporation (NCHC)
St. Johnsbury Phase II - Resolution of Interest

Summary

Staff recommends adoption of a Resolution of Interest (attached), authorizing the Executive Director to continue negotiations toward providing VHFA tax-exempt financing of up to $40,000 for the Phase II scattered site development in St. Johnsbury. The sponsors are NCHC and Housing Vermont.

Project Description

This project involves twenty eight occupied units in eight scattered site buildings in St. Johnsbury, each requiring modest levels of renovation. The buildings are being purchased from seven different owners. The condition of the eight buildings varies from good to fair, but are generally in better condition than the eight buildings purchased in Phase I (May 1990).

The total projected cost of development is currently estimated at $1.2 million ($42,844 per unit). The renovation budget is $328,000, or $11,700 per unit. Acquisition is planned for December 1992, so that the development will meet the 10% expenditure requirement for the Low Income Housing Tax Credit program.

The project will require a 1992 National Pool LIHTC allocation of approximately $28,000. This will be considered by the Joint Tax Credit Committee in November.

The project would be sold to the local nonprofit partner, Northern Community Housing Corporation (NCHC), at the end of fifteen years for the balance of the mortgage debt, as is planned with other Housing Vermont projects.[1]

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[1] Technically the formula calls for payment of the existing mortgage debt and any outstanding taxes (including capital gains) or other monies necessary to make Equity Fund investors whole with regard to their investment.

Financial Projections

As can be seen in the following table, the sponsor is requesting large allocations from the Community Development Block Grant (CDBG) and the Vermont Housing and Conservation Board (VHCB). The State CDBG Board will be evaluating the sponsor's proposal in November. The VHCB will be making their decision in December.

	Amount	Percent
Equity	210,759	17.5
VHFA Tax Exempt Loan	35,000	2.9
HCTB Deferred Payment Loan	15,000	1.2
HCTB Grant	290,000	24.2
CDBG Deferred Payment Loan	650,000	54.1
Total	$1,200,759	100.0%

As can be seen in the attached projections, the project has negative cash flows starting in Year 16. These are alleviated by a sinking fund established using strong positive cash flows in the early years. A chart of the projected sinking fund balances is attached.

Sponsors

The sponsor is a partnership comprised of Housing Vermont and NCHC. NCHC is a nonprofit subsidiary of NCIC, which is also a nonprofit. Both are headquartered in St. Johnsbury. Christine Owre is NCHC's President, and project leader for this proposal. She has been with NCIC for 14 years, and has been a strong leader in the nonprofit housing development arena in Vermont.

Unit Breakdown/Rents

The buildings include one 5 BR apartment, two 4 BR's, eight 3 BR's, twelve 2 BR's and five 1 BR's. Of the 28 units, 19 will be rent restricted tax credit units. Unlike the Phase I project, where about 1/3 of the units had project based Section 8 certificates, there are none for this Phase. None of the units are required to be handicapped accessible by federal laws (i.e., Americans with Disabilities Act).

It is the intent of the sponsor to initially lower gross rents (including utilities) to as close to 30% of income as possible for existing tenants. Proposed new rents are 5% lower than existing rents.

The sponsor has surveyed the existing tenant population of the eight buildings. Of the 28 units, 23 are currently occupied, and 20 of those have provided household and income information. The average household size is four. Fifteen of the 23 families (65%) have incomes below 50% of median income, and five of those families have income below 30% of median income.

Site/Location

The buildings are located in various parts of St. Johnsbury (see site map, attached). Most of the buildings are in very nice, quiet residential neighborhoods. One building in particular is in a more commercial area, with heavier traffic and a location across from a trucking depot. However, it is right next door to one of the St. Johnsbury Phase I buildings.

Renovation Work and Permits

The renovation project leader is Ben Nickerson of NCHC. Ben is a registered architect who has been with NCHC for two years. His work on Phase I was quite satisfactory to the Agency.

The scope of the renovation work involves safety code work, fire proofing, re-wiring of electrical systems, new gas furnaces in several of the buildings, weatherization, and general interior and exterior repairs as necessary. The proposed rehabilitation budget ($12,000 per unit) is 50% of the rehabilitation budget of the Phase I project, which reflects the better condition of these buildings at acquisition.

No state or local zoning permits will be needed. State approval of the renovation work will be handled by the Department of Labor and Industry.

Market Demand

No market study has been conducted. Given that most of the units (23 of the 28) are currently occupied, that rents will be reduced or maintained at present levels for all current tenants, and the concentration on low priced units, VHFA has not requested that a formal market study be done. The sponsors currently have a waiting list of 26 for their existing 32 unit development in St. Johnsbury. The sponsors feel the St. Johnsbury vacancy rate is about three to five percent, but less than one percent for larger size units (i.e., greater than three bedrooms).

The 1989 Rental Housing Cost Study done by the Vermont State Housing Authority found that the median gross rents (i.e., including utility costs) for St. Johnsbury were $329 for a 1 BR, $427 for a 2 BR, and $560 for a 3 BR. For Caledonia County as a whole, rents for 1 BR units increased 4.5% annually, for 2 BR units rents increased 6.5% annually during the period from 1987 to 1989. Rents for 3 BR units did not increase during that time period.

The 1986 Applied Economic Resources (AER) study done for the State found that:

> "St. Johnsbury rents are among the lowest in the state and the percent of renters having a housing problem is below the state average. This area also ranks at the state average in terms of the percent of its renter households who are low income and who overpay for their housing. <u>Its ranks fourth, however, in terms of the</u>

> percent of its renters who are in large low income households with a housing problem. Both the statistical information and the interviews suggest that the principal housing problems of this area are related to quality and condition rather than those of affordability."

This information is confirmed by 1990 Census data about the age of housing structures (see attached graph "Age of Housing Stock"). Seventy-five percent of the housing stock in St. Johnsbury is older than 50 years old, with less than 18% of the housing stock being built since 1960. It is assumed that the renovated buildings will be attractive in comparison with much of the rental housing, particularly that available to low income families.

Relocation and Displacement

No relocation of existing tenants will be necessary for the renovation work currently contemplated.

Management

The proposed management agent would be Northern Community Management Corporation (NCMC), which is the for-profit management arm of NCIC. NCMC currently manages over 400 units in northeastern Vermont and New Hampshire with a staff of seventeen full and part-time people. NCMC was formed in 1979. They currently manage two VHFA financed Section 8 mixed family/elderly projects in St. Johnsbury, plus the 37 units in Phase I.

Environmental Assessment

A Phase I environmental assessment has not yet been commenced for the development. Asbestos and lead paint will be issues that the sponsor will have to resolve.

DISCUSSION

The primary strengths of this project include:

1) The low acquisition price, averaging $23,943/unit. Together with renovation and all other development costs, completed costs average $42,844/unit.

2) VHFA's proposed loan would be just 2.9% of total development value.

3) The NCHC/Housing Vermont team works well together, with NCHC taking the lead on development, renovation and property management, and Housing Vermont doing the tax credit syndication.

4) Most of the buildings are in attractive residential areas, and based on our site visit (looking solely at building exteriors), are in generally good shape. They are certainly in better condition as a package than the Phase I buildings (prior to renovation), which is reflective of the need for only 50% of the rehabilitation budget of the Phase I project.

5) The proposal targets an existing very low income tenant population.

The potential weaknesses of this project are:

1) There is risk of uncovering unforeseen problems during renovation of eight multi-unit buildings. Potential asbestos and lead paint problems are not fully known at this time.

2) There may be some difficulty in defining VHFA's expectations for renovation quality standards. However, we were generally very pleased with the quality of work completed during Phase I.

3) There may be a significant public policy issue regarding the usefulness of these acquisitions. These units are already providing housing for low income families, and there is no obvious economic turnaround in sight for St. Johnsbury. The sinking fund graph also predicts a serious cash flow problem starting in Year 30. However, VHFA's proposed investment is just 3% of the funding (and for a 25 year term), so these issues are better addressed by the State CDBG Board and the VHCB.

RECOMMENDED ACTION

Staff recommends adoption of a Resolution of Interest (attached), authorizing the Executive Director to continue negotiations to provide VHFA tax-exempt financing of up to $40,000 for the Phase II scattered site development in St. Johnsbury. VHFA's conditions of participation would include approved financing by both the VHCB and State CDBG, completion of the appraisals, completion of the Phase I environmental assessments, including testing and remediation plans for lead paint and asbestos abatement, and securing the Low Income Housing Tax Credit allocation.

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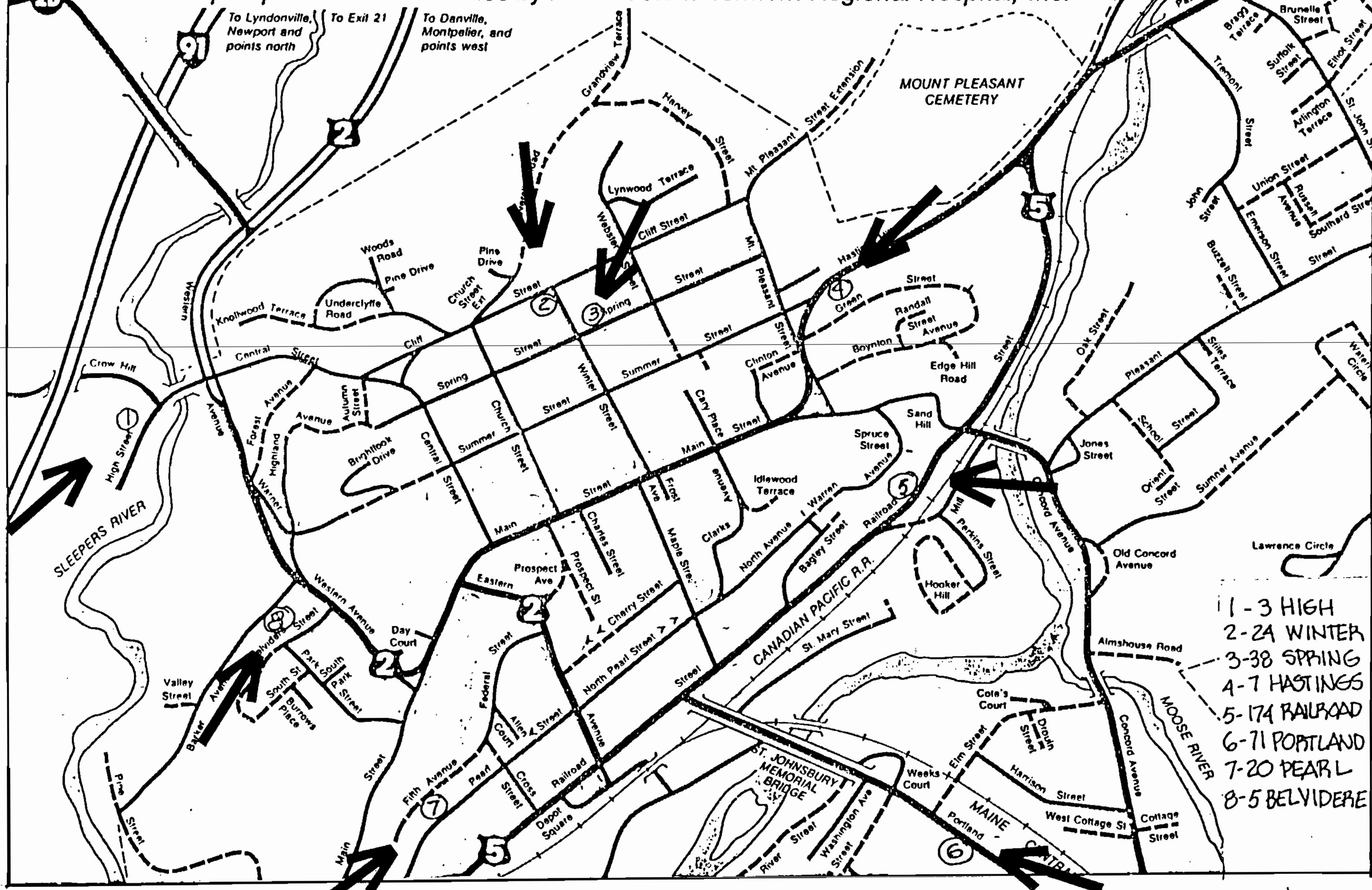
ST. JOHNSBURY, VERMONT

This map is provided as a service by Northeastern Vermont Regional Hospital, Inc.



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VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- REHABILITATION & ACQUISITION - 1986-1992

					PROPOSED	PROPOSED
PROJECT	NORTHGATE	ST. JOHNSBURY	HIGHGATE	TEMPLETON	NEW AVENUE BUILDING	ST. JOHNSBURT PHASE II
SPONSOR(S)	HOUSING VERMONT NORTHGATE NONPROFIT	NORTHERN COMMUNITY HOUSING CORP HOUSING VERMONT	HG NONPROFIT HOUSING VERMONT	VT HOUSING ENTERPRISES, INC.	BEREZIN	NORTHERN COMMUNITY HOUSING CORP HOUSING VERMONT
TYPE	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB	ELDERLY & FAMILY ACQUIS & REHAB	FAMILY ACQUIS & REHAB
LOCATION	BURLINGTON	ST. JOHNSBURY	BARRE	WHITE RIVER JUNCTION	ST. JOHNSBURY	ST. JOHNSBURY
STATUS	ACQUISITION - 12/89 PHASE I REHAB COMPLETE - 6/91 PHASE II REHAB COMPLETE - 12/92	AQUISITION - 8/90 REHAB COMPLETE - 4/91	ACQUISITION - 5/91 PHASE I REHAB COMPLETE - 12/92	ACQUISITION - 8/91 REHAB IN PROGRESS	ACQUISITION - 12/88 PROPOSED REHAB COMPLETE - 12/92	PROPOSED ACQUISITION - 12/92 PROPOSED REHAB COMPLETE - 6/93
TOTAL # OF UNITS	336	32	120	36	47	28
# OF LIHTC UNITS	163	22	101	35	47	19
# OF PROJECT BASED SECTION 8 UNITS	163	13	113	35	47	0
TOTAL DEVELOPMENT COST (TDC)	$19,669,197	$1,686,996	$8,307,394	$1,911,750	$2,103,202	$1,200,759
TDC/UNIT	$58,539	$52,719	$69,228	$53,104	$44,749	$42,884
REHAB COSTS/UNIT	$18,512	$24,206	$31,208	$10,278	$25,124	$12,313
ACQUIS COSTS/UNIT	$29,665	$21,072	$26,528	$37,500	$4,574	$24,242
ALL OTHER COSTS/UNIT	$10,363	$7,442	$11,492	$5,326	$15,051	$6,329
TAX CREDITS YES OR NO	YES	YES	YES	YES	YES	YES
DEVELOPER/SYND FEES AS % OF TDC	2.03%	4.74%	2.91%	0.52%	0.00%	6.42%
SOURCES OF FINANCING AS % OF TDC						
EQUITY	17.34%	30.52%	19.45%	0.00%	32.88%	17.55%
VHFA	43.11%	24.40%	9.34%	86.31%	67.12%	2.91%
HCTF	15.50%	23.17%	11.44%	13.69%	0.00%	25.41%
CDBG	0.00%	21.91%	7.91%	0.00%	0.00%	54.13%
HODAG/HUD	15.25%	0.00%	43.69%	0.00%	0.00%	0.00%
OTHER	8.80%	0.00%	8.17%	0.00%	0.00%	0.00%
TOTAL SOURCES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	AS OF 9/92	AS OF 10/92	AS OF 9/92	AS OF 10/92		
NUMBER OF VACANCIES	18	1	6	6	n/a	n/a
VACANCY RATE	5.36%	3.13%	5.00%	16.67%	n/a	n/a

Notes: TDC = Total Development Cost; LIHTC = Low Income Housing Tax Credit
VHFA = Vermont Housing Finance Agency; HCTF = Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;
HUD = Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.

ST. JOHNSBURY PHASE II 28 8 BUILDINGS 06-Nov-92

Total Units		28	Assumptions:	
Lower Income Units	100.00%	28	Income Increase/yr	2.50%
Tax Credit Units	67.86%	19	Expense Increase/yr	3.75%
			Appreciation/yr	2.50%
	total	per unit	Vacancy Rate	6.00%
Revenue	88,717	264	Partners' Tax Rate	34.00%
Apt Rent Potent	94,380	281	Partners' Return	12.00%
Expenses	66,196	197	Partners' % Cash Flow	0.00%
N.O.I.	22,522	67	Depreciation Schedule/yrs	27.5
Debt Service	(3,297)	(10)	Tax Credit % (Constr)	8.49%
Cash Flow yr 1	9,144	27	Tax Credit % (Acquis)	3.64%
Total Cost	1,200,759	42,884	Tax Credits Annual	28,162

Sources

	Amount	% of Total	Per Unit	Interest	Term	
Equity	210,759	17.55%	7,527	6.00%	0.67	Equity Bridge l
CDSG Loan	650,000	54.13%	23,214	3.00%	40	deferred
VHCB Loan	15,000	1.25%	536	3.00%	40	deferred
VHCB Grant to NCHC	145,000	12.08%	5,179			
VHCB/NCHC Grnt Pshp	145,000	12.08%	5,179			
VHFA 1st Mort Debt	35,000	2.91%	1,250	8.20%	25	
Total	1,200,759	100.00%	42,884			

Gross Pot Equity @	12.00%	211,112
Excess (Deficit)		353

ST. JOHNSBURY PHASE II SOURCES & USES

USES OF FUNDS				Budget	Per Unit
Purchase Price	732,700	91.50%		670,400	23,943
Land			0	145,000	5,179
Buildings			0	525,400	18,764
Transfer Tax			0	8,380	299
TOTAL ACQUISITION				678,780	24,242
Constr Contract **		100.00%	0	286,212	10,222
Constr Conting **		100.00%	0	42,142	1,505
Constr Supervision	5.0%		0	16,418	586
TOTAL CONSTR				344,771	12,313
Legal incl Title Search			0	4,000	143
Title Ins/Recording			0	3,000	107
Appraisal/Survey			0	10,000	357
Arch/Eng/Env Assess			0	16,000	571
Permits	1,560		0	1,600	57
Insurance (pd from working capital)			0	0	0
Taxes (pd from operations)			0	0	0
Tax Credit Fee	3.50%	986	0	1,000	36
VHFA Mon Fee (1.75 pum, 15 yrs, disc rate 8%)			0	5,033	180
Fin Fee VHFA	1.00%	350	0	350	13
Interest VHFA (pd from operations)			0	0	0
Interest Bridge Loan		4,361	0	4,400	156
Soft Cost Contingency			0	10,000	357
TOTAL SOFT COSTS				55,383	1,977
Wkg Cap, Op Rev Def Escr, Sinking Fund ***			0	44,724	1,597
HV Fee	85% rehab	21,076	0	21,100	754
NCHC Fee	85% rehab	5%	0	56,000	2,000
TOTAL DEVEL COST				1,200,759	42,883
Constr Basis as % TDC		35%			
Surplus (Deficit) Gr Pdt Equity		12%	353		

*** Working Capital	24,500	
Op Rev Def Escr	20,224	
Sinking Fund	0	Sinking fund established from cash flow
Cash Needed	44,724	

ST. JOHNSBURY PHASE II — INCOME & EXPENSE BUDGET

RENT	Units	28	Annual	Per Unit/Mo
Potential			94,380	281
Less Vacancy Yr 1		6.00%	5,663	17
NET RENT			88,717	264
Laundry			0	
Interest Operating Accts			0	
Restricted Interest			0	
TOTAL OTHER INCOME			0	
TOTAL INCOME			88,717	
GROSS EXPENSES			66,196	197
Admin/Audit			19,992	60
Utilities			6,000	18
Maint/Repairs			23,777	71
Prop Tax (105%)			12,362	37
Insurance			4,065	12
TOTAL EXPENSES			66,196	197
NET OPERATING INCOME			22,522	
Reserve for Repl			(10,080)	(30)
Balance			12,442	
Debt Service			(3,297)	
Cash Flow			9,144	

Operating Expense Detail

		PUM
Admin		
fee	14,112	42
audit	3,200	10
invest fee	1,680	5
legal	500	1
ads	500	1
	19,992	60
Utilities (W/S @ 105%)		
comm elec	0	0
water/sew	6,000	18
oil	0	0
	6,000	18
Maint		
supp/equip	2,077	6
trash.snow	6,000	18
int paint	2,200	7
payroll	13,500	40
	23,777	71

NCHC

St. Johnsbury Phase II — Avg Proposed Rent Reduction -5.14%; Avg Income as % of Median 42.40%

Unit #	# Brms	House Hld Size	Income % Media	Current Rent	Proposed Rent	% Change	Current Rent as % of Inc
174 Railroad Street							
1	3	2	49.43%	325	311	-4.31%	30.00%
2	3	2	57.03%	275	276	0.36%	22.00%
3	1	1	43.48%	250	228	-8.80%	30.00%
3 High Street							
1	5		n/a	400	383	-4.25%	n/a
2	2		n/a	300	308	2.67%	n/a
3	2	2	68.44%	200	225	12.50%	13.33%
38 Spring Street							
1	3	5	20.28%	375	347	-7.47%	62.50%
2	2	3	24.32%	285	285	0.00%	47.50%
3	3		n/a	350	350	0.00%	n/a
7 Hastings Street							
1	1	2	33.67%	225	212	-5.78%	30.49%
2	2	3	21.04%	275	247	-10.18%	52.99%
3	2	1	21.86%	250	247	-1.20%	59.67%
4	2	3	20.68%	250	247	-1.20%	49.02%
24 Winter Street							
1	4		n/a	450	398	-11.56%	n/a
2	2	1	36.96%	250	223	-10.80%	35.29%
3	2	1	43.48%	235	222	-5.53%	28.20%
71 Portland Street							
1	3	4	57.75%	395	395	0.00%	24.95%
2	4	5	27.04%	385	384	-0.26%	48.13%
3	2	3	42.57%	300	245	-18.33%	28.57%
5 Belvidre Street							
1	1		n/a	225	235	4.44%	n/a
2	3	4	68.86%	375	375	0.00%	19.86%
3	3	4	27.72%	410	331	-19.27%	53.95%
4	1	2	114.07%	235	232	-1.28%	9.40%
20 Pearl Street							
1	2	2	32.32%	215	214	-0.47%	30.35%
2	1	1	36.96%	350	248	-29.14%	49.41%
3	3		n/a	275	274	-0.36%	n/a
4	2		n/a	240	211	-12.08%	n/a
5	2		n/a	240	212	-11.67%	n/a

Note: Incomes not certified - verbal information

ST. JOHNSBURY PHASE II   30 YEAR PRO FORMA   ALLOCATIONS TO PARTNERS   30 YEAR PRO F[illegible]ntd

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Rent Potential	94,380	96,740	99,158	101,637	104,178	106,782	109,452	112,188	114,993	117,868	120,814	123,835	126,931	130,104	133,356	136,690	140,108	143,610	147,201
Less Vacancies	(5,663)	(5,804)	(5,949)	(6,098)	(6,251)	(6,407)	(6,567)	(6,731)	(6,900)	(7,072)	(7,249)	(7,430)	(7,616)	(7,806)	(8,001)	(8,201)	(8,406)	(8,617)	(8,832)
Laundry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest oper accts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest restr acct (see below	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	88,717	90,935	93,209	95,539	97,927	100,375	102,885	105,457	108,093	110,796	113,566	116,405	119,315	122,298	125,355	128,489	131,701	134,994	138,369
Less Operating Exp.	(66,196)	(68,678)	(71,253)	(73,925)	(76,698)	(79,574)	(82,558)	(85,654)	(88,866)	(92,198)	(95,656)	(99,243)	(102,964)	(106,825)	(110,831)	(114,987)	(119,300)	(123,773)	(128,415)
Net Operating Income	22,522	22,257	21,955	21,613	21,230	20,802	20,327	19,803	19,228	18,598	17,910	17,162	16,351	15,472	14,524	13,501	12,402	11,220	9,954
Less Debt Service VHFA	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)
Less Repl Reserve	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)
Cash Flow Before Sinking Fund	9,144	8,880	8,578	8,236	7,852	7,424	6,950	6,426	5,850	5,220	4,533	3,785	2,973	2,095	1,146	124	(976)	(2,157)	(3,424)
Cover Deficit from Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	876	1,976	3,157	4,424
Cash Flow After Sinking Fund	9,144	8,880	8,578	8,236	7,852	7,424	6,950	6,426	5,850	5,220	4,533	3,785	2,973	2,095	1,146	1,000	1,000	1,000	1,000
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Sinking Fund: not funded initially, funded from cash flow																			
Beginning Balance	0	9,144	18,298	27,425	36,484	45,430	54,217	62,793	71,103	79,086	86,679	93,812	100,411	106,396	111,683	116,180	119,789	122,407	123,922
Plus Interest 3.00%	0	274	549	823	1,095	1,363	1,627	1,884	2,133	2,373	2,600	2,814	3,012	3,192	3,350	3,485	3,594	3,672	3,718
Less Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(876)	(1,976)	(3,157)	(4,424)
Ending Balance	0	9,418	18,847	28,248	37,578	46,793	55,844	64,677	73,236	81,459	89,279	96,626	103,423	109,588	115,033	118,789	121,407	122,922	123,216
Net Operating Income	22,522	22,257	21,955	21,613	21,230	20,802	20,327	19,803	19,228	18,598	17,910	17,162	16,351	15,472	14,524				
Plus Interest on Sinking Fund *	0	274	549	823	1,095	1,363	1,627	1,884	2,133	2,373	2,600	2,814	3,012	3,192	3,350				
Less Interest Expense	(22,804)	(23,364)	(23,940)	(24,530)	(25,136)	(25,757)	(26,394)	(27,047)	(27,716)	(28,401)	(29,104)	(29,822)	(30,558)	(31,310)	(32,080)				
Less Deprec Long Term	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)	(31,407)				
Less Deprec Short Term	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Taxable Income (Loss)	(31,689)	(32,239)	(32,842)	(33,501)	(34,218)	(34,999)	(35,847)	(36,767)	(37,762)	(38,838)	(40,000)	(41,253)	(42,602)	(44,053)	(45,612)				

* ignores interest on repl res

ALLOCATIONS TO PARTNERS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Distr 0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings (Cost)	10,774	10,961	11,166	11,390	11,634	11,900	12,188	12,501	12,839	13,205	13,600	14,026	14,485	14,978	15,508
Plus Tax Savings (Cost) on Sale Yr 15															(119,497)
Plus Tax Credits	14,081	28,162	28,162	28,162	28,162	28,162	28,162	28,162	28,162	28,162	14,081	0	0	0	0
After Tax Cash Flow	24,855	39,123	39,328	39,552	39,796	40,062	40,350	40,663	41,001	41,367	27,681	14,026	14,485	14,978	(103,989)

After Tax Cash Flow total 15 yrs		353,278
Gr potential equity, NPV @	12.00%	211,112

Gain (Loss) per Kathy Kehoe Approach		
Total devel cost	1,200,759	
Less Land and Grant	(290,000)	not Pship's
Less Depreciation	(471,101)	
Basis excl cash already taxed	439,658	
Plus Cum Cf before SF	89,091	
Plus Interest on SF	27,089	
Plus cum repl res	151,200	
Total Basis	707,038	
Sale Price = Mort Bal	1,058,501	
Less Total Basis	(707,038)	
Gain (Loss)	351,463	
Tax Savings (Cost) on Sale	(119,497)	

20	21	22	23	24	25	26	27	28	29	30
150,881	154,653	158,519	162,482	166,544	170,708	174,975	179,350	183,833	188,429	193,140
(9,053)	(9,279)	(9,511)	(9,749)	(9,993)	(10,242)	(10,499)	(10,761)	(11,030)	(11,306)	(11,588)
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
141,828	145,373	149,008	152,733	156,551	160,465	164,477	168,589	172,803	177,123	181,552
(133,230)	(138,226)	(143,410)	(148,788)	(154,367)	(160,156)	(166,162)	(172,393)	(178,858)	(185,565)	(192,524)
8,597	7,147	5,598	3,945	2,184	309	(1,685)	(3,804)	(6,054)	(8,442)	(10,972)
(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)	(3,297)
(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)	(10,080)
(4,780)	(6,230)	(7,780)	(9,432)	(11,194)	(13,068)	(15,063)	(17,182)	(19,432)	(21,819)	(24,350)
5,780	7,230	8,780	10,432	12,194	14,068	16,063	18,182	20,432	22,819	25,350
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

20	21	22	23	24	25	26	27	28	29	30
124,216	123,162	120,627	116,466	110,528	102,650	92,661	80,378	65,608	48,144	27,769
3,726	3,695	3,619	3,494	3,316	3,080	2,780	2,411	1,968	1,444	833
(5,780)	(7,230)	(8,780)	(10,432)	(12,194)	(14,068)	(16,063)	(18,182)	(20,432)	(22,819)	(25,350)
122,162	119,627	115,466	109,528	101,650	91,661	79,378	64,608	47,144	26,769	3,253

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19-Oct-92

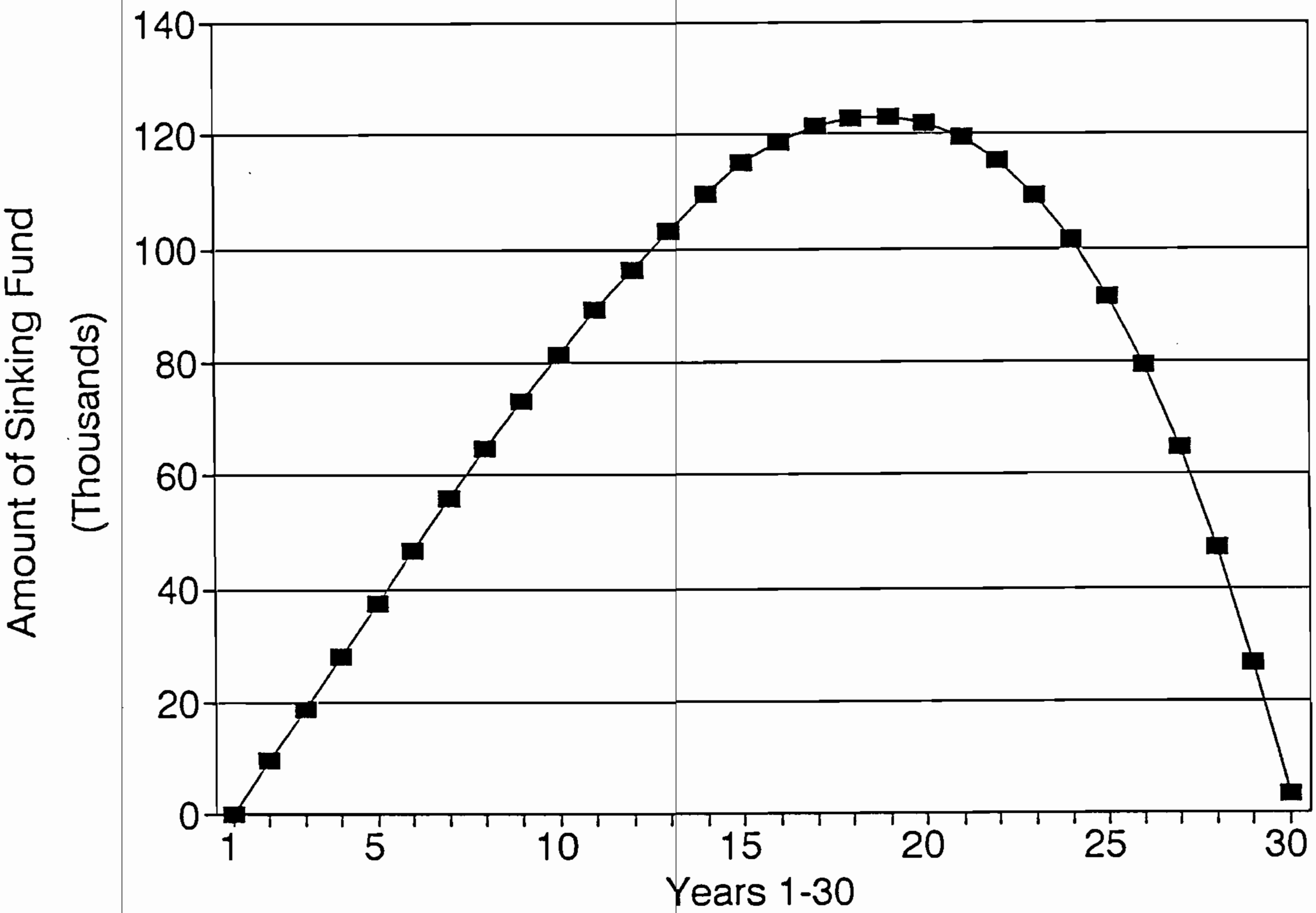
		Construction	Contingen
174 RAILROAD STREET			
demolish shed	2,910		
rebuild rear stair and include egress from the second floor	3,395		
build boiler room	2,668		
close off first floor doors at front stair	243		
block off rear interior stair to Apt. 2	970		
5 smoke detectors	485		
new oil FHW boiler and baseboard for Apt. 2	5,820		
2 new thru wall gas space heaters for Apt. 3	1,455		
new door to fire escape at Apt. 2	485		
strip & reroof 15 sq. roof shingles	1,940		
paint exterior	582		
Subtotal	20,952		
20% for builders O&P, Gen.Cond., Bonds	4,190		
Construction Total	25,142	25,142	
15% Contingency	3,771		3,771
3 HIGH STREET			
strip & reroof 20 sq. of roof shingles	2,619		
remove asbestos on pipes and boiler in cellar	9,700		
new electric service & rewiring	7,275		
paint exterior	7,275		
new oil fired steam boiler for Apt. 1	3,395		
demolish shed	2,425		
30 storm windows	2,910		
new bathroom for Apt. 2	2,910		
new kitchen for Apt. 2	2,910		
new window for bedroom in Apt. 2	485		
space heaters 2	1,455		
new bathroom for Apt. 3	2,910		
new kitchen for Apt. 3	2,910		
space heaters 2	1,455		
Subtotal	50,634		
20% for builders O&P, Gen.Cond., Bonds	10,127		
Construction Total	60,761	60,761	
15% Contingency	9,114		9,114
38 SPRING STREET			
demolish shed & garage	4,850		
repairs to front & side porch	2,425		
paint exterior	7,275		
5 smoke detectors	485		
Subtotal	15,035		
20% for builders O&P, Gen.Cond., Bonds	3,007		
Construction Total	18,042	18,042	
Contingency	1,940		1,940
7 HASTINGS STREET			

strip & reroof 16 sq. of asphalt shingles	2,134		
5 new fire rated doors	2,522		
fire rated gypsum board in stairway	4,365		
4 smoke detectors	388		
4 new tub surrounds	970		
new boiler room in cellar	2,668		
2 new gas FHA furnaces with ductwork	5,820		
2 new gas FHW boilers with baseboard	9,700		
Subtotal	28,567		
20% for builders O&P, Gen.Cond., Bonds	5,713		
Construction Total	34,280	34,280	
15% Contingency	5,142		5,142
24 WINTER STREET			
20 new storm windows	1,940		
strip & reroof 20 sq. of asphalt shingles	2,619		
close off door at first floor in front hall	97		
5 smoke detectors	485		
new vinyl floor in kitchen of Apt. 1	728		
extend ductwork to 2 rear bedrooms in Apt. 1	728		
finish bedroom in attic of Apt. 2	2,425		
new thru wall space heater in Apt. 2	679		
new stove in Apt. 3	340		
new vinyl floor in kitchen of Apt. 3	485		
new bath in Apt. 3	2,910		
new thru wall gas space heater in Apt. 3	679		
Subtotal	14,114		
20% for builders O&P, Gen.Cond., Bonds	2,823		
Construction Total	16,936	16,936	
15% Contingency	2,540		2,540
71 PORTLAND STREET			
rebuild third floor fire escape	2,910		
20 new storm windows	1,940		
repair back porch	970		
repair front porch	970		
pave driveway	2,425		
fire rate front hall	7,760		
6 smoke detectors	582		
new baths in Apt. 1,2,3	11,640		
new vinyl floor in kitchen of Apt. 1 & 2	1,455		
2 new gas space heaters in Apt. 3	1,358		
new oil FHW boiler and baseboard in Apt. 2	4,850		
new kitchen in Apt. 1 & 2	7,760		
Subtotal	44,620		
20% for builders O&P, Gen.Cond., Bonds	8,924		
Construction Total	53,544	53,544	
15% Contingency	8,032		8,032
5 BELVIDERE STREET			
strip & reroof 16 sq. of asphalt shingles	2,095		
8 new storm windows	776		
paint exterior	4,850		
new electric service	2,425		

pave driveway	4,365		
repair front porch	3,395		
new gas stove for Apt. 1	340		
tub surround for Apt. 1	485		
new vinyl floor in bath Apt. 1	194		
new drop ceiling tiles Apt. 1	485		
new kitchen cabinets in Apt. 1	1,746		
rewire Apt. 1	1,455		
new kitchen cabinets in Apt. 3	3,007		
new stove for Apt. 3	340		
new vinyl floor in Apt. 3	485		
rewire Apt. 3	2,328		
rework skylight in Apt. 3 BR for egress	485		
Subtotal	29,255		
20% for builders O&P, Gen.Cond., Bonds	5,851		
Construction Total	35,106	35,106	
15% Contingency	5,266		5,266
20 PEARL STREET			
cornice & gutter repairs	2,425		
rebuild rear egress stair	2,425		
repair front porch	970		
new rubber roof on flat roof	2,522		
paint exterior	7,275		
5 fire rated apt. entry doors	2,522		
fire rated gypsum board on stairway walls	5,238		
6 smoke detectors	582		
wall up cased opening in Apt. 1	243		
3 new gas space heaters in Apt. 3	1,940		
2 new gas space heaters in Apt. 4	1,358		
1 new gas space heater in Apt. 4	679		
Subtotal	28,179		
20% for builders O&P, Gen.Cond., Bonds	5,636		
Construction Total	33,814	33,814	
15% Contingency	5,072		5,072
	TOTAL	277,626	40,878

St. Johnsbury II

Sinking Fund Balance



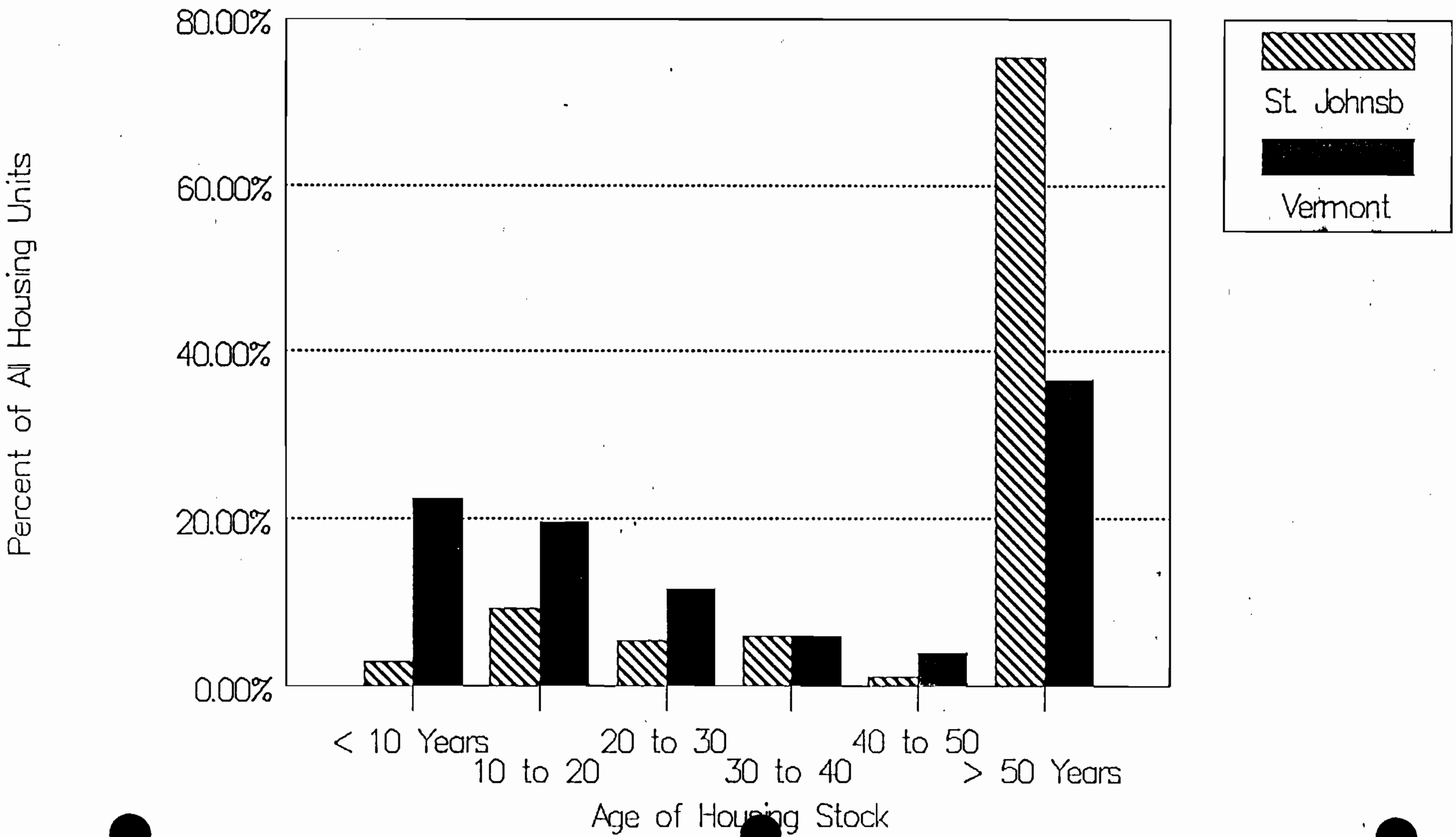
NOTE

Assumes 100% of positive cash flow invested at 3%.

VHFA loan term is 25 years.

Age of Housing Stock

St Johnsbury Compared to Vermont



RESOLUTION OF INTEREST PERTAINING TO
ST. JOHNSBURY SCATTERED SITE DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Northern Community Housing Corporation ("NCHC"), a non-profit corporation that is a subsidiary of Northern Community Investment Corp. in St. Johnsbury, involving the acquisition and rehabilitation of 28 units in 8 buildings located on scattered sites in St. Johnsbury (the "Development"); and

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

WHEREAS, the proposed partnership between Housing Vermont and NCHC (or their subsidiaries) will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the sponsors have applied for a Community Development Block Grant of $650,000 and grants and loans from the Vermont Housing and Conservation Board; and

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

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for

acquisition and rehabilitation in an amount not to exceed $40,000, for the Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditioned upon the availability of funds to the Agency for such purpose, availability of funds from the VHCB and CDBG programs, satisfactory completion of appraisals, satisfactory completion of Phase I environmental assessments, including testing for lead based paint and asbestos and satisfactory remediation plans for the same, securing an allocation for Low Income Housing Tax Credits, staff approval of plans and specifications for the proposed rehabilitation and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: IRENE D. JENKINS, DIRECTOR OF DEVELOPMENT

DATE: November 12, 1992

RE: INTERIM POLICY ON LEAD PAINT AND OTHER TOXIC AND HAZARDOUS MATERIALS

In September, 1992, the Vermont Housing and Conservation Board adopted an interim policy on lead paint and other toxic and hazardous materials. This policy relies principally upon the work done in the area of lead-based paint hazards and abatement by the Enterprise Foundation over the past couple of years. The policy also addresses asbestos hazards and procedures for containment and removal and the general area of environmental assessment.

These environmental concerns are of growing importance both with respect to our existing portfolio and with respect to new developments. They represent a major public health concern and potential liability for VHFA as a lender. Therefore, while there is uncertainty about exactly what should be done overall about lead-based paint, we think that it is appropriate to have an interim policy on this issue as well as on asbestos and the general area of environmental review. We believe the VHCB staff has done an excellent job in developing this interim policy.

In view of the fact that we often participate with the Vermont Housing and Conservation Board on developments and that consistent policies on these and other matters rationalize the application and review and funding process, we propose to adopt the VHCB policy referenced above for all multi-family developments with modifications appropriate to our status as lender and consistent with our current policies on environmental reviews.

Attached is the proposed VHFA INTERIM POLICY ON LEAD PAINT AND OTHER TOXIC AND HAZARDOUS MATERIALS. We intend to modify this policy as additional information is obtained and to keep pace with the state of the art. We will return to the Board at a future date with a proposed policy with respect to our single family loan portfolio and future lending policies.

RECOMMENDED ACTION

Adopt the attached policy.

VERMONT HOUSING FINANCE AGENCY

INTERIM POLICY POSITION ON LEAD PAINT AND OTHER TOXIC AND HAZARDOUS MATERIALS

November 18, 1992

I. LEAD PAINT

Background - According to the Vermont Department of Health, lead paint is the leading cause of lead poisoning in children. Children can be exposed to lead by chewing or ingesting surfaces painted with lead paint or soil or surfaces on which lead dust has accumulated as the paint deteriorates and crumbles or is scraped or sanded in the course of renovation or maintenance of a home. This dust also clings to fingers and other objects that young children routinely put in their mouths.

Too much lead in the blood can damage the brain, nervous system, and kidneys of children in the early stages of development, that is, under seven years old. Elevated levels of lead in the blood can increase a child's risk of learning disabilities and behavioral and coordination problems. Women who are exposed to lead through dust, water, or other means apparently store the lead in their bones and when they become pregnant the lead leaches out into the bloodstream and into the fetus.

In 1978 the Consumer Product Safety Commission banned the use of lead in new house paint. In 1955 the paint industry adopted voluntary standards limiting the use of lead in interior paint to 1%, substantially less than had previously been used.

The U.S. Dept. of Housing and Urban Development estimates that 57 million homes nationwide contain lead paint and that 3/4 of the housing built before 1980 contains lead paint. According to the 1990 census there were 210,475 housing units in Vermont built before 1980. If 3/4 of them contain lead paint this means that 157,854 housing units in Vermont contain lead paint.

POLICY

Whereas, the Vermont Housing Finance Agency recognizes the need for education of tenants with young children in VHFA funded units regarding the potential health hazards of lead paint and for mitigating that hazard to the greatest extent reasonably possible and feasible, the Board hereby adopts the following interim policy:

Education - VHFA mortgagors will be expected to distribute a copy of the "Lead in Paint" Fact Sheet prepared by the Vermont Department of Health, or comparable educational materials to families with children under six and pregnant women occupying or about to occupy VHFA funded units built before 1978. VHFA mortgagors are encouraged to undertake additional efforts to educate families in buildings that potentially contain lead paint about the dangers of lead paint to young children.

Identification of High Risk Occupants and Encouragement of Blood Level Testing for Such Occupants - VHFA mortgagors will be encouraged to survey all households in pre-1978 buildings and identify "high risk occupants", that is children under seven and pregnant women. High risk occupants should be educated on how to clean surfaces of lead dust and on lead poisoning prevention, including the importance of a diet rich in calcium and iron and low in fat.

High risk occupants (or their parents) should be encouraged to have their blood tested for elevated lead levels as part of their routine medical check-ups.

Abatement in Units Already Owned by VHFA Mortgagors - Because of the potential cost involved in abating every lead contaminated unit under the ownership of VHFA mortgagors, it is not the intention of this policy to require abatement of all units.

A. If a child's blood lead level is above 10 micrograms/deciliter but below 20 micrograms/dl the dwelling unit shall be tested for lead paint. If deteriorating, abrading, chipping or peeling surfaces are found to test positive for lead or if wipe tests reveal lead dust levels of greater than or equal to 400 micrograms/sq.ft. for floors, greater or equal to 1500 micrograms/sq.ft. for window sills, and/or greater or equal to 2400 micrograms/sq.ft. for window wells or if paint chip levels show atomic absorption greater than 0.5% by weight or an x-ray florescent analyzer reading of greater than 1 mg/cm2, the mortgagor shall develop a plan for abatement to be approved by VHFA staff and based on the Level I and II abatement protocols developed by the Enterprise Foundation. The goal of the abatement shall be to reduce the lead dust levels to below 200 micrograms/sq.ft. for floors, 500 micrograms/sq.ft. for window sills and 800 micrograms/sq. ft. for window wells.

B. If a child's blood lead level is 20 micrograms/dl or above (either temporarily or permanently) and the unit tests positive for lead paint as described above, the family shall be relocated and the owner shall develop a plan, acceptable to VHFA staff, for abating the unit. Abatement shall occur prior to allowing another household with children under seven to move in. It is recommended that a plan for abatement be developed on a unit by unit basis with the goal of making the unit "lead safe" by removing all serious dust, chip, chewable surface, water, and soil hazards within a "reasonable" budget and shall be based on the Level I, II or III abatement protocols developed by the Enterprise Foundation. Again, the goal of the abatement shall be to reduce the lead dust levels to below 200 micrograms/sq.ft. for floors, 500 micrograms/sq.ft. for window sills, and 800 micrograms/sq.ft. for window wells.

Where the budget permits it is recommended that the abatement procedure described in B above be followed for all vacant turnover and pipeline units of two bedrooms or more.

Testing and Abatement in Pipeline Units - Upon adoption of this policy by the Board it will be expected that potential mortgagors will undertake spot testing for lead paint on representative surfaces of units that they are considering purchasing if the following factors exist:

1. the building was built prior to 1978;

2. the potential mortgagor intends to rent the unit to a family who could potentially have young children (in other words, housing for the elderly or special needs housing that does not include young children would not have to be tested);

3. the unit contains two or more bedrooms.

Potential mortgagors shall include appropriate conditions in each Purchase and Sales Agreement to allow testing and receipt of test results prior to closing.

If a pipeline unit shows lead dust levels of greater than 500 micrograms/sq.ft. for floors, 500 micrograms/sq.ft. for window sills, and 800 micrograms/sq.ft. for window wells the potential mortgagor shall either not purchase or rehabilitate the property with VHFA funds or shall develop a plan for abatement that is acceptable to VHFA staff. The plan shall be based on the abatement protocols developed by the Enterprise Foundation and shall be accompanied by a budget that estimates the cost of completing the abatement. It is recommended that Level III protocols be followed for vacant units and Levels I or II protocols be followed for occupied units.

Depending on the amount of money required for abatement, and the availability of funds either from VHFA or other sources, the Board will make a decision regarding whether or not to fund the abatement as part of the rehabilitation cost and whether or not the project should go forward using VHFA money for any portion of the development. Should money for abatement of lead contaminated units not be available from any source, VHFA funds will not be used for the project except under extremely unusual circumstances.

II. ASBESTOS

Background - Generally, asbestos has been used as a building material since the late 1800s and is commonly found in roofing materials, fireproofing, old boiler installations (pipe wrapping), wall board (some horse hair plaster), acoustical ceiling tiles and vinyl tiles.

Under Vermont law, any contractor performing asbestos abatement work must notify the Commissioner of Health (the "Department") prior to beginning work. However, unlike lead, asbestos does not necessarily pose a health risk unless it is friable or will be disbursed during rehabilitation of the building. Like lead, however, it can pose health risks to residents and contractors. Even though removal or encapsulation may not be required by law, it will probably be recommended in most situations where a VHFA mortgagor intends to bring a building up to code because contractors will penetrate floors, walls and ceilings.

The Department has issued regulations (Vermont Regulations for Asbestos Control, effective February 1987, as amended in February 1992) pursuant to its statutory authority to certify asbestos contractors, 18 V.S.A. Chapter 26. Under these regulations, persons who plan to perform abatement of asbestos containing materials in any facility must obtain certification and a permit from the Department prior to commencing abatement.

However the Department does not require removal of asbestos-containing materials if they are intact, in good condition, and have not been subject to damage by the general public, and/or will not be disturbed by maintenance activities. When asbestos-containing materials will be disturbed by renovation or demolition, removal of the asbestos-containing materials is required. Homeowners residing in their own residences are exempt from most of the regulations except those containing general requirements for asbestos abatement projects (removal, encapsulation and enclosure). Persons other then homeowners who plan demolition or renovation must obtain an asbestos assessment conducted by a certified Asbestos Inspector.

POLICY

Testing and Abatement of Asbestos in Multi-Family Buildings - Except in extenuating circumstances, potential or existing mortgagors shall conduct appropriate testing for asbestos in all multi-family buildings that they plan to purchase and/or rehabilitate at any time. The testing shall be conducted in accordance with applicable regulations of the Vermont Department of Health (the "Department"). Removal of asbestos-containing materials shall not be required if they are intact, in good condition, and have not been subject to damage by the general public and/or will not be disturbed by maintenance activities. When asbestos-containing materials will be disturbed by renovation or demolition, appropriate removal or other abatement of the asbestos-containing materials is required. Prior to the abatement of asbestos-containing materials (repair, removal, encapsulation, enclosure), the mortgagor shall prepare an asbestos abatement plan for review and approval of VHFA staff and obtain all necessary certifications and permits from the Department.

Depending on the amount of money required for abatement and the availability of funds either from VHFA or other sources, the Board will make a decision regarding whether or not to fund the abatement as part of the rehabilitation cost and whether or not the project should go forward using VHFA money for any portion of the development. Should money for abatement of asbestos not be available from any source, VHFA funds will not be used for the project.

Notwithstanding the source of funds for rehabilitation or modifications, no VHFA mortgagor shall make any renovation or modification to a building without complying with this policy.

III. OTHER HAZARDOUS MATERIALS

Background - In addition to the testing and abatement of lead and asbestos, required by parts I and II of this Policy, it is necessary for the Board to develop guidelines for the completion of Phase I and II Environmental Assessments (the "Assessments") on multi-family housing projects.

In general, VHFA now requires at least a Phase I environmental assessment for all multi-family projects. We propose to continue this policy.

Potential mortgagors should be required to inspect the building prior to submission of the application and complete an Environmental Worksheet (the "Worksheet"). A sample Worksheet completed by the Pennsylvania Housing Finance Agency is attached. When VHFA staff visit the property, this information would provide the basis for discussion with the mortgagor about when and whether a consultant should be retained to complete a Phase I Assessment, and about any evident or suspected environmental problems.

The Phase I Assessment is principally a screening device which focuses on (1) a review of available documents; (2) interviews with people aware of site operations; and (3) an inspection of the site. The purpose of this assessment is to quickly evaluate a property's environmental status. The assessment involves a review of records, interviews with people knowledgeable about the property, and an inspection of the property, the building, its fenceline and adjoining properties. If clear documentation exists that the property is environmentally sound in regards to a particular hazard, then no further assessment is necessary. If there are obvious problems or if the status of the property is uncertain, a Phase II assessment should be considered.

The Phase II assessment will involve more detailed physical site inspection and further review of historical records. It will typically determine the presence of an uncertain liability (health hazard) (e.g. asbestos, leaking underground storage tank) or quantify the extent of an observed or suspected problem (e.g. soils or ground water contamination).

POLICY

As part of the VHFA application process, potential mortgagors shall complete an Environmental Worksheet, in a form acceptable to VHFA, and advise VHFA whether Phase I and II Assessments will be required by other funding sources.

Prior to loan commitment, a Phase I environmental assessment should be completed. If the Phase I assessment indicates that there may be a problem or that the status of the property is uncertain, a Phase II assessment should be completed.

VHFA Mortgagors are encouraged to educate their staff and board (and other members of the community) on potential environmental hazards and to identify one staff person or board member as the contact person on this issue.

WORKSHEET - DUE DILIGENCE INQUIRY

	DESCRIPTION	ENVIRONMENTAL RISKS Observed	Possible	Not Possible
A.	High-Risk Building/ Construction Materials:			
	1. Asbestos	______	______	____________
	2. Lead	______	______	____________
	3. Other	______	______	____________
B.	Underground Storage Tanks and Lines	______	______	____________
C.	Above Ground Chemical Storage/Products	______	______	____________
D.	Noticeable Soil Discoloration	______	______	____________
E.	Buried Waste	______	______	____________
F.	PCB Dielectric	______	______	____________
G.	Surface Water Discharge	______	______	____________
H.	Sensitive Adjacent Properties	______	______	____________
I.	Potentially Contaminated Adjacent Properties	______	______	____________
J.	Air Emissions	______	______	____________
K.	Wetland Areas	______	______	____________
L.	Sanitary Sewer Failure	______	______	____________
M.	Vegetation Stress	______	______	____________
N.	On-Lot Septic (Industrial)	______	______	____________
O.	Noise	______	______	____________
P.	On-Lot Water Supply	______	______	____________
Q.	Surface Impoundments	______	______	____________
R.	French Drain/Disposal Pit	______	______	____________
S.	Pipe Leaks:	______	______	____________

1. Gas 2. Water 3. Petroleum 4. Other ______

T. Geological Features:

1. Streams 2. Lakes 3. Ponds ______
4. Sink Holes 5. Rock Outcrops
6. Springs 7. Other

Notes:____

____

____

July/Aug 1992

Cost Cuts

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Alternatives to Full-Scale Lead Abatement

by R.M. Santucci

While the federal government requires full-scale removal or permanent covering of all lead paint in public and Indian housing, The Enterprise Foundation's experience indicates it may be more appropriate to combat lead poisoning with a multitiered arsenal of treatments.

City Homes, Inc., an Enterprise affiliate in Baltimore, Md., has performed five field trials of various lead abatement systems over the last two years. These tests have shown that "in place" management of the lead hazard is much less expensive while still able to conform to the 200, 500 and 800 micrograms per sq. ft. clearance standards set by the federal government. These new theories of lead poisoning prevention focus on the elimination of lead dust that may poison small children through normal hand-to-mouth activity.

What Techniques Are Available?

In the trials, City Homes categorized the response techniques to control lead paint and its dust along a five point continuum. The continuum runs from a minimum response at $500, called a Level .5, to the $15,000 "Level 4" that represents the full-scale HUD abatement guideline for public and Indian housing.

These poisoning avoidance techniques attack the problem from five vantage points:

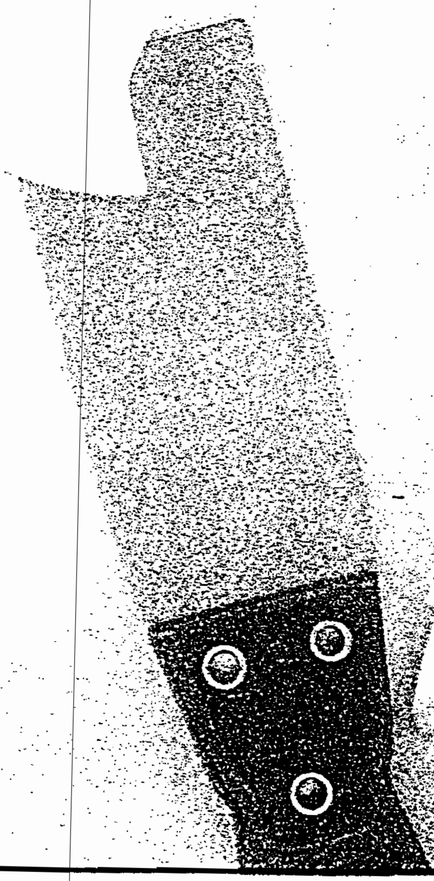
1. occupant education;
2. occupant blood lead testing;
3. dwelling lead surface testing and monitoring;
4. cleaning tool kits and training; and
5. lead paint surface treatment, including disposal, encapsulation, enclosure, and paint removal.

All the City Homes response levels address the same concerns: elimination of exposed lead paint, reduction of lead dust levels and friction on lead painted surfaces, periodic cleaning and resident education on the specific dangers of lead.

The response levels vary in their extent, total cost and probable life.

Why a Continuum?

Lead abatement is very expensive when designed to meet the HUD guidelines.



The average subcontractor costs for 20 brick rowhouses in Baltimore was $15,000 per home in 1990.

Lead abatement for a free standing frame home with a front porch, clabbered siding and some ornamentation can easily average $25,000.

City Homes' Levels 1 and 3 have proven effective in attaining very low lead dust levels. In field trials at City Homes, 30 Level 3 and six Level 1 units have been completed. All units have cleared the 200, 500 and 800 micrograms per sq. ft. government standards.

HUD has estimated that 57 million dwellings contain a lead paint hazard. Because of the demand for decent housing, especially in the inner city, some interim treatment will be necessary to mitigate lead poisoning while the housing stock awaits permanent lead abatement.

The Verdict Is Still Out

There is very little concrete scientific data on the mechanisms and long-term effects of lead poisoning. With support from the Environmental Protection Agency, the Kennedy Institute in Baltimore is conducting an extensive study on the efficiency of treatment levels 1, 2 and 3 on lead dust levels in treated houses and the levels of lead in the blood of children using 75 of the City Homes dwellings. Preliminary results are expected in late 1993 with long-term results not available until 1995.

Tools and Techniques

- **Cleaning**

Mops, sponges, tri-sodium phosphate

Continued on page 2

Levels of Lead Poisoning Prevention

Costs Per Unit	$0 - $500	$1,500	$3,400	$7,000	$15,000
Level	.5	1	2	3	4
Work	• Cleaning • Education • Blood Testing • Spot Paint	• Level .5 plus • Repainting • Floor Treatments	• Level 1 plus • Window Repair	• Level 2 plus • Window Replacement • Walls Enclosed with Gypsum	• Level 3 plus • Full Public Housing Guideline Compliance (HUD Rules)
Probable Life	One Year	3 to 5 years	3 to 7 years	7 to 20 years	Permanent

(TSP) and rubber gloves are the tools of the first line of defense against lead dust.

Periodic cleaning reduces the build up on floors, window sills and furniture. Scientific studies and field trials at City Homes show a consistent 50 to 70 percent reduction in available dust from a single cleaning.

In Level .5 to Level 3, City Homes supplies residents with a complementary supply of cleaning tools along with training in the basic methods of efficient dust clean up. HEPA vacuums and TSP wipes are used to remove dust build up at the end of all treatments.

- **Education**

Residents are trained to identify chipping, peeling and/or water damaged painted surfaces as potential hazards that warrant an immediate call to the maintenance office. The City Homes resident education model uses a 20-minute video, information sheets and a resident coordinator to teach the symptoms of elevated blood leads, promote good nutrition and advocate free blood testing.

Some research indicates a good dietary supply of calcium, iron and vitamin C can reduce the absorption rate of lead in the bloodstream. Chewable One-A-Day children's vitamins provides an adequate supply of all three nutrients. Good nutrition is a major part of the educational package. Research also indicated that not only are high fat diets generally unhealthy, they may also promote the absorption of lead.

Blood lead testing is strongly recommended for all children under six and for pregnant women. Transportation by taxi to free lead testing facilities is provided to all families in Levels .5, 1, 2 and 3 of City Homes' response techniques.

- **Lead Surface Treatments**

It is not easy for lead dust to get through two coats of alkyd paint unless the painted surface is rubbing against something. Level .5 uses paint only to immediately reduce lead exposure. Levels 1, 2 and 3 all rely on a three to five millimeter coating of alkyd paint to eliminate lead dust from non-moving components like base molding, door and window casings, and selected painted surfaces.

Adding floor underlayment and stepping stock to treads helps to eliminate foot traffic friction. This is part of Levels 3 and 4.

Window friction and dust trapping are addressed by treatments that start with simple waxing in Level .5 and end with entire window replacement in Levels 3 and 4.

Identification and in-place maintenance of lead paint will most likely become the principal response to lead hazards until any substantial federal funding becomes available.

The only legitimate system of eventual elimination must include emergency repairs, in-place management, and total abatement of lead hazards at Level 3 or 4 based upon an event such as major reconstruction. In the meantime City Homes' experience indicates that the use of education, testing, tools and surface treatments helps create a "lead safer" home.

R.M. Santucci is a development consultant with The Enterprise Foundation.

Cost Cuts

Cost Cuts is published by The Enterprise Foundation to provide technical information on housing and related community services to low-income housing practitioners, to raise awareness of the issues and approaches to housing low-income people and helping them out of poverty, and to provide information on reducing costs in low-income housing development.

Leading The Way In Lead Hazard Abatement

by Walter G. Farr

Lead poisoning is a serious health problem affecting millions of children, primarily from low-income families, in many older cities across the country. In response, Baltimore, Md., is developing a comprehensive response to lead hazards found in older houses. The lessons learned in Baltimore should provide valuable information for other communities confronting lead abatement.

There are over 75,000 row houses in Baltimore City that are rented to low-income families. These houses are all over 50 years old and almost all of them contain substantial amounts of lead paint. They rent for $225 to $300 a month and are worth $10,000 to $20,000.

Property Owner Responsibility

A Baltimore ordinance makes it illegal to rent a house that contains flaking or peeling lead paint. As a practical matter, however, the Health Department steps in only after a child's blood is diagnosed as containing more than 25 micrograms of lead per deciliter, which is the lead level generally considered to constitute lead poisoning. The Health Department then inspects the poisoned child's house and issues a citation to the landlord if the house contains any peeling or flaking lead painted surface.

In recent years Baltimore has stepped up its program of screening the blood of young children; and the number of children diagnosed as lead poisoned has sharply increased. The number of lead paint citations has also increased. To abate the lead paint hazard according to Baltimore regulations costs an average of $15,000 per row house. As a result, landlords are as likely to abandon the cited house as to abate the lead paint.

Increased Litigation

The increase in lead paint citations has been accompanied by a flood of lawsuits against the owners of the houses in which the poisoned children lived when diagnosed, and against the owners of any other houses in which the child lived prior to diagnosis. Plaintiffs claim that the landlord knew or ought to have known that the house contained lead paint and has violated a legal duty to maintain a safe house.

Due to the use of lead paint, many older Baltimore rowhouses are potentially dangerous for families with small children.

If the health inspector found that the house did contain lead paint and if there was some evidence of flaking or peeling paint, it is generally assumed that the plaintiff has a good case. While very few cases have gone to trial, settlements have ranged from a few thousand dollars from small uninsured landlords to hundreds of thousands of dollars from insured landlords.

Crisis Brewing

Today in Baltimore it is almost impossible for landlords to obtain insurance against lead poisoning claims. Legal counsel for landlords are advising their clients to break up their holdings into a number of corporations each owning only a few houses to avoid any testing to determine whether their houses contain lead paint, and not to discuss the problem with their tenants. The hope is that ignorance will be a defense or at least reduce awarded monetary damages. The more responsible landlords are becoming increasingly apprehensive. Some are seriously considering selling out. City officials worry that this critical part of the housing stock will increasingly fall into less responsible hands, cease to be even modestly maintained, will soon deteriorate and be abandoned.

Pilot Program

Until recently the property owner was required to remove all lead paint or to encapsulate painted surfaces with paneling or sheetrock. The Baltimore Health Department has recently launched a pilot program to work with owners of houses in which a poisoned child lives. The inspector and the property owner are to agree on specifications designed to abate lead hazards and to make the house lead safe but not necessarily lead free. Such treatment should cost much less than the previously required total abatement of all lead paint.

In addition, health advocates and property owners joined in proposing legislation, which would have immunized property owners from tort liability if they:

• kept their houses free of peeling paint;

• provided their tenants with comprehensive advice on how to avoid poisoning; and

• contributed to a state fund which would provide compensation, medical treatment and remediation for any child poisoned in a participating landlord's house.

The legislation was not adopted in this year's session, but the legislature did set up a task force to study the feasibility of such a program.

One of the most promising outcomes of Baltimore's lead hazard abatement program is the ability of health advocates and low-income housing providers to come together to find workable solutions. This kind of collaboration is absolutely necessary if the problem is to be dealt with effectively.

Walter G. Farr is a vice president with The Enterprise Foundation and a specialist in lead hazard abatement policy.

FACT SHEET

LEAD IN PAINT

June 1992

Lead paint is the number one cause of lead poisoning in children. In 1978, lead in new house paint was banned by the Consumer Product Safety Commission. Homes built before that time, however, may contain lead.

Young children can be exposed to lead by eating, chewing or sucking on lead-painted objects such as window sills, toys or furniture. Also, over time painted surfaces crumble into household dust. This dust clings to toys, fingers and other objects that children normally put into their mouths.

Lead poisoning can cause serious health problems, especially for infants, children and pregnant women. Too much lead in the human body can cause damage to the brain, kidneys, nervous system and red blood cells.

How can I find out if my home has lead paint?

Most houses built before 1978 contain some lead paint. Also, old painted toys and furniture could be painted with lead paint.

The only way to know if your home contains lead paint is by having it tested. This test can be done by the Vermont Department of Health Laboratory for $20 per sample or by a private testing company.

To test the paint at the Health Department Laboratory, you must submit about a spoonful of paint chips. Use a knife or paint scraper to scrape sections of paint down to bare wood or plaster. Make sure you do not include the wood or plaster in with the paint chips or the test will not be accurate. Put the paint chips in a plastic bag and label it with your name and the exact location where the sample was taken (for example, kitchen windowsill or bedroom baseboard). Send or bring the samples, along with your name, address, telephone number, and payment, to the Vermont Department of Health Laboratory, 195 Colchester Avenue, Burlington, VT 05402-0070. The test results will be reported in percent lead by weight. Any level above 0.5 percent lead is considered a potential health risk.

A private testing company may test your home using an X-Ray fluorescence analyzer, commonly called an XRF. This machine will measure the amount of lead on painted walls, windowsills, or any other surfaces. Lead levels greater than 1.0 mg/cm^2 (milligrams per square centimeter) are considered a potential health risk.

VERMONT DEPARTMENT OF HEALTH

Toxicology and Risk Assessment Program PO Box 70, Burlington, VT 05402 863-7220 or 1-800-439-8550

I tested the paint in my home and it does contain lead. How dangerous is it?

The danger from lead paint depends on how much lead is in the paint, the condition of the paint, and the amount of paint that your child ingests. Lead dust or paint that is peeling or flaking is more hazardous because it can easily be eaten by a small child.

Young children are particularly sensitive to lead because their bodies are developing. Children absorb and retain more lead than adults. Elevated levels of lead in the blood can increase a child's risk of problems such as learning disabilities, behavioral problems and impaired coordination. A fetus can also be affected by a woman's exposure to lead, both before and during pregnancy.

The Vermont Department of Health recommends that all children age 6 months to 6 years be tested for lead poisoning as part of their routine medical check-ups.

Is my child at risk from lead paint on the outside of my house?

Lead paint on the outside of your house can also increase your child's risk of lead poisoning. As the lead paint ages, small flakes and chips fall on the ground near your house. These mix with the soil and contaminate the area around your home. It is very easy for a child to ingest some of this contaminated dirt while playing outside.

If testing shows that the outside of your house has been painted with lead paint, you can assume that the soil near your house is contaminated, or you can have the soil tested for lead. The Vermont Department of Health Laboratory can do this test, or you can hire a private laboratory or testing company.

What can I do if the soil near my home is contaminated with lead?

There are a number of ways to reduce your child's exposure to contaminated soil. Depending on your situation, you may choose to take one or more of the following precautions:
■ Remove the top six inches of contaminated soil and replace it with uncontaminated soil. The contaminated soil can be disposed of in a landfill. ■ Plant bushes, shrubs or other plants that will keep children from playing too close to the house. ■ Grow grass over the area. The grass will act as a protective barrier between the lead in the soil and your child. ■ Build a sandbox with a cover and fill it with clean sand. Restrict children's digging and dirt play to the sandbox.

Even with these precautions, it's always a good idea to wash children's hands and faces when they come inside, especially before allowing them to eat or drink.

Are there any temporary measures I can take to reduce my child's risk of lead poisoning?

Yes. ■ Wipe down window sills, wells, tracks and other surfaces where dust collects at least once a week with a high phosphate detergent or TSP (trisodium phosphate) solution. You can make a TSP solution by mixing one-half pound of powdered TSP with one gallon of water. If dry TSP is not available, then use automatic dishwasher detergent, which contains TSP. ■ Vacuum carpeted areas at least once a week to remove lead paint chips and flakes. You should be aware, however, that some vacuum cleaners can pass very fine lead particles through their filters into the air. High efficiency (HEPA) vacuum cleaners can be rented to do a better job of cleaning initially or after remodelling. ■ Block your child's access to areas that have peeling paint with a fence or gate. ■ Wash your child's hands, face, pacifier, and toys frequently to prevent him or her from eating lead dust. ■ Do not allow your child to play in the dirt around old buildings with peeling paint. ■ A diet high in calcium and iron will help your child absorb less lead.

Is there a permanent solution?

Yes. There are three possible ways to solve lead problems permanently.

Replace lead painted objects. Remove them from your home and get new lead-free replacements for objects such as doors, window casings, moldings and trim. Do not burn any of the lead painted items you remove because burning can release toxic lead vapors. Instead, wrap the item in heavy plastic and dispose of it in a landfill.

Permanently cover surfaces that cannot be replaced. For example, floors and walls can be covered with a permanent covering such as sheetrock, panelling or floor tiles. Wallpaper can be used to cover lead in the short term. There are also products called encapsulants, which when painted or sprayed on bond permanently with the lead painted surface. Because the lead paint is still present, it is important that the covering be kept in good condition. Painting over lead paint with any other type of paint is NOT a permanent solution.

When replacement or covering is not possible, remove lead paint. This is the most dangerous way of eliminating lead in your home. Improper lead removal can actually *increase* the risks of lead poisoning. Because of the hazardous nature of this procedure, it is best to have the work done by a trained professional. The State of Vermont does not currently certify or regulate paint removal contractors. However, there are contractors who have completed training courses and may be able to do the work.

In some cases, painted objects such as furniture and wood moldings can be taken to a different location for paint removal.

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The Vermont Department of Health does not recommend that individuals without appropriate training remove lead paint because of potential health risks. However, if you decide to remove the lead paint yourself, chemical strippers or wet scraping are the best methods to use. ***WARNING: Do not ever sand, burn or dry scrape lead paint inside your home. This creates dust or fumes that can poison family members.***

What safety precautions must be followed when lead paint is removed?

■ Children, pets, and pregnant women must not be present when the work is being done. If at all possible, the family should move out until the renovation is completed. The work area should be sealed off from the rest of the home with heavy 6 mil plastic and duct tape (available at most hardware stores).

■ To prevent inhalation of lead dust, workers must wear respirators that have been approved for working with dust, paint and mist. Fit the respirator to the face snugly. (Beards do not allow proper fit.) Since use of a respirator can put an increased stress on heart and lungs, workers should discuss respirator use with a doctor before beginning the work. A simple white dust mask will not provide adequate protection when removing lead.

■ Clothes worn during removal should be changed in the work area so that lead dust is not tracked throughout the house. The clothes should be laundered in a separate washload from the rest of the family's clothes.

■ A drop cloth taped to the walls or baseboard should be used to collect paint chips.

■ No eating, drinking, smoking, or gum chewing in the work area.

■ When work is complete, the paint chips and contaminated plastic sheeting should be disposed of in a landfill.

■ Wipe down all surfaces where lead removal has taken place with a high phosphate detergent or TSP solution (see previous page). Discard the washrag after use.

■ Rent a HEPA vacuum or hire a professional to vacuum the entire area, then wipe again with TSP or a high phosphate detergent.

■ Take dust wipe samples before allowing children and pregnant women back into the home. These kits are available from the Department of Health Laboratory. If lead dust levels are high, further cleaning must be done.

■ When removing lead paint from the outside of a home, it is important to prevent the lead dust and chips from contaminating the soil around the house. Plastic sheeting should be taped to the house and extended at least eight feet from the building. Outdoor work should not be done on a windy day because the lead dust could contaminate neighboring yards.

Call the Toxicology and Risk Assessment Program at the Vermont Department of Health for more information about lead: 863-7220 or 1-800-439-8550.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development Irene D Jenkins

DATE: November 12, 1992

RE: DEVELOPMENT OF CONSTRUCTION LOAN PROGRAM

We would like to investigate the potential market for both multi-family and single family construction lending programs and to develop programs that will meet the needs of those markets. These programs would be directed towards development of affordable housing, for which the permanent financing might come from either VHFA or other sources. Such other sources of funds might include private financial institutions and/or public agencies.

VHFA periodically provides construction financing for multi-family developments for which we are providing permanent financing. For single family developments, VHFA has also recently provided a construction loan guarantee (Red Rocks) and construction and land development financing (Star Lake). We believe that VHFA could facilitate both multi-family and single family development by expanding its construction lending role.

VHFA could initially use Mortgage Purchase Program fund balances to make construction loans, although these fund balances will diminish over time as they are used to support VHFA operations. Fund balances invested in construction loans will earn higher interest rates than in alternative investments.

Program development activities would include obtaining input from other lenders, potential borrowers, and other parties, in order to define the need and market and learn from other construction lending experiences; identification of potential benefits and risks; formulation of lending criteria and program requirements; solicitation of comment and advice; and presentation of program proposals to the Board. We would hire a consultant to carry out these activities under the direction of the Director of Development and estimate that such activities can be accomplished for a cost of $5,000. We will return to the Board to present program proposals and request authorization to implement the programs.

Recommended Action:

Authorize staff to develop construction loan programs for both multi-family and single family housing development.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

**RESOLUTION PERTAINING TO COMMITMENT LETTER RE:
STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT**

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on September 24, 1992, May 20, 1992 and June 26, 1991; and

WHEREAS, the proposal seeks a loan by the Agency of up to $500,000 for infrastructure work and construction; and

WHEREAS, there is currently an appeal pending in the Vermont Supreme Court by an opponent of the Development, in which the appellant is challenging a procedural ruling by the District Environmental Commission in the issuance of the land use permit for the Development; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

4. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of this chapter.

5. All of the floor area and total development cost are allocated to single family dwellings for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a construction loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $500,000, for the Starlake Village Development, subject to receipt of an acceptable opinion letter from the housing sponsor's attorney on the issue of the pending Act 250 appeal and final approval by the Vermont Housing and Conservation Board of the development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to 1.5% of the principal amount of the Loan to be used for site development and 0.5% of the remainder of the Loan.

4. The commitment of the Agency shall include a phased build-out schedule for the 14 units, but with the condition that no more than the maximum loan amount is loaned out at any time.

5. The Loan shall bear an interest rate of 7.5% per annum for a term ending on December 31, 1993 and be repayable in part each time one of the homes is sold.

6. The Commitment Letter shall require performance and payment bonds from the site work contractor.

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

8. All actions of the staff in closing on the construction loan are hereby ratified.

RESOLUTION OF INTEREST PERTAINING TO ST. JOHNSBURY SCATTERED SITE DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Northern Community Housing Corporation ("NCHC"), a non-profit corporation that is a subsidiary of Northern Community Investment Corp. in St. Johnsbury, involving the acquisition and rehabilitation of 28 units in 8 buildings located on scattered sites in St. Johnsbury (the "Development"); and

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

WHEREAS, the proposed partnership between Housing Vermont and NCHC (or their subsidiaries) will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the sponsors have applied for a Community Development Block Grant of $650,000 and grants and loans from the Vermont Housing and Conservation Board; and

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

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for

acquisition and rehabilitation in an amount not to exceed $40,000, for the Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditioned upon the availability of funds to the Agency for such purpose, availability of funds from the VHCB and CDBG programs, satisfactory completion of appraisals, satisfactory completion of Phase I environmental assessments, including testing for lead based paint and asbestos and satisfactory remediation plans for the same, securing an allocation for Low Income Housing Tax Credits, staff approval of plans and specifications for the proposed rehabilitation and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

4. Upon the satisfaction of the conditions listed in paragraph 2, above, the Executive Director is authorized, in his discretion, to issue a commitment letter (the "Commitment Letter") to provide a first mortgage for acquisition and rehabilitation in an amount to be determined by the Executive Director, but not to exceed $40,000, for the St. Johnsbury scattered site development. The term of the mortgage loan shall be 25 years, and the interest rate shall not exceed 8.5 % per annum.

5. The Commitment Letter shall be issued to Housing Vermont and Northern Community Housing Corporation as representatives of the housing sponsor.

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

7. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

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

9. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **NOVEMBER 11, 1992**

RE: **FISCAL YEAR JUNE 30, 1992 AUDIT RESULTS**

Enclosed are the audited financial statements for the fiscal year ended June 30, 1992 as prepared by our auditors, Peat Marwick Main & Company. In addition to the audit, the auditors have prepared additional letters addressing internal controls and compliance with standards. There are no exceptions noted in either report.

I have also enclosed the final budget report for the General Fund for the fiscal year ended June 30, 1992, comparing final audited results with the approved budget. These numbers compare closely to the estimated report handed out in June. Income was about $100,000 higher than the June projection due to Single Family fees and interest earnings. Expenses were about $20,000 less than originally projected. The final results compare favorably with the budget. Some highlights of the past year follow:

o Total assets decreased from $674 million to $628 million for the year, due in large part to the redemption of $86 million of single family bonds in connection with the debt restructuring undertaken.

o Agency total revenues exceeded expenses for the year in the amount of $2.9 million compared to $2.2 million in fiscal year 1991. The cross call bond redemptions had a one-time gain of approximately $1.8 million. Continued erosion in short term interest rates continues to be the chief contributor to the drop in excess revenues for the year.

o The General Fund balance increased from $4.5 million to $5.2 million which is consistent with the budgeted increase of $693,000.

If you have any questions regarding the contents of the audited financials, the special reports, the final budget comparison report or the contents of this memo, feel free to contact me at your earliest convenience.

<u>Recommended Action</u>
Acceptance of the audit and management letters as attached.

FINAL BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
JUNE 30, 1992

	APPROVED BUDGET	YR TO DATE JUN 30, 1992	% BUDGET RECOGNIZED
INCOME			
SINGLE FAMILY FEES	545,950	479,644	87.85%
MULTI-FAMILY FEES	125,000	105,476	84.38%
PROJECT ADMIN FEES	120,000	118,819	99.02%
INTEREST INCOME	330,000	559,774	169.63%
MISCELLANEOUS	44,500	48,725	109.49%
TOTAL INCOME	1,165,450	1,312,438	112.61%
FUND TRANSFERS			
SINGLE FAMILY HOUSING	10,000	24,972	249.72%
SHAWMUT MTG PURCHASE	100,000	100,000	100.00%
HOWARD MTG PURCHASE	1,250,000	1,250,000	100.00%
HOWARD HOME MTG PURCH	375,000	352,100	93.89%
HOWARD MULTI-FAMILY	430,000	435,000	101.16%
CONN NATL MULTI-FAMILY	80,000	98,839	123.55%
HOUSING DEVELOP BDS-MF	10,000	20,000	200.00%
DIRECT PLACEMENT BONDS	32,500	7,500	23.08%
TOTAL TRANSFERS	2,287,500	2,288,411	100.04%
TOTAL INC & TFRS	3,452,950	3,600,849	104.28%
EXPENSES			
ADVERTISING & PROMOTION	50,050	24,951	49.85%
AUDIT	28,000	24,500	87.50%
ANNUAL REPORT	15,000	14,001	93.34%
COMMISSIONERS EXPENSES	4,000	1,815	45.37%
CONSULTING FEES	51,500	33,941	65.90%
DUES & SUBSCRIPTIONS	29,500	25,259	85.62%
INSURANCE	165,000	153,285	92.90%
INTEREST EXPENSE	48,000	256,633	534.65%
LEGAL	75,000	78,835	105.11%
MISCELLANEOUS	12,000	8,701	72.51%
OFFICE EXPENSES	32,000	27,032	84.48%
PENSION PLAN	104,000	104,676	100.65%
POSTAGE	20,000	19,323	96.61%
RENT	112,000	111,108	99.20%
REPAIRS & MAINTENANCE	42,000	38,994	92.84%
SALARIES & WAGES	1,273,018	1,263,041	99.22%
STAFF TRAVEL & TRAINING	98,650	53,133	53.86%
SUBSIDY-HVT, ERH, ETC.	135,000	59,874	44.35%
TAXES-PAYROLL	93,700	93,040	99.30%
TELEPHONE	36,000	35,904	99.73%
TRUSTEE & CREDIT FEES	255,000	232,575	91.21%
DEPRECIATION	80,000	78,095	97.62%
TOTAL EXPENSES	2,759,418	2,738,716	99.25%
SURPLUS (DEFICIT)	693,532	862,133	124.31%
FEE DEFERRAL		202,406	
AUDIT BASED SURPLUS		659,727	

vhfa
VERMONT HOUSING FINANCE AGENCY

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: NOVEMBER 11, 1992

RE: FUND BALANCES AND MORTGAGE FUND USES

At a prior Board meeting, a question was raised as to our fund balances and their accessibility as well as to the available mortgage fund pools and their intended uses. Included in this month's Board package is the annual audit which should be used as a guide as you review the information that follows. The discussion regarding the fund balance analysis is substantially the same information that was provided to the The Enterprise Foundation in connection with their review of the State housing providers.

Fund Balance (Reserves) Analysis
The best way to analyze the reserves of VHFA is to review the audited financial statements to get an accounting perspective and then to adjust to the financial reality by elimination of accounting quirks.

The audited financials are broken down into three broad categories consisting of General Fund, Single Family Programs and Multi-Family Programs. Single Family Programs are comprised of programs operating under four broad bond resolutions, and utilizing proceeds from the sale of tax-exempt bonds to purchase mortgages. Multi-Family Programs encompass the same tax-exempt bond sale technique to generate funds and also consist of taxable bonds usually sold on a project specific basis. The General Fund category consists of the operating funds of the Agency and special initiatives that cannot be covered by bond proceeds.

Single Family Programs
The audited financials indicate total fund balances in the Single Family Programs of $31,363,000. Deferred costs of bond issuance in the amount of $1,640,076 and unamortized discount on bonds payable in the amount of $7,776,005 are categories of expense that have already been spent but are being amortized over the respective life of the bond issues for accounting purposes. These amortizing costs must be deducted from the fund balances resulting in an adjusted fund balance of $21,946,919. Further restrictions on the fund balance are in the nature of the inventory of foreclosed properties in the amount of $1,315,140 and non-cash assets of accrued interest in the amount of $4,585,548. These adjustments leave $16,046,231 as a remaining fund balance to provide security for the $468,085,657 in bonds outstanding, absorb additional portfolio losses and to provide a subsidy to VHFA operations by transfers to the General Fund of approximately $1.7 million annually. Cash flow tests of the bond programs and rating agency approval are necessary to transfer funds from the bond resolutions.

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Multi-Family Programs
The same adjustments need to be made to the Multi-Family Programs that were detailed in the Single Family Program. Deferred costs of bond issuance of $464,670 and unamortized discounts on bonds payable of $1,696,295 should be deducted from the fund balance of $5,526,957 resulting in an adjusted balance of $3,365,992. A transfer to assist VHFA operation expenses of approximately $700,000 is scheduled on an annual basis. Normal monthly collections of $800,000 dependent mostly on Department of HUD payments are necessary to service the debt and a prudent reserve is necessary to cover late delivery of payments from HUD. Cash flow tests of the bond programs and rating agency approval are necessary to transfer funds from the bond resolutions.

General Fund Balances
For analysis purposes, general fund balances of $5,197,271 should be increased by the amount of deferred loan origination fees in the amount of $1,587,521, which have been collected, but are being deferred over the expected life of the mortgage loans, in conformity with accounting principles. This adjustment results in fund balances totalling $6,784,792. This fund balance is further restricted by cash and investments available of $5,670,458 and needs to be reduced by escrowed cash deposits of $3,491,868, which VHFA holds as agent. The remaining fund balance of $2,178,590 is necessary to provide security for notes and bonds payable. The general fund balances are also looked to as collateral for the commitments and contingencies. These contingencies include risk-sharing agreements and letters of credit totalling $5.6 million. See footnote 12 of the annual audit for a more detailed description of the commitments and contingencies.

A study done by Moody's Investors Service (attached) analyzed the various state housing agencies and tabulated their standings based on the general fund balance as a percentage of total bonds outstanding and also ranked the states on a percentage of combined fund balances as a percentage of bonds outstanding. VHFA ranked 36th and 32nd, respectively, in the measured categories of fund balances.

Mortgage Pool Availability
For multi-family purposes the major source of funding continues to be the prepayments collected on the lower rate older Section 8 developments. At June 30, 1992 approximately $2.5 million of collections remained to recycle into new loans. In addition, we were holding $8.5 million of bond reserves and $3 million of accrued interest of the total $17 million on hand in cash. The remaining $3 million in cash consists of principal collections to pay bondholders and program surpluses to fund operations. We have been working on an initiative to refund the higher rate Section 8 mortgages and use a portion of the savings to fund below rate mortgages for new developments.

Single family cash balances totalled approximately $217 million at June 30, 1992. Of this total $85 million represents available funds to purchase mortgages under the bonding we did in 1990. Of that total, $42.5 million is the amount available to convert to long-term fixed rate debt which is now convertible option bonds. Bond reserves represent $36 million, accrued interest on debt accounts for $17 million, original loanable proceeds and recyclable loan funds of $18 million are available from the older Home Mortgage Purchase Bonds issued between 1985-1989. In addition, the 1978-1982 Mortgage Purchase program was holding $20 million in collections and $14 million in funds that were converted to mortgage proceeds under the refunding done in July. Loan loss claim funds (to cover mortgage losses) represented approximately $5 million. Remaining funds of approximately $20 million are being held for debt payments to bondholders, rating agency required holdings and surpluses to help fund operations.

General fund cash of $5.6 million was on hand at June 30, 1992 of which $3.5 was being held for escrowed cash deposits. Of the remaining $2.1 million, $1.2 million is pledged to be held per credit agreements. The resulting balance is used for the payment of operating expenses and available for various loans and investments that cannot be done with bond proceeds.

There is a tremendous amount of information and numbers presented in this memo and it may take some time to digest the material. The hope is that this data presents a perspective on the funds availability of VHFA. If you have any questions or would like further information or clarification, feel free to contact me at your earliest convenience.

Recommended Action
No Board action is necessary.

State Housing Agencies—Financial Rankings

State Housing Agency	Combined Fund Balance as % of Bonds Outstanding
Hawaii Housing Finance and Development Corporation	68.70
Alaska Housing Finance Corporation	39.90
West Virginia Housing Development Fund	22.50
Minnesota Housing Finance Agency	18.30
Kentucky Housing Corporation	16.00
Iowa Finance Authority	14.70
New Jersey Housing and Mortgage Finance Agency	14.70
Rhode Island Housing and Mortgage Finance Corporation	13.40
Maine State Housing Authority	12.90
Missouri Housing Development Commission	12.80
South Carolina State Housing Finance and Development Authority	12.70
Connecticut Housing Finance Authority	12.20
Virginia Housing Development Authority	12.20
New Hampshire Housing Finance Authority	12.20
North Carolina Housing Finance Agency	10.80
Pennsylvania Housing Finance Agency	10.60
Montana Board of Housing	10.40
Massachusetts Housing Finance Agency	10.40
Oregon Housing Agency	10.10
South Dakota Housing Development Authority	10.00
Idaho Housing Agency	9.70
Tennessee Housing Development Agency	9.30
Nevada Housing Division	8.90
New York Mortgage Agency, State of	8.80
Wyoming Community Development Authority	8.30
Michigan State Housing Development Authority	8.10
California Housing Finance Agency	7.70
Wisconsin Housing and Economic Development Authority	7.60
Utah Housing Finance Agency	7.50
Georgia Residential Finance Authority	7.30
Vermont Housing Finance Agency	7.10
New Mexico Mortgage Finance Authority	7.00
Mississippi Home Corporation	6.20
Delaware State Housing Authority	6.10
Maryland Community Development Administration	6.10
Arkansas Development Finance Authority	5.90
Colorado Housing and Finance Authority	5.60
Alabama Housing Finance Authority	5.10
Nebraska Investment Finance Authority	4.80
Illinois Housing Development Authority	4.60
Indiana Housing Finance Authority	4.00
Louisiana Housing Finance Agency	3.30
Florida Housing Finance Agency	3.10
Texas Housing Agency	3.00
Oklahoma Housing Finance Agency	2.90
Washington State Housing Finance Commission	2.50
North Dakota Housing Finance Agency	2.30
Ohio Housing Finance Agency	2.10

State Housing Finance Agency	General Fund Balance as % of Bonds Outstanding
Alaska Housing Finance Corporation	16.70
Connecticut Housing Finance Authority	6.80
Tennessee Housing Development Agency	5.20
Virginia Housing Development Authority	4.90
New Hampshire Housing Finance Authority	4.50
Iowa Finance Authority	4.40
Missouri Housing Development Commission	4.00
Pennsylvania Housing Finance Agency	3.50
Nevada Housing Division	3.40
Georgia Residential Finance Authority	3.20
Illinois Housing Development Authority	3.20
Michigan State Housing Development Authority	3.00
Montana Board of Housing	3.00
New Jersey Housing and Mortgage Finance Agency	2.80
West Virginia Housing Development Fund	2.70
Wisconsin Housing and Economic Development Authority	2.70
Colorado Housing and Finance Authority	2.20
Minnesota Housing Finance Agency	1.70
Rhode Island Housing and Mortgage Finance Corporation	1.60
Wyoming Community Development Authority	1.60
North Dakota Housing Finance Agency	1.49
Nebraska Investment Finance Authority	1.40
Oregon Housing Agency	1.40
Utah Housing Finance Agency	1.40
Massachusetts Housing Finance Agency	1.30
California Housing Finance Agency	1.20
Maryland Community Development Administration	1.10
Washington State Housing Finance Commission	1.10
South Carolina State Housing Finance and Development Authority	0.88
Alabama Housing Finance Authority	0.86
Vermont Housing Finance Agency	0.85
North Carolina Housing Finance Agency	0.83
Idaho Housing Agency	0.81
Florida Housing Finance Agency	0.78
Louisiana Housing Finance Agency	0.75
Ohio Housing Finance Agency	0.74
South Dakota Housing Development Authority	0.64
Arkansas Development Finance Authority	0.63
Indiana Housing Finance Authority	0.58
Kentucky Housing Corporation	0.50
Maine State Housing Authority	0.45
Delaware State Housing Authority	0.31
New York Mortgage Agency, State of	0.24
Mississippi Home Corporation	0.19
New Mexico Mortgage Finance Authority	0.10
Texas Housing Agency	0.02
Oklahoma Housing Finance Agency	-0.50
Hawaii Housing Finance and Development Corporation	NA

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: December 11, 1992

RE: CONFIRMING UPCOMING (DECEMBER) BOARD MEETING AND HOLIDAY PARTY

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on Thursday, December 17, here at the VHFA office, One Burlington Square, Burlington, Vermont. The starting time of the meeting will be 3:00 p.m. Our annual Holiday Party will be held at the Ice House restaurant on Battery Street in downtown Burlington, with hors d'oeuvres and a cash bar starting at 6:00, and a buffet dinner to follow at 7:00 p.m.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to meeting with you in Burlington at 3:00 December 17, and to an evening of good cheer!

VERMONT HOUSING FINANCE AGENCY

December 7, 1992

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

Dear Ms. Gauthier:

The Vermont Housing Finance Agency will be having its regular monthly Board Meeting on Thursday, December 17, at 3:00 p.m., here at the VHFA office, One Burlington Square, Burlington, Vermont.

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

Sincerely,

Barbara M. Parker

Barbara M. Parker
Executive Assistant

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director

DATE: December 11, 1992

RE: PROPOSED BOARD MEETING SCHEDULE FOR 1993

I would like to propose the following schedule for Board meetings during 1993:

January 21	1:30	Montpelier
February 18	1:30	Burlington
March 18	1:30	Montpelier
April 15	1:30	Montpelier
May 20	1:30	Burlington
June 17	1:30	Burlington
July 22	1:30	Montpelier
August 19	1:30	Montpelier
September 23	1:30	Burlington
October 21	1:30	Montpelier
November 18	1:30	Montpelier
December 16	1:30	Burlington

These dates may change due to scheduling conflicts, but we will try to give you sufficient notice in order to avoid rescheduling difficulties.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Allan S. Hunt, Executive Director Allan

DATE: November 23, 1992

RE: CONFIRMING UPCOMING (DECEMBER) BOARD MEETING AND HOLIDAY PARTY

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on Thursday, December 17, here at the VHFA office, One Burlington Square, Burlington, Vermont. The starting time of the meeting will be delayed until 3:00 p.m. Our annual Holiday Party will be held at the Ice House restaurant on Battery Street in downtown Burlington, with hors d'oeuvres and a cash bar starting at 6:00, and a buffet dinner to follow at 7:00 p.m. Please RSVP to Barbara Parker by December 11.

The Board agenda and packet will be mailed to you by December 11.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to meeting with you in Burlington at 3:00 December 17, and to an evening of good cheer!

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD MEETING AGENDA

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

Thursday, December 17, 1992 at 3:00 p.m.

1. Review and approval of minutes of November 18, 1992

2. Administration
   - Executive Director's Report **[Hunt]**

3. Operations
   - MOVE 1990 Series 2 Update/Delinquency Report **[Lothrop//Enclosure]**
   - ERH Request for Funding **[Lothrop//Enclosure]**
   - Collections Process **[Lothrop//Enclosure]**
   - Partial Revocation of Previous MCC Election/ MRB Private Activity Volume Cap Carry Forward **[Lothrop//Enclosure]**

4. Development
   - Commitment Letter:
     Bristol Family Housing/ACCAG (Bristol) **[Jenkins/Koppelkam//Encl.]**

5. Finance
   - Single Family Mortgage Bonds (Series 3) **[Schoenbeck]**

6. Legal
   - Litigation Update **[Jarrett]**

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

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VERMONT HOUSING FINANCE AGENCY

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

Wednesday, November 18, 1992

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

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

Guests: Mr. Dillon (City of Burlington); Ms. Canavan (VHMGB); Mr. Berezin (Depot Square Apartments Ltd. Partnership); Mr. Richardson (Housing Vermont); Ms. Owre (Northern Community Housing Corp.)

The meeting was called to order by the Chairman at 1:35 p.m. Upon a motion duly made and seconded, the minutes of the September 24 Board meeting were unanimously accepted as written.

Mr. Lothrop reviewed recent program activity as further detailed in his monthly report, included in the Board packet. The opportunity to issue Convertible Option Bonds is being reviewed by the staff; however, as the anticipated mortgage rate would not be much lower than the present rate, there is no great incentive to go to market at this time. Funds issued under the 1990 Series 1 must be originated by January 2, 1994; unused funds would go toward bond redemption. A conference call with the underwriters to determine the next course of action will take place by early December. Mr. Schoenbeck added that currently the bond market would offer an eight percent mortgage rate, but the market is expected to improve at the beginning of 1993; pricing and sale could occur in early January. Due to the election and general economic trends, the tax-exempt market has not moved lower as quickly as originally hoped. No Board action was necessary on this topic, and Mr. Lothrop next reviewed the delinquency report included in the Board packet. Currently, the Agency is holding 20 REO properties, which is less than the last report. Of these, four were sold in October, five more are under contract, and the Agency has received offers on another four properties. Two pre-foreclosure sales were negotiated in October.

The "Computer Conversion Update" was addressed by Mr. Gandini, who reviewed his memo of November 11. According to Mr. Gandini, it is possible that some additional costs may be incurred if the present wiring throughout the office is found to be incompatible with the new computer system. This will not be determined until the hardware arrives and installation is begun. The cost, if any, of re-wiring should be offset by the savings being realized on hardware. No Board action was necessary.

Mr. Lothrop reviewed his memo of November 11, included in the Board packet, regarding "MCC Revocation." The memo proposes revocation of an MCC (Mortgage Credit Certificate) if an apparent tax code or program violation is discovered and is determined after notice and an opportunity for the lender and the borrower to respond. The Executive Director was given the authority to determine whether to revoke the MCC. Should a lender be found to breach the program limits on a consistent basis, staff would consider whether the lender should be allowed to participate in the program, and a recommendation would be made to the Board. A motion was made and seconded to adopt the MCC Program Revocation Procedures as attached to these minutes.

The "Lender Fee Increase Recommendation" was then presented by Mr. Lothrop, as described in his memo of November 11, included in the Board packet. By increasing the lender fee to $2,500, it is hoped that already participating lenders would be motivated to increase their level of MOVE program activity. Mr. Lothrop also noted that the Agency would continue to provide training for participating lenders; this training has been extensively performed throughout the state for the past two years. Following a brief discussion, a motion was made and seconded establishing the MOVE program participation fee at $2,500 on a calendar year basis beginning January 1, 1993, with a stepped fee schedule for lenders who have not participated in the Agency's mortgage programs previously; this motion carried unanimously.

Mr. Koppelkam reviewed the "Request for Revised Commitment Letter for New Avenue Building, St. Johnsbury" as detailed in his November 12 memo, included in the Board packet. This development, as proposed, would consist of 47 small residential units on the top three floors of a four-story building. The first floor would be utilized as commercial space. Mr. Koppelkam noted that one new condition of the revised commitment letter is a request for a new appraisal for the residential portion of the building. A lengthy discussion followed regarding the possibility that the new appraisal amount might not bear out the anticipated investment amount. Currently, the resolution calls for an appraised value of at least 95 percent of the investment; however, the Agency's governing statute may allow the Board, at its discretion, to consider using the security value of a property rather than the appraised value. Another topic under consideration was the need for an increase of the HUD Section 8 rental subsidies in order to maintain below-market rate rents for the project. A motion was then made to amend the resolution to require that the appraisal value be specifically acceptable to the staff, as well as a provision that the developer and owner will work with the Agency to determine other sources of rental subsidy should HUD not renew the Section 8 rental subsidies currently in effect for this project. This motion was seconded and the amended "Resolution Pertaining to Combined Letter of Intent and Commitment Letter re: New Avenue House (St. Johnsbury) Development" as attached to these minutes was unanimously adopted.

Next, the "Northern Community Housing Corporation (NCHC) St. Johnsbury Phase II—Resolution of Interest" as described in his memo of November 12, included in the Board packet, was reviewed by Mr. Koppelkam. This project involves 28 occupied units in eight scattered site buildings in St. Johnsbury, each requiring modest levels of renovation. Ms. Jenkins pointed out that the revised resolution would give staff the authority to make a commitment when the conditions of the resolution of interest have been met. According to Mr. Koppelkam, environmental assessments are pending. Ms. Owre addressed the Board, noting that this project is complementary to the New Avenue building, and noted that the problem is not that the prices of the buildings is increasing, but rather that the rents are low, the tenants are low- or very low-income and the owners can not afford to perform necessary repairs. The proposed "scattered site development" in St. Johnsbury would provide neighborhood preservation and stabilization as well as decent housing for the tenants. Currently there is a waiting list of over 30 people for 2-3 bedroom units. However, Mr. Hunt reminded the Board that an issue of public policy would be the appropriateness of having the Agency provide a revolving loan fund rather than having various nonprofits apply for individual loans for similar projects. Mr. Seelig noted that none of the buildings would be covered by the new standards on accessibility, but Ms. Owre assured the Board that current plans call for adaptations to be made on one unit for an existing tenant. As tenants with disabilities apply for rental of various units, some renovations may be undertaken. It is also likely that some lead abatement will need to be done, but the cost of this was not included in the development budget currently being considered by the Board. Bids for an environmental assessment have been received, and testing for the presence of asbestos will be performed. Mr. Seelig noted that the issue of public policy *vis a vis* rehabilitation costs needs to be addressed by the Board at some point, although such discussions do not need to be held prior to a vote on this specific project. A motion was then made and seconded to adopt the "Resolution of Interest Pertaining to St. Johnsbury Scattered Site Development" as attached to these minutes. The motion carried unanimously. Ms. Owre and Mr. Richardson left the meeting following this vote.

Mr. Koppelkam reviewed the "Request for Revised Commitment Letter—Pre-development Loan for Burlington Community Land Trust (BCLT)/Daystation/ Committee On Temporary Shelter (COTS) Offices—Whalen Building, Burlington" as detailed in his memo of November 12, included in the Board packet. Ms. Mullikin Drake pointed out that the environmental assessment is listed as being part of Phase II, and recommended that it be performed earlier in the process so that any costs involved can be considered in the final loan amount. A motion was then made and seconded increasing the commitment amount to $15,500 to cover the $1,000 environmental assessment cost, and requiring that the assessment be completed before the architect has completed design, in order to incorporate any necessary changes in the final design. This motion carried, with Mr. Shaw abstaining, and the amended "Resolution Pertaining to Short Term General Fund Loan to Burlington Community Land Trust" was adopted as attached to these minutes. After the vote was taken, Mr. Dillon left the meeting.

The "Interim Policy on Lead Paint and Other Toxic and Hazardous Materials" was reviewed by Ms. Jenkins, as further detail to her memo of November 12, included in the Board packet. The policy as recommended for adoption includes a requirement for a Level I environmental assessment on all multi-family loans to be issued by the Agency. Policy on environmental hazards in general would be codified to require Level I assessment on all rehabilitation sites and determine the need for additional testing based on the results of the Level I assessment. Mr. Jarrett noted that lending institutions as well as owners may be considered liable for cleanup costs of any property on which they hold loans; legislation is being drafted to provide safe harbor limits for lenders. Mr. Hunt noted that the regulatory agreements used by the Agency might increase the likelihood that the Agency would be considered to be in a position to influence or participate in management decisions about environmental hazards, and thus appear liable for environmental hazards found on a multi-family site. Following further discussion, the "Interim Policy Position on Lead Paint and Other Toxic and Hazardous Materials" as attached to these minutes was unanimously adopted, following a motion duly made and seconded.

The Board acknowledged receipt of Ms. Jenkins' "Development of Construction Loan Program" outlined in her memo of November 12, included in the Board packet. No formal Board action was necessary, but staff was authorized to develop construction loan programs for both multi-family and single family housing development, keeping the Board informed as to progress.

In his Executive Director's report, Mr. Hunt noted that the latest budget figures for the rehabilitation of 77 residential units on Dalton Drive at Fort Ethan Allen are less optimistic than previous reports. While unit sales continue at a slow rate, current budget estimates show that $150,000 will be lost if sales continue over the next eight months, rather than having all of the units sold by the end of 1992, as was originally anticipated. To date, 55 units have been sold or are under contract, with another five in negotiation. The two commercial buildings, which consist of 10,000 and 6,000 square feet, may not be saleable due to a perceived glut of commercial buildings on the marketplace. The buyer would need to take on the risk of renovation, involving lead and asbestos removal or abatement. Mr. Hunt recommended that the Agency undertake the cost of developing specifications covering the renovation work necessary; having the costs and specifications available might help to remove doubts from potential buyers. By having the architect and developer who worked on the residential units already available to the Agency, it would give the Agency a head start toward developing the commercial plans and specifications. Mr. Hunt assured the Board that the actual renovations on the commercial building would not be performed by the Agency at this time; rather, a proposed plan for the completion of the buildings, including costs and details, would be developed for potential buyers to review. As a sidelight, Mr. Hunt noted that of 20 units already sold as resale restricted, only one went to a male owner. Mr. Myette suggested that the Board consider purchasing one of the commercial buildings and relocating the Agency offices to the Fort; however, Mr. Schoenbeck noted that the total square footage of the larger building was less than the square footage already occupied by the Agency, and further noted that the present lease does not expire until 1995. No Board action was necessary, but staff received general approval to proceed with developing plans and specifications on the two commercial buildings on Dalton Drive at Fort Ethan Allen.

Mr. Francis introduced a discussion of the "VHFA Planning Process and Business Plan Update—FY93" as described in his memo of November 9, included in the Board packet. According to Mr. Francis, staff is considering a more comprehensive planning process and evaluation of Agency programs this year than has been done in prior years. A six month and eighteen month plan should be finalized by January 1993. Ms. Mullikin Drake asked why no Vermont Housing Ventures loans are included in the comparison chart attached to Mr. Francis' memo, and Ms. Jenkins noted that as of last week, several Ventures loans were in process. The rejuvenation of the Ventures program was discussed by the staff last week, according to Ms. Jenkins, and staff is trying to determine if the slow movement of the program is a marketing issue and what steps should be taken to revitalize the program. Staff will review the apparent duplication of the Ventures program with a successful program offered by the Vermont Housing and Conservation Board. Mr. Hunt noted that the final legislation regarding Section 8 refinancing contradicts the previous approval issued by HUD, but it is hoped that changes can be brought about once the new Administration is in office; as currently written, 50 percent of any savings brought about as a result of refinancing Section 8 subsidized projects must be shared with HUD. Mr. Francis assured the Board that staff will review the Business Plan every six weeks, and will offer the Board an opportunity to examine these results on an ongoing basis.

Mr. Francis further noted that several "host organizations" are already in place as part of the "Status Report of the TEAM (Tenant Education and Assistance Model) Program Transition," as described in his memo of November 9, included in the Board packet. The TEAM Program coordinates supportive services for the elderly throughout Vermont. A modest request for funds to assist host organizations in 1994 may be forthcoming, although better information should be available to the Board by the December meeting. No Board action was necessary.

The "Fiscal Year June 30, 1992 Audit Results" were reviewed by Mr. Schoenbeck, as a follow up to his memo of November 11, included in the Board packet. A motion was made and seconded to accept the management letters and the audit as presented; this motion carried unanimously. Mr. Schoenbeck reminded the Board that the Agency would be requesting bids for the next audit, and under the bond regulations a nationally recognized firm must be utilized. Although KPMG Peat Marwick has performed the audit for the past five years and the Agency is very pleased with their work, conducting a bid process for an audit firm seems to be prudent. No Board action was necessary.

Turning to his November 11 memo on "Fund Balances and Mortgage Fund Uses," Mr. Schoenbeck also reviewed the information from Moody's Investors Services as attached to that memo. Mr. Seelig observed that the memo addresses some questions and concerns which were raised based on conversations with people at the State House regarding whether the Agency has resources available that are not being utilized. Two formal proposals have been received, from CGMS and Evensen Dodge, regarding a completely independent financial study of the Agency. Following a brief discussion, a motion was made, seconded and carried unanimously selecting Evensen Dodge to conduct a financial study.

Mr. Jarrett advised the Board that the Allen Apartments suit has been settled and the papers have been signed and approved by the Court. Litigation continues against the owner of several multi-family projects, whose attorney claims that his client has and will have no funds to put back into the projects until or unless a sale is completed. In March the Board approved payment of up to $15,000 to the law firm of Miller, Eggleston & Rosenberg to cover the expected costs for outside counsel to work with Mr. Jarrett on this matter; to date, $9,200 has been billed. Following a motion duly made and seconded, the Board unanimously approved an increase of $10,000 to cover additional legal costs in this matter.

An amended "Resolution Pertaining to Commitment Letter re: Starlake Village/Twin Pines Housing Trust Development" was reviewed by the Board, and a motion was made and seconded to adopt this resolution as attached to these minutes. The motion carried unanimously.

Mr. Hunt noted that discussions on the Westgate Apartments in Brattleboro are moving forward, and that the Agency has a significant financial stake in making sure the transaction is successful.

The next meeting was scheduled for Thursday, December 17, in Burlington, to coincide with the annual holiday party to be held after the meeting. There being no further business and following a motion duly made and seconded, the meeting was adjourned at 3:50 p.m.

Respectfully submitted,

Allan S. Hunt,
Secretary

VERMONT HOUSING FINANCE AGENCY
MORTGAGE CREDIT CERTIFICATE PROGRAM
REVOCATION PROCEDURES

I. Background

In 1984, Congress first authorized mortgage credit certificates ("MCC") by adding section 25 to the Internal Revenue Code (the "Code"). In 1987, the Vermont Legislature added the issuance of MCCs to the statutory duties of the Vermont Housing Finance Agency ("VHFA"). Lenders throughout the state originate conventional mortgage loans and help qualified borrowers apply to VHFA for the issuance of an MCC, which is an annual federal income tax credit. The Code and associated regulations set out qualification requirements for borrowers seeking MCCs. The issuer of an MCC is required to correct the situation if a borrower did not comply with the qualifications at the time the certificate was issued. VHFA has concluded that the only means it has to correct the situation is to revoke the certificate if the borrower did not meet the requirements for an MCC at the time of issuance or made a material misstatement in the application process.

The purpose of these procedures is to set out the approach VHFA will take in the event it discovers that a borrower did not qualify at the time the MCC was issued, or made a material misstatement in the borrower's application documents.

II. Revocation Procedure

1. VHFA will conduct random audits on Lenders' MCC files on an annual basis.

2. Upon discovery of information in a Lender's files that (1) differs, in a material way, from information furnished to VHFA in connection with the issuance of an MCC or, (2), in any way indicates a possible violation of VHFA program rules or other eligibility requirements, VHFA will inspect additional information in the Lender's file if necessary and make a preliminary determination whether a possible violation exists.

3. In the event of a determination of a possible violation of VHFA program rules or other eligibility requirements, VHFA will have an independent review of the information performed by its General Counsel or another appropriate individual not involved in the audit process.

4. After the additional review, if a determination is made of a possible violation of VHFA program rules, federal eligibility requirements, or both, VHFA staff is directed to begin the revocation procedure.

5. In the event of a determination of a possible violation of VHFA program rules or federal eligibility requirements, VHFA will notify the Lender of its intention to revoke the MCC and the reasons for the intended revocation, and give the Lender ten business days to respond in writing and/or provide additional information for VHFA's consideration.

6. If no satisfactory explanation or information is received within the time limit set out in paragraph 5, VHFA will notify Lender and Borrower of its intent to revoke the MCC, giving the reasons for the intended revocation, and giving Borrower ten business days to respond in writing and/or provide additional information for VHFA's consideration.

7. In the event the Borrower responds to the notice sent out pursuant to paragraph 6, above, the Executive Director will review the response and make a decision as to whether there should be a revocation. VHFA will give the Borrower and Lender notice of its decision on revocation. If the decision is made to revoke the MCC, the Internal Revenue Service will also be given notice, as required by regulations.

I hereby certify that the foregoing is a true copy of a procedure of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on November 18, 1992.

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTENT AND COMMITMENT LETTER RE: NEW AVENUE HOUSE (ST. JOHNSBURY) DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Depot Square Apartments Limited Partnership of Holyoke, Massachusetts, involving the rehabilitation of a 47 unit housing development at the corner of Eastern Avenue and Railroad Street in St. Johnsbury (the "Development"); and

WHEREAS, this Development has been the subject of previous resolutions of the Agency on May 20, 1992, March 24, 1992 and October 18, 1990; and

WHEREAS, Depot Square Apartments Limited Partnership will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the real property in question also includes commercial space, which will be separated from the residential portion of the Development through a condominium declaration; and

WHEREAS, the Development has been approved by the Department of Housing and Urban Development for 15 year project based Section 8 moderate rehabilitation certificates; and

WHEREAS, the Development requires additional loan funds for the remediation of asbestos found in the building; and

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

It is hereby DETERMINED:

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

2. The costs of rehabilitation to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

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

5. The sponsor is a financially responsible organization.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a combined letter of intent and commitment (the "Commitment Letter") to provide a first mortgage loan for rehabilitation in an amount to be determined by the Executive Director, but not to exceed $1,475,000, for the New Avenue House Development. The term of the loan shall be 25 years, with an amortization over 30 years and the interest rate shall not exceed 8.5 % per annum.

2. The Commitment Letter shall be issued to Herbert Berezin as a representative of the housing sponsor.

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

4. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

5. The Commitment Letter shall require the Developer, as a condition of the loan, to demonstrate to the Executive Director's satisfaction that the following items have been achieved:

   Final approval of Section 8 certificates by HUD, including a 10% increase in rents;

   Staff approval of plans and specifications for the proposed rehabilitation;

   An appraised value of the residential portion of the building acceptable to the staff, or the provision of additional security, so that the VHFA loan does not exceed 95% of such value, as determined by a committee of the Board to be appointed by the Chairman;

Staff approval of the structure of the proposed condominium, including sufficient regulatory control over the commercial portions of the condominium to insure that the residential units are not adversely affected by the non-residential portion;

Availability of sufficient parking for the residential units;

Staff approval of a satisfactory plan for remediation of lead paint and asbestos and substantiation of the cost estimates for abatement;

A satisfactory management plan addressing the mixed tenant populations expected; and

Evidence at the time of the construction closing of ability to adequately fund credit enhancements, including a deficit escrow to be sized at permanent closing.

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

7. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

8. The Agency shall work with the developer in the event continued subsidies are not available after the expiration of the Section 8 Moderate Rehab subsidies.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on November 18, 1992.

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

RESOLUTION OF INTEREST PERTAINING TO ST. JOHNSBURY SCATTERED SITE DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Northern Community Housing Corporation ("NCHC"), a non-profit corporation that is a subsidiary of Northern Community Investment Corp. in St. Johnsbury, involving the acquisition and rehabilitation of 28 units in 8 buildings located on scattered sites in St. Johnsbury (the "Development"); and

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

WHEREAS, the proposed partnership between Housing Vermont and NCHC (or their subsidiaries) will qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the sponsors have applied for a Community Development Block Grant of $650,000 and grants and loans from the Vermont Housing and Conservation Board; and

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

It is hereby DETERMINED:

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

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

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

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

WHEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency hereby declares its interest in providing a first mortgage loan for acquisition and rehabilitation in an amount not to exceed $40,000, for the Development.

2. This Resolution of Interest is not a commitment to make a loan or to otherwise finance the Development and is expressly conditioned upon the availability of funds to the Agency for such purpose, availability of funds from the VHCB and CDBG programs, satisfactory completion of appraisals, satisfactory completion of Phase I environmental assessments, including testing for lead based paint and asbestos and satisfactory remediation plans for the same, securing an allocation for Low Income Housing Tax Credits, staff approval of plans and specifications for the proposed rehabilitation and the satisfaction by the Developer of all requirements of the Act, the applicable regulations of the Agency and such further requirements as the Agency may establish.

3. The Executive Director is authorized to deliver a copy of this resolution to the Housing Sponsor. This Resolution of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

4. Upon the satisfaction of the conditions listed in paragraph 2, above, the Executive Director is authorized, in his discretion, to issue a commitment letter (the "Commitment Letter") to provide a first mortgage for acquisition and rehabilitation in an amount to be determined by the Executive Director, but not to exceed $40,000, for the St. Johnsbury scattered site development. The term of the mortgage loan shall be 25 years, and the interest rate shall not exceed 8.5 % per annum.

5. The Commitment Letter shall be issued to Housing Vermont and Northern Community Housing Corporation as representatives of the housing sponsor.

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

7. The Commitment Letter shall require the Developer to demonstrate to the satisfaction of the Executive Director that a combination of equity funds, deferred loan funds, or below market interest rate funds are available in an amount at least equal to the difference between the total development cost as accepted by the Agency and the amount of the permanent financing commitment.

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

9. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on November 18, 1992.

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

RESOLUTION PERTAINING TO SHORT TERM GENERAL FUND LOAN TO BURLINGTON COMMUNITY LAND TRUST

WHEREAS, a proposal has been presented to the Agency by the Burlington Community Land Trust, a non-profit corporation based in Burlington, involving a loan for pre-development work for the acquisition and renovation of an 8 unit commercial building located at 177-179 South Winooski Avenue in Burlington (the "Development"); and

WHEREAS, the proposal contemplates the establishment of a housing resource building to enable several community housing organizations to co-locate and enhance their resources by sharing a common location;

NOW, THEREFORE, it is hereby DETERMINED:

The making of a loan to the Burlington Community Land Trust for pre-development costs for the Whalen Building, specifically for architectural, engineering and legal services, together with the costs of an appraisal, an environmental assessment, permits and an option agreement, will assist in community development and organization.

The Agency hereby RESOLVES:

1. The Executive Director is authorized, in his discretion, to issue a commitment letter to the Burlington Community Land Trust for a short term general fund loan of up to $34,000, at an interest rate not to exceed 8.0% per annum with other terms of the loan to be determined by the Executive Director.

2. The loan shall be in two stages, with the first phase (not to exceed $15,500) to be provided to the sponsor at any time after the passage of this resolution and the second stage of the loan shall be conditioned on a showing of additional loans and grants sufficient to make the Whalen Building project viable. The staff is directed to include the environmental assessment in Phase I of the loan.

3. The loans shall be required to be repaid at or before the acquisition of the Whalen Building.

4. The Commitment Letter shall contain such other terms and conditions as the Executive Director shall deem necessary or appropriate.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on November 18, 1992.

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

VERMONT HOUSING FINANCE AGENCY

INTERIM POLICY POSITION ON LEAD PAINT AND OTHER TOXIC AND HAZARDOUS MATERIALS

November 18, 1992

I hereby certify that the following is a true copy of a procedure of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on November 18, 1992.

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

VERMONT HOUSING FINANCE AGENCY

INTERIM POLICY POSITION ON LEAD PAINT AND OTHER TOXIC AND HAZARDOUS MATERIALS

November 18, 1992

I. LEAD PAINT

Background - According to the Vermont Department of Health, lead paint is the leading cause of lead poisoning in children. Children can be exposed to lead by chewing or ingesting surfaces painted with lead paint or soil or surfaces on which lead dust has accumulated as the paint deteriorates and crumbles or is scraped or sanded in the course of renovation or maintenance of a home. This dust also clings to fingers and other objects that young children routinely put in their mouths.

Too much lead in the blood can damage the brain, nervous system, and kidneys of children in the early stages of development, that is, under seven years old. Elevated levels of lead in the blood can increase a child's risk of learning disabilities and behavioral and coordination problems. Women who are exposed to lead through dust, water, or other means apparently store the lead in their bones and when they become pregnant the lead leaches out into the bloodstream and into the fetus.

In 1978 the Consumer Product Safety Commission banned the use of lead in new house paint. In 1955 the paint industry adopted voluntary standards limiting the use of lead in interior paint to 1%, substantially less than had previously been used.

The U.S. Dept. of Housing and Urban Development estimates that 57 million homes nationwide contain lead paint and that 3/4 of the housing built before 1980 contains lead paint. According to the 1990 census there were 210,475 housing units in Vermont built before 1980. If 3/4 of them contain lead paint this means that 157,854 housing units in Vermont contain lead paint.

POLICY

Whereas, the Vermont Housing and Finance Agency recognizes the need for education of tenants with young children in VHFA funded units regarding the potential health hazards of lead paint and for mitigating that hazard to the greatest extent reasonably possible and feasible, the Board hereby adopts the following interim policy:

Education - VHFA mortgagors will be expected to distribute a copy of the "Lead in Paint" Fact Sheet prepared by the Vermont Department of Health, or comparable educational materials to families with children under six and pregnant women occupying or about to occupy VHFA funded units built before 1978. VHFA mortgagors are encouraged to undertake additional efforts to educate families in buildings that potentially contain lead paint about the dangers of lead paint to young children.

Identification of High Risk Occupants and Encouragement of Blood Level Testing for Such Occupants - VHFA mortgagors will be encouraged to survey all households in pre-1978 buildings and identify "high risk occupants", that is children under seven and pregnant women. High risk occupants should be educated on how to clean surfaces of lead dust and on lead poisoning prevention, including the importance of a diet rich in calcium and iron and low in fat.

High risk occupants (or their parents) should be encouraged to have their blood tested for elevated lead levels as part of their routine medical check-ups.

Abatement in Units Already Owned by VHFA Mortgagors - Because of the potential cost involved in abating every lead contaminated unit under the ownership of VHFA mortgagors, it is not the intention of this policy to require abatement of all units.

A. If a child's blood lead level is above 10 micrograms/deciliter but below 20 micrograms/dl the dwelling unit shall be tested for lead paint. If deteriorating, abrading, chipping or peeling surfaces are found to test positive for lead or if wipe tests reveal lead dust levels of greater than or equal to 400 micrograms/sq.ft. for floors, greater or equal to 1500 micrograms/sq.ft. for window sills, and/or greater or equal to 2400 micrograms/sq.ft. for window wells or if paint chip levels show atomic absorption greater than 0.5% by weight or an x-ray florescent analyzer reading of greater than 1 mg/cm2, the mortgagor shall develop a plan for abatement to be approved by VHFA staff and based on the Level I and II abatement protocols developed by the Enterprise Foundation. The goal of the abatement shall be to reduce the lead dust levels to below 200 micrograms/sq.ft. for floors, 500 micrograms/sq.ft. for window sills and 800 micrograms/sq.ft. for window wells.

B. If a child's blood lead level is 20 micrograms/dl or above (either temporarily or permanently) and the unit tests positive for lead paint as described above, the family shall be relocated and the owner shall develop a plan, acceptable to VHFA staff for abating the unit. Abatement shall occur prior to allowing another household with children under seven to move in. It is recommended that a plan for abatement be developed on a unit by unit basis with the goal of making the unit "lead safe" by removing all serious dust, chip, chewable surface, water, and soil hazards within a "reasonable" budget and shall be based on the Level I, II or III abatement protocols developed by the Enterprise Foundation. Again, the goal of the abatement shall be to reduce the lead dust levels to below 200 micrograms/sq.ft. for floors, 500 micrograms/sq.ft. for window sills, and 800 micrograms/sq.ft. for window wells.

The Board will consider emergency requests for funds for testing and/or abatement of grantee owned units where a child has been shown to have an elevated blood lead level.

Where the budget permits it is recommended that the abatement procedure described in B above be followed for all vacant turnover and pipeline units of two bedrooms or more.

Testing and Abatement in Pipeline Units - Upon adoption of this policy by the Board it will be expected that potential mortgagors will undertake spot testing for lead paint on representative surfaces of units that they are considering purchasing if the following factors exist:

1. the building was built prior to 1978;

2. the potential mortgagor intends to rent the unit to a family who could potentially have young children (in other words, housing for the elderly or special needs housing that does not include young children would not have to be tested);

3. the unit contains two or more bedrooms

Potential mortgagors shall include appropriate conditions in each Purchase and Sales Agreement to allow testing and receipt of test results prior to closing.

If a pipeline unit shows lead dust levels of greater than 500 micrograms/sq.ft. for floors, 500 micrograms/sq.ft. for window sills, and 800 micrograms/sq.ft. for window wells the potential mortgagor shall either not purchase or rehabilitate the property with VHFA funds or shall develop a plan for abatement that is acceptable to VHFA staff. The plan shall be based on the abatement protocols developed by the Enterprise Foundation and shall be accompanied by a budget that estimates the cost of completing the abatement. It is recommended that Level III protocols be followed for vacant units and Levels I or II protocols be followed for occupied units.

Depending on the amount of money required for abatement, and the availability of funds either from the VHFA or other sources, the Board will make a decision regarding whether or not to fund the abatement as part of the rehabilitate cost and whether or not the project should go forward using VHFA money for any portion of the development. Should money for abatement of lead contaminated units not be available from any source, VHFA funds will not be used for the project except under extremely unusual circumstances.

II. ASBESTOS

Background - Generally, asbestos has been used as a building material since the late 1800s and is commonly found in roofing materials, fireproofing, old boiler installations (pipe wrapping), wall board (some horse hair plaster), acoustical ceiling tiles and vinyl tiles.

Under Vermont law, any contractor performing asbestos abatement work must notify the Commissioner of Health (the "Department") prior to beginning work. However, unlike lead, asbestos does not necessarily pose a health risk unless it is friable or will be disbursed during rehabilitation of the building. Like lead, however, it can pose health risks to residents and contractors. Even though removal or encapsulation may not be required by law, it will probably be recommended in most situations where a VHFA mortgagor intends to bring a building up to code because contractors will penetrate floors, walls and ceilings.

The Department has issued regulations (Vermont Regulations for Asbestos Control, effective February 1987, as amended in February 1992) pursuant to its statutory authority to certify asbestos contractors, 18 V.S.A. Chapter 26. Under these regulations, persons who plan to perform abatement of asbestos containing materials in any facility must obtain certification and a permit from the Department prior to commencing abatement.

However, the Department does not require removal of asbestos-containing materials if they are intact, in good condition, and have not been subject to damage by the general public, and/or will not be disturbed by maintenance activities. When asbestos-containing materials will be disturbed by renovation or demolition, removal of the asbestos-containing materials is required. Homeowners residing in their own residences are exempt from most of the regulations except those containing general requirements for asbestos abatement projects (removal, encapsulation and enclosure). Persons other then homeowners who plan demolition or renovation must obtain an asbestos assessment conducted by a certified Asbestos Inspector.

POLICY

Testing and Abatement of Asbestos in Multi-Family Buildings - Except in extenuating circumstances, potential or existing mortgagors shall conduct appropriate testing for asbestos in all multi-family buildings that they plan to purchase and/or rehabilitate at any time. The testing shall be conducted in accordance with applicable regulations of the Vermont Department of Health (the "Department"). Removal of asbestos-containing materials shall not be required if they are intact, in good condition, and have not been subject to damage by the general public and/or will not be disturbed by maintenance activities. When asbestos-containing materials will be disturbed by renovation or demolition, appropriate removal or other abatement of the asbestos-containing materials is required. Prior to the abatement of asbestos-containing materials (repair, removal, encapsulation, enclosure), the mortgagor shall prepare an asbestos abatement plan for review and approval of VHFA staff and obtain all necessary certifications and permits from the Department.

Depending on the amount of money required for abatement and the availability of funds either from the VHFA or other sources, the Board will make a decision regarding whether or not to fund the abatement as part of the rehabilitation cost and whether or not the project should go forward using VHFA money for any portion of the development. Should money for abatement of asbestos not be available from any source, VHFA funds will not be used for the project.

Not withstanding the source of funds for rehabilitation or modifications, no VHFA mortgagor shall make any renovation or modification to a building without complying with this policy.

III. OTHER HAZARDOUS MATERIALS

Background - In addition to the testing and abatement of lead and asbestos, required by parts I and II of this Policy, it is necessary for the Board to develop guidelines for the completion of Phase I and II Environmental Assessments (the "Assessments") on multi-family housing projects.

In general, VHFA now requires at least a Phase I environmental assessment for all multi-family projects. We propose to continue this policy.

Potential mortgagors should be required to inspect the building prior to submission of the application and complete an Environmental Worksheet (the "Worksheet"). A sample Worksheet completed by the Pennsylvania Housing Finance Agency is attached. When VHFA staff visit the property, this information would provide the basis for discussion with the mortgagor about when and whether a consultant should be retained to complete a Phase I Assessment, and about any evident or suggested environmental problems.

The Phase I Assessment is principally a screening device which focuses on (l) a review of available documents; (2) interviews with people aware of site operations; and (3) an inspection of the site. The purpose of this assessment is to quickly evaluate a property's environmental status. The assessment involves a review of records, interviews with people knowledgeable about the property, and an inspection of the property, the building, its fenceline and adjoining properties. If clear documentation exists that the property is environmentally sound in regards to a particular hazard, then no further assessment is necessary. If there are obvious problems or if the status of the property is uncertain, a Phase II assessment should be considered.

The Phase II assessment will involve more detailed physical site inspection and further review of historical records. It will typically determine the presence of an uncertain liability (health hazard) (e.g. asbestos, leaking underground storage tank) or quantify the extent of an observed or suspected problem (e.g. soils or ground water contamination).

POLICY

As part of the VHFA application process, potential mortgagors shall complete an Environmental Worksheet, in a form acceptable to VHFA and advise VHFA whether Phase I and II Assessments will be required by other funding sources.

Prior to loan commitment, a Phase I environmental assessment should be completed. If the Phase I assessment indicates that there may be a problem or that the status of the property is uncertain, a Phase II assessment should be completed.

VHFA Mortgagors are encouraged to educate their staff and board (and other members of the community) on potential environmental hazards and to identify one staff person or board member as the contact person on this issue.

WORKSHEET - DUE DILIGENCE INQUIRY

DESCRIPTION	ENVIRONMENTAL RISKS Observed	Possible	Not Possible
A. High-Risk Building/Construction Materials:			
1. Asbestos	______	______	______
2. Lead	______	______	______
3. Other	______	______	______
B. Underground Storage Tanks/Lines	______	______	______
C. Above Ground Chemical Storage/Products	______	______	______
D. Noticeable Soil Discoloration	______	______	______
E. Buried Waste	______	______	______
F. PCB Dielectric	______	______	______
G. Surface Water Discharge	______	______	______
H. Sensitive Adjacent Properties	______	______	______
I. Potentially Contaminated Adjacent Properties	______	______	______
J. Air Emissions	______	______	______
K. Wetland Areas	______	______	______
L. Sanitary Sewer Failure	______	______	______
M. Vegetation Stress	______	______	______
N. On-Lot Septic (Industrial)	______	______	______
O. Noise	______	______	______
P. On-Lot Water Supply	______	______	______
Q. Surface Impoundments	______	______	______
R. French Drain/Disposal Pit	______	______	______
S. Pipe Leaks:	______	______	______

1. Gas   2. Water   3. Petroleum   4. Other ______

T. Geological Features:

1. Streams   2. Lakes   3. Ponds

4. Sink Holes   5. Rock Outcrops   6. Springs   7. Other ______

Notes:____

____

____

RESOLUTION PERTAINING TO COMMITMENT LETTER RE:
STARLAKE VILLAGE/TWIN PINES HOUSING TRUST DEVELOPMENT

WHEREAS, a proposal has been presented to the Agency by Twin Pines Housing Trust, a non-profit corporation located in Hartford, Vermont, involving the construction of 14 modular homes on a 14.9 acre site in Norwich (the "Development"); and

WHEREAS, the proposal contemplates that all of the 14 units in the Development will be financed through the Agency's HOUSE program; and

WHEREAS, the Development has been the subject of previous resolutions of the Agency on September 24, 1992, May 20, 1992 and June 26, 1991; and

WHEREAS, the proposal seeks a loan by the Agency of up to $500,000 for infrastructure work and construction; and

WHEREAS, there is currently an appeal pending in the Vermont Supreme Court by an opponent of the Development, in which the appellant is challenging a procedural ruling by the District Environmental Commission in the issuance of the land use permit for the Development; and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and that making the construction loan is appropriate in carrying out and effectuating the purposes and provisions of the Vermont Housing Finance Agency Act.

Therefore, it is hereby DETERMINED:

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

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

3. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent housing for persons and families of low and moderate income, and the sponsors are financially responsible persons or institutions.

4. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of this chapter.

5. All of the floor area and total development cost are allocated to single family dwellings for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized, in his discretion, to issue a letter of commitment (the "Commitment Letter") to provide a construction loan (the "Loan") in an amount to be determined by the Executive Director, but not to exceed $500,000, for the Starlake Village Development, subject to receipt of an acceptable opinion letter from the housing sponsor's attorney on the issue of the pending Act 250 appeal and final approval by the Vermont Housing and Conservation Board of the development.

2. The Commitment Letter shall be issued to Twin Pines Housing Trust.

3. The commitment of the Agency shall be subject to receipt, on or before the date of the closing on the Loan of a commitment fee in an amount equal to 1.5% of the principal amount of the Loan to be used for site development and 0.5% of the remainder of the Loan.

4. The commitment of the Agency shall include a phased build-out schedule for the 14 units, but with the condition that no more than the maximum loan amount is loaned out at any time.

5. The Loan shall bear an interest rate of 7.5% per annum for a term ending on December 31, 1993 and be repayable in part each time one of the homes is sold.

6. The Commitment Letter shall require performance and payment bonds from the site work contractor.

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

8. All actions of the staff in closing on the construction loan are hereby ratified.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont on November 18, 1992.

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

PROGRAM 94H

STATISTICAL REPORT PROGRAM ID: 94H Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/92
Loan Status: CC,UC,O

Total Number of Loans:	15
Total Loan Amount:	$882,135

EXISTING:	$210,100	26.6%	4 Loans
NEW CONSTRUCTION:	$672,035	73.3%	11 Loans
NEW DETACHED HOUSING:	$299,120	44.5%	5 Loans
NEW CONDOMINIUM:	$372,915	55.4%	6 Loans
Funds Remaining to be Reserved:	$3,645,465	72.9%	61 Loans (Est.)

Total Insured or Guaranteed Loans:	11
Loans Guaranteed by VHMGB:	11

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$73,000	$72,135	$72,250
Avg. Loan Amount	$45,500	$60,856	$58,809
Avg. Borrower Income	$19,590	$23,950	$23,368
Avg. Housing Debt-Income Ratio	24.0%	28.8%	28.2%
Avg. Total Debt	$603.00	$724.61	$708.40
Avg. Total Debt-Income Ratio	36.5%	36.1%	36.2%
Total No. of Loans	2	13	15
% of Total Loan Amount	10.3%	89.7%	100.0%
First Time Homebuyers	100.0%	100.0%	100.0%
% Meeting Low Income Set Aside	100.0%	76.9%	80.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	3	20.0%	$159,000	5,000	5.7%	14.3
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	0	0.0%	$0	4,800	5.5%	5.5-
Chittenden	7	46.7%	$451,115	16,000	18.2%	28.5
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	0	0.0%	$0	6,000	6.8%	6.8-
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	0	0.0%	$0	10,000	11.4%	11.4-
Washington	0	0.0%	$0	9,000	10.3%	10.3-
Windham	2	13.3%	$91,000	7,100	8.1%	5.2
Windsor	3	20.0%	$181,020	9,600	11.0%	9.0
TOTAL	15	100.0%	$882,135	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

PROGRAM 94H

AS OF: 12/09/92
PAGE NO. 1

Vermont Housing Finance Agency
94H - $5,000,000 HOUSE-HOMEOWNERSHIP USING SHARED EQUITY
Status Report (with percent of pool proceeds approved)
Rate : 7.450%
Date : 12/09/92

Report: 1130
PERSTATU

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$120,000	2.4%	$78,200	1.5%	$78,200	$0	0.0%
Marble Bank		$40,900	0.8%	$40,900	0.8%	$0	$40,900	100.0%
Mortgage Service Center of New England		$68,000	1.3%	$68,000	1.3%	$0	$68,000	100.0%
National Bank of Middlebury, The		$55,000	1.1%	$55,000	1.1%	$0	$55,000	100.0%
Vermont Federal Bank, FSB		$571,630	11.4%	$476,915	9.5%	$368,715	$108,200	18.9%
Vermont National Bank		$572,420	11.4%	$163,120	3.2%	$0	$163,120	28.4%
TOTALS	24 Loans	$1,427,950	28.5%	$882,135	17.6%	$446,915	$435,220	30.4%

PROGRAM 92A

STATISTICAL REPORT PROGRAM ID: 92A   Report: 1587
UNDERWRITING DATABASE
LTV 0% TO 100%
Effective for 01/01/89 thru 12/09/92
Loan Status: CC,UC,O

Total Number of Loans: 15
Total Loan Amount: $981,180

EXISTING:	$573,080	66.6%	10 Loans
NEW CONSTRUCTION:	$408,100	33.3%	5 Loans
NEW DETACHED HOUSING:	$350,150	85.8%	4 Loans
NEW CONDOMINIUM:	$57,950	14.1%	1 Loans
Funds Remaining to be Reserved:	$7,222,914	65.6%	110 Loans (Est.)

Total Insured or Guaranteed Loans: 13
Loans Guaranteed by VHMGB: 13

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$70,357	$82,300	$73,542
Avg. Loan Amount	$65,011	$66,512	$65,412
Avg. Borrower Income	$28,193	$26,262	$27,678
Avg. Housing Debt-Income Ratio	25.3%	29.0%	26.3%
Avg. Total Debt	$796.36	$745.00	$782.66
Avg. Total Debt-Income Ratio	33.3%	33.7%	33.4%
Total No. of Loans	11	4	15
% of Total Loan Amount	72.9%	27.1%	100.0%
First Time Homebuyers	81.8%	100.0%	86.6%
% Meeting Low Income Set Aside	36.3%	75.0%	46.6%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	1	6.7%	$85,200	5,000	5.7%	1.0
Bennington	0	0.0%	$0	6,300	7.2%	7.2-
Caledonia	1	6.7%	$25,685	4,800	5.5%	1.2
Chittenden	3	19.8%	$180,850	16,000	18.2%	1.6
Essex	1	6.7%	$65,500	1,300	1.4%	5.3
Franklin	4	26.7%	$319,195	6,000	6.8%	19.9
Grand Isle	0	0.0%	$0	900	1.0%	1.0-
Lamoille	0	0.0%	$0	3,300	3.8%	3.8-
Orange	0	0.0%	$0	4,300	4.9%	4.9-
Orleans	0	0.0%	$0	4,200	4.8%	4.8-
Rutland	4	26.7%	$242,050	10,000	11.4%	15.3
Washington	1	6.7%	$62,700	9,000	10.3%	3.6-
Windham	0	0.0%	$0	7,100	8.1%	8.1-
Windsor	0	0.0%	$0	9,600	11.0%	11.0-
TOTAL	15	100.0%	$981,180	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

PROGRAM 92A

AS OF: 12/09/92
PAGE NO. 1

Vermont Housing Finance Agency
92A - $11,000,000 902 BSR MONEY PURCHASED AT REDUCED RATE
Status Report (with percent of pool proceeds approved)
Rate : 7.950%
Date : 12/09/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$326,575	2.9%	$107,250	0.9%	$0	$107,250	32.8%
Chittenden Bank	$647,351	5.8%	$132,145	1.2%	$0	$132,145	20.4%
Citizens Savings Bank and Trust	$55,000	0.5%	$0	0.0%	$0	$0	0.0%
Community National Bank	$337,491	3.0%	$65,500	0.5%	$0	$65,500	19.4%
Kittredge Mortgage Corporation	$90,000	0.8%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$30,000	0.2%	$0	0.0%	$0	$0	0.0%
Marble Bank	$134,900	1.2%	$0	0.0%	$0	$0	0.0%
Merchants Bank, The	$176,500	1.6%	$77,900	0.7%	$0	$77,900	44.1%
New England IBM Employees Fed Crdt Union	$45,000	0.4%	$45,000	0.4%	$0	$45,000	100.0%
Northfield Savings Bank	$156,927	1.4%	$0	0.0%	$0	$0	0.0%
Passumpsic Savings Bank	$54,150	0.4%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation	$346,405	3.1%	$134,800	1.2%	$0	$134,800	38.9%
Union Bank	$122,000	1.1%	$0	0.0%	$0	$0	0.0%
Vermont Federal Bank, FSB	$703,390	6.3%	$170,600	1.5%	$0	$170,600	24.2%
Vermont Mortgage Group, Inc	$397,097	3.6%	$83,635	0.7%	$0	$83,635	21.0%
Vermont National Bank	$254,050	2.3%	$164,350	1.4%	$0	$164,350	64.6%
TOTALS 61 Loans	$3,876,836	35.2%	$981,180	8.9%	$0	$981,180	25.3%

PROGRAM 90A

STATISTICAL REPORT PROGRAM ID: 90A   Report: 1587

UNDERWRITING DATABASE

LTV 0% TO 100%

Effective for 01/01/89 thru 12/09/92

Loan Status: CC,UC,O

Total Number of Loans:	96
Total Loan Amount:	$6,021,173

EXISTING:	$4,987,727	83.3%	80 Loans
NEW CONSTRUCTION:	$1,033,446	16.6%	16 Loans
NEW DETACHED HOUSING:	$875,296	84.6%	14 Loans
NEW CONDOMINIUM:	$158,150	15.3%	2 Loans
Funds Remaining to be Reserved:	$171,718	2.2%	2 Loans (Est.)

Total Insured or Guaranteed Loans:	96
Loans Guaranteed by VHMGB:	96

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$65,415	$74,737	$67,746
Avg. Loan Amount	$60,566	$69,183	$62,720
Avg. Borrower Income	$33,110	$29,026	$32,089
Avg. Housing Debt-Income Ratio	24.6%	27.2%	25.3%
Avg. Total Debt	$756.11	$859.95	$782.07
Avg. Total Debt-Income Ratio	33.3%	36.3%	34.1%
Total No. of Loans	72	24	96
% of Total Loan Amount	72.4%	27.6%	100.0%
First Time Homebuyers	84.7%	100.0%	88.5%
% Meeting Low Income Set Aside	34.7%	41.6%	36.4%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	4.2%	$266,070	5,000	5.7%	1.5-
Bennington	1	1.0%	$47,500	6,300	7.2%	6.2-
Caledonia	9	9.4%	$589,260	4,800	5.5%	3.9
Chittenden	14	14.5%	$1,043,056	16,000	18.2%	3.7-
Essex	0	0.0%	$0	1,300	1.4%	1.4-
Franklin	11	11.5%	$618,275	6,000	6.8%	4.7
Grand Isle	1	1.0%	$72,000	900	1.0%	0.0
Lamoille	9	9.4%	$563,156	3,300	3.8%	5.6
Orange	5	5.2%	$255,850	4,300	4.9%	0.3
Orleans	9	9.4%	$459,780	4,200	4.8%	4.6
Rutland	17	17.7%	$1,076,801	10,000	11.4%	6.3
Washington	7	7.3%	$418,555	9,000	10.3%	3.0-
Windham	5	5.2%	$379,095	7,100	8.1%	2.9-
Windsor	4	4.2%	$231,775	9,600	11.0%	6.8-
TOTAL	96	100.0%	$6,021,173	87,800	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
Source: CACI, 1990 Sourcebook of County Demographics

PROGRAM 90A

AS OF: 12/09/92
PAGE NO. 1

Vermont Housing Finance Agency
90A - $7,600,000 MORTGAGE PURCHASE PROGRAM-MOVE
Status Report (with percent of pool proceeds approved)
Rate : 7.950%
Date : 12/09/92

Report: 1130
PERSTATU

Lender	Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation	$622,196	8.1%	$622,196	8.1%	$79,946	$542,250	87.1%
Chittenden Bank	$696,980	9.1%	$583,930	7.6%	$228,875	$355,055	50.9%
Citizens Savings Bank and Trust	$246,175	3.2%	$176,175	2.3%	$0	$176,175	71.5%
Community National Bank	$404,644	5.3%	$361,280	4.7%	$173,950	$187,330	46.2%
Factory Point National Bank, The	$107,500	1.4%	$47,500	0.6%	$0	$47,500	44.1%
First National Bank of Vermont	$51,300	0.6%	$51,300	0.6%	$0	$51,300	100.0%
Franklin-Lamoille Bank	$49,875	0.6%	$0	0.0%	$0	$0	0.0%
Lyndonville Savings Bank & Trust Company	$184,000	2.4%	$184,000	2.4%	$47,500	$136,500	74.1%
Marble Bank	$236,050	3.1%	$182,850	2.4%	$0	$182,850	77.4%
Merchants Bank, The	$78,702	1.0%	$78,702	1.0%	$78,702	$0	0.0%
Mortgage Service Center of New England	$139,095	1.8%	$139,095	1.8%	$0	$139,095	100.0%
New England IBM Employees Fed Crdt Union	$77,450	1.0%	$77,450	1.0%	$0	$77,450	100.0%
Northfield Savings Bank	$277,225	3.6%	$142,975	1.8%	$115,900	$27,075	9.7%
Passumpsic Savings Bank	$448,960	5.9%	$297,185	3.9%	$208,360	$88,825	19.7%
Peoples Trust Company of St Albans	$38,000	0.5%	$0	0.0%	$0	$0	0.0%
Randolph National Bank	$38,750	0.5%	$0	0.0%	$0	$0	0.0%
Statewide Funding Corporation	$852,330	11.2%	$852,330	11.2%	$0	$852,330	100.0%
Union Bank	$359,151	4.7%	$359,151	4.7%	$70,000	$289,151	80.5%
Vermont Federal Bank, FSB	$796,908	10.4%	$721,383	9.4%	$381,783	$339,600	42.6%
Vermont Mortgage Group, Inc	$665,175	8.7%	$544,050	7.1%	$91,675	$452,375	68.0%
Vermont National Bank	$745,821	9.8%	$559,321	7.3%	$177,921	$381,400	51.1%
Wells River Savings Bank	$230,775	3.0%	$125,800	1.6%	$0	$125,800	54.5%
TOTALS 120 Loans	$7,347,062	96.6%	$6,106,673	80.3%	$1,654,612	$4,452,061	60.5%

MORTGAGE CREDIT CERTIFICATE MCC5

(Report: 1586) MCC STATISTICAL REPORT PROGRAM ID: MC5

UNDERWRITING DATABASE

EFFECTIVE: 12/09/92

Total Number of Loans:	309
Total Loan Amount:	$23,367,822
Average Loan Amount:	$75,624

EXISTING:	$17,372,674	76.3%	236 Loans
NEW CONSTRUCTION:	$5,995,148	23.6%	73 Loans
NEW DETACHED HOUSING:	$2,919,360	48.6%	36 Loans
CONDOMINIUM:	$4,557,828	18.4%	57 Loans

	ACED	NON ACED	STATEWIDE
Avg. Purchase Price	$79,737	$87,053	$82,744
Avg. Loan Amount	$72,999	$79,384	$75,624
Avg. Borrower Income	$31,838	$29,119	$30,721
Total No. of Loans	182	127	309
First Time Homebuyers	92.8%	100.0%	95.7%
% of Total Loan Amount	56.9%	43.1%	100.0%

	Loans	% of Loans	$ Amount	*Households	% of Hshlds	% DIFF
Addison	4	1.3%	$270,520	4,500	5.8%	4.5-
Bennington	2	0.6%	$148,100	5,400	7.0%	6.4-
Caledonia	9	2.9%	$532,816	4,400	5.7%	2.8-
Chittenden	113	36.7%	$9,187,640	13,100	17.0%	19.7
Essex	1	0.3%	$58,000	1,100	1.4%	1.1-
Franklin	37	12.0%	$2,886,818	5,700	7.4%	4.6
Grand Isle	0	0.0%	$0	700	0.9%	0.9-
Lamoille	12	3.9%	$865,868	3,100	4.0%	0.1-
Orange	13	4.2%	$989,203	4,000	5.2%	1.0-
Orleans	6	1.9%	$327,115	3,800	4.9%	3.0-
Rutland	31	10.0%	$2,325,673	9,200	11.9%	1.9-
Washington	67	21.7%	$4,843,497	7,900	10.3%	11.4
Windham	6	1.9%	$457,000	6,000	7.8%	5.9-
Windsor	8	2.6%	$475,572	8,100	10.5%	7.9-
TOTAL	309	100.0%	$23,367,822	77,000	100.0%	

* Estimated number of households, $15,000 to $35,000 income.
CACI, 1992 County Sourcebook

MORTGAGE CREDIT CERTIFICATE MCC5

AS OF: 12/09/92 Vermont Housing Finance Agency Report: 1130
PAGE NO. 1 MC5 - $47,067,130 MORTGAGE CREDIT CERTIFICATE-ISSUE #5 PERSTATU

Status Report (with percent of pool proceeds approved)

Rate : 0.000%

Date : 12/09/92

Lender		Funds Reserved	Percent Reserved	Prelim. Approval	% Prelim Approval	Loans Purchased	Loans to be Purchased	PERC
BancBoston Mortgage Corporation		$8,442,345	17.9%	$6,174,750	13.1%	$4,918,070	$1,256,680	14.8%
Chittenden Bank		$4,609,135	9.7%	$3,720,585	7.9%	$2,629,480	$1,091,105	23.6%
Franklin-Lamoille Bank		$301,750	0.6%	$301,750	0.6%	$108,750	$193,000	63.9%
Marble Bank		$207,205	0.4%	$207,205	0.4%	$207,205	$0	0.0%
Merchants Bank, The		$1,690,823	3.5%	$1,527,463	3.2%	$1,291,763	$235,700	13.9%
Mortgage Service Center of New England		$86,800	0.1%	$0	0.0%	$0	$0	0.0%
Northfield Savings Bank		$342,525	0.7%	$283,150	0.6%	$134,000	$149,150	43.5%
Passumpsic Savings Bank		$71,021	0.1%	$71,021	0.1%	$71,021	$0	0.0%
Statewide Funding Corporation		$3,994,300	8.4%	$3,265,832	6.9%	$1,142,164	$2,123,668	53.1%
Summit Financial Center, Inc.		$2,127,126	4.5%	$1,930,176	4.1%	$1,930,176	$0	0.0%
Vermont Federal Bank, FSB		$1,884,440	4.0%	$1,573,290	3.3%	$1,477,075	$96,215	5.1%
Vermont Mortgage Group, Inc		$2,864,045	6.0%	$2,578,995	5.4%	$1,010,720	$1,568,275	54.7%
Vermont National Bank		$2,187,635	4.6%	$1,662,355	3.5%	$1,165,070	$497,285	22.7%
TOTALS	379 Loans	$28,809,150	61.2%	$23,296,572	49.4%	$16,085,494	$7,211,078	25.0%

Vermont Housing Finance Agency
Delinquency Statistics Report
SINGLE FAMILY PORTFOLIO
EFFECTIVE: 10/31/92

Banks	Outstanding Loans	30 Days		60 Days		90+ Days		Total		Auth	FCL		REO		Grand Total	
BancBoston Mortgage Corporation	362	11	3.04%	1	0.28%	2	0.55%	14	3.87%	0	1	0.28%	0	0.00%	15	4.14%
Bennington Coop Savings & Loan Assn Inc	50	1	2.00%	0	0.00%	1	2.00%	2	4.00%	0	0	0.00%	0	0.00%	2	4.00%
Bradford National Bank	48	3	6.25%	1	2.08%	1	2.08%	5	10.42%	0	0	0.00%	0	0.00%	5	10.42%
Caledonia National Bank of Danville, Th	112	10	8.93%	0	0.00%	0	0.00%	10	8.93%	0	1	0.89%	1	0.89%	12	10.71%
Chittenden Trust Company	977	58	5.94%	10	1.02%	8	0.82%	76	7.78%	0	3	0.31%	3	0.31%	82	8.39%
Citizens Savings Bank	34	0	0.00%	0	0.00%	1	2.94%	1	2.94%	0	0	0.00%	0	0.00%	1	2.94%
Comfed Mortgage Co., Inc.	11	1	9.09%	0	0.00%	0	0.00%	1	9.09%	0	0	0.00%	0	0.00%	1	9.09%
Commonwealth Mortgage Company, Inc	22	1	4.55%	0	0.00%	0	0.00%	1	4.55%	0	0	0.00%	0	0.00%	1	4.55%
Community National Bank	167	8	4.79%	2	1.20%	0	0.00%	10	5.99%	0	0	0.00%	1	0.60%	11	6.59%
Factory Point National Bank, The	26	2	7.69%	0	0.00%	0	0.00%	2	7.69%	0	0	0.00%	0	0.00%	2	7.69%
First Brandon National Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First National Bank of Vermont	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
First Northern Mortgage Corporation	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Franklin-Lamoille Bank	174	11	6.32%	1	0.57%	1	0.57%	13	7.47%	0	0	0.00%	0	0.00%	13	7.47%
Granite Savings Bank and Trust Company	31	2	6.45%	1	3.23%	0	0.00%	3	9.68%	0	0	0.00%	0	0.00%	3	9.68%
Green Mountain Bank	253	13	5.14%	1	0.40%	2	0.79%	16	6.32%	0	0	0.00%	0	0.00%	16	6.32%
Lomas & Nettleton Company, The	18	1	5.56%	0	0.00%	0	0.00%	1	5.56%	0	0	0.00%	0	0.00%	1	5.56%
Lyndonville Savings Bank & Trust Compan	55	2	3.64%	0	0.00%	0	0.00%	2	3.64%	0	0	0.00%	1	1.82%	3	5.45%
Marble Bank	215	12	5.58%	1	0.47%	1	0.47%	14	6.51%	0	0	0.00%	1	0.47%	15	6.98%
Merchants Bank, The	281	8	2.85%	0	0.00%	2	0.71%	10	3.56%	0	0	0.00%	0	0.00%	10	3.56%
Mortgage Service Center of New England	45	3	6.67%	0	0.00%	3	6.67%	6	13.33%	0	0	0.00%	0	0.00%	6	13.33%
National Bank of Middlebury, The	65	1	1.54%	2	3.08%	0	0.00%	3	4.62%	0	1	1.54%	0	0.00%	4	6.15%
New England IBM Employees Fed Crdt Unio	64	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	109	5	4.59%	1	0.92%	2	1.83%	8	7.34%	0	0	0.00%	0	0.00%	8	7.34%
Passumpsic Savings Bank	180	7	3.89%	1	0.56%	0	0.00%	8	4.44%	0	0	0.00%	2	1.11%	10	5.56%
Peoples Trust Company of St Albans	144	7	4.86%	3	2.08%	0	0.00%	10	6.94%	0	0	0.00%	0	0.00%	10	6.94%
Randolph National Bank	64	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Rutland Bank	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Statewide Funding Corporation	94	5	5.32%	0	0.00%	3	3.19%	8	8.51%	0	0	0.00%	1	1.06%	9	9.57%
Union Bank	154	3	1.95%	1	0.65%	0	0.00%	4	2.60%	0	0	0.00%	1	0.65%	5	3.25%
Vermont Development Credit Union	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Vermont Federal Bank, FSB	893	40	4.48%	8	0.90%	11	1.23%	59	6.61%	0	2	0.22%	1	0.11%	62	6.94%
Vermont Mortgage Group, Inc	679	27	3.98%	5	0.74%	10	1.47%	42	6.19%	0	1	0.15%	6	0.88%	49	7.23%
Vermont National Bank	509	14	2.75%	5	0.98%	2	0.39%	21	4.13%	0	0	0.00%	2	0.39%	23	4.52%
Wells River Savings Bank	27	3	11.11%	0	0.00%	1	3.70%	4	14.81%	0	0	0.00%	0	0.00%	4	14.81%
Woodstock National Bank	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0	0.00%
Overall Totals:	5,886	259	4.40%	44	0.75%	51	0.87%	354	6.01%	0	9	0.15%	20	0.34%	383	6.50%
September 30, 1992	5,936	241	4.06%	54	0.91%	42	0.71%	337	5.68%	0	7	0.12%	23	0.39%	367	6.18%

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

DRL

FROM: DOUGLAS R. LOTHROP, DIRECTOR OF OPERATIONS

DATE: DECEMBER 8, 1992

RE: ENERGY RATED HOMES OF VERMONT (ERH/VT) REQUEST

BACKGROUND AND DISCUSSION

In 1987 VHFA was instrumental in obtaining an allocation of $500,000 from the oil overcharge funds received by Vermont. These funds were to be used was produce a home energy rating system, with the rating system linked to the mortgage lending process to encourage energy efficiency. The basis on which this initiative was undertaken was to make homes less costly to operate and therefore more affordable to the homeowner. This would allow a lower income Vermonter to better compete for mortgage financing in the marketplace. Since the inception of ERH/VT, VHFA staff has been involved in the struggle to make energy conservation a factor of equal importance in mortgage lending process as property taxes and property insurance. In addition, VHFA has provided, subsidies to ERH/VT in the amount of $175,000.

ERH/VT has been a national leader in the linkage of a home energy rating system to the mortgage lending process. No other state has been able to accomplish what ERH/VT has in Vermont. In fact, the nation is using the Vermont experience as a model to build a national network of home energy rating systems to be linked to mortgage lending. ERH/VT has received letters of support from each of Vermont's present congressional delegation, as well as Governor Dean, recognizing ERH/VT's leadership in this area. The Department of Energy has informed ERH/VT that it will be counted on to continue to provide direction in this area and the formation of a national Home Energy Rating System Council.

Because ERH/VT has been out in front, there is no blueprint that illuminates the path to success. Most of the work, while planned out, has been on a trial and error basis. The attempts to obtain support from the mortgage and energy industry through

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memberships in the organization to provide the operating funds needed by ERH/VT have not been so successful.

In addition, energy conservation has not been a top priority of the present administration in Washington. The quest for energy independence as well as stimulation of the economy brings with it a high expectation as to the role of energy conservation in the new administration.

The future of ERH/VT is uncertain due to their inability to raise operating capital. If VHFA is not willing to continue to provide financial support to ERH/VT, Vermont may well lose any ground it has gained. Momentum for considering energy in the mortgage process is building. Vermont and the nation are on the threshold of not only making themselves less dependent on external energy supplies, but taking a step forward in making housing more affordable.

In the attached proposal, ERH/VT is offering VHFA a sustaining membership in exchange for continued financial support. The structure would be patterned after that of Housing Vermont. As a sustaining member VHFA would be allowed to appoint three members to the seven member ERH/VT Board of Directors. The board of ERH/VT would have to change the ERH/VT By-Laws allowing for the addition of this category of membership with the benefit of appointing three board members.

The fee for the privilege of being a sustaining member has been objectively set based on the estimates of the financial need of ERH/VT over the next two years. Should other organizations express an interest in becoming sustaining members, the fees could be adjusted to reduce the commitment being requested from VHFA. Additional sustaining members would be encouraged by ERH/VT.

Richard Faesy, the president of ERH/VT, will be at the Board meeting to make a brief verbal presentation and answer questions that the Board may have.

BOARD ACTION REQUESTED

Authorize the expenditure of up to $50,000 per year for the next two calendar years to become a sustaining member of Energy Rated Homes of Vermont. The approval of this expenditure is conditioned on the Board of Directors of ERH/VT adding a membership category of sustaining member with the entitlement of appointing three members to the ERH/VT Board.

PROPOSAL
TO THE
VERMONT HOUSING FINANCE AGENCY
FOR A
SUSTAINING MEMBERSHIP
IN
ENERGY RATED HOMES OF VERMONT, INC.

BACKGROUND

In existence since 1987, the non-profit Energy Rated Homes of Vermont (ERH) has conducted more than 1,400 home energy ratings. More than 650 of these ratings have been used directly in the mortgage process to create Energy Efficient Mortgages (or EEMs), which allow home buyers to qualify with a lower income than is normally permitted for energy efficient homes or to finance the cost of energy improvements as part of the mortgage.

At this time, there is a good deal of interest in home energy ratings systems (HERS) and EEMs both from individual states and from the federal government. ERH of Vermont and Vermont's EEM program are considered models for the nation. Many other states, the Department of Energy and HUD all consider Vermont's programs a success and an indication of what can be done elsewhere. Vermont has laid much of the groundwork for what promises to be an area that will only gain increased attention in the near future. Some of the recent national legislative mandates that include sections on HERS and EEMs include:

- National Energy Conservation Policy Act of 1992
- 1992 Reauthorization Act of the 1990 Housing Bill
- VA Loan Program Revitalization Act of 1992
- Cranston-Gonzalez Affordable Housing Act of 1990
- National Energy Strategy (1991)

Additionally, with the Clinton Administration's focus on environmental and energy issues, there is a good chance that our successes in Vermont will be further recognized and, hopefully, supported through national initiatives. Until that time, it is imperative that ERH continue to further institutionalize the concept of energy efficiency in mortgage lending. Some of the examples of these initiatives include:

- Fannie Mae Pilot Program
- Vermont Utility New Construction Programs
- ERH integration in affordable housing programs (VHFA's HOUSE, Chittenden Bank's CARE, BancBoston's ONE-HOP)
- Alternative compliance for Act 250 review and Burlington's new construction building standards
- Continuation of lender-ordered ratings for use in qualifying borrowers for EEMs
- Continuation of builder-ordered ratings for documentation of the efficiency of new homes as STAR ratings move to become the accepted measure of new home efficiency.

CURRENT FINANCIAL STATUS

Significant resources from the Vermont Department of Public Service (oil overcharge funds) and VHFA, combined with fees from ERH members and ratings, have funded ERH to date. Initial plans called for ERH to become self-sufficient through rating and member fees over time. Despite many initiatives and a great deal of staff time attempting to raise funds and figure out ways to make ERH self-supporting, ERH still ends up with a $60,000 annual deficit. The fees raised from energy ratings cover the cost of producing the ratings. However, the costs of program management, administration, advocacy, and overhead cannot be covered in the rating fees, given the volume of ratings completed each year (about 250) and the rating price the market is willing to bear.

The Board of Directors of Vermont Energy Investment Corporation has already made a commitment to the continued existence of ERH by pledging to contribute $10,000 annually for the next three years.

REQUEST

It is requested that VHFA become a "Sustaining Member" of ERH for at least two years. The Sustaining Member classification would be created for organizations that are committed to the existence of ERH and the EEM through the payment of a significant membership fee. Prior to formalizing the Sustaining Member status, the ERH Board of Directors would make the necessary By-Laws changes to establish such a membership category.

The ERH Board of Directors would report to the VHFA on a periodic basis regarding ERH's efforts at becoming financially self-supporting.

BENEFITS OF RECOMMENDED ACTION

The Sustaining Member classification will enable the sustaining Member to appoint three members of the ERH Board of Directors. The ERH Board of Directors is currently made up of seven members, although this could be expanded if other organizations join ERH as Sustaining Members.

ERH would continue to provide an important role in energy and housing in Vermont and nationally. Some of the benefits of the continued existence of ERH include the following:

- ERH STAR ratings have become a standard for energy efficiency of new homes in Vermont and have raised the energy awareness of Vermont home buyers.
- ERH provides access to the EEM; without ERH energy ratings, EEMs for qualifying marginal home buyers and for upgrading inefficient homes will most likely cease to exist.
- As one of the older EEM programs in the U.S., Vermont's program is considered a model. ERH's track record provides valuable experience to other states.
- Judging by the attention being given energy ratings and EEMs nationally, it seems likely we will see federal programs to encourage their use in the not-too-distant future. ERH plays a key role in national advocacy efforts including serving on the Planning Committee of the National Home Energy Rating System (HERS) Council and on the Technical Advisory Committees of the National Collaborative on HERS and EEMs.

COST

The cost of becoming a Sustaining Member of ERH would be $50,000 per year.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Operations DRL

DATE: December 8, 1992

RE: COLLECTIONS PROCESS

Attached is a one sheet overview of VHFA's collection and foreclosure process that will be available as a handout for appropriate forums. This addresses the process VHFA follows when a loan becomes delinquent.

In the present economy, delinquencies and foreclosures have increased. Having a handout such as this available may be useful to reinforce that VHFA is working hard at preventing dislocation of families through a fair and equitable process.

BOARD ACTION REQUESTED

While no Board action is required, feedback is welcomed.

Attachment

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VERMONT HOUSING FINANCE AGENCY

Outline of VHFA Collection Process

The main objective of VHFA's collection process is to keep the borrower(s) in their home where it is reasonably possible. Communication with the borrower(s) is of primary importance in dealing with past due loans. Establishing the reason for the delinquency early on will be of great assistance in deciding later whether an alternative to foreclosure is feasible.

A. Contacting the Borrower(s)

1. *Exhaust All Efforts To Contact The Borrower(s)*
Contact with the borrower(s) will be established soon after the loan is past due by the lender that is servicing the mortgage loan. The initial contact with the borrower(s) may be by a computer-generated notice. However, if there is no response to this notice, other methods of contacting the borrower(s) will be employed. These will include phone calls to their residence (at different times of the day and early evening), calling the last known business phone, a visit to the property, certified mail and/or use of a telegram.

2. *Determine Reason For Non-Payment*
Once contact is made, the cause for the missed payment or payments will be ascertained. During the conversation, the ability of the borrower(s) to continue to make the mortgage payment, and to meet their property tax and property insurance obligation, should be discussed.

3. *Agree On A Plan To Make Up The Past Due Payment*
The first priority of the credit collection process is to make arrangements for the borrower to bring the account current as quickly as possible. No agreement will be made unless it is clear that the borrower(s) have the capacity to make the mortgage payment, pay the property taxes and keep the property insured. The long-term ability of the borrower(s) to meet these obligations must be considered. The most common type of corrective action used is the short-term repayment agreement (six months or less). Loan modification agreements, allowing for a longer term to make corrective action, will be considered in those cases where the cause for non-payment is considered temporary and if repayment agreements will not suffice. Special consideration will be given to working with borrowers where the cause of non-payment was beyond the borrower's control, such as illness and being laid off from work.

4. *Remedies To Be Suggested If Borrower's Ability To Make The Mortgage Payment, Property Tax Payments, and Property Insurance Payments Can Not Reasonably Be Expected To Continue*

Once a determination is made that the borrower(s) ability to continue to meet the mortgage obligation is not a reasonable likelihood, several alternatives to foreclosure will be brought to the borrower(s) attention for their consideration. The borrower(s) will be advised and encouraged to obtain independent advice as to the course of action they ultimately select to follow. The following is a list of foreclosure alternative suggestions:

A. Credit Counseling - It may be possible that a professional can assist the borrower(s) in dealing with the situation and assist in negotiating solutions with creditors.

B. Pre-Foreclosure Sale - This technique may allow the borrower(s) to sell the property prior to the initiation of the foreclosure process. The borrower(s) can be given time to sell the property at a reasonable price and retain some or all of the equity in the property. If a reasonable price will not pay off the mortgage, a less than full payment may be negotiated with VHFA.

C. Deed-in-Lieu of Foreclosure - If it is evident that the borrower(s) have no equity in the property or do not wish to be burdened with the selling process, VHFA may take title to the property, sell the property and share any gain with the borrower(s) after VHFA has been reimbursed for all related expenses.

5. *Timing Considerations*

The remedies mentioned in the preceding section are suggested to the borrower(s) as soon as it is clear that they are unable to meet their obligation. The sooner the alternatives are considered by the borrower(s) the more chance the remedy selected will have to be successful. Generally, the transfer of title to a property, either by Deed or Foreclosure will be suggested or initiated as a last resort. In any case, Foreclosure as discussed below would not be initiated unless the mortgage loan was at least three payments past due.

6. *Foreclosure*

After other remedies have been considered, and either tried or rejected as not feasible, the foreclosure process should be commenced to gain title and sell the property to protect VHFA's interest. This step is a last resort solution. Prior to mailing instructions to foreclose, a member of the VHFA collections staff will contact the borrower and make a final attempt to reach a repayment agreement. During the process of foreclosure, any initiative from the borrower to correct the past due situation and pay related expenses incurred should be seriously considered.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Operations

DATE: December 10, 1992

RE: PARTIAL REVOCATION OF PREVIOUS MORTGAGE CREDIT CERTIFICATE (MCC) ELECTION AND AUTHORIZATION TO CARRY FORWARD UNUSED PRIVATE ACTIVITY VOLUME CAP

BACKGROUND

At the Board meeting of June 24, 1992, staff recommended and the Board approved the conversion of VHFA's entire 1992 Mortgage Revenue Bond (MRB) authority to MCC authority. This was done to protect VHFA from losing the 1992 bonding authority to the anticipated June 30th sunset of MRBs and MCCs. VHFA did not need the bonding authority and determined that saving it for use for the next two years in conjunction with the Agency's MCC program, Mortgage Plus, was a logical strategic move.

DISCUSSION

It recently came to VHFA's attention that there was a possibility that VHFA could carry forward any 1992 MRB authority to be used at a later date. Past sunset extensions, as well as the sunset extension which President Bush vetoed in November, were technically accomplished by deleting the sunset date in the statute and inserting a future sunset date. Unless there is other language in the sunset extension bill to the contrary, and so far there has never been such language, the sunset extension retroactively authorizes the issuance of MRBs. This in turn should validate any carry forward for single family programs.

Staff has estimated that of the $64,615,000 in MRB authority that VHFA elected to convert to MCC authority, $30,000,000 should continue as MCC authority. The remaining $34,615,000 could revert back to MRB authority and be carried forward for future use in mortgage purchase programs. There is a risk that some language in a future sunset extension bill would invalidate any carry forward of MRB authority. Staff has discussed this issue with Bond Counsel and they confirm that they are unaware of any language in past bills that would invalidate a MRB carry forward, but obviously cannot predict the language in future legislation.

RECOMMENDATION

Staff recommends that the Board approve a partial revocation of the previous MCC election that the Board made at the June 24, 1992 Board meeting in the amount of $34,615,000.

BOARD ACTION REQUESTED

Approval of the attached resolution, which will partially revoke the previous MCC election made in June, 1992 and authorized the carry forward of the remaining MRB authority.

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

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

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

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

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

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins, Director of Development
Mark Koppelkam, Multi-family/Development Underwriter
Kim Roy, Development Assistant

DATE: December 11, 1992

RE: BRISTOL FAMILY HOUSING - ACCAG COMMITMENT LETTER RESOLUTION

1. General Description

Attached is a Commitment Letter Resolution authorizing the Agency to issue a construction and permanent loan not to exceed $200,000 in taxable financing to the Addison County Community Action Group (ACCAG) for the construction of two new buildings containing nine units in Bristol.

The sponsor has secured project based Section 8 certificates for all nine units. The certificates have a 15 year contract with renewal at HUD's discretion at five year terms.

Total development costs are currently estimated at $930,393 or $103,377 per unit. The per unit costs are quite high in comparison to other projects VHFA has financed. Time, carrying costs, project design changes, and costs associated with raising equity through private investors are all factors that have inflated the development costs in this project.

Per unit costs at other VHFA financed new construction family developments have been: Salmon Run $92,995; Pine Meadow (including free land) $72,000; Winchester $71,939. [1] In fairness to Bristol, these were much larger scale projects - 80, 30 and 166 units respectively.

A summary of sources and uses of funds, rents, operating expenses and financial projections is attached.

Also attached is a location map of the development.

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1 Salmon Run had substantial cost overruns due to slope instability.

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2. Financial Projections

Project financial success is dependent upon deferred payment loans, grants and the long term availability of the nine project based Section 8 certificates. The Vermont Housing and Conservation Board (VHCB) has approved $148,500 in deferred payment loans. The Department of Community Affairs (DCA) has approved a $60,000 Community Development Block Grant (CDBG). The sponsor has also pledged $50,000 as a deferred payment loan. VHFA approved 9% Low Income Housing Tax Credit (LIHTC) allocations of $80,481 (1991) and $12,519 (1992), resulting in project equity equalling 44% of total development costs.

The projected permanent sources of funds are:

	Amount	Percent
Syndication Proceeds	409,798	44.0
VHFA 1st Mortgage Loan	200,000	21.5
VHCB Def Payment Loans	148,500	15.9
CDBG Deferred Loan	60,000	6.5
Sponsor Deferred Loan	50,000	5.4
ACCAG	62,095	6.7
Total	$930,393	100.0%

At this time staff is recommending a 20 year mortgage term for the VHFA loan, so as to minimize VHFA risk at the time the Section 8 contract expires in 15 years. As the mortgage term affects repayment terms for the other agencies and the sponsor, we may want to negotiate a longer term.

The operating expenses appear reasonable at $307 per unit per month (PUM).

VHFA's source of funds for this development may be an advance from the Federal Home Loan Bank, for which we are applying. An alternative would be to sell a new taxable bond. The commitment will be conditioned upon identification of a funding source.

3. Unit Breakdown, Rents and Income Limits

There are three 2 BR units, approximately 1,000 square feet each and six 3 BR units, approximately 1,200 square feet each. One of the 2 BR units is handicapped accessible. Projected rents, to be covered via Section 8 certificates are $486 for the 2 BR units and $609 for the 3 BR units. Tenants pay for electricity and the owner pays for heat. To save on capital costs, the project was designed with one furnace per building. Depending upon a review by Vermont Energy Investment Corporation (VEIC), staff may encourage either separate boilers or unit metering, with tenants paying heat, instead of the current plan.

4. <u>Site/Location</u>

The property is located off Route 116 and River Road in Bristol (see attached location map), in an area of farmland and sparse single family housing. There is good access to shops and services as the village of Bristol is about 3 miles north from the site, and Middlebury is 15 miles to the southwest.

5. <u>Architectural Plan</u>

The architect for the buildings is Robsen/Bilgen of Hancock, Vermont. One building is a two story wood frame, with a poured concrete foundation and wood siding containing three 3 BR townhouse style units. The second building is a one and two story (taking advantage of the slope) wood frame structure containing six units. Each unit has a basement area that includes laundry hookups. There will be a central area were the building's oil-fired hot water heating plant is located.

VHFA has not had a professional evaluation made of the existing plans, and would do so prior to proceeding. Staff is recommending that ACCAG delay construction of the development until spring.

6. <u>Appraisal</u>

An appraisal was done for the sponsor in March, 1990 by Lynn Hinman, based on the original proposal for 12 units. He valued the project at $52,000 per unit.

A second appraisal was done for the sponsor by Michael O'Brien of Keller, Navin, Cable & O'Brien in November, 1991. His recommended value, based completely on market rate rents and costs, is $365,000 ($40,555 per unit). Using Section 8 rents, he arrived at a value of $390,000 ($43,333 per unit). These values are quite low, but we have not asked for a re-evaluation since VHFA is being asked for a relatively small share of the financing.

The requested VHFA loan equals 54.8% of Keller Navin appraised value assuming market rate rents, and 51.3% of appraised value assuming Section 8 rents, and is 20.6% of total development costs.

7. <u>Market Demand and Rent Levels</u>

The Addison county Section 8 waiting list for two and three bedroom units is currently 120 families. The waiting list time is 31 months for two bedrooms and 18 months for three bedroom units. This clearly shows a strong need for low income housing in the county.

A 1988 market study by consultant Jeff Kantor did a survey targeted to 73 low income households. There were 45 responses, of which 28 said "yes, definitely interested," and 10 said "yes, possibly" or "maybe."

In 1992, in coordination with the Vermont State Housing Authority, ACCAG organized a mailing to the two and three bedroom Section 8 waiting list to determine interest. ACCAG received 21 positive responses. ACCAG plans to fill the units with the waiting list families first and will also advertise.

The 1986 VSHA Directory of Subsidized Housing listed 219 subsidized units in Addison County, of which 127 were for families. Of those, only 11 units had 3 or more bedrooms. Since that time two large subsidized housing projects have been built in Middlebury: Pine Meadow has 30 family units (1 and 2 BR only), and Middlebury Commons has 64 units for seniors.

8. Management

The proposed management agent is ACCAG. ACCAG manages 65 rental units in Middlebury and other parts of Addison County.

9. Environmental Concerns

An environmental assessment report was done in December 1992 for the property by Wild Apple Enterprises. Based on a title search and site visit, the consultants did not identify any significant environmental concern.

DISCUSSION

Strengths

The primary strengths of this development include:

a) The availability of project based Section 8 certificates allows rent levels comparable to market rates while still allowing low income tenants to pay no more than 30% of their income for rent and utilities.

b) ACCAG has shown a great deal of perseverance in attempting to provide housing for very low income families.

c) With the exception of the first mortgage loan, ACCAG has secured all of the other pieces of the financing required to make the project work.

Weaknesses

The potential weaknesses of this development are:

a) The per unit costs are substantially higher than anything else we have financed. However, the sponsor argues that there are legitimate reasons for why that has happened. The Act 250 review resulted in the need for a total re-design by the architect. Stringent new public water supply requirements led to the downsizing of the project from 12 to 9 units. The location of the project outside of a municipal service area has meant high costs for water and septic utilities. The four year length of the development process has resulted in carrying costs. The use of a national syndicator/consultant on such a small deal has also substantially increased the project costs. The syndicator has been conservative in establishing their requirements, which helps reduce VHFA's risk as well, but does increase project costs.

b) The appropriateness of the location for family housing is questionable. The site was rejected by FmHA early on as being "too rural." While the site would be beautiful for a 1 or 2 unit development, a 9 unit family oriented rental development in such a location is certainly not common in Vermont. Since the housing is somewhat isolated and yet prominently located, a negative reputation will be difficult to shake if it develops.

c) ACCAG's longterm management capacity is of concern. Their growing portfolio is hopefully starting to provide enough economies of scale to ensure the longterm organizational capacity for professional management. There may be difficulty in securing alternative professional management if they cannot meet VHFA standards. There are other nonprofit corporations developing and managing various types of housing projects in the area.

RECOMMENDED ACTION

Staff recommends approval of the attached Combined Resolution of Interest and for Issuance of Commitment Letter for the Bristol Family Housing Project authorizing the Executive Director to issue a Commitment Letter in an amount not to exceed $200,000 for a nine unit family development located in Bristol. The Commitment would be contingent upon completion of and VHFA satisfaction with the various grant agreements, loan documents and syndication agreement, the design and energy plan after architectural and VEIC evaluation, the HUD subsidy layering review, the proposed management plan, and any other issue appropriate to VHFA financing.

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PROJECT BUDGET

Project:	BRISTOL FAMILY HOUSING	RUN DATE:	10-Dec-92

Total Units:	9	********Assumptions********	
Restricted Units:	9	Income increase:	2.00%
Percent Restricted:	100.00%	Expense increase:	3.50%
		Appreciation:	2.50%
Total Development Cost:	930,393	Vacancy Rate:	3.00%
Gross Syndication*:	540,000	Partner's Tax Rate:	34.00%
Net Proceeds to Syndicator	130,202	Deprec. Schedule:	27.5
Ann Credit Amount:	93,000		
		Calc Return to Investor	11.10%

SOURCES 10-Dec-92

	Amount	% of TDC	Interest	Term	$/unit
Equity	409,798	44.05%			45,533
VHCB--def.	75,000	8.06%	4.00%	40	8,333
VHFA--1st Mtg	200,000	21.50%	9.75%	20	22,222
ACCAG/AI--def.	50,000	5.37%	n/a	n/a	5,556
CDBG--grant	60,000	6.45%	n/a	n/a	6,667
VHCB--def.	60,000	6.45%	0.00%	Deferred**	6,667
VHCB--def.	13,500	1.45%	n/a	n/a	1,500
ACCAG	62,095	6.67%	n/a	n/a	6,899
Total	930,393	100.00%			103,377

*Note: Gross Syndication as per AI Group

Total costs assumed under gross syndication - $87,702 broker & AI Group, $10,000 soft costs, $25,000 legal, & $7,500 special limited

Repayment terms for ACCAG/AI note and VHCB notes are not yet determined.

USES 10-Dec-92

		Budget	Per Unit
CONSTRUCTION			
Acquisition		60,000	6,667
Road & Grading		0	0
Site Utilities		5,000	556
Construction		523,540	58,171
Contingency	8.98%	47,000	5,222
Appraisal		2,900	322
Clerk of Works		14,000	1,556
Architect		50,000	5,556
Engineer		25,000	2,778
Landscape Arch.		5,583	620
Consultant		32,056	3,562
Legal/Accounting		10,000	1,111
Permits/Fees		4,971	552
Taxes/Insurance		3,300	367
Marketing		1,500	167
Working Capital	9,106	10,000	1,111
Developer Fee	6.67%	62,095	6,899
ACCAG Equity Escrow (Developer)		16,500	1,833
Letter of Credit		5,000	556
Syndication		0	0
Soft Cost Contingency		0	0
Special Limited		0	0
VHCB Operating Reserve		13,500	1,500
GM PreDev Loan Int.		14,872	1,652
VHFA Ventures Loan Int		2,500	278
Construction Int		8,856	984
Finance Fees		5,120	569
Legal/Financing	2.50%	5,000	556
LIHTC Fee		2,100	233
TOTAL DEVELOPMENT COST		930,393	103,377

Note: Construction ($523,540) : $470,000 contract, $8,000 appliances, $8,000 landscaping, $12,000 cabinets, $25,540 wells, pumps etc. Contract includes road and grading.

BRISTOL FAMILY HOUSING	INCOME	10-Dec-92

RENTS

Bedrooms	Type	Sq.Feet	Number	Rent	Utilities	Total Rent	Total Sq.Feet
2	Br Townhouse	0	3	486	0	1,458	0
3	Br Townhouse	0	6	609	0	3,654	0
Totals			9	1,095	0	5,112	
Annual Total				61,344			
Less Vacancy				(1,840)			
NET RENT				59,504			

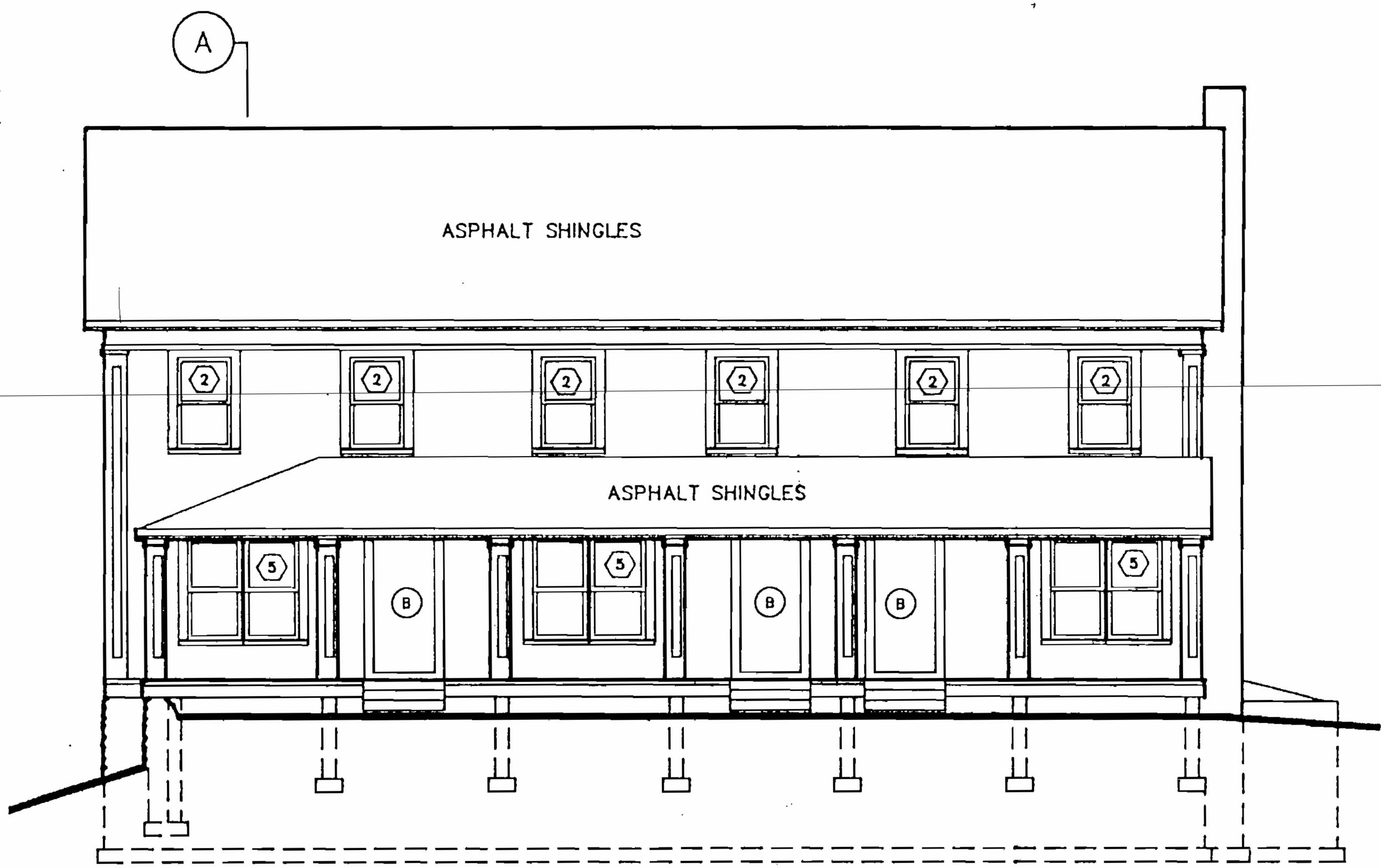
OTHER INCOME		
Laundry	0	
Parking	0	
Interest Income	0	980
Other	0	
Total Other Income	0	
TOTAL INCOME	59,504	

BRISTOL FAMILY HOUSING	EXPENSES		10-Dec-92
		Annual	Per Unit Month
Administrative			
Management		4,320	40
Audit		2,000	19
Legal		600	6
Marketing		200	0
Total		7,120	66
Utilities		0	0
Electric		500	5
Oil Heat/Hot Water		6,300	58
Total		6,800	63
Maintenance			
Exterminating		300	3
Snow Removal		750	7
Grounds		750	7
Trash		1,600	15
Painting/Decorating		1,000	9
Repairs		1,500	14
Contract Maint.		600	6
Janitorial Supplies		250	2
Total		6,750	63
Taxes		9,000	83
Insurance		1,000	9
LIHTC Compliance		250	2
Replace Reserv	3.67%	2,250	21
Total		12,500	116
Grand Total		33,170	307

BRISTOL FAMILY HOUSING   30 YEAR PRO FORMA   10-Dec-92

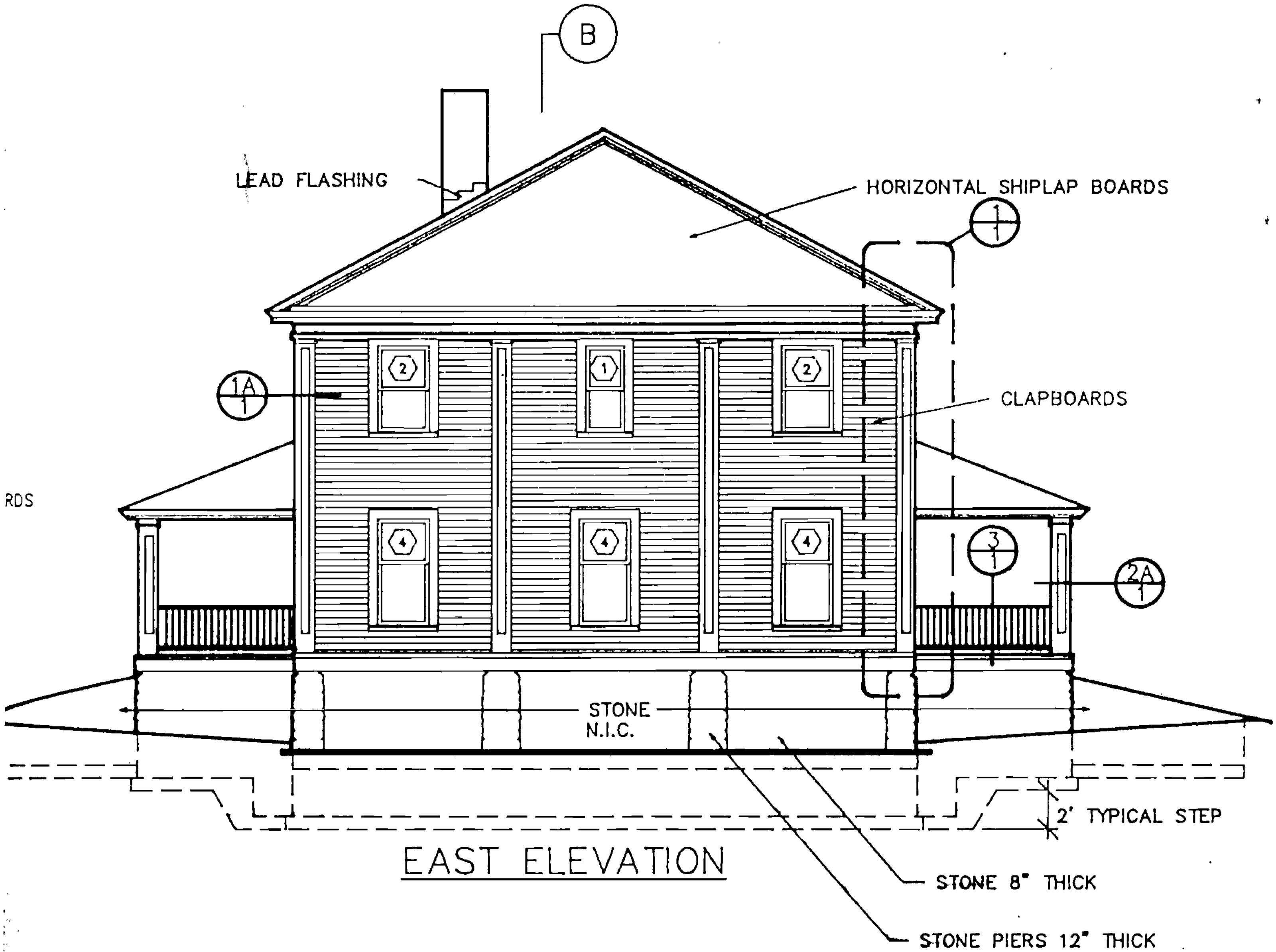
Year	1	2	3	4	5	6	7	8	9	10
Gross Possible Rent	61,344	62,571	63,822	65,099	66,401	67,729	69,083	70,465	71,874	73,312
Less Vacancies	(1,840)	(1,877)	(1,915)	(1,953)	(1,992)	(2,032)	(2,072)	(2,114)	(2,156)	(2,199)
Plus Other Income	0	0	0	0	0	0	0	0	0	0
Total Actual Income	59,504	60,694	61,908	63,146	64,409	65,697	67,011	68,351	69,718	71,112
Less Operating Exp.	33,170	34,331	35,533	36,776	38,063	39,396	40,774	42,202	43,679	45,207
Net Operating Income	26,334	26,363	26,375	26,370	26,345	26,301	26,236	26,150	26,039	25,905
Less HCTF Debt Service	0	0	0	0	0	0	0	0	0	0
Less 1st Mort Debt Service	22,764	22,764	22,764	22,764	22,764	22,764	22,764	22,764	22,764	22,764
Cash Flow	3,569	3,598	3,611	3,605	3,581	3,537	3,472	3,385	3,275	3,141
DCR	115.68%	115.81%	115.86%	115.84%	115.73%	115.54%	115.25%	114.87%	114.39%	113.80%
Disc Rate 4.00%										
Operating Reserve Balance	30,000	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699
Interest	1,200	1,248	1,298	1,350	1,404	1,460	1,518	1,579	1,642	1,708
Applied	0	0	0	0	0	0	0	0	0	0
Ending Balance	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699	44,407

Year	11	12	13	14	15	16	17	18	19	20
Gross Possible Rent	74,778	76,274	77,799	79,355	80,942	75,099	76,601	78,133	79,696	81,290
Less Vacancies	(2,243)	(2,288)	(2,334)	(2,381)	(2,428)	(2,253)	(2,298)	(2,344)	(2,391)	(2,439)
Plus Other Income	0	0	0	0	0	0	0	0	0	0
Total Actual Income	72,535	73,985	75,465	76,974	78,514	72,846	74,303	75,789	77,305	78,851
Less Operating Exp.	46,790	48,427	50,122	51,876	53,692	55,571	57,516	59,529	61,613	63,769
Net Operating Income	25,745	25,558	25,343	25,098	24,822	17,275	16,787	16,260	15,692	15,082
Less HCTF Debt Service	0	0	0	0	0	0	0	0	0	0
Less 1st Mort Debt Service	22,764	22,764	22,764	22,764	22,764	22,764	22,764	22,764	22,764	22,764
Cash Flow	2,981	2,794	2,579	2,334	2,057	(5,489)	(5,977)	(6,504)	(7,072)	(7,682)
DCR	113.09%	112.27%	111.33%	110.25%	109.04%	75.89%	73.74%	71.43%	68.93%	66.25%
Disc Rate 4.00%										
Operating Reserve Balance	44,407	46,184	48,031	49,952	51,950	54,028	49,562	44,429	38,564	31,896
Interest	1,776	1,847	1,921	1,998	2,078	2,161	1,982	1,777	1,543	1,276
Applied	0	0	0	0	0	6,627	7,116	7,643	8,210	8,821
Ending Balance	46,184	48,031	49,952	51,950	54,028	49,562	44,429	38,564	31,896	24,351



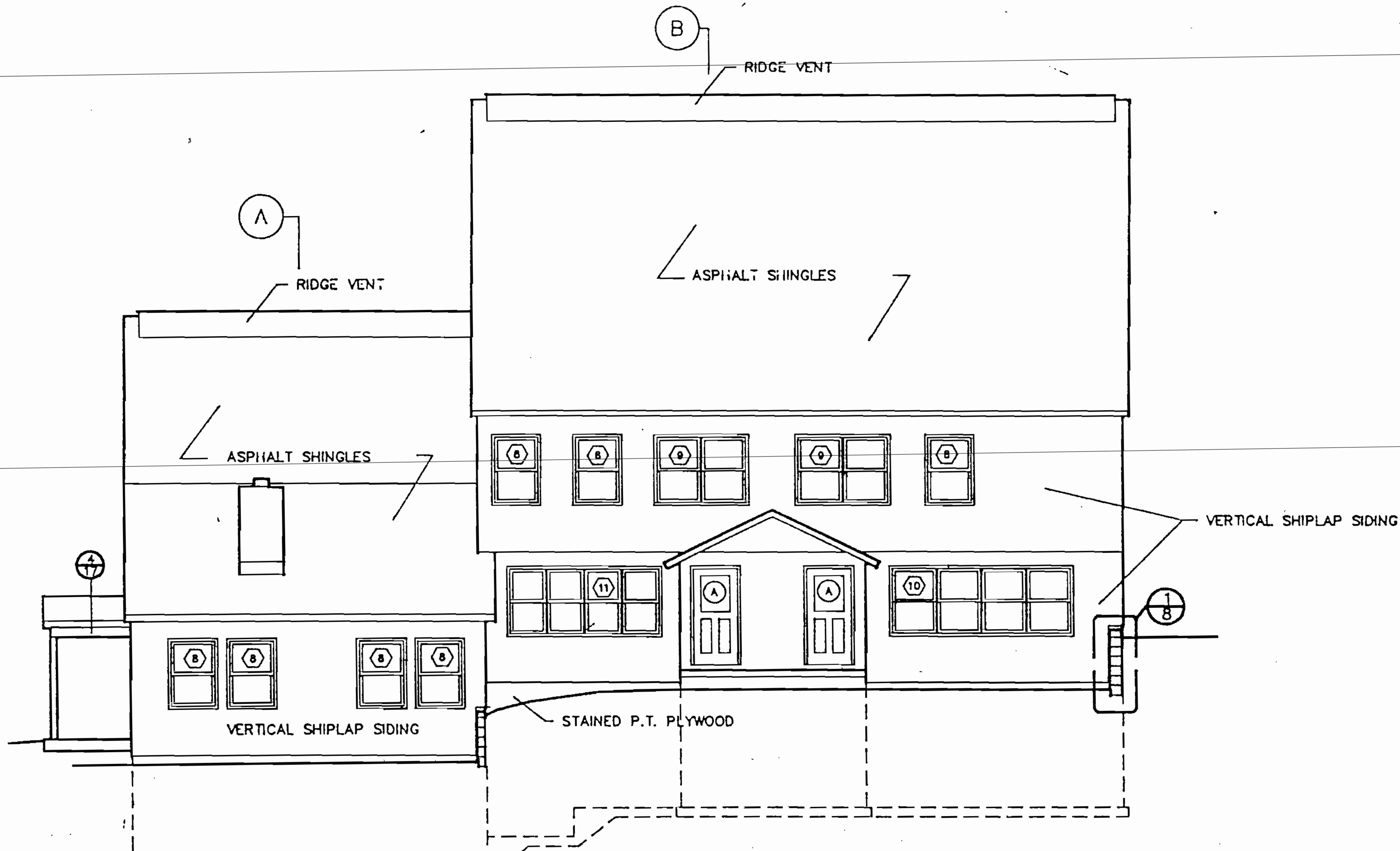
NORTH ELEVATION

RDS

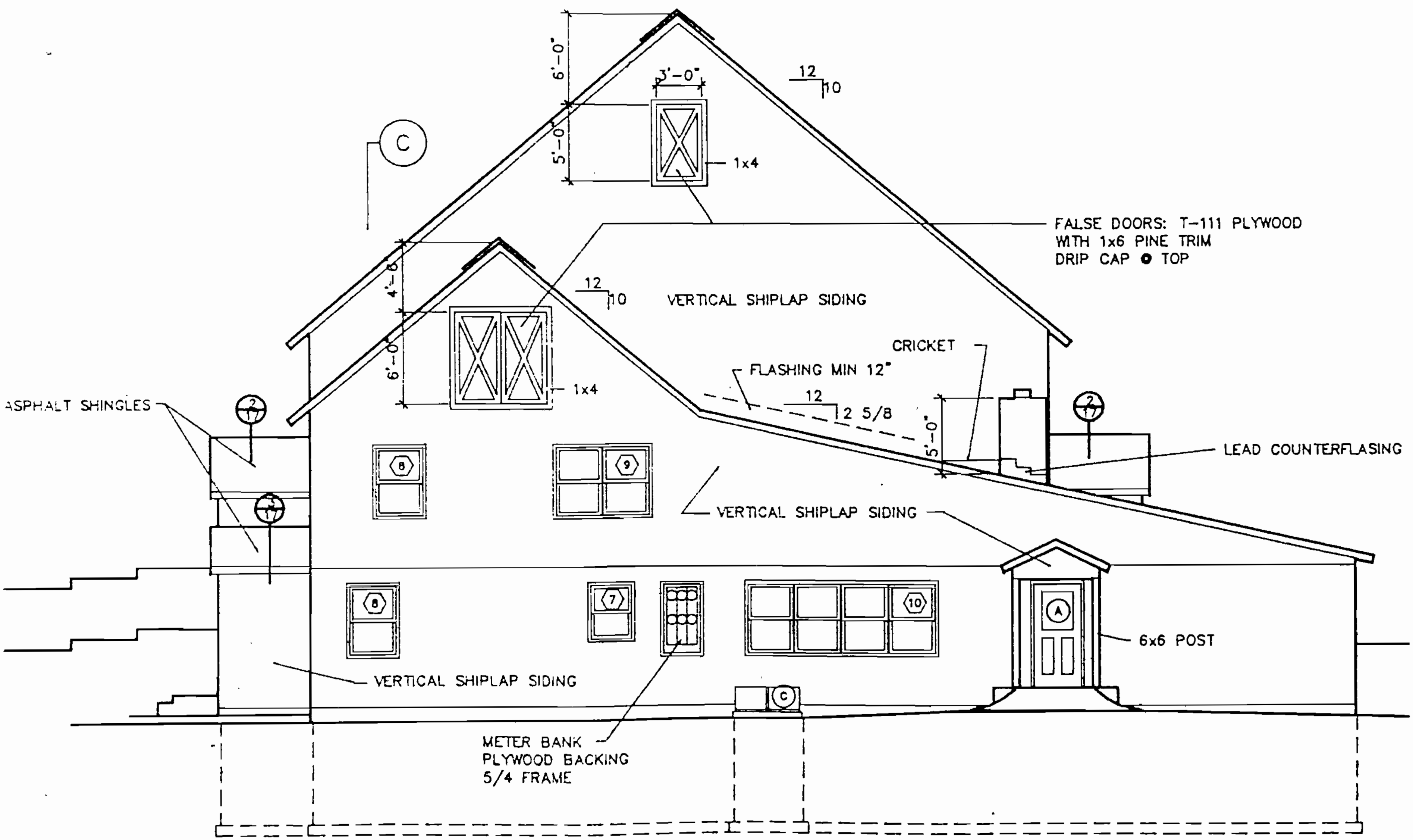


EAST ELEVATION

THE BARN
ELEVATIONS

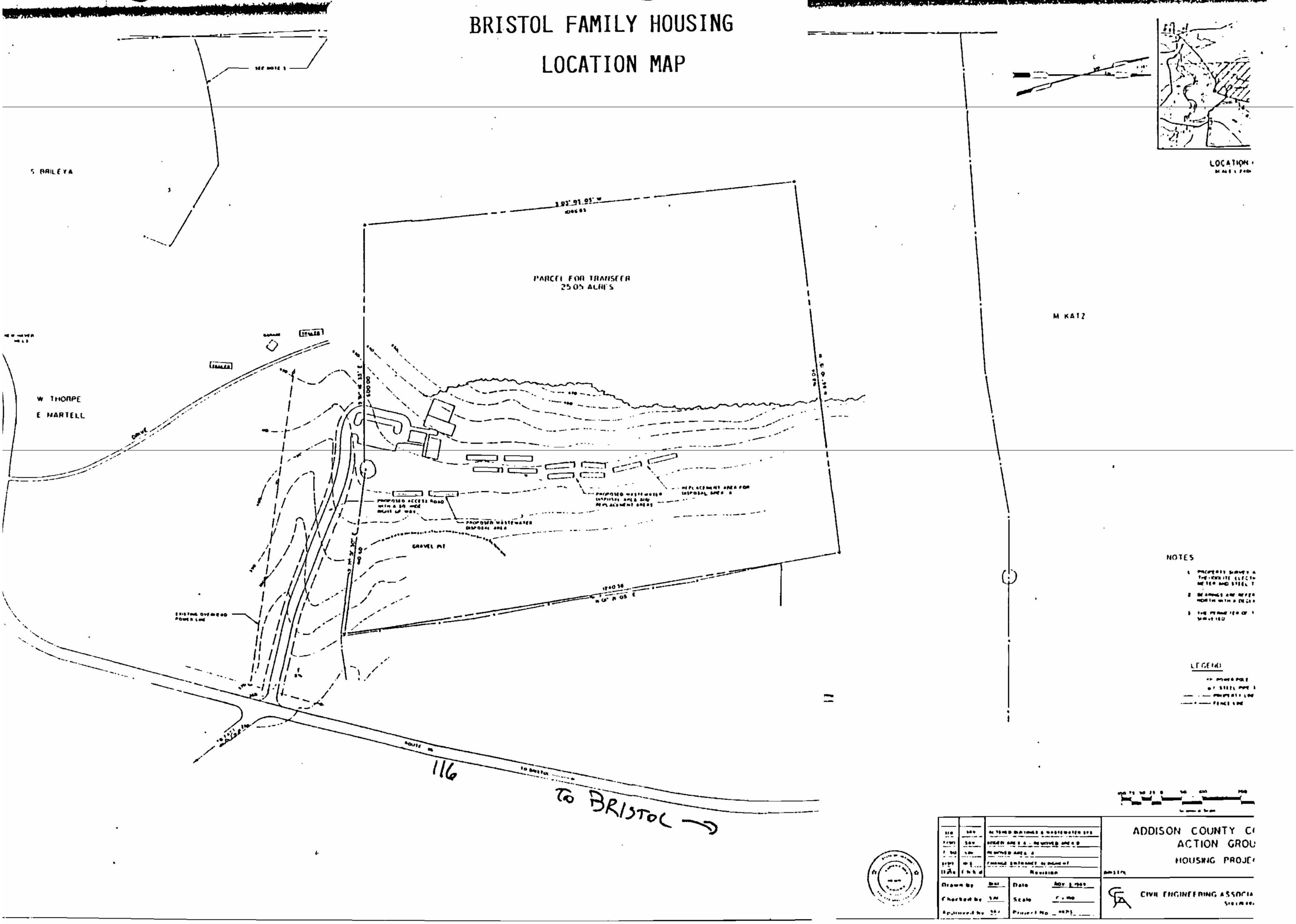


NORTH ELEVATION



EAST ELEVATION

BRISTOL FAMILY HOUSING
LOCATION MAP



12/10/92
KOPPELKAM

VHFA FINANCED MULTI-FAMILY RENTAL PROJECTS -- NEW CONSTRUCTION - 1986-1992

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							PROPOSED
PROJECT	SOUTH MEADOW	SALMON RUN	HEINEBERG	WINCHESTER	PINE MEADOWS	WHITNEY HILL	BRISTOL FAMILY HOUSING
SPONSOR(S)	SOUTH MEADOW HOUSING ASSOCIATES	HOUSING VERMONT LAKE CHAMPLAIN HDC	HOUSING VERMONT HEINEBERG SENIORS	HOUSING VERMONT MERCHANTS PROPERTIES, INC	HOUSING VERMONT INTERFAITH	WILLISTON ELDER HOUSING VERMONT	ADDISON COUNTY COMMUNITY ACTION GROUP
TYPE	FAMILY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION	ELDERLY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION	ELDERLY NEW CONSTRUCTION	FAMILY NEW CONSTRUCTION
LOCATION	BURLINGTON	BURLINGTON	BURLINGTON	COLCHESTER	MIDDLEBURY	WILLISTON	BRISTOL
STATUS	COMPLETED AUGUST 1987	COMPLETED JULY 1990	COMPLETED DECEMBER 1989	COMPLETED JUNE 1990	COMPLETED MARCH 1991	COMPLETED DECEMBER 1991	PROPOSED COMPLETION SEPTEMBER 1993
TOTAL # OF UNITS	148	80	81	166	30	44	9
# OF LIHTC UNITS	30	36	41	70	24	31	9
# OF PROJECT BASED SECTION 8 UNITS	0	0	0	0	0	0	9
TOTAL DEVELOPMENT COST (TDC)	$9,170,333	$7,439,582	$4,053,306	$11,941,820	$2,166,778	$2,806,402	$930,393
TDC/UNIT	$61,962	$92,995	$50,041	$71,939	$72,226	$63,782	$103,377
CONSTRUCTION COSTS/UNIT	$45,447	$67,296	$40,681	$46,054	$49,828	$47,933	$63,949
LAND/UNIT	$4,944	$5,416	N/A	$7,948	N/A	$3,523	$6,667
ALL OTHER COSTS/UNIT	$11,571	$20,283	$9,359	$14,896	$22,398	$12,326	$32,761
HARD COSTS/SQ FT	N/A	$73.00	$51.00	$47.00	$52.07	$64.00	n/a
DEVELOPER/SYND FEES AS % OF TDC	N/A	8.42%	4.62%	2.67%	4.76%	3.96%	6.67%
SOURCES OF FINANCING AS % OF TDC							
EQUITY	10.00%	17.33%	35.09%	21.06%	46.29%	40.05%	44.05%
VHFA	51.67%	33.99%	47.60%	71.99%	36.66%	44.54%	21.50%
HCTF	0.00%	3.36%	15.42%	0.00%	12.55%	15.11%	15.96%
CDBG	0.00%	0.00%	0.00%	0.00%	4.50%	0.00%	6.45%
HODAG/HUD	38.33%	38.98%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER	0.00%	6.34%	1.89%	6.95%	0.00%	0.30%	12.04%
TOTAL SOURCES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	AS OF 11/92	AS OF 12/92	AS OF 12/92	AS OF 12/92	AS OF 12/92	AS OF 12/92	
NUMBER OF VACANCIES	3	0	0	6	1	0	n/a
VACANCY RATE	2.03%	0.00%	0.00%	3.61%	3.33%	0.00%	n/a

Notes:
Construction Costs/Hard Costs include buildings, contingency, equipment & bond. It does not include sitework or furnishings.
VHFA = Vermont Housing Finance Agency; HCTF=Housing & Conservation Trust Fund; CDBG = Community Development Block Grant;
HUD = Federal Department of Housing & Urban Development; HODAG is a former HUD program - Housing Development Action Grants.

Please Note: These numbers are for general comparison purposes only.
Winchester per unit costs do not equal total development costs as the land leases have been capitalized here for comparison purposes. Winchester NPV 30 years @7%, NG @ Derway lease of $725,000.
"Other" percentage financing on Winchester and Pine Meadow is sinking fund investment.

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

6. The Housing Sponsor is a financially responsible person.

WHEREFORE, it is hereby RESOLVED:

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

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

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

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

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

6. The Commitment Letter shall require as conditions that:

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

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

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

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

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

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

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **DECEMBER 15, 1992**

RE: **SINGLE FAMILY BOND FINANCING 90-3**

Since September we have been reviewing market numbers and rates for the purpose of pursuing a conversion of the 1990 Series 3 bonds which would make available $40 million of mortgage funds. We have had several conference calls with the underwriting group regarding the advisability of going forward with the financing and the best timing to "trigger" the process. During this period, interest rates have continued to vacillate and projections now indicate that we could deliver a mortgage rate of 7.75% with no VHFA contribution and a letter of credit of under $1 million. Historically, early January has been an excellent time to sell bonds and this appears to be even more the case this year due to more settled economic conditions and the fact that there are expected to be large sums of funds available by buyers of bonds because of large redemptions of tax-exempt bonds scheduled.

We currently have on hand funds in excess of $8 million of the Series 2 proceeds that were issued with an 8.15% mortgage rate. To remain competitive we have been committing mortgages at a 7.95% rate from these funds "internally buying down the rate." Part of the current plan is to remarket $8 million of the Series 2 bonds so as to be able to provide the same estimated 7.75% mortgage rate as is expected for the $40 million of Series 3 bonds. Staff has performed some exhaustive calculations in trying to size the need for funding through the end of 1993, when mortgages either need to be originated or bonds will have to be redeemed. Our studies indicate that the most likely need for new funds is in the $25-$27 million range. PaineWebber has responded to our concern about the utilization of the balance of the $40 proceeds available and has offered to defer payment of $150,000 of the total underwriters payment of an expected $420,000 and will only collect the deferred amount on a prorated basis for the extra $15 million in lendable funds originated.

The current timing of the financing is to mail out a preliminary official statement near the end of December and to price and sell the bonds sometime in the first two weeks of January. A special Board meeting will need to be scheduled and could be done by telephone conference call both to authorize the release of the pricing schedule and then to approve the sale. Closing of the bond financing needs to occur on February 1, 1993.

One Burlington Square, P.O. Box 408, Burlington, Vermont 05402-0408
802/864-5743 • 1-800/339-5866

We are looking at several different options to boost the activity of these funds including a first year 1% reduction in rate to the borrower, a reduced point or no point alternative which would be coupled with a slightly higher mortgage rate or some combination of the two options, as well as a standard two point lower rate mortgage. We are currently crunching numbers to see what impact these choices will have on our cash flow from the program and the letter of credit requirements which will be mandated by rating agencies.

RECOMMENDED ACTION
Authorize staff to issue notice to the trustee to convert the bonds and pursue the schedule outlined above including setting a Board meeting (or conference call) to authorize pricing and sale of $8 million of remarketed Series 2 bonds and issuance of $42.5 million of Series 3 bonds.